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From: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

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To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of
the European Union

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Subject: COMMISSION DELEGATED REGULATION (EU) .../... of 7.7.2016 on
reviewing the scale for missions by officials and other servants of the
European Union in the Member States

Delegations will find attached document C(2016) 4164 final.

Encl.: C(2016) 4164 final



Brussels, 7.7.2016
C(2016) 4164 final

COMMISSION DELEGATED REGULATION (EU) .../...

of 7.7.2016

**on reviewing the scale for missions by officials and other servants of the European
Union in the Member States**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

The Staff Regulations require the Commission to review every two years, by means of a delegated act, the rates of mission expenses (the daily subsistence allowance and the hotel ceilings)¹. This review shall be made in the light of a report on the evolution of the indexes of the prices of hotels, restaurants and catering services.

The proposed draft Delegated Regulation constitutes the first review of the rates of mission expenses by the Commission after it has been empowered to adopt delegated acts on that matter². In the past it was for the Council to amend these rates that it had done for the last time in 2006 (for the EU 25 Member States³) and in 2007⁴ (for Bulgaria and Romania).

2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

Eurostat has submitted a Report on the update of mission expenses (daily subsistence allowances and hotel ceilings)⁵. The underlying methodology used in the report was approved by the Working Group on Articles 64 and 65 of the Staff Regulations by written procedure in July 2015.

In the process of the preparation of the draft Delegated Regulation a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and the Council was ensured. An informal ad hoc expert meeting on the preparation of a draft delegated act was organised by the Commission services with the participation of experts from the Member States and the administration of the European Parliament⁶. Subsequently, the text of the draft Delegated Regulation which takes on board most of the contributions was also sent to the ad hoc expert group for a second consultation⁷.

The draft Delegated Regulation and the report have been discussed with the staff representatives from the trade unions and staff associations of the Commission and the staff representatives of the other EU Institutions in accordance with the appropriate procedures.

3. LEGAL ELEMENTS OF THE DELEGATED ACT

In accordance with Article 71 of the Staff Regulations, officials and other servants of the European Union are entitled to reimbursement of expenses incurred by them in the course of or in connection with the performance of their duties.

¹ Article 13(3) of Annex VII to the Staff Regulations amended by Regulation N°1023/2013 of 22 October 2013.

² *Ibid.*

³ Regulation N°1066/2006 of 27 June 2006.

⁴ Regulation N°337/2007 of 27 March 2007.

⁵ COMMISSION STAFF WORKING PAPER - Eurostat Report on the 2015 update of mission expenses (daily subsistence allowances and hotel ceilings) - Ref. Ares(2015)6009670 - 22/12/2015. Available at: https://circabc.europa.eu/sd/a/0bbefcd7-ef76-4825-812d-dc78be24b36b/Ares_2015_6009670_UpdateMissionExpenses.7z

⁶ On 23 October 2015.

⁷ On 13 June 2016.

Article 13(3) of Annex VII to the Staff Regulations provides that in the light of a report on the evolution of the indexes of the prices of hotels, restaurants and catering services the Commission shall review every two years by means of a delegated act the rates of mission expenses (the daily subsistence allowance and the hotel ceilings).

Eurostat has drawn up a report on prices of hotels, restaurants and catering services, and the indexes on the evolution of such prices. Different methods have been used to capture the price movements. The magnitude of the evolution observed in the report as regards the rates currently set out by the Staff Regulations shows that an effective review of the rates of the daily subsistence allowance and the hotel ceilings shall take place.

In addition, following the Treaty of the accession of Croatia to the Union⁸, reimbursement to officials and other servants of expenses incurred on mission in this Member State has become subject to the rules set out in Article 13(2)"a" of Annex VII to the Staff Regulations. Therefore, the rates of mission expenses in Croatia shall also be incorporated in the scale contained in this provision.

The review by the Commission of the rates of the daily subsistence allowance and the hotel ceilings, made in the light of an Eurostat report on the evolution of the indexes of the prices of hotels, restaurants and catering services, involves an assessment of complex economic and/or social situations. In such circumstances the case-law of the EU courts confirms that the legislator enjoys a wide margin of discretion.

The proposal concerns an area that falls within the exclusive competence of the Union. The principle of subsidiarity does not therefore apply.

4. KEY CHARACTERISTICS OF THE PROPOSAL

In order to determine the evolution of the prices of hotels, restaurants and catering services Eurostat has based its methodological approach on calculating the combined impact of four main elements⁹:

- Evolution of the Belgium Harmonised Index of Consumer Prices (HICP) (for studying the price levels in Brussels);
- Evolution of the PPP in the remaining EU member states (to study the relative bilateral evolution between a given country of employment and Brussels);
- Impact of the non-application of the salary method (i.e. of the HICP data) for the period 2011-2014 due to the impact of the court cases on the 2011 and 2012 salary adjustment and the subsequent amendment of Article 65(4) of the Staff Regulations;
- (only for hotel ceilings) hotel ceiling value that would have covered 90% of expense claims in 2014 (last available data).

In the light of the Eurostat Report the Commission decided to review the rates set out in Article 13(2)"a" of Annex VII to the Staff Regulations as follows:

⁸ Entered into force on 1 July 2013.

⁹ See foot note 5 above.

A. daily subsistence allowances

The review follows the method under which the evolution of prices for daily subsistence allowance follows the general evolution of prices excluding accommodation (accommodation is excluded as it is a major expense of a permanent nature which is not relevant for a short-term mission).

Firstly, the HICP is used to fix the value for Belgium - the Belgium global HICP without the "housing" sub-index is used. The period of the non-application of the method is excluded from the calculation.

Secondly, the values for the remaining Member States are fixed on the basis of the calculated bilateral purchasing power parity with Brussels (the global PPP without the "housing" sub-index is used).

B. hotel ceilings

The review follows the method under which the evolution of prices for hotels is reflected by the specific evolution of hotel prices:

Firstly, the Belgium HICP "Hotels" sub-index (excluding the period of the non-application of the salary method) is used to fix the value for Belgium.

Secondly, the rates for the remaining Member States are fixed on the basis of the calculated bilateral purchasing power parity with Brussels (the "Hotels" sub-index is used).

Thirdly, the newly calculated rates are compared with the expenditure observed in 2014¹⁰. In case a lower value than the one calculated on basis of the HICP and the PPP would be sufficient to cover 90% of missions without derogations, then the hotel ceiling that would have covered 90% of the missions is maintained.

Lastly, in view of the long period since the last review a mechanism limiting fluctuations is introduced for the 2016 exercise only to tackle any abrupt change in the rates (more than 20%). The objectives are to avoid interference with the interest of the service and to improve efficiency. For instance, an abrupt decrease in the rates would have created additional administrative burden since it would still be necessary that the Institutions ensure smooth running of the missions in the nine Member States concerned¹¹. At the same time a large increase of the hotel ceilings (two Member States concerned¹²) may foreclose some opportunities for efficiency gains.

BUDGETARY IMPLICATIONS

The review of the scale for missions may affect the cost of single missions within relevant budget lines (see the list annexed to the Financial Statement). In particular, the average change of daily subsistence allowances, weighted by the number of missions in each Member State and assuming a constant number of missions under unchanged rules, is +6.9%. Changes in hotel ceilings (on average -1.8%) do not affect the cost of most missions, as generally real expenses remain substantially below the ceiling.

¹⁰ This element was introduced in the methodology for the 2006/2007 review.

¹¹ BG, CZ, EL, LV, HU, PL, PT, RO, SK.

¹² FR, MT.

However, this impact on the single missions cost will not lead to an increase of the appropriations of the relevant budget lines for the Commission as the additional expenditure will be absorbed within the existing respective appropriations.

COMMISSION DELEGATED REGULATION (EU) .../...

of 7.7.2016

on reviewing the scale for missions by officials and other servants of the European Union in the Member States

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to the Staff Regulations of officials and Conditions of employment of other servants of the European Union, laid down by Council Regulation (EEC, Euratom, ECSC) No 259/68¹³, and in particular Article 112(2) of the Staff Regulations and Article 13 of Annex VII to the Staff Regulations,

After consulting the Staff Regulations Committee,

After consulting the staff representatives from the institutions and other bodies of the European Union,

Whereas:

- (1) In accordance with Article 13(3) of Annex VII to the Staff Regulations, Eurostat has submitted a report¹⁴ on the evolution of the prices of hotels, restaurants and catering services,
- (2) This report shows that the daily subsistence allowances and the hotel ceilings should be reviewed to take account of the evolution of the prices of hotels, restaurants and catering services,
- (3) Reviewing the scale of the daily subsistence allowance and the hotel ceilings involves an assessment of complex economic and/or social situations, in which the legislator enjoys a wide margin of discretion,
- (4) The last reform of the Staff Regulations of officials and Conditions of employment of other servants of the European Union underlined the need for a particular effort by each and every public administration and each and every member of its staff to improve efficiency and to adjust to the changing economic and social context in Europe,

¹³ OJ L 56, 4.3.1968, p. 1., as last amended by Regulation (EC, Euratom) No 1023/2013 (OJ L 287, 29.10.2013, p. 15.

¹⁴ COMMISSION STAFF WORKING PAPER - Eurostat Report on the 2015 update of mission expenses (daily subsistence allowances and hotel ceilings) - Ref. Ares(2015)6009670 - 22/12/2015. Available at: https://circabc.europa.eu/sd/a/0bbefcd7-ef76-4825-812d-dc78be24b36b/Ares_2015_6009670_UpdateMissionExpenses.7z

- (5) Following the accession of the Republic of Croatia to the European Union on 1 July 2013, the reimbursement to officials and other servants of expenditure incurred on missions in this country should be subject to the rules set out in Article 13(2)(a) of Annex VII to the Staff Regulations,

HAS ADOPTED THIS REGULATION:

Article 1

The scale of mission allowances in Article 13(2)(a) of Annex VII to the Staff Regulations is hereby replaced by the following table:

Destination	Hotel ceiling	Daily allowance
Belgium	148	102
Bulgaria	135	57
Czech Republic	124	70
Denmark	173	124
Germany	128	97
Estonia	105	80
Ireland	159	108
Greece	112	82
Spain	128	88
France	180	102
Croatia	110	75
Italy	148	98
Cyprus	140	88
Latvia	116	73
Lithuania	117	69
Luxembourg	148	98
Hungary	120	64
Malta	138	88

Netherlands	166	103
Austria	132	102
Poland	116	67
Portugal	101	83
Romania	136	62
Slovenia	117	84
Slovak Republic	100	74
Finland	142	113
Sweden	187	117
United Kingdom	209	125

Article 2

This Delegated Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 7.7.2016

For the Commission
The President
Jean-Claude JUNCKER