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MEETING DOCUMENT

From:	General Secretariat of the Council
To:	Budget Committee
Subject:	DB 2024: CoR executability letter

In view of the Conciliation on the budget 2024, delegations will find enclosed the European Committee of the Regions' executability letter.



**European Committee
of the Regions**

The President

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Esperanza Samblás
Director-General for European Funds
Ministry of Finance and Civil Service of Spain
President-in-Office
Council of the European Union
Rue de la Loi/Wetstraat 175
1048 Bruxelles/Brussel

Subject: Draft Budget 2024 – observations of the European Committee of the Regions for the Conciliation Committee

Dear Director-General,

In view of the forthcoming meeting of the Conciliation Committee, the European Committee of the Regions (CoR) would like to make the following observations concerning the effects of the adjustments introduced into Section VII (the CoR section) of the EU Draft General Budget 2024 so far in the 2024 budget process.

Under the CoR's Rules of Procedure, the yearly Draft Statement of Estimates is adopted by its Plenary Assembly. The CoR 2024 estimates were thus adopted by the CoR members following detailed in-depth discussions and screening, at both administrative and political levels.

Whereas we understand the very challenging situation in Heading 7, (i) a substantial erosion of the purchasing power of the CoR budget in 2022 and 2023, plus (ii) significant cuts to its DB 2024 estimates as imposed by the European Commission, will push the CoR deeper into structural underfinancing in a number of domains (rent and lease of buildings, energy costs, funds for its members and interpreting, IT, etc).

The core function of the CoR set out in the Treaties concerns better law-making. Given that 70% of EU regulation is implemented at local and regional level, and nearly 50% of public investment is undertaken by them, local and regional authorities play a key role in executing European laws and policies. The CoR relays the input of locally and regionally elected representatives into the EU legislative process to ensure that EU rules are fit for purpose. In this way, the CoR also helps to uphold the subsidiarity principle. The developments in the budgets of the last few years and the drastic cuts to the CoR DB 2024 estimates risk significantly limiting the CoR's contribution to the European project for the years to come.

We would point out that the CoR is constantly searching for efficiency gains, and has gradually reduced its overhead costs and shifted resources to the directorates in charge of direct support to members. However, given

the small size of the institution, there are limits to addressing new priorities only by way of internal redeployments. The CoR's operations have already become more efficient and cost-effective in recent years leading to saving of millions of euros every year.

The CoR is also continuing looking into new ways of creating further savings. For example, at this point we are running pilot projects on (i) online interpreting for some CoR meetings, and (ii) full machine translation of some documents for meetings. The results of these pilot projects will be available gradually in the course of this year and the next few years; however, if successful, this could provide some tangible savings in these areas for the years to come.

The CoR provides economies of scale through sharing resources between EU institutions. The CoR is one of the best examples when it comes to inter-institutional cooperation.

Thus, let me reassure you that the CoR members have carefully weighed all of the components of the current situation, taking into account the need to contribute to containing the evolution of administrative expenditure, including posts, while at the same time safeguarding and further strengthening the sustainable political contribution of the Committee to the European project.

The main reason for the higher-than-average overall increases in DB 2024 are higher than average estimated salary increases in 2023 and 2024 and significant increases in rent and lease of buildings, energy, security, members travel and subsistence cost and interpretation.

Drastic cuts to the CoR DB 2024 significantly increase the structural underfinancing in several domains. For example, for the annual lease payments for buildings (an unavoidable cost), the estimated deficit is close to EUR 1 million in CoR DB 2024 as it stands after the Commission cuts and Council reading.

It should be borne in mind that these drastic cuts to the CoR DB 2024 estimates come on top of the substantial erosion of the purchasing power of the CoR budget in 2022, which is exacerbating further in 2023, due to the very high inflation recorded in Belgium and the EU in 2022 and so far in 2023.

We welcome very much the fact that the European Parliament has reversed several important cuts imposed on the CoR Draft Budget 2024 amounting to a total of EUR 4.6 million during its reading of the DB 2024. The CoR needs these reinstatements to be able to respect our legal and contractual obligations and to avoid being forced to scale down some operations, thus likely preventing the CoR from achieving at least part of its political objectives in the years to come and increasing further the underuse of the potential of regional and local authorities to contribute to the EU project.

I would like to express my sincere wish that this information will convince you to support the CoR during the forthcoming Conciliation procedure. The CoR remains at your disposal for any additional information that could facilitate reaching the agreement on the budget for 2024.

Yours sincerely,



Vasco Alves Cordeiro

Cc: Johannes Hahn, Commissioner for Budget and Administration