



Press Release

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Auditors ask EU institutions to improve management of buildings

The EU institutions manage their spending on office accommodation efficiently overall, according to a new report by the European Court of Auditors. However, most large projects suffer delays, say the auditors, which leads to additional costs. Furthermore, their financing is often unnecessarily complex and not always transparent from the budgetary point of view. The auditors make a number of recommendations for improvement.

The EU institutions spend around 11 % of their budget – yearly about €1 billion – on buildings. Around two thirds of this amount concerns acquisition and rental costs, with the remainder spent mainly on maintenance, security and energy. The European Commission has the largest buildings portfolio, with more than 80% used as office space.

The auditors examined the building strategies of the five EU institutions with most office accommodation – the Parliament, the Council, the Commission, the Court of Justice and the European Central Bank. Overall, they found that the institutions manage their spending on office accommodation efficiently, but their building strategies are not always formalised and the planning of their building requirements could be improved.

The financing mechanisms of the large construction projects analysed were often complex and, in some cases, this affected budget transparency. Most projects suffered delays and some incurred substantial additional costs. For example, the original estimated budget for the European Parliament's KAD II project in Luxembourg was €317.5 million in 2005. It suffered significant delays, the scale of the project was reduced, and the budget was revised in 2009 to €363 million. The European Commission's JMO II project, also in Luxembourg, suffered lengthy delays. The auditors estimate that the Commission will incur rental costs of €248 million due to the need to rent additional space.

"The EU institutions should set up adequate management procedures for large construction and renovation projects by the end of 2019," said Jan Gregor, the Member of the European Court of Auditors responsible for the report.

The EU institutions do cooperate and apply similar decision-making principles. However, they set out their main principles and objectives for property management in various documents. Some are outdated and some are implemented without formal approval. At the time of the audit, the institutions had not

The purpose of this press release is to convey the main messages of the European Court of Auditors' special report. The full report is available at www.eca.europa.eu.

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evaluated the New Ways of Working approach, which introduces collaborative working spaces and a more flexible working culture.

The monitoring and reporting of most institutions' buildings portfolios are not adequate, say the auditors. Most institutions, for their internal management purposes, do not regularly monitor the indicators related to the cost of buildings and the efficiency of their use. While the institutions in Brussels and Luxembourg agree on harmonisation in the measurement of surface areas, the data are not fully standardised and comparing them is difficult. Reporting to the budgetary authorities does not allow for comparison and efficiency analysis.

The auditors recommend that the EU institutions should:

- update and formalise their building strategies and regularly update planning documents;
- evaluate the New Ways of Working approach;
- increase budgetary transparency of the use of financing mechanisms for construction projects;
- set up adequate management procedures for large construction and renovation projects;
- improve the consistency of data and monitoring of their buildings portfolios.

Notes to Editors

The ECA presents its special reports to the European Parliament and Council of the EU, as well as to other interested parties such as national parliaments, industry stakeholders and representatives of civil society. The vast majority of the recommendations we make in our reports are put into practice. This high level of take-up underlines the benefit of our work to EU citizens.

Special report 34/2018 "Office accommodation of EU institutions – Some good management practices but also various weaknesses" is available on the ECA website (eca.europa.eu) in 23 EU languages.