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COMMUNICATION TO THE COMMISSION

Proposal by Vice-President Maroš Šefčovič
Commissioner responsible for Inter-institutional Relations and Administration
for a
REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
amending the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Union

- Adjusting the European Civil Service to the challenges of today -

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1. Introduction

1. The Staff Regulations of Officials and the Conditions of Employment of Other Servants (CEOS). lay down the rules, principles, obligations and working conditions for the staff of institutions, bodies and agencies of the European Union (EU). They are an essential tool to guarantee a European civil service of the highest standards which assists the institutions in fulfilling the tasks conferred upon them by the Treaties.

2. In 2004, the EU reformed its civil service in depth and made its staff legislation one of the most modern of its time. The revised career system established two career streams for "administrators" (AD) and "assistants" (AST). Contract agents, a new category of staff with generally lower salaries, were introduced for personnel fulfilling non-core tasks. The salary grid for officials and temporary staff was revised, by allowing recruitment of staff at lower grades and, consequently with lower entry salaries. The reform also introduced more flexible and family-friendly working conditions by extending the maximum duration of leave on personal grounds and introducing parental leave. As regards the pension scheme, the normal retirement age was increased from 60 to 63 with transitional measures for staff members already in place, the pension accrual rate for newcomers was reduced from 2 % to 1.9 %, and the pension rights acquired after 1 May 2004 are no longer subject to correction coefficients for higher cost of living. The method for keeping the pension scheme in actuarial balance was laid down in Annex XII to the Staff Regulations and led to a significant increase in pension contribution rate. Lastly, a new method for adjusting the remuneration and pensions of European civil servants was adopted.

3. The mentioned changes were just some of those numerous brought about by the most recent and most comprehensive reform of the European civil service legislation since 1968. All these changes taken together have brought significant savings to the EU budget and their annual impact continues to increase. The reform of 2004 allowed the EU to save 3 billion Euros to date and will produce approximately another 5 billion Euros of savings between now and 2020. The Eurostat study on the long-term budgetary implications of pension costs showed that, in the long run, annual savings of the reform of 2004 on pension costs, leaving aside the impacts on other areas, will exceed 1 billion Euros.

4. The Treaty of Lisbon, which entered into force on 1 December 2009, introduced a number of changes such as the creation of the European External Action Service, wider application of ordinary legislative procedure, changes concerning the delegation of executive powers to the European Commission, which also have to be further reflected in the Staff Regulations and CEOS by the end of a transitional period.

5. Since the reform of 2004, the Staff Regulations and CEOS have been amended on two other occasions i.e. in 2007 when the accredited parliamentary assistants were included in the CEOS as other servants and in 2010 when the European External Action Service was established.

6. Given the historic challenges the EU is facing today, the quality, commitment, independence and loyalty of its staff are more important than ever. At the same time, these challenges require 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.

7. Recent events in the global economy as well as the subsequent need to consolidate public finances cannot fail to have an impact on the European civil service and the administrations of all EU institutions, bodies and agencies. Administrative expenditure of the EU is a mere 5.8% of the multi-annual financial framework for 2007 – 2013 which itself represents around 1% of the EU's GDP. Nevertheless, it is important to demonstrate that all EU institutions and their staff continue their drive for efficiency and economy and are not out of touch with developments in many public administrations in Europe.

8. The Commission as an administration has lived up to this responsibility over recent years by following a policy of zero growth in posts, by meeting new political priorities through internal redeployment of staff, by putting in place tools and procedures to improve its internal organisation and efficiency and most recently by the proposal to freeze its administrative expenditure for the year 2012.

9. On 29 June 2011 the Commission adopted a proposal for the new multi-annual financial framework 2014 – 2020 which includes again a small, but important part related to the financing of the European civil service and the EU institutions, bodies and agencies.

10. In addition, the method for adjusting salaries and pensions that since 1972 proved to be a helpful tool for avoiding annual discussions on salary adjustments and, linked to them, possible strikes expires at the end of 2012. Given that its application was subject to political controversy in 2009 it is important to address the shortcomings that became apparent at that time. Moreover the computation system for the pension contribution rate expires on 30 June 2013 thus it is necessary to introduce a new system in line with a common actuarial practice.

11. Furthermore, on a number of specific issues, the European Parliament, the Council and other stakeholders have recently addressed requests to the Commission to examine possible areas for modernisation and increased efficiency in all EU institutions. These include among others requests on the application of the exception clause for the method, on the pension scheme of European civil servants including the early retirement measure and on the career structure in order to link closer the salary and responsibilities.

12. Given that the EU and all its institutions face tremendous challenges, the Commission proposal must strike a balance between the necessary drive for further efficiency and economies and the ability of these institutions to carry out their policies. This includes the needs of EU institutions as employers to attract and retain staff of the highest professional competence in various fields of expertise who are able to work in a multicultural and multilingual environment and who are ready to move and stay abroad with their families. In the light of upcoming retirements in EU institutions, which will mainly affect staff from the 15 Member States of the Union before 2004, it will be a particular challenge to maintain the geographical balance of

all Member States among staff. Given the demographic changes in Europe, attracting and retaining excellent staff from all Member States will be even more difficult in the future.

13. In this context, the Commission's services have prepared a draft Commission proposal for a Regulation amending the Staff Regulations and CEOS. On 29 June 2011 the College took note of that draft Commission proposal and empowered Vice-President Šefčovič to launch the process of social dialogue with staff representatives and consultations with other EU institutions and the Staff Regulations Committee. The trade unions and the administrations of other EU institutions had been consulted and during these discussions a number of modifications were made in relation to the draft Commission proposal presented on 29 June 2011. The Commission took note of the revised draft Commission proposal on 24 November 2010.

14. The Commission's proposal for a Regulation amending the Staff Regulations and CEOS, which incorporates the results of the social dialogue with the staff representatives, the consultation of the Central Staff Committee and the mandatory consultation of the Staff Regulations Committee, constitutes the Commission's initiative to modernise the European civil service and adjust it to the challenges of today.

2. DETAILS OF THE PROPOSAL

15. The main elements of the proposal are as follows:

2.1. Staff cuts and increased working hours

(a) A 5% reduction of staff in all categories in each of EU institutions, bodies and agencies by 2018, compared to 2012 levels, by using normal turnover of staff (retirements and restraint in concluding new contracts). The obligation for all EU institutions, bodies and agencies to reduce the number of staff shall be reflected in the Staff Regulations. The impact of possible future enlargements and the intake of staff from new Member States should, however be dealt with separately.

(b) The minimum obligatory working time for all staff in all EU institutions, bodies and agencies should increase from generally 37h30 to 40h per week without compensatory wage adjustments. The 5 % staff cut would require that every staff member take a share of the additional work burden, if the same policy objectives are to be achieved. The increase in additional hours will ensure that the EU civil servants maintain the same level of delivery capacity in the face of on-going challenges.

2.2. Retirement

(c) The normal retirement age - which was increased from 60 to 63 in the 2004 reform - should be further increased to 65. The trend throughout Europe is for retirement ages to increase, as all Member States face the problem of ageing populations and a corresponding increase of the pension bill. With an annual accrual rate of 1.9% for those recruited after 1 May 2004, it takes 36.8 years of service to acquire full pension rights of 70% in the European Civil Service.

Given that the average recruitment age is around 35, many officials will not have accumulated full pension rights by the time they reach the normal retirement age.

(d) The possibility to work on request until 67 should be made easier and more attractive.

(e) The minimum age for early retirement with reduction of acquired pension rights should be increased from 55 to 58. The minimum age for early retirement without reduction of acquired pension rights should also be increased from 55 to 58.

(f) Access to the early retirement scheme without reduction of acquired pension rights, which currently applies to around 80 individuals per year in all European institutions, bodies and agencies, should be significantly limited.

(g) The computation system for the pension contribution rate should be adjusted by increasing the moving average for interest rates and salary growth to 30 years. This would align the methodology to international actuarial practice and stabilise the pension contribution rate.

2.3. The method

(h) The method to adjust salaries and pensions should be prolonged by 10 years and revised. As of 1 January 2013 the new method should preserve the principle of parallelism between the evolution of salaries of national civil servants and that of the European civil servants, be substantially simplified and applied automatically. All Member States should be used as a sample. Since the adjustment value is based on a purely statistical calculation which itself is based on the decisions taken by Member States for their national civil servants, no legislative act will be required at EU level for the annual adjustment. After Eurostat delivers the value based on the figures submitted by national statistical offices, the Appointing Authorities of the Institutions would publish the updated figures to inform the staff and would proceed with payments.

(i) The new exception clause as a part of the revised method should allow Commission to react appropriately to an economic crisis. It should provide the possibility to take into account the impact of future salary-related measures adopted by Member States for their national civil servants in reaction to a crisis.

2.4. Solidarity levy of 6%

(j) The application of the new method should be accompanied by a new solidarity levy of 6%, applicable from 1 January 2013 until 31 December 2022. It replaces the current special levy of 5.5% which was established in 2004 with an initial rate of 2.5% and which expires on 31 December 2012..

2.5. Careers

(k) The new AST/SC function group should be introduced for secretarial and clerical staff in the EU institutions which should be different from the AST function group. AST/SC salaries and promotion rates should establish a suitable correspondence between their level of responsibility and the level of remuneration.

(l) The maximum duration of contracts for contract staff in the EU institutions should be raised from 3 years to 6 years.

(m) The two highest grades in the AST category of officials should be accessible only for the best performing assistants who successfully pass a selection procedure for a post which requires the highest level of expertise and represents the highest level of responsibility in this category. This would establish a clear link between responsibilities and grade in AST function group.

2.6. Changes in allowances

(n) The number of days for staff members travelling to their place of origin should be limited to a maximum 3 days per year instead of the current maximum of 6 days.

(o) The method for calculating the distance between the place of employment and the place of origin, which determines the level of the allowance for the annual trip home as well as the trip linked to taking up duty, end of service and transfer, should be modernised. This would have an effect of reducing both the level of individual allowances and the associated administrative burden.

(p) The rules on the reimbursement of removal costs should be simplified by introducing the cost ceilings to be determined in general implementing provisions which take account of the European civil servant's family situation and of the average cost of removal and associated insurance.

(q) The rules on missions should take account of the specific situation of EU institutions whose staff members must frequently go on mission to other principal places of work. In such cases the reimbursement of accommodation costs should be possible on the basis of a flat-rate amount.

2.7. Working conditions

(r) In order to bring more clarity to the debate about family-friendly working conditions, the possibility for each EU institution to establish flexible working arrangements as are commonly used in the private and public sector should be explicitly provided in the Staff Regulations and CEOS. Management, however, should not be included in the general flexitime scheme which is applicable to all staff due the nature of their duties which is specific compared to non-management staff.

2.8. Geographic balance

(s) The corrective measures to address long lasting and significant geographical imbalances in recruitment of European civil servants should be possible. However, their scope and design should be outlined in general implementing provisions and after five years the Commission should present a report on the geographical balance and correction measures in case they were taken.

2.9. Agencies

(t) A number of amendments to the Staff Regulations and CEOS should better take into account the particularities of EU agencies. This should include the introduction of temporary staff for EU agencies recruited following a transparent and objective selection procedure that could be engaged for an indefinite period of time. EU Agencies would also have certain flexibility when setting up a series of committees that shape the social dialogue or must be consulted before a decision is taken. They would also be able, after receiving an authorisation from the Commission, either to adopt different implementing rules or to decide, where appropriate, not to apply any implementing rules.

2.10. Transparency

(u) The register of all of the rules adopted to give effect to the Staff Regulations should be set up and administered within the Court of Justice of the EU. This register, which can be consulted by all EU citizens would ensure transparency and promote a cohesive application of the Staff Regulations.

(v) Where necessary, reference to 'institutions' should be replaced by 'appointing authorities of the institutions', allowing for a more precise description of competences.

3. CONCLUDING REMARKS

16. If all of these measures are adopted and consequently implemented by all EU institutions, bodies and agencies they will generate additional savings for the EU budget of more than 1 billion Euros over the next multi-annual financial framework. The financial impact of certain provisions would gradually increase and would reach its full effect only in the long term. Therefore in the long run, the savings from the proposed amendments would be 1 billion Euros per year. More details are provided in the financial statement, which is annexed to this proposal.

17. It would thereby not only be possible to freeze the administrative expenditure for the functioning of the EU institutions, bodies and agencies in the multi-annual financial framework 2014 – 2020, but also to reduce the administrative cost of agencies and other bodies of the EU which are financed from other parts of the budget. It would limit the expenditure and increase the revenue.