

**GRI FICHE FOR HEBDO
MEETING OF 6 MAY 2013**

NOTE TO THE HEADS OF CABINET

Subject: Proposal 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

Ref: COM(2011) 890 final

Ordinary legislative procedure: first reading

Rapporteur: Ms Dagmar Roth-Behrendt (S&D/DE)

Lead parliamentary committee: Committee on Legal Affairs (JURI)

Committees for opinion: Committee on Budgets (COBU), Committee on Budgetary Control (CONT) and Committee on Women's Rights and Gender Equality (FEMM)

1. HISTORY OF THE FILE

The Staff Regulations of Officials and the Conditions of Employment of Other Servants (CEOS) lay down the rules, principles and working conditions for the staff of all institutions, agencies and other bodies of the European Union at all places of employment in- and outside the EU. They are an essential tool to guarantee a European Civil Service of the highest standards which assists the members of the institutions in fulfilling the tasks conferred upon them by the treaties.

In 2004, the European Union reformed its civil service entirely. A performance-oriented and merit-based new career structure, a new contractual status for personnel fulfilling non-core tasks, a method for adjusting the remuneration and pensions, a reform of the pension system, new working methods and family-friendly working conditions were just some of the numerous changes brought about by the first comprehensive reform of the European civil service law since 1968. In addition, the reform of 2004 allowed the EU to save €3 billion to date and it will continue to bring about savings of approximately another €5 billion between now and 2020.

Three main reasons have led to the current limited review of the Staff Regulations:

- the need to make efficiency gains and savings in administrative expenditure during difficult economic times.

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- the mechanisms for the annual adjustment of remuneration and pension and the annual adjustment of the pension contribution rate include a revision clause:
 - the adjustment of remuneration and pensions: Annex XI to the Staff Regulations expired on 31 December 2012;
 - the annual adjustment of the pension contribution rate: the system of computation of the contribution rate applies from 1 July 2004 to 30 June 2013;
 - the special levy to be paid by staff expired on 31 December 2012: Article 66a of the Staff Regulations.
- the Council made several requests asking the Commission to study particular aspect of the Staff Regulations and to present proposals under Article 241 of the TFEU regarding several issues: the "exception clause" of the method for salary adjustment, the Pension Scheme of EU officials, the link between the duties and the grade as regards the assistants function group and the early retirement scheme.

After having considered all these elements, on 29 June 2011 the College took note of a draft proposal for a Regulation amending the Staff Regulations and the Conditions of Employment of other Servants of the European Union. The latter empowered Vice-President Šefčovič to launch consultations with staff representatives, the Staff Regulations Committee and the Central Staff Committee on this draft proposal.

On 13 December 2011, the Commission adopted the proposal for a Regulation, which officially launched the ordinary legislative procedure. The following main proposals were encompassed:

- a 5% reduction of staff in all categories in all institutions by 2018, compared to 2012 levels,
- increase of the weekly working time obligation for all staff from 37.5h to 40h per week without compensatory wage adjustments,
- increase to 65 of the normal retirement age,
- possibility for staff to work until 67 in the interest of the service,
- increase from 55 to 58 of the minimum age for early retirement with reduction of acquired pension rights,
- increase from 55 to 58 of the minimum age for early retirement without reduction of acquired pension rights,
- limitation of the access to the early retirement scheme without reduction of acquired pension rights,
- prolongation of the method to adjust remuneration and pensions by 10 years. With the reform, the method will be substantially simplified and a new exception clause will allow an appropriate reaction to an economic crisis. Such a method would be accompanied by a new solidarity levy of 6%, applicable from the entry into force of the Staff Regulations until 31 December 2022.
- a new function group "AST/SC" for secretarial and clerical staff. Salaries and promotion rates proposed for this new function group establish a suitable correspondence between the level of responsibility and the level of remuneration.
- the computation system for the pension contribution rate expires on 30 June 2013. The same methodology is kept, but to increase the moving average for interest rates and salary growth to 30 years.

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- the maximum duration of contracts of contract agents (from 3 years to 6 years)
- the highest grades in the category of "assistants" can only be accessed by 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.
- reduction from 5 years to 3 years of the right to work part-time before retirement,
- up to maximum 3 days granted to staff for their annual trip home instead of 6 which is the current maximum,
- new method for calculating the distance between the place of employment and the place of origin in the home country,
- simplification of the rules on missions and on reimbursement of removal costs,
- possibility for each institution to establish flexible working arrangements,
- introduction of a new category of temporary staff for agencies and a more consistent implementation of the Staff Regulations which better take into account the particularities of agencies.

It is estimated that if all these measures had been adopted and consequently implemented by all institutions, they would have generated additional savings for the EU budget of more than €1 billion over the next MFF.

2. STATUS OF THE FILE

In the European Parliament, the Commission's proposal has been received positively and this co-legislator has already established a year ago its negotiating positions on all elements of the proposal that are enshrined in the report of the JURI committee voted on 25 April 2012 by very large majority.

The JURI committee only amended a few elements of the Commission's proposal. The following main amendments are:

- geographical balance (to be ensured in recruitment procedure, Commission to do regular reporting and corrective measures to be defined by delegated acts),
- conflicts of interest, revolving doors and cooling-off periods (clarifications introduced aim at excluding leave on personal grounds for lobbying activities),
- whistleblowing (a procedure for the handling of complaints from officials to be put into place),
- contract agents (limitation of the duration of contract, internal competition),
- AST/SC career structures (grade of recruitment, basic monthly salaries and career path),
- appraisal and advancement in step (more precise rules on annual reports and possibility to postpone granting a seniority step in case of unsatisfactory performance),
- procedure for dealing with incompetence (clarification of the process),
- flexitime (for hours worked in advance, no compensation to be given in the form of full working-days to officials in grade AD/AST 9 or higher),
- special leave (to be granted to officials to compensate for exceptional work going beyond normal obligations),

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- annual trip home and travel expenses (2 ½ days per year for all officials entitled to both expatriation and foreign residence allowance + limitation of the payment of travel expenses),
- insertion of a new article on obligation for the institutions to finance the European schools.

The current position in the European Parliament is that the JURI committee's report will not be put on the agenda for a vote by the plenary session of the European Parliament. The latter proposes to close its first reading after having reached an agreement on substance with the Council. In the meantime, the European Parliament and the Council will discuss in the framework of trilogue meetings.

The European Council agreed on 7 and 8 February 2013 on the next MFF, whereby administrative expenditure (Heading V) was set at the level of 61.629 billion Euros. In practice this ceiling means 1.5 billion Euros cuts in addition to over 1 billion Euros already proposed by the Commission. The Conclusions indicate that this new ceiling should be achieved, through:

- measures already proposed by the Commission on December 2011 i.e. inter alia staff reduction applied to all EU institutions, bodies, agencies of 5% in staff over the period 2013-2017, and;
- as part of the reform of the Staff Regulations, suspension of the adjustment of salaries and pensions of all staff through the salary method for two years.

The MFF must now obtain the European Parliament's consent before being adopted. The European Parliament has not yet taken a final position on the MFF conclusions but has issued a resolution which rejects globally the Conclusions of the European Council, while not questioning the overall amounts and defining the issues for further negotiation with the Council: flexibility, revision clause and own resources, as well as supplementary budget for 2013.

The Irish Presidency sought instructions from the Coreper. The Coreper on 11 April 2013 issued a mandate to the WP on the Staff Regulations. The mandate requests that the working party submits to Coreper a report on three main aspects of the reform in view of starting the trilogue with the European Parliament before the end of May:

- pensions, in particular the early retirement and increase in retirement age;
- the modalities of the reformed method for adjusting salaries and pensions while respecting the parallelism with salaries national civil servants;
- the career development of staff, in particular the revision of careers AST, AST-AC but also of ADs.

The remainder of the issues should be discussed in the WP, once the trilogue has been started.

On 26 April 2013 the WP adopted its position on the method and on pensions. Regarding the method, the working party agreed to propose several changes which depart significantly from the Commission's proposal and from the EP position – for example on the salary method, by proposing to extend the taxable basis of the solidarity levy and to apply it to pensions. The group also made additional proposals regarding pensions and retirement age. Further measures were proposed with regard to careers and promotions.

The Commission underlined during the WP meetings that most of these proposals are not in line with the European Council conclusions and alter substantially the working conditions of officials. The Council Legal service questioned whether the measures proposed protect fundamental conditions of employment of officials.

In the unlikely event of all of the proposals of the WP for the Council negotiation mandate being adopted by Council and the EP, they would amount to a dramatic change in the current balance of the employment conditions of EU officials and jeopardize the viability of the functioning of the EU civil service. The Commission recalls the possibility in such cases of "denaturalisation" to withdraw its proposal. Clearly the Commission cannot accept a Council position that does not respect the global agreement reached at the European Council on 7 and 8 February 2013 that resulted in the findings on Section V of the Multiannual Financial Framework. Furthermore the Council Legal Service has confirmed that the principle of respect of acquired rights should apply to amendments to the Staff Regulations as well as the need to respect the global balance of the working conditions in the Staff Regulations in the frame of the review.

3. PROSPECTS FOR FURTHER NEGOTIATIONS AND COMMISSION'S POSITION

It is suggested that the Hebdo meeting recommends that the Commission should stick to its original proposal, also in the light of the position taken by the EP on the occasion of the next trilogue meetings. It is also suggested to mandate the competent Member of the Commission to continue contacts with the Parliament and the Council, in accordance with the line indicated in this *fiche*, with the aim of reaching an agreement still in the first reading.

4. RESPONSIBLE OFFICIALS

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