



Attractiveness of the European Civil Service Court of Auditors' Report

The Court of Auditors' report on the budgetary impact of the Staff Regulations reform¹, adopted in 2014 : the savings made are substantial and contribute to the decline in attractiveness of careers in the European Civil Service.

This document constitutes a valuable analysis of the 2014 European Civil Service [Staff Regulations reform](#), because it independently assesses the consequences of these changes on our administration and the risks incurred to the European Commission's ability to cope. The analysis does not consider the short-term and long-term savings made ten years earlier at the time of the 2004 Staff Regulations reform. We will return to this subject in the next article.

The report focuses on two different categories of consequences of the 2014 administrative reform: budgetary consequences and structural consequences.

The budgetary consequences of the Staff Regulations revision of 22 October 2013 ("2014 reform")

In terms of the budget, the Court of Auditors evaluates that the 2014 Staff Regulations revision will generate EUR 4.2 billion of savings during the 2014-2020 financial programming period.

In 2011, the Commission proposed to anticipate the end of the current method for adjusting remuneration and pensions and to adopt a proposal for a revision of Staff Regulations to introduce a new mechanism. Its approach was to anticipate the Member States' desire for savings and to take the lead, in order to avoid the implementation of reforms. In 2011, our organisation cautioned the College about the extremely negative consequences of opening the Staff Regulations, in relation to the budgetary discussions.

After a first draft circulated in summer 2011, the Commissions adopted a proposal for a revision of Staff Regulations on 13 December 2011². Contrary to initial promises, it

¹ https://www.eca.europa.eu/Lists/ECADocuments/SR19_15/SR_Staff_reform_FR.pdf

² COM (2011) 890.

already included provisions to increase the pension age and reduce possibilities for an early pension³, eliminating the roles of secretary civil servants and replacing them with group II contract agents⁴, blocking AST careers by returning to the continuous career system adopted in 2004. The financial statement, annexed to the 2011 Commission proposal⁵, anticipates EUR 1.3 billion in savings.

Following the failure of the European Council dedicated to the budget in November 2012, the framework of the 2014-2020 European Multiannual Financial Perspectives was finally adopted, at the 7-8 February 2013 European Council. The final compromise fixed savings on administrative expenditure for EU institutions at EUR 2.5 billion, which includes the consequences of the Commission's proposal for a revision of Staff Regulations, to which EUR 1.5 billion of additional savings were added.

In addition to the measures proposed by the Commission in its proposal in December 2011, it was planned to make additional savings with the following provisions: a wage freeze for EU staff for a period of two years and the reintroduction of a wage contribution of 6%, which is an increase on that which applied previously.

The regulation revising the Staff Regulations was finally adopted on 22 October 2013 (Regulation of the European Parliament and of the Council n°1023/2013⁶). It includes the following measures:

- Two-year freeze in salaries and pensions;
- 5% reduction of posts;
- Increase in working hours from 37.5 to 40 hours per week (to compensate for the 5% reduction of posts);
- Raising the retirement age (66 years)
- Decrease in the annual accrual rate of pension rights (1.8% per year) resulting from the legal pension age
- End of the early retirement system;
- Creation of a lower paid AST/SC (assistant-secretary) function group for secretaries and assistants;
- Limitation of access to AST (assistant) and AD⁷ (administrator) end of career grades

³ They will be eliminated in 2013.

⁴ The Commission waived this, under pressure from trade unions, in 2013.

⁵ COM (2011) 890, p. 58.

⁷ The reduction of AD careers was not put forward by the Commission in its proposal.

- Changes to entitlement to annual leave and the living conditions' allowance in the EU delegations;
- Reduction of the annual travel allowance;
- Changes to the terms of recovery under the flexible schedule for AD/AST grades 9 and above;

These measures have led to a total of EUR 4.2 billion of savings in the period 2014-2020 according to the Court of Auditors. It should be added that the almost complete standstill of salaries and pensions in 2011 and 2012 (0.8% over two years instead of 3.4% based on provisions in the Staff Regulations and Eurostat calculations) generated EUR 1.2 billion in additional savings. We can also consider that the loss of buying power, combined with the wage freeze between 2011 and 2014, cost all staff 12%⁸ of buying power.

In total, the EU budget has therefore achieved EUR 5.4 billion in savings in the field of administration (heading 5 of the MFF⁹) if the EUR 1.2 billion from the 2011 and 2012 wage freeze and the savings generated from the review of Staff Regulations are included.

The savings calculated by the Commission on pensions payment (annual service), resulting in a review of the parameters of the scheme (legal pension age and annual accrual rate) in 2014, must also be added to these figures. Altogether, this adds up to EUR 19.2 billion between 2020 and 2064!¹⁰

Moreover, it should be noted that these losses for staff will never be recovered and that new long-term savings will be generated in this way.

All in all, the Commission's stated strategy has not really worked, and the Member States have therefore been able to continue their strategy of weakening the European administration, and thus also European institutions.

It is now a question of analysing the non-budgetary consequences of this revision of the Staff Regulations which has weakened our administration.

⁸ This is an average estimate. The most optimistic evaluates the loss at 10%, and the most pessimistic puts it at 15%.

⁹ Section 7 of the Commission's proposal for a new MFF.

¹⁰ Report of the Commission to the Council on the pension scheme for civil servants and other agents of the European Union, COM (2012) 37 final, Brussels, 7.2.2012, p. 4.

Non-budgetary consequences for the European civil service

First of all, the Court of Auditors is worried about the increasing average age of civil servants and agents employed in the Commission's services. Staff are being recruited later and later in life and the pension age is continually being pushed back (from 60 years before 2004 to 66 years in 2014), which raises questions on the legitimate expectations of civil servants and agents in this area. It should be noted that the average age of serving officials is forty-eight, and that this number is increasing by six months each year.

This situation is made worse by the fact that a 5% staff reduction has led to a sharp drop in the number of civil servants recruited from 2013-present, which has not enabled the necessary replenishment.

The Court of Auditors also underlines a consequence of this second administrative reform desired by the Member States: the ever-increasing contractualisation of the European Commission's administration. In actual fact, the reduction in the number of civil servants has been (partially) offset by an increase in the number of contract staff – in order to reduce the impact of the reduction in the workforce required by the Member States in 2013. As a result, job insecurity and discrimination have continued to increase. Fixed-term contracts have particularly affected the Brussels services of the Commission. Today, services are populated by just under 8000 contract staff. This breaking up of the system is, of course, detrimental to the continuity of services and the memory of our organisation. But it creates frustrations between colleagues who work in similar areas with a variety of statuses (agents, contract staff, temporary agents, pre-2004 officials, post-2004 officials) in the context of a linear use of human resources. This situation brings us to the third comment in the report of the Court of Auditors regarding the geographical imbalance.

The Member States' desire to sharply reduce the salaries and pensions of EU civil servants and the lack of strategy of the different Commissions has, since Santer's presidency, effectively led to a geographical imbalance which is noted in a European Commission report, and will be addressed in an analysis in the next issue of The Link. The disruption of the parallelism of the European civil service buying power compared to national civil services, with a four-year wage freeze, has been aggravated by the blockage of AD and AST careers, opened in 2004, and by the increase in weekly working hours. Ten EU15 nationalities have thus made a loss (D, FR, NL, AT, IE, S, DK, FI, AT, L) in relation to the rate defined by the Commission, whilst citizens of the majority of EU13 countries have benefitted. In this way, the Member States that are the most hostile towards the European administration have

been hoisted on their own petard. Is it sustainable in the medium and long term that the Commission's services are composed of only a limited number of Member States?

The Court of Auditors' document also notes a loss of attractiveness of European careers. Thus, the abovementioned geographical imbalances also exist for candidates and laureates of external competitions. This aspect leads to a wider debate on the attractiveness of European careers compared to international organisations, diplomats from the Member States and private-sector expatriates. The Commission's draft report on this subject¹¹ implicitly recognises the situation. However, it proposes language-specific competitions as a solution. Can we really pretend that language-specific competitions will resolve the issue of attractiveness, after two reforms have dragged the entire system down?

Finally, the Court considers that the perception of this Commission as an organisation that cares about the well-being of its staff is becoming weaker and weaker. We already knew from staff surveys that, over the course of time, show an increasingly discontented workforce and a lack of response from the institution to staff difficulties, especially regarding the education of their children.

By way of conclusion

Today, we can evaluate the negative effects of the two reforms on the Community administration. We will shortly come back to the first, which was adopted in 2004. The second was adopted for the sake of budgetary savings, under pressure from the Member States, on the proposal of a College that was unable to respond to the questioning of some of the concessions obtained by staff during negotiations on the previous reform.

Today, an independent community organisation, the Court of Auditors, is preparing a rather negative report on the 2014 administrative reform, not to mention the effects of 2004. In 2011, U4U called on the Commission not to propose a reform and, in any case, not to rush in order to propose its own budgetary cuts. Unfortunately, we were not listened to.

In the context of the MFF, U4U is inviting the Commission and Commissioner Hahn to consider the experience of 2014. Any proposal for a review of Staff Regulations will result, as we already know, in a reduction of the current package for all categories of staff.

¹¹ This was not formally adopted by the College.

We already know that the Member States have no intention of redressing the imbalance of rights between categories, and that they are solely motivated by the objective of achieving budgetary savings!

The other trap that the new College must not fall into is linking the MFF to the review of Staff Regulations, as in 2013! This would be a dangerous chain of events.

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