



Thoughts on heading 5 and the EU budget

Which heading 5 for which European budget?

For the first time in the recent history of social dialogue at the Commission, the administration has questioned the unions on the future of heading 5 of the EU budget, which finances the functioning of the European Union: pay, pensions, health care, buildings, schools, crèches, child care centres, various running costs.

This consultation comes ahead of the formal proposal to be made by the Commission. This is progress. In the past, President Barroso consulted the unions after the decision was made on the 2014–2020 financial outlook. It is, however, unfortunate that the present consultation is not supported by any background documents.

We'll have to wait and see whether any of the different contributions by the unions will actually be included in the Commission's further considerations and whether the Commission will be prepared to use the arguments developed to defend the financial outlook to the legislature. At this stage, and despite some negative signals, U4U is prepared to display trust – namely that this consultation was not aimed at preparing the way for further backsliding in the name of a “pseudo-modernisation” resulting in renewed budget cuts, with harmful consequences. The recent meeting with the Commissioner responsible for the budget did not cast as much light on this subject as we would have liked.

During the first meeting with the unions, Commissioner OETTINGER had already put forward a curious line of argument: today, the heading 5 share would exceed 6% of the EU budget. If the next EU budget decreases, then by 2023, according to Commissioner OETTINGER, it would amount to almost 7%. What a great way to feed new fears and justify zealous reforms aimed at further cutbacks in the European Civil Service. These fears were confirmed during the second meeting in March 2017, when one trade union spoke out for the opening of the Staff Regulations, thus opening the door to austerity measures.

On that occasion, the zeal did not only come from forces outside the European Civil Service, but from inside as well. Let us be clear, the bigger the budget, the smaller the share of heading 5 becomes... So, let's not fall into the trap of absurd arithmetic that would lead to the Commission being hampered by attacking its civil service, thus also preventing it from successfully performing its tasks.

What EU budget?

The Commission trade unions have not questioned the total amount of the EU budget. However, it is not possible to take a valid position on the development of heading 5 without considering the development of the EU budget, its scope and its purpose.

For the time being, the debate remains confused, in the absence of any common political direction at European level. The arguments presented are sometimes superficial, forgetting that in recent years a number of new dossiers were added to the Commission's work programme, such as security, defence and migration, to name a few. Cuts are proposed for some policies (agriculture, cohesion, etc.), without any strategic consideration of their impact and of the EU's priorities in the current social, political and economic climate.

The Commission must propose a financial perspective that aligns the objectives, the tasks to be accomplished, the human resources required and how they can be managed. Furthermore, an analysis of the priorities must be shared. How do we proceed? What conclusions can we draw from the past? How has the Commission (and the other institutions) managed the new tasks? What assessment has been made and what are its conclusions (above and beyond a purely financial statement)? In which areas has implementation failed? Why? Has there been an assessment of the reforms, particularly in terms of the satisfaction of citizens and their perception of the usefulness of the EU? Once the findings have been agreed, what directions will emerge? What new tasks have been identified and how can they be achieved? So many questions lacking clear answers.

Some Member States tend to believe that the EU budget is taken from the wealth of each Member State, and therefore lost to them. In fact, it is allocated to actions that are useful for all, with positive consequences for everyone. Above all, it is used more effectively at the level of each Member State (border security, environment, energy, research, transport networks, climate, plant protection, etc.). What is more, the Member States are no longer in a position to defend their strategic interests alone. This reality should be forcefully defended, at least by the heads of the European institutions.

In addition, as correctly stated in the Monti Group's report on the financing of the European budget, new resources can only be put into the European budget if they are intended to contribute to the production of European public goods. That would be consistent with the objective stated in the fifth scenario of the Commission's white paper on the future of Europe ("Doing much more together"), which foresees an expanded EU budget and, at the same time, an increased own resources threshold, accompanied by the identification of new sources of income, aimed at achieving the objectives of the European Union's policies.

The estimated shortfall to be made up (some estimates put it at around 12 billion Euros) in the EU budget generated by the withdrawal of the United Kingdom is yet to be calculated accurately. Does this calculation take account of the Community funding paid to the UK, which significantly reduces the financial impact of this country's withdrawal? Furthermore, the United Kingdom's participation, in any form whatsoever, in the single market or customs union will be accompanied by a contribution by the UK to the EU budget. Does it take account of potential revenue if the UK leaves the customs union? The figures for these payments/transfers exist, but they are not used. Why is this? Put another way, the hypotheses surrounding the end of the British contribution ignore the contribution that the United Kingdom would have to pay in order to continue to benefit from the programmes, agencies and other opt-ins. It is known that the contribution of some members of the EEA is comparable to those of the Member States, or even greater in proportion to the GDP.

No balance sheet has been drawn up of the budget decrease decided by the Council in 2013, during the negotiation of the current programming period. This decrease hampered growth in spite of the injections of cash made by the CEB. The Juncker plan, a bold initiative to counteract the drop in the EU budget, did not have the desired impact due to the lack of public co-financing at the level required to attract private investors. It is therefore necessary to increase the resources allocated to its implementation instead of waiting passively for the private sector to do the work that is the responsibility of the public authority.

A considerable amount of capital is now available (source FMI). Not using this for, for example, energy transition, environmental protection, reducing inequalities, research and regional planning, would not only risk not meeting the social needs and political priorities recognised as being urgent, but would above all risk seeing this capital continuing to be used on speculative activities that are the cause of serious imbalances and instability.

In addition, the reductions predicted by some – of 15% – of virtually all of the programmes, in particular structural funds, will reduce the counter-cyclical role of the cohesion programmes and weaken a recovery that promises to be somewhat anaemic. Such a decision would certainly be poorly received by the countries that benefit from structural funds. The principle of solidarity, which continues to promote the cohesion and therefore the soundness of our Union, would be undermined. It would be a shame if the discussions in progress on the financial perspectives only focused on the financing of programmes and masked the crucial question of human resources by approaching it only from a perspective of staff cuts on a scale likely to threaten the strategic interests of the Union.

Finally, how could a reduced budget help us benefit from a favourable wind, as our President hopes, and face the new challenges he describes in his speech to the

European Parliament? Such a budget would also run counter to supporters of a strengthened Union and to speeches along those lines such as that of, among others, the French president, who, in his Sorbonne speech, advocated a strengthened European budget and greater autonomy thanks to an overhauled system of own resources.

The civil service must have its own say and be involved in this debate. We at U4U will fight for a significant increase in the European budget, so that the EU can fully accomplish its tasks relating to consolidating the European integration and solidarity policies, in the hope that our voices and our arguments will be heard and taken into consideration.

We are counting on the College to defend a growing budget and explain the need for it. Who better than the College to explain to European society the negative effects for European integration of a reduced budget, based on the experience of the last 7 years, in the context of the present budget decided in 2013?

Avoiding an umpteenth reform of the Staff Regulations?

Most of the trade unions will also be keen to remember that the two recent reforms – 2004 and 2013 – have undoubtedly allowed savings to be made, but at the cost of the substantial weakening of the Civil Service, weighed down by growing disparities and insecurity.

In some cases, this weakening has contributed to making the European Civil Service a less attractive employer. We can see a level of bureaucratisation of the work, which limits the extent to which it can adapt to change and therefore threatens the quality of the Commission's actions.

We expect our employer to defend our Staff Regulations, reduce insecurity, improve career progression, and increase and enhance staff skills. We have no wish to further negotiate a damaging reform of the current Staff Regulations, and we are depending on the Commissioner responsible and the College to resist pressure in this regard.

We do not underestimate the need to improve the Staff Regulations, in order, for example, to make transfers easier for contract and temporary staff. The present political climate, however, makes the reopening of the Staff Regulations extremely dangerous for everyone. Should this go ahead, we can expect to see a widespread attack on the European Civil Service aimed at pensions, expatriation allowances, promotion rates, etc., without the desired improvements.

For the time being, we must correct the imbalances caused by the previous reforms of the Staff Regulations and work towards improvements without changing the

Regulations, at least for the time being. These improvements, which are now possible, concern both the pay and the working conditions of the most vulnerable.

Improving our functioning and the service provided to European integration

The functioning of the European Civil Service has become more bureaucratic and more complex. Its employment appeal has declined in many countries, without an accurate analysis of the variety of factors behind this. However, the fact is that the current working conditions, careers and the type of organisation and working environment are losing attractiveness compared to other international organisations, large private groups, and smaller start-up businesses. Some of the key services for civil service agents, such as the European schools, are experiencing serious problems and are notoriously underfunded.

The civil service must therefore make proposals to ensure that it has the means to increase its competence and efficiency. Without trying to predict the results of a consultation and a collective discussion, **let us offer some areas to be considered in the debate**, not on the total amount of heading 5, but on improving how we operate with current funding.

Improving the way we operate involves freeing up staff creativity. It is not simply a matter of “de-verticalising” the services – the number of management levels has increased to the detriment of our operation – but also of encouraging a cross-cutting approach to specific strategic tasks. Work must be organised in a way that makes it possible to offer all those who have the ability and desire to do so the possibility of contributing to proposals and actions aimed at improved project coordination. We must rethink the methods of cooperation, starting with the motivation of agents, by building on their experience and expertise, at the same time explaining the purpose and usefulness of the tasks to be undertaken.

It has become essential to move from administrative career management **to a more qualitative form of guidance involving career paths and controlled transfers.** It is necessary to further promote collaboration, teamwork and the exchange of information. This must be a priority.

Whenever it is possible and necessary, we must prioritise the **movement from the administrative management of the resources allocated to programmes to a more results-based form of management.** This would make it possible to enhance the Commission’s role of political leadership and expertise. On this last point, automatic transfers must end to avoid weakening that latter role.

The **internal operation must be simplified**: let us avoid the rationale that each service is the “customer” of another, with all the bureaucratic costs that this supposes. Let’s also simplify the administrative processes.

Although it is more complicated, we have to ask **how we can reduce the geographical spread of the services**, a source of more complicated and wasteful functioning. In addition, **the broadest possible inter-institutional management of cross-functional services** could be one way to improve our operation.

Furthermore, the growing insecurity of the institution – at least 25% of staff not in the executive agencies – must be halted and then swiftly reduced by all means necessary: internal, external and specialist external competitions.

In terms of recruitment, regarding which everyone is agreed on the need to recruit **the best candidates**, how can we reconcile ensuring geographical balance and diversity of talents meeting the needs of the Institutions, while encouraging European motivation? Do those who join us understand what they are joining and why they are competing? Several discussions are ongoing both at EPSO level and at that of the Institutions' HR departments.

In terms of method, why not encourage synthesis and cooperation by involving staff at the Institutions, their unions and representatives, and in particular U4U? Some proposals and recommendations that we have contributed to are already on the table. For example, a better presentation of career/job options within the Institutions, a clearer definition of our job titles by explaining the job content in more detail, (avoiding the use of jargon or portmanteau words like "jurist/linguist" or "project management", etc.), as well as an understanding of the motivation for European public affairs and of the ability of candidates to adopt the values of the European Union.

Likewise, a report on the geographical distribution of recruitment is on the table, although promotion initiatives are already being undertaken in the eight countries identified as being under-represented. This would be a good time to give some thought to the matter of recruitment, together with the changes in our jobs and the operating conditions, taking account of the pilot projects already developed.

Finally, on the subject of recruitment, the institutions must take the opportunity to try new approaches by involving staff representatives in pilot projects.

April 2018