Staff Regulations of European Union officials: amendment of the Regulations

2011/0455(COD) - 13/12/2011 - Legislative proposal

PURPOSE: to amend the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Union.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: the Staff Regulations constitute the legal framework for employment and working conditions for the approximately 55 000 officials and other agents employed by more than fifty institutions and agencies located in different places of employment in the European Union and in third countries.

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.

In this context, it is important to take account of a certain number of elements weighing on the administrative budget, in particular:

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

The main amendments concern in particular the method of calculation of pensions, given that the current system weighs heavily on the administrative budget.

The Commission proposal strikes the balance between cost-efficiency and the needs of the institutions in the field of human resource management. The European Commission considers that, if this proposal is adopted, the EU institutions will continue to be assisted by an independent, efficient and modern European civil service that will allow them to fulfil the tasks which they have been entrusted with by the treaties.

IMPACT ASSESSMENT: no impact assessment was carried out.

LEGAL BASIS: Article 336 of the Treaty on the Functioning of the European Union (TFEU) and Article 12 of the Protocol on the Privileges and Immunities of the European Union.

CONTENT: the main elements of the proposal are as follows :

- reducing staff by 5%: it is proposed to reduce the staff of each institution and agency by 5%, and this would be done by not replacing a certain number of departures, i.e. those who retire and those whose contracts come to an end;

- method for adjusting salaries and pensions: the new method would preserve the principle of parallelism between the evolution of salaries of national officials and that of the EU officials, and would address the shortcomings of the current method:

- the new method would reflect nominal salary changes (instead of real salary changes) in all Member States. In this way the method will precisely follow salary changes in all Member States of the European Union and not only in a limited sample;
- in order to reduce the time lag in an extraordinary situation, the new exception clause would be automatically applied in case two conditions are met: 1) a decrease in the EU's GDP, and 2) the gap between the adjustment value of the remuneration and pensions of EU staff and the change in the EU's GDP exceeds two percentage points. If both conditions are fulfilled, half of the adjustment value would be postponed to the next year. For instance, this clause would have been triggered in 2009;
- the Brussels International Index would be suppressed. The differences in the increase in the cost of living between each place of employment and that of the Member States would be calculated and reflected in correction coefficients. A new joint correction coefficient would be introduced for Belgium and Luxemburg, considering these Member States as a single place of employment. It will be fixed at 100 for the first year.

- solidarity levy: since 1982, the method has been linked to an additional tax on salaries, due to the effects of the oil crisis. Despite the improvement in the economic situation, this additional tax has not been phased out, but has become a measure linked to the automatic application of the method. It is suggested that, for the duration of the proposed method, the solidarity levy be increased at the rate of 6%;

- modifications to the pension system in order to keep pace with demographic developments:

- increasing the normal retirement age to 65 years: currently, the normal retirement age is 63 years for officials recruited after 1 May 2004. Officials recruited before 1 May 2004 are subject to transitional provisions according to which the retirement age varies from 60 years to 63 years. It is proposed to increase the normal retirement age for officials recruited as of 1 January 2013 at 65 years. Similar transitional rules as those applied in 2004 would be implemented, i.e. the retirement age of officials recruited before 1 May 2013 would vary from 60 to 65 years. Furthermore, it will no longer be only on an exceptional basis that the possibility to continue working until 67 years would be granted;
- raising the age for early retirement to 58 years and reducing the number of officials benefiting from early retirement: currently, the minimum early retirement age is set at 55 years. Under the new proposal, the minimum early retirement age would be set at 58 years. In addition, the maximum number of officials retiring in a given year without a reduction of their pension rights would be fixed at 5% of the officials in all institutions who retired during the previous year (as opposed to 10% in the current system). This scheme is maintained since it has proven useful for all institutions as a HR management tool in the course of the last enlargement exercise;
- aligning the methodology for calculating the pension contribution rate to international actuarial practice: the computation system for the pension contribution rate expires on 30 June 2013. It is proposed to keep the same methodology, but to increase the moving average for interest rates and salary growth to 30 years. A transitional period of eight years would apply.

- adapting the conditions of employment: it is proposed to:

- introducing a minimum number of weekly working hours: 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. It is therefore proposed to introduce in the Staff Regulations a minimum number of working hours per week, i.e. 40.
- maintaining flexitime working-time arrangements: flexible working-time arrangements allow reconciling work and private life and facilitate suitable gender balance within the Institutions while respecting the
- mandatory working time obligations. It is therefore appropriate to introduce a clear reference to these arrangements in the Staff Regulations.

- allowances and entitlements: staff members are currently entitled to a maximum of six days per year of travelling time to their place of origin. It is proposed to limit the annual travelling time to a maximum of three days. The annual travel allowance is based on kilometric distance by railway, which is often not the most habitual route to travel to the place of origin. Therefore, the distance would be calculated as a great circle distance, which would have an effect of decreasing individual allowances. Furthermore, the payment of annual travel expenses would be limited to territories of the Member States of the EU.

In order to reduce the administrative burden both for the staff members concerned and the administration, the rules on the reimbursement of removal costs should be simplified. It is therefore proposed to introduce cost ceilings which take account of the official's or agent's family situation and of the average cost of removal and associated insurance.

The rules on mission should be adapted in order to take account of the specific need of an institution whose staff members must frequently go on mission to the principal places of work of their institution. It is proposed to allow in such cases the reimbursement of accommodation costs on the basis of a flat-rate sum;

- transparency measures for Institutions and agencies: the Staff Regulations are implemented through a series of measures adopted by the Institutions and agencies. In order to ensure coherent and harmonised

implementation of the Staff Regulations and for reasons of simplification, the Commission implementing rules would apply by analogy to agencies. However, in order to take account of the specific situation of agencies, they will be able, after receiving an authorisation from the Commission.

- career of assistants, new career stream for secretaries and more flexibility in recruiting contract staff:

- reserving the highest grades for staff with the high level of responsibilities: in order to establish a clear link between responsibilities and grade, the career stream in the assistants' function group would be restructured in such a way to reserve the two highest grades (AST 10 and 11) only for officials and temporary agents who exercise significant responsibilities for staff management, budget implementation and/or coordination.
- new function group "AST/SC" for secretaries and clerical staff: a new function group "AST/SC" for secretarial and clerical staff should be introduced. Salaries and promotion rates proposed for this new function group establish a suitable correspondence between the level of responsibility and the level of remuneration. In this way it will be possible to preserve a stable, comprehensive and well-balanced European civil service, as considered necessary by many institutions.
- recruitment of contract staff: in order to give more flexibility to the institutions, the maximum length of contracts for auxiliary contract staff would be extended from 3 to 6 years. In addition, while the vast majority of officials will continue to be recruited on the basis of open competitions, the institutions would be authorised to organise internal competitions which are also open to contract staff.
- addressing unjustified geographical imbalances: the Staff Regulations stipulate that European Union officials are to be recruited on the broadest possible geographical basis. However, the statistical data show that, while some nationalities are overrepresented in comparison with the relative weight of their population in the European Union, others are largely under-represented. These imbalances are particularly noticeable in certain grades. Therefore, Article 27 of the Staff Regulations should be amended in order to allow the institutions to take measures correcting long lasting and significant geographical imbalances, while preserving the principle of recruitment based upon the highest standard of ability, efficiency and integrity. This measure shall be adopted by way of general implementing measures and shall be subject to a report after five years.

- increasing efficiency in staff management for the agencies: today there are 45 structures (32 regulatory agencies, 7 joint undertakings and 6 executive agencies). In total, they employ almost 8 000 members of staff, mostly engaged as temporary agents. However, the provisions of the Staff Regulations and the Conditions of Employment of Other Servants are not fully adapted to the needs of small structures such as agencies. For this reason the Commission suggests introducing a new category of temporary staff for agencies. They would be recruited following a transparent and objective selection procedure and could be engaged for an indefinite period of time. If necessary, agencies would be able to second them in the interests of the service. Also, temporary staff in agencies could take unpaid leave up to a maximum of 15 years throughout their entire career.

BUDGETARY IMPLICATIONS: the proposal would have a budgetary impact on the expenditure and revenue of the European Union. Due to transitional provisions, the financial impact of certain provisions would gradually increase and would reach its full effect only in the long term. The savings over the next multiannual financial framework are estimated to exceed EUR 1 billion. 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.