COUNCIL OF
THE EUROPEAN UNION

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NOTE

To:	Delegations
Subject:	Contributions concerning the content of upcoming Staff Regulations Review

Delegations will find attached contributions from the Austrian, Bulgarian, Cypriot, Czech, Danish, Estonian, Finnish, French, German, Hungarian, Irish, Italian, Latvian, Lithuanian, Netherlands, Swedish and United Kingdom delegations to the European Commission concerning the content of upcoming Staff Regulations Review.

Contribution from Austrian, Bulgarian, Cypriot, Czech, Danish, Estonian, Finnish, French, German, Hungarian, Irish, Italian, Latvian, Lithuanian, Netherlands, Swedish and United Kingdom delegations to the European Commission concerning the content of upcoming Staff Regulations Review

Brussels, the 15th of November 2011,

Following a contribution letter supported by 14 Member States first presented on 22 June 2011 (document 12240/11 + COR 1 REV 2) and in the context of the negotiations on the Multiannual Financial Framework, we welcome the Commission's decision to revise the Staff Regulations. We are grateful to the Commission for having shared their initial draft text with the lead Council Working Group, the Groupe Statut, on 30 June 2011 and for their consideration of our previous joint paper mentioned above.

As the Commission takes forward the social dialogue with staff representatives and the consultation with other Institutions, and in advance of the Commission submitting its formal draft proposal, we wanted to share our thoughts on the initial draft text.

Some of the proposed amendments go in the right direction. However, especially given the current economic climate, it is our view that the changes proposed by the Commission in its initial draft do not offer sufficient and guaranteed financial savings. Most MS are responding to current economic and fiscal circumstances with efficiency measures or other reforms affecting the terms and conditions of civil servants. The staff of the European Institutions cannot remain immune from these fiscal consolidation efforts. To ensure that the EU budget can support the activities and provide the greatest possible benefits for European citizens within this economic climate, we need to ensure that all expenditure offers value for money. Over the next Multiannual Financial Framework, we therefore wish to see very substantial reductions in such spending including on salaries, pensions and benefits, as well as reductions in discretionary administrative spending.

The savings which the Commission have proposed would be a good starting point. However, we are not convinced that they will be realised and we have serious concerns regarding the implementation and monitoring of this proposal. In any case we do not think that the current draft proposal is sufficiently ambitious in trying to create the modern, effective and dynamic organisation which is crucial to attracting, retaining and motivating the best and brightest of Europe's citizens.

We are therefore suggesting below a number of further changes that we would like to see covered within the formal proposal on the Staff Regulations.

1. Salary Adjustment Method

In most Member States there is no automatic salary adjustment. Instead adjustments are decided according to the economic situation and the affordability of salary increases. This principle should be the same for the EU Institutions.

If a salary adjustment method is to remain, we welcome the decision to stop using the artificial Brussels International Index (BII), but we do not consider the proposed compound index for Belgium and Luxembourg to be an acceptable alternative. It would be more costly. It also involves another artificial index, which would not be sufficiently transparent for EU citizens to understand. The genuine Belgium Harmonised Consumer Price Index should be used as an alternative.

We do not support the proposed addition of the two reference states as this would lead to an increase in the annual salary adjustment compared to the current system. Furthermore, continuation with the current sample maintains the consistency of the salary development and gives more space for securing the quality of data.

We welcome the Commission's intention to amend the Exception Clause (Article 10, Annex XI). However, the proposed amendments are not satisfactory since they do not allow a freeze or a reduction in the salary adjustment. Instead, the new exception clause would simply stagger the adjustment over two years according to a mathematical logic which leaves no room for a more political approach. We want to see a new exception clause which gives the Council the authority, if it finds there is an exceptional crisis situation in the EU, to decide on whether the mathematical calculation of the salary adjustment should be set aside.

Finally, we would also like the adjustment of allowances and pensions to be separated from that of salaries.

2. Pensions

In line with the 2010 Council Conclusions on the Eurostat Study of the EU pensions (document 18250/10), we have serious concerns about the long-term sustainability and costs of the EU pension system. We welcome the Commission's proposal to increase the pension age from 63 to 65, and to increase the early retirement age from 55 to 58. However these changes would not be sufficient to make the system financially sustainable over the long term, so we firmly believe that more substantial reform is required.

To this end, the increase in the retirement age should be accompanied by a decrease of the accrual rate. We would ask the Commission to consider the introduction of average career salary as a basis for calculation of EU pensions. Staff should be responsible for financing a larger share of the costs of the pension scheme

Transition measures for the staff already in place are too favourable, especially the increase of the bonus to encourage staff to work up to 67. As a result, the proposed changes to the system would not have any impact in the short- or mid- term.
Referring to the Council Conclusions on early retirement measures (document 14699/10) it should not be possible to retire early without a reduction in the pension,

3. Special/Solidarity Levy

We welcome the Commission's proposed maintenance of the Special Levy as an act of solidarity with the EU citizens especially during these difficult economic times. In that vein, we ask that the Commission make further recommendations to maximise the contribution that the new "Solidarity Levy" would make to the EU budget. In particular we would like to see the removal of exemptions to this levy (notably the exemption corresponding to the basic salary of an official in grade 1 step 1), and an increase of the rate from 5,5%. Allowances and pensions should also be subject to the "Solidarity Levy".

4. Career Structure

The revision of the Staff Regulations offers an important opportunity to continue the work launched in 2004 to modernise the career structure for officials. The aim should be to ensure that the Institutions are as effective and dynamic as possible, helping them to attract, retain and motivate top talent across the EU.

With respect to promotion and progression, we would like to see a move to a system where grade and remuneration are linked to performance, responsibility and management functions, rather than time spent working for the Institutions. We appreciate that this link already exists at the most senior AD levels, and we welcome the Commission's proposal to introduce similar links for AST10 and AST11. However, referring to the Council conclusions on career structure (document 12405/11), we consider that for consistency in staff career progression and to support modern working practices, such links should be in place not only for the most senior staff, but at all levels.
Promotions should be based on merit not quotas. We would therefore like to see the removal of the automatic link between the number of staff at one level and the spaces for promotion to the next level, in favour of a system focused on business need and staff performance. There should be a cap on the advancement of AD staff with no management responsibility.

The monitoring of the 5% staff reduction should consider both staff number and the size of the paybill, including for the contract agents. With the replacing of some AST functions by contact agents, we would like to see an establishment plan also for this staff category.

Conditions concerning non-active officials, especially the allowance granted to such officials, are too favourable and should be revised.

5. Allowances

We take note of the Commission's proposed reform to the annual travel allowance.

However, we would like to see more ambitious measures with respect to all allowances leading to further savings.

We believe that the expatriation allowance deserves the most attention. It stands at 16 % of officials' salary regardless of the number of years an individual has lived as an expatriate, despite the fact that the expenses and burdens resulting from expatriation naturally diminish over time. We recommend (following the 209th report of Coordinating committee on remuneration recommendation, as already adopted by NATO, European Space Agency and the Council of Europe) a reduction in the expatriation allowance to 10 %. It should gradually be phased out for each staff member concerned between years 5 and 10 of his/her career at a rate of -2 percentage points annually. Furthermore, the expatriation allowance should be calculated on the basis of the basic salary only, not including any family allowance.

6. Delegated Acts

Finally, we are concerned about the Commission's proposed use of delegated acts especially with respect to the annual salary adjustment and all decisions with financial impact. Article 290 TFEU is an enabling provision so there is no obligation on the European Parliament nor the Council to delegate these competencies. Moreover, we do not wish to reduce our influence on these issues.

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We look forward to engaging closely with the Commission and the European Parliament in subsequent discussions on the Staff Regulations.