

# EUROPEAN PARLIAMENT

1999



2004

---

*Session document*

FINAL  
**A5-0326/2000**

8 November 2000

## **REPORT**

on the White Paper on reforming the Commission (aspects concerning the  
Committee on Legal Affairs and the Internal Market)  
(COM(2000) 200 – C5-0446/2000 – 2000/2216(COS))

Committee on Legal Affairs and the Internal Market

Rapporteur: Malcolm Harbour

## CONTENTS

	<b>Page</b>
PROCEDURAL PAGE .....	3
MOTION FOR A RESOLUTION.....	4
EXPLANATORY STATEMENT .....	10

## PROCEDURAL PAGE

By letter of 3 March 2000, the Commission forwarded to Parliament its White Paper on reforming the Commission (COM(2000) 200 – 2000/2216(COS)).

At its meeting of 6 July 2000 the Conference of Presidents authorised the Committee on Budgets, the Committee on Budgetary Control and the Committee on Legal Affairs and the Internal Market each to draw up a report on the aspects of the White Paper on the administrative reform of the Commission which concern them directly, on condition that an enhanced cooperation procedure be established between the chairmen, their representatives and the rapporteurs of those committees.

At its meeting of 31 August 2000 it also authorised the Committee on Constitutional Affairs to draw up a report on the aspects of the White Paper which concern it directly.

At the sitting of 20 September 2000 the President of Parliament announced that she had referred the White Paper to the Committee on Budgets, the Committee on Budgetary Control, the Committee on Legal Affairs and the Internal Market and the Committee on Constitutional Affairs as the committees responsible, in respect of the aspects which concern them directly, and the Committee on Women's Rights and Equal Opportunities for its opinion, in respect of the aspects which directly concern the Committee on Legal Affairs and the Internal Market.

At its meeting of 23 November 1999 the Committee on Legal Affairs and the Internal Market had appointed Malcolm Harbour rapporteur .

The committee considered the Commission White Paper and the draft report at its meetings of 9 and 23 October 2000.

At the last meeting it adopted the motion for a resolution unanimously.

The following were present for the vote: Rainer Wieland, acting chairman; Ward Beysen, vice-chairman; Malcolm Harbour, rapporteur; Francesco Fiori (for Antonio Tajani pursuant to Rule 153(2)), Michiel van Hulten (for Maria Berger pursuant to Rule 153(2)), Enrico Boselli, Jean-Maurice Dehousse, Bert Doorn, Janelly Fourtou, Heidi Anneli Hautala, The Lord Inglewood, Ioannis Koukiadis, Kurt Lechner, Klaus-Heiner Lehne, Donald Neil MacCormick, Manuel Medina Ortega, Bill Miller, Imelda Mary Read, Carlos Ripoll i Martínez Bedoya, Francesco Enrico Speroni, Astrid Thors, Gary Titley, Diana Paulette Wallis, Matti Wuori, Stefano Zappalà and Jürgen Zimmerling.

At its meeting of 16 October 2000 the Committee on Women's Rights and Equal Opportunities decided not to deliver an opinion.

The report was tabled on 8 November 2000.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

## MOTION FOR A RESOLUTION

### **European Parliament resolution on the Commission White Paper on reforming the Commission (aspects concerning the Committee on Legal Affairs and the Internal Market) (COM(2000) 200 – C5-0446/2000 – 2000/2216(COS))**

*The European Parliament,*

- having regard to the Commission White Paper on Reforming the Commission (COM(2000) 200 – C5-0446/2000)<sup>1</sup>,
  - having regard to the EC Treaty, in particular Article 283 thereof,
  - having regard to the opinion of the Committee on Legal Affairs and the Internal Market for the Committee on Petitions on the Special Report from the European Ombudsman to the European Parliament following the own-initiative inquiry into the secrecy which forms part of the Commission's recruitment procedures,
  - having regard to Rule 47(1) of its Rules of Procedure,
  - having regard to the reports of the Committee on Budgets (A5-0327/2000), the Committee on Budgetary Control (A5-0329/2000) and the Committee on Constitutional Affairs (A5-0328/2000),
  - having regard to the report of the Committee on Legal Affairs and the Internal Market (A5-0326/2000),
- A. whereas the present rigid and hierarchical system is ill equipped to meet the Commission's future objectives and its staff's needs and aspirations,
- B. whereas the Commission needs to develop human resource ('HR') strategies and policies that will enable it to achieve optimum performance in its core tasks of policy conception, initiating legislation and enforcing Community law,
- C. whereas devolving functions by externalisation, subject to proper scrutiny, transparency and control, is a crucial part of these strategies and will assist the matching of tasks to resources,
- D. whereas the Commission's tasks must be carried out at the highest possible levels of performance, efficiency and control in delivering a service to the people of Europe, with particular regard to independence and accountability,
- E. whereas the stated aim of the reform is to sustain an independent, permanent and high-quality European civil service that equips the Commission to fulfil its tasks as a world-class organisation and enables it to be a model employer,
- F. whereas officials must remain responsible and accountable for their actions and keep the

---

<sup>1</sup> Not yet published in the OJ.

opportunity to be rewarded for their success in meeting or exceeding their set goals,

- G. whereas the reform must not detract in any way from the Commission's key responsibilities and competences as enshrined in the Treaties and the case-law of the Court of Justice,
- H. whereas the reform must be implemented at a time of very rapid change in terms of employment practices, employee expectations and technological advances,
- I. whereas the Staff Regulations ('the Regulations') must serve the needs of the institutions and staff and not hamper them in the efficient performance of their tasks,
- J. whereas the protection presently afforded by the Regulations and the associated case-law of the Court of Justice must be secured without undermining the modernisation process, while maintaining such safeguards for individual staff members as are required in a Community governed by the rule of law,
- K. whereas the principle of open competitions for the recruitment of staff should be retained, albeit modernised so as to permit a faster, more targeted approach to recruitment at a lower cost,
- L. whereas one of the foundations of the reform is the creation of a linear career structure, which enables staff to progress through the system on the basis of merit, without the creation of artificial divisions,
- M. whereas the commitment to equal opportunities for women and other under-represented categories and the abolition of age limits for recruitment are welcomed,
- N. whereas the reform of the Regulations must result in a lighter, flexible, effective and efficient framework, more suited to a fast-changing world and capable of accommodating the special needs of the various Community institutions, in particular those of Parliament,
- O. whereas successful reform is essential for the Commission's future credibility and will have a strong impact on the public perception of the European civil service and the EU institutions in general,
- P. whereas Parliament looks forward to detailed proposals for amendment of the Staff Regulations and the Conditions of Employment of Other Servants, which it will carefully scrutinise in the light of the objectives and propositions set out in this resolution,

#### *Reform Objectives and Performance Targets*

1. Reaffirms the principle pursuant to which an independent, impartial European civil service provides the best guarantee for strengthening the role of the Commission and of the other Union bodies and institutions and for promoting the Community interest;
2. Considers that tasks must be matched to resources so as to develop coherent policies around a targeted range of skills, education and experience;
3. Calls for reform goals to be developed into more specific, challenging benchmarks, referred to global best practice;

4. Reiterates the importance of the financial control reforms in giving delegated accountability to officials and achieving a new organisation culture in which officials are trusted to perform agreed tasks and measured against agreed objectives;
5. Stresses that clear objectives, the right resources, meaningful tasks and a stimulating environment are the key to creating and maintaining an attractive and rewarding work environment;

#### *Organisation and Grading Structure*

6. Demands that all officials should have clear job descriptions, be given clear objectives and the right resources, and empowered accordingly;
7. Considers that simplified grading and organisation structures must allow for the recognition of enhanced skills alongside increased administrative responsibility, the organisation of project teams and increased horizontal cooperation;
8. Urges the Commission to match organisation to tasks and avoid designing activities around portfolios for a set number of Commissioners; this task must be addressed after an IGC decision on the future structure of the Commission;

#### *Personnel Appraisal, Development and Reward*

9. Endorses the performance appraisal strategy; it must be introduced in support of the principle of promotion on merit and without undermining the principles generally recognised within the European Union as guaranteeing the political independence of civil servants;
10. Trusts that trade unions will be consulted on the guidelines for staff assignments, that staff will be involved in drawing up job goals and that the personal development role of the appraisal system will be emphasised;
11. Urges that a strong career guidance system should actively facilitate interdepartmental and possibly interinstitutional staff development;
12. Calls for procedures to deal with persistent under-performance (reassignment, retraining or regrading); the idea of a job for life, irrespective of performance, must disappear;
13. Demands enhanced training programmes, fully integrated into staff development;
14. Welcomes the emphasis on continuous training and the possibility of an interinstitutional training centre, but considers that given resource pressures a cost-benefit analysis of such a centre is necessary; notes further that importance should also be attached to training by outside agencies and joint activities involving other EU institutions and national governments;

15. Stresses that staff assessment requires a great deal of training, that it should be carried out in a climate of confidence, and that annual development interviews between the staff assessed and the managers responsible should form part of the assessment procedure;
16. Notes the value of the 'stagiaire' programme in offering work experience to young people, considers that their working conditions and responsibilities need to be reviewed as part of the reform package, and recommends that the document of 28 June 2000 drawn up by the 'stagiaires' and submitted to the Commission should be taken as the starting-point;

#### *Career Mobility and Staffing Flexibility*

17. Believes that the new grading and promotion system must encourage mobility but that the requirements of the institution should not fall victim to inflexible application of the mobility principle; postings away from the Commission must not penalise career progression;
18. Calls for staff exchanges among the institutions, and between them and national governments and the private sector, and a structured programme for high-flyers including external secondments;
19. Endorses the proposal to set up an interinstitutional recruitment agency, after due consultation with all the institutions involved;
20. Considers that recruitment, grading and pension plans should facilitate external recruitment and that flexible short- or long-term fixed contracts should be available, and that in any event, transparency in the recruitment procedures must remain at the fore;
21. Considers that special staffing needs must be catered for within overall HR plans and that the JRC and the External Service must be integrated into a global staff development programme;

#### *Salaries and Terms of Employment*

22. Believes that talented, well-motivated people should be attracted; consequently, the compensation package must be competitive with the private and public sectors;
23. Emphasises that staff must have a simple, clear, equitable and externally transparent system of allowances, which takes into account the particular working conditions of each official and the inconveniences which those conditions entail; there should be no unjustified perks, and allowances must be continually reviewed to reflect the increasing ease of movement within the European Union;
24. Considers that managers must be able to incentivise staff through performance-based pay rises, and commends the current ECB scheme;
25. Welcomes the fact that the Commission addresses the possibilities of combining work and family life; expects parental-leave benefits also to be examined in the light of best practice in the Member States;

#### *Retirement*

26. Supports the early retirement scheme; later retirement should be available;
27. Urges the Commission to consider a funded, portable pension scheme so as to promote greater mobility;

*Working Environment, Equal Opportunities and Recruitment*

28. Emphasises that recruitment must be modernised and streamlined to accord with best practice;
29. Considers that there should be better access to posts within the institutions for ethnic minorities, the disabled and persons having the permanent right of residence in a Member State, while eschewing ageism;
30. Commends the early adoption of an on-line personnel system giving all staff access to comprehensive information on the rules and conditions of their employment and the ability to carry out personal administrative tasks on-line;
31. Calls on the Commission to ensure that gender mainstreaming is facilitated, implemented and assessed at all levels and in all directorates-general and departments;
32. Welcomes the fact that the Commission has undertaken to comply with the European Ombudsman's recommendations concerning transparency and sound management principles in the recruitment procedure;

*Disciplinary Procedure, Administrative Complaints Procedure and Whistleblowing;*

33. Agrees that the disciplinary structures and procedures must be made more efficient, including involvement of an independent assessor, endorses the need for administrative improvements in the short term, but calls for early action to redesign the system and review the provisions dealing with officials' personal financial liability;
34. Advocates complaints panels, with independent Chairs, to settle staff disputes speedily without the need for court proceedings, albeit preserving the ultimate possibility of judicial review;
35. Insists on officials' rights and obligations to report wrongdoing being formally defined; a fair balance should be struck between all the interests involved;

*Parliament as Employer*

36. Urges Parliament's administration to introduce a linear career structure in parallel to the Commission allowing for easy interinstitutional transfer; support the speedy launch of the recruitment office; enhance its existing staff appraisal and disciplinary procedures; promote flexibility and mobility, particularly in the light of its cyclical workload, the staffing requirements of political groups and the need for contract flexibility; build more mobile career structures; encourage exchanges with EU institutions and other organisations, and participate in joint training programmes;



37. Taking into consideration the increased number of temporary officials working for the political groups and the significant changes in the nature and duration of their work, deems it appropriate specifically to incorporate these new realities into any reform of the Staff Regulations, with particular regard to unemployment conditions and terms of early retirement;

#### *Implementation*

38. Warns that the Commission's reforms must be implemented as quickly as possible to avoid staff demoralisation and public disenchantment;
39. Attaches priority to adopting job descriptions for all grades, reforming the grading system and moving to annual appraisals, with merit-based promotion; the Commission should implement the new career development philosophy without delay by adopting a shadow appraisal system ahead of formal agreement on the Regulations;
40. Calls on the Commission to make proposals for reform of the Regulations as a matter of urgency;
41. Calls on the IGC to consider the reform's Treaty and case-law implications and make the necessary changes to ensure that the implementation of the reform package is unimpeded;

#### *Involvement of Staff and Trade Unions*

42. Affirms that full staff and trade-union involvement is essential to the success of HR reforms; hopes that the unions, staff committees and the institutions can adopt a positive stance and examine best-practice representation strategies in both the public and private sectors in determining their responses;

#### *Conclusion*

43. Instructs the President of Parliament to forward this resolution to the Commission, the Council and the national governments.

## EXPLANATORY STATEMENT

### Introduction - Scope and Aim of the Report

This report examines those elements of the White Paper covering HR Management and the reform of the Regulations. It focuses on the overall strategy of the reforms and their effectiveness in addressing identified problems, together with their feasibility and planned speed of implementation. The impact of the reforms on Parliament as an employer will also be examined.

This report does not set out specific recommendations for amending the Regulations, since Parliament will be consulted on the specific reforms that the Commission plans to make over the next two years. However, issues that must be considered in these detailed reform proposals are identified.

### Reform Objectives and Performance Targets

#### **Context of the Reform - Role of the Commission**

The Commission is allocated three essential functions under the Treaties: initiating proposals for legislation, acting as guardian of the Treaties and executing EU policies and actions. As part of the reform process, the Commission is re-examining its present range of activities and making proposals to focus on these three core tasks. As the Wise Men's Report found, mismatch of tasks to resources has been a major cause of poor management performance and weak financial controls. As the basis of his examination of the HR strategy, your rapporteur has taken the Commission's focus on its 'core functions', identified in the White Paper as '*policy conception, political initiative and enforcing Community law*'. This focus on core activities will help the Commission achieve high levels of performance and simplify its management tasks. From the HR aspect, it will enable coherent policies to be developed around a targeted range of skills, education and experience.

Devolving functions by externalisation is a crucial part of the strategy. Specialist agencies focusing on their own tasks will be able to develop specific organisation and employment policies to maximise their effectiveness, without the constraints of the Commission's staff policy framework. The externalisation strategy is a crucial component in achieving successful reform.

#### **Overall Objective of the Reforms**

The opening chapters of the White Paper set out a range of goals for the reforms. However, there is no concise statement summarising the key objectives that can be used as a benchmark to evaluate the Commission's overall performance. It is suggested that it would be helpful to summarise the reform objectives as follows:

*To balance tasks with resources, achieving the best possible standards in quality, cost control and timely delivery; to introduce management and HR policies that raise the effectiveness of the organisation and attract, retain and develop the best talent; to achieve the highest standards of financial management, efficiency and accountability; to ensure that EU taxpayers receive high quality services and value for money.*

These general aims can be used by Parliament, the Council and other interested bodies as the basis for judging the Commission's progress in achieving reform. However, the reform goals need to be speedily developed into more specific, challenging benchmarks. Achieving the 'best quality international administration in the world' is too vague, since the only 'international administration' of comparable size is that of the UN, whose reputation stands very low. It would be better to refer to global best practice in the public sector, particularly in national administrations that have carried out successful reforms. Private-sector organisations must also be included.

### ***External Environment for the Reforms***

The reforms must be implemented at a time when employment practices, employee expectations and technological advances are changing very rapidly. Parliament should play a key role in testing the robustness of the reforms against this external environment, and to ensure that the Commission is well equipped to meet new challenges.

The White Paper does not give details of the Commission's assessment of the environment for change - it would be helpful to have more details of its analysis. In the absence of a Commission text, your rapporteur has produced his own summary of the key aspects, as follows:

- The Commission will be competing for high-calibre staff in an environment where more and more choices are open to qualified people. The traditional image of a 'fonctionnaire', with a secure job for life, does not have the attraction it once did. New entrants into the world of work are increasingly expecting to have mobile careers, with a variety of challenging experiences. Job interest and responsibility will carry more and more weight in career decisions. Big organisations look less attractive alongside Internet start-ups.
- Flexibility in working conditions and employment packages will be demanded, driven by a continued increase in families with two working parents. Part-time working and job sharing will form part of an overall career pattern. IT developments will facilitate more home working.
- The concept of retirement at an arbitrary age will decline. Employees will want flexible retirement plans, with the ability to retire from 50 onwards. They will expect a portable pension, allowing easy transfer of accrued benefits so as to encourage job mobility and secondments.
- IT will make organisations more open and transparent. Hierarchy and status will become less important. Technical and creative skills and the ability to work in teams will become more valued. Employees will expect more involvement and self-determination in key work decisions.
- Integrity, impartiality and objectivity will still remain the hallmarks of public servants. However, IT will make all organisations more open, and require public servants to operate in the knowledge that all their actions may be subject to external scrutiny.

## ***Role of the Regulations***

Alongside the broader issues of changes in society and working practices, effective public service will still be valued. The institutions will be driven by permanent officers with the independence, character, ability and experience to be able to advise, assist, and influence a changing set of political leaders. Civil servants constitute the collective memory of their institutions and must be expected to have a longer-term perspective, while loyally advising and assisting the elected representatives and political appointees whom it is their job to serve.

The Regulations should provide the appropriate framework within which all institutions of the European Union operate to the highest standards of probity, accountability and transparency. They should also provide safeguards for individual staff in a Community governed by the rule of law. However, they must also assist the institutions to achieve their overall objective, and help managers attain their goals. The Regulations should be the servant of the organisation, not its master.

This is not the case at the moment. There is much anecdotal evidence to suggest that the detail and rigidity of the Regulations force managers to 'administer their implementation' rather than use their own initiative to develop staff policies appropriate to achieving their functional goals. Fear of litigation often becomes a central management impulse and a bureaucratic approach to staff matters becomes the norm. Managerial competence is thus undervalued and underexploited, in the sphere of personnel management and elsewhere.

An indispensable element of the reform proposals must therefore be an appraisal of the Regulations and a revision of the key elements so that the total package assists achievement of the proposed objectives. This must be achieved without diluting existing safeguards for employees and the public interest.

## **Appraisal of the Proposed Reforms**

### ***Framework for the Appraisal***

Taking into consideration the environment in which the reforms must proceed, the key elements of the HR reforms will now be examined. The framework for this examination will be set by the following questions:

- Does it match the staff motivation and accountability demanded by a truly customer-driven, modern public-service organisation?
- Does it anticipate demands on staff and exploit the potential for IT in redefining administrative tasks?
- Is it flexible enough to adapt to change in an environment of shorter response time and technological advance?
- Does it provide the basis for long-term staff retention allowing personal development, fair and competitive rewards related to effort and employment conditions that provide opportunity for all?

- Does it help staff to undertake the coordination needed in an environment where speedy assessment of a wide range of factors will be essential for successful policy-making?
- Is it capable of coping with a greatly enlarged EU in which integration may advance at a differing pace in the several Member States?
- Does it encourage mobility between the Commission and the other institutions, other public services and the private sector?

Comments on the main building blocks of the reform will now be made in the light of this appraisal framework.

### ***Organisation and Grading Structure***

The Commission's present organisation culture is characterised, in its own words, by 'the complex and extended chain of approvals required for the simplest of items'. It is clear that the present rigid and hierarchical system is ill equipped to meet the Commission's future objectives and its staff's needs and aspirations. The new organisation structure must give managers clear objectives, provide them with the right resources and empower them accordingly. Officials must be responsible and accountable for their actions and be rewarded for their success in meeting or exceeding their set goals.

In a large organisation, a formal grading structure is an important aid to staff and managers in providing a fair means of classifying jobs and a structured, transparent promotion ladder. However, it is clear that the rigidities of the present system work against the interests of staff motivation and organisational effectiveness. The proposal to move to a linear career structure, with clear job descriptions and promotion based on merit is endorsed.

However, in moving to a linear structure, changes in organisation and skills requirements must be anticipated. The digital economy is bringing about the means for more horizontal integration of policy-making by opening up high levels of information-sharing. Commission staff must increasingly work in project teams with fewer management layers. Specific technical, economic and analytical or sector-based skills will become increasingly valued. The new linear grading structure must take account of project-based activities and allow skills to be recognised.

The Commission must also match organisation to tasks and avoid designing activities around portfolios for a set number of Commissioners. This task must be addressed after an IGC decision on the future structure of the Commission.

### ***Personnel Appraisal, Development and Reward***

Staff development and promotion policy based on job performance must be the cornerstone of any effective organisation. The reform proposals represent a major step forward over current procedures. In particular, the move to annual appraisals linked to performance against agreed objectives is strongly endorsed. The White Paper includes most of the elements required in a performance appraisal system that will meet the objectives of motivating and developing staff. It is essential that the detailed plans retain all these elements. Areas requiring particular attention are the need for staff to be involved in drawing up their own job goals and to feel

ownership of the appraisal process. It must not become a bureaucratic and burdensome procedure. It would be helpful to reinforce the role of the appraisal system by ensuring that the staff development component is clearly identified.

Personnel development and promotion within a large organisation require careful coordination between departments to ensure that high-flyers are identified and weak performers pinpointed at an early stage so that remedial action can be taken. A well-designed appraisal system must operate as part of an overall manpower planning process so that internal development moves between departments can be used to broaden skills and experience. Procedures must be developed to deal with cases of persistent under-performance (reassignment or regrading). The culture of a job for life, irrespective of performance, must disappear.

Establishment of a central career guidance function is a key part of this strategy. This unit must be given a strong role within the Commission and be able to ensure that high-potential staff do not have their careers blocked by managers who are reluctant to release them. All staff must realise that they have the opportunity to develop their skills and talents and that personal development is one of the central aims of the Commission's management philosophy.

Training is crucial. The White Paper indicates that training provision is currently uncompetitive and that a learning culture must be developed. Training strategies need to be given higher priority and carefully integrated in performance and development appraisals. Promised training must be delivered and managers must ensure that staff are released to meet training commitments. Interinstitutional training and shared training with national governments would help to break down cultural barriers and encourage best practice. However, an entirely new training centre seems premature. This proposal also seems a low priority for scarce resources, given the pressures on the Commission.

### ***Career Mobility and Staffing Flexibility***

A key element in developing management and staff capability will be increased flexibility to move between functions both within the Commission and the other institutions. The new grading and promotion system must encourage staff mobility and ensure that postings away from the Commission do not penalise individuals' career progression. Staff exchanges between national governments and private-sector organisations should also be urgently developed as part of an overall programme to develop a broad base of management and staff capabilities. A high-flyers development programme should include external secondments as part of the expected career path for senior managers.

While the Commission should aim to manage its career development programmes so that it can fill most promotions from within, its HR policies must also make it easier to recruit from outside. This may become increasingly necessary as technological developments accelerate. Changes to recruitment grading and pension plans should be made to facilitate this.

The Commission should also be able to offer flexible short- or long-term fixed contracts. Increasingly, job applicants in certain fields may appreciate the opportunity to opt for a contract of determinate duration rather than a permanent post. Applications from candidates who regard a spell of employment in a Community institution as part of their longer-term

career strategy should be encouraged.

The introduction of more flexible policies would allow the special staffing needs of the JRC and the External Service to be covered within the overall HR plans. Both these services would benefit from being integrated into a global staff development programme.

### ***Salaries and Terms of Employment***

The Commission needs to attract the highest-quality staff in a job market that will become more and more competitive. Successful implementation of the new organisation culture and staff development strategies is essential if the Commission is to attract talented, ambitious people. Delegated responsibility and the ability to gain a wide range of experience and promotion opportunities on merit are the building blocks of a satisfying job. Alongside these elements, the compensation package offered must be competitive with the private and public sectors and compatible with the needs and aspirations of current staff and new entrants.

The question of salary levels is not part of this strategy discussion, although it is noteworthy that a recent study suggests that Commission staff pay scales are competitive in the context of public-service employment. However, they lag behind pay levels for comparable tasks in multinational companies and the professions. Although potential recruits will balance salary rewards against the greater job security of the public service, this trade-off may not be sufficiently attractive in a future employment market where job variety is highly valued.

The Commission is sensibly proposing to extend the current pay and conditions package by one year so that a renegotiated package can take account of the new linear grading and promotions structure. It is essential that the new package include provisions for managers to incentivise their staff by awarding performance-based pay rises. The ECB already operates such a scheme.

Alongside salary, all other elements of the compensation package should be reviewed to ensure that employees are offered a simple, clear, equitable system for expense reimbursement and other special allowances. Expatriation and resettlement allowances and pay-offs on resignation or redundancy must be reviewed to ensure that they are comparable to equivalent organisations. With the pressure for growing transparency, there must be no unjustified expenditure on staff perks.

### ***Retirement***

The proposal to introduce a permanent early retirement scheme is strongly supported. In view of increasing active life expectancy, this should also provide for later retirement. To take account of the legitimate expectations of staff for greater mobility in the course of their careers, pensions should be portable. The Commission is therefore urged to consider the advantages of moving to a funded pension scheme.

### ***Working Environment and Equal Opportunities***

The Commission's objective of becoming a model employer is fully endorsed and the proposals to achieve this appear to meet this objective. The commitment to equal opportunities for women and the abolition of age limits for recruitment are particularly

welcome.

### ***Recruitment***

The proposal to maintain the system of open competitions is welcomed, although procedures and tests need to be modernised and streamlined to accord with best practice in the public and private sectors, in particular to allow specialists with 21st-century skills to be taken on. There should be flexibility in the choice of starting grade so as to allow competitive salaries to be offered. The time taken to run competitions must be drastically reduced.

Your rapporteur strongly endorses the proposal to set up an interinstitutional recruitment agency, after due consultation of Parliament and the heads of administration of the various institutions. That agency should also be responsible for organising internal competitions. The composition of selection boards should be revamped, with provision made to co-opt outside specialists where necessary. The procedure for choosing board members should be made more open and transparent.

Every effort must be made to deal with cultural diversity and gender issues. The institutions should be overtly committed to recruiting more from among the ethnic minorities and to avoiding age discrimination. The possibility of opening up recruitment to persons having the right of residence in a Member State, and not just nationals, should also be considered. Moreover, as a public employer, the Commission should commit itself to employing, and providing facilities for, disabled persons. The need to ensure reasonable geographical balance among Commission staff is appreciated, but that consideration should not stand in the way of the recruitment of the very best candidates for the jobs available.

### ***Disciplinary Procedure and Whistleblowing***

Your rapporteur strongly supports the Commission's view that the disciplinary procedure is in need of major overhaul. The current procedure is highly bureaucratic and time-consuming, a major disincentive for managers to take action.

While there is an essential need for administrative improvements to the current scheme as a short-term measure, early action must be taken to redesign the whole system. There should be a new system for dealing with staff disputes, with its own system of complaints panels with the objective of settling disputes speedily without court proceedings. Clearly, the rights of employees must be fully respected in proceedings and panel representation. Such a system would have the further benefit of freeing up much-needed capacity in the Court of First Instance.

Furthermore, the move to full financial accountability for managers running spending departments is a key component of the reforms and the provisions for personal financial liability of officials need rethinking in the light of the new streamlined disciplinary procedure.

The proposals for a formal definition of officials' rights and obligations to report wrongdoing are welcomed. A correct balance must be maintained between the interests of the accuser, the accused and the institution concerned. Particular attention must be given to cases where individuals may report an action they consider to be against the interests of a Member State. In such cases parity of interest between the EU and its members must be assumed.



## **Parliament as an Employer**

The proposed changes to those elements of the Regulations that affect Parliament should be strongly welcomed. Parliament, as an employer, has similar issues to address in its own internal reforms and it will be greatly assisted by speedy implementation of the Commission reform package.

Specific issues for Parliament are to:

- Ensure that it introduces a linear career structure in parallel to the Commission, and that the grading proposals allow for easy interinstitutional staff transfer.
- Contribute its views to the strategy for an interinstitutional recruitment office and support its speedy launch.
- Enhance its staff appraisal and development plans along the lines set out herein.
- Consider the proposals for flexibility and mobility, particularly in the light of Parliament's cyclical workload. The staffing requirements of political groups, and need for contract flexibility, should be particularly examined.
- Build more mobile career structures for officials and encourage more exchanges with EU institutions and other organisations.
- Participate enthusiastically in joint management training programmes with the Commission.

## **Implementation Plans**

The scale and scope of the reforms are a large task for any organisation. For the Commission, where reform has been long delayed, they are an immense challenge. It is generally accepted that changes to staff policy must be carried out quickly, to avoid an unsettling period of change and the demotivating impact of uncertainty about the future. This is a critical issue that the Commission must now address.

For understandable reasons, the reform of the Financial Regulation and the new internal control systems have taken priority in the reform process. Attention must now move quickly to the HR reforms. The Commission needs to ensure that the reforms are presented as a positive benefit for staff – a framework for liberating creative energies and ambitions. The highest priority should be given to the reform of the grading system and the move to annual appraisals, with merit-based promotion. The current Commission timetable envisages that this system will only be operational 'in the course of 2002'. Commission staff could therefore be facing a two-year period during which their career prospects and positions on the new grading scheme remain uncertain.

Ways must be found to implement these measures much more quickly and to remove legislative and administrative roadblocks. Your rapporteur is confident that Parliament would

support any efforts in this direction.

As a very minimum the Commission should be encouraged to implement the new career development philosophy without delay by adopting a 'shadow' appraisal system ahead of any formal agreement on the Regulations. During Q4 2000, managers should be agreeing clear work with their staff for at least a 12-month period and undertaking development interviews to assess their future career ambitions and training needs. The data collected for this exercise will be an invaluable input into the final design of the linear career structure and the new central career function.

Such an exercise would clearly demonstrate to all staff that the new organisation culture and management approach are taking root immediately. While there will still be a period of uncertainty and disruption, it will help to remotivate and reorientate staff towards new ways of working, and also encourage them to feel that their personal efforts will be reflected in their future career prospects.

## **Reforming the Regulations**

It appears from this critical examination of the reforms that the Regulations are poorly adapted to the future HR policies required to meet the Commission's goals. The Commission's approach proposes a series of incremental reforms to the Regulations over the 2001-2002 period as various elements of the reform are agreed. This is a pragmatic approach but consideration should surely be given to a wider-ranging reform of the structure of the Regulations.

Certain provisions of the Regulations, especially the disciplinary procedure and the system of complaints and appeals to the Court of Justice, will require modifications to the Treaties if changes are to be made. Arguably, therefore, it is premature to consider modifying the Regulations until the IGC takes a decision on how staff cases are to be dealt with. If the IGC fails to take account of the implications of reforming the Regulations, a major aspect of the reform may be stalled. If the ponderous system of administrative complaints and appeals to the European Court is maintained, together with the extensive case-law, the whole thrust of the reforms could be jeopardised or delayed. This is a delicate matter with implications for the independence of the civil service, the protection of acquired rights and legitimate expectations and the success of the modernisation process. It is concerning that no mention is made of this dilemma in the White Paper.

## **Involvement of Staff and Trade Unions**

Close involvement of staff and their representative trade unions will be essential for the success of HR reforms. The formal position of the unions in many aspects of staff recruitment and development is currently enshrined in the Regulations. It is clear that they will continue to play a crucial role.

As part of the overall reform package, the unions will need to consider new ways of involvement in the proposed new processes and how these reflect contemporary representation practices in both the public and the private sectors.

## **Conclusions**

In this explanatory statement, your rapporteur has set out his analysis of the HR reform strategy, highlighting the key strengths and weaknesses of the plans. These are reflected in the clauses of the proposed Parliament resolution. This first report examines the broad framework of these reforms. Later in 2000 the Committee will commence detailed examination of the proposed changes to the Regulations. Your rapporteur hopes that this paper will provide clear pointers for that work.