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REPORT FROM THE COMMISSION

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**Planning & optimising
Commission human resources
to serve EU priorities**

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PLANNING & OPTIMISING COMMISSION HUMAN RESOURCES TO SERVE EU PRIORITIES

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EXECUTIVE SUMMARY

The Commission is committed to deliver the highest standards of value for money to the citizens it serves, delivering high quality service through increased efficiency.

The Commission has already shown its commitment to these goals in practice: over the period 2002-2007, it has grown by 13%, compared to an average of 40.8% for the other institutions.

As a result of the screening of the Commission's human resources carried out at the request of the European Parliament, the Commission:

- Confirms the need identified since 2002 and 2005 for additional staff exclusively in relation to enlargement-related tasks: 890 new staff for 2008, broken down between the last 640 new staff for EU-10 enlargement and 250 posts for EU-2 enlargement. In 2009, there is a confirmed need for a last wave of 250 posts for EU-2 enlargement.
- Endorses the decision to maintain stable staffing once all enlargement-related personnel are integrated, with no requests for new posts for the period 2009-2013.
- Commits to meet new staffing needs in key policy areas exclusively through redeployment within and between departments.

The Commission intends to

- Increase concentration on operational activities in priority policy areas, focused on a limited number of key trends such as climate change and energy policy, exploiting the full potential of the internal market, developing Europe in the world, our response to globalisation, and managing migration flows.
- Strive for efficiency gains, in particular in coordination and administrative support activities, through simplification, informatisation and the realisation of economies of scale, while also taking account of specific factors such as multilingualism, multi-site presence and services provided to other institutions. Maximise the possibilities brought by technological developments, in particular in the area of document management, IT and human resources management.
- Based on cost-benefit analysis, explore the possibilities of contracting out certain administrative tasks.
- Explore the full potential of inter-institutional synergies and cooperation, in particular in areas such as translation, interpretation or IT.

For this challenge to be met the support of the budgetary authority is essential. The European Parliament and the Council will have a major role to play in the years ahead in the yearly debate on political priorities, the structured dialogue on the Annual Policy Strategy and the budgetary procedure itself.

INTRODUCTION

During the 2007 budgetary procedure, the European Parliament requested the Commission to carry out “*a substantive screening exercise providing a mid-term evaluation of its staff needs and a detailed report on the Commission's staffing of support and coordination function*”.¹ The European Parliament also wanted to be informed about the Commission's intentions concerning staff redeployment to address the priorities of the new IIA on budgetary discipline and sound financial management, and more particularly to those policies supported by Parliament during the negotiations².

The present report responds to this request. But it is also the product of the Commission's own commitment to reflect comprehensively on the implications of the policy objectives and priorities of the EU over the period 2007-2013, to clarify the challenges ahead and to devise the best possible organisation to meet them.

This report is the fruit of a thorough analysis of medium term needs for human resources, budgetary constraints and resources in the light of foreseeable challenges up to 2013. Part 1 deals with the assessment of medium term needs and reports on the support and coordination function. Part 2 outlines how the Commission intends to meet identified needs through redeployment of stable human resources.

Since 2002, the Commission's **only request for staff** has been **the needs of enlargement**, to ensure that EU policies work effectively in the enlarged Union (4.810 staff requested over the period 2003-2009). Other needs have been covered by **redeployment of staff freed by efficiency gains**. Since 2003, efficiency gains have meant that 1% of staff in all Commission services have been freed and re-assigned each year to priorities through the APS procedure. Between 2003 and 2007, some 1400 posts, corresponding to some 5% of the Commission's total posts in the establishment plan over the period, have been redeployed in this way.

The Commission compares favourably to other EU institutions and bodies: whereas the establishment posts in the other EU institutions have increased by 40.8 % since 2002, Commission establishment posts have increased only by 13.2 % in total (offices included). This shows the Commission's efforts to contain staff increases³.

In addition, a comparison between staff devoted to competition and trade and equivalent bodies in the US, Japan, and some Member States shows that **frontline staffing of the Commission remains below that of its counterparts**⁴. The Commission will continue to explore the lessons to be drawn from benchmarking of coordination and administrative support staff with other international organisations.

¹ Point 41 of the EP resolution on budget 2007, A6-0451/2006 final.

² Amendment 1067 to the 2007 budget containing the conditions set by Parliament for releasing the € 50 million reserve in its second reading.

³ See table in Annex 1.

⁴ See graph and table reproduced in Annex 2 (with State aid excluded for COMP activities as the latter are not included in counterparts missions).

PART 1- ASSESSMENT OF THE COMMISSION'S MEDIUM TERM NEEDS AND OVERVIEW OF CURRENT STAFFING FOR SUPPORT AND COORDINATION FUNCTIONS

Up to 2013, the multi-annual financial framework⁵ constitutes a strict constraint, which factors in remaining enlargement-related needs and leaves very limited margin under heading 5 (Administration) to expand the level of human resources in EU institutions. The Commission intends to meet additional needs **without requesting new posts**. In part 2 of the report, the Commission also identifies the trends for human resources financed on the operational headings of the budget (executive agencies and former "BA lines")⁶.

1. THE COMMISSION'S MEDIUM TERM NEEDS

The methodology retained for this exercise (scope, definitions and process) is explained in detail in Annex 3. Three working hypotheses have been retained for the baseline scenario, namely the financial framework agreed in the inter-institutional agreement, a stable linguistic regime, and no new Commission competencies for up to 2013⁷. **Should any of those three hypotheses be changed, the Commission would have to re-assess its human resource needs over the period affected by the change.** Furthermore, the Commission expects the other institutions, when they request new tasks to be carried out, to take account of their consequences on the need for human resources to implement them.

1.1. Confirmed needs linked to enlargement

For the EU-10 enlargement, a need for 3960 new staff⁸ (3400 posts and 560 external staff) was identified as necessary for the period 2003-2008. For the **EU-2 enlargement**, a further need of 850 new staff (750 posts and 100 external staff) was defined for the period 2006 to 2009.

The present screening exercise has **confirmed** these needs. It has also endorsed the Commission's strategy of progressive phasing-in of enlargement posts to bring new posts on stream as required, whilst also smoothing budgetary impact and allowing for availability of lists of laureates.

The need for the remaining EU-12 recruits in 2008 and 2009 is mostly in direct relation with the increased **law monitoring and enforcement activities** in the new Member States. As each enlargement brings with it a larger volume of *acquis* bigger than any preceding enlargement, the Commission's services automatically face an increased workload.

In addition, the figures related to **infringement procedures** over the last 3 years suggest an increase in cases related to new Member States, especially the more complex cases⁹, a trend likely to be reinforced with numerous directives due for

⁵ Inter-institutional Agreement between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (*OJ C 139 of 14/06/2006, p.1*), hereafter 'the MFF'.

⁶ See part 2, point 1.2 *in fine*.

⁷ In particular, this report is without prejudice to the evolutions which may take place as regards the Minister of Foreign Affairs and the setting up of a Joint External Service.

⁸ Needs to be covered by heading 5.

⁹ Simple non communication of directives' transposition excluded.

transposition by end of 2007. Many departments are involved in this trend, with a clear concentration of HR needs in law making services and, as an indirect consequence, in the Legal Service.

In the **translation department**, some temporary savings (compared to initial estimates) will be offset by increasing demand in the near future. In **several DGs**, needs appear to exceed the initial estimates as the transitional phase is proving longer and more complex than expected. This is particularly the case for the maintenance of the customs union, the preparation of a larger Euro zone by 2013, and enforcement of environmental law, due to the successive transition periods contained in the accession Treaties. Another field of EU activity most concerned by this trend is the Structural Funds, where prior checks of Member States' control systems are proving more difficult than expected. **Nevertheless, the Commission remains committed to its initial estimates and will do its utmost to fulfil its mission within planned resources.**

The Commission therefore confirms its request for 890 new staff for 2008, broken down between the last 640 new staff for EU-10 enlargement and 250 posts for EU-2 enlargement. In 2009, the Commission will request the last wave of 250 posts for EU-2 enlargement¹⁰.

1.2. Commission's estimated needs from 2009 until 2013

For the period up to 2013, the Commission has identified the following main challenges and needs whose cross-cutting nature will require Commission services to work together and respond in a coherent manner:

- **Climate change** requires action both to cut greenhouse gas emissions and to adapt policies to tackle the consequences of rising global temperature. This will involve not only core action on environmental protection, transport and energy, but will need new policies capable of addressing the effects of climate change. The Commission is determined to implement and follow up on the Energy and Climate Change package adopted in early 2007 and to use its leadership to step up the international pressure for global change.
- **Driving forward the Lisbon Growth and Jobs process and exploiting the potential of the Internal Market** to the benefit of businesses and consumers alike requires a new generation of policies centred on updating Internal Market policies in new circumstances: effective monitoring and enforcement of EC law, building the right environment to stimulate innovation and growth, and refocusing policy to maximise consumer benefits in areas like financial services and retail. The better regulation programme is also bringing a new approach to the preparation and assessment of new proposals and their impact. EU **competition policy** also has an important role in ensuring a level playing field within the internal market. Controlling state aids, fighting cartels, stopping abuses of dominant positions, solving competition problems so as to make mergers possible: such actions show that the Commission brings added value as a competition law enforcer.
- Beyond its role as initiator of legislation, the Commission carries a heavy responsibility in terms of **ensuring that Community law is properly transposed**

¹⁰ As originally planned, some existing external staff granted for EU 2 accession could also be converted into posts.

and enforced by the Member States. In addition to rigorously monitoring the application of community law, undertaking inspections in some specific areas and using infringement procedures when necessary, the Commission will increasingly play a proactive role, offering support to the Member States in exercising their responsibilities. This points to a shift in emphasis, with more attention to the exchange of best practice between Member States, and to offering guidance and advice on draft transposition measures.

- **The need to integrate internal and external policies in the face of globalisation** requires strategic thinking and an appropriate external projection of internal EU policies in a globalised world. This means for the EU assuming its responsibilities abroad in almost all EU fields of competence, from the Commission's responsibility to promoting security and sustainable development in Europe and worldwide to energizing the EU trade policy to secure market access. Europe needs to fulfil its commitments to its neighbourhood and extend its reach by encouraging neighbouring countries to adopt similar standards and rules and to extend the benefits of the single market beyond the EU.
- The consequence of a **Europe without internal borders** will be to push more effort into a successful operation of policies linked to external borders. This points to the Commission playing a stronger role and presenting initiatives on managing migration flows, asylum for refugees and responding to illegal migration. This would include operational support in border control and surveillance, dialogue with partner countries, and long-term development measures to address the root causes of migration.

These trends largely correspond to the priority areas identified by the European Parliament in its resolution on the Commission's last programming documents¹¹.

They come in addition to the priorities served through redeployments in 2007 and 2008, and which were almost exclusively (more than 90%) aimed at meeting needs related to the priorities also highlighted by the Parliament – in particular the EU as a global player, internal policies and freedom, security and justice. Since 2007, the Commission has also used temporary allocations of resources to implement pilot projects and preparatory actions and remains committed to do so in future

Carrying out these identified challenges and implementing these new priorities points to needs of around 1.600 FTE over the years 2009 to 2013. The Commission intends to cover these new needs without requesting new posts.

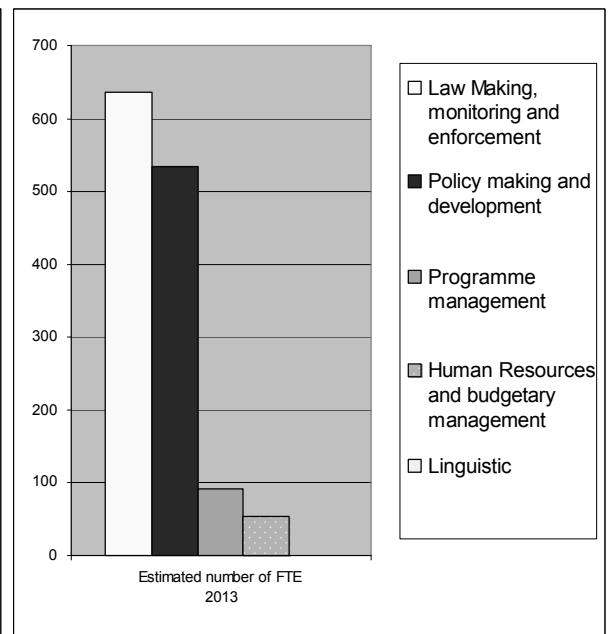
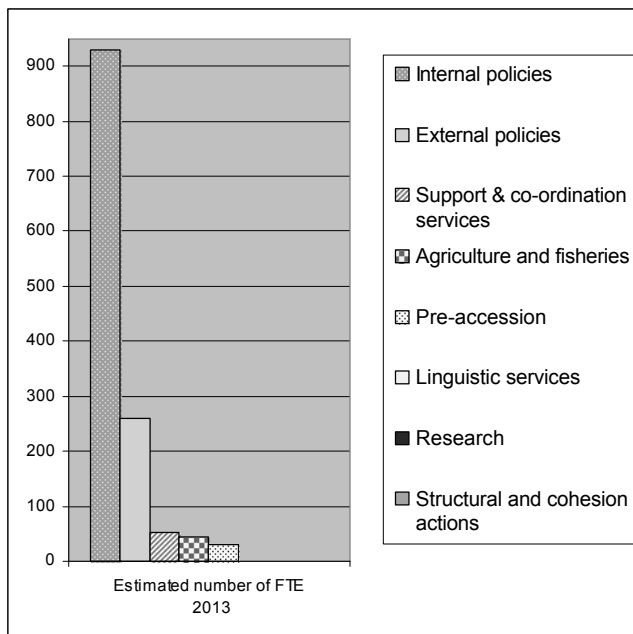
As explained in Annex 3, this estimate results from a thorough screening of gross estimates. Possibilities for redeployment *within* specific services have been assessed at some 300 FTE over the period, leaving a net need for around 1.300 FTE under heading 5 of the MFF to serve priorities between 2009 and 2013. This has been assessed by policy groupings and work profiles. The two charts below show that out of the 8 traditional policy groupings¹², 5 need reinforcement, those most concerned by these trends being internal and external policies. Out of the 5 traditional work

¹¹ European Parliament resolution of 18 May 2006 on the Commission's 2007 APS report (A6-0154/2006), European Parliament resolution of 13/12/2006 on the Commission legislative and work programme for 2007 (P6_TA(2006)0565), European Parliament resolution of 14/12/2006 to the draft general budget of the EU for the financial year 2007 (P6_TA(2006)0570).

¹² See methodology detailed in Annex 3.

profiles, 4 need reinforcement to serve these trends, with a clear concentration on "Law making, monitoring & enforcement" and "Policy making & development". These charts do not include staff covered by other headings of the MFF as described in part 2 of this report (essentially for research executive agencies and in external actions where the legislation and the budgetary authority have authorised the financing of external staff on operational expenditure).

This net need for 1300 posts would be served through the Annual Policy Strategy (APS) process, by a differentiated taxation mechanism founded on a strong scrutiny of activities which can be reduced or discontinued ("negative priorities") and on productivity gains throughout the institution as explained in part 2 of this report.



2. OVERVIEW OF CURRENT STAFFING FOR SUPPORT AND COORDINATION FUNCTIONS

Activity Based Management (ABM) was introduced as a key element of the administrative and financial reform, to optimize the match between tasks and resources. This major organisational change required a temporary reinforcement of coordination and support functions to give impetus to reform and to better link political priorities with resources.

In this context, “Administrative support” and “policy strategy & coordination” were recognized as important activities but they remain composite by nature, hence the opportunity to get a finer view of Commission tasks related to these activities. The methodology retained to capture the current situation is explained under Annex 3 whilst the results are presented under this section.

2.1. Detailed report on support and coordination functions as of 01/01/2007

The table below gives an indication of the distribution amongst significant sub-categories. It distinguishes between the work of individual services and the horizontal, corporate work of central services. As an example, 2.2 % of all Commission staff is working in the area of decentralised HR management in the DGs in a departmental capacity, whereas staff working in DG ADMIN, PMO, EPSO, RELEX and JRC on HR policy development and implementation in a corporate capacity account for 3.1%.

OVERVIEW: COMMISSION STAFF EMPLOYED IN COORDINATION AND SUPPORT												
	Total	Administrative Support						Coordination				
		Resource Director Staff	HR	IT	Document Mgmt / Logistics / Security	Budget and Audit	Internal Auditing	Evaluation	Activity-based Management	Inter-Institutional Relations	Communication / Information / Publication	Policy Coordination
Departmental by sub-category	16.0%	0.3%	2.2%	3.8%	5.3%		0.5%	0.5%	0.4%	0.5%	1.8%	0.6%
Departmental by category		12.1%						3.9%				
Corporate by sub-category	15.8%		3.1%	2.0%	5.2%	1.2%	0.2%	0.0%	0.1%	0.3%	3.4%	0.4%
Corporate by category		11.7%						4.1%				
Total by sub-category		0.3%	5.3%	5.8%	10.5%	1.2%	0.7%	0.5%	0.5%	0.8%	5.2%	1.0%
Total by category		23.8%						8.0%				

N.B.: Blackened cells: (1) Resource Director functions exist only at departmental level; (2) the special case of departmental financial management, control and on-the-spot audit is discussed in a separate section.

Obviously, the Reform's wide-ranging decentralisation of decision-making had implications on the organisational structure of the institution. However when analysing the percentages shown in the above overview, several other factors must be kept in mind that have a clear bearing on the necessary support and coordination staff:

- **The Commission's multi-site presence**, with Delegations throughout the world, Representations in all Member States and several DGs placed in two, and some cases in even more sites (the Joint Research Centre has to operate in five different countries).

- **Multilingualism**, which makes the presence of adequate levels of departmental coordination and support staff inevitable (beyond staff assigned to translation and interpretation functions not captured into these data) and hence increases the Commission's overall figures.
- **Expected assurance levels** from internal auditing, which also determine staffing at corporate level (IAS staff in addition to the staffing of departmental audit, recorded further below).
- **Communication**, which is a clear EU priority embedded into operational activities and part and parcel of the Commission's commitment to democracy, dialogue and debate and the political thrust to create ownership of EU policies amongst citizens.
- Finally the wide ranging **services provided by the Commission to other Institutions** for the benefit of inter-institutional cooperation, mostly without a mechanism to "compensate" the Commission for this extra workload. Early indicative 2007 statistics show that this accounts for around 940 Commission staff, including external service providers as well as a proportional part of each department's coordination and administrative support staff supporting their operational staff serving other institutions.

Nevertheless, and with the above reservations as to the actual relevant scope to be considered, certain percentages like the percentage of staff assigned to document management and logistics (10.5%) deserves closer scrutiny, to achieve all possible efficiency gains consistent with a modern public administration.

2.2. **Financial Management, Control and On-the-spot Audit Staff**

In the framework of this exercise, departmental staff engaged in financial management, control and on-the-spot audit activities have been identified; they represent 8.7% of the Commission's total staffing. Their activities range from financial management and accounting to internal control, risk management and on-the-spot audit activities in Member States and third countries. This figure should be viewed with caution: it is most probably an underestimate, given that in certain departments the financial circuits are embedded in line organisational structures. This percentage rises to 9.6 % if OLAF officials assigned to anti-fraud activities are included.

The Commission administrative and financial reform was driven by the strong and widespread political will to strengthen the accountability of Directors General, and resulted in new governance mechanisms and the creation of new corporate services and departmental entities. This political imperative has been confirmed on many occasions – such as the repeated requests from the European Parliament to demonstrate that the level of resources involved in financial management have not dropped as a result of the dissolution of former DG Financial Control. This trend is unlikely to diminish after the European Court of Auditors' Single Audit Opinion 2/2004, which reinforced further the request of the discharge authority to attain better assurance levels in an integrated internal control framework. The Commission's recent attempt to introduce a risk based approach, to better match the level of control with the degree of risk (“tolerable risk”) has not been endorsed by the legislative authority.

2.3. **Translation and interpretation**

Finally, the screening exercise also revealed that 7.5% of Commission staff are assigned to **translation and interpretation functions**. This is a direct consequence of a distinctive feature of EU integration, its linguistic regime under the Treaty and Regulation 1/1958. Over the last three years, the number of official languages has risen from 11 to 23.

3. **COMPARING COMMISSION STAFFING WITH OTHER ORGANISATIONS**

The European Parliament also requested benchmarking of the Commission's coordination and administrative support staff with comparable organisations. Contacts with international organisations and an analysis of available public sector benchmarking literature would suggest that there exists little comparative work on the administration of international organisations. This exercise should therefore be seen as a pilot in an under-researched area.

The Commission contacted several international organisations and Community bodies to see to what extent similar activities could be compared and whether their experience could be taken up by the Commission. The following organisations agreed to participate, provided that their data was treated anonymously: United Nations (without agencies), World Bank, International Monetary Fund, OECD, EBRD, WTO, the European Patent Office (EPO), the Community Trademark Office (OAMI in Alicante), Eurocontrol and the Council of Europe. The Commission has also formally invited the other EU Institutions to join this benchmarking exercise and first contacts have been established.

The benchmarking exercise concerned only the following sub-categories: internal auditing, evaluation, communication/information, human resource management, IT and logistics/document management. These areas are relatively straightforward and comparable – the exercise would be more difficult for the Commission's coordination activities and inter-institutional relations. But even in these areas, benchmarking did not prove to be easy. Differences in organisational set up and legal environment as well as differing activities in the sub-categories covered by this exercise made it necessary, to ensure reasonable comparisons, to neutralise certain Commission activities which do not exist in other organisations, not even in an outsourced form. For example, Commission staff devoted to European Schools, medical services, protocol service, etc. does not always have meaningful equivalents.

First results for a number of organisations have been obtained but information is still awaited from others and it will need to be analysed in depth. Annex 2 contains comparative data on competition and trade policy work. The Commission will continue the work of collating and analysing information received, in order to draw conclusions. It will continue its dialogue with these international bodies in order to see whether their experience, for example with outsourcing, holds lessons for the future organisation of the Commission's work.

PART 2: BEYOND ENLARGEMENT: MEETING THE COMMISSION'S MEDIUM TERM NEEDS WITH CONSTANT RESOURCES

The Commission's commitment to meet ever increasing and changing needs with an unchanged number of posts means that all possible efficiency gains need to be exploited.

Since 2000 the Commission has also integrated a set of key measures to provide the flexibility needed to deliver: regularly adapting its organisational structure, redeploying staff and encouraging mobility whilst seeking to ensure the best fit between individuals and functions with necessary training and staff motivation. To ensure the necessary flexibility in HR allocation, the Commission has **systematically redeployed** every year around 1% of available posts through a central pool. In most cases, these posts become vacant through natural mobility of staff and are then reassigned to other services.

In 2007 and 2008, the Commission made use of **temporary allocations of posts** to perform time-bound tasks. On the basis of this first experience, the Commission intends to pursue this more flexible method for time-limited activities, which can then be reallocated to other activities at the end of the period, once the task is completed.

The Commission will build on these experiences, but is aware that ensuring the realisation of Commission core tasks while serving new priorities will require new redeployment mechanisms in the future. Some ways forward are sketched out below.

1. Exploiting all re-prioritisation and redeployment possibilities

1.1 Concentrating on operational activities¹³

Following the 2000 reform, the Commission has been in transition. Having reached a cruising speed, the emphasis could now switch to a **clearer concentration on operational activities**.

The Commission Progress Report on Reform of 21/12/2005¹⁴ reflected the Commission's intention to put less stress on administrative procedures and working methods and concentrate on bringing direct benefit and added value for European citizens. This trend is continued to a large extent with the Better Regulation initiative; internally, the Commission has also launched a simplification and debureaucratisation agenda which should lead to productivity gains in coordination and support activities, both at corporate and departmental level.

The screening revealed that **technological developments** can ultimately have an impact on the number of staff needed: for example, several ongoing IT developments are expected to free up resources (both at DG/departmental and Commission/corporate level) in the area of document management, IT and HR management¹⁵, possibly with a reassessment of the weighting between local and central level. Additionally, the possibilities for pooling basic support infrastructure

¹³ *i.e.* activities other than the 31.8% of support and coordination activities recorded under Part 1, point 2.1.

¹⁴ COM (2005) 668 final.

¹⁵ See current percentage of staff assigned to these tasks captured under the snapshot recorded *supra* under part 1, point 2.

between departments within families of departments, or in central services (via service level agreements or shared services) could be explored further with a view to realizing economies of scale. Central services will also monitor staffing of support processes at departmental level with a view to helping to ensure an efficient use of resources and continuous improvements, including through the use of indicators and benchmarks.

Whilst some specific needs might occur, **the Commission has taken the political decision to refuse any net reinforcement of human resources related to administrative support and coordination functions at local and central level.** On the contrary these activities have been identified as a potential source for redeployment in the future.

The screening, however, revealed that the systematic search for redeployment possibilities, especially amongst administrative support functions in HR, IT and logistics, is also constrained by the existing **Headquarters agreements**, which account for a physical split of certain Commission department (like SANCO, ECFIN, DGT, DIGIT, INFSO, TREN and JCR). Operating on a multi-sites basis has a real cost.

1.2 Rationalisation prospects within operational activities

Rationalisation of programme management is closely related to the outcome of the simplification initiative pursued by the Commission¹⁶, whose effects will only be felt in the long run. The substantial **simplification** of the Structural Funds management for the period of the 2007-2013 MFF will not have an impact on workload until the closure of the multiannual programmes of the 2000-2006 period, by 2010. Much of the simplification expected from the move to a single common market organisation for the common agriculture policy will depend on the results of the ongoing negotiations in Council.

In other policy areas, several attempts to **simplify management** - such as the Commission proposal for shared management of the new Life+ programme or wider resort to lump sum grants for research - have received so far a mixed welcome from the legislative authority. Nevertheless, the Commission remains confident that benefits will flow from the simplification achieved in some areas and from the revised Financial Regulation: the possibility to resort more widely to joint management with international organisations and budget support in external actions ought to bear fruit in the long run, and could already free some HR in the policy areas concerned by 2013.

Nevertheless, the Commission is determined to explore all rationalisation scenarios that could improve performance and trigger efficiency gains. For actions performed **outside the EU** for instance, the Commission intends to review the most appropriate allocation of HR between services, including between headquarters and delegations. For the external assistance programmes, the Commission will rely mainly on external staff financed from support expenditure directly related to the implementation of the programme on which their cost is charged (the former 'BA lines', as appearing in the

¹⁶ Action 2 of the Commission Action Plan towards an Integrated Internal Control Framework (COM (2006) 9 final of 07/01/2006).

financial statements attached to the relevant basic acts¹⁷) to manage a growing level of appropriations. Similarly, the Commission intends to pursue further the possible rationalisation of activities in the areas of **communication** and **crisis management** and, across the board, to encourage flexible arrangements aimed at **pooling different expertise** for specific time-bound tasks (for instance on the model of current trade negotiations assignments).

2. EXTERNALISATION POSSIBILITIES THROUGH CONTRACTING OUT SOLUTIONS

2.1 Agencies and other Community bodies

With the support of the legislative authority, the Commission has undertaken as part of its financial and administrative reform a major readjustment of its externalisation policy. This has involved the introduction of clear rules for the devolution of responsibilities to private bodies, and for their transparency; as well as the gradual dismantling of all former technical assistance offices. Under the revised financial framework since 2002¹⁸, externalisation has been rationalised, notably for Community public bodies, with the use of **executive agencies** to implement specific programmes under central indirect management.

Consequently, a significant proportion of programme management – involving significant resources engaged in specialised standardised tasks – have or are in the process of being externalised to executive agencies to help with tasks like implementing programmes or information collection. The Commission's proposals for executive agencies were set out in a transparent way during the negotiations on the financial framework. The Regulatory Committee for Executive Agencies has given a favourable opinion on the extension of the executive agency for Education and Culture¹⁹ to include additional tasks for the programmes of the new programming period and for the Eurydice programme²⁰ and on the extension of the mandate of the existing Intelligent Energy executive agency and its transformation into the Competitiveness & Innovation Agency now including the Marco Polo programme²¹. These proposals are currently before the European Parliament. **The screening has not reported a need for new executive agencies** beyond the externalisation already set out in the research area (see below). However, a limited number of programmes might be – subject to the results of cost benefit analysis, the opinion of the Regulatory Committee for Executive Agencies and of the European Parliament – externalised to existing agencies (for instance, the Consumer programme to the Public Health executive agency and Progress, TEMPUS²² to EACEA). A timed projection of executive agencies staffing is attached to this report (see Annex 4).

¹⁷ In accordance with the financial statements attached to the basic acts for the period 2007-2013, a maximum of some 775 FTE was estimated necessary compared to actual staffing level on former BA lines in April 2006. Compared to the resources budgeted for 2007, this could lead to an increase of up to 500 FTE over the period depending on the management mode chosen.

¹⁸ Article 57 of the Financial Regulation.

¹⁹ 6th meeting of the Regulatory Committee for Executive Agencies on 05/12/2006

²⁰ So far managed by an external contractor.

²¹ 7th meeting of the Regulatory Committee for Executive Agencies on the 14/02/2007

²² The management of the TEMPUS programme should be transferred from the European Training Foundation in Turin to the EAC executive agency.

In the **research area**, each specific programme adopted by the legislative authority under the 7th Framework Programmes continues to set out the maximum amount of Commission administrative expenditure allowed under the amount deemed necessary for the execution of each specific programme. When the proposals for the new generation of research programmes were made, it was clear that **externalisation was the best way to ensure effective management of a budget increase of 70% over the next MFF**²³. It would mean that an increase in Commission posts would not be required. The specific "Ideas" programme already foresees the creation of a European Research Council and the creation of a separate research executive agency is foreseen to implement parts of the Framework Programme, primarily in the area of research for the benefit of SMEs, Marie Curie actions and space and security. The other foreseeable development of external bodies is that of the Joint Technology Initiatives (JTIs) which the legislative authority has identified in the 7th Research Framework Programme as a means to support trans-national cooperation in fields of key importance for industry and a new way of realising public-private partnerships in research at European level. In the spirit of public-private partnerships, JTIs would not be agencies, but would be legal entities receiving contributions from the EU budget, other public sector sources and the private sector, and could be set up as joint undertakings.

Apart from Commission staff freed and redeployed to serve new priorities following the creation of executive agencies taking over certain non-policy tasks, it is worth recalling that posts of officials seconded by the Commission to executive agencies are frozen in the Commission establishment plan to allow for potential reintegration. Although these posts remain in the Commission establishment plan, the corresponding appropriations are deducted from the Commission salaries appropriations for each year concerned. In the current budget presentation, these posts appear twice: once in the establishment plan of the EA and once in the establishment plan of the Commission, which conveys a false impression. The Commission will examine ways to reflect the reality whilst ensuring due respect of statutory obligations and the Regulation on executive agencies²⁴.

2.2 The contracting-out solution

While this has still to be explored further with a rigorous feasibility and cost-benefit analysis, there might be some room for considering **outsourcing of certain administrative tasks** currently performed in-house. Amongst the areas that could be worth considering are the integrated management of facilities, hosting of information systems, reimbursement of expenses²⁵ and encoding of third parties in the accounting system.

When outsourcing, the Commission will also explore ways of using more performance-based contracts, in which the Commission could buy detailed expected service levels without having to monitor contractors' staff inputs or to host them.

²³ In constant prices.

²⁴ Article 18(2)a of Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes (OJ L 11, 16.1.2003, p.1).

²⁵ This move would in some cases be facilitated by the new Article 57(1) of the Financial Regulation which enables pre-defined payments to be executed by private entities on behalf of the Commission.

Translation services might qualify for a reinforced externalisation of translation of certain documents and the balance between internal and external translations might be reviewed in the future, especially to face any potential increase in demand.

3. **Adjusting the staff structure to future needs**

The screening revealed some potential mismatch between the existing structure of staff and the future needs of the institution. As reported above, efficiency gains induced by increased use of IT and economies of scale in standardised repetitive support functions are expected to further reduce the need for clerical tasks, while new priorities identified in this report will require a larger number of administrators. This trend has already been reflected in the breakdown of posts for the enlargement related tasks for which the Commission has requested 75% of administrators, but will also have to be applied to posts freed by natural turnover.

For future budget exercises, the Commission can be expected to need more administrators in its services. This will require a rebalancing of the Commission's staff structure, so that budget neutrality can be maintained.

Furthermore, in accordance with the commitments taken at the time of the Staff regulations reform, the Commission will pursue its current policy of converting retiring former D-category posts into contract agents posts. Conversion of posts into contract agents will also remain on the agenda for the administrative offices.

In a limited number of cases, a lack of attractiveness of the conditions of employment at starting grade and difficulties to find the specialised profile on the list of laureates have been reported (for instance, IT technology, public health or industrial engineering). The Commission will investigate further the need to take in experienced specialists as temporary agents to serve in their specialist field for a fixed term of employment only, and/or launch **some specialised competitions** at a higher starting grade. To meet this need for specialists, the Commission will also examine the need for a limited increase in the number of seconded national experts (SNEs), which would be achieved firstly by reallocation within the current budget.

4. **Exploring enhanced inter-institutional cooperation**

Efficiency gains in administrative support point to the need to explore possible economies of scale, including **enhanced inter-institutional cooperation**.

Interinstitutional Offices were developed²⁶ following the budgetary authority's call for economies of scale, since certain types of support and coordination had reached critical masses meriting collective treatment. These offices were designed to deliver better services at reduced costs, essentially by focusing on developing synergies from inter-institutional cooperation and using contractual agents instead of officials for non-core activities. Both arms of the budgetary authority have repeatedly called for a reinforcement of interinstitutional cooperation with a view to efficiency gains²⁷. The European Court of Auditors has also raised this issue in its Special Reports 5/2005 and 9/2006 on interpretation and translation in EU institutions.

With regard to **linguistic services**, the Commission would be willing to explore further possibilities to improve the synergies through enhanced inter-institutional

²⁶ Article 171(1) of the Financial Regulation.

²⁷ See Budget Committee document 6300/04 of 13/02/2004 and European Parliament Budget Committee report on the general guidelines for the 2006 budget (A6-0043/2005) of 09/03/2005.

cooperation between and across the translation and interpretation services and to achieve further savings through better management of peaks and troughs in workload²⁸ and through the full use of the possibilities offered by modern IT tools .

Similarly, the Commission would support a wider reflection on the feasibility of **enhanced interinstitutional cooperation** provided institutions' needs are met, services levels are carefully defined and governance arrangements reflect the business volumes of the institutions involved. This could in particular involve:

- Seeking larger reliance on the services ensured by Commission offices for the day to day management of buildings, training, payment of salaries and entitlements, and possibly the liquidation of missions and meetings expenses;
- Using where feasible common structures such as interinstitutional offices.

²⁸

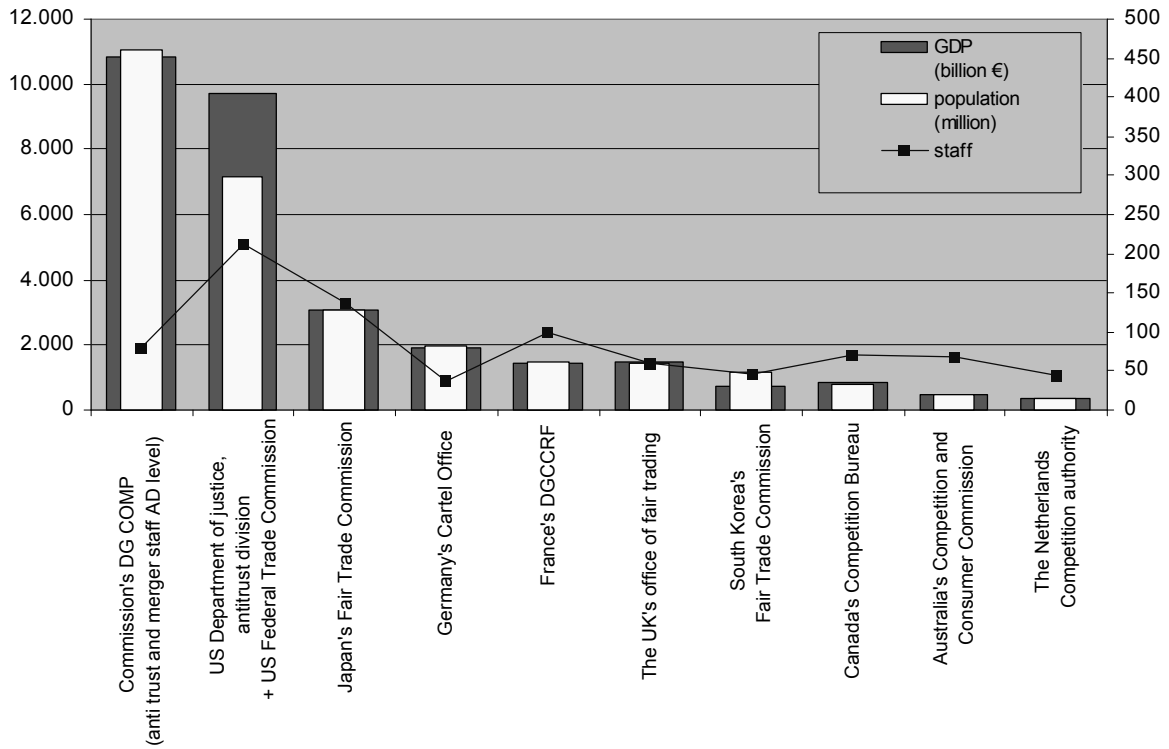
Report on benefits of interinstitutional cooperation transmitted by the Commission to the Committee on Budgets after consultation with the various interinstitutional groups (BUDG(2005)60345 of 24/10/2005).

ANNEX 1

Variation in Posts by Institution between 2002 and 2007			
Institutions	2002	2007	
	Permanent & Temporary posts	Permanent & Temporary posts	Variation (%)
European Parliament	4.338	5.933	36,8%
Council	2.701	3.497	29,5%
Court of Justice	1.129	1.882	66,7%
Court of Auditors	575	836	45,4%
Economic & Social Committee	514	695	35,2%
Committee of the Regions	250	466	86,4%
Ombudsman	27	57	111,1%
European Data Protection Supervisor	0	56	-
Total other Institutions	9.534	13.422	40,8%
<i>Commission:</i>	<i>21.462</i>	<i>23.198</i>	<i>8,1%</i>
- <i>Operating Budget</i>	<i>17.906</i>	<i>19.370</i>	<i>8,2%</i>
- <i>Research & Technological Development</i>	<i>3.556</i>	<i>3.828</i>	<i>7,6%</i>
Offices	820	2.017	145,9%
Commission + Offices	22.282	25.215	13,2%
Total	31.816	38.637	21,4%

ANNEX 2

Competition policy benchmarking



Sources:

Global Competition Review 2006 (not comprising support staff)

Except:

DG COMP staff – Commission figures

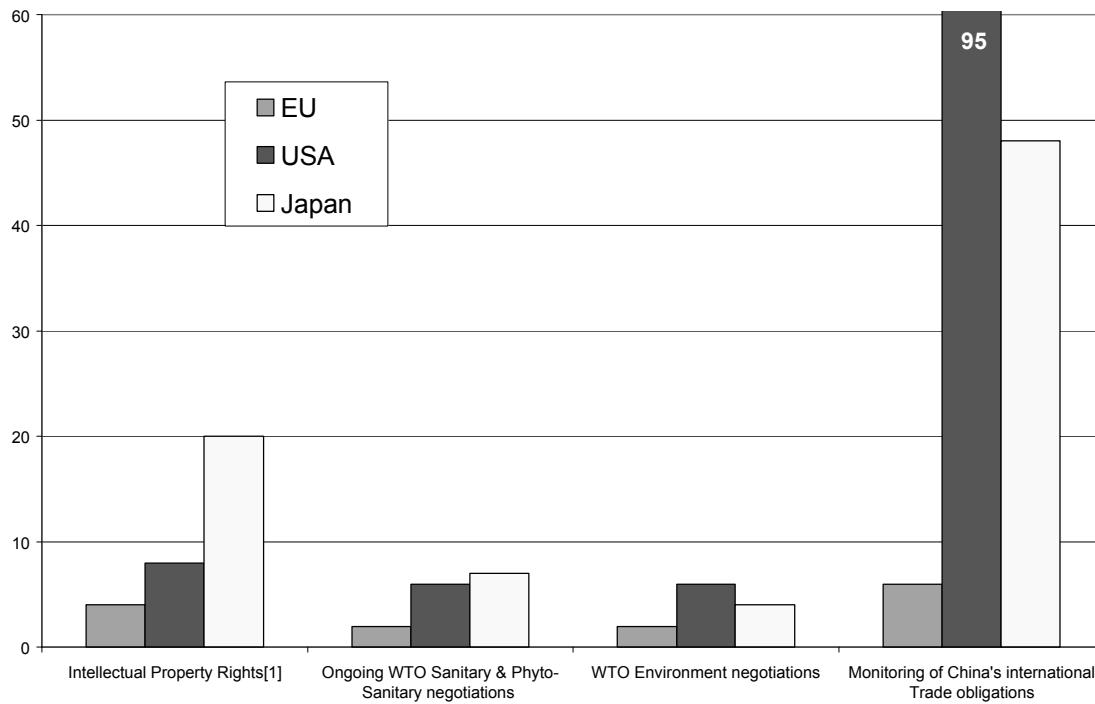
GDP EU – EUROSTAT 2005 EUR 25 figures

Population EU – EUROSTAT 2005 EUR 25 figures

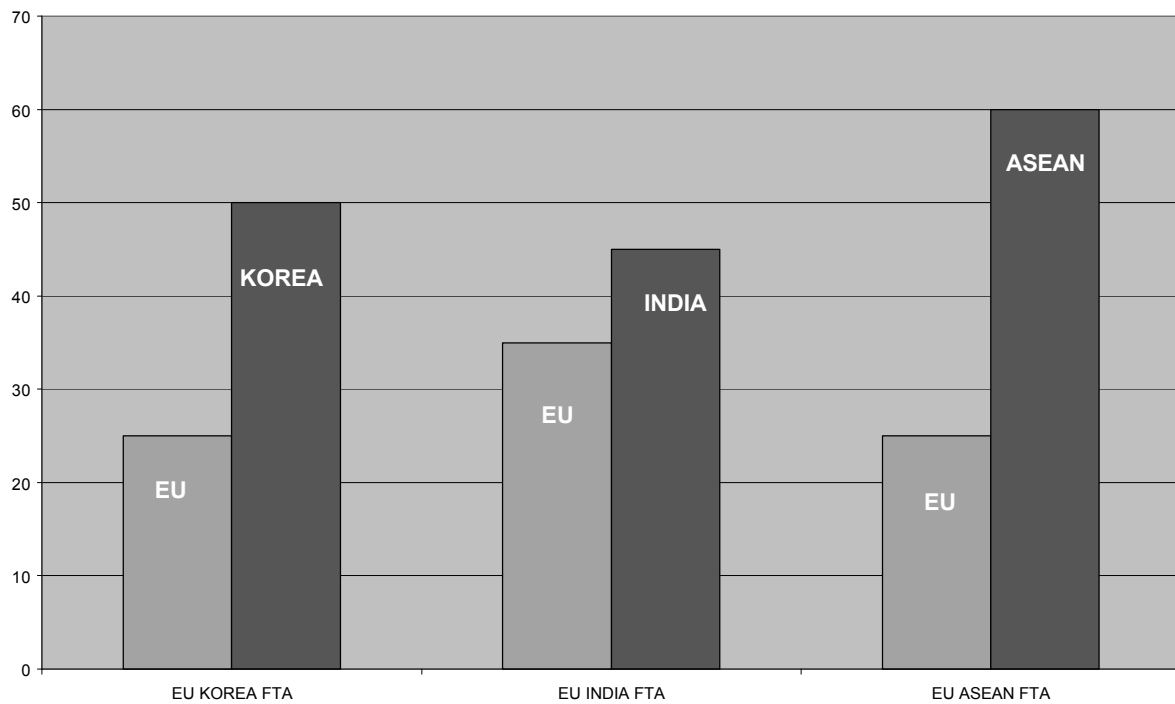
TRADE POLICY BENCHMARKING BY SPECIFIC COMPARABLE ACTIVITY

Staff allocation expressed in FTE

Source: 'Evaluation of EC Trade Defence Instruments', Mayer, Brown, Rowe and Maw LLP (2005), US Government Accountability Office Reports, internal research data.



NEGOTIATING TEAMS FOR FREE TRADE AGREEMENTS (FTA)



Number of staff on each side for EU-Korea; EU-India; EU-ASEAN FTA negotiations - Source: Delegation of the Commission in India

ANNEX 3

PART 1 – METHODOLOGY USED

1. Methodology retained for the assessment of Commission's Medium Term Needs

- The **multi-annual financial framework 2007-2013**²⁹ constitutes the reference for the period under consideration. As regards the ceiling under heading 5 (Administration), two fundamental elements should be recalled:
 - It already factors in an increase covering enlargement related needs and the fact that tasks not related to enlargement will be served by internal redeployments.
 - It also factors in the Commission option for a phasing-in of all the enlargement-related new posts by 2009 rather than a frontloading of EU 12 recruitments, as done by other institutions.
- This screening exercise covers all human resources³⁰, including not only permanent and temporary posts in the annual establishment plan but also external staff foreseen under heading 5 of the MFF (including contractual agents, interim staff as well as seconded national experts).
- When assessing these needs for posts, this review takes into account in so far as possible needs that may be financed from support expenditure directly related to the implementation of the programme on which their cost is charged (the former 'BA-lines'). It also integrates the consequences on Commission's staff of expected new executive agencies implementing EU programmes and the expected evolution of existing agencies. The planned evolution for these categories of staff is mentioned in part 2 of the report.
- Decentralised agencies ('traditional' or 'regulatory' agencies) created over the years by the legislative authority in response to newly appeared needs, are not tackled at all by this report as they perform functions which were not previously exercised by the Commission.
- In order to ensure **consistency with previous exercises**³¹, the Commission has retained a single unit of measure for all staff, statutory and external staff alike, namely *full-time equivalent* (FTE) persons. Estimates are expressed along five work profiles and eight policy grouping, based on HR dominant characteristics³². Also to remain consistent with previous estimates of Commission HR needs and produce reliable and meaningful results, the same working basis as in the 2002 and 2005 communications has been used.

The five work profiles remain:

²⁹ Inter-institutional Agreement between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (*OJ C 139* of 14/06/2006, p.1), hereafter "the MFF".

³⁰ Hereafter "HR", irrespective of possible conversion of external staff into posts (*TEC*) or, *vice versa*, conversion of posts into appropriations (*TCE*).

³¹ See Commission communications "*Activities and human resources of the Commission in the Enlarged European Union*" of 5/6/2002 (COM(2002)311 final) and "*The impact of the accession of Bulgaria and Romania on the human resources of the Commission*" of 15/11/2005 (COM(2005)573 final).

³² See the list of usual work profiles and policy groupings reproduced in Annex 3.

- Human resources & budgetary management,
- Law making, monitoring & enforcement,
- Linguistic (translation, interpretation and publication),
- Programme management,
- And policy making & development.

Policy groupings remain divided into the traditional eight distinctive groups:

- Agriculture and fisheries,
- Structural and cohesion actions,
- Internal policies (excluding Research)
- Research,
- External policies,
- Pre-accession,
- Support & co-ordination services,
- And linguistic services (including official publications).

The breakdown of HR by type and source of financing has been made at an **aggregate level**

On the basis of the above mentioned scope and definitions, and taking into account the three working hypotheses recalled in the report (stability of the financial framework agreed in the inter-institutional agreement, 27 Member States operating under today's linguistic regime up to 2013 and no additional competencies for the Commission up to 2013) all Commission departments were invited to assess their HR medium term needs in the light of predictable trends up to 2013.

A thorough screening of each service's initial estimates – including in each case a hearing– meant that HR needs could be analysed against standard indicators³³, ensuring consistency and avoiding duplications. Expected policy developments were also reviewed to acknowledge genuine needs in line with political priorities that would make a difference for EU citizens. Best practices as well as further possibilities for re-deployments and alternatives to increases in staff were also identified.

2. METHODOLOGY RETAINED TO REFLECT CURRENT STAFFING FOR SUPPORT AND COORDINATION FUNCTIONS

In order to identify and analyse Commission staff currently assigned to support and coordination functions, the Commission took a snapshot of all categories of staff through a query to the data warehouse of the Commission's HR management system as of 1 January 2007.

Staff were attributed to eleven different sub-categories of the two categories under examination, "coordination" and "administrative support", namely:

- Resource director Staff,

³³ Notably CLWP initiatives and legislative activity indicators, number of budget lines, commitment appropriations, and stock of infractions.

- Human resources,
- Information technologies,
- Document management, logistics and security,
- Financial management, control, on-the-spot audits,
- Internal auditing,
- Evaluation,
- Activity-based management,
- Inter-institutional relations,
- Communication, information and publication,
- Policy coordination.

Staff were furthermore distinguished whether they serve in a "corporate" role, mostly in central services, or in a "departmental role" (e.g. being responsible for human resource management, IT, logistics, etc. in an operational DG or Service

Translation/interpretation is not captured in any of the "coordination" or "administrative support" sub-categories.

College/Cabinets have not been counted as "policy coordination" and have therefore been eliminated from this analysis.

RELEX Delegations figures on about 50% of Delegation staff have been imported from outside the Commission management tool relied upon for the rest of Commission staff.

Finally part of the staff included in Commission staff assigned to support and coordination functions are in fact working exclusively on providing inter-institutional services. An indicative examination shows that over 900 are providing services to other institutions. This figure includes external service providers as well as a proportional part of each department's coordination and administrative support staff which is required to support their "frontline" staff serving institutions other than the Commission). The departments and services concerned are listed below. Although they appear in the snapshot of Commission staff for the sake of completeness, the actual destination of the services rendered should be duly taken into account in the analysis.

OVERVIEW: COMMISSION STAFF PROVIDING SERVICES FOR OTHER INSTITUTIONS (INDICATIVE FIGURES)		
DG/Service	Number of Staff	Types of Services
European Personnel Selection Office (EPSO)	+/- 45	Staff selection through open competitions
Office for Infrastructures and Logistics – Brussels (OIB)	+/- 90	Buildings policy, space management, property projects, childcare facilities
Office for Infrastructures and Logistics - Luxembourg (OIL)	+/- 60	Buildings policy, buildings maintenance, property projects, general services, childcare facilities, canteens
Publications Office (OPOCE)	+/- 170	Publications
Personnel and Administration DG (ADMIN)	+/- 20	Social welfare policy, medical service BXL/LUX, European Schools
Interpretation (SCIC) DG	+/- 450	Interpretation (N.B : not parrot of 'coordination' or 'administrative support')

Office for Administration and Payment of Individual Entitlements (PMO)	+/- 110	Individuals' rights, salaries, family allowances, accident and sickness insurance, pensions, mission expenses
Total	+/- 940	

ANNEX 4

Current projection of Executive Agencies staffing

NB: The projection below rests on existing financial statements and tries to include the results of planned extensions yet to be decided by the Regulatory Committee or to be submitted to the European Parliament.

EXISTING EXECUTIVE AGENCIES

1) "Education, Audiovisual and Culture" EXECUTIVE AGENCY

Date of set up and term: 01/01/2005 until 31/12/2015

Legal basis: Commission decision 2005/56/CE of 14 January 2005, as amended by Commission decision 2007/56/CE of 7 February 2007

Programme(s) managed : Lifelong learning programme; Erasmus Mundus; Youth in action; Culture 2007; Europe for Citizens; Media 2007; Erasmus Mundus External cooperation window; Eurydice; Cooperation in the field of higher education and of vocational training between the EU and the United States of America; Cooperation in the fields of higher education, vocational training and youth between the EU and Canada.

Parents DGs: EAC, INFSO

Staffing: see table below

Staffing of the EA	2007	2008	2009	2010	2011	2012	2013	2014
Temporary staff in the EA	83	102	102	101	99	99	99	66
Contractual staff in the EA*	251	304	304	301	299	301	303	202
Total	334	406	406	402	398	400	402	268

* Full-time equivalent units (FTE), including estimates for TEMPUS.

2) EXECUTIVE AGENCY FOR INTELLIGENT ENERGY

(soon to become the "EXECUTIVE AGENCY for Competitiveness and Innovation

Date of set up and term: 01/01/2004 until 31/12/2008

Legal basis: Commission decision 2004/20/CE of 23 December 2003

Programmes managed: Intelligent energy and extension in 2007 to the management of the CIP and Marco Polo programmes

Parents DGs: TREN, ENV, ENTR

Staffing: see table below

Staffing of the EA	2007 ³⁴	2008	2009	2010	2011	2012	2013	2014	2015
Temporary staff in the EA	35	36	37	37	37	37	37	37	37
Contractual staff in the EA*	77	108	110	115	119	121	122	114	92
Total	112	144	147	152	156	158	159	151	129

* Full-time equivalent units (FTE).

3) EXECUTIVE AGENCY for the Public Health Programme

Date of set up and term: 01/01/2005 until 31/12/2010

Legal basis: Commission decision 2004/858/CE of 15 December 2004

Parent DG: SANCO

Staffing: see table below

Staffing of the EA	2006	2007	2008	2009	2010
Temporary agents	9	9	9	6	3
Contractual agents*	28	28	28	20	12
Total	37	37	37	26	15

* Full-time equivalent units (FTE).

4) EXECUTIVE AGENCY for Trans-European Networks

Date of set up and term: 01/01/2006 until 31/12/2008

Legal basis: Commission decision 2007/60/CE of 26/10/2006

³⁴ Including staffing for the extension of the agency to the CIP and Marco Polo programmes

Parent DG: TREN

Staffing: see table below

Staffing of the EA	2007	2008	2009	2010	2011	2012	2013
Temporary agents	40	40	40	40	40	40	40
Contractual agents*	59	59	59	59	59	59	177
Total	99	99	99	99	99	99	297

* Full-time equivalent units (FTE).

ENVISAGED EXECUTIVE AGENCIES

- **the European Research Council executive agency** for the management of the FP7 specific programme "IDEAS".

- **the FP7 implementation executive agency** in particularly for certain actions from the people programme, SME specific actions from the capacities programme and certain Energy, transport, security and space actions from the cooperation programme as well as horizontal support services to all RTD indirect actions

DG RTD is expecting to set up these two agencies in 2007 (Committee decision and opinion from the European Parliament) with full delegation in the management of the programmes expected in 2009. Precise data will be made available as soon as possible.