



COMMISSION OF THE EUROPEAN COMMUNITIES

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Amended Proposal for a  
**COUNCIL REGULATION**  
**introducing special measures to terminate the service of officials of the Commission of the European Communities as part of the reform of the Commission**

Proposal for a  
**COUNCIL REGULATION**  
**introducing special measures to terminate the service of officials of the General Secretariat of the Council of the European Union**

Proposal for a  
**COUNCIL REGULATION**  
**introducing special measures to terminate the service of European Parliament officials and temporary staff working in the Political Groups**

Amended Proposal for a  
**COUNCIL REGULATION**  
**amending Regulation (EEC, Euratom, ECSC) No 260/68 laying down the conditions and procedure for applying the tax for the benefit of the European Communities**

Amended Proposal for a  
**COUNCIL REGULATION**  
**amending Regulation (Euratom, ECSC, EEC) No 549/69 determining the categories of officials and other servants of the European Communities to whom the provisions of Article 12, the second paragraph of Article 13 and Article 14 of the Protocol on the Privileges and Immunities of the Communities apply**

(presented by the Commission)

## **EXPLANATORY MEMORANDUM**

In its White Paper of March 2000 the Commission announced its intention to undertake a reallocation of human resources across its departments with a view to concentrating activities on its core policy objectives.

The Peer Group charged with undertaking a comprehensive assessment of the Commission's current activities delivered its report in July 2000. The conclusions clearly indicate that, over and above the rationalisation efforts carried out already in 1999 and 2000, the staff numbers assigned to priority activities continue to be insufficient, with the shortfall being estimated at 1 254 posts.

Two thirds of these requirements will be met from further rationalisation efforts (discontinuation or scaling back of activities, productivity gains) or by internal redeployment. Targeted and effective accompanying measures are to be designed to enable redeployed staff to perform other, higher priority activities. These measures are of vital importance to the success of the redeployment exercise.

Training is one of them. The training requirements for ensuring the most effective possible redeployment of these officials will be identified and the necessary means put in place. However, the skills of some of the staff concerned, in particular older ones, may not be in line with the duties to be performed.

A scheme that allows these officials to leave the Institution before the normal retirement age and makes it possible for people with skills that are in short supply within the Commission to be recruited is another essential accompanying measure. It is justified also by the need for staff with new skill profiles and the need to rebalance the establishment plan to make way for more A/LA and B officials.

On the basis of an analysis of the specialised profiles and skills required in the Commission, the number of staff to whom the scheme would apply has been estimated at 600 spread over a period of three years. The purpose of this proposal therefore is to authorise a termination-of-service scheme for 600 Commission officials, with 200 departing in 2002, 200 in 2003 and 200 in 2004.

Provided the impact on the budget is neutral, the savings generated by the scheme (the difference between the cost of total remuneration and the cost of the termination-of-service allowance) should allow around 273 new officials to be recruited.

Amended Proposal for a  
**COUNCIL REGULATION**

**introducing special measures to terminate the service of officials of the Commission of the European Communities as part of the reform of the Commission**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 283 thereof,

Having regard to the proposal made by the Commission after consulting the Staff Regulations Committee in accordance with Article 10a of the Staff Regulations of Officials of the European Communities,<sup>1</sup>

Having regard to the opinion of the European Parliament,<sup>2</sup>

Having regard to the opinion of the Court of Justice,<sup>3</sup>

Having regard to the opinion of the Court of Auditors,<sup>4</sup>

Whereas:

- (1) A reform is now under way in the Commission designed in particular to refocus the use of resources on priority activities.
- (2) A communication from the Commission<sup>5</sup> has indicated, despite the successes already achieved in 1999 and 2000, some shortfalls in the staff assigned to certain priority activities.
- (3) The Commission intends to meet a significant part of those needs through internal rationalisation and redeployments.
- (4) The Commission intends to take steps, mainly through training, to help redeployed staff to adjust in the most satisfactory and effective way possible.
- (5) However, the skills of some officials, particularly older members of staff, are deemed not to be in line with the duties to be performed.
- (6) The Commission needs new skill profiles and a rebalancing of its establishment plan, but the number of officials retiring in the normal way will not be sufficient to allow

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<sup>1</sup> Hereinafter called the "Staff Regulations".

<sup>2</sup> OJ C , , p. .

<sup>3</sup> OJ C , , p. .

<sup>4</sup> OJ C , , p. .

<sup>5</sup> Doc. No 6343/00 INST 4.

the necessary skills to be acquired through recruiting new staff within a satisfactory timescale.

- (7) Special measures should accordingly be adopted with regard to termination of service together with internal administrative arrangements for effective monitoring of the implementation of this Regulation.
- (8) These measures must be applied as far as possible with due regard for geographical balance, in compliance with the principles governing this Regulation.
- (9) These measures must be budget neutral.
- (10) The measures contained in this Regulation must be implemented as a matter of urgency in order to ensure the proper functioning of the Commission departments. While the measures are now ready in so far as the Commission is concerned, that is not the case with regard to the other institutions.
- (11) Other specific one-off measures of the type contained in this Regulation must not be used by the Commission in the context of the reform, including where the measures proposed in this Regulation fail to produce the desired result,

HAS ADOPTED THIS REGULATION:

#### *Article 1*

The European Commission is hereby authorised, in the interests of the service and in order to take account of the need to renew skills arising from the refocusing of the use of its resources on priority activities, to adopt measures up to 31 December 2004 for terminating the service within the meaning of Article 47 of the Staff Regulations of officials who have reached the age of 55 and have completed at least 15 years' service, regardless of the budget (operating or research) from which they are paid, with the exception of those in Grades A1 and A2, under the conditions specified below.

#### *Article 2*

The total number of officials to be covered by the measures referred to in Article 1 shall be 600.

This measure shall be without prejudice to decisions to be taken under the annual budget procedures.

#### *Article 3*

Within the ceilings laid down in Article 2, and with due regard to the interests of the service, the Commission, after having consulted its Joint Committee, shall select from among the officials applying for termination of their service under Article 1 those to whom it wishes to apply this measure.

It shall consider as a priority officials affected by the reorganisation measures and measures for refocusing the use of its resources on priority activities, in particular redeployment, whose skills are deemed not to be in line with the duties to be performed. It shall take account of the

amount of training necessary for them to undertake new tasks, their age, ability, performance, conduct in the service, family circumstances and length of service.

#### *Article 4*

1. Former officials whose service is terminated under Article 1 shall be entitled to a monthly allowance set as a percentage of the last basic salary received according to age and length of service at the time of departure as shown in the table in Annex I to this Regulation. The last basic salary shall be that for the grade and step held by the official or member of the temporary staff concerned at the time of departure, determined by reference to the table in Article 66 of the Staff Regulations in force on the first day of the month for which the allowance is payable.
2. Such former officials may at any time, at their own request, receive a retirement pension on the terms and conditions laid down in the Staff Regulations. Entitlement to the allowance shall then cease. It shall cease in any event not later than the last day of the month in which the former official or member of the temporary staff concerned reaches the age of 65 years or as soon as he or she is eligible before that age for the maximum retirement pension of 70% (Article 77 of the Staff Regulations).

At that point the former official shall automatically receive a retirement pension, which shall take effect on the first day of the calendar month following the month in which the allowance was paid for the last time.

3. The allowance provided for in paragraph 1 shall be adjusted by the weighting fixed for the country situated inside the Community in which the recipient proves that he is resident. Recipients shall provide evidence each year of their place of residence.

If the recipient resides in a country situated outside the Community, the weighting to be applied to the allowance shall be 100.

The allowance shall be expressed in euro. It shall be paid in the currency of the country of residence of the recipient. However, if it is subject to the weighting of 100 under the second subparagraph, it shall be paid in euro.

An allowance paid in a currency other than euro shall be calculated on the basis of the exchange rates referred to in the second paragraph of Article 63 of the Staff Regulations.

4. Where gross income accruing to the former official from any new employment, when combined with the allowance provided for in paragraph 1, exceeds the total gross remuneration last received by the official or member of the temporary staff concerned, determined by reference to the salary scales in force on the first day of the month for which the allowance is payable, the amount of the excess shall be deducted from that allowance. That remuneration shall be weighted as provided for in paragraph 3.

Gross income and total gross remuneration last received, as referred to above, mean sums paid after deduction of social security contributions but before deduction of tax.

The former official shall give a formal undertaking to provide any written proof which may be required, including an annual statement of income in the form of a salary statement or audited accounts, as appropriate, and a sworn or authenticated declaration that he or she is not in receipt of any other income from any new employment, and shall notify the institution of any other factor which may affect his or her right to the allowance, failing which he or she shall be liable to disciplinary action as provided for in Article 86 of the Staff Regulations.

5. As set out in Article 67 of the Staff Regulations and Articles 1, 2 and 3 of Annex VII thereto, the household allowance, dependent child allowance and education allowance shall be payable either to the recipient of the allowance provided for in paragraph 1 or to the person or persons to whom custody of the child or children has been entrusted by law or by an order of court or of the competent administrative authority; the household allowance shall be calculated by reference to the allowance provided for in paragraph 1.
6. Provided they do not receive income from gainful employment, recipients of the allowance shall be entitled, in respect of themselves and persons covered by their insurance, to benefits under the sickness insurance scheme provided for in Article 72 of the Staff Regulations provided they pay the relevant contribution, calculated on the basis of the allowance provided for in paragraph 1.
7. During the period for which they are entitled to receive the allowance, but for not more than 65 months, former officials shall continue to acquire further rights to retirement pension based on the salary carried by their grade and step, provided that the contribution provided for in the Staff Regulations by reference to that salary is paid during that period and provided that the total pension does not exceed the maximum specified in the second paragraph of Article 77 of the Staff Regulations. For the purposes of Article 5 of Annex VIII to the Staff Regulations, such period shall be considered to be a period of service.
8. Subject to Articles 1(1) and 22 of Annex VIII to the Staff Regulations, the surviving spouse of a former official who dies while in receipt of the allowance provided for in paragraph 1 shall be entitled, provided that they have been the spouse of the former official for at least one year when he or she left the service of the Commission, to a survivor's pension equal to 60% of the retirement pension which, irrespective of length of service or age, would have been payable to the former official if he or she had qualified for it at the time of death.

The survivor's pension referred to in the previous subparagraph shall not be less than the amounts specified in the second paragraph of Article 79 of the Staff Regulations. However, in no case may it exceed the amount of the retirement pension to which the former official would have been entitled had he or she survived and been granted a retirement pension when ceasing to be eligible for the allowance referred to above.

The minimum duration of the marriage as referred to in the first subparagraph shall not be taken into account if there are one or more children of a marriage contracted by the official before he or she left the service provided that the surviving spouse maintains or has maintained those children.

Nor shall the duration of the marriage be taken into account if the death of the former official resulted from one of the circumstances referred to at the end of the second paragraph of Article 17 of Annex VIII to the Staff Regulations.

9. On the death of a former official in receipt of the allowance provided for paragraph 1, dependent children within the meaning of Article 2 of Annex VII to the Staff Regulations shall be entitled to an orphan's pension on the conditions set out in the first, second and third paragraphs of Article 80 of the Staff Regulations and in Article 21 of Annex VIII to the Staff Regulations.

#### *Article 5*

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Council*  
*The President*

**ANNEX 1**  
**ALLOWANCE PERCENTAGE**

The allowance percentage referred to in Article 4(1) of this Regulation will be determined on the basis of the age and length of service of officials at the time of departure as shown in the table below:

| Age<br>Length of service | from 55 to<br>56 years | from 57 to<br>58 years | from 59 to<br>60 years | from 61 to<br>62 years | over 63<br>years |
|--------------------------|------------------------|------------------------|------------------------|------------------------|------------------|
| from 15 to 19 years      | 60.0%                  | 60.0%                  | 60.0%                  | 62.0%                  | 64.0%            |
| from 20 to 24 years      | 60.0%                  | 60.0%                  | 62.0%                  | 64.0%                  | 66.0%            |
| from 25 to 29 years      | 62.0%                  | 64.0%                  | 66.0%                  | 68.0%                  | 70.0%            |
| 30 years and over        | 64.0%                  | 66.0%                  | 68.0%                  | 70.0%                  | 70.0%            |

Level of allowance depending on age and length of service

Age and length of service will be considered in relation to the actual date of departure of the official concerned.

Applying these conditions to the target group of officials on a weighted basis gives a maximum average allowance of 62.5%.



## **FINANCIAL STATEMENT**

### **1. TITLE OF OPERATION**

Termination-of-service allowance under the scheme required to accompany the reform of the Commission

(Council Regulation (ECSC, EC, Euratom) No ....)

### **2. BUDGET HEADING(S) INVOLVED**

|       |  |
|-------|--|
| A11   | staff in active employment                                     |
| A1218 | allowances for staff whose service is terminated               |
| A1230 | employer's contribution to the Joint Sickness Insurance Scheme |
| A1290 | weighting for staff whose service is terminated                |
| A1291 | adjustments to various allowances                              |
| A400  | tax proceeds   |
| A401  | proceeds of staff contribution to the pension scheme           |
| A403  | proceeds of the temporary contribution                         |

### **3. LEGAL BASIS**

Article 283 of the Treaty establishing the European Community

### **4. DESCRIPTION OF OPERATION**

#### **4.1 General objective**

The purpose of the operation is to allow 600 officials who are affected by the redeployment of Commission human resources in 2002, 2003 and 2004, and who would not be able to change their career orientation in order to perform new activities, to leave the Commission before the normal retirement age. The departure of these officials should enable new officials to be recruited with the required skills and qualifications.

#### **4.2 Period covered and arrangements for renewal or extension**

The 600 officials will depart in three waves, 200 in 2002, 200 in 2003 and 200 in 2004. The budget impact will mainly cover the years 2002 to 2012. On the basis of the calculations made for the average groups described in the Annex to this Financial Statement, the allowances payable will begin to tail off from 2009, as the former officials reach the normal retirement age and become eligible for retirement pension,

and will cease in 2012, the year in which these officials should come under the pension scheme.

## **5. CLASSIFICATION OF EXPENDITURE OR REVENUE**

### **5.1 Compulsory expenditure**

### **5.2 Non-differentiated appropriations**

### **5.3 Type of revenue: deductions from the allowance**

## **6. TYPE OF EXPENDITURE OR REVENUE**

Operating budget – administrative expenditure: termination-of-service allowances, contribution to the sickness insurance scheme, deductions from the allowances

## **7. FINANCIAL IMPACT**

The starting point is that the operation should have a neutral effect on the budget. The savings achieved through the departure of 600 officials (the difference between the cost of their remuneration as officials in active employment and the allowance they would receive after leaving the service) could enable 273 new officials to be recruited in categories A/LA and B.

Overall, there will be a recovery by the budgetary authority of 327 posts (difference between 600 departures under the scheme and 273 new recruits). In the longer term a saving will begin to be felt from 2009. Between 2009 and 2012 the amount of the allowances will decline gradually as the officials whose service is terminated early come under the retirement pension scheme. The savings generated will be equivalent to 327 posts recovered by the budgetary authority around 2012.

### **7.1 Method of calculating the total cost of the operation and breakdown by year**

See details in the Annex to this Financial Statement. The references to grades A 3, A 4, A 5 and A 7 in the financial statement refer to both Category A and LA (the Language Service).

The profile of officials whose service is terminated, the number of departures in 2002, 2003 and 2004, the annual budget cost of an official in active employment, the annual budget cost of an official whose service is terminated, the annual savings arising from termination and the period for which the allowance is payable (before the pension scheme takes over) are shown in the table below:

| Profile of Departing official | Number of departures |      |      | Cost of an official in service | Cost of a departing official | Savings arising from termination | Duration of allowance |
|-------------------------------|----------------------|------|------|--------------------------------|------------------------------|----------------------------------|-----------------------|
|                               | 2002                 | 2003 | 2004 |                                |                              |                                  |                       |
| A3                            | 15                   | 15   | 14   | 102 748                        | 62 687                       | 40 062                           | 4 yrs 2 mths          |
| A4/A5                         | 90                   | 89   | 89   | 85 058                         | 51 096                       | 33 962                           | 9 yrs                 |
| B1/B2                         | 30                   | 30   | 30   | 64 168                         | 37 380                       | 26 788                           | 3 yrs 9 mths          |
| C1/C2                         | 53                   | 53   | 54   | 44 494                         | 24 752                       | 19 742                           | 3 yrs                 |
| D1/D2                         | 12                   | 13   | 13   | 37 480                         | 23 001                       | 14 479                           | 4 yrs                 |
| Total                         | 200                  | 200  | 200  |                                |                              |                                  |                       |

The budget situation, considered over the period for which the allowance is payable to the officials whose service is terminated, is shown in the table below which sets out in successive columns:

- the number of officials whose service is terminated,
- the number of allowances payable,
- the cost of maintaining those officials in active employment,
- the cost of the allowances payable,
- the savings arising from the scheme

| Year | Number of departing officials | Number of allowances | Cost of maintaining officials in service | Cost of allowances | Savings arising from the scheme |
|------|-------------------------------|----------------------|--|--------------------|---------------------------------|
| 2002 | 200                           | 200                  | 13 929 422                               | 8 248 213          | 5 681 209                       |
| 2003 | 400                           | 400                  | 27 811 266                               | 16 468 311         | 11 342 935                      |
| 2004 | 600                           | 600                  | 41 634 856                               | 24 650 514         | 16 984 342                      |
| 2005 | 600                           | 600                  | 41 634 856                               | 23 338 658         | 18 296 198                      |
| 2006 | 600                           | 600                  | 41 634 856                               | 19 814 459         | 21 820 397                      |
| 2007 | 600                           | 600                  | 41 634 856                               | 16 117 133         | 25 517 723                      |
| 2008 | 600                           | 600                  | 41 634 856                               | 13 819 102         | 27 815 754                      |
| 2009 | 600                           | 577                  | 41 634 856                               | 13 693 728         | 27 941 128                      |
| 2010 | 600                           | 473                  | 41 634 856                               | 13 693 728         | 27 941 128                      |
| 2011 | 600                           | 274                  | 41 634 856                               | 9 095 088          | 32 539 768                      |
| 2012 | 600                           | 95                   | 41 634 856                               | 4 547 544          | 37 087 312                      |

The annual budget cost of a new A7 official is €68 955 and of a new B5 official €48 383 (these costs include a weighting to reflect developments in the careers over the period in question). The funds available as a result of the termination of service of 600 officials will therefore enable 273 new officials to be recruited (182 A7 officials and 91 B5 officials respectively, at a total annual budget cost of €16 952 663.

|                                    | A7/3       | B5/3      | Total      |
|------------------------------------|------------|-----------|------------|
| Annual budget cost per official    | 68 955     | 48 383    |            |
| Number of new recruitments         | 182        | 91        | 273        |
| Annual budget cost of recruitments | 12 549 810 | 4 402 853 | 16 952 663 |

## 8. FRAUD PREVENTION MEASURES PLANNED

Not applicable

**9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS**

See point 7.1

**10. ADMINISTRATIVE EXPENDITURE (PART A OF SECTION III OF THE GENERAL BUDGET)**

**10.1 Impact on the number of jobs**

In order to administer the termination-of-service scheme unit ADMIN.B.6 will require extra staff estimated at one category C post.

**10.2 Overall financial impact of additional human resources**

None

**10.3 Increase in other operating expenditure arising from the operation, in particular costs arising from meetings of committees and expert groups**

None

## **ANNEX TO FINANCIAL STATEMENT**

### **BASIS FOR CALCULATING BUDGET NEUTRALITY**

This Annex sets out in detail the parameters for calculating the particulars shown in the budget statement. The starting point is that the operation should be budget-neutral. The method of calculation involves determining the savings to be achieved through a termination-of-service scheme for 600 officials (difference between the cost of their remuneration as officials in active employment and the allowance they would receive after leaving the service) and the number of new staff that these savings would allow to be recruited. This approach applies during the period for which the allowance is payable, up to the time the former officials become eligible under the pension scheme.

#### ***Parameter 1: Target group***

The scheme will apply to 600 members of staff, most of whom will have reached the end of their career bracket ('fin de carrière'). Based on the existing target group of officials, the breakdown would be roughly as follows:

|                         | 2002 | 2003 | 2004 | Total |
|-------------------------|------|------|------|-------|
| A/LA3 officials         | 15   | 15   | 14   | 44    |
| A/LA4 – A/LA5 officials | 90   | 89   | 89   | 268   |
| B1 - B2 officials       | 30   | 30   | 30   | 90    |
| C1 - C2 officials       | 53   | 53   | 54   | 160   |
| D1 - D2 officials       | 12   | 13   | 13   | 38    |
| Total                   | 200  | 200  | 200  | 600   |

The references to grades A 3, A 4, A 5 and A 7 in this Annex refer to both Category A and LA (the Language Service)

#### ***Parameter 2: Average profiles of officials availing themselves of the scheme***

The costs are based on the standard profiles below:

|         |   |
|---------|---|
| A3      | A3/3 official, married, with no dependent children, recruited at 32 |
| A4 - A5 | A4/2 official, married, with no dependent children, recruited at 32 |
| B1 - B2 | B1/2 official, married, with no dependent children, recruited at 30 |
| C1 - C2 | C1/2 official, married, with no dependent children, recruited at 28 |
| D1 - D2 | D1/5 official, married, with no dependent children, recruited at 30 |

The average age of such officials over the age of 55 is 58.6. The average age of the weighted target group is 57.

#### ***Parameter 3: Average profiles of newly recruited officials***

Officials availing themselves of the scheme will be replaced by officials in categories A and B (in the current proportions, i.e. approximately two thirds A/LA and one third B) recruited at the basic grades (A7/3 and B5/3 respectively), and presumed to be married with one dependent child.

#### ***Parameter 4: Average level of allowance***

Applying the conditions set out in Annex 1 to the Regulation on a weighted basis to the existing target group of officials (meeting the criteria for age and length of service) gives an average level of allowance of 62.5%, which is the level used to make the calculations.

#### ***Parameter 5: Other assumptions***

The base figures (salaries, allowances, etc.) include a projected indexing at 2.5% of the present amounts (adjustment under the 'Method' for 2000 and updating in mid-2001).

The level of the expatriation allowance, included in the remuneration of staff in active employment, is estimated at 12% (average of the rates of 0%, 4% and 16% according to individual situations).

The geographical weighting applied to the remuneration of the former officials is estimated at 105 (depending on where they establish residence after leaving the service).

#### ***Annual budget savings arising from the scheme***

The annual budget cost of individual officials before leaving the service is shown in the table below:

| <b>Annual budget cost per official in active employment</b>    |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|
|  | <b>A3/3</b> | <b>A4/2</b> | <b>B1/2</b> | <b>C1/2</b> | <b>D1/5</b> |
| Basic salary   | 114 027     | 90 272      | 64 226      | 40 621      | 35 047      |
| Household allowance  | 5 701       | 4 514       | 3 211       | 2 095       | 2 095       |
| Secretarial allowance  |             |             |             | 1 928       |             |
| Expatriation   | 14 367      | 11 374      | 8 093       | 5 357       | 4 457       |
| Employer's contribution to the Joint Sickness Insurance Scheme | 4 846       | 3 837       | 2 729       | 1 726       | 1 490       |
| Community tax  | -23 572     | -15 026     | -7 238      | -3 338      | -2 412      |
| Temporary contribution   | -3 214      | -2 466      | -1 554      | -544        | -306        |
| Personal pension contribution                                  | -9 407      | -7 447      | -5 299      | -3 351      | -2 891      |
| Budget cost per official                                       | 102 749     | 85 058      | 64 168      | 44 494      | 37 480      |

Details of the annual budget cost of individual officials after leaving the service are shown in the table below (expenses associated with leaving the service are not additional costs but costs paid in advance and are not included in the calculation):

| <b>Annual budget cost per official after leaving under the scheme</b> |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|
|   | <b>A3/3</b> | <b>A4/2</b> | <b>B1/2</b> | <b>C1/2</b> | <b>D1/5</b> |
| Allowance   | 71 267      | 56 420      | 40 141      | 25 388      | 21 904      |
| Household allowance   | 3 563       | 2 821       | 2 095       | 2 095       | 2 095       |
| Weighting   | 3 226       | 2 554       | 1 817       | 1 186       | 1 037       |
| Employer's contribution to the Joint Sickness Insurance Scheme        | 2 423       | 1 918       | 1 364       | 863         | 745         |
| Community tax   | 8 747       | 5 456       | 2 942       | 1 558       |             |
| Personal pension contribution   | 9 045       | 7 161       | 5 095       | 3 222       | 2 780       |
| Budget cost per official  | 62 687      | 51 096      | 37 380      | 24 752      | 23 001      |

Details of the annual budget savings achieved as a result of the scheme (savings from the departure of one official and total savings) are shown in the table below:

| <b>Annual budget savings arising from the scheme</b> |             |             |             |             |             | <b>Total</b> |
|--|-------------|-------------|-------------|-------------|-------------|--------------|
|  | <b>A3/3</b> | <b>A4/2</b> | <b>B1/2</b> | <b>C1/2</b> | <b>D1/5</b> |              |
| Cost per official in active employment               | 102 749     | 85 058      | 64 168      | 44 494      | 37 480      | 600          |
| Cost per official leaving under the scheme           | 62 687      | 51 096      | 37 380      | 24 752      | 23 001      |              |
| Savings per official                                 | 40 061      | 33 962      | 26 788      | 19 742      | 14 479      |              |
| Number of officials to whom the scheme will apply    | 44          | 268         | 90          | 160         | 38          |              |
| Total budget savings                                 | 1 762 684   | 9 101 816   | 2 410 920   | 3 158 720   | 550 202     | 16 984 342   |

The total annual budget saving is €16 984 342.

### ***Cost of new posts and recruitment possibilities***

Details of the average annual budget cost of one new official are shown in the table below (the career weighting takes account of career advancement during the relevant period; expenses associated with taking up appointment are not included in the calculation):

| <b>Annual budget cost per new official</b>                     |             |             |
|--|-------------|-------------|
|  | <b>A7/3</b> | <b>B5/3</b> |
| Basic salary   | 57 643      | 37 107      |
| Household allowance  | 2 882       | 2 095       |
| Dependent child allowance                                      | 2 698       | 2 698       |
| Education allowance  | 2 411       | 2 411       |
| Expatriation   | 7 587       | 5 027       |
| Employer's contribution to the Joint Sickness Insurance Scheme | 2 450       | 1 577       |
| Community tax  | -4 572      | -1 973      |
| Temporary contribution   | -1 291      | -401        |
| Personal pension contribution                                  | -4 756      | -3 061      |
| Total budget cost of scheme                                    | 65 052      | 45 480      |
| Career weighting   | 1.06        | 1.06        |
| Budget cost per official                                       | 68 955      | 48 383      |

The annual budget cost of recruiting 273 new officials (two thirds in Categories A/LA and one third in Category B) is equivalent to the total annual budget savings arising from the scheme:

| <b>Total annual budget cost of new posts</b> |             |             |              |
|--|-------------|-------------|--------------|
|  | <b>A7/3</b> | <b>B5/3</b> | <b>Total</b> |
| Budget cost per official                     | 68 955      | 48 383      | 273          |
| Number of new posts                          | 182         | 91          |              |
| Total budget cost of recruitment             | 12 549 810  | 4 402 853   | 16 952 663   |

**The savings arising from the departure of 600 officials under the termination-of-service scheme would mean that 273 new officials could be recruited, two thirds of them A/LA officials and one third B officials.**

## **EXPLANATORY MEMORANDUM**

The development of the European Union since the Treaty of Maastricht has extended the scope of the Council's activities. It has also led to the creation of specific structures and procedures for implementing the Common European Security and Defence Policy. These changes have increased and reinforced the General Secretariat's tasks, which go beyond those of a Conference Secretariat.

In a note to the permanent representatives dated 18 April 2001, the General Secretariat of the Council set out the adjustment process to be undertaken and the means for achieving it.

In the field of staff policy, as part of the elaboration of an overall strategy for modernising methods and working tools, increasing motivation, providing further training and planning human-resources needs and career prospects, mobility policy and training and information policy will become even more priority actions.

The ongoing acquisition of the most effective new technology, the restructuring of departments, the growth and diversification of the Secretariat's tasks and duties, developments in working methods, the advisability of restoring the balance in the establishment plan and the very wide use of redeployment are all factors which require the Secretariat's human resources to make a constant endeavour to adapt and undergo professional (re)training. However, there are inevitably limits to this process. Some staff are no longer able to successfully acquire the additional and/or more suitable skills needed to perform the new duties and tasks.

The Secretariat therefore considers it necessary to take measures to terminate the service of officials, as put forward in a Commission proposal which is applicable to the Commission's own departments and is currently under examination by the Council bodies. The terms applicable to the termination of service for officials of the Council's General Secretariat will be identical to those applicable to the Commission's staff, and will comply with the principle of budget neutrality.

The number of staff to whom the scheme would apply has been estimated by the General Secretariat of the Council at 94 spread over a period of three years. The purpose of this proposal is therefore to authorise a termination-of-service scheme for 94 officials of the General Secretariat of the Council (12 As, 22 LAs, 8 Bs, 44 Cs, and 8 Ds) between 2002 and 2004

Provided the impact on the budget is neutral, the savings generated by the scheme (the difference between the cost of total remuneration and the cost of the termination-of-service allowance) should allow around 46 new officials to be recruited.



Proposal for a

**COUNCIL REGULATION**

**introducing special measures to terminate the service of officials of the General Secretariat of the Council of the European Union**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 283 thereof,

Having regard to the proposal made by the Commission after consulting the Staff Regulations Committee in accordance with Article 10a of the Staff Regulations of Officials of the European Communities<sup>1</sup>,

Having regard to the opinion of the European Parliament<sup>2</sup>,

Having regard to the opinion of the Court of Justice<sup>3</sup>,

Having regard to the opinion of the Court of Auditors<sup>4</sup>,

Whereas:

- (1) The development of the European Union since the Treaty of Maastricht has extended the scope of the Council's activities. These changes have increased and reinforced the General Secretariat's tasks, which go beyond those of a Conference Secretariat.
- (2) The General Secretariat of the Council intends to meet a significant part of those needs through internal rationalisation and redeployments.
- (3) The General Secretariat of the Council intends to take steps, mainly through training, to help redeployed staff to adjust in the most satisfactory and effective way possible.
- (4) However, the skills of some officials, particularly older members of staff, are deemed not to be in line with the duties to be performed.
- (5) The General Secretariat of the Council needs new skill profiles and a rebalancing of its establishment plan, but the number of officials retiring in the normal way will not be sufficient to allow the necessary skills to be acquired through recruiting new staff within a satisfactory timescale.

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<sup>1</sup> Hereinafter called the "Staff Regulations".

<sup>2</sup> OJ C [...], [...], p. [...].

<sup>3</sup> OJ C [...], [...], p. [...].

<sup>4</sup> OJ C [...], [...], p. [...].

- (6) Special measures should accordingly be adopted with regard to termination of service together with internal administrative arrangements for effective monitoring of the implementation of this Regulation.
- (7) These measures must be applied as far as possible with due regard for geographical balance, in compliance with the principles governing this Regulation.
- (8) These measures must be budget-neutral,

HAS ADOPTED THIS REGULATION:

#### *Article 1*

The General Secretariat of the Council is hereby authorised, in the interests of the service and in order to take account of the need to renew skills arising from the refocusing of the use of its resources on priority activities, to adopt measures up to 31 December 2004 for terminating the service within the meaning of Article 47 of the Staff Regulations of officials who have reached the age of 55 and have completed at least 15 years' service, with the exception of those in Grades A1 and A2, under the conditions specified below.

#### *Article 2*

The total number of officials to be covered by the measures referred to in Article 1 shall be 94 (12 As, 22 LAs, 8 Bs, 44 Cs, and 8 Ds).

This measure shall be without prejudice to decisions to be taken under the annual budget procedures.

#### *Article 3*

Within the ceilings laid down in Article 2, and with due regard to the interests of the service, the General Secretariat of the Council, after having consulted its Joint Committee, shall select from among the officials applying for termination of their service under Article 1 those to whom it wishes to apply this measure.

It shall consider as a priority officials affected by the reorganisation measures and measures for refocusing the use of its resources on priority activities, in particular redeployment, whose skills are deemed not to be in line with the duties to be performed. It shall take account of the amount of training necessary for them to undertake new tasks, their age, ability, performance, conduct in the service, family circumstances and length of service.

#### *Article 4*

1. Former officials whose service is terminated under Article 1 shall be entitled to a monthly allowance set as a percentage of the last basic salary received according to age and length of service at the time of departure as shown in the table in Annex I to this Regulation. The last basic salary shall be that for the grade and step held by the official concerned at the time of departure, determined by reference to the table in Article 66 of the Staff Regulations in force on the first day of the month for which the allowance is payable.

2. Such former officials may at any time, at their own request, receive a retirement pension on the terms and conditions laid down in the Staff Regulations. Entitlement to the allowance shall then cease. It shall cease in any event not later than the last day of the month in which the former official concerned reaches the age of 65 years or as soon as he or she is eligible before that age for the maximum retirement pension of 70% (Article 77 of the Staff Regulations).

At that point the former official shall automatically receive a retirement pension, which shall take effect on the first day of the calendar month following the month in which the allowance was paid for the last time.

3. The allowance provided for in paragraph 1 shall be adjusted by the weighting fixed for the country situated inside the Community in which the recipient proves that he is resident. Recipients shall provide evidence each year of their place of residence.

If the recipient resides in a country situated outside the Community, the weighting to be applied to the allowance shall be 100.

The allowance shall be expressed in euro. It shall be paid in the currency of the country of residence of the recipient. However, if it is subject to the weighting of 100 under the second subparagraph, it shall be paid in euro.

An allowance paid in a currency other than euro shall be calculated on the basis of the exchange rates referred to in the second paragraph of Article 63 of the Staff Regulations.

4. Where gross income accruing to the former official from any new employment, when combined with the allowance provided for in paragraph 1, exceeds the total gross remuneration last received by the official or member of the temporary staff concerned, determined by reference to the salary scales in force on the first day of the month for which the allowance is payable, the amount of the excess shall be deducted from that allowance. That remuneration shall be weighted as provided for in paragraph 3.

Gross income and total gross remuneration last received, as referred to above, mean sums paid after deduction of social security contributions but before deduction of tax.

The former official shall give a formal undertaking to provide any written proof which may be required, including an annual statement of income in the form of a salary statement or audited accounts, as appropriate, and a sworn or authenticated declaration that he or she is not in receipt of any other income from any new employment, and shall notify the institution of any other factor which may affect his or her right to the allowance, failing which he or she shall be liable to disciplinary action as provided for in Article 86 of the Staff Regulations.

5. As set out in Article 67 of the Staff Regulations and Articles 1, 2 and 3 of Annex VII thereto, the household allowance, dependent child allowance and education allowance shall be payable either to the recipient of the allowance provided for in paragraph 1 or to the person or persons to whom custody of the child or children has been entrusted by law or by an order of court or of the competent administrative authority; the household allowance shall be calculated by reference to the allowance provided for in paragraph 1.

6. Provided that they are not receiving income from any gainful employment, recipients of the allowance shall be entitled, in respect of themselves and persons covered by their insurance, to benefits under the sickness insurance scheme provided for in Article 72 of the Staff Regulations provided they pay the relevant contribution, calculated on the basis of the allowance provided for in paragraph 1, and are not covered by another sickness insurance scheme by virtue of legal or statutory provisions.
7. During the period for which they are entitled to receive the allowance, but for not more than 65 months, former officials shall continue to acquire further rights to retirement pension based on the salary carried by their grade and step, provided that the contribution provided for in the Staff Regulations by reference to that salary is paid during that period and provided that the total pension does not exceed the maximum specified in the second paragraph of Article 77 of the Staff Regulations. For the purposes of Article 5 of Annex VIII to the Staff Regulations, such period shall be considered to be a period of service.
8. Subject to Articles 1(1) and 22 of Annex VIII to the Staff Regulations, the surviving spouse of a former official who dies while in receipt of the allowance provided for in paragraph 1 shall be entitled, provided that the marriage was contracted at least one year before the former official left the service of the Council, to a survivor's pension equal to 60% of the retirement pension which, irrespective of length of service or age, would have been payable to the former official if he or she had qualified for it at the time of death.

The survivor's pension referred to in the previous subparagraph shall not be less than the amounts specified in the second paragraph of Article 79 of the Staff Regulations. However, in no case may it exceed the amount of the retirement pension to which the former official would have been entitled had he or she survived and been granted a retirement pension when ceasing to be eligible for the allowance referred to above.

The minimum duration of the marriage as referred to in the first subparagraph shall not be taken into account if there are one or more children of a marriage contracted by the official before he or she left the service provided that the surviving spouse maintains or has maintained those children.

Nor shall the duration of the marriage be taken into account if the death of the former official resulted from one of the circumstances referred to at the end of the second paragraph of Article 17 of Annex VIII to the Staff Regulations.

9. On the death of a former official in receipt of the allowance provided for paragraph 1, dependent children within the meaning of Article 2 of Annex VII to the Staff Regulations shall be entitled to an orphan's pension on the conditions set out in the first, second and third paragraphs of Article 80 of the Staff Regulations and in Article 21 of Annex VIII to the Staff Regulations.

*Article 5*

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Council  
The President*

**ANNEX 1**  
**ALLOWANCE PERCENTAGE**

The allowance percentage referred to in Article 4(1) of this Regulation will be determined on the basis of the age and length of service of officials at the time of departure as shown in the table below:

| Age<br>Length of service | from 55 to<br>56 years | from 57 to<br>58 years | from 59 to<br>60 years | from 61 to<br>62 years | over 63<br>years |
|--------------------------|------------------------|------------------------|------------------------|------------------------|------------------|
| from 15 to 19 years      | 60.0%                  | 60.0%                  | 60.0%                  | 62.0%                  | 64.0%            |
| from 20 to 24 years      | 60.0%                  | 60.0%                  | 62.0%                  | 64.0%                  | 66.0%            |
| from 25 to 29 years      | 62.0%                  | 64.0%                  | 66.0%                  | 68.0%                  | 70.0%            |
| 30 years and over        | 64.0%                  | 66.0%                  | 68.0%                  | 70.0%                  | 70.0%            |

Level of allowance depending on age and length of service

Age and length of service will be considered in relation to the actual date of termination of service of the official concerned.

Applying these conditions to the target group of officials on a weighted basis gives a maximum average allowance of 62.5%.

## **FINANCIAL STATEMENT**

### **1. TITLE OF OPERATION**

Termination-of-service allowance under the scheme required to accompany the reform of the Commission

(Council Regulation (ECSC, EC, Euratom) No ....)

### **2. BUDGET HEADING(S) INVOLVED**

|       |  |
|-------|--|
| A11   | staff in active employment                                     |
| A1218 | allowances for staff whose service is terminated               |
| A1230 | employer's contribution to the Joint Sickness Insurance Scheme |
| A1290 | weighting for staff whose service is terminated                |
| A1291 | adjustments to various allowances                              |
| A400  | tax proceeds   |
| A401  | proceeds of staff contribution to the pension scheme           |
| A403  | proceeds of the temporary contribution                         |

### **3. LEGAL BASIS**

Article 283 of the Treaty establishing the European Community

### **4. DESCRIPTION OF OPERATION**

#### **4.1 General objective**

The purpose of the operation is to allow 94 officials who are affected by the redeployment of human resources in the General Secretariat of the Council in 2002, 2003 and 2004, and who would not be able to change their career orientation in order to perform new activities, to leave the Commission before the normal retirement age. The departure of these officials should enable new officials to be recruited with the required skills and qualifications.

#### **4.2 Period covered and arrangements for renewal or extension**

The 94 officials will depart between 2002 and 2004. The budget impact will mainly cover the years 2002 to 2012. On the basis of the target group described in the Annex to this financial statement, the allowances payable will begin to tail off from 2006, as the former officials reach the normal retirement age and become eligible for retirement pension, and will cease in 2012, the year in which these officials should come under the pension scheme.

## **5. CLASSIFICATION OF EXPENDITURE OR REVENUE**

### **5.1 CE**

### **5.2 Non-differentiated appropriations**

### **5.3 Type of revenue: deductions from the allowance**

## **6. TYPE OF EXPENDITURE OR REVENUE**

Operating budget - administrative expenditure: termination-of-service allowances, contribution to the sickness insurance scheme, deductions from the allowances

## **7. FINANCIAL IMPACT**

The starting point is that the operation should have a neutral effect on the budget. The savings achieved through the departure of 94 officials (the difference between the cost of their remuneration as officials in active employment and the allowance they would receive after leaving the service) could enable 46 new officials to be recruited in categories A/LA, B and C.

Overall, there will be a recovery by the budgetary authority of 48 posts (difference between 94 departures under the scheme and 46 new recruits). In the longer term a saving will begin to be felt from 2006. Between 2006 and 2012 the amount of the allowances will decline gradually as the officials whose service is terminated early come under the retirement pension scheme. The savings generated will be equivalent to 48 posts recovered by the budgetary authority around 2012.

### **7.1 Method of calculating the total cost of the operation and breakdown by year**

See the detailed description in the Annex to this financial statement.

The profile of officials whose service is terminated, the number of departures in 2002, 2003 and 2004, the annual budget cost of an official in active employment, the annual budget cost of an official whose service is terminated, the annual savings arising from termination and the period for which the allowance is payable (before the pension scheme takes over) are shown in the table below:

| Profile of departing officials | Number of departures |      |      | Cost of an official in service | Cost of a departing official | Savings arising from the scheme | Duration of allowance |
|--------------------------------|----------------------|------|------|--------------------------------|------------------------------|---------------------------------|-----------------------|
|                                | 2002                 | 2003 | 2004 |                                |                              |                                 |                       |
| A4/LA4                         | 10                   | 12   | 12   | 87 981                         | 53 411                       | 34 571                          | 9 yrs                 |
| B1                             | 2                    | 3    | 3    | 66 361                         | 38 946                       | 27 415                          | 4 yrs                 |
| C1                             | 14                   | 15   | 15   | 45 998                         | 25 733                       | 20 265                          | 4 yrs                 |
| D1                             | 2                    | 3    | 3    | 34 943                         | 20 285                       | 14 659                          | 4 yrs                 |
| Total                          | 28                   | 33   | 33   |                                |                              |                                 |                       |

The budget situation, considered over the period for which the allowance is payable to the officials whose service is terminated, is shown in the table below which sets out in successive columns:

- the number of officials whose service is terminated,



- the number of allowances payable,
- the cost of maintaining those officials in active employment,
- the cost of the allowances payable,
- the savings arising from the scheme

| Year | Number of departing officials | Number of allowances | Cost of an official in service | Cost of allowances | Savings arising from the scheme |
|------|-------------------------------|----------------------|--------------------------------|--------------------|---------------------------------|
| 2002 | 28                            | 28                   | 1 726 390                      | 1 012 834          | 713 556                         |
| 2003 | 61                            | 61                   | 3 776 044                      | 2 217 454          | 1 558 590                       |
| 2004 | 94                            | 94                   | 5 825 698                      | 3 422 074          | 2 403 624                       |
| 2005 | 94                            | 94                   | 5 825 698                      | 3 422 074          | 2 403 624                       |
| 2006 | 94                            | 76                   | 5 825 698                      | 2 943 350          | 2 882 348                       |
| 2007 | 94                            | 55                   | 5 825 698                      | 2 379 662          | 3 446 036                       |
| 2008 | 94                            | 34                   | 5 825 698                      | 1 815 974          | 4 009 724                       |
| 2009 | 94                            | 34                   | 5 825 698                      | 1 815 974          | 4 009 724                       |
| 2010 | 94                            | 34                   | 5 825 698                      | 1 815 974          | 4 009 724                       |
| 2011 | 94                            | 24                   | 5 825 698                      | 1 281 864          | 4 543 834                       |
| 2012 | 94                            | 12                   | 5 825 698                      | 640 932            | 5 184 766                       |

The average annual budget cost of one new official is €71 313 at category A7, €49 841 at category B5 and €43 248 at C5. The funds available as a result of the departure of 94 officials will therefore enable 46 new officials to be recruited (12 A7 officials, 8 B5 officials and 26 C5 officials), at a total annual budget cost of €2 378 918.

|                                    | A7/3    | B5/3    | C5/3      | Total     |
|------------------------------------|---------|---------|-----------|-----------|
| Annual budget cost per official    | 71 313  | 49 841  | 43 248    |           |
| Number of new recruitments         | 12      | 8       | 26        | 46        |
| Annual budget cost of recruitments | 855 751 | 398 726 | 1 124 441 | 2 378 918 |

## 8. FRAUD PREVENTION MEASURES PLANNED

Not applicable

## 9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

See point 7.1

## 10. ADMINISTRATIVE EXPENDITURE (PART A OF SECTION III OF THE GENERAL BUDGET)

### 10.1 Impact on the number of jobs

None

### 10.2 Overall financial impact of additional human resources

None

### 10.3 Increase in other operating expenditure arising from the operation, in particular costs arising from meetings of committees and expert groups

None

## **ANNEX TO THE FINANCIAL STATEMENT**

### **BASIS FOR CALCULATING BUDGET NEUTRALITY**

This Annex sets out in detail the parameters for calculating the particulars shown in the budget statement. The starting point is that the operation should be budget-neutral. The method of calculation involves determining the savings to be achieved through a termination-of-service scheme for 94 officials (difference between the cost of their remuneration in active employment and the allowance they would receive after leaving the service) and the number of new staff that these savings would allow to be recruited. This approach applies during the period for which the allowance is payable, up to the time the former officials become eligible under the pension scheme.

#### ***Parameter 1: Target group***

The scheme will apply to 94 members of staff (12 As, 22 LAs, 8 Bs, 44 Cs, and 8 Ds), most of whom will have reached the end of their career bracket ('fin de carrière'). Based on the existing target group of officials, the breakdown would be roughly as follows:

|                | 2002 | 2003 | 2004 | Total |
|----------------|------|------|------|-------|
| A/LA officials | 10   | 12   | 12   | 34    |
| B officials    | 2    | 3    | 3    | 8     |
| C officials    | 14   | 15   | 15   | 44    |
| D officials    | 2    | 3    | 3    | 8     |
| Total          | 28   | 33   | 33   | 94    |

#### ***Parameter 2 : Average profiles of officials availing themselves of the scheme***

The costs are based on the standard profiles below:

A/LA4 profile: A4/2 official, married, with no dependent children, recruited at 32

B1 profile: B1/2 official, married, with no dependent children, recruited at 30

C1 profile: C1/2 official, married, with no dependent children, recruited at 28

D1 profile: D1/2 official, married, with no dependent children, recruited at 30

The average age of the target group is 57.

#### ***Parameter 3 : Average profiles of newly recruited officials***

Officials availing themselves of the scheme will be replaced by officials in categories A, B and C recruited at the basic grades (A7/3, B5/3 and C5/3 respectively), and presumed to be married with one dependent child.

#### ***Parameter 4: Average level of allowance***

Applying the conditions set out in Annex 1 to the Regulation on a weighted basis to the existing target group of officials (meeting the criteria for age and length of service) gives an average level of allowance of 62.5%, which is the level used to make the calculations.

### ***Parameter 5: Other assumptions***

The level of the expatriation allowance, included in the remuneration of staff in active employment, is estimated at 12% (average of the rates of 0%, 4% and 16% according to individual situations).

The geographical weighting applied to the remuneration of the former officials is estimated at 105 (depending on where they establish residence after leaving the service).

### ***Annual budget savings arising from the scheme***

The annual budget cost of individual officials before leaving the service is shown in the table below:

| <b>Annual budget cost per official in active employment</b>    |             |              |             |             |             |
|--|-------------|--------------|-------------|-------------|-------------|
|  | <b>A4/2</b> | <b>LA4/2</b> | <b>B1/2</b> | <b>C1/2</b> | <b>D1/2</b> |
| Basic salary   | 93 433      | 93 433       | 66 475      | 42 043      | 32 224      |
| Household allowance  | 4 672       | 4 672        | 3 324       | 2 169       | 2 169       |
| Secretarial allowance  |             |              |             | 1 996       |             |
| Expatriation   | 11 773      | 11 773       | 8 376       | 5 545       | 4 127       |
| Employer's contribution to the Joint Sickness Insurance Scheme | 3 971       | 3 971        | 2 825       | 1 787       | 1 370       |
| Community tax  | -15 552     | -15 552      | -7 492      | -3 455      | -2 107      |
| Temporary contribution   | -2 607      | -2 607       | -1 663      | -617        | -181        |
| Personal pension contribution                                  | -7 708      | -7 708       | -5 484      | -3 469      | -2 658      |
| Budget cost per official                                       | 87 981      | 87 981       | 66 361      | 45 998      | 34 943      |

Details of the annual budget cost of individual officials after leaving the service are shown in the table below (expenses associated with leaving the service are not additional costs but costs paid in advance and are not included in the calculation):

| <b>Annual budget cost per official after leaving under the scheme</b> |             |              |             |             |             |
|---|-------------|--------------|-------------|-------------|-------------|
|   | <b>A4/2</b> | <b>LA4/2</b> | <b>B1/2</b> | <b>C1/2</b> | <b>D1/2</b> |
| Allowance   | 58 396      | 58 396       | 41 547      | 26 277      | 20 140      |
| Household allowance   | 2 920       | 2 920        | 2 169       | 2 169       | 2 169       |
| Weighting   | 2 646       | 2 646        | 1 887       | 1 233       | 971         |
| Employer's contribution to the Joint Sickness Insurance Scheme        | 1 985       | 1 985        | 1 413       | 893         | 685         |
| Community tax   | -5 124      | -5 124       | -2 796      | -1 504      | -1 123      |
| Personal pension contribution   | -7 412      | -7 412       | -5 273      | -3 335      | -2 556      |
| Budget cost per official  | 53 411      | 53 411       | 38 946      | 25 733      | 20 285      |

Details of the annual budget savings achieved as a result of the scheme (savings from the departure of one official and total savings) are shown in the table below:

| Annual budget savings arising from the scheme     |         |         |         |         |         |           |
|---|---------|---------|---------|---------|---------|-----------|
|   | A4/2    | LA4/2   | B1/2    | C1/2    | D1/2    | Total     |
| Cost per official in active employment            | 87 981  | 87 981  | 66 361  | 45 998  | 34 943  |           |
| Cost per official leaving under the scheme        | 53 411  | 53 411  | 38 946  | 25 733  | 20 285  |           |
| Savings per official                              | 34 571  | 34 571  | 27 415  | 20 265  | 14 659  |           |
| Number of officials to whom the scheme will apply | 12      | 22      | 8       | 44      | 8       | 94        |
| Total budget savings                              | 414 849 | 760 556 | 219 322 | 891 665 | 117 270 | 2 403 662 |

The total annual budget saving is €2 403 661.

### ***Cost of new posts and recruitment possibilities***

Details of the average annual budget cost of one new official are shown in the table below (the career weighting takes account of career advancement during the relevant period; expenses associated with taking up appointment are not included in the calculation):

| Annual budget cost per new official                            |        |        |        |
|--|--------|--------|--------|
|  | A7/3   | B5/3   | C5/3   |
| Basic salary   | 59 661 | 38 406 | 29 558 |
| Household allowance  | 2 983  | 2 169  | 2 169  |
| Dependent child allowance                                      | 2 793  | 2 793  | 2 793  |
| Education allowance  | 2 496  | 2 496  | 2 496  |
| Secretarial allowance  |        |        | 1 996  |
| Expatriation   | 7 852  | 5 204  | 4 382  |
| Employer's contribution to the Joint Sickness Insurance Scheme | 2 536  | 1 632  | 1 256  |
| Community tax  | -4 732 | -2 042 | -1 357 |
| Temporary contribution   | -1 391 | -469   | -54    |
| Personal pension contribution                                  | -4 922 | -3 168 | -2 439 |
| Total budget cost of scheme                                    | 67 276 | 47 020 | 40 800 |
| Career weighting   | 4 037  | 2 821  | 2 448  |
| Budget cost per official                                       | 71 313 | 49 841 | 43 248 |

The annual budget cost of recruiting 46 new officials (12 A7, 8 B5, et 26 C5) is equivalent to the total annual budget savings arising from the scheme:

| Total annual budget cost of new posts |         |         |           |           |
|---------------------------------------|---------|---------|-----------|-----------|
|                                       | A7/3    | B5/3    | C5/3      | Total     |
| Budget cost per official              | 71 313  | 49 841  | 43 248    |           |
| Number of new recruitments            | 12      | 8       | 26        | 46        |
| Total budget cost of recruitment      | 855 751 | 398 726 | 1 124 441 | 2 378 918 |

**The savings arising from the departure of 94 officials under the termination-of-service scheme would mean that 46 new officials could be recruited (12 A7, 8 B5, and 26 C5.**

## **EXPLANATORY MEMORANDUM**

When Parliament was consulted by the Council on the Commission's proposal for a Regulation on termination-of-service as part of the reform of the Commission, it presented a number of amendments in its report (A5-0194/2001 of 30 May 2001), primarily in order to extend the scheme to other institutions, in particular to Parliament itself.

While the Council was open to participation by the other institutions in the termination-of-service scheme, it took the view that they should present their reasoned requirements in advance and demonstrate that these would have no impact on the budget and that their participation in the scheme should be covered by separate regulations.

On 14 December 2001, Parliament's Director-General for Personnel informed the Commission's Director-General for Personnel and Administration of Parliament's exact requirements in the context of the termination-of-service scheme and demonstrated that these would have no impact on the budget. The terms applicable to the termination of service for Parliament officials will be identical to those applicable to the Commission's staff.

Parliament has estimated the number of staff to whom the scheme would apply at 100 officials and 24 temporary staff working in the Political Groups, spread over a period of three years. The purpose of this proposal is therefore to authorise a termination-of-service scheme for 100 Parliament officials and 24 temporary staff working in the Political Groups between 2002 and 2004.

Provided the impact on the budget is neutral, the savings generated by the scheme (the difference between the cost of total remuneration and the cost of the termination-of-service allowance) should allow around 47 new officials and 11 new temporary staff to be recruited.

Proposal for a

## **COUNCIL REGULATION**

**introducing special measures to terminate the service of European Parliament officials and temporary staff working in the Political Groups**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 283 thereof,

Having regard to the proposal made by the Commission after consulting the Staff Regulations Committee in accordance with Article 10a of the Staff Regulations of Officials of the European Communities<sup>1</sup>,

Having regard to the opinion of the European Parliament<sup>2</sup>,

Having regard to the opinion of the Court of Justice<sup>3</sup>,

Having regard to the opinion of the Court of Auditors<sup>4</sup>,

Whereas:

- (1) The European Parliament has been engaged in a thorough restructuring of its way of operating since 1997, when the Bureau adopted the new staff policy.
- (2) In the light of four years' experience of implementing this new policy, and with a view to establishing a longer term policy for recruitment and appointments, based on foreseeable requirements for specific skills, Parliament has been studying its human resource requirements for the years to come, as part of an exercise to draw up an operational list of duties.
- (3) Parliament intends to take steps, mainly through training, to help redeployed staff to adjust in the most satisfactory and effective way possible.
- (4) However, the skills of some officials and temporary staff working in the Political Groups, particularly older members of staff, are deemed not to be in line with the duties to be performed.

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<sup>1</sup> Hereinafter called the "Staff Regulations".

<sup>2</sup> OJ C ..., ..., p. ...

<sup>3</sup> OJ C ..., ..., p. ...

<sup>4</sup> OJ C ..., ..., p. ...

- (5) Parliament needs new skill profiles and a rebalancing of its establishment plan, but the number of officials retiring in the normal way will not be sufficient to allow the necessary skills to be acquired through recruiting new staff within a satisfactory timescale.
- (6) Special measures should accordingly be adopted with regard to termination of service together with internal administrative arrangements for effective monitoring of the implementation of this Regulation.
- (7) These measures must be applied as far as possible with due regard for geographical balance, in compliance with the principles governing this Regulation.
- (8) These measures must be budget-neutral,

HAS ADOPTED THIS REGULATION:

#### *Article 1*

The Parliament is hereby authorised, in the interests of the service and in order to take account of the need to renew skills arising from the process of adjusting its resources to its activities, to adopt measures up to 31 December 2004 for terminating the service within the meaning of Article 47 of the Staff Regulations of officials and temporary staff working in the Political Groups who have reached the age of 55 and have completed at least 15 years' service, with the exception of those in Grades A1 and A2, under the conditions specified below.

#### *Article 2*

The total number of officials to be covered by the measures referred to in Article 1 shall be 100. The total number of temporary staff working in the Political Groups to be covered by the measures referred to in Article 1 shall be 24.

This measure shall be without prejudice to decisions to be taken under the annual budget procedures.

#### *Article 3*

Within the ceilings laid down in Article 2, and with due regard to the interests of the service, the European Parliament, after having consulted its Joint Committee, shall select from among the officials and temporary staff working in the Political Groups applying for termination of their service under Article 1 those to whom it wishes to apply this measure.

It shall consider as a priority officials and temporary staff affected by the reorganisation measures and measures for adjusting its resources to its activities, in particular redeployment, whose skills are deemed not to be in line with the duties to be performed. It shall take account of the amount of training necessary for them to undertake new tasks, their age, ability, performance, conduct in the service, family circumstances and length of service.

#### *Article 4*

1. Former officials and temporary staff whose service is terminated under Article 1 shall be entitled to a monthly allowance set as a percentage of the last basic salary received according to age and length of service at the time of departure as shown in the table in Annex I to this Regulation. The last basic salary shall be that for the grade and step held by the official or member of the temporary staff concerned at the time of departure, determined by reference to the table in Article 66 of the Staff Regulations in force on the first day of the month for which the allowance is payable.
2. Such former officials and temporary staff may at any time, at their own request, receive a retirement pension on the terms and conditions laid down in the Staff Regulations. Entitlement to the allowance shall then cease. It shall cease in any event not later than the last day of the month in which the former official or member of the temporary staff concerned reaches the age of 65 years or as soon as he or she is eligible before that age for the maximum retirement pension of 70% (Article 77 of the Staff Regulations).

At that point the former official or member of the temporary staff shall automatically receive a retirement pension, which shall take effect on the first day of the calendar month following the month in which the allowance was paid for the last time.

3. The allowance provided for in paragraph 1 shall be adjusted by the weighting fixed for the country situated inside the Community in which the recipient proves that he is resident. Recipients shall provide evidence each year of their place of residence.

If the recipient resides in a country situated outside the Community, the weighting to be applied to the allowance shall be 100.

The allowance shall be expressed in euro. It shall be paid in the currency of the country of residence of the recipient. However, if it is subject to the weighting of 100 under the second subparagraph, it shall be paid in euro.

An allowance paid in a currency other than euro shall be calculated on the basis of the exchange rates referred to in the second paragraph of Article 63 of the Staff Regulations.

4. Where gross income accruing to the former official or member of the temporary staff from any new employment, when combined with the allowance provided for in paragraph 1, exceeds the total gross remuneration last received by the official or member of the temporary staff concerned, determined by reference to the salary scales in force on the first day of the month for which the allowance is payable, the amount of the excess shall be deducted from that allowance. That remuneration shall be weighted as provided for in paragraph 3.

Gross income and total gross remuneration last received, as referred to above, mean sums paid after deduction of social security contributions but before deduction of tax.

The former official or member of the temporary staff shall give a formal undertaking to provide any written proof which may be required, including an annual statement of income in the form of a salary statement or audited accounts, as appropriate, and a sworn or authenticated declaration that he or she is not in receipt of any other income from any new employment, and shall notify the institution of any other factor which



may affect his or her right to the allowance, failing which he or she shall be liable to disciplinary action as provided for in Article 86 of the Staff Regulations.

5. As set out in Article 67 of the Staff Regulations and Articles 1, 2 and 3 of Annex VII thereto, the household allowance, dependent child allowance and education allowance shall be payable either to the recipient of the allowance provided for in paragraph 1 or to the person or persons to whom custody of the child or children has been entrusted by law or by an order of court or of the competent administrative authority; the household allowance shall be calculated by reference to the allowance provided for in paragraph 1.
6. Provided that they are not receiving income from any gainful employment, recipients of the allowance shall be entitled, in respect of themselves and persons covered by their insurance, to benefits under the sickness insurance scheme provided for in Article 72 of the Staff Regulations provided they pay the relevant contribution, calculated on the basis of the allowance provided for in paragraph 1, and are not covered by another sickness insurance scheme by virtue of legal or statutory provisions.
7. During the period for which they are entitled to receive the allowance, but for not more than 65 months, former officials and temporary staff shall continue to acquire further rights to retirement pension based on the salary carried by their grade and step, provided that the contribution provided for in the Staff Regulations by reference to that salary is paid during that period and provided that the total pension does not exceed the maximum specified in the second paragraph of Article 77 of the Staff Regulations. For the purposes of Article 5 of Annex VIII to the Staff Regulations, such period shall be considered to be a period of service.
8. Subject to Articles 1(1) and 22 of Annex VIII to the Staff Regulations, the surviving spouse of a former official who dies while in receipt of the allowance provided for in paragraph 1 shall be entitled, provided that the marriage was contracted at least one year before the former official or member of the temporary staff left the service of the Council, to a survivor's pension equal to 60% of the retirement pension which, irrespective of length of service or age, would have been payable to the former official if he or she had qualified for it at the time of death.

The survivor's pension referred to in the previous subparagraph shall not be less than the amounts specified in the second paragraph of Article 79 of the Staff Regulations. However, in no case may it exceed the amount of the retirement pension to which the former official or member of the temporary staff would have been entitled had he or she survived and been granted a retirement pension when ceasing to be eligible for the allowance referred to above.

The minimum duration of the marriage as referred to in the first subparagraph shall not be taken into account if there are one or more children of a marriage contracted by the official or member of the temporary staff before he or she left the service provided that the surviving spouse maintains or has maintained those children.

Nor shall the duration of the marriage be taken into account if the death of the former official or member of the temporary staff resulted from one of the circumstances referred to at the end of the second paragraph of Article 17 of Annex VIII to the Staff Regulations.

9. On the death of a former official or member of the temporary staff in receipt of the allowance provided for paragraph 1, dependent children within the meaning of Article 2 of Annex VII to the Staff Regulations shall be entitled to an orphan's pension on the conditions set out in the first, second and third paragraphs of Article 80 of the Staff Regulations and in Article 21 of Annex VIII to the Staff Regulations.

*Article 5*

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Council*  
*The President*

**ANNEX 1**  
**ALLOWANCE PERCENTAGE**

The allowance percentage referred to in Article 4(1) of this Regulation will be determined on the basis of the age and length of service of officials or temporary staff at the time of departure as shown in the table below:

| Age<br>Length of service | from 55 to<br>56 years | from 57 to<br>58 years | from 59 to<br>60 years | from 61 to<br>62 years | over 63<br>years |
|--------------------------|------------------------|------------------------|------------------------|------------------------|------------------|
| from 15 to 19 years      | 60.0%                  | 60.0%                  | 60.0%                  | 62.0%                  | 64.0%            |
| from 20 to 24 years      | 60.0%                  | 60.0%                  | 62.0%                  | 64.0%                  | 66.0%            |
| from 25 to 29 years      | 62.0%                  | 64.0%                  | 66.0%                  | 68.0%                  | 70.0%            |
| 30 years and over        | 64.0%                  | 66.0%                  | 68.0%                  | 70.0%                  | 70.0%            |

Level of allowance depending on age and length of service

Age and length of service will be considered in relation to the actual date of termination of service of the official or member of the temporary staff concerned.

Applying these conditions to the target group of officials and temporary staff on a weighted basis gives a maximum average allowance of 62.5%.

## **FINANCIAL STATEMENT**

### **1. TITLE OF OPERATION**

Termination-of-service allowance under the scheme required to accompany the reform of the Commission

(Council Regulation (ECSC, EC, Euratom) No ....)

### **2. BUDGET HEADING(S) INVOLVED**

|       |  |
|-------|--|
| A11   | staff in active employment                                     |
| A1218 | allowances for staff whose service is terminated               |
| A1230 | employer's contribution to the Joint Sickness Insurance Scheme |
| A1290 | weighting for staff whose service is terminated                |
| A1291 | adjustments to various allowances                              |
| A400  | tax proceeds   |
| A401  | proceeds of staff contribution to the pension scheme           |
| A403  | proceeds of the temporary contribution                         |

### **3. LEGAL BASIS**

Article 283 of the Treaty establishing the European Community

### **4. DESCRIPTION OF OPERATION**

#### **4.1 General objective**

The purpose of the operation is to allow 100 officials and 24 temporary staff working in the Political Groups who are affected by the redeployment of Parliament's human resources in 2002, 2003 and 2004, and who would not be able to change their career orientation in order to perform new activities, to leave Parliament before the normal retirement age. The departure of these officials and temporary staff should enable new officials and temporary staff to be recruited with the required skills and qualifications.

#### **4.2 Period covered and arrangements for renewal or extension**

The 100 officials and 24 temporary staff will depart between 2002 and 2004. The budget impact will mainly cover the years 2002 to 2012. On the basis of the target group described in the Annex to this financial statement, the allowances payable will begin to tail off from 2006, as the former officials and temporary staff reach the normal retirement age and become eligible for retirement pension, and will cease in 2012, the year in which these officials and temporary staff should come under the pension scheme.

## **5. CLASSIFICATION OF EXPENDITURE OR REVENUE**

### **5.1 CE**

### **5.2 Non-differentiated appropriations**

### **5.3 Type of revenue: deductions from the allowance**

## **6. TYPE OF EXPENDITURE OR REVENUE**

Operating budget - administrative expenditure: termination-of-service allowances, contribution to the sickness insurance scheme, deductions from the allowances

## **7. FINANCIAL IMPACT**

The starting point is that the operation should have a neutral effect on the budget. The savings achieved through the departure of 100 officials and 24 temporary staff (the difference between the cost of their remuneration as officials in active employment and the allowance they would receive after leaving the service) could enable 47 new officials and 11 temporary staff to be recruited in categories A/LA, B and C.

Overall, there will be a recovery by the budgetary authority of 66 posts (difference between 124 departures under the scheme and 58 new recruits). In the longer term a saving will begin to be felt from 2006. Between 2006 and 2012 the amount of the allowances will decline gradually as the officials whose service is terminated early come under the retirement pension scheme. The savings generated will be equivalent to 66 posts recovered by the budgetary authority around 2012.

### **7.1 Method of calculating the total cost of the operation and breakdown by year**

See the detailed description in the Annex to this financial statement.

The profile of officials and temporary staff whose service is terminated, the number of departures in 2002, 2003 and 2004, the annual budget cost of an official or member of the temporary staff in active employment, the annual budget cost of an official or member of the temporary staff whose service is terminated, the annual savings arising from termination and the period for which the allowance is payable (before the pension scheme takes over) are shown in the table below:

| Profile of departing officials/<br>members of the temporary staff | Number of departures |      |      | Cost of an official/<br>member of the temporary staff in service | Cost of a departing official/<br>member of the temporary staff | Savings arising from the scheme | Duration of allowance |
|---|----------------------|------|------|--|--|---------------------------------|-----------------------|
|   | 2002                 | 2003 | 2004 |  |  |                                 |                       |
| A/LA3   | 3                    | 3    | 3    | 100.867  | 61.318   | 39.649                          | 4 yrs                 |
| A/LA4   | 13                   | 14   | 14   | 87 981   | 53 411   | 34 571                          | 9 yrs                 |
| B1  | 6                    | 7    | 7    | 66 361   | 38 946   | 27 415                          | 4 yrs                 |
| C1  | 14                   | 14   | 14   | 45 998   | 25 733   | 20 265                          | 4 yrs                 |
| D1  | 4                    | 4    | 4    | 34 943   | 20 285   | 14 659                          | 4 yrs                 |
| Total   | 40                   | 42   | 42   |  |  |                                 |                       |

The budget situation, considered over the period for which the allowance is payable to the officials whose service is terminated, is shown in the table below which sets out in successive columns:

- the number of officials/members of the temporary staff whose service is terminated,
- the number of allowances payable,
- the cost of maintaining those officials/members of the temporary staff in active employment,
- the cost of the allowances payable,
- the savings arising from the scheme

| Year | Number of departing officials/members of the temporary staff | Number of allowances | Cost of an official/member of the temporary staff in service | Cost of allowances | Savings arising from the scheme |
|------|--|----------------------|--|--------------------|---------------------------------|
| 2002 | 40   | 40                   | 2 628 264  | 1 553 375          | 1 074 889                       |
| 2003 | 82   | 82                   | 5 410 870  | 3 199 107          | 2 211 763                       |
| 2004 | 124  | 124                  | 8 193 476  | 4 844 839          | 3 348 637                       |
| 2005 | 124  | 124                  | 8 193 476  | 4 844 839          | 3 348 637                       |
| 2006 | 124  | 97                   | 8 193 476  | 3 985 807          | 4 207 669                       |
| 2007 | 124  | 69                   | 8 193 476  | 3 087 829          | 5 105 647                       |
| 2008 | 124  | 41                   | 8 193 476  | 2 189 851          | 6 003 625                       |
| 2009 | 124  | 41                   | 8 193 476  | 2 189 851          | 6 003 625                       |
| 2010 | 124  | 41                   | 8 193 476  | 2 189 851          | 6 003 625                       |
| 2011 | 124  | 28                   | 8 193 476  | 1 495 508          | 6 697 968                       |
| 2012 | 124  | 14                   | 8 193 476  | 747 754            | 7 445 722                       |

The average annual budget cost of one new official or member of the temporary staff is €107 162 at category A3, €71 313 at A7, €49 841 at B5 and €43 248 at C5. The funds available as a result of the departure of 100 officials and 24 temporary staff will therefore enable 47 new officials and 11 temporary staff to be recruited (in all 5 at A/LA3, 13 at A7, 13 at B5 and at 25 C5), at a total annual budget cost of €3 291 694.

|   | A/LA3/2 | A/LA7/3 | B5/3    | C5/3      | Total     |
|---|---------|---------|---------|-----------|-----------|
| Annual budget cost per official/member of the temporary staff | 107 162 | 71 313  | 49 841  | 43 248    |           |
| Number of new recruitments                                    | 5       | 13      | 15      | 25        | 58        |
| Annual budget cost of recruitments                            | 535 810 | 927 069 | 747 615 | 1 081 200 | 3 291 694 |

## 8. FRAUD PREVENTION MEASURES PLANNED

Not applicable

## 9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

See point 7.1

**10. ADMINISTRATIVE EXPENDITURE (PART A OF SECTION III OF THE GENERAL BUDGET)**

**10.1 Impact on the number of jobs**

None

**10.2 Overall financial impact of additional human resources**

None

**10.3 Increase in other operating expenditure arising from the operation, in particular costs arising from meetings of committees and expert groups**

None

## **ANNEX TO THE FINANCIAL STATEMENT**

### **BASIS FOR CALCULATING BUDGET NEUTRALITY**

This Annex sets out in detail the parameters for calculating the particulars shown in the budget statement. The starting point is that the operation should be budget-neutral. The method of calculation involves determining the savings to be achieved through a termination-of-service scheme for 100 officials and 24 temporary staff (difference between the cost of their remuneration in active employment and the allowance they would receive after leaving the service) and the number of new staff that these savings would allow to be recruited. This approach applies during the period for which the allowance is payable, up to the time the former officials and temporary staff become eligible under the pension scheme.

#### ***Parameter 1: Target group***

The scheme will apply to 100 officials and 24 temporary staff, most of whom will have reached the end of their career bracket ('fin de carrière'). Based on the existing target group of officials and temporary staff, the breakdown would be roughly as follows:

|        | 2002 | 2003 | 2004 | Total |
|--------|------|------|------|-------|
| A3/LA3 | 3    | 3    | 3    | 9     |
| A/4LA4 | 13   | 14   | 14   | 41    |
| B1     | 6    | 7    | 7    | 20    |
| C1     | 14   | 14   | 14   | 42    |
| D1     | 4    | 4    | 4    | 12    |
| Total  | 40   | 42   | 42   | 124   |

#### ***Parameter 2 : Average profiles of officials and temporary staff availing themselves of the scheme***

The costs are based on the standard profiles below:

A3 profile      A3/2, married, with no dependent children, recruited at 32

A/LA4 profile   A4/2, married, with no dependent children, recruited at 32

B1 profile      B1/2, married, with no dependent children, recruited at 30

C1 profile      C1/2, married, with no dependent children, recruited at 28

D1 profile      D1/2, married, with no dependent children, recruited at 30

The average age of the target group is 57.

#### ***Parameter 3 : Average profiles of newly recruited officials***

Officials and temporary staff availing themselves of the scheme will be replaced by officials and temporary staff in categories A, B and C recruited at the basic grades (A7/3, B5/3 and C5/3 respectively), and presumed to be married with one dependent child.



#### ***Parameter 4: Average level of allowance***

Applying the conditions set out in Annex 1 to the Regulation on a weighted basis to the existing target group of officials and temporary staff (meeting the criteria for age and length of service) gives an average level of allowance of 62.5%, which is the level used to make the calculations.

#### ***Parameter 5: Other assumptions***

The level of the expatriation allowance, included in the remuneration of staff in active employment, is estimated at 12% (average of the rates of 0%, 4% and 16% according to individual situations).

The geographical weighting applied to the remuneration of the former officials and members of the temporary staff is estimated at 105 (depending on where they establish residence after leaving the service).

#### ***Annual budget savings arising from the scheme***

The annual budget cost of individual officials and members of the temporary staff before leaving the service is shown in the table below:

| <b>Annual budget cost per official and/or member of the temporary staff in active employment</b> |                |                |             |             |             |
|--|----------------|----------------|-------------|-------------|-------------|
|  | <b>A/LA3/2</b> | <b>A/LA4/2</b> | <b>B1/2</b> | <b>C1/2</b> | <b>D1/2</b> |
| Basic salary   | 111 662        | 93 433         | 66 475      | 42 043      | 32 224      |
| Household allowance  | 5 583          | 4 672          | 3 324       | 2 169       | 2 169       |
| Secretarial allowance  |                |                |             | 1 996       |             |
| Expatriation   | 13 399         | 11 773         | 8 376       | 5 545       | 4 127       |
| Employer's contribution to the Joint Sickness Insurance Scheme                                   | 4 746          | 3 971          | 2 825       | 1 787       | 1 370       |
| Community tax  | -22 111        | -15 552        | -7 492      | -3 455      | -2 107      |
| Temporary contribution   | -3 200         | -2 607         | -1 663      | -617        | -181        |
| Personal pension contribution  | -9 212         | -7 708         | -5 484      | -3 469      | -2 658      |
| Budget cost per official   | 100 867        | 87 981         | 66 361      | 45 998      | 34 943      |

Details of the annual budget cost of individual officials and members of the temporary staff after leaving the service are shown in the table below (expenses associated with leaving the service are not additional costs but costs paid in advance and are not included in the calculation):

| <b>Annual budget cost per official and/or member of the temporary staff after leaving under the scheme</b> |                |                |               |               |               |
|--|----------------|----------------|---------------|---------------|---------------|
|  | <b>A/LA3/2</b> | <b>A/LA4/2</b> | <b>B1/2</b>   | <b>C1/2</b>   | <b>D1/2</b>   |
| Allowance  | 69 789         | 58 396         | 41 547        | 26 277        | 20 140        |
| Household allowance  | 3 489          | 2 920          | 2 169         | 2 169         | 2 169         |
| Weighting  | 3 168          | 2 646          | 1 887         | 1 233         | 971           |
| Employer's contribution to the Joint Sickness Insurance Scheme   | 2 373          | 1 985          | 1 413         | 893           | 685           |
| Community tax  | -8 645         | -5 124         | -2 796        | -1 504        | -1 123        |
| Personal pension contribution  | -8 856         | -7 412         | -5 273        | -3 335        | -2 556        |
| <b>Budget cost per official</b>  | <b>61 318</b>  | <b>53 411</b>  | <b>38 946</b> | <b>25 733</b> | <b>20 285</b> |

Details of the annual budget savings achieved as a result of the scheme (savings from the departure of one official or member of the temporary staff and total savings) are shown in the table below:

| <b>Annual budget savings arising from the scheme</b>                             |                |                  |                |                |                |                  |
|--|----------------|------------------|----------------|----------------|----------------|------------------|
|  | <b>A/LA3/2</b> | <b>A/LA4/2</b>   | <b>B1/2</b>    | <b>C1/2</b>    | <b>D1/2</b>    | <b>Total</b>     |
| Cost per official/member of the temporary staff in active employment             | 100 867        | 87 981           | 66 361         | 45 998         | 34 943         |                  |
| Cost per official/member of the temporary staff leaving under the scheme         | 61 318         | 53 411           | 38 946         | 25 733         | 20 285         |                  |
| Savings per official/member of the temporary staff                               | 39 549         | 34 571           | 27 415         | 20 265         | 14 659         |                  |
| Number of officials/members of the temporary staff to whom the scheme will apply | 9              | 41               | 20             | 42             | 12             | 124              |
| <b>Total budget savings</b>  | <b>355 941</b> | <b>1 417 411</b> | <b>548 300</b> | <b>851 130</b> | <b>175 908</b> | <b>3 348 690</b> |

The total annual budget saving is €3 348 690.

### ***Cost of new posts and recruitment possibilities***

Details of the average annual budget cost of one new official or member of the temporary staff are shown in the table below (the career weighting takes account of career advancement during the relevant period; expenses associated with taking up appointment are not included in the calculation):

| <b>Annual budget cost per new official/member of the temporary staff</b> |                |             |             |             |
|--|----------------|-------------|-------------|-------------|
|  | <b>A/LA3/2</b> | <b>A7/3</b> | <b>B5/3</b> | <b>C5/3</b> |
| Basic salary   | 111 662        | 59 661      | 38 406      | 29 558      |
| Household allowance  | 5 583          | 2 983       | 2 169       | 2 169       |
| Dependent child allowance  | 2 793          | 2 793       | 2 793       | 2 793       |
| Education allowance  | 2 496          | 2 496       | 2 496       | 2 496       |
| Secretarial allowance  |                |             |             | 1 996       |
| Expatriation   | 14 405         | 7 852       | 5 204       | 4 382       |
| Employer's contribution to the Joint Sickness Insurance Scheme           | 4 746          | 2 536       | 1 632       | 1 256       |
| Community tax  | -22 111        | -4 732      | -2 042      | -1 357      |
| Temporary contribution   | -3 200         | -1 391      | -469        | -54         |
| Personal pension contribution  | -9 212         | -4 922      | -3 168      | -2 439      |
| Total budget cost of scheme  | 107 162        | 67 276      | 47 020      | 40 800      |
| Career weighting   |                | 4 037       | 2 821       | 2 448       |
| Budget cost per official   | 107 162        | 71 313      | 49 841      | 43 248      |

The annual budget cost of recruiting 47 new officials (4 A/LA3, 8 A7, 10 B5, and 25 C5) and 11 new temporary staff (1 A/LA3, 5 A7, and 5 B5) is equivalent to the total annual budget savings arising from the scheme:

| <b>Total annual budget cost of new posts</b>           |                |                |             |             |              |
|--|----------------|----------------|-------------|-------------|--------------|
|  | <b>A/LA3/2</b> | <b>A/LA7/3</b> | <b>B5/3</b> | <b>C5/3</b> | <b>Total</b> |
| Budget cost per official/member of the temporary staff | 107 162        | 71 313         | 49 841      | 43 248      |              |
| Number of new recruitments                             | 5              | 13             | 15          | 25          | 58           |
| Total budget cost of recruitment                       | 535 810        | 927 069        | 747 615     | 1 081 200   | 3 291 694    |

**The savings arising from the departure of 100 officials and 24 temporary staff will mean that 47 new officials (4 A/LA3, 8 A7, 10 B5, and 25 C5) and 11 new temporary staff (1 A/LA3, 5 A7, and 5 B5) can be recruited.**

## **EXPLANATORY MEMORANDUM**

The purpose of the two following proposals for a regulation is to prevent those who avail themselves of the special, temporary measures to terminate the service of from escaping the Community tax.

Amended Proposal for a  
**COUNCIL REGULATION**

**amending Regulation (EEC, Euratom, ECSC) No 260/68 laying down the conditions and procedure for applying the tax for the benefit of the European Communities**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 283 thereof,

Having regard to the Protocol on the Privileges and Immunities of the European Communities, and in particular Article 13 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) Regulation (EEC, Euratom, ECSC) No 260/68<sup>1</sup>, as last amended by Regulation (EC, ECSC, Euratom) No 2804/00<sup>2</sup>, should be amended to take account of Council Regulation No of introducing special measures to terminate the service of officials of the Commission of the European Communities as part of the reform of the Commission,
- (2) Regulation (EEC, Euratom, ECSC) No 260/68, as last amended by Regulation (EC, ECSC, Euratom) No 2804/2000, should be amended to take account of Council Regulation [yyy] No [yyy] of [...] introducing special measures to terminate the service of officials of the General Secretariat of the Council of the European Union,
- (3) Regulation (EEC, Euratom, ECSC) No 260/68, as last amended by Regulation (EC, ECSC, Euratom) No 2804/2000, should be amended to take account of Council Regulation [zzz] No [zzz] of [...] introducing special measures to terminate the service of European Parliament officials and temporary staff working in the Political Groups,

HAS ADOPTED THIS REGULATION:

*Article 1*

In Article 2 of Regulation (EEC, Euratom, ECSC) No 260/68, the following sixteenth, seventeenth, and eighteenth indents are added:

- those entitled to the allowance provided for in the event of termination of service under Article 4 of Regulation [xxx] No [xxx]

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<sup>1</sup> OJ L 56, 4.3.1968, p. 8.

<sup>2</sup> OJ L 326, 22.12.2000, p. 3.

- those entitled to the allowance provided for in the event of termination of service under Article 4 of Regulation [yyy] No [yyy]
- those entitled to the allowance provided for in the event of termination of service under Article 4 of Regulation [zzz] No [zzz]."

## *Article 2*

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

This Regulation shall apply from the date of entry into force of the Regulation referred to in Article 1.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Council*  
*The President*

Amended Proposal for a

**COUNCIL REGULATION**

**amending Regulation (Euratom, ECSC, EEC) No 549/69 determining the categories of officials and other servants of the European Communities to whom the provisions of Article 12, the second paragraph of Article 13 and Article 14 of the Protocol on the Privileges and Immunities of the Communities apply**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 283 thereof,

Having regard to the Protocol on the Privileges and Immunities of the European Communities, and in particular Articles 16 and 22 thereof,

Having regard to the proposal from the Commission<sup>1</sup>,

Having regard to the opinion of the European Parliament<sup>2</sup>,

Having regard to the opinion of the Court of Justice,<sup>3</sup>

Having regard to the opinion of the Court of Auditors<sup>4</sup>,

Whereas:

- (1) Regulation (Euratom, ECSC, EEC) No 549/69<sup>5</sup>, as last amended by Regulation (EC, ECSC, Euratom) No 1198/98<sup>6</sup>, should be amended to take account of Council Regulation No of introducing special measures to terminate the service of officials of the Commission of the European Communities as part of the reform of the Commission,
- (2) Regulation (EEC, Euratom, ECSC) No 549/69, as last amended by Regulation (EC, ECSC, Euratom) No 1198/98, should be amended to take account of Council Regulation [yyy] No [yyy] of [...] introducing special measures to terminate the service of officials of the General Secretariat of the Council of the European Union,
- (3) Regulation (EEC, Euratom, ECSC) No 549/69, as last amended by Regulation (EC, ECSC, Euratom) No 1198/2000, should be amended to take account of Council

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<sup>1</sup> OJ C , , p. .

<sup>2</sup> OJ C , , p. .

<sup>3</sup> OJ C , , p. .

<sup>4</sup> OJ C , , p. .

<sup>5</sup> OJ L 74, 27.3.1969, p. 1.

<sup>6</sup> OJ L 166, 11.6.1998, p. 3.

Regulation [zzz] No [zzz] of [...] introducing special measures to terminate the service of European Parliament officials and temporary staff working in the Political Groups,

HAS ADOPTED THIS REGULATION:

*Article 1*

In Article 2 of Regulation (Euratom, ECSC, EEC) No 549/69, the following points (p), (q), and (r ) are added:

(p) those entitled to the allowance provided for in the event of termination of service under Article 4 of Regulation [xxx] No [xxx]

(q) those entitled to the allowance provided for in the event of termination of service under Article 4 of Regulation [yyy] No [yyy]

(r) those entitled to the allowance provided for in the event of termination of service under Article 4 of Regulation [zzz] No [zzz]."

*Article 2*

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

This Regulation shall apply from the date of entry into force of the Regulation referred to in Article 1.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Council*  
*The President*