Future Career Reform

Central Staff Committee Information Meetings

3 to 11 November 2014

EPO & CSC Proposals
Mgt message: „Nothing changes: all group of grades start and finish at similar point “

Not quite:
- Exception: A5 and A6 start up to 15% higher*
- A4(2) are posts based on selection (not part of the career)
- Salary scales mean little without progression rules (step & promotions)

*CSC Information Meetings (3 to 11 November 2014)
Mgt message: “the future salary curve is lower but everything will be fine for you”

But will it really be so? ......obviously **NO!**

**First**, the curve is much slower and lower than today...
Secondly, budget constraints will further reduce career expectations...
2.4) FINANCIAL IMPACT AND COST MONITORING

Potential careers using the proposed salary grid:
impact of different budgetary envelopes

Estimation of average salaries

- 4000
Staff in place: Potential after transition, assuming every year one step

Real scenario, assuming every year one step for 50% of staff.
...thirdly, further careers will stand in the way of your career...

...depending on discretionary decisions of managers...
Targets are* top-down:

All based on Managerial discretion

... and:

• NO SR supervision
• NO fair contest possible

New elements (I)

Setting of objectives
- Cascaded down from strategic to individual level
- Agreed by staff member (arbitration procedure foreseen)
- With reference to what can normally be expected for the function and grade (demanding, normal, below)

Competency framework
- Core competencies equal for all staff
- Job profile
- Within the association
- Leader

Link between performance and career progression

• Steps, promotions and bonuses subject to budget envelope

• The performance appraisal report will be an important element, but not the only one:
  1. Step advancement
     - achieved performance against individual objectives
     - managerial discretion within budget envelope
  2. Promotion criteria
     - achievement of specific work-related targets and other strategic priorities (individual or collective) as recorded in the objectives
     - proven performance record over a period of several years
     - attainment of expected competencies and proficiency levels
     - applied experience and responsibilities
     - managerial discretion within budget envelope
  3. Possibility of bonuses
     - for exceptional performance / tasks / behaviour (to be defined)
     - managerial discretion within budget envelope

*“Performance management” – VP1 presentation to managers on 08.10.14
Budget effect on career expectations

Budget constraints reduce substantially the EPO average career evolution and...

...reduce substantially the life time earnings of EPO employees.

*"Career trend“ in the sense of the Acturaries: average career starting age= 28, average pension age=63 - total 35 years in EPO=70% pension all accumulated basic salaries and DB pensions (20 years) and SSP capital estimated with +3,75% return over inflation – no allowances

CSC Information Meetings (3 to 11 November 2014)
Salary and pension losses in New career

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<tr>
<th>Years in the EPO/ total seniority</th>
<th>0 k€</th>
<th>-500 k€</th>
<th>-1,000 k€</th>
<th>-1,500 k€</th>
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<td>newcomers*</td>
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<tr>
<th>Career speed</th>
<th>Definition</th>
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<tr>
<td>7 3</td>
<td>&quot;average MINUS&quot;: 1 Step or Prom every 3 years</td>
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<tr>
<td>5-6 2</td>
<td>&quot;average&quot;: 50% promoted/step per year</td>
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<tr>
<td>4 1,7</td>
<td>&quot;average PLUS&quot;: 50% promoted/step per year plus 1 double step every 10 year</td>
</tr>
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*Avg Step or Prom per year
Comparison of individual career paths

The original issue is the aging demographics of the EPO. It stems from past recruitment Office policy in the young growing institution.

*In HR terms it means*, finding career prospects for a growing experienced population.

**NOTE:** the Future Career does NOT solve this challenge, on the contrary!
No transition = no acquired rights

Young or old, slow or fast, A or B&C,
Staff in Place or future colleagues,
Defined Contribution (DC) or Defined Benefits (DB)

All staff will be affected

CSC Information Meetings (3 to 11 November 2014)
CSC Career Proposal to the GCC

http://www.epostaff.org/archive/sc14228cp.pdf

Inspired by the Kinnock salary reform for the EU

(see CSC Proposal p.8 to 9 and p.16 to 21)
The reasons given for a new career are not convincing.

If a convergence with other International Organisation is deemed absolutely necessary, the CSC suggests that an approach is adopted......

similar to the EU reform adapted to the specific need of the EPO.
The Career

• joining the EPO is a long-term decision and possibly a life-long commitment
• maintaining motivation is vital for staff and for the EPO
• career prospects: - fair (realistic)
  - transparent
  - predictable (vs. managerial discretion)
• technical career with fair prospects for examiners
Administration vs. **CSC career proposal**

**The proposed salary grid**

- Merge all grades.  
  (CSC agrees)

- Increase the number of grades = more promotions.  
  (CSC agrees)

- No overlap in steps.  
  (CSC agrees to decrease overlaps (Partly))

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**No transitional Measures.** Steps are frozen. No possibility to consider past report. No **acquired rights** guaranteed  
(CSC proposes to keep the overlaps for staff in place)

As in EU, Staff at different grades are maintained, together with their possibility of reaching their career as originally intended. In 10 years the problem is solved, everyone is in the same salary grid. The EU reforms foresees this transition period to guarantee the **acquired rights** and the **reasonable career expectations**.
• **The pay differential** could be increased reasonably.
(CSC thinks that **50% and more difference in pay** doing effectively the same job is not reasonable. For most staff the job is a collegial one. Large differentials are perceived as unjust and undermine collegiality).

• **The career required length** to reach the top could be extended (ex. 30-32 years instead of 28 years today)
(CSC thinks a **7 years extension** is excessive = 35 years required, given that the majority of staff do not reach the maximum in the present system)

• **Not Budget neutral:** EPO Sustainability is GOOD but budget savings of **-1/3rd** of **annual** salary mass over the middle term are excessive!
(No compelling reasons for such budget savings and massive cut in staff future earnings)
Moving up the grid

• Moving up the grid should be the rule (if criteria and “agreed” aims are met)
• until retirement
• reward for acquiring new competences
• also reward for deepening competences and gaining experience
• clear underperformers could be prevented from promotion (this could be agreed upon under transparent conditions. The CSC does not support those who demonstrably misuse the system.).
Point system like in the EU

- points (or fractions) earned each year based on merit, depending on clear criteria.
- assessment on key competences, conduct and the achievement of fair and agreed objectives
- clear thresholds for promotion
- extra points instead of bonuses for particular achievements
- Fair legal challengeable assessment of the report (with the SR involvement and oversight)
Summary

• The Future rules:
  – Unpredictable, unchallengeable by staff,
  – Based on discretionary management decisions
  – No Transition foreseen to ensure acquired rights

• The Future Career:
  – Lower and slower career prospects,
  – Substantial lifetime earning losses (salary and pensions)
  – Damaging the collegial nature of the Work in the EPO

• The Reform process:
  – No Staff consultation (40-50 Min in the GCC)
  – CSC Counterproposal rejected without comment
  – Rushed through and against the opinion of Staff
  – Immediate effect (1 January 2015)
• **Give time** and consider the [CSC proposal](#) (based on the EU proposal),

• Use a **transition period** for staff in place (like in the EU).

• By considering:

  the Staff’s efforts in the past and their "acquired rights"
  their Reasonable Career Expectations

• minimises:
  the risk of litigation

• improves:
  acceptance for staff

• guarantees:
  that the EPO remains a success story
Conclusion

Help US help YOU!

• Do you support our Position?
• What should WE do further?
• What can YOU do further?

• NEXT STEPS?