



Report of the 242nd meeting of the GAC on 17-18.07.2012 in Munich

Summary

The 242nd meeting of the GAC (General Advisory Committee) was the fifth GAC meeting of 2012. The agenda comprised a number of documents. These were amendment of two circulars (306 and 310) concerning reporting on managers, the President's notes to the Chairmen of the promotion boards and three documents concerning reorganisations of various departments, namely IM, PD Human Resources and Internal Communication (PD 0.8).

Introduction

The 242nd meeting was the first meeting this year which actually required the originally foreseen two days. This was because it had five topics on the agenda for which the GAC was required to give an opinion, rather than a single document which had been the case with previous meetings this year. In this respect, the meeting was thus more like what we are used to from previous years.

The meeting was also the first meeting following the departure from the Office of the former VP2, Mr Vermeij. He had been nominated to the GAC as a full member for 2012. The Implementing Rules for the GAC foresee that members who are unable to see out their term of appointment should be replaced by a deputy. The deputy is then replaced by a new one. This the President has not yet done. The GAC has quorums for both the numbers of people that must be present for it to be able to give opinions and the number of these who must be full (rather than deputy) members. Given that it seems that the GAC will have a heavy workload in the second half of 2012, we hope that this omission will not cause problems.

A new organisation for IM

Last year, as set out in our report of the 230th meeting of the GAC, the President submitted to the GAC a proposal for implementing a "Chief Information Officer" (CIO) in the IM organisation.

At that time, it was explained that the proposal was in response to the IT Roadmap. This had identified weaknesses in the Office in change management. Thus it was foreseen that the person on this future position will be responsible for coordination of the projects in IM across the existing PDs. That is to say, would be responsible for change and project management at the Office. It was foreseen that the person would have the same grade as the colleagues leading the existing PDs i.e. the CIO would also be an A6, and would not be the hierarchical superior of the other PDs.

At that time, VP2 had informed the GAC that it was planned to introduce the structure presented in 2011 temporarily so as to keep IM operational pending consideration of a more substantial future restructuring. VP2 remained the budget holder and the final deciding authority in IM.

At the time, we pointed out that in other

organisations usually the CIO reports to the President and is member of the managerial committee. We also made a number of other observations. In the meantime, the Office has proceeded to recruit a CIO (Mr Kraft). Since his recruitment, he has obviously given some thought into the IM structure he considers necessary. This was presented to the GAC for opinion.

The core of the proposed structure is that the CIO will report directly to the President. However, DG2 will continue to "host" IM. Under the CIO, there are three principal directorates and three directorates. The three directorates and one of the principal directorates (called Automation Planning and Budget) provide central services. The other two principal directorates are in charge of operational matters. These are PD IM Service Creation, responsible for creation and maintenance of IM services and PD IM Service Operations responsible for operations of the IM services.

The document set out that, once finalised, the structure would be presented to all IM staff and a consultation phase would follow. Only then would final decisions be made on the re-allocation of tasks in the new structure amongst staff. The CSC will be asked to nominate a representative to oversee this process.

Our information is that the team managers and staff are generally positive on the principles of the proposal. In particular, staff agree that changes need to be made to the way that IM is managed. Our main concern is thus that staff are treated fairly during the process. In this respect, involvement by the CSC and the fact that the administration seem to be trying to be transparent and keep staff informed is positive.

Moreover, the GAC generally considered that the establishment of the CIO as the hierarchical superior of all IM staff as being a good step. The fact that the CIO "reports directly to the President, but that DG2 will continue to host IM", raised some concerns. However, the GAC also considered that the obvious alternative, namely to move all of IM to the presidential area, would also not be ideal. The presidential area is already larger than DG5. IM has 430 permanent posts. In addition, a few hundred people either have non permanent posts or work as contractors.

Moving such a number of people to the presidential area would risk making it unmanageable.

In the end, the GAC gave a unanimous opinion with the above tenor.

Amendment of Circulars No. 306 and 310

Circulars 306 and 310 respectively concern performance management (i.e. reporting) for principal directors and directors. As derivable from the above, one of the effects of the proposed IM reorganisation is that the reporting officer for three principal directors and the counter signing officer for a number of directors in IM will be a principal director. There is no basis in the Circulars for this.

The administration thus presented slightly amended versions of the Circulars to the GAC for opinion, the aim being to provide for a legal basis for reporting on principal directors and directors under the circumstances that the reporting officer and countersigning officer respectively is a principal director. If the President decides to go ahead with the IM restructuring, such changes are necessary. The GAC thus gave a positive opinion on the proposals. However, since these changes are only necessary if the proposed new structure in IM is implemented, the GAC also recommended that the Circulars only be amended if the proposed IM restructuring is implemented. The GAC also suggested a few editorial amendments to the proposal

New structure of PD Human Resources

The administration presented to the GAC a paper proposing a new structure for PD HR. HR was most recently restructured in 2008, to move from geographic to Office-wide units. The document claimed that there were two main reasons for this further reorganisation. Firstly, following from the HR Roadmap, the intention is to put a greater emphasis on an "individual and service oriented approach". Secondly, the study on support services by PA Consulting had made a number of recommendations concerning the structure of PD HR.

The core of the proposal is that PD HR will comprise four directorates rather than the five currently. These will be called Customer Interface, Operations, Compensation and

Social Policies and Recruitment and Talent Management. Very roughly, the tasks currently performed by PD HR will be carried out by the last three mentioned above. What is new is the directorate Customer Interface. This will comprise so called HR Partners and HR Interlocutors whose duty it will be to provide HR support to line management and staff.

It is not intended to increase the number of staff in PD HR. That is to say, these new functions in DIR Customer Interface will be carried out by existing staff, who will probably mainly come from DIR Operations. It is claimed that this will not cause problems since it is expected that efficiency will be improved e.g. by simplifying procedures and using more electronic tools. Staff have been informed of the plans and so called "HR Transformation days" took place recently in The Hague and Munich.

In our opinion, the idea to bring the services provided by PD 4.3 closer to the users of these services and, in particular, the introduction of the of the so called "interlocutor", is probably good for staff. Nevertheless, we considered that in this process valuable expertise and capacity may be lost, since highly specialised colleagues in HR would start working as "generalists" and may not be suitably replaced. In particular, it remains to be seen if efficiency will really be improved sufficiently by increased use of electronic tools. It is also possible that there will not be enough candidates for the positions of "interlocutors". Another point of concern is that in the GAC it was explained that, in principle, staff should rotate through different positions in the new structure. Whilst job mobility offers an opportunity for professional development, forced rotations can seriously harm working atmosphere and motivation. We thus considered that this requires close attention if the reorganisation is to be a success.

In our opinion, we also set out that, in any reorganisation, our main concern as staff representatives is the well-being of staff. We thus hoped that their interests and wishes would be taken into account and that uncertainty is reduced to a minimum. In particular, we noted that some colleagues in PD HR seemed uncertain about their professional future and hoped that management in PD HR would do their best to help these staff members through the change.

The members nominated by the President gave a positive opinion on the proposal.

Reorganisation of Internal Communication

Following advice from an external consultant, in 2004 the Office adopted a centralised structure for PD Communication. At that time, the GAC gave a unanimous positive opinion on this concept.

Late last year, a restructuring of the PD took place (see our report of the 237th GAC). To this meeting of the GAC the administration presented a document proposing a further restructuring. Concretely, it is proposed to move the Internal Communication department (Dir 0.8.5) from PD Communication to DG4. This is where (at least partly) it was prior to 2004.

Neither from the document itself nor from the information provided in the meeting could we see the point of the proposed reorganisation.

Indeed, in the GAC it was explained that there was not really a problem which the proposal was intended to address. Rather, there was a choice of different places in the Office organigramme where Dir 0.8.5 the directorate could be placed and that each of these possibilities had its advantages and disadvantages. In contradiction to this, it was also claimed that moving Dir 0.8.5 from DG 0 to DG 4 would allow it to better support the Office strategy. However, despite our requests, no information was provided as to what, in this respect, the Office strategy was, let alone how this measure would better support it. Given that there seemed to be no particular reason to move the directorate to DG4, we argued that, given the increased use of electronic media, we could imagine that it **might** be equally advantageous to move Dir 0.8.5 to DG2, in order to bring the directorate closer to IM. No convincing reasons were provided why, if it was deemed necessary to remove Internal Communications from PD Communications, this was not an alternative.

Any reorganisation has costs due to, but not limited to, the staff uncertainty and confusion that it creates. This is particularly so given that the most recent reorganisation in this area took place less than a year ago. In the current case, additional costs include the risk of sending mixed messages internally and externally if

internal and external communication are separate.

Before any reorganisation, it is necessary to determine if the expected benefits outweigh the costs. Since, in the current case, we couldn't determine any benefits, we couldn't deduce any compelling reasons to deviate from the proposal adopted in 2004 to centralise all communications departments in a central PD Internal communication. We thus recommended not to proceed with the proposal.

The members nominated by the President gave a positive opinion on the proposal.

Notes to Chairmen of the Promotion Boards

Every year, the President sends to the GAC his notes to the Chairmen of the promotion boards. Over time, the content of the notes has evolved as the administration slowly takes our observations into account. The notes were unchanged from those used the previous two years.

Accordingly, the GAC gave the same unanimous positive opinion as the previous years. Again, as in previous years, we did, however, note that:

- §13 of the note to the Chairman of the A-grade Promotion Board and §11 of the note to the Chairman of the B/C-grade Promotion Board (which allow the boards, in exceptional cases, to make promotion recommendations which derogate from Circulars 253 and 271) remain a concern for us, as in previous years; the boards should handle these exceptions with the utmost care to avoid abuses and preferential treatment.
- One of the fundamental ideas behind the EPO's reporting and promotion system is continuity. For example, in the higher grade of the career bands, staff are expected to demonstrate a consistent level of performance over three reporting periods. It is essential for the good functioning of the promotion system that changes taking place at the office (e.g. job mobility, etc) are coherent with this need for continuity.
- Especially if an improvement in performance has been noted, the criteria for promotion for staff members

who have received overall or partial markings of 4 or 5 should be reviewed.

The members of the GAC nominated by the CSC.