



**Central Staff Committee  
Information Meetings**

**3 to 11 November 2014**

**Future Career Reform**

**EPO & CSC Proposals**

# Office proposal (GCC 06/14)

## 2.4) FINANCIAL IMPACT AND COST MONITORING

Salary grid with “anchor points” (from current scale) at end of grade – partial overlap between only two hierarchical levels

	Level	Step 1	Step 2	Step 3	Step 4	Step 5	Jobs
	17	14.852	15.389	15.326			237
	16	13.865	14.115	14.365	14.615		250
VP	15	12.860	13.112	13.363	13.615		252
VP/PD	14	11.854	12.106	12.357	12.609		248
PD	13	10.609	10.857	11.106	11.354	11.603	238
PD/Dir	12	9.410	9.648	9.885	10.123	10.361	224
Director	11	8.277	8.501	8.725	8.949	9.172	215
Dir/A4	10	7.191	7.407	7.622	7.838	8.053	142
A1/A4	9	6.409	6.551	6.693	6.834	6.976	120
A/B	8	5.701	5.842	5.984	6.126	6.268	85
B	7	5.078	5.198	5.318	5.439	5.559	85
C	6	4.619	4.704	4.788	4.873	4.958	82
	5	4.195	4.280	4.365	4.449	4.534	82
	4	3.780	3.862	3.944	4.026	4.110	82
	3	3.371	3.452	3.534	3.616	3.698	81
	2	2.965	3.046	3.127	3.208	3.289	77

Annotations in the image:

- Start PD career: points to Level 16
- Start VP career: points to Level 15
- Start Dir. career: points to Level 13
- Grade anchors: A1/1 (Level 5), B1/1 (Level 3), A7/8 (Level 15), A6/10 (Level 16), A5/13 (Level 14), A4/13 (Level 12), B6/13 (Level 9), B5/13 (Level 7), B3/3 (Level 3)

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

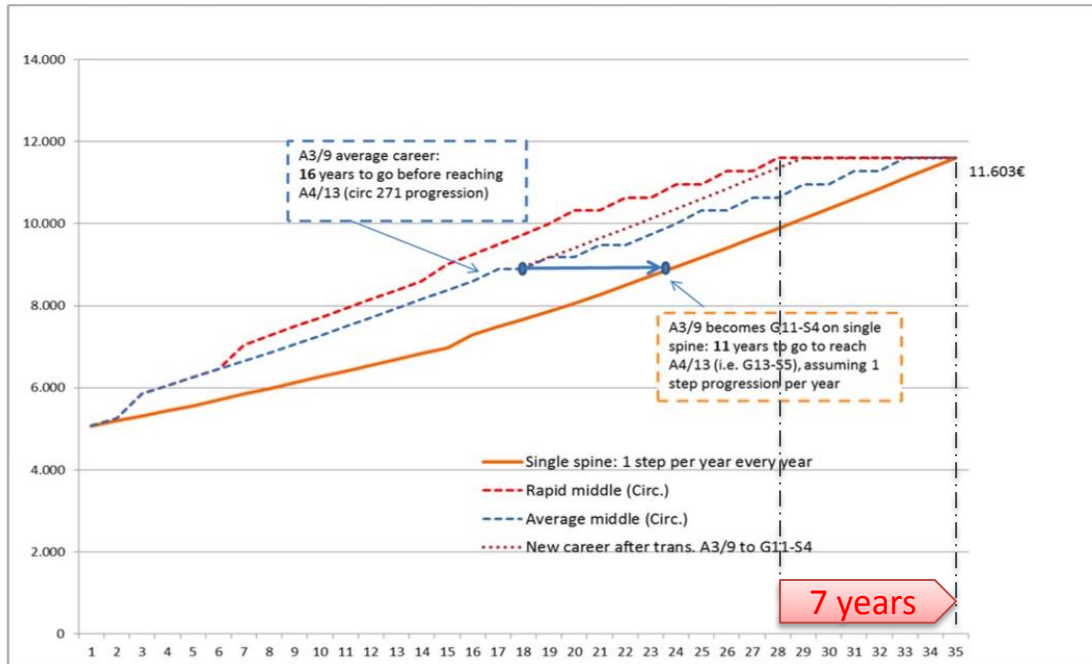
### Not quite:

- 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)

\*a small but remarkable population of ca. 20 young A5s and 1 (or 2) PD...

# Career paths (GCC 06/14)

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



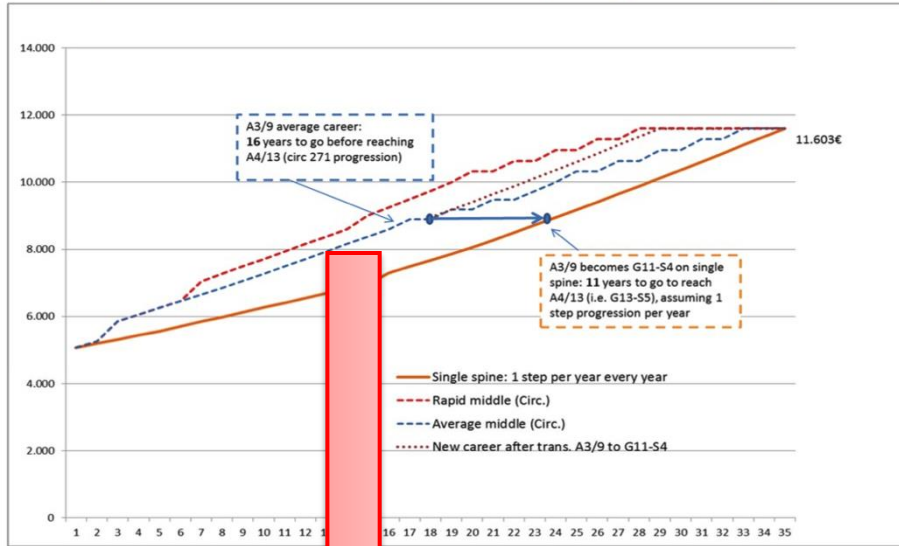
Mgt message: „the future salary curve is lower but everything will be fine for you“

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

**First,** the curve is much **slower and lower** than today...

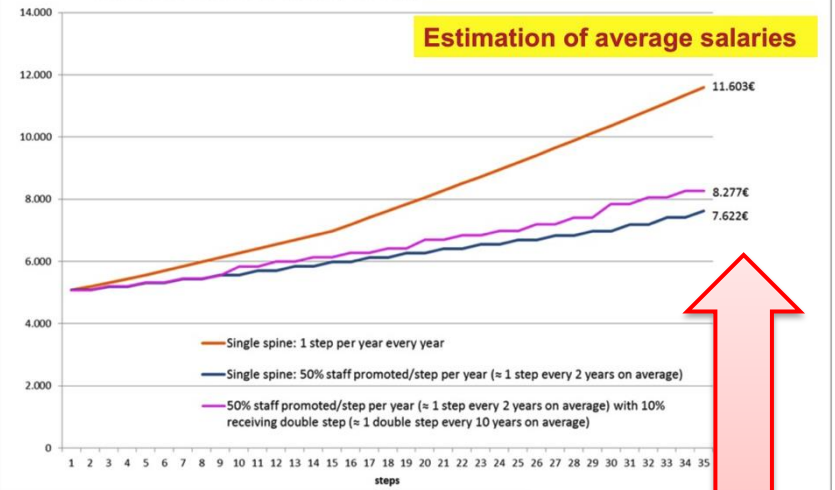
# Career paths (GCC 06/14)

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



## 2.4) FINANCIAL IMPACT AND COST MONITORING

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



2) PROPOSED NEW SYSTEM

### 2.4) FINANCIAL IMPACT AND COST MONITORING

Budgetary envelope approach

**1) Global envelope for steps, promotions and bonuses, based on the same current budget of ca. 15 mEUR:**

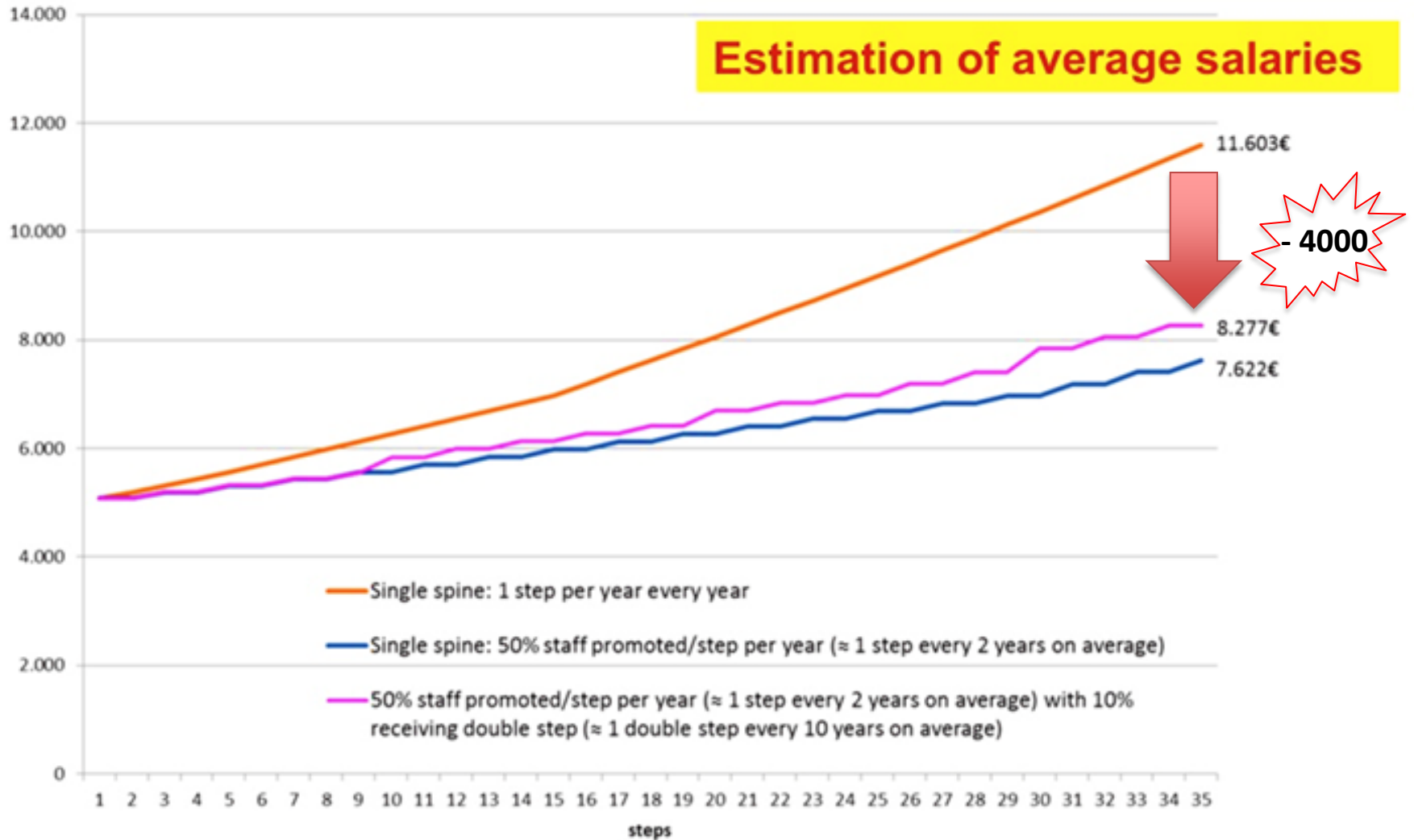
**Step/promo: 50% of staff**

- Bonus:** Possible use of **bonuses** as an additional incentive linked to performance for specific groups of staff (not permanent or pensionable)

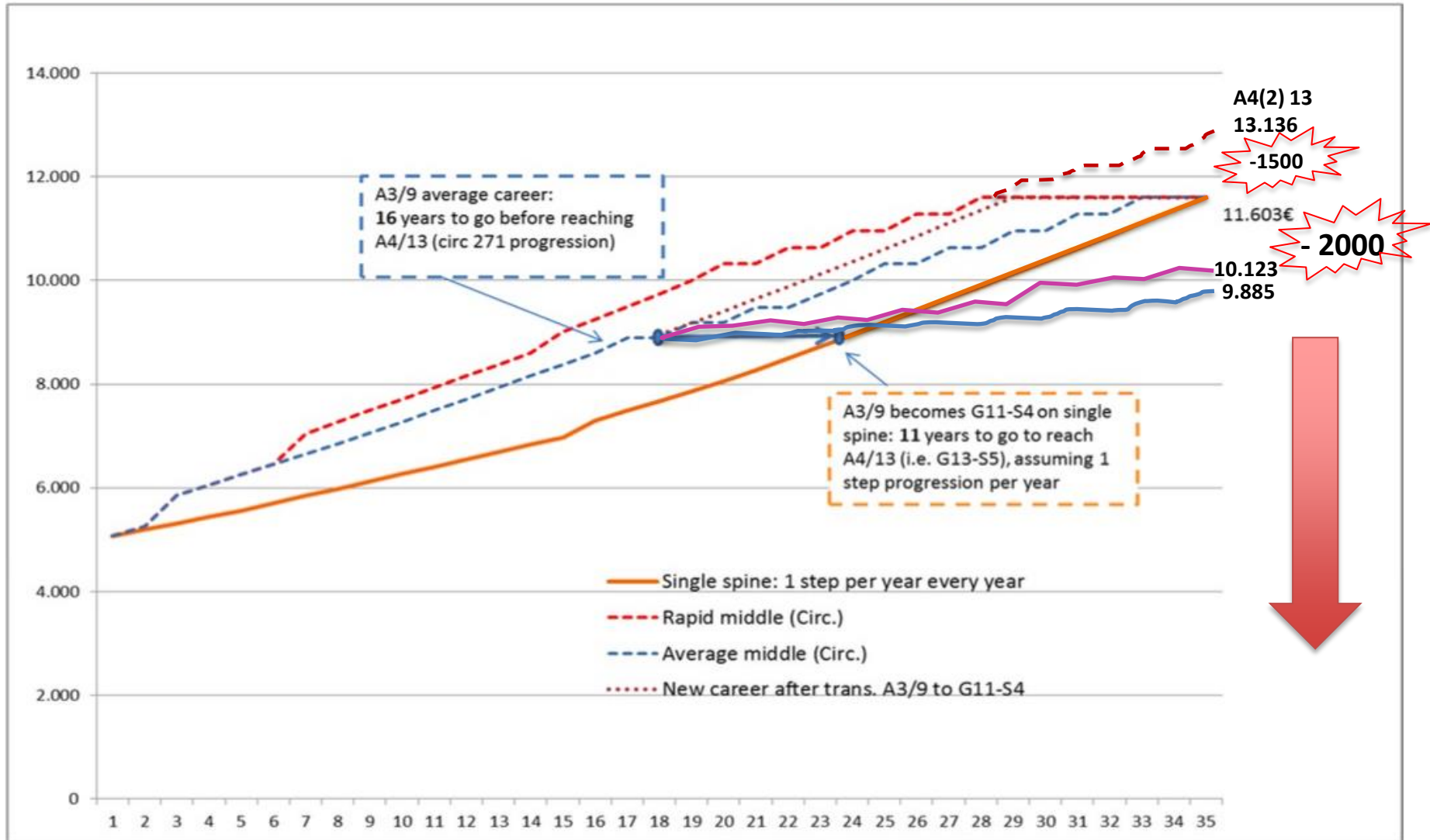
**Secondly,** budget constraints will further reduce career expectations...

## 2.4) FINANCIAL IMPACT AND COST MONITORING

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



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



Real scenario, assuming every year one step for 50% of staff.

# Career paths (GCC 06/14)

...thirdly, further **barriers** will stand in the way of your **career**...



2) PROPOSED NEW SYSTEM

## 2.3) CAREER PATHS AND RULES TO MOVE (UP)

**BASIS: performance (target achievement and competencies) assessed yearly in staff report**

	STEP ADVANCEMENT	NORMAL PROMOTION PROCEDURE
Minimum criteria for eligibility	<ul style="list-style-type: none"><li>- Applied competencies correspond to your grade</li><li>- Targets achieved</li></ul>	<ul style="list-style-type: none"><li>- Applied competencies correspond to your grade</li><li>- Partial fulfilment of the criteria of the next grade</li><li>- Targets continuously achieved over a long period</li></ul>
Decision and attribution process	<ul style="list-style-type: none"><li>- Managers check fulfilment of all eligibility criteria</li><li>- Possible limitation depending on availability of budgetary envelop</li><li>- Harmonisation at PD level</li></ul>	<ul style="list-style-type: none"><li>- Managers check fulfilment of all eligibility criteria</li><li>- Budget proposals grouped and ranked at DG level</li><li>- Harmonisation EPO wide</li></ul>

... depending on **discretionary decisions** of managers

# Bareers and no safety net

Targets are\* top-down:

## 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 pro
- Within
- associ
- Leade

### No simplification

## 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

All based on **Managerial discretion**

... and:

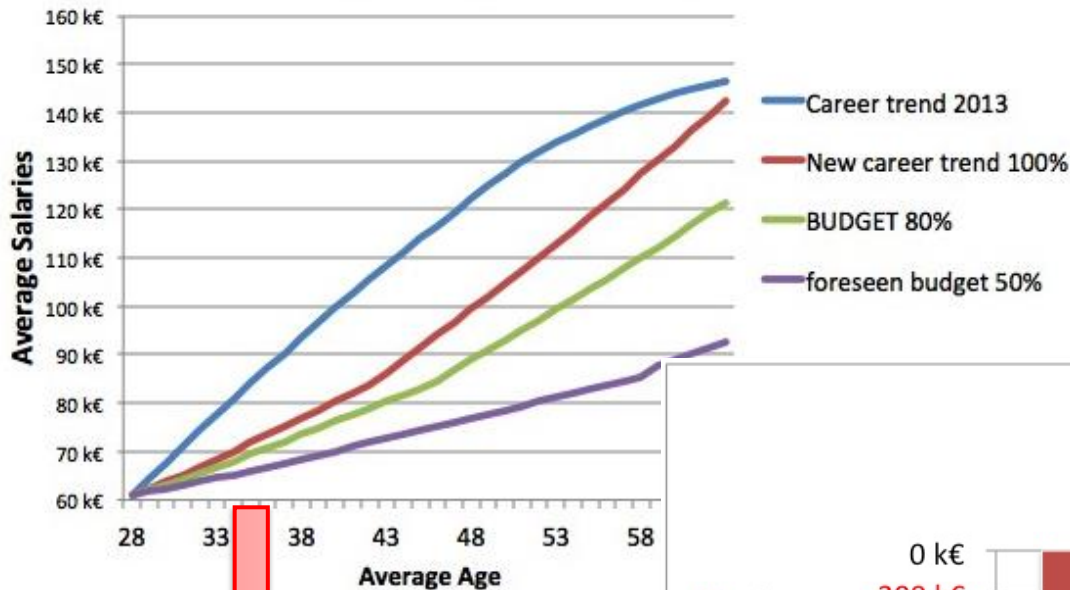
- NO SR supervision
- NO fair contest possible

\*"Performance management" – VP1 presentation to managers on 08.10.14



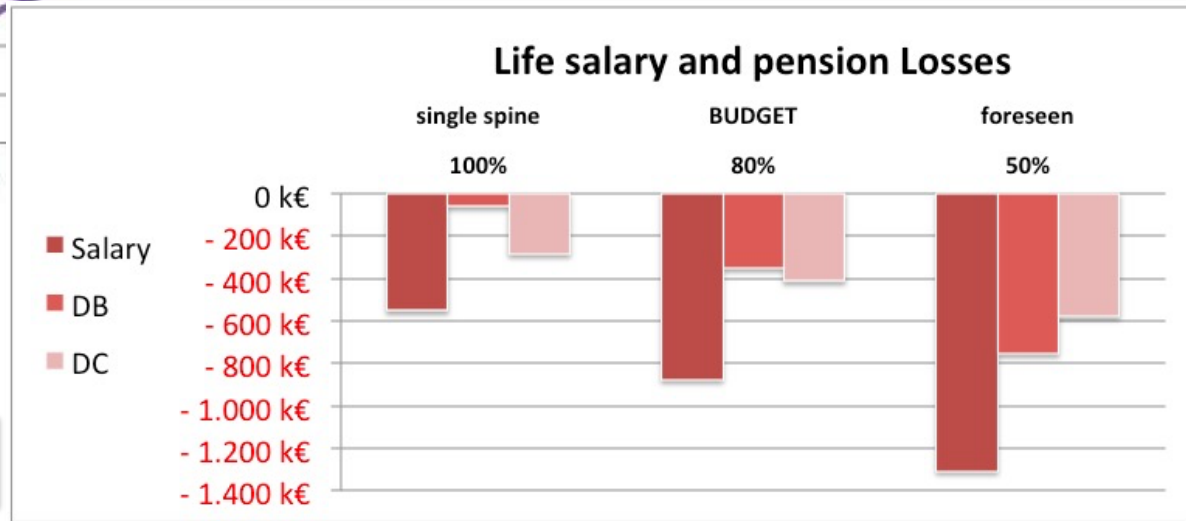
# Budget effect on career expectations

Effect of Budgets on career trends



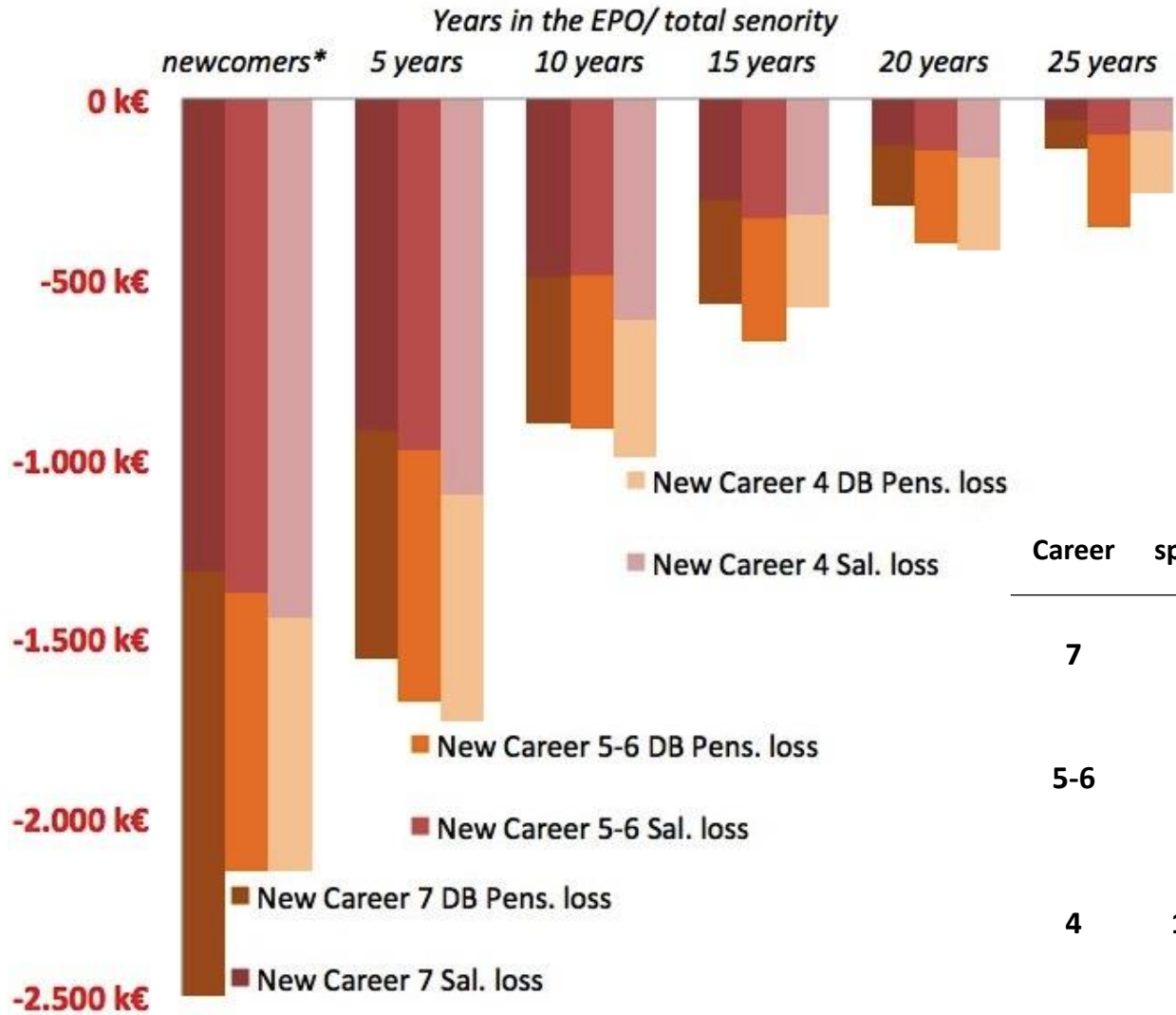
**Budget constraints** reduce substantially the EPO average career evolution and...

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



\*"Career trend" in the sense of the Actuaries: 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

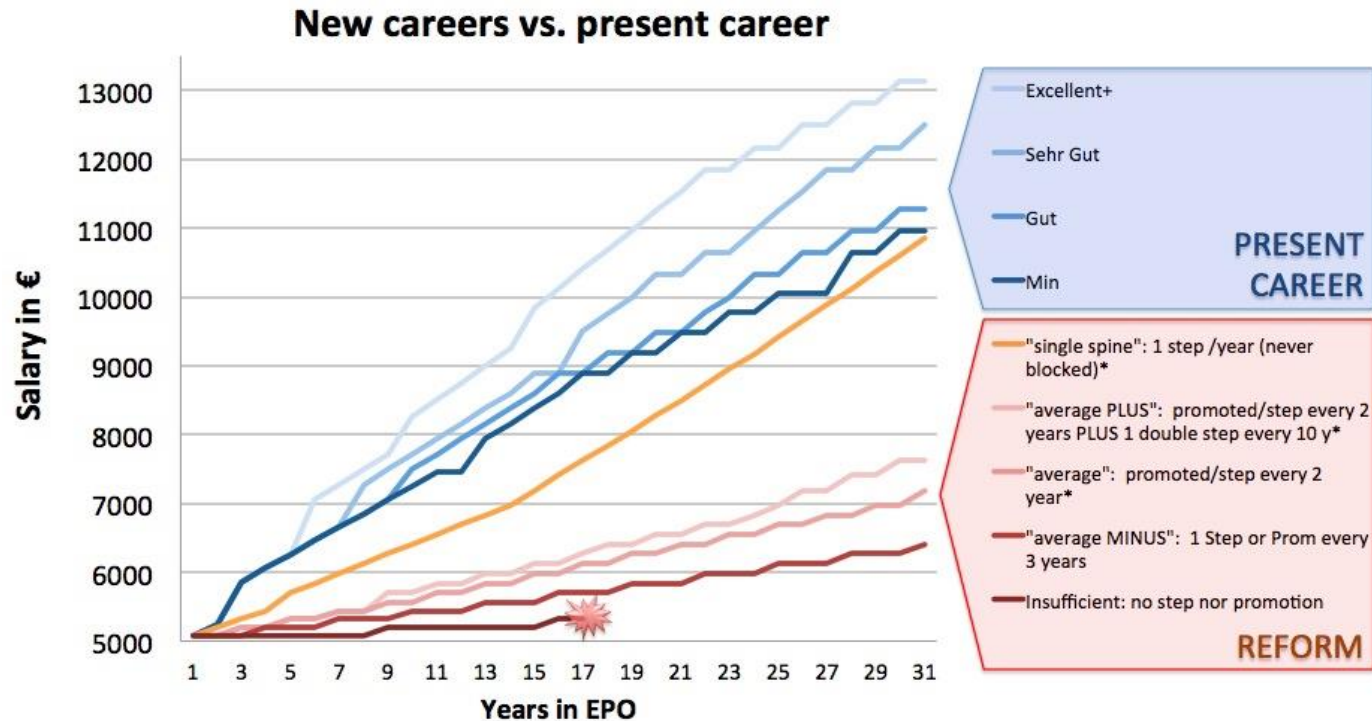
## Salary and pension losses in New career



Career	speed	Definition
7	3	"average MINUS": 1 Step or Prom every 3 years
5-6	2	"average": 50% promoted/step per year
4	1,7	"average PLUS": 50% promoted/step per year plus 1 double step every 10 year

\*Avg Step or Prom per year

# Comparison of individual career paths



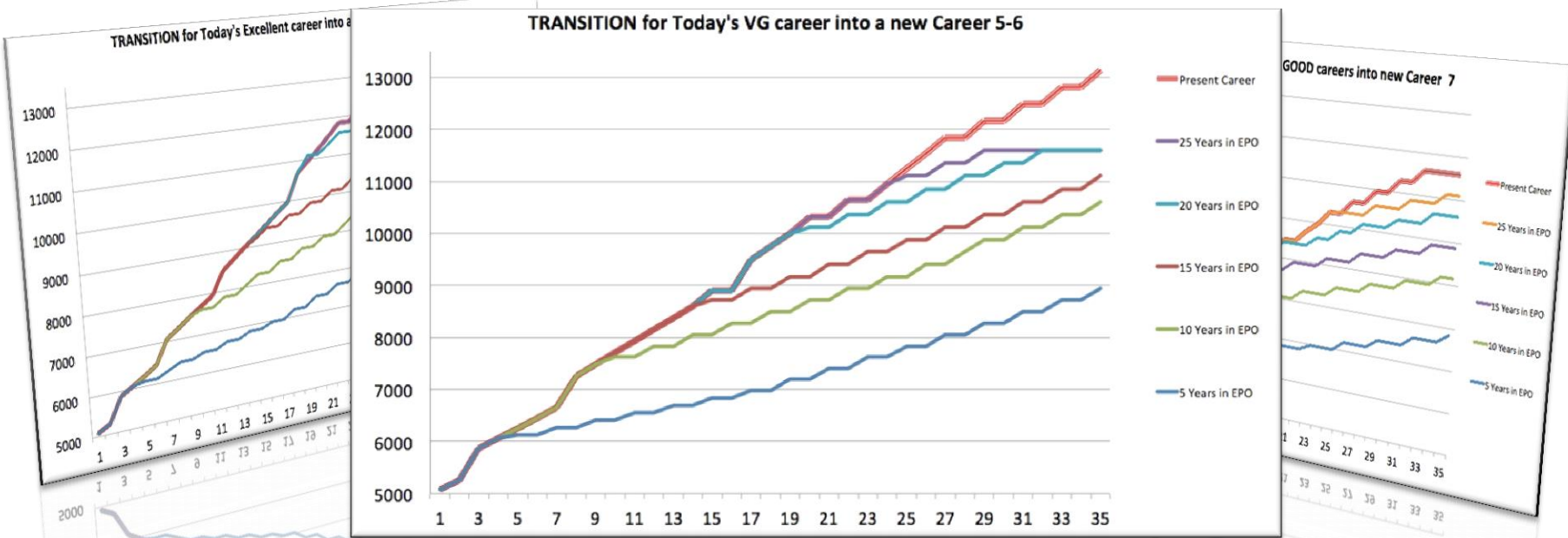
The original issue is the aging demographics of the EPO

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 aquired 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 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))
- 
- **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**.

compromise

No Go



- **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).

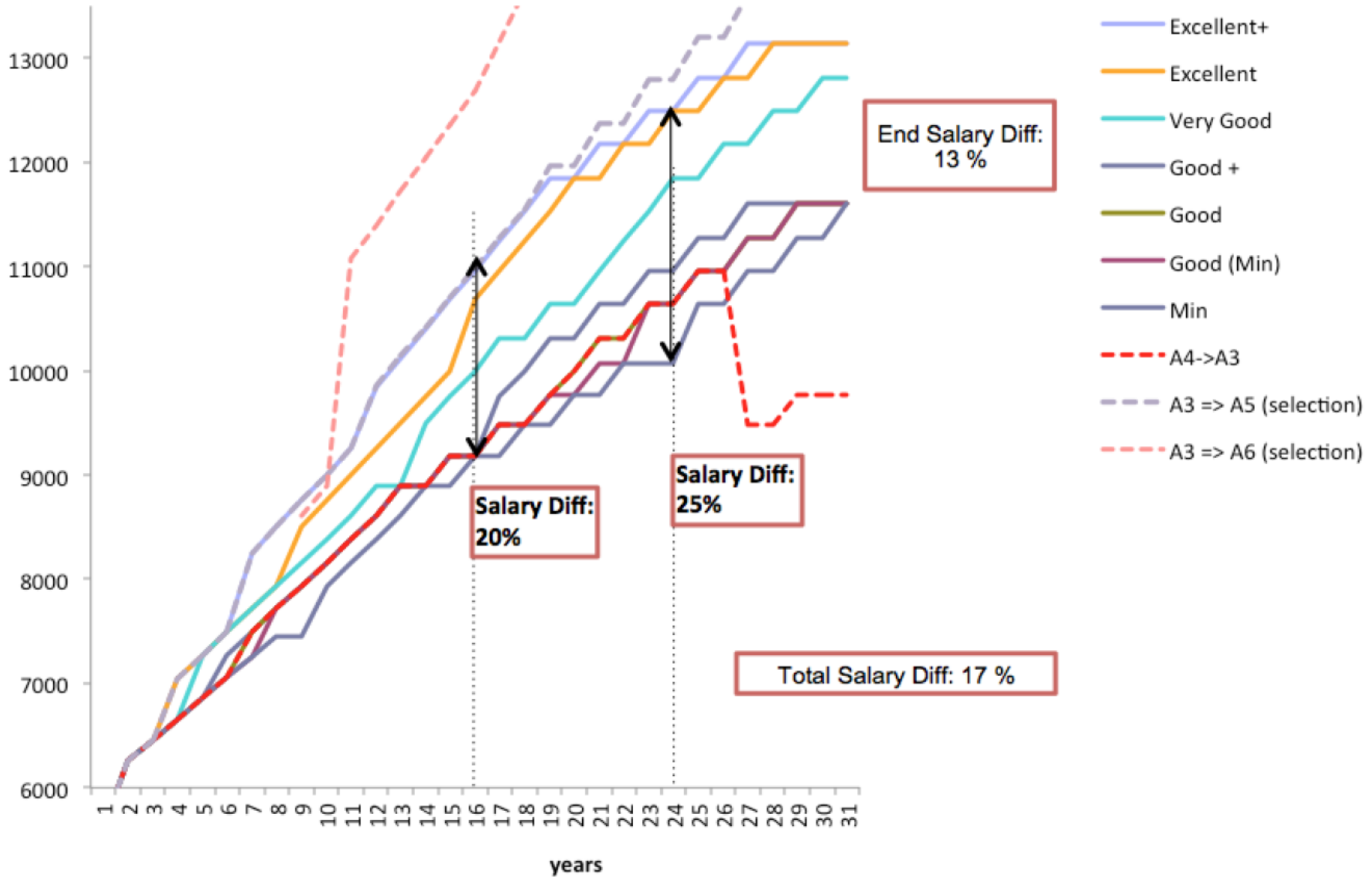
- **The career required length to reach the top could be extended (ex. 30-32 years instead of 28 years today)**

(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)

# Present A Career Years Experience: 3



# 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**

RULE  
OF LAW

- 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

WORKING  
CONDITIONS

- 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)

SOCIAL  
DIALOG

# The CSC concept

- **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?**