Zentraler Personalausschuss
Central Staff Committee
Le Comité Central du Personnel

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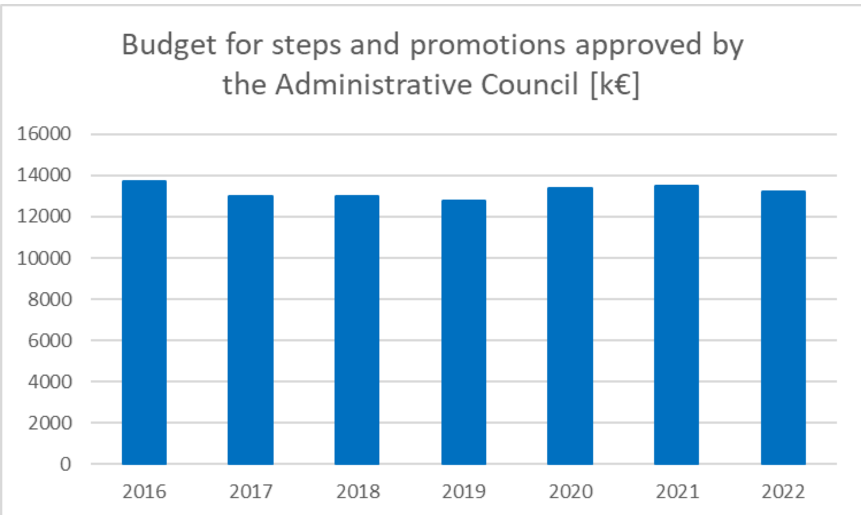
Rewards Exercise 2022: Part 3 – Reduction of the budget

Budgets and expenses for pensionable rewards

Several tricks have been used over the years to reduce, in real terms, the financial amount allocated to staff or to make the rewarding of staff appear as a generous effort from management. This paper, which is the third part in a series of publications on the rewards exercise (part 1, part 2), looks at three aspects:

- the budgets that have been approved by the Administrative Council (AC),
- the budgets set by the President (which are lower than the ones of the AC),
- and finally then we will look at what the Office has actually spent from the budgets set by the President

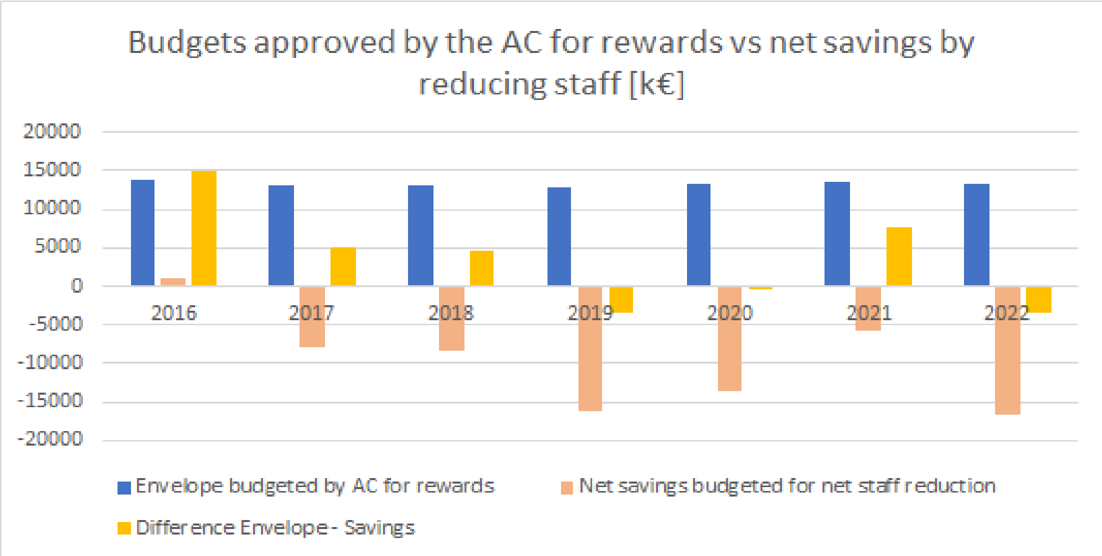
Firstly, the yearly budget for pensionable rewards[1], as approved by the Administrative Council (AC), does not keep up with inflation. The graph below shows that there is no visible upward trend in nominal values.



The yearly budgets, as approved by the AC, also have to be put in perspective. While planning for rewards, the AC also budgeted savings through a net reduction of staff in every year since 2017 (in 2016 the budgets planned a net moderate increase of staff). In total for

[1] 2016 and 2017: CA/D 1/16, page 191; 2018: CA/D 1/17, page 193, 2019: CA/D 1/18, page 171, 2020: CA/D 1/19, page 177; 2021: CA/D 1/20, page 147; 2022: CA/D 1/21, page 163

the period 2016-2022, the AC has budgeted **expenses** for pensionable rewards 92,62 million EUR. Over the same period, the AC has budgeted **savings** of 67,218 million EUR through net reduction of staff[2]. Hence, the AC has approved net expenses in the period 2016-2022 of 25,4 million EUR for staff. The graph below shows the data for every year's budgets. In contrast to this relatively low net expenditure, the EPO has made an operational surplus in the order of 300 million EUR in every year of the same period. Hence, any claim that the current rewarding of staff could not be improved on the grounds of a threat to the financial sustainability of the EPO is not credible.



Secondly, each year a significant chunk of the budget approved by the Administrative Council is shaved off when the President sets his own budget for the pensionable rewards for staff. This happens when a President sets his own budgetary envelope to be smaller than that approved by the AC. The trick is that the President sets a fixed quota among the eligible staff that may receive a pensionable reward, but the number of eligible staff decreases over time[3].

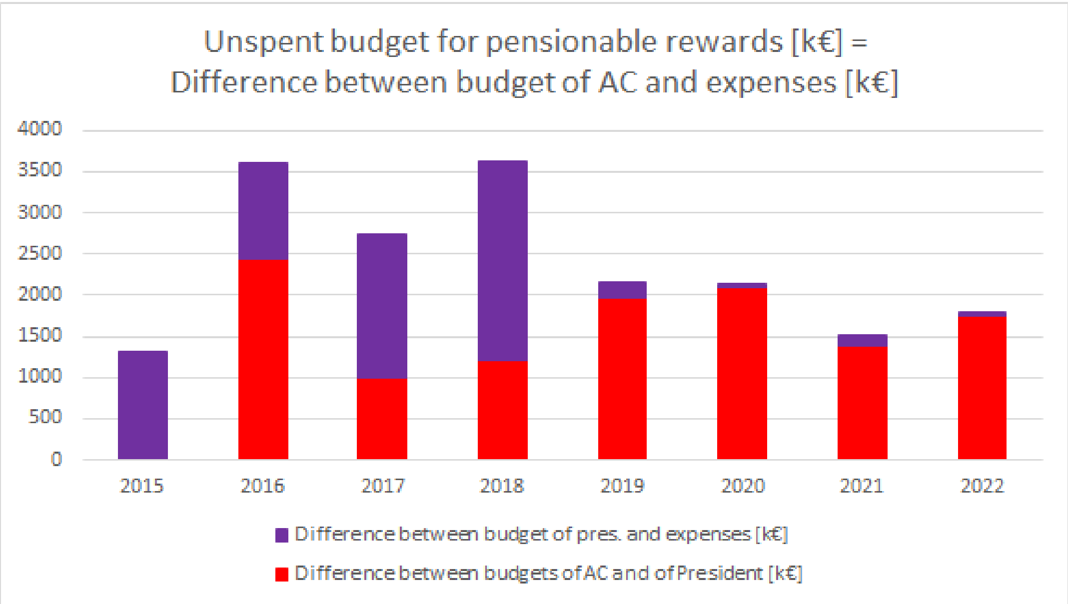
Every year the number of staff eligible for a pensionable reward decreases as a) more staff reach the maximum grade and step for their Job Group and b) the number of staff members decreases, as is shown in the graph below. With a percentage of eligible staff being rewarded remaining constant, the corresponding budget for pensionable rewards decreases automatically. However, one would rather have expected that with a stable budgetary envelope the percentage of staff receiving a pensionable reward could be increased over time as the number of eligible staff decreases.

[2] 2016 and 2017: CA/D 1/16, page 191; 2018: CA/D 1/17, page 193, 2019: CA/D 1/18, page 171, 2020: CA/D 1/19, page 177; 2021: CA/D 1/20, page 147; 2022: CA/D 1/21, page 163

[3] Reward distribution 2015-2018, 2019, 2020, 2021, 2022

Thirdly, not the entire budget set by the President is actually spent. There has been a significant gap of 10-15% (1-2 million EUR) between the budget set by the President and the money spent for pensionable rewards. That is ca. 300-600 staff who have not been rewarded at all, despite budget being available. Since 2019 the administration remains silent on the differences between budgets. So much for transparency of the rewarding exercise.

The sum of these differences for each year is shown in the graph below. (In 2015 a budget was set for all rewards, including non-pensionable rewards, so it is not possible to determine which difference existed for the pensionable rewards only).



The total budget withheld from staff since 2015 amounts to **18,88 million EUR**, enough for one step to every eligible staff. From these 18,88 million, 11,84 million stem from the differences between the budgets and 7,04 million stem from incomplete spending of the budget set by the president. To date, the President has never explained why many staff members have been denied pensionable progression although the budget approved by the AC allows for it.

Lastly, we share some observations based on data that the Office has published[4]. We can compare the raw figures with those of 2021[5]:

	2021	**2022**
Budget	EUR 22.6m	EUR 21.6m
Rewards	88.3%	81.6%
Pensionable rewards	70%	60%

In the 2021 exercise, 10% more colleagues received some form of pensionable reward in recognition of the commitment shown throughout 2020 to ensure business continuity and staff contributions to the success of the Office. We note that staff did not qualify for such recognition in 2022, despite the fact that they had to cope with the same difficult conditions as in 2021. We expressed our reservations in that regard in the GCC meeting of March 2022.

The Central Staff Committee

[4] See in particular the various tables in the "detailed statistics"

[5] See e.g. the Intranet announcement "Rewards exercise 2021: transparent reporting" and the "EPO Rewards Statistics 2021"