



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 23.5.2007
SEC(2007)729

COMMISSION STAFF WORKING DOCUMENT

**Commission Staff Working Document on the financial and staff implications of the
Proposal for a Council Decision on Europol**

COMMISSION STAFF WORKING DOCUMENT

Commission Staff Working Document on the financial and staff implications of the Proposal for a council decision on Europol^{1 2}

In line with the June Council conclusions, the proposal adopted by the Commission for a Council decision last December establishes Europol as an EU Agency, financed by the EU Budget and whose staff would be covered by the EU Staff Regulations and Protocol on Privileges and Immunities.

In line with the Conclusions adopted by the Council on 5 December 2006, the Commission services have collated this working document in order to facilitate examination by the Europol Working Party of the implications of the following elements:

- financing of Europol from the general budget of the European Union, and
- application of the EU Staff Regulations as well as the Protocol on Privileges and Immunities of the European Communities to Europol Staff

As requested by the Presidency in the last meeting of the Europol Working Party on 18-19 January, the present Commission staff working document aims at providing some explanations to Europol's submission to the EU Staff Regulations (SR) and the Conditions of Employment of Other Servant (CEOS) and to the Financial Regulation.³

1. STATUTORY IMPLICATIONS AS REGARDS APPLICATION OF THE EU STAFF REGULATIONS

1.1. General scheme

As concerns staff, the Commission proposal is based, in particular pursuant to its Articles 38 and 56, on the following distinction:

- staff engaged after the entry into force of the Council decision will be covered by the EU Staff Regulations;

¹ COM(2007)817

² This document is submitted for explanatory puposes and does not commit the Commission's services.

³ Other relevant texts will also be applicable to Europol, notably the following.

Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents, OJ L 145, 31.5.2001, p. 43–48

Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data

EEC Council: Regulation No 1/1958 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385–386 (DE, FR, IT, NL) , English special edition: Series I Chapter 1952-1958 P. 0059

Finally, it should be noted that a Draft Inter-institutional Agreement on the operating framework for the European regulatory agencies (COM(2005)59) is currently under discussion.

- staff already employed by Europol will have the choice to remain under the Europol Staff Regulations for the duration of their contracts or to conclude a contract of employment as Temporary Agent after having passed an internal selection process.

This choice is mainly based on the objective to avoid the difficulty to define transitional measures in the change over from the Europol to the EU Staff Regulations. The co-existence of both Staff Regulations should be limited in time as most of Europol staff work under time-limited contracts.

1.2. Type of post and type of staff

In line with the possibilities offered by the establishment plans adopted by the Budgetary Authority, Regulatory Agencies employ officials on permanent posts and temporary agents on temporary posts under Article 2(a) of the CEOS. They can also engage contract agents under Article 3(a) of the CEOS.

The current situation in Regulatory Agencies shows that 80 % of the posts authorised by the Budgetary Authority are temporary posts and only 20 % are permanent posts. Mainly "old" and very specific Agencies have permanent posts allowing them to recruit officials. Due to their needs of high expertise and qualified personnel, they have employed few contract agents up to now.

Taking into account this situation and the fact that, under the Europol Staff Rules, Europol staff is today in a contractual relationship with the office, in the financial statement the Commission proposes to fill the establishment plan with temporary posts which will be occupied by temporary agents under Article 2(a) of the CEOS. Nevertheless, the Commission did not exclude in the draft Council decision the possibility to open permanent positions for officials.

As concerns the duration of employment, under Article 8 of the CEOS, temporary agents employed under Article 2(a) of the CEOS may be engaged for a fixed or indefinite period. When they are engaged for a fixed period, their contracts may be renewed not more than once for a fixed period. Any further renewal shall be for an indefinite period.

Whereas temporary agents employed under Article 2(b) of the CEOS are engaged to fill temporarily a permanent post of the establishment plan. Temporary staff employed under article 2(b) shall not be engaged for more than four years, with a possible renewal of not more than two years if the possibility of renewal has been provided for in the initial contract. Therefore, this type of staff can only be recruited on permanent posts, to replace an official for a limited duration.

Seconded national experts (SNEs) are national or international civil servants or persons employed in the private sector who are working temporarily for the Agency which do not fall under the Staff Regulations. The rules governing SNEs have to be adopted by the Agency. The Agency may decide to apply the Commission rules by analogy or to adopt its own rules in order to take into account its specific situation and needs.

1.3. Implementation of the EU Staff Regulations in Europol

Being an Agency, as stated in Article 1(a)-(2) of the Staff Regulations, Europol will be an independent community body treated as an Institution for the purpose of implementation of the Staff Regulations.

Under Article 110(1) of the SR, "Agencies shall adopt the appropriate implementing rules for giving effect to these Staff Regulations, after consultation of the relevant Staff Committee and in agreement with the Commission". Within the meaning of this article, Commission agreement is therefore required for all general implementing rules through which the Agencies give effect to the Staff Regulations. Vice-President Kallas was empowered by the Commission to give the agreement in its name.

The agencies should, in principle, adopt these implementing rules under Article 110 of the SR within two years of the entry into force of the regulation establishing the agency. Several models of implementing rules exist or are nearly being finalised which can be used by Agencies and submitted to the Commission in order to get its agreement.

Europol will therefore have to adopt implementing rules applying the EU Staff Regulations within the two years of being established as an Agency.

1.4. Definition of a relevant staff policy for Europol

In order to favour an horizontal approach and answer a strong demand from the Parliament to define career profiles and justify Agencies' establishment plans, the Commission adopted Guidelines on Staff Policy in the European Regulatory Agencies in December 2005. These Guidelines establish a general framework and contain a set of recommendations that allows each Agency to draw up a staff policy based on its own tasks and requirements, incorporating the various parameters that must be taken into account in order to produce a consistent staff policy.

The key element of this is the drawing-up of a multiannual Staff Policy Plan by each agency. On the basis of an analysis of the missions and needs of the agency, this permits the definition of associated types of posts and career profiles up, and helps justify the number and level of posts in the establishment plan for the coming three years to the budgetary authority.

The purpose of the Staff Policy Plan is also to lay down development possibilities for agency staff over a period of years, and to set out in a completely transparent manner, a pertinent and consistent staff policy in the areas of selection – notably by greater involvement of EPSO –, employment, and length of contracts or promotion. This aims to increase the attractiveness of the Agency and to promote opportunities for mobility – notably by putting in place an Interagency Job Market.

Following consultation of the competent Commission departments, the Staff Policy Plan has to be approved by the Management Board of the Agency and to be submitted with the establishment plan to the budgetary authority within the framework of the budgetary procedure.

Within these guidelines, it is up to each Agency to decide what staff policy it would like to follow. The Staff Regulations allow a certain degree of flexibility in their application, in

particular as regards the engagement and employment of temporary agents under article 2 (a) of the CEOS.

Typically, long-term employment would be given to staff carrying out permanent tasks and short-term employment for staff working on time-limited projects or time-limited tasks.

Any other choice could also be made and presented in the Staff Policy Plan, as for example in the case of Europol reserving some posts with limited contracts for personnel recruited from the Member States with specific experience (so-called "bold" posts).

Europol will therefore have to draw up a Staff Policy Plan as soon as it will be established as an Agency.

1.5. Change over from the Europol to the EU Staff Regulations

1.5.1. Establishment plan and corresponding grades and positions

The draft establishment plan presented in the financial statement under point 8.2 shows the grading applicable to Europol Staff once covered by the EU Staff Regulations.

The grading proposed for staff employed in 2007 in Europol during the change over from Europol Staff Rules to the EU Staff Regulations is based on a comparison of both types of posts and basic treatments and does not increase budgetary expenses. This comparison and the equivalence proposed are shown in the tables annexed to this note.

The figures concerning the budgetary exercises of 2008 to 2010 are based on two main elements:

- the evolution of staff corresponding to the development of Europol's missions and personnel needs to fulfil them:
- the recruitment of new staff in basic grades (AST 1 to AST 4 for assistants and AD 5 to AD 8 for administrators) and additionally in AD 9 to AD 12 under the conditions explained below.

As foreseen in the Guidelines on Staff Policy and agreed by the existing Agencies, in line with Article 31(3) of the SR, in order to ensure high-quality recruitment, if justified by an analysis of the labour market conditions in its sector of work and if the post cannot be filled at a lower grade, Europol may engage temporary agents at grade AD 9, AD 10, AD 11 and, on an exceptional basis, at grade AD 12. Such recruitments shall remain within the limit of an annual average of 20 % of AD recruited per year by the Agency over a five years rolling period.

1.5.2. Provisions for staff already employed

Article 56 of the Commission proposal for a Council decision foresees different provisions for staff employed by Europol before the date of application of the decision:

"1. all employment contracts concluded by Europol as established before the entry into force of the decision will be honoured".

This provision ensures the continuity of contracts from the previous to the new status of Europol. The entry into force has the same meaning as the date of application.

"2. all members of staff under contracts as referred to in paragraph 1 shall be offered the possibility to conclude contracts under Article 2(a) CEOS at the various grades as set out in the establishment plan."

This provision will allow all Europol staff members to have a chance to come under the EU Staff Regulations while keeping the level of functions corresponding to the post.

To that end, an internal selection process limited to staff employed by Europol before the date of application of this decision will be established within the two years after the date of application of this decision by the authority authorised to conclude contract in order to check competence, efficiency and integrity of those to be engaged. Successful candidates can be offered a contract under Article 2(a) CEOS.

In practice, the selections should be published and organised at the grade corresponding to the level of post to be provided. At this stage, the grades mentioned in the draft establishment plan of the financial statement are indicative and will have to be up-dated and defined on the basis of the functions and posts occupied when the selections are launched.

Once this equivalence between the functions and grades under the Europol Staff Regulations and under the EU Staff Regulations has been established, the different posts or profiles corresponding to the different grades should be published and the selections opened to each staff member fulfilling the eligibility criteria.

Reserve lists of successful candidates should be established for each post. When the current job-holder passes the selection procedure, he/she should have priority over the other "laureates". Where he does not succeed or does not want to become a Temporary Agent 2 a) under the EU Staff Regulations, the job holder will occupy his/her post until the end of his/her current contract. At this time, the post could be offered to the best laureate still available on the reserve list before being published externally.

The "laureates" can be appointed only in the grade published in the selection notice. In accordance with Article 32 of the SR and the implementing rules to be adopted by the Agency, they will be graded at steps 1 or 2 of this grade according to the number of years of professional experience.

"3. The Europol Staff Regulations shall continue to apply to staff members who are not recruited in accordance with paragraph 2."

Staff currently employed by Europol who choose not to be covered by the EU Staff Regulations or who fails the selection procedures will remain under the Europol Staff Rules.

These rules will apply until the end of their current contract of employment. The contracts should not be renewed at their current term and the posts published in order to favour a quicker change over to the EU Staff Regulations.

"By way of derogation from chapter 5 of the Europol Staff Regulations, the percentage rate of annual adjustment of remuneration decided by the Council in accordance with Article 65 of the Staff Regulations of the European Communities shall apply to Europol Staff."

The objective of this provision is to facilitate the management of the co-existence of the two SR and also to have the same evolution of salaries under both SR.

1.6. Salary, benefit and working conditions

Temporary agents' salary, benefits and working conditions are essentially the same as those of permanent officials. This covers the range of allowances, such as expatriation allowance and family allowances, social security benefits such as medical insurance and pension rights, tax conditions, annual and family related leave, working hours and access to training.

The salary of staff that work outside Belgium (Brussels) or Luxembourg is weighted to reflect the higher or lower cost of living in these other countries compared with Brussels. Salaries paid in euro-zone countries are weighted by applying a "correction coefficient". The effective salary is then equivalent to the salary in euros multiplied by the coefficient. In the Netherlands the correction coefficient is 110.2.

1.7. Pension

1.7.1. EU Pension scheme

The main parameters of the EU pension scheme are the following:

Retirement pension is granted to temporary staff on completing a minimum of ten years' service, provided they have reached pensionable age, which was set at 63 years following the Reform of the Staff Regulations.

Under the scheme, a retirement pension not exceeding 70 % of the basic salary is paid at an annual accrual rate of 1.9 %. Where temporary agents carry on working beyond pensionable age, they are entitled to, for each year of service 2 % extra pension rights.

It is possible to voluntarily retire before attaining pensionable age, from 55, and opt at the time of the departure either for payment of the pension to be deferred until pensionable age is reached or to have the pension paid immediately with a reduction of 3.5 % for each year before pensionable age.

The monthly contribution rate currently stands at 10.25 % of the basic salary.

Correction coefficients will not be applied to the pension.

Europol staff changing over from the Europol Staff Rules to the EU Staff Regulations will be able to transfer pensions rights accumulated in the Europol pension fund into the EU pension scheme.

Concerning the transfer of pension rights, the SR stipulates in Article 11 (2) of Annex VIII that temporary staff entering the service of the Communities after leaving a government administration, a national or international organisation may ask the institution which they have joined to transfer the capital (essentially the actuarial equivalent or flat-rate redemption value) representing the pension rights which they acquired through that previous work.

The years of pensionable service determined under the transfer procedure are then taken into account in the calculation of their Community pensions. As a rule, temporary agents who

decide to transfer their pension rights waive all rights acquired under the national scheme, including any welfare benefits linked to a national retirement pension.

The number of years credited as a result of the transfer generally does not correspond to the number for which contributions were paid into another scheme. This is because the transfer system is based on capital value rather than years of service.

In any case, the number of years of pensionable service credited can not have the effect of increasing the total pension payable by the Communities above the maxima set by the Staff Regulations.

The years of pensionable service resulting from the transfer are not taken into account for the purpose of calculating the minimum period of ten years' service giving entitlement to the payment of a retirement pension. Ten years must actually be served in order to acquire such entitlement.

Usually, the Commission has specific agreements with some international organisations to enable pension rights to be transferred. Therefore, it would be advisable, for Europol to introduce a provision in its regulations on the possibility to transfer pension rights to other pension systems.

However, the absence of a specific agreement or provision does not mean that transfer is impossible or that an application may not be submitted. The possibility of a transfer has then to be decided on a case by case approach.

1.7.2. Europol Pension Fund

The Europol pension fund will continue to exist for Europol's staff who will make the choice to remain under Europol Staff Rules and will have to cover the pension rights of Europol's pensioners and their survivors as long as they will be still alive.

If only a few people are concerned, an agreement could possibly be envisaged with a private insurance company or another pension fund which will guarantee the payment of the same rights with similar conditions.

1.8. Health insurance system

According to Article 28 of the CEOS, temporary agents fall under the Joint Sickness Insurance Scheme (JSIS) and the accident insurance.

Article 72 of the Staff Regulations states that a temporary agent, his/her spouse, his/her children are insured against sickness for up to 80 % of the expenditure incurred subject to the joint rules on sickness insurance for officials of the European Communities (SEC(2004)480 of 28.4.2004).

This rate shall be increased to 85 % for the following services: consultations and visits, surgical operations, hospitalisation, pharmaceutical products, radiology, analyses, laboratory tests and prostheses on medical prescription with the exception of dental prostheses.

It shall be increased to 100 % in cases of tuberculosis, poliomyelitis, cancer, mental illness and other illnesses recognised by the appointing authority as of comparable seriousness.

However, reimbursement at 100 % shall not apply in case of occupational disease or accident having given rise to application of Article 73 of the Staff Regulations.

The contribution to the insurance scheme amounts to 1.7 % of the basic salary.

In order to be covered for 100 % of the cost in all cases, staff has to join an additional private health insurance.

According to Article 73 of the Staff Regulations, temporary agents are insured against risk of occupational disease and of accident subject to the common rules on the insurance of officials of the European Communities.

The temporary agent shall contribute to the cost of insuring up to 0.1% of his basic salary.

2. APPLICATION OF THE PROTOCOL ON PRIVILEGES AND IMMUNITIES (PPI) TO EUROPOL STAFF

As long as Article 38 of the proposal says that the Staff Regulations of officials and the Conditions of employment of other servants of the European Communities shall apply to the Europol staff, the PPI shall be applicable.

In conformity with Article 50 of the Commission's proposal relating to privileges and immunities:

1. The protocol on the Privileges and Immunities of the European Communities shall apply to the Director and Deputy Directors of Europol and to its staff.
2. The immunity referred to in paragraph 1 shall not be granted in respect of official acts required to be undertaken in fulfilment of the tasks deriving from the participation of Europol staff in joint investigation teams.
3. The provisions on privileges and immunities and as set out in Annex II shall apply to Europol and to the members of its Management Board.
4. The Kingdom of the Netherlands and the other Member States shall agree that liaison officers seconded from the other Member States as well as members of their families shall enjoy those privileges and immunities necessary for the proper performance of the tasks of the liaison officers at Europol.

This Article foresees two regimes of privileges and immunities:

- the Protocol on privileges and immunities of the European Communities (PPI), applicable to Europol's Director and the Deputy Directors and staff ;

- an autonomous regime, established in annex II, applicable to the organisation and to the members of the Management Board.

1. The PPI is applicable to Europol's Director, Deputy Directors and staff in so far as they are submitted, in conformity with Article 38, to the Staff Regulations of officials and the Conditions of employment of other servants of the European Communities. Application of the Staff Regulations implies necessarily the application of the PPI, as the Staff Regulations make

reference to the PPI, inter alia article 7 and articles 12 to 16. Articles 12 to 16 form Chapter V of the PPI (Officials and other servants of the European communities).

On the other hand, staff not submitted to the Staff Regulations of officials and the Conditions of employment of other servants of the European Communities does not benefit from the privileges and immunities of the PPI. It is the case for seconded national experts.

Article 12 a) PPI states that officials and other servants of the Communities shall be «immune from legal proceedings in respect of acts performed by them in their official capacity, including their words spoken or written». By stating that «the immunity ... shall not be granted in respect of official acts required to be undertaken in fulfilment of the tasks deriving from the participation of Europol staff in joint investigation teams», Article 50.2 of the Commission's proposal establishes an exception to Article 12 a) PPI. It has been assessed as necessary not to limit the criminal liability of Europol staff members of joint investigation teams.

2. As Europol is a body established on the basis of title VI of the Treaty on European Union («third pillar») and as PPI applies to European communities, it is necessary to determine in an independent manner the privileges and immunities granted to Europol and the members of its management board in respect of acts performed by them in their official capacity. That's the aim of annex II of Commission's proposal, which takes up when necessary the provisions of the protocol on privileges and immunities of Europol, based upon Article 41 of Europol Convention.

3. It is also crucial that liaison officers (as well as members of their families), who are Member States officials hosted by Europol, enjoy privileges and immunities necessary for the proper performance of their tasks. That's why Article 50.4 states that the Kingdom of the Netherlands and the other Member States shall agree on them, as it was already provided for by Article 41.2 of Europol Convention.

3. RULES APPLICABLE TO THE BODIES FINANCED BY A SUBSIDY FROM THE COMMUNITY BUDGET (APPLICATION OF ART. 185 OF THE FINANCIAL REGULATION)⁴

The Proposal for a Council decision contains a financial statement which builds on the assumption that Community financing is foreseen for Europol in the financial framework.

An amount of 82 million euros is earmarked as from 2010. This figure is still indicative and is without prejudice of the draft annual budget. This corresponds approximately to an average increase of 6% a year as from 2007. It is based on the assumption that staff will increase in proportion up to a number of 469 in total, the average cost of which is 117.000.

As a consequence, Europol should be subject to the Framework Financial Regulation 2343/2002 applicable to agencies financed from the Community budget.

Community bodies created by the legislator and receiving a subsidy charged to the Community budget must comply with a number of rules fixed by the general financial

⁴ Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities *OJ L 248, 16.9.2002, p. 1–48*

regulation (Art 185 FR). If the statute of Europol changes, the rules governing its budgetary and financial framework will be as follows.

3.1. Budget estimates:

The determination of the operating subsidy paid into the body falls under the preparation cycle of the Community budget. Accordingly, the body submits its estimate of income and of expenditure to the Commission for the 01/04 of each year (for the following financial year).

The Commission evaluates the requests of the Agency, and puts in the general budget the amount of the subsidy that it proposes; subsidy and Europol's establishment plan are then approved by the budgetary authority within the framework of the procedure relating to the general budget (Parliament approves the budget in general around the 15/12 N-1).

The establishment plan comprises the posts for permanent and temporary staff; the contract staff does not form part of the establishment plans; the latter are taken into account only from a budgetary point of view (for their remunerations). Cost of staff is valued within the framework of the budgetary procedure on the basis of average flat-rate costs determined by the Commission.

The Governing Board adopts the Europol's annual budget and the Agency's establishment plan; it can do so before the subsidy accepted by Parliament is known in a final way, but should be adapted accordingly if the final subsidy is different from what it adopted.

The annual budget is published in the Official Journal.

3.2. Budget implementation:

The future new financial regulation of Europol has to be drawn up on the basis of the Framework Financial Regulation 2343/2002 ("model", itself narrowly inspired of the general Financial Regulation, and following the same principles and rules). The Financial Regulation may not depart from the Framework Financial Regulation except where the specific operating needs of the body so require and with the Commission's prior consent. To be noted in particular: public procurement rules and subsidies are strictly the same as those applicable by the institutions.

The Commission pays its subsidy into Europol, according to what is agreed among them, on the basis of the cash-flow forecast of the Agency.

The Director shall implement the budget; he/she is the authorising officer.

The Governing Board does not intervene in the implementation of the budget.

The budget implementation is made according to the principle of separation of the duties of the authorising officer (= the Director) and of the accountant. To guarantee certain autonomy of the accountant, he is named by the Governing Board (according to the Framework Financial Regulation).

The financial control, which was abolished in the Institutions within the framework of the administrative reform, no longer exists either in the agencies. On the other hand, the Commission Internal Auditor (IAS) is the internal auditor for the Community bodies. The IAS

not being on the spot permanently, the Director may moreover name someone to carry out an “advice function”, very close to the internal audit work.

Europol, to the closing of accounts, reimburses to the Commission its outturn positive balance (“surplus”).

3.3. Presentation of the accounts and discharge:

The annual accounts are transmitted for the 01/03 N+1 by the accountant from the Agency to the Commission, and shall be taken into account in the annual consolidation of the accounts of the Community institutions and agencies.

The annual accounts are examined by the Court of Auditors, which delivers comments.

The Governing Board delivers an opinion on the annual accounts, after which the Director transmits the final accounts the 01/07 N+1.

The European Parliament gives a discharge to the director of the Agency on the implementation of the budget (before the 30/04 N+2).

The annual accounts are published in the Official Journal (31/10 N+1).

3.4. Audit:

Following to the revision of the Financial regulation adopted by the Council on 13/12/2006, and contrary to the Commission proposal, the status of the Audit has not changed.

The Commission Internal Auditor (IAS) remains the internal auditor for the Community bodies, as previously (Art 185(3) FR : *"3. The Commission's internal auditor shall exercise the same powers over the bodies referred to in paragraph 1 as he/she does in respect of Commission departments"*, and Art 71 Framework Financial Regulation - FFR : *"Without prejudice to Article 38(4) the Commission's internal auditor shall exercise, the same powers with respect to the Community bodies as with respect to Commission departments"*.

However, according to Art 38(4) second point of the Framework Financial Regulation 2343/2002, *"The authorising officer shall establish within his/her departments an expertise and advice function designed to help him/her control the risks involved in his/her activities"*, which allows to put in place a sort of permanent second "audit function", really "internal" to the Agency, on the work of which the IAS may rely on to carry out its proper missions. As long as I am informed, IAS is in favour of this organisation.

4. BUDGETARY IMPLICATION OF CHANGEOVER OF EUROPOL STAFF TO THE EU STAFF REGULATIONS

In response to the Presidency's request, the following tables present the budgetary implications of the changeover of Europol staff to the EU Staff Regulations and allow a comparison of the overall annual cost of the same staff under the Europol Staff Regulations.

The following method has been used to establish this comparison:

1. Calculation of the average monthly basic salary, based on the 2007 establishment plan presented in the financial statement for the EU Staff Regulations and on the 2006 data provided by Europol for the Europol Staff Regulations.

The Europol agents who will changeover to the EU Staff Regulations will be graded at step 1 or 2 of the grade corresponding to their functions, according to the number of years of professional experience acquired for functions at the same level. In the absence of information on the grading from which they could benefit, the basic salary selected is the average of steps 1 and 2 of each grade.

For the Europol Staff Regulations, the average basic salary used corresponds to the situation of Europol's staff in 2006.

2. Taking into account the different allowances and benefits as well as contributions that are the responsibility of the employer foreseen in one or other of the Staff Regulations in the form of a percentage applied to the average monthly basic salary. A comparison of these different components, established by Europol, is annexed.

As concerns the EU Staff Regulations, in the absence of information on the situation of Europol agents, this data corresponds to those noted for the Commission staff in 2006. For the Europol Staff Regulations, they take into consideration the percentages given by Europol for the same exercise.

Staff costs connected to recruitment and training are not taken into consideration as, normally, they should remain the same for Europol and therefore have no impact on budgetary neutrality.

3. Differentiation of the implications for the Community budget and the Europol budget, notably for taxes and pension contributions.

A part of the social security contributions (unemployment, illness and accident) will be paid directly into a Community fund by Europol but taxes and pension contributions will be paid back into the Community budget. Similarly, the employer's share of the employer contribution will be dealt with by the Community budget at the time of payment of pensions to beneficiaries. On the contrary, Europol's contribution to the pension fund as well as to taxes constitutes, respectively, an expense and revenue of Europol's budget.

Table 1: Average basic salary (ABS) of staff covered by Europol Staff regulations in 2006:

average annual basic salary 2006	69.296,00 €
average monthly basic salary	5.774,67 €

Table 2 : Overall budgetary cost under Europol Staff Regulations (2006 data):

Heading	% of ABS	Amount in €	% of total
Average basic salary	100,00	5.774,67	70,87%
1. Allowances and benefits			
family allowances	7,76%	448,11	5,50%
education allowance	2,73%	157,65	1,93%
expatriation allowance	10,63%	613,85	7,53%
rent & cost of living allowances	3,45%	199,23	2,45%
other allowances	0,72%	41,58	0,51%
total		1.460,41	
2. Employer contributions			
social security contributions	3,74%	215,97	2,65%
unemployment fund contribution	0,86%	49,66	0,61%
pension fund contribution	16,38%	945,89	11,61%
total		1.211,53	
3. Other allowances			
travel to place of origin	0,72%	41,58	0,51%
installation and resettlement	2,01%	116,07	1,42%
other staff related costs	0,43%	24,83	0,30%
total		182,48	
4. Tax income	8,33%	- 481,03	-5,90%
Average monthly cost		8.148,05	100,00%
Average annual cost		97.776,66	

Table 3: Average basic salary of staff under EU Staff Regulations based on the establishment plan presented in the financial statement for the 2007 exercise:

EU grades	2007 EP/ EU	Basic salary in € Average steps 1 et 2	Global salary in €
AD 16	-	15.933,76	-
AD15	-	14.082,78	-
AD 14	1	12.446,83	12.446,83
AD 13	3	11.000,92	33.002,76
AD 12	3	9.722,98	29.168,93
AD 11	20	8.593,49	171.869,80
AD 10	30	7.595,21	227.856,15
AD 9	59	6.712,90	396.061,10
AD 8	107	5.933,08	634.839,56
AD 7	50	5.243,85	262.192,50
AD 6	43	4.634,69	199.291,67
AD 5	30	4.096,30	122.888,85
AST 11	-	8.593,49	-
AST 10	-	7.595,21	-
AST 9	-	6.712,90	-
AST 8	-	5.933,08	-
AST 7	-	5.243,85	-
AST 6	-	4.634,69	-
AST 5	30	4.096,30	122.888,85
AST 4	24	3.620,44	86.890,56
AST 3	-	3.199,87	-
AST 2	1	2.828,15	2.828,15
AST 1	5	2.499,61	12.498,05
TOTAL	406		2.314.723,75
Average monthly basic salary			5.701,29

Table 4 : Budgetary implications of changeover of Europol staff to EU Staff Regulations:

1. Implications for Europol budget (2006 data for Commission staff)

Heading	% of ABS	Amount in €	% of total
Average monthly basic salary	100,00	5.701,29	70,84%
1. Allowances and benefits			
Allowance for continuous or obligatory service	0,09%	5,13	0,06%
overtime	0,17%	9,69	0,12%
Family allowance	9,05%	515,97	6,41%
Birth or death	0,01%	0,57	0,01%
Living abroad and expatriation	13,07%	745,16	9,26%
Installation and resettlement allowance	0,72%	41,05	0,51%
total		1.317,57	
Corrected average basic salary ⁵	-23,81%	4.343,81	
Weighting on corrected BS	10,20%	443,07	5,51%
Weighting on corrected allowances	10,20%	134,39	1,67%
2. employer contributions			
illness	3,40%	193,84	2,41%
accident	0,71%	40,48	0,50%
unemployment	1,62%	92,36	1,15%
total		326,68	
3. Other allowances			
Annual travel expenses	1,56%	88,94	1,11%
Removal costs	0,26%	14,82	0,18%
Temporary daily allowance	0,37%	21,09	0,26%
total		124,86	
Average monthly cost		8.047,86	100,00%
Average annual cost		96.574,33	

⁵ The corrected average basic salary is equal to the average monthly basic salary – taxes (10.95% of ABS) – employee pension contributions (10.25% of ABS), illness and accident (1.8% of ABS) and unemployment (0.81% of ABS).

2. Implications on the EU budget

Heading	% of ABS	Amount in €
1. Tax	-10,95%	- 624,29
2. Employee pension contribution	-10,25%	- 584,38
3. (virtual) employer pension contribution	20,50%	1.168,76
total		- 39,91
Final average monthly cost		8.007,95
Final average annual cost		96.095,43

In the end the average annual budgetary cost of an Europol agent would be around **98 000 € under Europol Staff Regulations** and **96 000 € under EU Staff Regulations** (without recruitment and training).

This analysis shows that the changeover of Europol staff to the EU Staff Regulations should make it possible to preserve budgetary neutrality while guaranteeing a level of remuneration equivalent to that of the Europol Staff Regulations.

The comparative advantage of the EU Staff Regulations should increase during the years ahead because of the lowering of recruitment grades since the reform of the Staff Regulations. Thus, as the following table show, the turnover of staff in place should allow recruitment at lower grades, a lower basic salary. Another envisaged source of economy could be the recourse to contract agents.

Recruitment grades and basic salary before reform	Recruitment grades and basic salary after reform
A7 / 1 : 5069, 98 €	
A8 / 1 : 4 483, 93 €	AD 5 / 1 : 4012, 00 €
B5 / 1 : 3309, 29 €	AST 3 / 1 : 3134, 02 €
C5 / 1 : 2552, 56 €	AST 1 / 1 : 2448, 17 €

Nevertheless, this result should be interpreted with the greatest prudence for several reasons:

- The establishment plan presented in the financial statement is indicative. The Europol establishment plan will be adopted at the appropriate time by the budgetary authority. Moreover, posts will have to be opened to the grades corresponding to the functions to be provided at the time when the vacancy notices are published;
- The percentages of allowances and benefits applied to the basic salary correspond to those noted in 2006 for Commission staff and do not take into consideration the possible specificities of Europol staff, notably with regard to nationality and family situation;
- The need for Europol to recruit high level specialists and therefore to offer higher grades to be sufficiently attractive in the labour market of the sector.

	Europol SR	EC SR	Comments
--	------------	-------	----------

REMUNERATION COMPONENTS			
--------------------------------	--	--	--

Basic Salary	see separate work-sheet on salary grids	see separate work-sheet on salary grids	
---------------------	---	---	--

Household Allowance	5% of basic salary, with a minimum of 5% of scale 11/11 (€191,74) and a maximum of 5% of scale 6/11 (€ 365,22)	2% of basic salary + € 153,75	Conditions for entitlement are roughly the same under both sets of regulations; Main difference is that there seems to be no maximum under the EC SR
----------------------------	--	-------------------------------	--

Dependent Allowance	Child € 280 per dependent child	€ 368,55 (Note: after phasing in, which will be completed by 1.1.2009; including weighing of 109,70)	Conditions for entitlement are roughly the same under both sets of regulations; Main difference is that under EC SR, child allowance can be granted up to age of 26 (21 for Europol)
----------------------------	--	--	--

Expatriation Allowance	Fixed Allowance depending on scale of employee: scales 1-3: € 1.217,41; scales 4-6: € 913,07; scales 7-9: € 608,70 and scales 10-12: € 486,96	Variable allowance: 16% of total basic salary + household allowance + dependent child allowance; Minimum allowance is € 455,69	Conditions for entitlement are roughly the same under both sets of regulations; Main difference is fixed vs variable, including consideration of family composition under EC SR;
-------------------------------	---	--	--

Rent Allowance	We will not repeat the formula for calculating the rent allowance in this summary, as it is a rather complicated calculation which is given under certain conditions (expat; contract of definite duration etc) and takes into consideration the family composition of the staff member, his net salary and of course his actual rent (subject to certain ceilings). Currently roughly 40% of employees receive a rent allowance, with monthly amounts ranging up to € 1.150 and an average of € 400 (for those who receive the allowance)	n/a	No rent allowance foreseen under EC SR
-----------------------	--	-----	--

SOCIAL SECURITY CONTRIBUTIONS		
--------------------------------------	--	--

Basic Insurance: contributions	Sickness employee	1,852%	1,700%	
Basic Insurance: contributions	Sickness employer	3,703%	3,400%	
Basic Insurance: contributions	Sickness total	5,555%	5,100%	

Additional Insurance: contributions	Sickness employee	1,273%	n/a	
Additional Insurance: contributions	Sickness employer	0,000%	n/a	
Additional Insurance: contributions	Sickness total	1,273%	n/a	

Risk Insurance: employee contributions	0,100%	0,100%	
Risk Insurance: employer contributions	0,130%	0,710%	
Risk Insurance: total contributions	0,230%	0,810%	

Unemployment Fund: employee contributions	0,4% of the basic salary	0,81% of the basic salary after deduction of a standard allowance of € 1.096,07
Unemployment Fund: employer contributions	twice the employee contribution (0,8%)	twice the employee contribution (1,62%)

Pension	Scheme:	8,25% of the basic salary	10,25% of the basic salary	
----------------	----------------	---------------------------	----------------------------	--

employee contributions			
Pension Scheme: employer contributions	twice the employee contribution (16,5%)	No effective payment under EC SR. According to the EU SR, the EU budget shall cover the total pensions for the EU staff.	As the EU SR foresees that EU staff shall contribute 1/3 of the total pensions, it can be considered that 2/3 of the contribution is covered by the employer. Accordingly, the employer contribution represents 20,5%.

TAX			
------------	--	--	--

Taxable salary (tax basis)	Basic salary * 0.9 (10% abatement) minus 2*number of dependent children * dependent child allowance minus social security contributions (sickness insurance; risk insurance; unemployment) minus pension contributions	Basic salary * 0.9 (10% abatement) minus 2*number of dependent children * dependent child allowance minus social security contributions (sickness insurance; risk insurance; unemployment) minus pension contributions	In average : 10,95 % of the basic treatment under EC SR
Tax grid	see separate work-sheet with tax grids	see separate work-sheets with tax grids	

Special Levy tax basis	n/a	Basic salary minus social security minus pension minus tax (excluding special levy) payable by somebody in the same grade and step but without dependents minus basic salary of official in grade 1 step 1 (€ 2.625,26 with weighting; € 2.393,13 without weighting)	
Special Levy tax	n/a	5,07% of special levy tax basis	Percentage applicable as of 1 January 2010