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COMMUNICATION FROM THE COMMISSION

A new type of office for managing support and administrative tasks at the European
Commission

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INTRODUCTION

The December 1999 communication containing general guidelines for a policy of *externalising*¹ the management of Community programmes and the White Paper on administrative reform² outlined a new externalisation policy based on the vision of an administration re-focused on its core tasks and activities.

The Commission mandated a Planning and Co-ordination Group (PCG) to translate these guidelines into concrete measures. The controlled externalisation of the management of Community programmes and its corollary, the reintegration of the technical assistance offices, was the first field to be tackled.

In December 2000 the Commission presented to the Parliament and the Council a communication³ on externalisation of the management of Community programmes, including a proposal for a Council framework regulation for a new type of executive agency, the most innovative instrument in the Commission's externalisation strategy.

In November 2001, the Commission approved a communication⁴ on the management of Community programmes or actions by networks of national agencies. This is a form of externalisation based on delegation by the Commission of implementing responsibilities to national entities with a public service mission guaranteed by the State which serve as partners for implementing certain Community policies.

In its communication on *Matching the Commission's activities with its human resources*⁵, the Commission identified a number of tasks other than the management of Community programmes that might lend themselves to externalisation including tasks relating to the internal workings of the Commission as well inter-institutional activities. For this purpose the creation of separate administrative entities has been envisaged. Following this approach the Commission has recently put forward a proposal for establishing an inter-institutional recruitment office⁶.

The term "office" is meant here to define administrative entities aimed at providing support for the activities of other Commission departments and/or of other Community Institutions. However, in some cases the term office has been used either for what are in fact specific Commission departments responsible for certain policies, or on an ad-hoc basis.

¹ *Guidelines for a policy of externalisation*, SEC(1999) 2051/7.

² *Reforming the Commission*, COM(2000) 200.

³ *Externalisation of the management of Community programmes, including presentation of a framework regulation for a new type of executive agency*, COM(2000)788 final, 13.12.2000.

⁴ COM 2001/648.

⁵ (SEC 2000/200).

⁶ COM (2002) 126 final.

Starting from the explanation of the advantages and risks associated with the creation of Commission offices, and an inventory and assessment of existing *offices* and their typology, this communication defines a new type of support and administrative office.

These new offices that could facilitate the reorganisation of the Commission in the light of Reform, and would be an appropriate instrument to prepare the evolution, in due course, towards a reinforced inter-institutional co-operation by pooling together a number of administrative and support tasks. The new offices would also represent a tool implemented by the Commission and/ or the other Institutions to meet the recognised demands for the optimal use of resources, for high quality services, notably through the development of visible centres of expertise.

The present communication aims at providing a framework within which the departments in the Institution(s) could set up office-type structures in the future. It does not affect the status, operation or management structures of existing offices.

From a functional viewpoint, the new type of office is clearly different from the executive agencies. The Commission would entrust these agencies, set up within the framework of a Council Regulation and with legal personality, with certain tasks relating to the management of one or more Community programmes. In this respect, the duration of existence of an implementing agency is closely linked to the duration of the programme. The new offices would have a mandate linked to the performance of support and administrative tasks, which can have a permanent nature and that are linked to the mandate of a Commission department.

1. REASONS FOR THE CREATION OF OFFICES

The main objective underlying the creation of Offices is the idea of empowering structures distinct from a Commission department - as currently conceived – with execution of tasks that are not directly linked to the Commission's role as guardian of the Treaties or to its right of initiative that, however, the Institution wants to keep under direct control.

The purposes for delegating the execution of administrative and support task to the Offices and numerous and diverse:

1.1. Increased quality and efficiency

The Offices would help achieve an increased level of **quality** and/or **increased efficiency** in the services provided through:

- A strengthening of the **visibility** of the services provided. These better results will be sought through a better directed and more integrated approach to the various factors contributing to them, and by even more effective management of the various groups of activities within better identified, more autonomous and more functional structures. By doing this, while leaving fundamental decisions to the Commission and/or to the Directorates-General (DGs) of reference, both policy and management in each field can be brought closer to ground-roots reality and to users.
- The decentralisation of **effective operational responsibilities**. This will be achieved notably through the definition of clear terms of reference, the full integration and management of the own resources and budget of the Offices. Such an integrated approach will also fit in well with the aims of the current recasting of the Financial Regulation and the system for matching activities and resources (activity-based management and activity-based

budgeting). In this respect, the Office would provide an environment in which the service providers would operate with a certain degree of stability, hence security, to ensure that the essential operational requirements of the Institution are met. The Office director could therefore better plan his/her activities and deliver a high quality level service through an operational structure. In order to reach the expected level of stability, it is essential to allocate to each activity the necessary human, financial and computer resources, to be adapted to the changes occurring in the working environment. First, it would allow the resources necessary in the incipient phase to be identified, but it would also help to adapt the resources of the Offices to the needs formulated by the user services.

- A more **focused activity** should allow the office to be more adaptable to customers' needs and react more swiftly to their demands.

1.2. Potential savings

Over the years the Offices should also help to achieve **potential savings** through:

- the impact of the increased efficiency, as explained in the previous section;
- **further economies of scale** from an improved **inter-institutional approach**.

This objective should be achieved through the pooling of financial and human resources, while rationalising management and strengthening the efficiency and consistency of policies. The feasibility of such an operation remains more based in *political will* than in the problems of a technical nature, for which solutions can be found.

- the use of **New Contract Agents (NCAs)** in accordance with the Commission proposal on the use of external staff⁷. According to the final orientations in this domain, NCAs :
 - would be recruited under public law contracts,
 - would have a different status from Auxiliary Agents,
 - would be used only in specific structures, including the Offices,
 - would perform "non-core" tasks and
 - always work under the guidance of permanent staff.

1.3. Potential risks

The creation of the Offices could present a number of potential risks.

Firstly, the issue of the overheads necessary for the functioning of each Office⁸ needs careful consideration, to avoid having diseconomies of scale. For this purpose, the offices need to reach a sufficient minimum size which will allow them also to fully benefit from the existence of a separate establishment plan. The critical size has to be determined on a case-by-case basis, notably making a cost-benefit analysis that will determine the threshold above which potential savings will compensate for diseconomies of scale. Particular attention has also to be paid to the issue of coherence of functioning with the department (or Institutions) to which the offices are linked; for this reason it is proposed to set up supervisory boards.

⁷ SEC(2001) 1697/7 of 30/10/2001, section 3.3 and Annex X.

⁸ Essentially human, financial and computer resources.

2. EXISTING TYPES OF OFFICES

The word “office” is currently used to identify several existing structures which respond to different situations and whose status, operation or management is not affected by the new type of office defined in the present communication.

Currently, three types of offices have been identified: the inter-institutional office (Publications Office - OPOCE and the recently decided European Recruitment Office - ERO), the “internal” Commission office and the “OLAF” type (European Anti-Fraud Office). The characteristics of the latter result from its particular mission and operating environment and, therefore, are not necessarily transferable on other offices. Therefore, its analysis will not be further developed.

The following features are common to the Offices:

- Offices do not benefit from *legal personality*. Though their establishment acts might empower them in certain aspects to act within the legal context (e.g. to conclude contracts) they are not legal entities, unlike the Community agencies.
- Unlike the establishment of an agency, the creation of an office represents an *organisational act* of the Institution(s), formalised through a decision of the Commission (or joint decision of the Institutions in case of inter-institutional offices).
- The posts for staffing the existing Commission offices are contained in the Commission’s *establishment plan*.
- The *Staff Regulations* being applicable, the types of personnel to be employed in the offices are essentially the same as in the Institutions. In the future, the Offices, unlike the Commission departments, will be allowed to use the New Contract Agents formula.
- Current regulations allow for delegation of the powers of *appointing authority*, but to a varying extent according to the status of the Office.

2.1. Inter-institutional office

The inter-institutional office is an entity which does not form an integral part of one of the Institutions and is designed to carry out tasks that are common to several or all Institutions. Assigning such tasks to an office has the advantages of accumulation of know-how, of economies of scale (especially for smaller entities) and of a coherent practice throughout the Institutions.

The inter-institutional office has a separate *budget line* in the Commission’s administrative budget (Part A). It also has a separate *establishment plan* that is approved by the budgetary authority. Under ABB from 2004, it will be proposed as an article and items under the policy title “Commission’s Administration”, also with a separate establishment plan, and an annexed breakdown of revenue and expenditure.

The decision to *set up* an inter-institutional office is a joint decision of the Institutions concerned.

In the case of OPOCE as inter-institutional office the basic regulation foresees that the Commission acts equally as *appointing authority*, in accordance with the management board.

In principle, the management board cannot act as appointing authority for the director. For staff-related issues the Commission, which is the AIPN (Autorité Investie du Pouvoir de Nomination – Appointing Authority), has been empowered to delegate these powers to the director of the Office.

The inter-institutional office is *headed* by a director or a president and controlled by a management board, to which he/she is responsible.

An inter-institutional office has to adopt its own rules on *staff policy*, always in the full respect of the staff regulations.

The inter-institutional office *concludes contracts* on behalf of the Institutions. Thus, it is not the office which is party to court proceedings arising from that but the Institution concerned. The question of legal representation of an inter-institutional office, therefore, has played no role up to now.

2.2. Commission Office

The current internal Commission offices is a Commission service, which however, differs in certain aspects from a Directorate-General. Currently, the Offices are either totally independent from a superior administrative department and report directly to a Commissioner (European Community Humanitarian Office - ECHO) or to a Board (EuropeAid Co-operation Office- AIDCO) or can be part of a DG (Food and Veterinary Office - FVO). This latter case will not be referred to in the rest of this section, as *de facto* the FVO is a Directorate of the Health and Consumers Protection DG and therefore no exceptions apply with respect to all other Directorates of the Commission

The “standard” Commission offices are so far fully integrated into the Commission’s section of the budget, i. e. their staff is paid out of part A of this section and their lines for operational expenditures form part of part B of this section. Therefore, the Commission has the possibility to allocate its resources by internal organisational procedures and according to its priorities.

The creation of an office is an organisational act of the Institution formalised by a Commission decision.

An office works under the authority of a head of office. The head of office in the existing Commission offices occupies a position equivalent in function (though not necessarily in grade) to that of a Director-General and, therefore, is responsible to a Commissioner.

The Commission acts as appointing authority and the rules on the delegation of the related powers apply. For staff-related matters, the powers of the appointing authority and of the authority authorised to conclude contracts in the case of a Commission office lie with the Commission but are delegated on the Head of Office.

The internal implementing rules of Commission offices are those of the Commission itself.

The Legal Service represents a Commission Office in court proceedings.

3. A NEW TYPE OF OFFICES

Recent and future evolutions both in terms of proposals for new rules on external staff and the recast Financial Regulation will allow a new type of Commission office.

The new type of Commission office proposed hereunder can be seen either as an objective in itself or as a first transitory step towards an inter-institutional office.

3.1. The principal criteria of responsibility

3.1.1. A clear division of functions between Board and Office Director

The College would define the terms of reference of the various Boards at the start and adopt the mission statement of the Offices. The relevant Board would define the terms of reference of each Office director and each work programme so that they can fulfil their functions within a framework of complete responsibility and functional independence. The Board will meet on a regular basis in order to take decisions concerning the implementation of the work programme and exercise the function of overall control over the functioning of the Office. The Board would not intervene in current management, which would be the responsibility of the Office director.

3.1.2. Allocation of responsibilities among the Board, the DG of reference and the Office

- Decisions of principle or of a fundamental nature, depending on sector, would remain the responsibility of the College. In the case of inter-institutional offices, each Institution would keep its own responsibility.

- All decisions of a legislative nature (such as staff rules or any directive linked with a policy as an example) would remain with the Commission, but the relevant Office would be consulted.

The above decisions would be prepared in the DG of reference in co-operation with the Offices.

- Decisions concerning the execution of policy decisions would be transferred to the Offices. In case of doubt the Office director would consult the Board.

- Consistency and the authority of each of the Boards would be ensured by the terms of reference and authority delegated by the College. To this end, the chairman of each Board would report to his/her Commissioner on the implementation of the work programme.

3.1.3. *More independence for each Office*

One of the principles of the administrative reforms is to encourage greater personal responsibility at all levels. This would be facilitated by more management independence for each Office, backed by the allocation of all the resources necessary (human, financial, IT, etc.) granted to the office in the framework of the annual budget procedure for achieving the tasks of the Office. To this end, each Office would have the power to take decisions and manage accordingly owing to the fact that, based on the recast Financial Regulation⁹:

- appropriations are covered by a specific budget line within the Commission section and outlined in detail in an annex to that section;
- the annex presents revenues and expenditures broken down according to budget sections;
- a separate establishment plan is annexed to that of the Commission;
- the Director of the Office is entitled to decide upon transfers between the individual budget items of the annex;
- the Office director will be an appointing authority (AIPN).

As stated in section 2.1.2, under ABB from 2004, it will be proposed as an article and items under the policy title “Commission’s Administration”, also with a separate establishment plan, and an annexed breakdown of revenue and expenditure.

3.1.4. *A control system and an appropriate audit system*

The same principles underlying the administrative reforms should apply to each Office.

- As authorising officer by delegation, the Office director would have to provide the same formal declaration as a Director-General or Head of Service in order to give reasonable assurance of the good management of his/her resources.
- In line with the spirit of the general reform process, the Office director’s responsibilities would comprise the establishment of adequate internal control mechanisms and audit capability.
- The Commission's Internal Audit Service would remain competent for auditing the Offices. The **internal audit** capabilities could be envisaged either separately for each Office, or could be concentrated in a single entity common to all the Offices. OLAF would have all access rights to the new offices.

3.2. **Structure**

(1) The Offices would be under the political authority of the Commission.

(2) The Offices would each be supervised by its own Board of Directors (Board) appointed by the College. The role of the Board would be to ensure supervision of the Offices by drawing up their work programmes and the mission statement of each Office director and by assessing the implementation of the agreed work programme through an annual management report.

⁹ Title V

(3) Each Board would be chaired by the Director-General of the DG to which the Office would report and composed, if necessary, of the Directorates-General concerned with the policy to be followed and with the resources to implement it, the 'user' DGs and other departments. The DG of reference would provide the secretariat of the Board.

(4) The Office director would be an A2 official, but could be an A1 depending on the size of the Office. The Office director would also need to chair the various internal bodies and working groups tasked with the co-ordination of the various stake-holders for a given policy.

(5) An interface should be maintained in the DGs to ensure consistency with the policy guidelines in a given field of activity in relation to the Office mandate. This structure would also be responsible for monitoring the mandate of the Office and assist the Board in preparing it.

3.3. Inter-institutional offices

The presentation of the new type of office made in the previous sections refers to the Commission type.

The Commission office would be *set up*, as said previously, either as an end in itself or as a structure of transition towards a permanent inter-institutional one. The reason for adopting a two-step approach can be found in the different levels of interest and need of the other Institutions in possibly joining an Office. Some are keener than others, and the level of delegation of competencies and tasks that they are willing to delegate is uneven. Finally, there is little scope for trying to have a common agreement of all the other Institutions, on the same ground, before deciding to possibly create an Office.

The inter-institutional office would in this respect represent a natural development of the Commission office. In its final configuration, the inter-institutional office would be very close to the OPOCE and the ERO models and the proposals made under sections 3.1. and 3.2 would need adaptations to transform the proposed structures into inter-institutional ones.

3.4. Areas where management by Offices can be considered

Delegation of tasks to offices has a certain potential for development and extension in areas providing administrative support to Commission departments with the possibility of extension to other Institutions.

Specific fields of activities for offices are presented in the Communication on the "New structures for managing administrative tasks currently undertaken in DG Admin"¹⁰.

This communication proposes in particular the creation of offices in charge of the determination of individual entitlements, their calculation and their actual payment (*paymaster office*) and in charge of all activities connected with building policy and management of office space (*office for infrastructure and logistics*).

¹⁰ SEC (2002) 618.

CONCLUSIONS

This Communication presents the results of the analysis undertaken by the PCG Externalisation on the issue of the Offices, which highlights the main advantages that the creation of Commission Offices could bring, and the potential elements of risk associated with it, after taking stock of the situation existing in the Commission and at the inter-institutional level.

It is therefore proposed to create a new type of Office, perfectly in line with and taking full advantage of the Commission decisions in the area of external personnel and of the opportunities that the recast Financial Regulation offers.

First instances of this new type of office are currently being designed in full consistency with the principles presented in this Communication.