

European Commission's Green Paper *Restructuring and anticipation of change: what lessons from recent experience?*

Response of the European Social Dialogue Committee in Central Government Administrations (30 March 2012)

Introduction

The Social Dialogue Committee in Central Government Administrations (hereafter SDC CGA) welcomes the references in the Green Paper to the important role that central administrations play both as an employer and service provider for Europe's social cohesion, competitiveness and thus in tackling the effects of the crisis.

This is much welcomed as this role has often been in the past underestimated or neglected in European policies.

Further, it is welcomed that the Green Paper recognizes that public sector employees are affected by cutbacks across the EU, and thus that the impact of restructuring must also be dealt with in the public sector.

The issue of the crisis and restructuring runs through the Committee's workprogramme 2011-2013.

Given the importance of the issue, the SDC CGA regrets that it is not the subject of a second stage consultation, as was initially planned by the Commission. We have concerns that the nature of a Green Paper risks diluting the role of social partners in dealing with restructuring and delaying further improvements to the related EU and national frameworks.

We call upon the Commission to deliver the appropriate policy proposals as quickly as possible.

Question A

How can anticipative and strategic long-term approaches to the management of change and restructuring be applied to the public sector, in the framework of the current consolidation measures and taking into account the specific characteristics of this sector? (optional) (maximum signs 2000; final count:1203)

The financial crisis has highlighted the important role central government administrations play in regulating the market, providing employment and social protection and jobs.

To understand the nature of restructuring in the public sector it is therefore essential to put it in the broader context not only of "fiscal consolidation" as the above question states, but of the "EU-coordinated fiscal consolidation measures". It must also take due account of the ageing workforce in CGA and the departure in the short term of substantial numbers of employees due to retirement.

This implies that responses to management of changes and restructuring in the public sector must include both the EU and national levels.

The Green Paper suggests that it is only in the first half of 2011 that any major restructuring is taking place.

However, it should be kept in mind that in the member states first hit by the crisis, it has had an immediate effect on the public sector right from the end of 2008, early 2009.

Since then, a majority of EU countries have resorted to programmes of pay, pensions and job cuts or freezes, reforms of working conditions as well as changes of labour law.

A major feature of restructuring in the public sector is that the social dialogue has been sidelined.

There are however some examples where agreements have been reached with the social partners, following initial disputes including strikes, as in Ireland (Croke Park agreement, 2010); Lithuania (2009); Slovenia (2011).

Although these remain the exceptions, they show that it is possible for social dialogue to deliver results in tense national contexts and that trade union rights are essential to an effective social dialogue.

When public employment programmes are framed within a long-term development approach, they have the potential to mitigate the impact of a crisis on employment, as well as ensure more inclusive growth.

The SDC CGA would argue that the best anticipative long term approach to restructuring and changes should necessarily integrate social dialogue based on trust between social partners.

Consistent social dialogue is key to change management and anticipation policies.

The SDC CGA therefore supports the Green Paper that states: *“More than ever, social dialogue and collective bargaining have played a crucial role in adapting production, work organisation and working conditions to fast-changing and demanding circumstances during the crisis.”*

It also agrees with the references in the Green Paper to the importance of working with employee representatives on the forward planning of employment and skills and of building mutual trust.

However, as stated above, the SDC CGA regrets that there are very few examples from across Europe of how this has been taken on board.

It is reminded that both the ILO and OECD recommend better involvement of workers or their representatives in public administrations including when dealing with restructuring plans and better workforce planning.

It is recalled that in its statement on the crisis¹, the SDC CGA reaffirms that what constitutes the administrations are the people who work in them, and that they should be involved at every stage of the changes. In this framework, the promotion of social dialogue is essential, as well as the need to uphold public sector values of universal access, accountability, transparency, integrity and equal treatment.

In our view, an immediate challenge is how to repair the damage done to social dialogue where this has been done and regain trust between social partners.

The SDC CGA calls for an EU framework on anticipating change and restructuring that includes the public sector. Given the severity of the situation, a mere collection of good practices as suggested by the Commission will be useful but not sufficient. Accordingly, it considers that the following should form the basis of such a framework encompassing both national and EU levels:

¹ December 2011

1. The foundations and strength of the European social dialogue rest on an effective and regular social dialogue at national level. It is therefore essential to enforce social dialogue rights in compliance with the EU Charter of fundamental rights and relevant ILO conventions for the public sector such as C151. It is recalled that any changes to trade union rights should be negotiated with the trade unions concerned;
2. At EU level, given the impact of the new EU economic governance for the functioning, funding, employment levels and working conditions in central government administrations, social partners from all public services social dialogue committees should be involved with a view to *at least* examine the restructuring implications of the EU economic governance for:
 - a. Jobs levels and workforce planning,
 - b. pay and other working conditions,
 - c. work organisation,
 - d. health and safety,
 - e. trade union rights,
 - f. Gender equality
 - g. Civil servants and contractual staff (where this distinction applies)
 - h. Outsourcing,
 - i. Long term public administrations' operational capacity and attractiveness²,
 - j. Long term sustainability of the overall economy and social cohesion.
3. As established as a good practice in the private sector, the SDC CGA asks public employers that, when the need to restructure occurs, redundancies should always be absolutely last resort measures. Taking into account the demographic (ageing) reality of the sector, the SDC CGA calls upon public employers to avoid redundancies as much as possible and only envisage them after having considered all possible alternative options and/or identifying and implementing supporting measures. When redundancies cannot be avoided employers, public authorities and indeed the European Commission, through the European Social Fund, should make available to the employees concerned measures aimed at re-enforcing their employability and helping them to re-enter the labour market as quickly as possible. A collection of good practices on how this can be done will be useful;
4. The above should be combined with regular sectoral skills needs evaluation by the social partners in the framework of broader debates on the anticipation of change. Skills needs evaluations allow appropriate recruitments, training or reconversion of staff and can prevent radical measures and sustain the efficiency of the public service;
5. The SDC CGA reaffirms the importance of the information and consultation of the social partners at all levels. It calls upon all the DGs of the European Commission to inform and consult the European social partners on relevant sectoral developments or on policies of particular importance for the sectors concerned;

² EUPAN Directors General resolution, 2011, Gödöllő. Also, the issue of the image and attractiveness of CGA is currently the subject of an EU-funded project for the SDC CGA.

6. An annual report on managing change will be drafted by the social partners concerned in light of the above;
7. Maintaining a social dialogue on the managing of change is crucial also to avoid low morale and degrading working conditions. Developing regular comparative analyses on the situation at national level provide a key means of generating and focusing this dialogue;
8. It is reminded that training should be available to all, regardless of gender, ethnic origin, disability, nationality, employment status, age, and during working time. The observed shift to competence-based training should be encouraged. Expenditure per employee for initial and continuing vocational training should be closely monitored also in terms of gender, age, and employment status;
9. Four years of restructuring public services provide sufficient time to assess the long term effects of it for the overall economy, sustainable development challenges, social cohesion and long term operational capacity, working conditions and quality and availability of public services.