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**CEMR-EPSU JOINT RESPONSE to the European Commission's  
Green Paper COM (2012) 7 final  
Restructuring and anticipation of change: what lessons from recent  
experience?**

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## **Introduction**

1. CEMR and EPSU, the European Social Partners representing Local and Regional Government, have discussed the Green Paper on 'restructuring and anticipation of change: what lessons from recent experience', as the European Commission and the Commissioner for Employment and Social Affairs has called for in his letter from 17 February addressed to our Committee.
2. We welcome the references in the Green Paper to the important role that local and regional government 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 underestimated or neglected in European policies. Furthermore, it is welcomed that the Green Paper recognises that public sector employees, and their employers', are affected by cutbacks across the EU, and that the impact of restructuring must also be dealt with in the public sector.
3. The issue of the crisis and restructuring is central to our Sectoral Social Dialogue Committee's Work Programme 2011-2013. Anticipating changes and modernisation of the workplace in local and regional government through an effective social dialogue is also subject of a current EU-funded project by CEMR and EPSU<sup>1</sup> on Future of the Workplace.
4. CEMR and EPSU underline that a second phase consultation of Social Partners only would bring the advantages of prioritising their role in restructuring matters and of not delaying any further much needed improvements to the EU and national frameworks on restructuring, especially as European employment is on a downward trend. After all, second phase consultation is considered the next natural step after the European Commission's first phase consultation of Social Partners on this matter.
5. Furthermore, a 2nd stage Social Partner Consultation would ensure that the work undertaken by them, both at cross-sectoral and sectoral levels, and that the first European Commission consultation of Social Partners in 2003, is fully taken into account rather than starting from scratch.

## **Setting the scene**

6. While it is welcomed that the Green Paper acknowledges the need to consider the impact of restructuring on the public sector as an employer and service provider, CEMR and EPSU state that restructuring in the public sector is not a new phenomenon. It is invaluable that one has to distinguish the impact of restructuring in the private sector and the role of local and regional government in this regard (education and skills development, employment and support to unemployed and other labour market measures), with 'restructuring' within the public sector with the aim of improving quality and efficiency.
7. What is new is that the EU policy responses to the financial crisis have accelerated the pace, scale and depth of restructuring in local and regional government whilst making the latter a central focus in the new EU economic governance (through the European semester and annual growth survey<sup>2</sup>) that anchors fiscal consolidation measures. It also challenges job security in the public sector, a key feature of local and regional government in some member states.

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<sup>1</sup> Information on the project available [here](#)

<sup>2</sup> Reforming public administrations is one of the 5 priorities of the EC annual growth survey

8. Since then, a number of EU countries have resorted to programmes of pay, pensions and job cuts or freezes, reforms of working conditions (longer working hours for instance) as well as changes of labour law that weaken Social Dialogue structures<sup>3</sup> as in, for example Spain, Romania, Greece, and Hungary. There are, however, examples where agreements have been reached with the social partners, as in Ireland (Croke Park agreement, 2010); Lithuania (2009); Slovenia (2011). They indeed show that it is possible for Social Dialogue to deliver results in tense national contexts, and that collective bargaining are essential to an effective social dialogue.
9. Adjustment/transition agreements between Social Partners is an example of a good tool to handle restructuring. These agreements, such as the one in Sweden<sup>4</sup>, have the objective to support employees that risk termination or have terminated their employment due to redundancy, and are on their way to a new job. Counselling /guidance, coaching, education, training, "training-wage", internship or support for starting up a business are some of the activities that can be covered by such adjustment/transition agreements.
10. 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", but of the "EU-coordinated fiscal consolidation measures". It must also take due account of the ageing workforce in local and regional government and the departure in the short term of substantial numbers of employees due to retirement. This strongly reinforces the principle that responses to management of changes and restructuring in the public sector must include the EU, the national and principally local and regional government levels.
11. To support this further, the ILO recommends<sup>5</sup> governments to engage in Social Dialogue in public administrations, as it finds it has been instrumental in the development of positive measures taken to respond to the financial crisis. Here, the ILO also warned against the harmful effects of premature crisis exit strategies and cut-backs in public sector employment.
12. Another pertinent feature of restructuring in the public sector is that, in some countries, the Social Dialogue has been sidelined. This was recently confirmed by the EU agency on improvement of living and working conditions (Eurofound), which found that pay freezes and/or cuts (15 EU countries<sup>6</sup>), job freezes/cuts and other changes to working conditions have been imposed by, for example, central government, rather than negotiated by Social Dialogue.
13. At the same time, the financial crisis has highlighted the important leading role of local and regional governments in providing support (through, for example, private initiatives or public-public cooperation) for new jobs, education, training, employment, social protection and adapted service provision in their region/area.
14. CEMR and EPSU would like to highlight their joint efforts to discuss the very difficult economic context and funding of local and regional government, to identify the key challenges, solutions to growth and alternatives as e.g. the greater use of technology,

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<sup>3</sup> It is not in the scope of this response to provide details on these programmes but job reductions can be as massive as up to 490,000 job cuts as in the UK, pay cuts as large as up to 25% as in Romania.

<sup>4</sup> [Link](#) to Swedish agreement (in Swedish only)

<sup>5</sup> In its [Report](#) 'Sectoral Dimension of ILO's work'

<sup>6</sup> Czech Rep, Estonia, Greece, Hungary, Ireland, Latvia, Lithuania, Portugal, Romania and Spain, as well as pay freezes in these countries along with Bulgaria, France, Italy, Slovenia and the UK

the cooperation with other local and regional governments or working more closely with the third sector<sup>7</sup>.

15. The ILO report of 2010 on the economic downturn and public administrations<sup>8</sup> finds a number, although too rare, of significant innovations in public employment schemes in response to the crisis. Countries that have invested in work in social sectors, environmental services and community-driven programmes in addition to more traditional infrastructure projects have created jobs, notably for women. In addition, 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.

**On anticipative and strategic long-term approaches to the management of change and restructuring and their application to the public sector, in the framework of the current consolidation measures and taking into account the specific characteristics of this sector**

16. CEMR and EPSU argue that the best anticipative long term approach to restructuring and changes is through Social Dialogue based on trust between Social Partners (trade unions, local and regional authorities) and central government. Local and regional governments are best placed to address this issue and discuss within the structure of Social Dialogue.
17. It is only through consistent and stronger worker participation that change can be managed in a socially acceptable manner, trust is nurtured and anticipation policies can develop<sup>9</sup>. One of the initial findings of the CEMR-EPSU Project "Future of the Workplace", is that "in those reforms where the employers were open to engaging the trade unions as real partners, the likelihood of successful reform was high". A change in work organisation can only be successful if discussed between, and accepted, by employees and their employers.
18. CEMR and EPSU therefore support 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.*" The Social Partners also agree 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.
19. However, as stated above, CEMR and EPSU regret that there are very few examples from across Europe of how this has been taken on board. Indeed, arbitrary recruitment freezes and job cuts in several countries are the exact opposite of Social Dialogue over the planning of employment and skills, smoothing the way for changes in work organisation and working conditions. There is now ample evidence that modernisation of public administrations must be based on an effective Social Dialogue, cooperation between central and local and regional governments, and quality and effectiveness which, amongst other things, relies on trade union rights to information, consultation and negotiations.
20. CEMR and EPSU discussed, on the basis of the findings of the HIRES study<sup>10</sup>, the health impacts of restructuring in the public sector. This study showed that very few

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<sup>7</sup> Initial CEMR- and EPSU report on funding in local and regional government: Future of the Workplace EU Funded project. More info [here](#)

<sup>8</sup> Report can be downloaded [here](#)

<sup>9</sup> As pointed out in OECD's latest '[Government at a glance](#)'

<sup>10</sup> Information on study available [here](#)

countries are equipped to carry out impact assessments of restructuring on employees. Therefore, Social Partners in local and regional government concluded that anticipating changes is also anticipating on health and safety aspect of restructuring in order to preserve employee's health; an aspect which needs to be integrated into any further EU work on Restructuring.

21. It is recalled that in all three joint statements on the crisis<sup>11</sup>, CEMR and EPSU reaffirm that what constitutes local and regional government are the people who work for them and the citizens they deliver services to. This means that the Social Partners should be involved at every stage of the changes, and 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.
22. There is thus consensus that the question is not whether or not Social Dialogue has a role to play in restructuring but how it should be done, in which fora and at which levels.

### **Recommendations**

23. In the context of the discussion on ***an EU Framework for Action*** on anticipating change and restructuring, a number of issues should be taken into consideration:

#### *Anticipating and planning restructuring*

24. 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 strengthen social dialogue rights and procedures at national level to avoid further imposed restructuring. CEMR and EPSU call upon the European Commission, to strongly support the Social Dialogue in helping to conclude agreements at European level.
25. In any further discussions on an EU Framework for Action, and given the impact of EU economic governance on employment and working conditions in central and local and regional government, Social Partners from the Public Services Social Dialogue Committees should be involved further and more systematically in the exchange of views and case-studies examining restructuring.
26. When redundancies cannot be avoided employers and public authorities, through the European Social Fund for example, 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 would be useful.
27. 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 local and regional government sector. The issue of lifelong learning, training and skills development is an issue being examined by our European Social Dialogue Committee in the framework of our project on the Future of the Workplace.

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<sup>11</sup> Feb. 2010, October 2011, Dec. 2011 : available [here](#)

### During restructuring

28. Maintaining a Social Dialogue on the managing of change is crucial during restructuring. Developing regular comparative analyses on the situation at national level provide a key means of generating and focusing this dialogue. In this regard, the tripartite Eurofound's research support tools can be a key source of information regarding restructuring cases in public sector/services (European Restructuring Monitor, [ERM](#)): information on aspects of working conditions in the public sector (European Working Conditions Survey, [EWCS](#)): information on perceived quality of public services (European Quality of Life Survey, [EQLS](#)); results of collective bargaining and industrial action in the public sector/services (European Industrial Relations Observatory, [EIRO](#)).
29. It is reminded that training should be available to all, regardless of gender, ethnic origin, disability, nationality, employment status, age. The observed shift to competence-based training should be encouraged. Expenditure per employee for initial and continuing vocational training, along with the outcomes, should be closely monitored also in terms of gender, age, and employment status.

### Follow-up

30. Four years of cutbacks in public services provide sufficient time to assess the long term effects of austerity measures for the overall economy, climate change challenges and social/territorial cohesion and long term operational capacity, working conditions and quality and availability of public services.
31. Our European Social Dialogue Committee continuously monitors this situation through regular discussion on the effects of the crisis, and publishes joint statements on the role of Social Dialogue in this regard.
32. Before any European Framework for Action is developed, the European Commission should hold a dialogue with European Social Partners, in view of scoping the kind of action envisaged at EU level. CEMR and EPSU remind the European Commission, that a suitable starting point would be an exchange of experiences and of good practice between the relevant stakeholders. This would provide a sufficient and strong basis for further discussion on the issue of restructuring and anticipating change.
33. Conclusions from our 'Future of the workplace' project will provide concrete recommendations on how Local and Regional Public Administration can anticipate change to the workplace in all its dimensions.