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PUIGARNAU, Director

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Guidelines on key performance indicators (KPI) for directors of EU
decentralised agencies

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COMMISSION STAFF WORKING DOCUMENT

Guidelines on key performance indicators (KPI) for directors of EU decentralised agencies

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1. INTRODUCTION

1.1. General context

Point 15 of the Common Approach¹ on EU decentralised agencies, endorsed by the European Parliament, the Council and the Commission in July 2012, indicates that, while *agencies' Directors are accountable to the European Parliament and the Council for the use of the EU contribution, the discharge procedure focuses on accountability and regulatory compliance rather than on the performance per se. This is due, inter alia, to the lack of performance indicators. Agencies' Directors should therefore be more clearly accountable for performance. To this end, tailored performance indicators should be introduced for allowing effective assessment of the results achieved in terms of objectives.*

In line with the Common Approach, the Commission announced in its Roadmap on the follow-up to this Common Approach², that it would, "*on the basis of agencies' contribution*", "*develop guidelines on tailored performance indicators to assess the results achieved by Directors*". (cf. action no. 89).

The agencies sent their contribution to the Commission on 11.09.2014 by letter of Morten Kjaerum, Chair of the Network of EU Agencies.

This document constitutes the guidelines referred to in the Roadmap.

Point 15 of the Common Approach appears in the section dedicated to the Director (as opposed to the more general sections dedicated to the evaluation of the agency as a whole). It is therefore clear that the indicators at stake should focus on the Director and limited to the areas where (s)he has effective control. In other terms, the Key Performance Indicators at stake in the present note should aim at assessing the Director's results and not those of the agency (whose performance is affected not only by the Director but also by the Management Board and by external factors or stakeholders).

However, agencies are very different one from another. Some indicators are valid in all cases (for example the indicators that relate to the financial management competencies) while others might be suited for one agency Director but may not be appropriate for another. Therefore, the objective is *not* to establish a list of mandatory indicators to be applied in all agencies. The objective of this document is to propose a choice/selection of possible indicators. Each agency's Management Board and partner DG are invited to select a balanced subset of indicators that will be used for the assessment of that agency's Director.

The indicators listed in these guidelines should not be treated as an exhaustive catalogue of KPI. Additional indicators may obviously be developed for each agency.

¹ http://europa.eu/agencies/documents/joint_statement_and_common_approach_2012_en.pdf

² http://europa.eu/agencies/documents/2012-12-18_roadmap_on_the_follow_up_to_the_common_approach_on_eu_decentralised_agencies_en.pdf

1.2. Types of indicators

These KPIs are a set of performance-related indicators which would allow for an effective **assessment of results achieved against objectives** and would feed into the work of the European Parliament and the Council for the purpose of the discharge to the Agencies. The KPIs presented for this type are split in two categories: achievement of operational objectives and human and financial resources management.

These KPIs could be considered as the common reference to measure the performance of the Director/Head of Agency in achieving operational objectives (as reflected in the Agency's Annual Work Programme (AWP)/Programming document³) and in managing the financial and human resources allocated for this purpose.

Each Agency should develop appropriate baselines and targets for these KPIs, that is, what should be considered as a satisfactory level of performance, taking into account the Agency's specific circumstances, such as stage of development, size, type of operational activities and the like.

Finally the KPIs should be explicitly stated in an Agency's AWP/Programming document and reported in the Agency's Consolidated Annual Activity Report ("CAAR") to indicate the actual performance achieved. The assessment of the CAAR by the Agency's Management Board should refer to them.

In principle these KPIs should be applicable for all⁴ Directors/Heads of Agency. However, it must be stressed that the KPIs described here are not mandatory for an Agency and that a larger, though reasonable number of more specific quantitative or qualitative KPIs could be developed, depending on the mission, specific needs and features of each Agency and in particular on the actual content of the AWP/Programming document of the latter.

1.3. Use of the indicators

The value of KPIs is to assist in the assessment of the results achieved by the Director/Head of Agency. KPIs should however make it possible on the one hand to give elements of objectivity in the assessment of results and to assess trends over time (e.g. a steady improvement or deterioration from the moment where the Director/Head of Agency took up duties).

The objective of KPI's is not to compare the agencies' Directors one with another. They are not designed for this purpose and cannot be used for that purpose.

One could imagine that the average value of one indicator across all agencies could constitute a "benchmark" or "reference value". It is important to stress that this cannot be the case because agencies are so different one from the other (in terms of size, mission, field of activity, location, etc.) that the average value would not be meaningful for comparison purposes.

³ As of 2016 new programming obligations enter into force and the current Annual Work Programme is replaced by the "Programming document" referred to Article 32 of the Framework Financial Regulation.

⁴ In case of fully self-financed agencies, not submitted to the discharge procedure of the European Parliament, the Board may also consider using these guidelines for the specific discharge procedure followed by the agency.

2. KEY PERFORMANCE INDICATORS

2.1. KPIs in relation to Operational Objectives:

Criteria	Proposed performance indicators
Is the work programme fully implemented throughout the year and such implementation is reflected in the Annual Report for such a year?	<ul style="list-style-type: none"> • Timely submission of the draft AWP/Programming document • Percentage of completion of the activities of the AWP/Programming document* • Timely achievement of objectives of the AWP/Programming document**

**: Activities refer to projects and other work of the Agency as described in the AWP/Programming document*

***: As explained above, each Agency should develop its specific operational objectives and related KPIs and targets.*

2.2. KPIs in relation to Management of Financial and Human Resources:

a) Swift, timely and full use of the financial resources allocated by the budgetary authorities:

Criteria	Proposed performance indicators
Does the agency work in full budgetary and financial discipline, in line with the applicable financial regulation?	<ul style="list-style-type: none"> • Rate (%) of implementation of Commitment Appropriations • Rate (%) of cancellation of Payment Appropriations • Rate (%) of outturn (Total payments in year N and carry-forwards to Year N+1, as a % of the total EU funding and fee income, where applicable, received in Year N). • Rate (%) of payments executed within the legal/contractual deadlines.

b) Timely improvements in the adequacy and effectiveness of internal control systems

Criteria	Proposed performance indicators
How is the timely improvement in the adequacy and effectiveness of internal control systems demonstrated in various audit reports? Does the agency give an appropriate follow up to the audit reports' recommendations?	<ul style="list-style-type: none"> • Rate (%) of external and accepted internal audit recommendations implemented within agreed deadlines (excluding 'desirable')

c) *Swift and timely fulfilment of the Agency's establishment plan*

Criteria	Proposed performance indicators
Are the available resources efficiently used?	<ul style="list-style-type: none"> Average vacancy rate (% of authorised posts of the annual establishment plan which are vacant at the end of the year, including job offers sent before 31st December)

d) *Evidence of the level of staff wellbeing*

Criteria	Proposed performance indicators
Is the staff supervised, guided and motivated?	<p>The management board may want to ask the Director to regularly organize satisfaction surveys / engagement surveys within the agency.</p> <ul style="list-style-type: none"> In that case, aggregated satisfaction/engagement indicators can be used. <p><i>NB: the Commission can assist the agencies by providing them templates of satisfaction surveys.</i></p> <p>Alternatively, specific indicators like the following can be used:</p> <ul style="list-style-type: none"> Annual average days of short term sick leave per staff member. Number of complaints under Article 90 (2) SR with a positive outcome per 100 staff members.