Basic information

2012/2157(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in ICT services in Ireland **Subject** 3.40.18 Services sector 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.60 Previous annual budgets **Geographical area** Ireland	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	DAERDEN Frédéric (S&D)	06/09/2012

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
REGI Regional Development	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
General Affairs	3192	2012-10-16

European Commission

Commission DG	Commissioner
Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
27/07/2012	Non-legislative basic document published	COM(2012)0423	Summary

11/09/2012	Committee referral announced in Parliament		
10/10/2012	Vote in committee		
15/10/2012	Budgetary report tabled for plenary	A7-0322/2012	Summary
16/10/2012	Draft budget approved by Council		
23/10/2012	Decision by Parliament	T7-0375/2012	Summary
23/10/2012	Results of vote in Parliament		
23/10/2012	End of procedure in Parliament		
07/11/2012	Final act published in Official Journal		

Technical information

Procedure reference	2012/2157(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/10183

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE494.789	03/09/2012	
Amendments tabled in committee		PE496.458	24/09/2012	
Budgetary report tabled for plenary, 1st reading		A7-0322/2012	15/10/2012	Summary
Budgetary text adopted by Parliament		T7-0375/2012	23/10/2012	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2012)0423	27/07/2012	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2012/0685
OJ L 307 07.11.2012, p. 0079

Mobilisation of the European Globalisation Adjustment Fund: redundancies in ICT services in Ireland

2012/2157(BUD) - 15/10/2012 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report drafted by Frédéric DAERDEN (S&D, BE) on the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of EUR **2 696 382** in commitment and payment appropriations to assist Ireland in respect of redundancies in ICT services.

Members recall that the European Union has set up the appropriate legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns and to assist their reintegration into the labour market.

Given that Ireland has requested assistance for 592 redundancies, 432 of which are targeted for assistance, in *Talk Talk Broadband Services* (Ireland) Limited (hereinafter referred to as *Talk Talk*) and three of its suppliers in Ireland, Members request the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of the EGF for the requested amount. Moreover, they agree with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met and that, therefore, **Ireland is entitled to a financial contribution under that Regulation**.

Members note that the conditions at the source of the request for the EGF contribution and that there were two previous rounds of redundancy (April 2010 and April 2011) in *Talk Talk* with an estimated 50 persons per instance. These were viewed as representing management restructuring. They regret in particular the abrupt decision to close *Talk Talk's* Waterford sire leaving the workers only 30 days notice. They welcome the fact that the Irish authorities decided to start the implementation of the coordinated package already on 7 September well in advance of the decision of the budgetary authority on granting the EGF support and recall the importance of improving the employability of all workers by means of tailored training and the recognition of skills and competences gained throughout the professional career.

Information on the implementation of the EGF: Members note that the Irish authorities complain about time constraints for EGF implementation which prevents from providing training courses exceeding the 24-month implementation period. They regret that the regulation allows EGF support to substitute social welfare payments required under the national legislation. Members are of the opinion that the fund should be primarily allocated to training and job search as well as occupational orientation programs and promotion of entrepreneurship, acting complementarily to national institutions and not substituting employment benefit or any other social welfare payments. Members request the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements **to accelerate the mobilisation of the EGF**. They also appreciate the improved procedure put in place by the Commission, following Parliament's request for accelerating the release of grants, aimed at presenting to the budgetary authority the Commission's assessment on the eligibility of an EGF application together with the proposal to mobilise the EGF. They hope that **further improvements in the procedure will be integrated in the new Regulation on the European Globalisation Adjustment Fund** (2014–2020) and that greater efficiency, transparency and visibility of the EGF will be achieved.

Members reiterate their usual position in respect of a dossier of this type:

- the need to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF;
- the fact that assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors and that it can co-finance only active labour market measures which lead to durable, long-term employment;
- the fact that the information provided on the coordinated package of personalised services to be funded from the EGF includes information on the complementarity with actions funded by the Structural Funds ;
- the need for a comparative evaluation of those data in the annual report on the Funds;
- the need to ensure that no duplication of Union-funded services can occur.

They also welcome the fact that following repeated requests from Parliament, the 2012 budget shows payment appropriations of EUR 50 000 000 on the EGF budget line 04 05 01; recalls that the EGF was created as a separate specific instrument with its own objectives and deadlines and therefore deserves a dedicated allocation, which will avoid transfers from other budget lines. They regret **the decision of the Council to block the extension of the "crisis derogation"**, allowing to provide financial assistance to workers made redundant as a result of the current financial and economic crisis in addition to those losing their job because of changes in global trade patterns, and allowing the increase in the rate of Union co-financing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline. They call on the Council to reintroduce this measure without delay.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in ICT services in Ireland

2012/2157(BUD) - 23/10/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 561 votes to 72, with 13 abstentions, a resolution approving the annexed proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund (EGF), for an amount of **EUR 2 696 382** in commitment and payment appropriations **in respect of redundancies in the information technology sector in Ireland.**

Parliament recalls that the European Union has set up the appropriate legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns and to assist their reintegration into the labour market. Given that Ireland has requested assistance for 592 redundancies, 432 of which are targeted for assistance, in *Talk Talk Broadband Services (Ireland) Limited* (hereinafter referred to as *Talk Talk*) and three of its suppliers in Ireland, Members request the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of the EGF for the requested amount. Moreover, they agree with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met and that, therefore, **Ireland is entitled to a financial contribution under that Regulation**.

Parliament notes that the conditions at the source of the request for the EGF contribution and that there were two previous rounds of redundancy (April 2010 and April 2011) in *Talk Talk* with an estimated 50 persons per instance. These were viewed as representing management restructuring. Parliament regrets in particular the abrupt decision to close *Talk Talk's* Waterford sire leaving the workers only 30 days notice, noting that the dismissals took place in the South East region which suffers from the unemployment rate higher then the state average.

Parliament welcomes the fact that the Irish authorities decided to start the implementation of the coordinated package well in advance of the decision of the budgetary authority on granting the EGF support and recalls the importance of improving the employability of all workers by means of tailored training and the recognition of skills and competences gained throughout the professional career.

Lessons from the implementation of the EGF: Parliament notes that the Irish authorities complain about time constraints for EGF implementation which prevents from providing training courses exceeding the 24-month implementation period. It regrets that the EGF Regulation allows EGF support to substitute social welfare payments required under national law. In its view, the EGF should be primarily allocated to training and job search as well as occupational orientation programmes and promotion of entrepreneurship, acting complementarily to national institutions and **not substituting employment benefit or any other social welfare payments which are the responsibility of national institutions under national laws**. It calls on the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to **accelerate the mobilisation of the EGF** . It appreciates the improved procedure put in place by the Commission, following its request for accelerating the release of grants. It hopes that **further improvements in the procedure will be integrated** in the new Regulation on the EGF (2014–2020) and that greater efficiency, transparency and visibility of the EGF will be achieved.

Parliament reiterates its usual position in respect of a dossier of this type:

- the need to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF;
- the fact that assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors and that it can co-finance only active labour market measures which lead to durable, long-term employment;
- assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors;
- the fact that the EGF should not provide an incentive for companies to replace their contractual workforce with a more precarious and short-term one;
- the fact that the information provided on the coordinated package of personalised services to be funded from the EGF includes information on the complementarity with actions funded by the Structural Funds;
- the need for a comparative evaluation of those data in the annual report on the Funds;
- the need to ensure that no duplication of Union-funded services can occur.

Parliament welcomes the fact that following its requests, the 2012 budget shows payment appropriations of EUR 50 million on the EGF budget line 04 05 01. It recalls that the EGF was created as a separate specific instrument with its own objectives and deadlines and that it therefore deserves a dedicated allocation, which will avoid there being transfers from other budget lines, as happened in the past, which could be detrimental to the achievement of the policy objectives of the EGF. Parliament regrets the **decision of the Council to block the extension of the "crisis derogation"**, allowing the increase in the rate of Union cofinancing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline, and calls on the Council to reintroduce this measure without delay.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in ICT services in Ireland

2012/2157(BUD) - 25/10/2012 - Final act

PURPOSE: the mobilisation of the European Globalisation Adjustment Fund (EGF) in respect of redundancies in ICT services in Ireland.

NON-LEGISLATIVE ACT: Decision 2012/685/EU of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund, in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2012/001/IE/Talk Talk from Ireland).

CONTENT: by this Decision, the European Parliament and the Council have decided to mobilise the amount of EUR **2 696 382** in commitment and payment appropriations from the European Globalisation Adjustment Fund in the framework of the 2012 budget.

This amount shall assist Ireland in respect of redundancies in the enterprise *Talk Talk Broadband Services (Ireland) Limited* and three of its suppliers.

Given that the request for intervention from Ireland fulfils the conditions laid down in accordance with Regulation (EC) No 1927/2006, the European Parliament and the Council have decided to grant the above-mentioned amount.

To recall, the European Globalisation Adjustment Fund (EGF) was established to provide additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market. The Interinstitutional Agreement of 17 May 2006 on budgetary discipline allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) through a flexibility mechanism, within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework. It should also be noted that the scope of the EGF was broadened for applications submitted from 1 May 2009 to include support for workers made redundant as a direct result of the global financial and economic crisis.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in ICT services in Ireland

2012/2157(BUD) - 27/07/2012 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in ICT services in Ireland.

PROPOSED ACT: Decision of the European Parliament and of the Council.

CONTENT: the European Globalisation Adjustment Fund (EGF) was established by Council Regulation No 1927/2006 to provide additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market.

The Interinstitutional Agreement of 17 May 2006 on budgetary discipline allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) through a flexibility mechanism, within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework.

The Commission services have carried out a thorough examination of the application submitted by Ireland to mobilise the EGF. The main elements of the assessment are as follows:

Ireland: application EGF/2012/001 IE/Talk Talk: on 29 February 2012, Ireland submitted application EGF/2012/001 IE/Talk Talk for a financial contribution from the EGF, following redundancies in Talk Talk Broadband Services (Ireland) Limited and three of its suppliers in Ireland. The application was supplemented by additional information up to 15 May 2012.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Ireland argues that Talk Talk was a customer service centre based in Waterford, originally set up to provide services for both the companies Talk Talk UK and AOL UK. Talk Talk offered telecoms services to residential Irish customers under the Talk Talk and AOL brands and to business customers under the Opal brand. Talk Talk grew very rapidly, both by acquisition and organically. Between 2005 and 2011, it grew from no broadband customers to over four million. This rapid growth happened when the company acquired UK internet service providers such as One Tel, AOL and Tiscali and offered free broadband services to the UK market. It gave Talk Talk a call centre "estate" of 24 centres in Ireland, the UK, India, the Philippines and South Africa. These centres had been handling millions of calls per week in the past. To address the new challenges, Talk Talk rationalised its IT systems, improved and simplified its business processes, and reorganised its brands, customer offering and organisation into one company i.e. Talk Talk Group plc, down from nine companies previously.

One major result of these actions was that Talk Talk reduced its number of call centres from 24 to 13. The Waterford redundancies were a direct result of the company’s decision to consolidate activities both in the UK and with three chosen outsourcers.

In 2011, the company adopted strategic alliances with three key non-EU providers where a significant bulk of work is being transferred. These third country providers are Wipro in India, Transcom in the Phillipines, and CCI in South Africa. As a result, some 80 % of Talk Talk volumes are now estimated by the company to be handled outside the EU. Talk Talk has moved towards a primarily outsourced call services model with some specialist activities being retained in the United Kingdom only, and this has resulted in the loss of the entire Waterford based operation.

Ireland submitted this application under the intervention criteria of Article 2(a) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a four-month period in an enterprise in a Member State, including workers made redundant in its suppliers and downstream producers. The application cites 586 redundancies in Talk Talk Broadband Services (Ireland) Limited and three of its suppliers during the four-month reference period from 7 September 2011 to 7 January 2012 and a further six redundancies outside the reference period, but related to the same collective redundancies procedure.

After a thorough examination of this application, the Commission has concluded in accordance with Article 10 of Regulation (EC) No 1927/2006 that the conditions for a financial contribution under this Regulation are met.

On the basis of the application from Ireland, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 2 696 382**, representing 65% of the total cost.

IMPACT ASSESSMENT: no impact assessment was carried out.

FINANCIAL IMPLICATIONS: considering the maximum possible amount of a financial contribution from the EGF under Article 10(1) of Regulation (EC) No 1927/2006, as well as the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount referred to above, to be allocated under heading 1a of the financial framework.

The proposed amount of financial contribution will leave more than 25% of the maximum annual amount earmarked for the EGF available for allocations during the last four months of the year.

By presenting this proposal to mobilise the EGF, the Commission initiates the simplified trialogue procedure, as required by Point 28 of the Interinstitutional Agreement of 17 May 2006, with a view to securing the agreement of the two arms of the budgetary authority on the need to use the EGF and the amount required. The Commission invites the first of the two arms of the budgetary authority that reaches agreement on the draft mobilisation proposal, at appropriate political level, to inform the other arm and the Commission of its intentions. In case of disagreement by either of the two arms of the budgetary authority, a formal trialogue meeting will be convened.

The Commission presents separately a transfer request in order to enter in the 2012 budget specific commitment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006. Appropriations on the EGF budget line will be used to cover the amount of EUR 2 696 382 needed for the present application.