



EUROPEAN CENTRAL BANK

EUROSYSTEM

DIRECTORATE GENERAL HUMAN RESOURCES, BUDGET AND ORGANISATION
RECRUITMENT AND COMPENSATION DIVISION

RESTRICTED

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To: Area Heads
Via: B van Baak, K Kelly [*approved*]
From: K Bal / 6322
cc: Deputy Directors (Generals), K de Geest [*approved*], P Petit, M Koch
Date: 20 December 2007
Subject: **ADDITIONAL SALARY ADVANCEMENTS 2008; PREPARATION OF INDIVIDUAL CASES**

Additional salary advancements - in the form of either progression within a salary band or an *ad personam* promotion - are granted to staff in order to recognise continuous outstanding performance and where an obvious mismatch between salary and contribution can be demonstrated¹. The process of making these awards depends on a nomination by the business area and is typically restricted to 1% of total staff. Decisions are taken by the Executive Board on the basis of a commonly agreed proposal from the Area Heads.

DG-H suggests the following orientation for the preparation of the 2008 additional salary advancements.

1. Scope and Criteria

Additional salary advancements cover the salary bands A to J. The criteria to be used in proposing such advancements should be continuous outstanding performance over an extended period of time, as reflected in the appraisal and the Annual Salary and Bonus Review. This has been defined as at least two full years of service with the highest level of award, namely 9 steps or more in the 2007 ASBR exercise and a "Level 1" ("outstanding/very good") award in either the 2006 or the 2005 exercise. In addition, an obvious mismatch between salary and level of contribution in respect of an identified internal peer group should be demonstrated.

Area Heads should refrain from putting forward proposals based solely on the criterion of salary awards granted. They should also refrain from nominating the same individual who was already rewarded in either 2007 or 2006.

2. Procedure

¹ The principle of additional salary advancements has been laid down in Administrative Circular 02/2001 (rev.).

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The procedure will again consist of individual Area Heads submitting to DG-H a detailed case for each staff member proposed for salary advancement, using the attached template. DG-H will subsequently circulate these proposals to all Area Heads for consideration. As a group, the Area Heads will agree upon a list of the final proposals to be submitted to the Executive Board. The Board will consider the proposals in a single exercise and could still deviate from it. Awards will become effective in the month after the Board's decisions.

3. Implications of awards that progress the salary beyond the maximum of the band

- (i) the band and the position title would be *ad personam*, the position would revert to its former band as soon as the incumbent vacates the position;
- (ii) the staff member would assume the position title of the higher band as appropriate, with the exception of management positions;
- (iii) the staff member would be regarded as fully equivalent to the holders of similar positions *ad positionem*;
- (iv) in the Annual Appraisal and Salary Review exercises, the staff member would be assessed against the *ad personam* band, with salary awards determined by local management on the basis of performance expectations for the higher band.

It would normally be expected that such a staff member would compete openly for a "regular" position at the higher band as soon as a suitable vacancy arises in the business area².

4. Size of the additional salary advancements

Like in previous years it will be proposed to the Executive Board to consider additional salary increases up to a maximum of the highest award possible in the 2007 Annual Salary Review (i.e. 14 steps in the salary grid or approximately 3.5%). Thus the additional salary increase would potentially double the speed of salary progression. For staff members who would go beyond the maximum of their salary band, the increase should take into account the rule for salary increases on promotion (first step of the higher band but at least 3%), as *ad personam* promotions should not be better rewarded than promotion through normal internal competition.

² In accordance with the provisions of the circular on recruitment, vacancies need to be advertised in order to ensure that there is transparency of career opportunities. The member of staff in question would be expected to compete for the higher band position under the established recruitment procedures.

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Approximately 1% of staff (or approximately 14 staff in total) would be able to benefit from additional salary advancements. Area Heads are requested to bear these constraints in mind when putting forward cases for consideration.

5. Next Steps

The anticipated timetable for the 2008 additional salary advancement round is as follows:

By 20 December 2007	Circulation of orientation document and proposal template to Area Heads
by 11 January 2008	DG-H to receive all Business Areas' proposals for individual cases
by 18 January	Circulation of individual proposals to Area Heads by DG-H
by 31 January	Area Heads meeting comprising one attendee from each Business Area
5 February	Finalisation of proposals for consideration at Executive Board of 12 February
by 20 February	Processing of salary advancements with effect from 1 March 2008
18-28 February	Issuance of letters to affected staff formally communicating salary increases.