



EUROPEAN CENTRAL BANK  
EUROSYSTEM

Annex 5a to LS/PvdH/09/21

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

**RESTRICTED**

(07) 014a H BVB/swp SALT

[(07) 861a H BVB/swp SALT originally sent out to AH under this number]

**To:** Area Heads  
**Via:** B van Baak, K Kelly  
**From:** M. Gorman / Ext. 7577  
**cc:** Deputy Directors General, Directors, K de Geest, P Petit, A Czamara, H Puhlmann  
**Date:** 2 January 2007  
**Subject:** **ADDITIONAL SALARY ADVANCEMENTS 2007; PREPARATION OF INDIVIDUAL CASES**

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The salary structure and reward mechanism limits individual salary advancements to the specific event of salary awards as part of the Annual Salary Review and promotions. The Executive Board has agreed that separate arrangements should be at its disposal to account for cases where the Board wishes to advance an individual within their Salary Band (outside the Annual Salary Review) or beyond the Salary Band Maximum (without becoming the holder of a position at a higher band). The principle of additional salary advancements has been laid down in Administrative Circular 02/2001. This memorandum outlines the Executive Board's guidelines for how this may be achieved. The criteria developed below should be seen as orientations for Area Heads in making individual proposals for this exercise in 2007, and not as rules that are to be followed without exception.

### **1. Objective of these advancements**

The rationale for introducing these advancements could be described as recognition for continued outstanding individual performance that cannot otherwise be addressed within the existing salary arrangements<sup>1</sup>.

### **2. Scope and Criteria**

The scope of the Additional Advancement round will cover Salary Bands A-J. The criteria to be used in proposing cases should be continuous outstanding performance over an extended period of time, as demonstrated in the Appraisal and the Annual Salary Review exercises. This has been defined as at least

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<sup>1</sup> The Annual Salary Review is considered the appropriate mechanism for addressing this issue of internal salary relativities.

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two full years of service, including two Annual Salary Reviews, with the highest level of award (“Level 1”) in 2006 and also in either 2005 (“outstanding/very good”) or 2004 (“outstanding”).

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.

### **3. Procedure**

The procedure will again consist of individual Area Heads putting forward a detailed case for each staff member proposed for advancement, to the Directorate General Human Resources, Budget and Organisation 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 may wish to deviate from the proposals submitted. Awards will become effective in the month after the Board’s decisions.

### **4. Implications of awards that progress the salary beyond the maximum of the band**

- (i) the band and the position title would be *ad personam*, i.e. 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 area<sup>2</sup>.

### **5. Size of the increases**

The Executive Board is prepared to consider exceptional increases up to a maximum of the highest award possible in the 2006 Annual Salary Review (i.e. 14 steps in the salary grid or approximately 3.5%). Thus the exceptional 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

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<sup>2</sup> 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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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.

### **6. Limitations**

The Executive Board has again confirmed its expectation that approximately 1% of staff (or approximately 14 staff in total) would be able to benefit from these arrangements. Area Heads are requested to bear these constraints in mind when putting forward cases for consideration.

### **7. Summary**

**Area Heads are invited to put forward individual cases from their own business areas to DG-H (using the attached form), taking account of the following:**

**(a) General orientation for individual submissions -**

**At least two full years of service, including two Annual Salary Reviews, with the highest level in 2006 and also in either 2005 or 2004.**

**In addition, an obvious mismatch between salary and level of contribution must be demonstrated;**

**(b) DG-H will circulate individual proposals to Area Heads, who will decide, as a group, on the final proposal list to be made to the Executive Board;**

**(c) The Executive Board in taking its final decision may wish to deviate from the proposed list, although the expectation remains that approximately 1% of staff would be able to benefit from these arrangements.**

### **8. Next Steps**

The anticipated timetable for the Annual Salary Advancement exercise is:

By 5 January 2007	Circulation of orientation document and proposal template to Area Heads
by 22 January	DG-H to receive all business area proposals for individual cases
by 29 January	Circulation of individual proposals to Area Heads by DG-H
by 5 February	Area Heads meeting comprising one attendee from each business area
8 February	Finalisation of proposals for consideration at Executive Board of 13 February
by 27 February	Processing of salary advancements with effect from 1 March 2007
14-28 February	Issuance of letters to affected staff formally communicating salary increases.