

Summary of the comparative study on remuneration and entry-level pay for officials of the European Commission

This study intended to compare the level of net salaries of permanent officials¹ offered in the European Commission after the entering into force of the new Staff Regulations on 1st May 2004 with net salaries offered in three sectors (private, public and international organisations). This study is an internal working tool for the European Commission, which should in particular identify possible recruitment shortfalls for certain job profiles and establish whether recruitment grades are still appropriate.

Given this specific purpose of the study, the (lower) salaries of contract agents were not included into the study. It has to be borne in mind by the reader that this category introduced by the Reform in 2004 represents today ca. 20% of Commission staff.

This comparison was focussed on entry level posts to evaluate the recruitment conditions, in terms of remuneration. A total of 28 selected Commission jobs were matched, based on job titles in combination with short job descriptions, with reference organisations. This methodology carried with it the inherent limitations in comparing jobs between organisations. The study provides a "snapshot" picture for the 28 analysed jobs on how the theoretical range of remuneration for permanent officials in the Commission, based on the 2004 staff regulations, compares (under, inside, above ...) to the ranges of net remuneration in other organisations. Since the comparison focussed mainly on entry-levels and since a theoretical comparison of ranges of minimum and maximum salaries was used, the multiplication factor² still applied to many officials recruited before the Reform was not taken into account. Even though the "real" and "theoretical" salaries are slowly converging, the real salaries are still in many cases lower than the levels that were used for this comparison.

The study is not a comparison of total salary costs nor does it calculate an average net salary per staff member of the EC. Only a small selection of EU member state administrations and/or permanent representations participated to this study. Many organisations (certain Permanent Representations and almost all private companies that were contacted) declined the invitation to participate in this study or did not provide the whole data-set as requested. The study therefore does not take account of salary levels in some specific EU member states, including a number where problems exist in attracting personnel for the EU Institutions.

The net remuneration calculations did not include non-cash benefits provided by some reference organisations (but not by the Commission) for instance free or reimbursed accommodation, company or service cars, tax deductions, etc. This has not been taken into account in the comparison with Commission salaries.

The key limitation of the data-sets used in the study stem from the fact that a large portion of the data refers to non-expatriated employees. Detailed informa-

¹ The specific staff category of contractual agents, even though being statutory staff, was not included.

² This is the adjustment that was introduced for staff recruited before May 2004 to maintain, under the new classification, the same remuneration that staff had under of the old Staff Regulations.

tion on expatriated staff was basically difficult to get from permanent representations and the private sector. A mitigating strategy to include the private sector comparison was to use private sector organisations based in Belgium employing locally-based staff, even though they do not pay expatriation allowances. Similarly, although national administrations do not usually have expatriate staff, it was decided to include them in the comparison.

The comparison with other International Organisations is therefore the most relevant one for the European Commission since functions/jobs are more "comparable" and since their staff are mostly expatriated.

Inevitably, in a comparison based on generic job titles, it is also impossible to take account of factors such as the need for additional and higher level skills to deal with the complex multi-lingual and multi-cultural work of the Commission – though again, other international organisations and permanent representations are likely to provide a better benchmark than local private sector companies and domestic civil servants.

In the light of these limitations, the results of the study should be treated with considerable caution. They show however that for all job groups, the range of Commission remuneration is within that of the reference organisations as a whole (26 reference organisations: 8 International Organisations, 10 Permanent Representations of the Member States, 7 Civil Services of the Member States, and 1 individual private sector organisation). The relative sizes of European Commission allowances, taxes, and deductions are also broadly in line with the reference organisations. However, tax regimes tend to be more favourable to employees working in other International Organisations and Permanent Representations than for staff of the European Commission.

'Entry-level' salaries are in general higher in the Commission for some secretarial and support profiles. However, for 39% of the 337 jobs that were matched with the reference organisations, a single official would be paid more in the reference organisations at "entry-level" than in the Commission. For a married official with two children, 36% would be paid more in the reference organisations.

The ranges of net remuneration are in line with other international organisations (8 International Organisations: EFTA, UN, NATO, Council of Europe, WTO, EPO and two other anonymous International Organisations). On average, starting salaries are a bit higher in the Commission but the maximum range of net remuneration is higher for staff in international organisations.

**INFORMATION NOTE FOR THE COUNCIL WORKING PARTY
ON THE STAFF REGULATIONS**

Subject: Comparative Study of the Remuneration of Officials

1. Background to the study:

In August 1999, the Commission concluded a contract to carry out a “Comparative Study of the Remuneration of the European Institutions”. The study was undertaken in the period from August 1999 through June 2000.

Against this background, another evaluation of the current situation was carried out in 2008 with a focus on the impact of the new Staff Regulations and in particular of the new salary scale and grid. This new study was undertaken to **compare the level of net salaries of permanent officials³** offered in the European Commission after the entering into force of the new Staff Regulations on 1st May 2004 with the net salaries offered in three sectors (private, public and international organisations). This comparison was focussed **on entry level posts to evaluate the recruitment conditions**, in terms of remuneration. The comparison was focussed on a selection of several jobs in the Commission and matching them with similar entry level jobs in reference organisations.

The **study's main purpose was therefore to examine the competitiveness of the remuneration** offered in the Commission as compared to reference organisations.

Given this specific purpose of the study, the (lower) salaries of contract agents were not included into the study. It has to be borne in mind by the reader that this category introduced by the Reform in 2004 represents today ca. 20% of Commission staff.

It should be noted that:

The current study analyses the **situation in the EU-27 while the previous study dealt with the EU-15;**

The 2008 **sample of organisations is radically different and includes new Member States.**

The approaches differ. The 2000 study weighted the jobs that were matched on the basis of job descriptions in order to match grades. The approach of the current study was to match comparable jobs profiles and compare the theoretical range of salary (from entry level to top-of-career) within those profiles. As a result, the jobs selected for matching in the two studies as well as the comparisons are both different.

2. Methodology:

³ The specific staff category of contractual agents, even though being statutory staff, was not included.

The entry level remuneration comparisons were **based on net remuneration** and involved both expatriated and non-expatriated civil servants, private sector employees, and staff of International Organisations. The remuneration package of the Commission was compared with **26 reference organisations**: 8 International Organisations, 10 Permanent Representations of the Member States, 7 Civil Services of the Member States, and 1 individual private sector organisation (see annex I for more details). The study also used remuneration data from a wide range of private sector information of the Belgian job market held in 2 commercial databases (from Hewitt and Berenschot). **No attempt was made to adjust the remuneration levels to the cost of living.**

Net remuneration **was calculated as follows**:

- + **Base Salary**: basic salary and an array of elements related to performance and the position;
- + **Bonuses**: performance-related and guaranteed bonuses;
- + **Allowances**: e.g. expatriation allowance, housing allowance, household allowance, spouse allowance, dependent child allowance **but did not include** non-cash or fringe benefits (e.g. provided or reimbursed accommodation, company cars, stock and share options, tax deductions, etc.) provided by some reference organisations but not by the Commission;
- **Deductions**: compulsory deductions (e.g. insurance or pension contribution); and
- **Taxes**: tax, social security contributions.

A list with a selected **28 Commission jobs** (see annex II) was drawn up based on representativity in terms of grade and job family. **The job matching was done on the basis of job titles in combination with short job descriptions even though there is an inherent limitation in the comparison of jobs between organisations.** The participant organisations were asked to provide relevant matches and for remuneration information for both a single employee with no children and a married employee with a non-working spouse and two children aged 10 and 14.

For both of these types of employees/staff, respondents were asked to provide the minimum and maximum remuneration available by job title.

The study is based on the Commission's draft decision on duties and powers attaching to the various types of post in the Commission (see Article 5 (3) of the Staff Regulations) which provides, e.g. for a limitation for secretarial work until grade AST 8. **The comparison with other International Organisations is specifically and most relevant for the European Commission since functions/jobs are more "comparable" and since staff is also mostly international and expatriated.**

3. What the study is:

The study was primarily aimed at obtaining up-to-date information on net remuneration offered by the European Commission vis-à-vis other or-

ganisations to **assess the competitiveness of Commission remuneration for selected job profiles.**

It compares the theoretical net remuneration for 28 different jobs profiles (see annex II) in the Commission and in the reference organisations. In fact, it compares the range of minimum and maximum net remuneration that are paid to persons with similar jobs.

The remuneration package in the Commission is based on the new [2004] Staff Regulations, in particular the new salary scales for **officials**. For each of the 28 jobs, the range of grades of officials with a similar generic job description, were identified within the Commission's HR database. Subsequently the salary scales were applied to determine the range of remuneration per job.

4. What the study is not:

The study is not a comparison of:

- ✚ total cost per employee because it did not consider the employers' total salary costs;
- ✚ an average net salary calculation per employee, because the study:
 - does not focus on the distribution of staff across grades;
 - does not base the comparison on the actual distribution across grades but on the theoretical grades linked to each job description. In this respect it should be stressed that the theoretical grades linked to each job description vary amongst the Institutions based on their choice in terms of "emplois types". The study has anticipated the Commission's own decision on "emplois types" and limits the career of secretaries to AST8.
 - does not take into account the distribution of salaries within each range;
 - does not take into account the multiplication factor.

However, the study does provide a "snap shot" picture for the 28 analysed jobs on how the theoretical range of remuneration for officials in the Commission compares (under, inside, above ...) to the ranges of net remuneration in other organisations. There is no indication, in the study, of the number of officials being effectively paid the lowest or the highest levels in the remuneration range per job. It also does not give an indication of the real average net remuneration.

In addition to this, the following considerations should be taken into account:

Only a small selection of EU member state administrations and/or permanent representations participated to this study. Many organisations (certain Permanent Representations and almost all private companies that were contacted) declined the invitation to participate in this study

or did not provide the whole data-set as requested. Although the contractor succeeded in replacing some of them, it distorted originally intended geographical balance. The study therefore does not take account of salary levels in some specific EU member states, for instance those where problems exist in attracting personnel with specific backgrounds for the EU Institutions.

The study covers officials and temporary agents in the Commission. It does not include contractual agents – a new type of staff created under the Administrative Reform of the Commission, whose salary levels are lower – even though they represent a significant part [about 20% or 5 765 staff] of the total statutory staff in the Commission. The percentage of contract staff is even considerably higher in the executive agencies.

The study is based on the salary scale of the new Staff Regulations; it thus provides a range for officials recruited from 1 May 2004, since they receive a basic salary identical to starting grades in the new salary scale. It therefore gives a comparison on the entry levels and the competitiveness of the remuneration. The study ignored the multiplication factor applied to the staff who were recruited before May 2004. This adjustment was introduced to maintain, under the new classification, the same remuneration that staff had under of the old Staff Regulations. Since the comparison focussed mainly on entry-levels and since a theoretical comparison of ranges of minimum and maximum salaries was used, the multiplication factor was not taken into account. However, it is progressively moving to 1.00. In July 2009, even though there are still some differences depending on the grades (the factor being lower for upper grades), the average multiplication factor *for the Institutions* was equal to 0,97 and the *average factor for the Commission* was 0,95. This indicates that the real and theoretical average salaries converge but that the real salaries are in general lower than the theoretical levels. This study also did not take account of the career speed. Faster careers may make lower starting salaries more attractive than higher starting salaries with slow careers.

Net remuneration calculations did not include fringe benefits (e.g. provided or reimbursed accommodation, company cars, stock and share options, tax deductions, etc.), provided by some reference organisations (but not by the Commission). Some reference organisations did not provide information as regards these benefits or the information given was incomplete.

The key limitation of the data-set stems from the fact that a **large portion of the data refers to non-expatriated employees**. The national civil servants included in the report were not expatriated employees and neither were the employees in the two commercial private sector databases. This was due to the fact that despite that the contractor contacted over 30 Multi-National Corporations, it was not possible to secure their participation in the study. As a mitigating strategy, private sector organisations based in Belgium employing locally-based staff,

were used to draw comparisons although they do not pay expatriation allowances. This allows to draw conclusions whether the Commission is able to recruit in the Belgian local market, however, does not provide information about multinational companies recruiting expatriate staff.

Although the aim was to match as many selected Commission jobs as possible with the reference organisations, there were some limitations. **Small organisations (like some Permanent Representations) often do not have the same wide range of jobs as the European Commission and some Commission jobs are not commonly found in the private sector.**

The data-sets or information provided by reference organisations mostly included requests for **full confidentiality**. The **results were presented in an anonymous way. This makes verification and checking of the validity of the data difficult** and almost impossible.

5. Summary of the main findings:

For all job groups, the range of Commission remuneration is within that of the reference organisations as a whole. The relative sizes of European Commission allowances, taxes, and deductions are also broadly in line with the reference organisations. However, tax regimes tend to be more favourable to employees working in other International Organisations and slightly favourable for staff working in Permanent Representations than for staff of the European Commission.

The lowest paid Commission official in each job group receives higher net remuneration than the lowest paid employee in most of the reference organisations. On the other hand, the highest paid Commission official in each job group is paid less than the most senior employees in the reference organisations.

The ranges of net remuneration are in line with other international organisations (8 International Organisations: EFTA, UN, NATO, Council of Europe, WTO, EPO and two other anonymous International Organisations). On average starting salaries might be just a bit higher in the Commission but the maximum range of net remuneration is higher for staff in international organisations.

Figure: Ranges of net remuneration – International Organisations



Overall, the Permanent Representations and national Civil Services that participated to this study tend to pay less than the Commission and other International Organisations. However, it must be borne in mind that salary comparison with National Civil Services did not include expatriate staff. As for the Permanent Representations, the picture might change if all fringe or non-cash benefits would be taken into account and more Permanent Representations would have participated.

As regards the ‘entry-level’ salaries in the Commission for 39% of the 337 jobs that were matched with the reference organisations, a single official would be paid more in the reference organisations at "entry-level" than in the Commission. For a married official with two children, 36% would be paid more in the reference organisation.

To determine in-house within the European Commission a competitive entry level (the most suitable entry level grade) for a particular job profile within the Commission, the study indicated certain private sector HR benchmark providers from which salary comparisons for particular comparable/similar jobs could be bought. The study suggested a joint approach with several international organisations to share remuneration information based on job profiles. The two options could of course be combined. The Commission will take into account the proposals when reflecting on the most appropriate solution.

Annex I:

Participating organisations to this study

The following participants have agreed to reveal their identities whilst any data presented in the report pertaining to these organisations is kept confidential:

Council of Europe

North Atlantic Treaty Organization (NATO)

The European Free Trade Association (EFTA)

The European Patent Office (EPO)

United Nations (UN)

World Trade Organization (WTO)

Permanent Representation of Finland to the European Union

Permanent Representation of Spain to the EU

Permanent Representation of the Republic of Cyprus to the European Union

Permanent Representation of the Republic of Poland to the European Union

Danish Ministry of Food, Agriculture and Fisheries

Estonian Ministry of Agriculture

The following participating organisation have not agreed for their identities to be revealed:

2 International Organisations

6 Permanent Representations of the EU Member States

5 national administrations of the EU Member States

1 private sector organisation

Annex II:

Selected jobs in the Commission matched with comparable profiles in the reference organisations

Deputy Director General	Information and Communication Officer
Director	Financial Officer
Head of Unit	Project Officer – IT
Scientific / Technical Project Officer	Budget Assistant
	IT Service Officer
Statistical Officer	Laboratory Technician
Policy Co-ordinator	Administrative Assistant
Policy Analyst	HRM Assistant- Personnel Policy & Processes
Policy Officer	
Translator	Financial Assistant
Legal Officer	Logistic Support Officer
Programme Manager	Clerical Officer
Interpreter	Secretary
Economic Analyst	
Internal Auditor	
External Auditor	

DG ADMIN

Comparative Study of the Remuneration of Officials of the European Institu- tions

Final report

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This study was carried out by a mixed team of experts from Matrix Insight and Rambøll. The team was led by Mariell Juhlin from Matrix Insight (mariell.juhlin@matrixknowledge.com) and included Mathieu Capdevila, Andrew McCann, Robert Forster, Pawel Janowski, Vita Petratiene, Benedicte Akre and Henning Thomsen.

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The opinions expressed in this document represent the authors' points of view which are not necessarily shared by the European Commission.

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Acronyms

PS	Private Sector Organisation
DG ADMIN	Directorate-General for Personnel and Administration
EC	European Commission
EPO	European Patent Office
IO	International Organisation
MS	Member States
NCS	National Civil Service
PR	Permanent Representations

Study Participants

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The European Patent Office (EPO)

United Nations (UN)

World Trade Organization (WTO)

Permanent Representation of Finland to the European Union

Permanent Representation of Spain to the EU

Permanent Representation of the Republic of Cyprus to the European Union

Permanent Representation of the Republic of Poland to the European Union

Danish Ministry of Food, Agriculture and Fisheries

Estonian Ministry of Agriculture

The following participating organisation have not agreed for their identities to be revealed:

2 International Organisations

6 EU MS Permanent Representations

5 EU MS National Civil Service organisations

1 Private sector organisation

Key Findings

- Overall, the remuneration levels of the European Commission are comparable to those of the private and public sector institutions that formed part of the study.
- Where the Commission may encounter difficulties is in attracting staff at the most senior level. A number of reference organisations do offer considerably higher salaries for their senior management.
- The Commission offers significantly lower 'entry-level' salaries than some reference organisations for some analyst and programme management jobs. This implies that the Commission can experience difficulties in these areas in order to attract the best employees.
- By offering lower 'entry-level' remuneration to single employees in certain jobs, compared to the majority of reference organisations, the EC may encounter problems in attracting highly qualified staff to fill these vacancies.
- The remuneration offered to married employees with children, compared to that of single employees, is in line with other reference organisations. This implies that the Commission, with regard to the salary levels offered, should not encounter problems in attracting these employees.
- Some reference organisations make widespread use of bonuses as an additional remuneration incentive to their employees. For statutory reasons, this is not an incentive available to the Commission.
- Three options were developed as possible solutions for future benchmarking. Whichever option the Commission decides to go for will be a function of tangible benefits versus identified cost and the extent to which the Commission is willing to compromise on its requirements.

1. Executive Summary

1.1 Aims and objectives

The current study, commissioned by the European Commission's Directorate-General for Administration and Personnel (DG ADMIN) was primarily aimed at obtaining up-to-date information on net remuneration offered by the Commission vis-à-vis other organisations and to assess the competitiveness of Commission remuneration.

Given these aims, this report provides a 'snap shot' comparison of net remuneration of Commission staff against a subset of private, public and International Organisations. This includes comparing the net remuneration of entry level posts among job families and profiles in the Commission with respect to the reference organisations.

In addition to the above objectives, this study also outlines options for a methodology to determine, in future and on an ad-hoc basis, the appropriate and competitive entry remuneration level (and thus corresponding entry grading) for certain job profiles.

1.2 Methodology

The remuneration comparisons were based on net remuneration (taking into account allowances, bonuses, deductions, and taxation) and involved both expatriated and non-expatriated civil servants, private sector employees, and employees of International Organisations although the emphasis has been put on expatriated staff. The comparisons were made based on matching job characteristics across organisations and looking at the range of minimum and maximum remuneration levels for these jobs. In order to produce the comparisons, a number of organisations were recruited including:

- 8 International Organisations;
- 10 Permanent Representations to the EU;
- 7 National Civil services;
- 1 Individual Private sector organisation as well as remuneration data from a wide range of private sector organisations held in 2 commercial databases.

1.3 Key findings

Initial analysis has shown that most Commission jobs span a wide range of grades. This is an inevitable feature of a career-based system, where grade remuneration and promotion depends on the level of responsibility, merit and length of service. As a consequence, the gross salary of the highest paid employee in a job is therefore a multiple of the lowest (from two to three times in some cases). This makes comparing the average remuneration across jobs and/or organisations problematic.

Another finding is the shape of the distribution of grades occupied by employees within a job. Many statistical distributions, including the normal distribution, are *unimodal*, or single-peaked. However, the distribution of employees across grades for each Commission job is often *bimodal*, with two peaks. This bimodal distribution could be attributed to some extent to the timing of recruitment of staff (including the impact of enlargement of the EU and of new regulation versus old regulation), types of employees recruited in recent years and attrition rates for particular positions.

For all job groups, the range of Commission remuneration is within that of the reference organisations as a whole. That is, the lowest paid Commission employee receives higher net remuneration than the lowest paid in the reference organisations but, on the other hand, the highest paid Commission employee in each group is paid less than the highest paid in the reference organisations.

Permanent Representations and National Civil Services tend to pay less than the Commission and other International Organisations. However, it must be borne in mind that National Civil Service remuneration does not include expatriate allowances and Permanent Representations

may profit from in-kind benefits that could not be given a monetary value for the purposes of this comparison.

Commercial private sector organisations tend to pay employees in lower grades lower entry-level salaries than the EC and other International Organisations and offer far lower top-end remuneration for these employees (unless they are promoted into a different job). Much of the private sector data though covers locally-recruited staff that will not be paid expatriation allowances⁴. For employees in higher grades, the 'minimum' remuneration for these jobs can be lower in commercial organisations than in the Commission but the 'maximum' remuneration can also be higher.

Entry-level Commission remuneration tends to be just a little above the entry-levels in the lowest-paying International Organisation, but the highest Commission remuneration for each job group tends to be well below that of the highest-paying International Organisation.

Overall, for both a single and a married employee with two children the Commission generally offers a higher 'entry-level' remuneration package than the reference organisations. However, for a few individual jobs 'entry-level' remunerations are notably higher in some reference organisations. These include jobs such as 'Policy Analyst', 'Economic Analyst', and 'Programme Manager'. In addition, over 50% of the reference organisations offer higher 'entry-level' remuneration for single 'Administrative Assistants' and 'Information and Communication Officers'.

Investigation into the individual salary components further reveals that the relative sizes of Commission allowances, taxes, and deductions are broadly in line with those of the other organisations. Allowances constitute a significantly larger proportion of Permanent Representation employees' salaries than it is the case for other types of organisations. The analysis has also shown that the tax regimes are more favourable to employees working in other International Organisations than the EC. This, in turn, can explain to some extent the higher-than-average net remunerations in International Organisations.

Married employees with two children tend to be paid more than single employees. This is the case for the Commission and all groups of reference organisations and generally holds across all jobs. This can be largely attributed to spousal and child allowances being paid to these employees.

Three options were developed as possible solutions for future benchmarking: one option involving standard reports from HR providers, another involving establishment of joint benchmarking between similar international organisations and the third option combining the two first options. The cost implications of these ranged between €4,000 and €343,000 per annum.

1.4 Implications

Overall, the remuneration levels of the European Commission are comparable to those private and public sector institutions that formed part of the study. Where the Commission may encounter difficulties is in attracting staff at the most senior level, since a number of reference organisations do offer considerably higher salaries for their senior management.

Lower Commission 'entry-level' remuneration for 'Economic Analyst', 'Policy Analyst', and 'Programme Manager' jobs implies that the Commission can experience recruitment difficulties in these areas. The fact that the Commission also offers lower 'entry-level' remuneration to single employees in 'Administrative Assistant' and 'Information and Communication Officer' jobs than a majority of the reference organisations could also result in problems attracting highly qualified staff to fill these vacancies.

The remuneration offered to married employees with children, compared to that of single employees, is in line with other reference organisations. This implies that the Commission, in respect of the salary levels offered, should have no problems attracting these employees.

⁴ For lower grade staff, such as secretaries, the Commission is recruiting these also from an international base which may set higher standards in terms of competence (such as languages) while for the same type of staff the private and public sector is usually recruiting locally.

Some reference organisations make a widespread use of bonuses as an additional tool for incentivising their employees. However, this is not possible in the Commission for statutory reasons.

The Commission's decision regarding future methodology is likely to be based on identified costs against the value of perceived benefits as well as on the extent to which the Commission is willing to compromise on its requirements.

2. Introduction

This study, commissioned by DG ADMIN under the DG Budget Framework Contract for Evaluation Lot 3 for interim and ex post evaluation (BUDG 06/PO/01/Lot 3), aimed to comparatively assess the net remuneration of officials of the European Institutions against a number of reference organisations.

2.1 Background to the study

As part of an administrative reform, inspired by the White Paper of March 2000, new Commission staff regulations came into effect on 1 May 2004. These were intended to make fundamental changes to employment and remuneration within the Commission but with the express limitation that no existing Commission employee would be disadvantaged financially as a result.

A major thrust of the reforms was to change the balance between merit and length of service in determining career progression. A further motivation was to streamline the remuneration and grading structures with a view to improving cost efficiencies in the future.

In light of this there was a need to compare salaries of expatriated staff within the Commission with those working in other comparable organisations. It is against this background that the current study was commissioned.

For the purposes of this study a sample of international organisations, permanent representations, private sector organisations and civil services in the Member States was chosen. However, some of the organisations, when contacted, refused to participate in this study. The team made an effort to replace them, where possible, by other comparable organisations (for further information, refer to section 3.1.2 on the dataset). Nevertheless, it cannot be denied that this possibly had an impact on the results of this study.

It should be born in mind that the European Commission is recruiting in a specific market. The recruited staff must possess high qualifications; they must be able to work in a multi-cultural environment and in several languages; they must come from a broad geographical base so conditions must reflect best standards in Member States; and they should be willing to move to another country. If the conditions of employment do not match the conditions offered by employers in one or several Member States, the Commission can expect to experience difficulties in recruiting staff from those Member States.

The sample also included organisations from the Member States which joined the union on 1 May 2004 and later on.

Although the civil services have been included in this study, the market they are operating is not, due to the reasons given above, comparable to that of the European Commission. Therefore, their results should be treated with caution.

3. Overview of Methodology

The study aimed to provide a comparison of net remuneration systems of the European Institutions with the remuneration of 26 reference organisations, including:

- 8 International Organisations;
- 10 Permanent Representations of Member States of the European Union;
- 7 Civil Services of Member States of the European Union; and
- 1 Individual Private sector organisation as well as remuneration data from a wide range of private sector organisations held in 2 commercial databases.

In order to align the methodology to the scope of the study, the following principles were agreed upon early on:

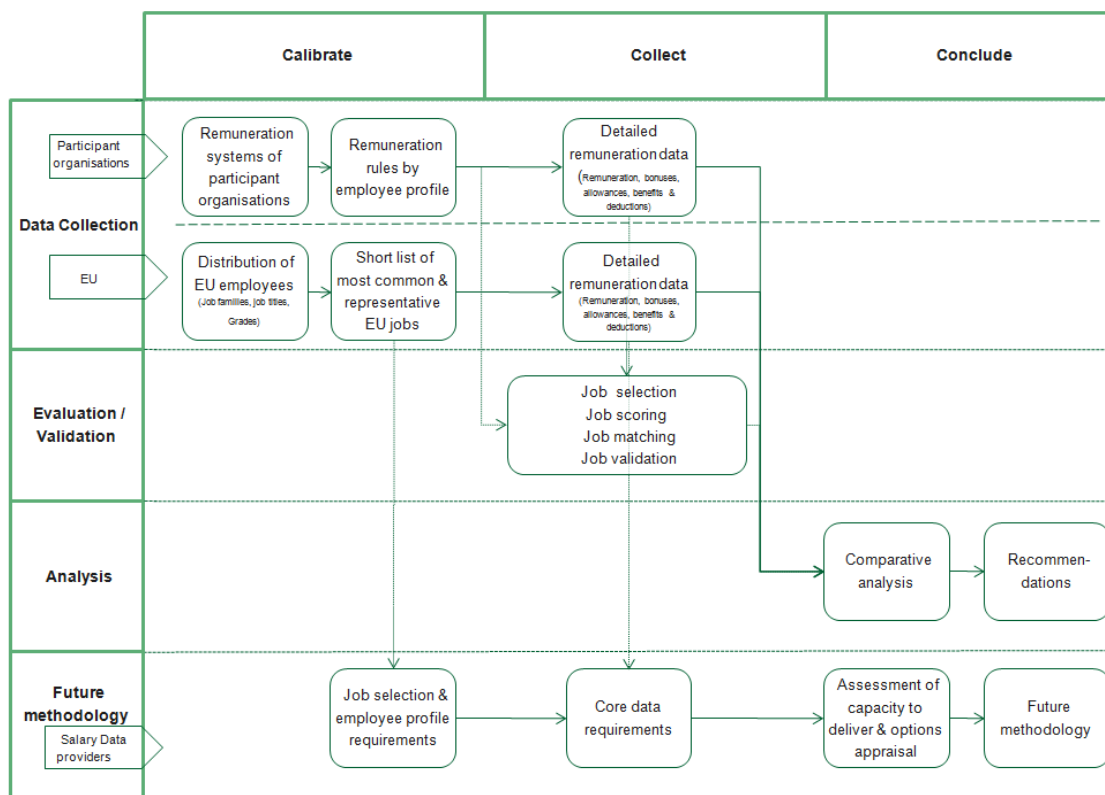
- that the study would focus upon EC permanent staff under the new salary regulations (i.e. 2004 regulations);
- that the study would allow for comparisons to be made on the basis of job structures rather than grade structures (i.e. Job Matching Comparisons);
- that the study would use generic job descriptions for the Commission as a baseline for its job structure;
- that the study would identify grades by using the data on the distribution of Commission staff; and
- that the study would use the range of theoretical possible salaries rather than real individual salaries for salary benchmarking purposes.

The methodology revolved around the following three main elements:

- Job evaluation and matching;
- Economic modelling and analysis of net remuneration; and
- Developing recommendations for future ad hoc comparisons.

The following figure illustrates the main tasks based around three phases: Calibrate, Collect, Conclude.

Figure 1: Overview of methodology



3.1.1 Key concepts

This study used the concept of net remuneration to establish remuneration comparisons. Net Remuneration was calculated as follows:

- + **Base Salary:** basic salary and an array of elements related to performance and the position;
- + **Bonuses:** performance-related and guaranteed bonuses;
- + **Allowances:** e.g. expatriation allowance, housing allowance, household allowance, spouse allowance, dependent child allowance;
- **Deductions:** compulsory deductions (e.g. insurance or pension); and
- **Taxes:** tax, social security contributions.

Net remuneration calculations did not include:

- One-off allowances (e.g. removal expenses);
- Non-regular allowance (e.g. short-term housing or expatriation allowances which are reduced after a certain period);
- Educational allowances;
- Employers' pension and insurance contributions;
- Future value of benefits financed by deductions (e.g. future value of pension accumulation); and
- Other benefits (e.g. company cars, stock and share options, etc.).

The above approach was designed to only consider the total cash amount retained by the employee. Excluding non-cash benefits in remuneration comparison meant that an important dimension of total remuneration was omitted, but assigning consistent cash values to these benefits would have been overly problematic given the variety of organisations included in the dataset and the diverse and heterogeneous nature of these non-cash benefits. However to provide an idea of what some of these fringe benefits could be worth, particularly to private sector employees, a section has been included in which some cases are explored.

3.1.2 *The dataset*

The dataset used to conduct the remuneration comparisons included organisations based in 16 European countries including in 4 New Member States.

The aim of the research team has been to collect theoretical salary data, that is, the minimum and maximum salary which it would be possible to receive in a particular job. However, in some cases this was not possible, for example because of the salary setting procedures. In these cases data on actual employees was used. The aim was to obtain minimum and maximum possible figures for base salaries and salary components. Where this was not possible, single data points or a range based on quartiles was used.

The key limitation of the dataset stems from the fact that a large portion of the data refers to non-expatriated employees. The national civil servants included in the report were not expatriated employees and neither were the employees in the two commercial private sector databases. This was due to the fact that despite contacting over 30 Multinational Corporations, it was not possible to secure their participation in the study. As a mitigating strategy, Private Sector Organisations based in Belgium, and employing locally-based staff, were used to draw comparisons although they do not pay expatriation allowances. The two private sector databases do however cover a significant number of job titles and incumbents and provide comparisons for lower-level jobs, which would most likely not have been possible with private-sector expatriated employee information.

These limitations are shown in the table below. It is worth noting that, although the aim was to match as many of the selected Commission jobs with reference organisations as possible, there were some limitations. Small organisations (like some Permanent Representations) would often not have the same wide ranges of jobs as the European institutions, while some Commission jobs are not commonly found in the private sector. Moreover some organisations contacted declined the invitation to participate in this study.

3.1.3 Data limitations and assumptions made

The table below summarises the limitations of the reference organisation remuneration datasets.

Table 1: Current limitations of datasets included

Organisation code	Job matches		Remuneration data		Assumptions/Notes/Implications
	Provided by reference organisation	Matches done by Matrix	Provided by reference organisation	Used publicly-available information	
IO1	✓		✓		
IO2		✓	✓		Assumed average internal tax rate across all jobs.
IO3		✓	✓		
IO4		✓	✓		
IO5	✓		✓		
IO6	✓		✓		
IO7	✓		✓		
IO8	✓		✓		
PR1	✓		✓	✓	Remuneration data provided was inconsistent with a salary scale. Theoretical salaries based on salary scale were used. A monetary value could not be attributed to housing benefits.
PR2	✓		✓	✓	Assumed that some civil service jobs could be present in a Permanent Representation. No housing allowance or benefit has been reported by the responding organisation.
PR3	✓		✓	✓	
PR4	✓		✓		
PR5		✓	✓	✓	
PR6		✓	✓	✓	Housing allowance was included in the calculation of the net remuneration. A monetary value could not be attributed to housing benefits.
PR7	✓		✓		
PR8	✓		✓		A monetary value could not be attributed to housing benefits.
PR9	✓		✓	✓	Assumed that tax rates provided by reference organisation apply to expatriated employees. A monetary value could not be attributed to housing benefits.
PR10		✓	✓		
NCS1		✓	✓	✓	Supplemented base salary information with publicly available real remuneration data. Data expressed in quartiles. Lack of expatriated employees means that no expatriation allowances are included.
NCS2	✓		✓	✓	Lack of expatriated employees means that no expatriation allowances are included.

Organisation code	Job matches		Remuneration data		Assumptions/Notes/Implications
	Provided by reference organisation	Matches done by Matrix	Provided by reference organisation	Used publicly-available information	
NCS3	✓		✓		The remuneration data cannot be expressed as a range, hence for this organisation it is expressed as single data points. Lack of expatriated employees means that no expatriation allowances are included.
NCS4		✓		✓	Lack of expatriated employees means that no expatriation allowances are included.
NCS5	✓		✓		Remuneration data was provided as single points rather than ranges. Lack of expatriated employees means that no expatriation allowances are included.
NCS6	✓		✓	✓	Lack of expatriated employees means that no expatriation allowances are included.
NCS7		✓	✓	✓	Lack of expatriated employees means that no expatriation allowances are included.
PS1		✓	✓	✓	Lack of expatriated employees means that no expatriation allowances are included.
Hewitt		Range is expressed in percentiles (25 th -75 th). Assumed married employees' base salaries to be the same as single employees'. Child/spouse allowances are not reported on in the dataset. Lack of expatriated employees means that no expatriation allowances are included.			
Berenschot ⁵		Range is expressed in percentiles (10 th -90 th). Allowances are not reported on in the dataset. Lack of expatriated employees means that no expatriation allowances are included.			

⁵ Extracted from 'Le Vif/L'Express' 20 June 2008.

4. Key findings

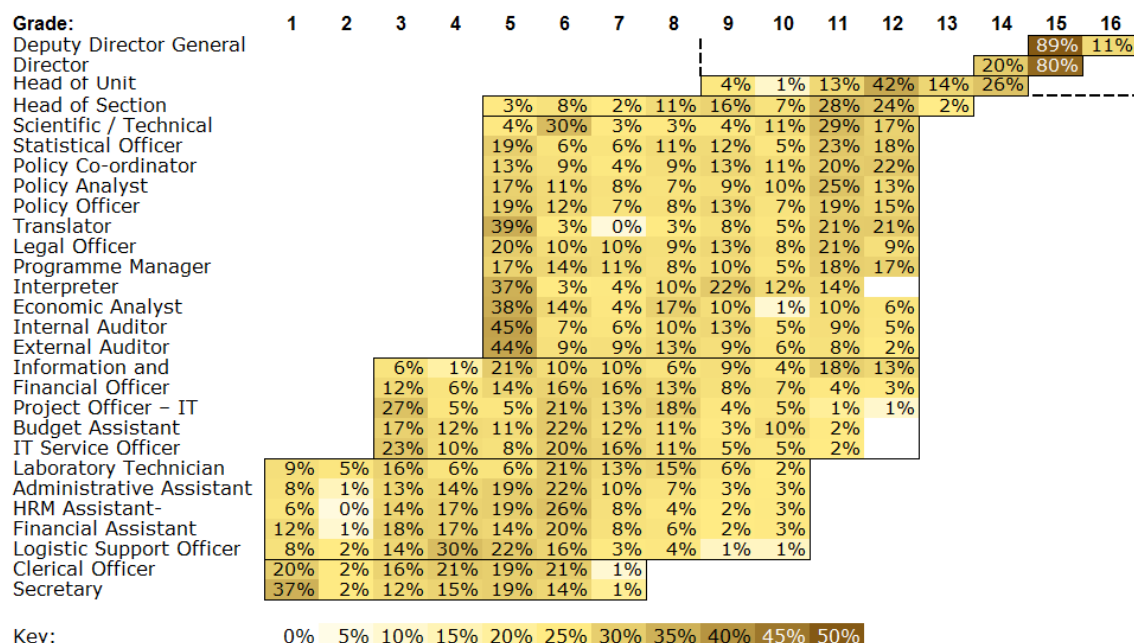
4.1 EU Institutions

4.1.1 Grading structure and systems

In the European Commission's career system most jobs are performed by staff in a very wide range of functions and grades. The following figure shows the range for the selection of jobs in scope for this study and their grade distribution. The darker the shades, the greater the proportion of people employed in a particular grade for a specific job.

For the sake of establishing meaningful high level comparisons, jobs spanning the same grades have been grouped as shown by the black outlines in Figure 2 below. It shows the grades which jobs actually cover and which have been used in the remuneration comparisons to define the minimum and maximum grade for each job.

Figure 2: Grade distribution of EC posts



Source: European Commission

Overall, the most striking features of Figure 2 are the wide spread of grades occupied and the shape of the grade distribution. A more detailed analysis leads to the following conclusions:

- **Specific jobs span across a wide range of grades.** There is a remarkable degree of uniformity in terms of the width of the ranges of grades. Grade 3 appears to be a major starting level among this selection of jobs, although this varies for each function group (e.g. Grade 1 for Assistants, Grade 5 for Administrators).
- **The wide spread of grades is due to the career-based system,** where grade (and hence remuneration) depends largely on length of service. Many administrative jobs, for instance, are commonly filled by employees from grades AD5 to AD12. The gross salary for the highest paying employee for each of these jobs is therefore more

than two and a half times than the lowest⁶. This makes identifying difference in the remuneration of different jobs or between organisations problematic as such salary ranges are unusual in job-based systems elsewhere.

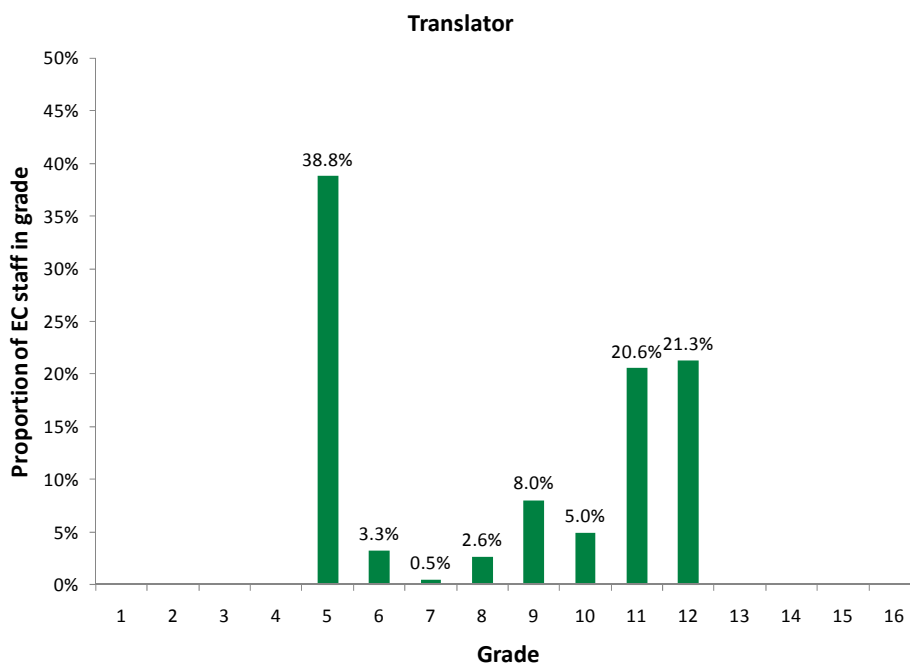
- **A small majority (16/28) of jobs is biased towards the lower end of their grade scale.** This would seem to imply that the bulk of recruitment in these jobs has been recent or that staff turnover has been particularly high. As demonstrated below, the distribution has been highly influenced by the recruitment of staff from New Member States following enlargement in 2004.
- **Bias towards the top end of the grade scale can predictably be found particularly in the Management job family** (Director, Head of Unit). Other senior roles with a similar degree of bias are the 'Policy Co-ordinator' job, technical roles of 'Scientific/Technical Project Officer', 'Statistical Officer', and 'Programme Manager'.

Figure 2 also shows **that the distribution of employees across grades for each Commission job is often bimodal**. Many statistical distributions, including the normal distribution, are *unimodal*, or single-peaked. Standard statistical tests often assume that the underlying distributions are approximately normal. If the distribution of employees by grade is normal then the various measures of average, mean, median and mode will give the same result and it will generally make sense to perform analysis in terms of a 'typical employee'.

Summary statistics and indeed the very concept of a 'typical employee' can be misleading in this context.

Figure 3 below shows the distribution for one particular job picked from Figure 2, 'Translator' (Annex II shows the distribution of each of the jobs listed in Figure 2). It provides evidence of the bimodal shape of the distribution for this specific job: 38% of employees are at grade 5 when a further 41% are at grades 11 and 12 and relatively few employed are at grades in between. The average (mean) grade for this job is grade 8. However, only 3% of employees in this job are actually at that grade, implying that the mean is not very representative of a 'typical' employee.

Figure 3: Example of bimodal grade distribution



⁶ The monthly gross salary for Grade 12 step 5 was €10,925.00, compared with €4,068.00 for Grade 5 step 1, as at 1 July 2007.

Source: European Commission

The median (middle) grade is 9. For this example job only 8% of employees are actually in the median grade. Examination of Figure 2 shows that for other jobs the median grade is occupied by even fewer employees.

The modal (most common) grade is the entry level grade 5. However, using this as a 'typical' salary would ignore the many employees paid more.

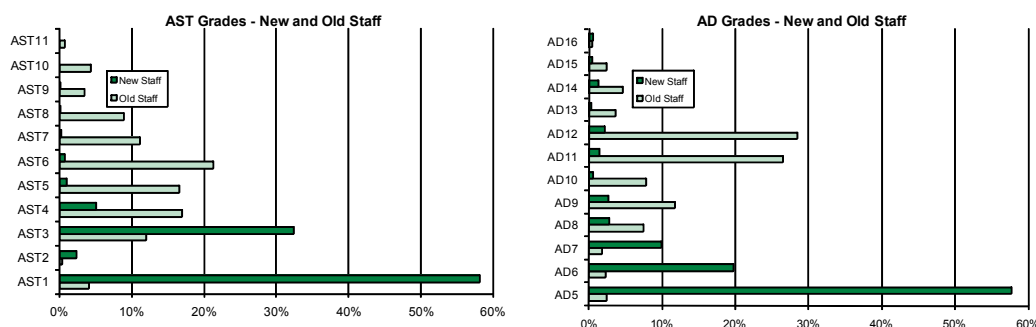
It is principally for this reason that the remuneration comparisons in this report are carried out in terms of comparisons of the range of salaries for each particular job or group of jobs, rather than a comparison of an 'average' salary for a 'typical' employee.

The bimodal nature of the distributions of employees is due in large part to the recent recruitment of new staff, especially from New Member States following enlargement in 2004 and 2007. This may be further exacerbated by the change in the grading systems associated with the new staff regulations introduced in May 2004, at the same time as major enlargement of the Community.

The following charts, to demonstrate this, have been produced on the basis of information supplied by the Commission which included the date of recruitment of employees⁷.

Figure 4 below shows that most of the staff in the entry grades AST1 and AD5 (and many of those in AST3, the entry grade for assistants) are 'new' staff – those recruited since the 1st May 2004 enlargement of the EU. Staff recruited earlier has generally progressed into the higher grades.

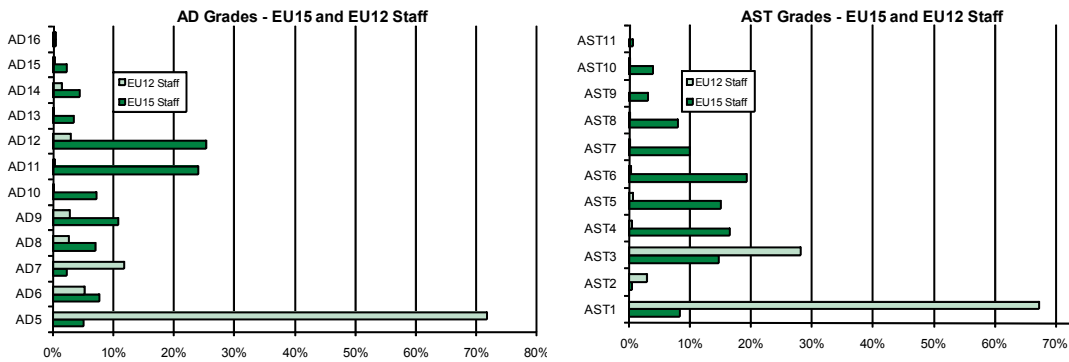
Figure 4: All grades – New and Old Staff



The entry levels grades in the Assistant Function Group (AST1 and AST3) are clearly defined for staff joining under the new regulations. As might be expected, staff recruited under the old staff regulations is rather more equally distributed. The same is true of the Administrators function group, although there are significant numbers of staff recruited under the new regulations who have reached grades AD6 and AD7 already.

⁷ As it was produced at a different date to the main dataset used for the remuneration comparisons, the total number of staff analysed is slightly different (23,479 for this analysis, compared with 22,698 in the net remuneration comparisons).

Figure 5: All grades – EU15 and EU12 Staff

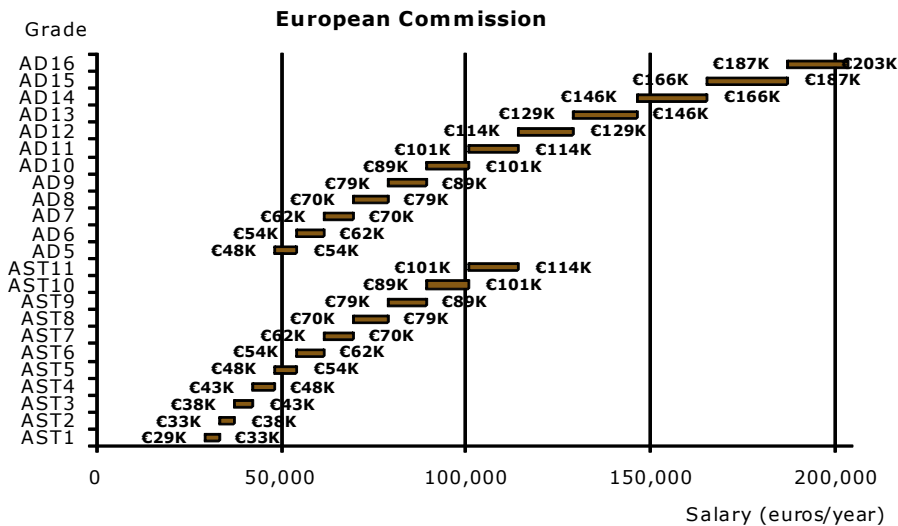


Again staff in the Assistants Function Group recruited from the post-2004 EU12 Member States have mostly (just under 90%) joined under the new staff regulations so they are clustered in the entry grades AST3 and AST1. Staff from the EU12 Member States in the Administrators Function Group is also clustered around the entry level grade AD5. There are also non-negligible numbers of EU12 staff in the starting grades for managers (Grades AD6-9, AD12 and AD14).

4.1.2 Remuneration system

The Commission’s remuneration system is based on the salary grid shown in Article 66 of the Staff Regulations which is updated annually. The following figure shows the range of gross salaries starting at the minimum defined by Step 1 of the salary grid through to the maximum defined by Step 5 of the grid (except for Grade 16 where the maximum is defined by Step 3).

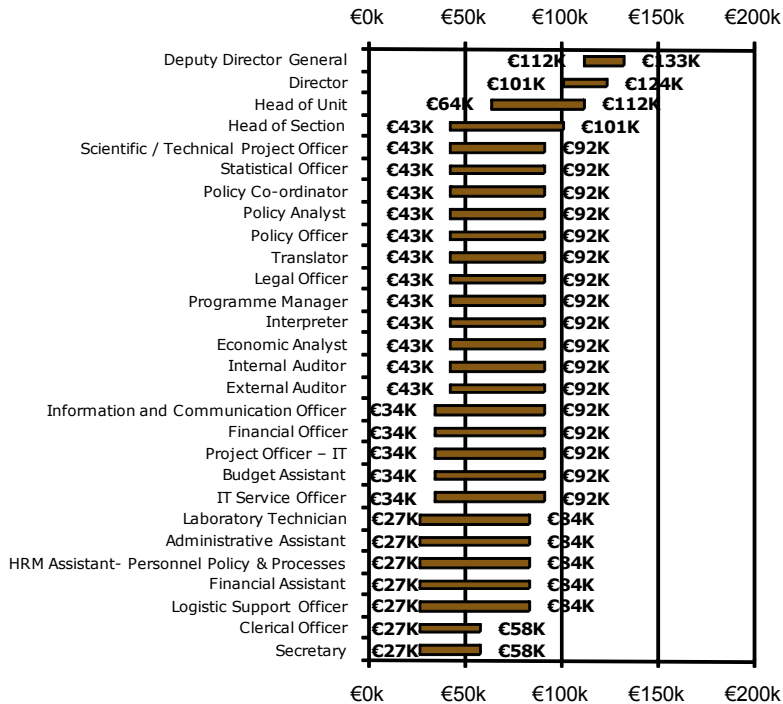
Figure 6: Range of Gross Annual Salaries by Function Group and Grade



Note: Based on 2007 salaries from Article 66 of the Staff Regulations.

Figure 7: Net remuneration ranges for single employee in selected jobs

Ranges of net remuneration - single employee



Source: European Commission

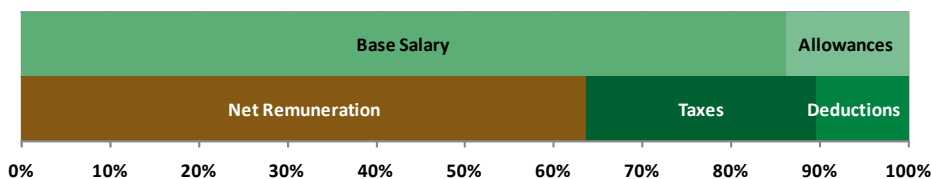
The net remuneration ranges portrayed in the above figure follow on very closely from the grade distribution described in the previous paragraphs and shown in Figure 2 simply because salaries are dictated by grade and the level of seniority within a particular grade.

It is worth noting that the multipliers associated with transition into the new remuneration system have not taken into account. This means that some of the Commission staff recruited before the reform of 2004 could be paid, with few exceptional cases, a little less than the 'theoretical' remuneration.

4.1.2.1 Basic remuneration components

The remuneration components for the European Commission are summarised in the following figure:

Figure 8: Remuneration structure of the European Commission



Source: European Commission

This figure demonstrates the relative sizes of average ('mid-point') remuneration components aggregated across all of the jobs selected for this study.

Net remuneration consists of base salary, as defined by the salary grid and the degree of seniority, plus any of the relevant allowances and bonuses detailed in the next section and minus any of the deductions or taxes detailed below.

4.1.2.2 Allowances

The following allowances can be provided in addition to the basic salary (monthly figures):

Allowances	
Family allowances	<ul style="list-style-type: none"> • household allowance (2% of basic salary + €157.29) • dependent-child allowance (€316.11) • pre-school allowance (50.36€) • reimbursement of school fees up to a maximum of €233.20, which can be doubled in some cases
Other allowances	<ul style="list-style-type: none"> • expatriation allowance (16% of basic salary) or foreign-residence allowance (4% of basic salary) • various (for standby duty, etc.)

4.1.2.3 Deductions

The following deductions apply to the basic salary and allowances:

Deductions	
Social security contributions (% of basic salary)	<ul style="list-style-type: none"> • pension (10.25%) • health insurance (1.70%) • accident cover (0.10%)

4.1.2.4 Tax

The Community Tax is payable by all those employed within the European Institutions and is deducted automatically from the salary. Its effect on the net remuneration of Commission employees is shown in Annex II.

Taxes	
Income tax:	<ul style="list-style-type: none"> • tax levied progressively at a rate of between 8% and 45% of the taxable portion of the salary • special levy (4.21%) calculated on the part of the remuneration exceeding the minimum remuneration.

4.1.2.5 Benefits

The following benefits are provided to the Commission employees, but are not included as positive components of total remuneration.

Pension

EU officials reach retirement age at 63, but it is possible to take early retirement with a reduced pension from the age of 55.

Pensions are paid as a percentage of the final basic salary. Officials accumulate 1.9% pension rights every year and are entitled to a maximum pension of 70% of their final basic salary.

Sickness insurance

European Commission officials and their families are entitled to benefit from the Joint Sickness Insurance Scheme of the European Communities, which covers medical expenses at a reimbursement rate of 80% for most kinds of treatment (subject to maximum limits). They are also covered by accident insurance and insurance against occupational diseases.

4.2 Remuneration structures in reference organisations

In addition to detailed remuneration data, reference organisation provided substantial amount of information around salary setting, working hours, bonuses, allowances, as well as deductions and taxes and contributions. The following high-level trends can be observed:

- **International Organisations generally set their salaries based on market data or salaries in civil services.** The salaries in Permanent Representations are generally set by the central government, sometimes in agreement with trade unions, and are usually specified in a law regulating the civil service, similarly to the salaries of the rest of the civil service.
- In most of the surveyed organisations **there is a formal salary grid or salary structure linked to a formal grading system that determines individual salaries.** The private-sector companies set their salaries on a more individual basis using the market as the guide.
- **The bonus structure varies substantially between organisations** and it is difficult to identify any clear trends. Generally, instead of guaranteed bonuses, International Organisations offer an extensive and often generous allowance structure. Guaranteed bonuses tend to be more prevalent among Permanent Representations.
- **In terms of allowances, there is also a substantial variation among organisations.** Most of the participants, however, provide some form of child allowance (it is reported in 18 out of the 26 organisations surveyed), while expatriation allowance is common in Permanent Representations (it is reported in 8 out of 10 Permanent Representations surveyed).
- **Benefit and tax structures vary similarly,** although International Organisations are most likely out of the organisations surveyed to have internal tax systems (reported by 6 out of 8 International Organisations surveyed).

The remuneration structure of individual organisations is described in more detail in Annex IV.

4.3 Indication of fringe benefits in reference organisations

Fringe benefits (mainly company cars) have not been included in our comparisons due to the difficulty of estimating their value for each job description, as well as due to the explicit focus of the study on net remuneration in cash terms. However looking at the private sector data

provided, an estimate of the potential value of fringe benefits for this sector has been extracted.

Job Match	Company Car %	Most Common Type of Car	Car Value
Director/Deputy Director-General	95%	Top range	€45-60,000
Financial Officer	21%	Middle range	€20-30,000
Project Officer – IT	32%	Middle range	€20-30,000
Project Officer – IT	20%	Low range	Up to €20,000
Secretary	1%	Middle range	€20-30,000
Secretary	0%	N/A	N/A

Source: Undisclosed for the purposes of confidentiality

The above shows that fringe benefits will only have a significant impact for top-level jobs. A value of these particular fringe benefits to non-expatriated private sector, single employees can be approximated⁸. The results are shown below.

Job Match	Company Car %	Approx. Maximum Annual Lease Value	Average Fringe Benefit Value for this Employee Group
Director/Deputy Director-General	95%	€15,390	€14,621
Financial Officer	21%	€7,984	€1,677
Project Officer – IT	32%	€7,984	€2,555
Project Officer – IT	20%	€5,505	€1,101
Secretary	1%	€7,984	€80
Secretary	0%	N/A	€0

Source: Undisclosed for the purposes of confidentiality

Disregarding any tax implications, the average values of these fringe benefits can be found in the last column. Except for the 'General Manager' position, the absolute changes in the comparisons would be quite small. In percentage terms, for jobs matched to 'Project Officer IT' in the private sector this would constitute approximately a 2% (for the lowest-value benefit at the top of the net remuneration range) to a 9% change (for the highest-value benefit at the bottom-end of the net remuneration range). For the jobs matched to 'Financial Officer' this change would be approximately 3% to 6%. For 'Director' and 'Deputy Director-General' this would represent a 10% to 33% change. It must however be noted that the lowest net remuneration for a 'Director' reported was €44,000 and it is unlikely that this individual would be receiving a fringe benefit worth over €15,000 a year.

In summary, this data shows that:

- fringe benefits in the form of a company car mainly apply to mid-level and senior jobs in the private sector;
- including these benefits in the comparison would constitute a 2% to 9% increase in remuneration for private sector mid-level jobs; and
- including fringe benefits for most senior jobs would constitute a significant increase in remuneration (both in absolute terms and as well as a percentage).

These numbers are broadly in line with information provided by SD Worx⁹, an HR consultancy, which estimates the value of a company car to be 6% of net remuneration.

The above analysis has very few implications for the public sector. Only 3 Permanent Representations surveyed, for example, reported provision of (chauffeured) car only to the Heads of Mission. No other Permanent Representations reported that they provided cars to other employees.

⁸ The value was calculated using the Annual Lease Value approach of the US Internal Revenue Service.

⁹ 'Le Vif/L'Express' 20 June 2008.

With regards to other fringe benefits (e.g. restaurant vouchers), SD Worx estimates these to be worth 4% of net remuneration.

4.4 Comparison of remuneration structures

The following figures show how various remuneration components compare as a percentage of total net remuneration:

Figure 9: Comparison of Remuneration Structures – single employees

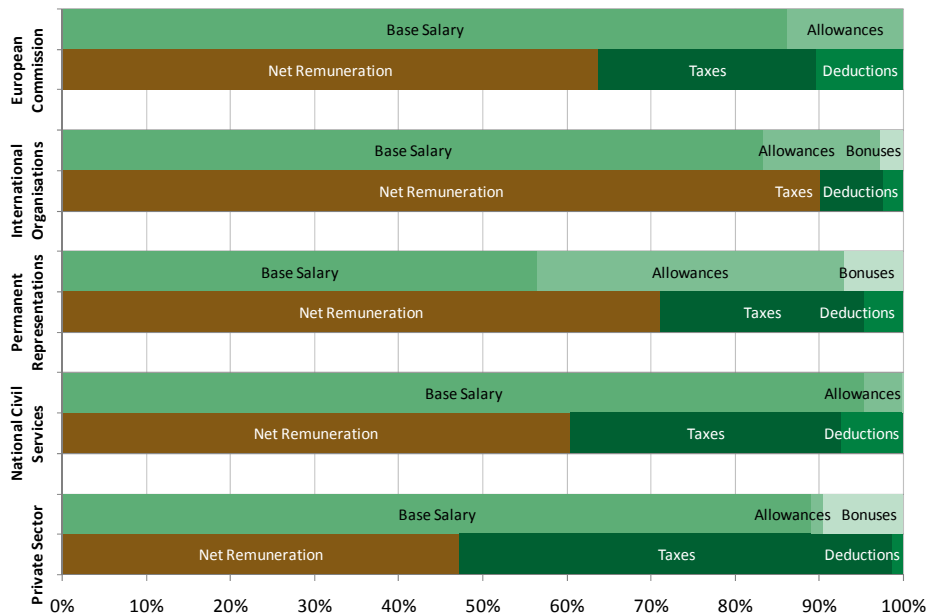
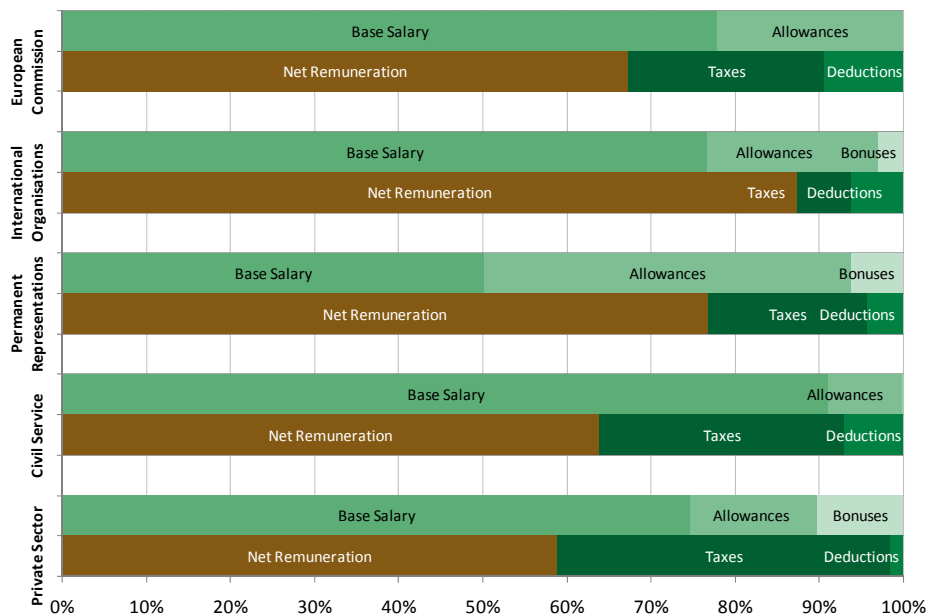


Figure 10: Comparison of Remuneration Structures – married employees



The two above figures show the relative sizes of salary components in the European Commission and an average organisation in each of the four categories of reference

organisations. Similarly to Figure 8, the proportions represent the relative sizes of average salary components for all of the matched jobs.

Examining the above figures we can observe the following:

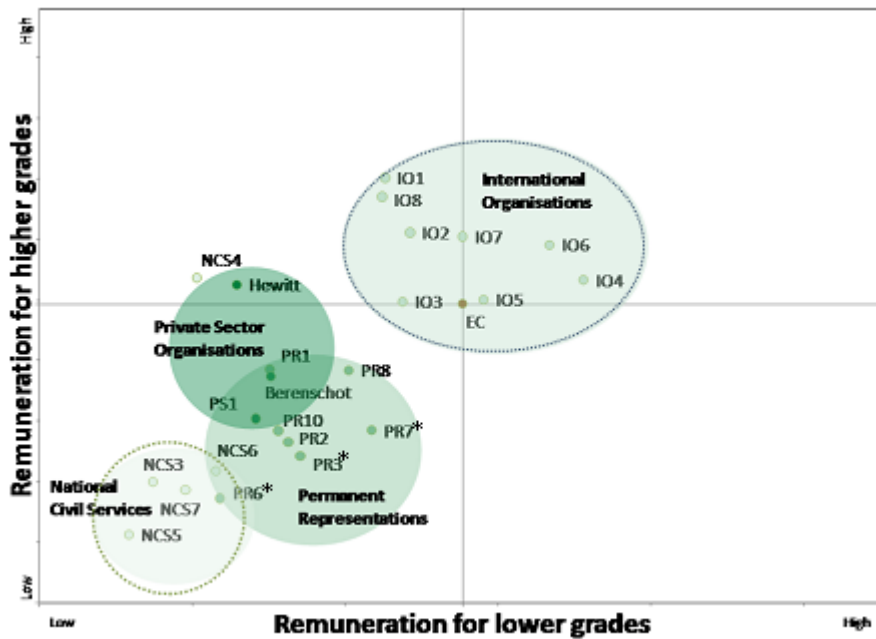
- **The relative sizes of European Commission allowances, taxes, and deductions are broadly in line with other organisations.** Commission allowances constitute a similar proportion of salary as those of International Organisations, while the relative sizes of taxes and deductions are close to those of Permanent Representations and National Civil Service organisations.
- **Allowances constitute a significantly larger proportion of Permanent Representation employees' salaries than it is the case for other types of organisations.** This is most likely due to generous expatriation allowances, which are sometimes exempt from income tax.
- **Tax regimes tend to be more favourable to employees working in International Organisations than for EU employees.** This can be attributed to low tax rates that are often associated with internal tax systems of many International Organisations. The relatively low level of taxes and contributions in International Organisations could explain to some extent higher-than-average net remunerations.
- **Bonuses are an important part of the remuneration of employees working for Private sector organisations, Permanent Representations, and International Organisations.**
- **Private sector employees in the reference organisations tend to pay proportionally more tax than employees of other organisations.** This could be attributed to the fact that, while other reference organisations are drawn from across Europe, these employees are based in Belgium where the income tax burden is above the European average.

Comparing Figure 9 with Figure 10 shows that **allowances constitute a larger proportion of salary for married employees with children than for single employees.** This is the case for all 4 reference organisation groups and the European Commission and the effect is the strongest for the private sector. In all the cases this can be largely attributed to spousal and child allowances offered by a large number of participant organisations.

4.5 Net Remuneration Comparisons

The following figure shows a high-level overview of remuneration comparisons between the European Commission and the reference organisations. The figure below shows average (mid-point of the range) single employees' remuneration for higher and lower grades for each organisation. It shows that the relative remuneration of EU officials tends to be higher than the ones in several reference organisations. More comparisons are presented in the rest of this section, as well as in Annex III.

Figure 11: Schematic view of the Commission remuneration compared to that of Reference organisations



Note: Lower grades are grades 1-11; higher grades are grades 9-16. Some reference organisations have not been able to match jobs in certain grade groupings and are thus not included in the above figure.

* For PRs marked with a star in the Figure above have reported housing allowances that have been included in the net remuneration calculations.

4.5.1 Net Remuneration Comparison of Grouped Jobs

4.5.1.1 Grouped Jobs overall

Reference organisations were asked to match against as many jobs as possible from a list of 27, chosen to be representative of the Commission employment structure. The job titles have been grouped together according to the range of grades which they span within the Commission (as detailed in the previous main section), as shown in the table overleaf.

Table 2: Job Groupings

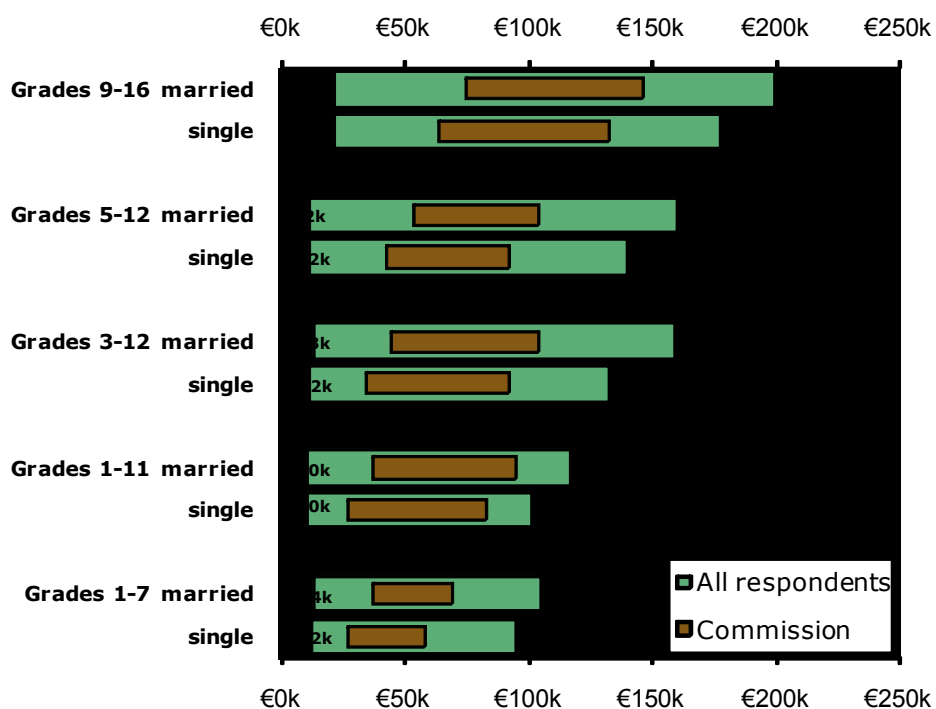
9-16	Deputy Director General	3-12	Information and Communication Officer
	Director		Financial Officer
	Head of Unit		Project Officer – IT
5-12	Scientific /		Budget Assistant
	Technical Project Officer		IT Service Officer
	Statistical Officer	1-11	Laboratory Technician
	Policy Co-ordinator		Administrative Assistant
	Policy Analyst		HRM Assistant- Personnel Policy & Processes
	Policy Officer		Financial Assistant
	Translator		Logistic Support Officer
	Legal Officer	1-7	Clerical Officer
	Programme Manager		Secretary
	Interpreter		
	Economic Analyst		
	Internal Auditor		
	External Auditor		

The following figures show the range of net remuneration for Commission jobs compared with the maximum range in the reference organisations.

The range for the reference organisations is therefore from the lowest to the highest paid employee matched against any of the Commission jobs in a particular group. For instance, the bottom of the range for the Commission grade 3-12 group is the lowest paid employee in a reference organisation matched against the Commission job titles 'Information and Communication Officer', 'Financial Officer', 'Project Officer – IT', 'Budget Assistant' or 'IT Service Officer'. The top of the range is the highest paid employee matched against one of these jobs.

Figure 12 below shows, for each job grouping, the ranges of net remuneration for the Commission compared with all reference organisations as a whole.

Figure 12: Ranges of net remuneration – all respondents¹⁰



In all cases the following can be observed:

- the range of Commission remuneration is within that of the reference organisations as a whole;
- the lowest paid Commission employee receives higher net remuneration than the lowest paid in the reference organisations; and
- the highest paid Commission employee in each group is paid less than the highest paid in the reference organisations.

This reflects both the range of remuneration within each reference organisation but also, more significantly, the wide differences in remuneration between different types of organisation and, within that, differences between individual organisations.

The Commission remuneration for a married employee with two children (aged 10 and 14) is, for each job, significantly higher than that for a single employee, due to the spousal and child allowances granted.

The lowest-paying reference organisations, however, do not offer any spousal or child allowances. The minimum remuneration for a married employee in the reference organisations is therefore no higher than that for a single employee. The maximum remuneration is, however, higher, meaning that the range of remuneration is also greater for married employees in the reference organisations.

4.5.1.2 Grouped Jobs, by Type of Organisation

Figure 13 shows the range of remuneration for the Commission compared with the International Organisations taking part in the study.

¹⁰ On the methodology regarding grade groupings refer to section 4.4.1.1. On the “all respondents” category, this refers to all reference organisations excluding the Commission.

Figure 13: Ranges of net remuneration – International Organisations¹¹



For single employees, the lowest Commission remuneration (that of an entry-level employee) is, for most job groupings, just a little higher than that for the lowest-paying International Organisation. For the management grouping (grades 9-16), the lowest Commission remuneration is just a little below that of the other International Organisations.

For all job groupings apart from the 1-11 grades, however, certain reference organisations offer the possibility (in certain cases contingent on earning a performance bonus) of considerably higher pay than the Commission for equivalent jobs. More detailed analysis in Annex III shows that the jobs which offer significantly higher salaries in other International Organisations include, the three top jobs ('Deputy Director General', 'Director' and 'Head of Unit'), jobs such as 'Economic Analyst', 'Policy Analyst, as well as 'Project Officer – IT'.

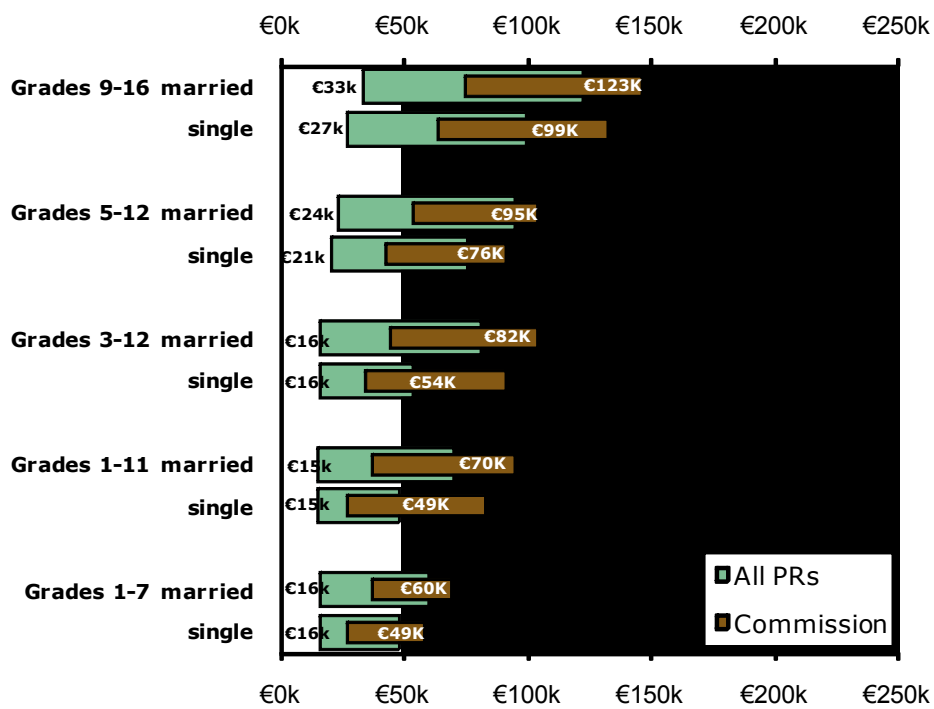
The Commission offers higher child allowances than many International Organisations (EC child allowance is higher than that of 6 out of 8 International Organisations surveyed), suggesting that the entry-level remuneration package for married Commission employees with children is above that of the lowest-paying reference organisations. At the top end of the pay ranges, however, the remaining International Organisations offer higher child allowances and so the difference between the highest possible pay for a married Commission employee and one in another International Organisation can be higher.

¹¹ On the methodology regarding grade groupings refer to section 4.4.1.1. On the methodology regarding grade groupings refer to section 4.4.1.1

Figure 14 compares Commission remuneration with that at Permanent Representations of Member States based in Brussels. Based on the information collected it appears that the net remuneration of Permanent Representations tends to be lower than those at the Commission. While there is considerable overlap in the ranges of remuneration, there are employees in Permanent Representations who are paid less than employees doing equivalent jobs in the Commission. In addition, no Permanent Representation pay as much as the maximum remuneration achievable by a Commission employee with extensive experience.

An interesting issue to note is the fact that Permanent Representation jobs do not tend to span as many grades as jobs at European Commission or other International Organisation, which can be seen in the figure below.

Figure 14: Ranges of net remuneration – Permanent Representations¹²



¹² On the methodology regarding grade groupings refer to section 4.4.1.1.

Figure 15 compares Commission remuneration with that of a selection of Permanent Representations of Member States based in Brussels which provide housing allowances. By comparing figures 14 and 15, it appears that the net remuneration of employees in Permanent Representations providing housing allowance is within range of the ones which do not.

Figure 15: Ranges of net remuneration – Permanent Representations providing housing allowances¹³

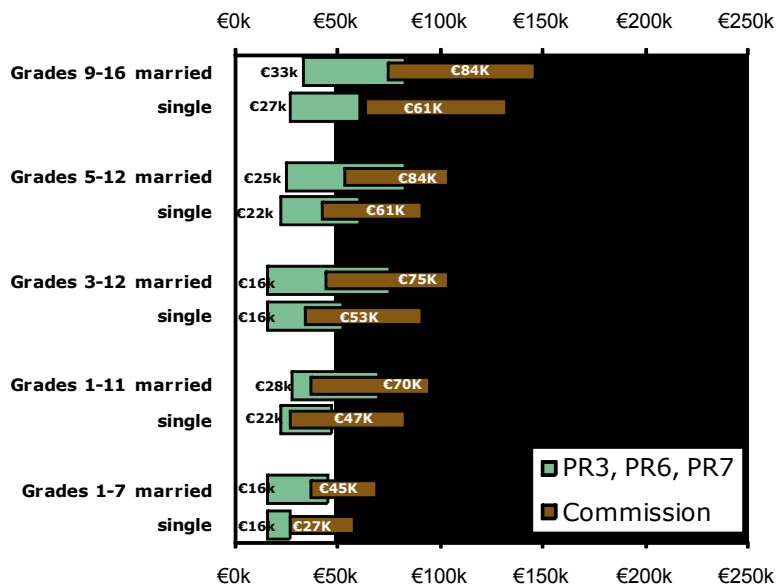


Figure 16 below compares Commission remuneration with remuneration in Civil Services of Member States. It should be remembered that employees in these Civil Services are working in their home country and so do not receive any expatriation allowance to compensate them for working or relocating abroad. It is therefore no great surprise that their remuneration levels tend to be below those of Commission employees performing similar roles.

¹³ On the methodology regarding grade groupings refer to section 4.4.1.1.

Figure 16: Ranges of net remuneration – National Civil Service¹⁴

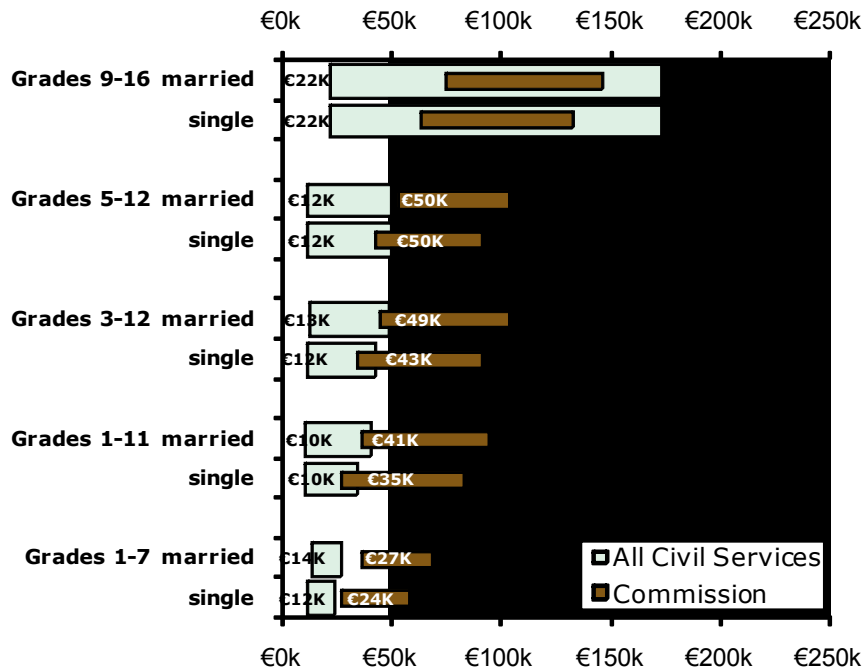


Figure 17 shows Commission net remuneration compared with that of Private sector organisations.

This is based on a single private sector organisation with an office in Brussels, supplemented with data from the Hewitt database and a study by HR consulting firm Berenschot. Both datasets are not for expatriated employees and are expressed in percentiles (Hewitt 25% to 75%, Berenschot 10%-90%) rather than in terms of minimum and maximum salaries. If minimum and maximum figures were available then the private sector bars in Figure 17 would be somewhat wider.

Private sector organisations tend to pay employees in the lower grade jobs salaries close to the Commission entry-level, with relatively little chance of progression while retaining the same job title. As already stated, however, in the Commission the career-based system means that a single job title will include employees with a wide range of grades, responsibilities and hence net remunerations.

At higher levels, certain jobs can be rewarded with higher remuneration in private-sector organisations. These often include a significant bonus element.

It is worth noting that some benefits offered by the private sector were not included in the comparison (i.e. company cars or stock options), which means that in reality some of the jobs could be somewhat more attractive compared to the European Commission than our analysis shows them to be. SD Worx, an HR Consultancy based in Belgium, estimates that a company car is worth on average 6% of net remuneration. If a benefit of roughly this magnitude were applied to the maximum remuneration of private sector organisations in Figure 17 then it would not change the picture dramatically. Only for single employees in the Grades 5-12 comparison might it change the outcome – where the maximum remuneration for private sector employees could become slightly higher than that for the Commission. These benefits tend to be far more common among employees at higher levels in the organisation. Berenschot, an HR Consultancy, estimates that 83% of company directors receive a company car – generally with top of the range specification – compared with only 2% of secretaries.

Other benefits such as stock options, which can be very variable from year to year but can in some cases be very valuable, are also likely to make a large difference only to the remuneration of the highest-paid people in private sector organisations.

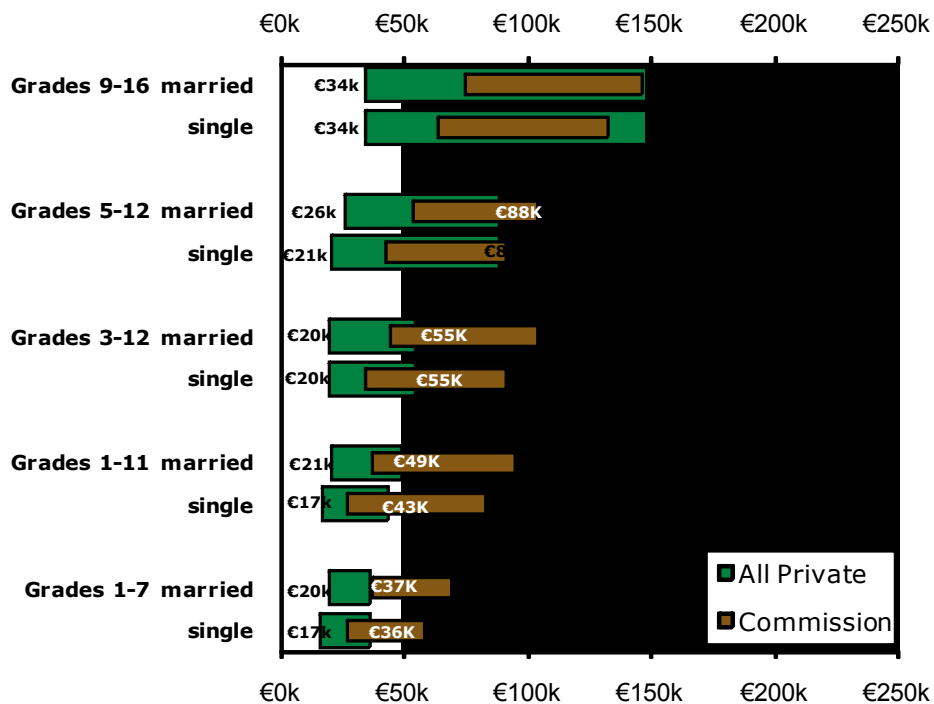
¹⁴ On the methodology regarding grade groupings refer to section 4.4.1.1.

It appears therefore that if fringe benefits could be reliably quantified, they would not greatly change the conclusions drawn from this section. They may mean that the maximum remuneration of high level private sector employees could be even higher, but it has already been noted that even without these benefits this is already potentially higher than in the Commission for senior positions. Fringe benefits are unlikely to make a significant difference to the observation that Commission employees in jobs lower in the hierarchy have potentially higher maximum salaries than their closest equivalents in private sector organisations.

Of more importance is the fact that, unlike Commission employees, private-sector employees especially those in lower grades, are locally recruited and so are fundamentally different to Commission employees who are paid to work away from their home country. Commission employees receive an expatriation allowance of 16% of their salary. While excluding this would still give minimum base salaries higher than those for the closest equivalent jobs in some private sector organisations, the base salary itself may implicitly include an acceptance of the different circumstances of working away from home at the Commission rather than as a local recruit to a private sector organisation.

Locally recruited employees are here included here as illustration as the closest available comparisons, but it must always be remembered that they are fundamentally different to Commission employees.

Figure 17: Ranges of net remuneration –Private sector organisations¹⁵



¹⁵ On the methodology regarding grade groupings refer to section 4.4.1.1.

4.5.1.3 Grouped Jobs, Grade by Grade

Figures 18-22 show the same information as before, but with one figure for each grade group and with each type of reference organisation on the same figure.

These make it clear that, except at the highest grade levels, National Civil services (with non-expatriated employees) offer the lowest remuneration packages, with a fairly limited range. Private organisations and Permanent Representations pay somewhat higher, but also within a limited range, particularly for the lower grade groups (which will be locally recruited in private organisations). International Organisations, often with a career-based system like the Commission, have the widest range of remuneration for each job group and often the highest maximum possible remuneration.

Figure 18: Grade comparison – Grades 1-7¹⁶

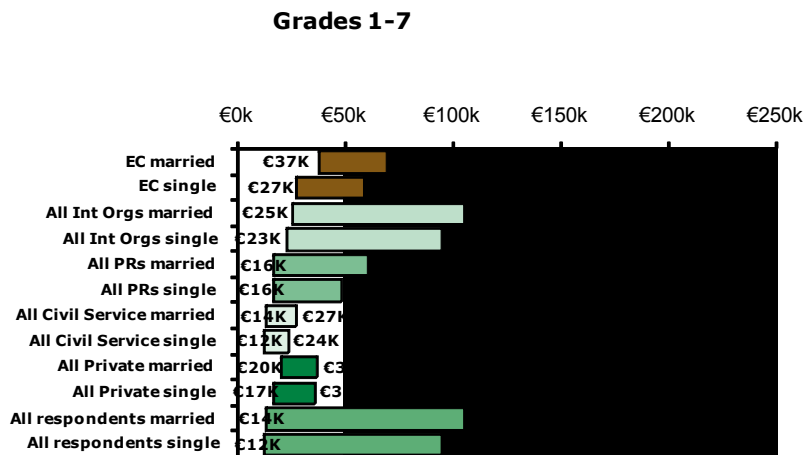
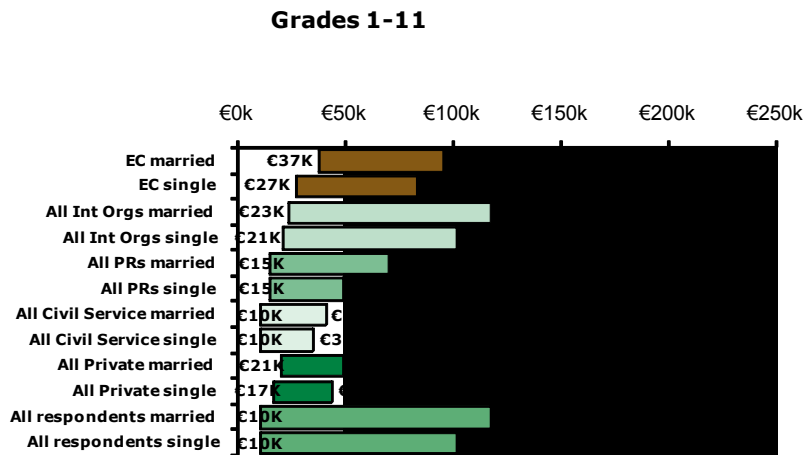


Figure 19: Grade comparison – Grades 1-11



¹⁶ On the methodology regarding grade groupings refer to section 4.4.1.1 On the “all respondents” category, this refers to all reference organisations excluding the Commission.

Figure 20: Grade comparison – Grades 3-12

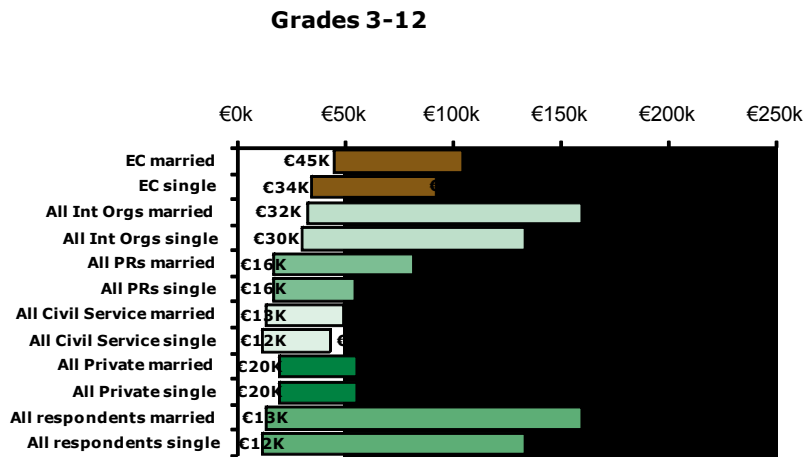
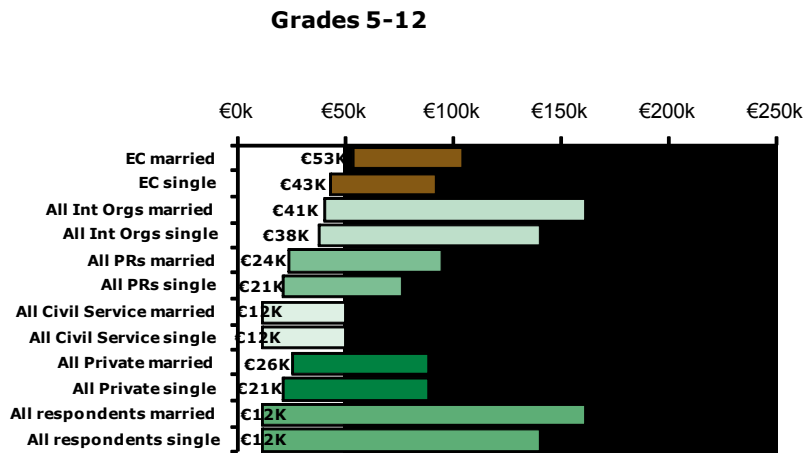
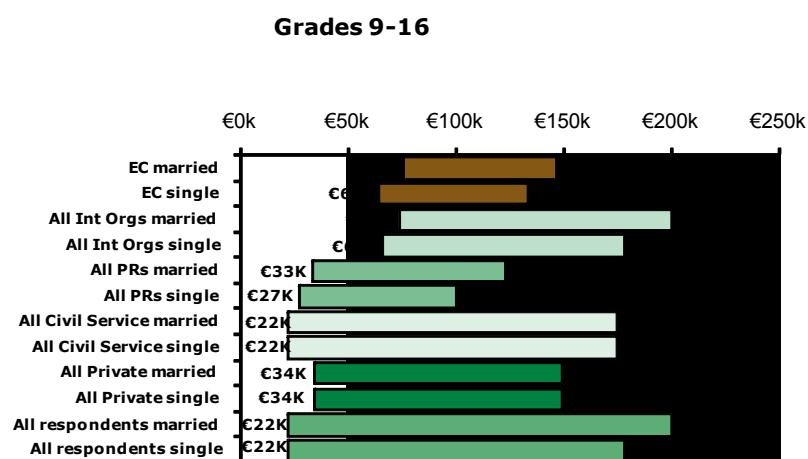


Figure 21: Grade comparison – Grades 5-12¹⁷



¹⁷ On the methodology regarding grade groupings refer to section 4.4.1.1. On the "all respondents" category, this refers to all reference organisations excluding the Commission.

Figure 22: Grade comparison - Grades 9-16



4.5.2 Entry-level remuneration comparison

Reference organisations were asked the ‘minimum’ and ‘maximum’ remuneration they offered for each job title they could match. The ‘minimum’ remuneration is assumed to be the remuneration offered to an ‘entry-level’ employee. However, for the organisations which offer bonuses, the minimum remuneration includes the lowest possible bonus (usually zero). In some organisations, an entry-level employee could, therefore in practice receive a higher total remuneration if they earned a performance bonus.

Figures in this report show the ‘minimum’ remunerations for each matched job in each reference organisation in the level at which each bar starts for that job in that organisation.

Table 3 summarises the information on the ‘entry-level’ remuneration offered by the European Institutions and by the reference organisations for the list of target jobs. Note that these tables include the information from Hewitt’s and Berenschot’s databases, which express salary in percentiles rather than minimum and maximum ranges (the Hewitt data gives the 25th percentile and the Berenschot data the 10th percentile). This means that the ‘entry-level’ salaries in these datasets may be marginally lower than shown. Since, as shown in the earlier sections, overall private sector ‘entry-level’ salaries are not the lowest in our sample, the inclusion of these two sets of data is unlikely to overly skew the findings presented below.

Table 7 shows (separately for single and married employees) for each job title:

1. the **EC** ‘entry-level’ remuneration
2. the **lowest** ‘entry-level’ remuneration offered by any of the reference organisations
3. the **highest** ‘entry-level’ remuneration offered by any of the reference organisations
4. the **proportion** of reference organisations which offer an ‘entry-level’ remuneration **higher** than the EC ‘entry-level’ remuneration for that job

It can be seen that there is variation between different jobs, but that generally the EC jobs offer neither the highest nor the lowest entry-level salaries.

The only case where no reference organisation pays a higher ‘entry-level’ remuneration package than the EC is the job of ‘Laboratory Technician’. This is however based on a sample of only 4 organisations, since it is not a commonly found job in the type of organisations surveyed in this study.

Although in all cases the ‘entry-level’ salaries in the Commission are higher than the lowest ‘entry-level’ salaries in reference organisations, there are four International Organisations that each offer significantly higher ‘entry-level’ salaries for one or more than one of the following jobs: ‘Policy Analyst’, ‘Programme Manager’ and ‘Economic Analyst’.

There are also two job titles, 'Information and Communication Officer' and 'Administrative Assistant', for which respectively 63% and 61% of the organisations offer higher 'entry-level' remuneration. This is, however, only the case for single employees.

The second part of the table shows the summary of 'entry-level' remuneration comparisons with the jobs grouped together according to the range of Commission grades which they occupy.

For instance, the jobs paid at grades 1-11 in the Commission ('Logistic Support Officer' to 'Laboratory Technician' in Table 7) naturally all have the same 'entry-level' remuneration in the Commission (that for grade 1). The next column of Table 8 shows the lowest 'entry-level' remuneration offered by any reference organisation for any of the jobs included in that group. Similarly, the next column shows the highest 'entry-level' remuneration offered by any reference organisation for any of the jobs in the group. The next column shows that 48% of jobs which reference organisations matched against a Commission job within the grade 1-11 group offer higher 'entry-level' remuneration for an unmarried employee. When spousal and child allowances are taken into account, however, only 43% of reference organisation jobs matched against this group pay higher 'entry-level' remuneration.

Overall (the bottom lines of both parts of Table 7), for 39% of the 337 jobs matched by the reference organisations, an 'entry-level' unmarried employee would be paid more in the reference organisation than in the Commission. However, for a married employee with two children, 36% would be paid more in the reference organisation.

Table 3: Entry-level remuneration comparisons

	Single Employee				Married Employee, two children				Sample (number of organisations matching against job)
	EC 'entry-level' remuneration	Reference Organisations' lowest 'entry-level' remuneration	Reference Organisations' highest 'entry-level' remuneration	% of organisations offering higher 'entry-level' remuneration than EC	EC 'entry-level' remuneration	Reference Organisations' lowest 'entry-level' remuneration	Reference Organisations' highest 'entry-level' remuneration	% of organisations offering higher 'entry-level' remuneration than EC	
Deputy Director General	112,016	35,770	138,999	36%	124,847	41,913	149,903	27%	11
Director	101,344	26,484	139,481	17%	113,785	27,757	142,680	22%	23
Head of Unit	63,938	21,875	110,200	25%	75,012	21,875	128,478	29%	24
Head of Section	42,973	21,131	77,529	50%	53,423	27,274	91,713	50%	10
Scientific / Technical Project Officer	42,973	14,549	51,531	33%	53,423	15,843	67,666	33%	9
Statistical Officer	42,973	11,551	49,662	43%	53,423	15,843	67,666	43%	7
Policy Co-ordinator	42,973	14,549	62,894	44%	53,423	20,693	79,232	44%	9
Policy Analyst	42,973	13,169	116,997	44%	53,423	13,169	135,994	44%	9
Policy Officer	42,973	11,551	61,854	40%	53,423	11,630	75,836	47%	15
Translator	42,973	14,976	69,221	50%	53,423	15,843	84,894	50%	8
Legal Officer	42,973	17,662	59,567	27%	53,423	23,806	73,960	27%	15
Programme Manager	42,973	14,549	89,027	25%	53,423	19,432	95,831	25%	8
Interpreter	42,973	16,155	62,831	40%	53,423	17,021	75,611	40%	5
Economic Analyst	42,973	14,549	76,637	36%	53,423	15,843	84,894	36%	11
Internal Auditor	42,973	11,551	73,020	36%	53,423	17,021	78,838	27%	11
External Auditor	42,973	11,551	49,662	33%	53,423	17,695	61,542	33%	3
Information and Communication Officer	34,406	14,549	59,567	63%	44,643	19,183	73,960	44%	16
Financial Officer	34,406	11,551	59,567	29%	44,643	16,318	73,960	29%	14
Project Officer - IT	34,406	13,054	52,803	50%	44,643	13,054	67,666	43%	14
Budget Assistant	34,406	12,661	51,531	25%	44,643	13,528	72,983	25%	12
IT Service Officer	34,406	14,072	42,411	33%	44,643	14,939	52,394	25%	12
Laboratory Technician	27,253	11,551	20,743	0%	37,322	14,231	23,859	0%	4
Administrative Assistant	27,253	12,045	51,531	61%	37,322	15,843	54,939	50%	18
HRM Assistant- Personnel Policy & Processes	27,253	10,440	51,531	46%	37,322	10,440	62,520	46%	13
Financial Assistant	27,253	11,941	51,531	50%	37,322	11,941	54,939	43%	14
Logistic Support Officer	27,253	12,291	32,398	44%	37,322	13,528	42,663	44%	9
Clerical Officer	27,253	12,291	51,531	50%	37,322	13,800	54,939	42%	12
Secretary	27,253	12,192	44,184	38%	37,322	13,528	56,537	33%	21
All jobs				39%				36%	337

All jobs	39%				36%				337
	Single Employee				Married Employee, two children				Sample
	EC 'entry-level' remuneration	Reference Organisations' lowest 'entry-level' remuneration	Reference Organisations' highest 'entry-level' remuneration	% of jobs offering higher 'entry-level' remuneration than EC	EC minimum remuneration	Reference Organisations' lowest 'entry-level' remuneration	Reference Organisations' highest 'entry-level' remuneration	% of jobs offering higher 'entry-level' remuneration than EC	(number of organisations matching against job)
Grades 9-16*	varies	21,875	139,481	24%	varies	21,875	149,903	26%	58
Grades 5-12	42,973	11,551	116,997	37%	53,423	11,630	135,994	37%	110
Grades 3-12	34,406	11,551	59,567	41%	44,643	13,054	73,960	34%	68
Grades 1-11	27,253	10,440	51,531	48%	37,322	10,440	62,520	43%	58
Grades 1-7	27,253	12,192	51,531	42%	37,322	13,528	56,537	36%	33
All jobs				39%				36%	337

- 50% or more organisations pay higher 'entry level' remuneration for single and married employees
- Less than 50% of organisations pay higher 'entry-level' remuneration for single and married employees
- 50% or more organisations pay higher 'entry-level' remuneration for single employees, but less than 50% for married employees

* Jobs in the 'Grades 9-16' section start at a variety of grades in the EC (For the purposes of the remuneration comparison, Head of Unit grade 9, Director grade 14, Deputy Director General grade 15). In Table 8, the '% of jobs offering higher remuneration' column is the % offering higher than the EC minimum remuneration for the individual job which it has been matched against.

5. Methodology for future use¹⁸

The Commission's requirements with regards to benchmarking of remunerations are:

- capacity to determine in-house, on short notice, a competitive entry level (the most suitable entry level grade) for a particular job profile within the Commission; and
- compare entry level remuneration levels for certain ad-hoc job profiles with comparable reference organisations.

Key to the methodology for future use is the availability and the nature of data sources. In effect, benchmark methodologies are highly dependent on the data that can be obtained. Based on this rationale, three options were considered and an appraisal was conducted of each:

- **Option 1: Purchase ad-hoc report from HR benchmark providers.** Going for this option would be adopting a hands-off approach in the management of the production of benchmarks. The Commission would outsource the production of 'off-the-shelf' benchmarks to reputed HR benchmark providers. This would provide the flexibility of changing providers every year if necessary. The cost of the investment would also be quite limited as well as future cost implications. The downside is that comparisons would be difficult since most providers offer limited public sector remuneration data and only covering 75% of the Commission's requirements at most. As a result, the resulting analyses may not stand against the challenge of interested parties. The annual cost for this option ranges between €4,000 and €100,000 Euro, with a maximum net present value of €975,000 over 9 years.
- **Option 2: Create a bespoke benchmark capability.** Going for this option would commit the Commission to sponsoring the production of remuneration benchmarks. The Commission would participate in an annual survey alongside similar international organisations. This option has implications in terms of: actual and future costs, engaging with similar organisations and procuring a contractor to produce the required benchmarks. The upside is that this option enables robust like-to-like comparisons with the assurance of a sound methodology covering the Commission's requirements to a large extent. The annual cost for this option ranges between €137,000 and €243,000 Euro, with a maximum net present value of €1.2 million over 9 years.
- **Option 3: Mix approach between option 1 and option 2.** Going for this option would combine the pluses and minuses of both options. On the one hand, the Commission would be able to establish robust comparisons in line with its requirements but on the other hand the costs of doing so would be much higher than for the other options. The annual cost for this option ranges between €141,000 and €343,000 Euro, with a maximum net present value of €2.1 million over 9 years.

Whichever option the Commission chooses will depend on the final use of the data and the extent to which the Commission is prepared to compromise on its requirements. It is recommended that the Commission review anticipated benefits of any proposed solution in terms of what it aims to achieve e.g. in terms of reduced reliance on contractors or temp employees, the elimination of skills shortage, etc., before taking a final decision on the above. As a consequence, the costs of each option should be compared to the intended benefits for any of the benchmarking solutions.

In any case, it is recommended that the Commission launch a procurement exercise to further refine the cost implications of the desired or selected option(s) including, as stated above, performing a cost-benefit analysis before choosing any of the above options.

More information regarding the methodology for future use can be found in Annex VI.

¹⁸ Note that details on the methodology for future use have been included into the Annexes of this report, Annexes with restricted circulation. This is to safeguard the confidential nature of Commercial information collected from HR benchmark providers by the Consultant.

6. Conclusion

Initial analysis of the grading system and structure in the European Commission has shown that specific Commission jobs can span across a wide range of grades. This wide spread of grades can be attributed to the career system, where grade (and hence remuneration) depends on the length of service.

Another key finding is the *bimodal* distribution of employees across grades for each Commission job. This means that instead of there being a single most common grade for any given job, there are two grades that many employees with that job title would be in. This distribution is most likely a result of the recent recruitment of staff from New Member States, as well as the change in grading systems that took place around the same time.

Comparing the way net remuneration is structured in the European Commission and in the reference organisation, it is clear that the relative sizes of European Commission allowances, taxes, and deductions are broadly in line with other organisations. Some features are however visible: Allowances generally constitute a larger proportion of Permanent Representation remuneration than Commission remuneration, while tax regimes are more favourable to employees working in International Organisations than for those working at the Commission. Furthermore, except for the Commission and National Civil Services, bonuses constitute an important part of the net remuneration in many of the reference organisations.

In most of the reference organisations, as well as in the Commission, married employees with two children generally receive higher allowances than single employees, which can in turn explain the higher total remuneration received by married employees with two children.

The remuneration of Commission employees is generally within that of the reference organisations as a whole, meaning that the lowest paid Commission employee receives higher net remuneration than the lowest paid in the reference organisations and the highest paid Commission employee in each group is paid less than the highest paid in the reference organisations.

Examining individual organisation types, Commission remuneration is generally in line with that of other International Organisations, although some (5 out of 8) of these organisations do offer significantly higher top-end remuneration. The Entry-level Commission remuneration tends to be just a little above the entry-level in the lowest-paying International Organisation, but the highest Commission remuneration for each job group tends to be well below that of the highest-paying International Organisation.

Permanent Representations and National Civil Service organisations tend to offer lower remuneration than the Commission and other International Organisations, although some very senior civil servants can receive higher salaries than top Commission officials.

Commercial private sector organisations tend to pay employees in lower grades lower 'entry-level' salaries than the EC and other International Organisations and offer far lower top-end remuneration for these employees. Much of the private sector data though, covers locally-recruited staff that will not be paid an expatriation allowance. For employees in higher grades, the 'minimum' remuneration can be lower than in the Commission but the 'maximum' remuneration can also be higher.

The Commission offers a higher 'entry-level' remuneration package for both single and married employees than most of the reference organisations. There are however organisations that can offer considerably higher 'entry-level' remuneration for a few specific jobs, such as 'Policy Analyst', 'Programme Manager', and 'Economic Analyst'. In addition, over 50% of the reference organisations offer higher 'entry-level' remuneration for single 'Administrative Assistants' and 'Information and Communication Officers'.

In terms of a methodology for future use, all three options developed have pros and cons in terms of ability to cover requirements and cost implications. Any decision as to what Option to go for should be based on the perceived benefits that it intends to address. It is recommended that a cost-benefit analysis is undertaken before a final decision is made by the Commission.

7. ANNEXES

The Annexes are structured as follows:

- **Annex I** presents the detailed methodology used.
- **Annex II** details some additional analysis of the European Commission.
- **Annex III** provides a net remuneration comparison across individual jobs by type of organisation.
- **Annex IV** outlines the remuneration structures of individual organisations.
- **Annex V** provides the sample sizes for the figures presented in the report.
- **Annex VI** details on the methodology for future use.

ANNEX I: Detailed Methodology

Iterative process

Complementary approaches to calibrating, data gathering and analysis have been taken. Contextual information about the remuneration system of each organisation has been collected initially as part of the calibration phase. This has been supplemented by requesting information about the broader remuneration structure within each responding organisation. The next stage of the data collection process has involved asking respondents to match jobs within their own organisation with a short-list of jobs commonly performed at the Commission and provide summary salary data (minimum, maximum and typical values, for single employees and married employees with children).

The contextual information questionnaire distributed at the outset sought to capture the main general remuneration practices in place at each respondent organisation. Detailed information was requested on rules relating to pay, deductions and allowances. In addition, detailed information was sought on benefits to employees, including pensions, insurances and payments for spouses and children.

In order to understand the broader remuneration structure, each participant organisation has been asked for a matrix (i.e. table) of jobs and grades where available, or for a list of jobs with an indication of hierarchy and numbers of staff members together with a salary grid by grade. Either of these has effectively enabled to pick jobs at corresponding organisations to provide good matches for jobs at the Commission. If neither of these options was available (the risk of this was highest for the private sector) respondents were sent the proposed list of common and representative job titles together with brief job descriptions as agreed by the Commission. Respondents were then asked to find the closest matches and send us detailed data for the jobs they had selected. Job scoring was used at this stage for Quality Assurance purposes and to confirm compatibility with matched jobs within the Commission where the necessary job descriptions data was available.

For each job title, respondents were asked for information relating to:

- a) a single employee with no children, and
- b) a married employee with a non-working spouse and two children, aged 10 and 14.

For both of these types of employees, respondents were asked to provide the minimum, typical and maximum remuneration available by job title. This would include the overall remuneration figure i.e. made up of salary, regular allowances (including reimbursement of personal expenses such as rental costs), bonuses, and minus contributions and taxation. Respondents were specifically asked not to include allowances or reimbursement of costs for the education of children.

For the minimum remuneration, details were given for the lowest remuneration possible for an employee recruited at the bottom of the scale for each matched job, receiving the lowest bonuses and the lowest allowances. For instance in the case of a variable allowance such as a rental allowance, respondents were asked to indicate that this employee received the lowest allowance possible.

For the maximum remuneration, respondents gave details for the highest remuneration possible for an employee in each particular job, with maximum experience and receiving the highest possible bonus and the highest permitted allowances. For a performance-related bonus respondents were asked to give the maximum that an employee in that grade in that job could have earned in the most recent year.

It was suggested to respondents that if they found it easier, they could report on the current actual remuneration paid to the lowest and highest paid employees in each job.

Finally, for the typical remuneration with regard to each job, respondents were asked to provide the salary, allowances and bonuses paid to a 'typical' or most common employee in this job.

A taxation column was included in the jobs questionnaire but the completion of this was left to the discretion of respondents.

Query and validation procedures

Most job questionnaires have been completed by a combination of inputs from the respondent organisation and assumptions about allowances, deductions and taxation made by the project team on the basis of previously submitted remuneration structures and system questionnaires. Queries were lodged with respondents in the case of missing data before being incorporated into the analytical framework. Once questionnaires were finalised by the project team, they have been sent back to the respondents for validation.

Job evaluation and job matching

Job matching has been done on the basis of job titles in combination with short job descriptions. Where job information was previously available (for example in the form of a list of jobs within a particular organisation), matching was performed by the project team. Where the information was not available matching was performed by the respondent organisations themselves. For the data on Belgian employees supplied by Hewitt, matching was again performed by the team. All the matches which have been performed are detailed in Annex III.

The main implication of this matching methodology is that job evaluation played a smaller role than initially intended. It is still used, however, to confirm whether the jobs selected at other organisations are really comparable to specific Commission jobs where there are doubts about compatibility.

The detailed job evaluation methodology is as follows. As a pilot for the job evaluation methodology, 172 generic descriptions in use for Commission jobs were scored by the project team. Scores were given under 6 component headings detailed in the table below and weighted to produce an overall score for each job. Overall and component scores were then submitted to the Commission for validation. Out of 172 jobs only 12 were scored identically by both the team and the Commission across all components. Identical scoring for individual component scores ranged from 30% to 47%.

Table 4: Commission Job Evaluation: Scoring Differentials

Score difference (EC-Matrix)	Score Increase	Same score	Score Decrease
Qualifications, skill & knowledge (input)	63%	30%	7%
Judgment (process)	38%	39%	22%
Responsibility (process)	23%	37%	40%
Contact (process)	21%	47%	32%
Management/specialised responsibility (output)	25%	44%	31%
Impact (output)	42%	45%	13%

It was very clear that differences in interpretation of each job's characteristics were substantial. To some extent these were due to the decision by the job scoring team to apply a maximum score of 5 rather than a theoretical maximum of 6 but the Commission scored jobs down as well as up. Another issue flagged at that stage was an apparent lack of correspondence with the job families of the Commission.

An intermediate suggestion was made that the job scoring methodology should involve a two-stage process:

1. Self-contained scoring based on job descriptions – in order to get a feel for the relative distribution of scores among the various components of the job (Horizontal scoring); and
2. Adjustment of horizontal scoring in light of the hierarchy of jobs within the organisation (Vertical scoring).

Further thought was then put into the implications of the scoring differentials and the decision was taken within the team that these were too substantial for the scoring system to underpin the core of the net remuneration comparative analysis.

Data analysis

Respondents

Analysis has principally been in terms of ranges of net remuneration on three main levels:

1. Commission job to respondent job matches (i.e. like for like comparisons);
2. Commission jobs clustered by grade ranges to respondent job matches (i.e. many to one comparisons); and
3. Commission job to jobs clustered by type of organisation (i.e. one to many comparisons).

A detailed account of what analysis has been performed can be found in the relevant section.

Hence, the core analysis is on the comparison of net remuneration for matched jobs. In the comments for each organisation, an outline has been provided on any implications that the Commission's career system and job family structure might have.

European Commission

Employment and remuneration data from the Commission was consolidated into a "Job Selection Tool" from which the current distribution of Commission employees by job and by grade was derived. This distribution was used to construct grade weightings for each standard job title and these were then applied to calculate weighted average grade numbers and weighted average base salary figures taking Step 3 of the 1/7/2007 version of the Grid in Article 66 of the Staff Regulations.

The "Job Selection Tool" also cross-referenced job families and standard job descriptions which had been scored both by the team and by the Commission. The main reference for linking job titles and job families was the "Nature of Job Families and Job Titles" document.

The tool provided the project team with a selection of common representative jobs well distributed in terms of job family and range of applicable grades. The tool was also designed to help specify the characteristics and range of jobs performed by entry-level staff at the different points specified in objective 2 of the terms of reference.

Drawing on the insights provided by the "Job Selection Tool", a proposal was submitted to the Commission for the list of common EU jobs to be matched to the ones in participant organisations.

This process was documented and analysed by following 3 key steps:

- a list of standard job titles sorted by number of staff was created;
- a list of the most common jobs i.e. those with more than 100 members of staff was further refined; and
- a short-list of jobs selected among the most common jobs defined previously was put together.

This shortlist of 22 jobs was then subjected to a representativity analysis to assess the distribution in terms of grade and job family. The Commission commented on the list and made adjustments: 6 additional jobs were proposed and one selected job was deemed inappropriate for conclusion. The final list consists of 27 jobs for participant organisation to provide relevant matches.

This interim report also provides information on jobs on the shortlist with the same grade ranges. The rationale for this is to better report on the extent of the pay scale by grade ranges and groups of jobs.

ANNEX II: Additional EU Institutions analysis

Grade distribution

The following graphs show the grade distribution for all the jobs used in this comparison:

Figure 23: Distribution of EC employees by grade



Figure 24: Distribution of EC employees by grade

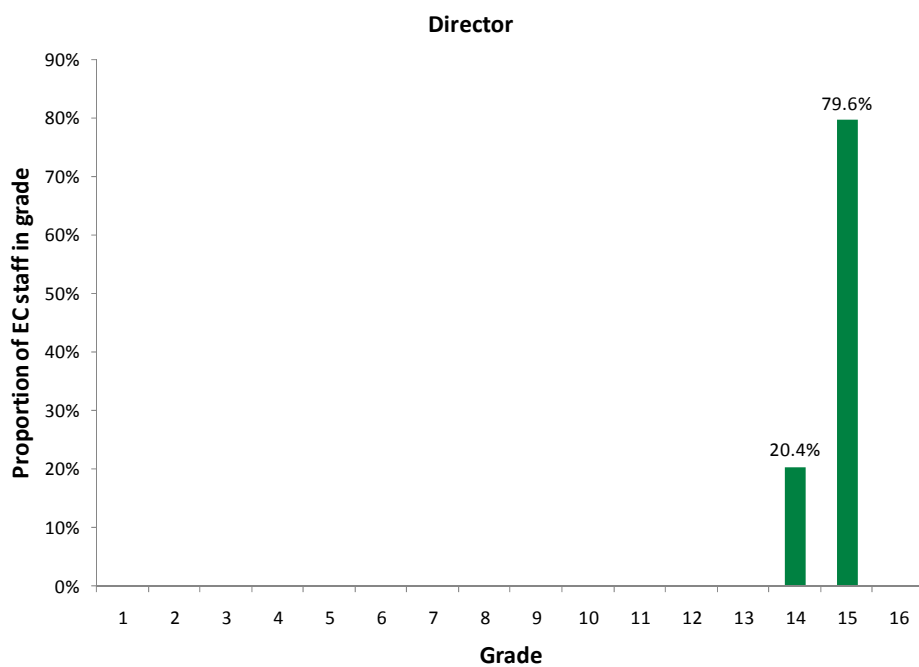


Figure 25: Distribution of EC employees by grade

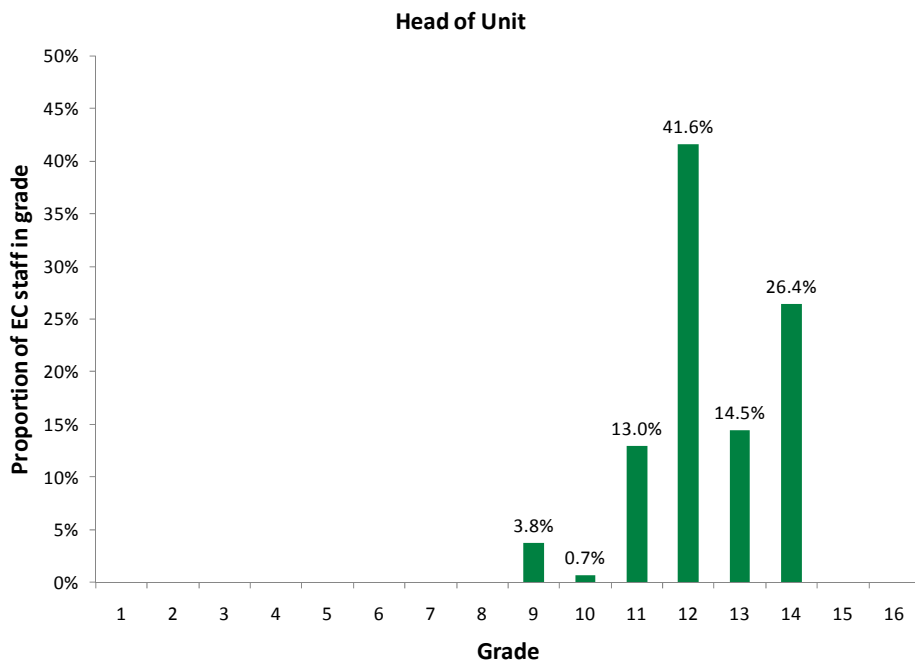


Figure 26: Distribution of EC employees by grade

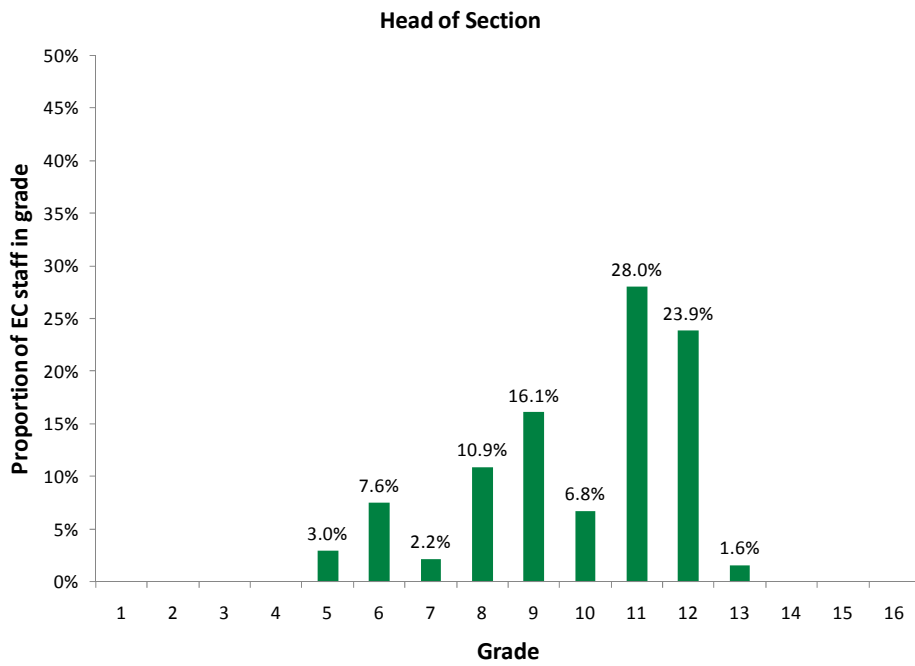


Figure 27: Distribution of EC employees by grade

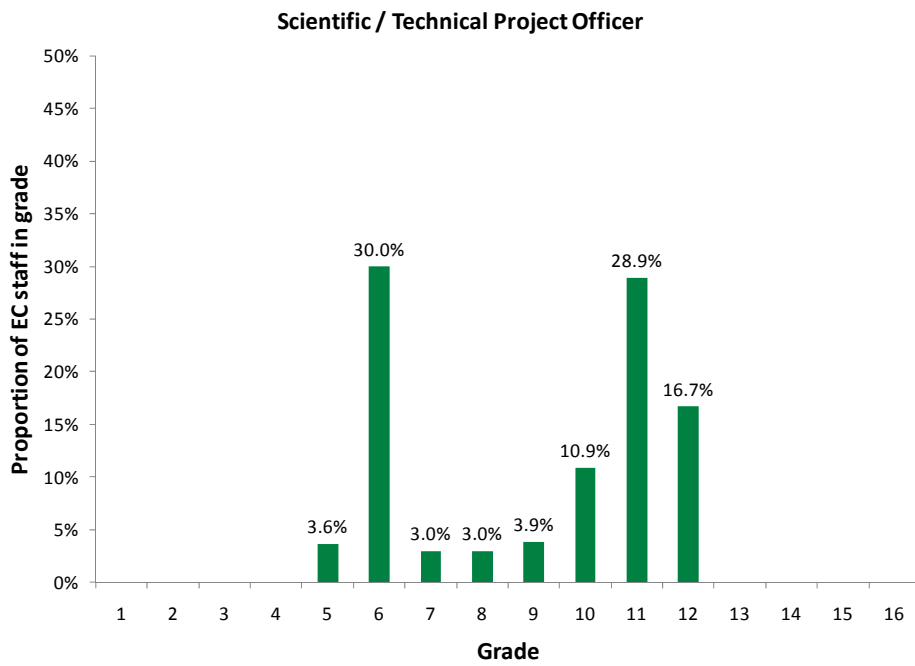


Figure 28: Distribution of EC employees by grade

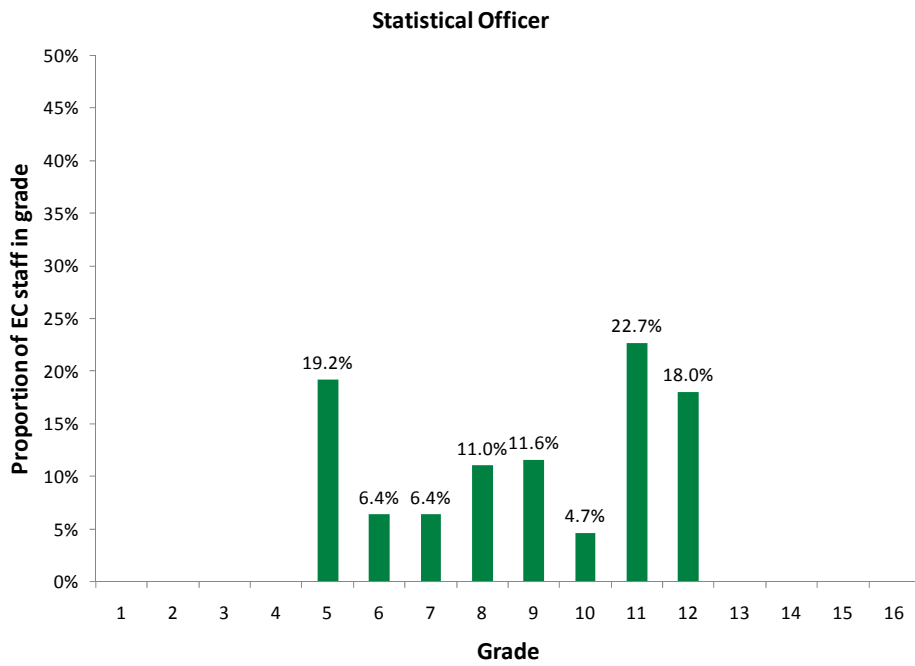


Figure 29: Distribution of EC employees by grade

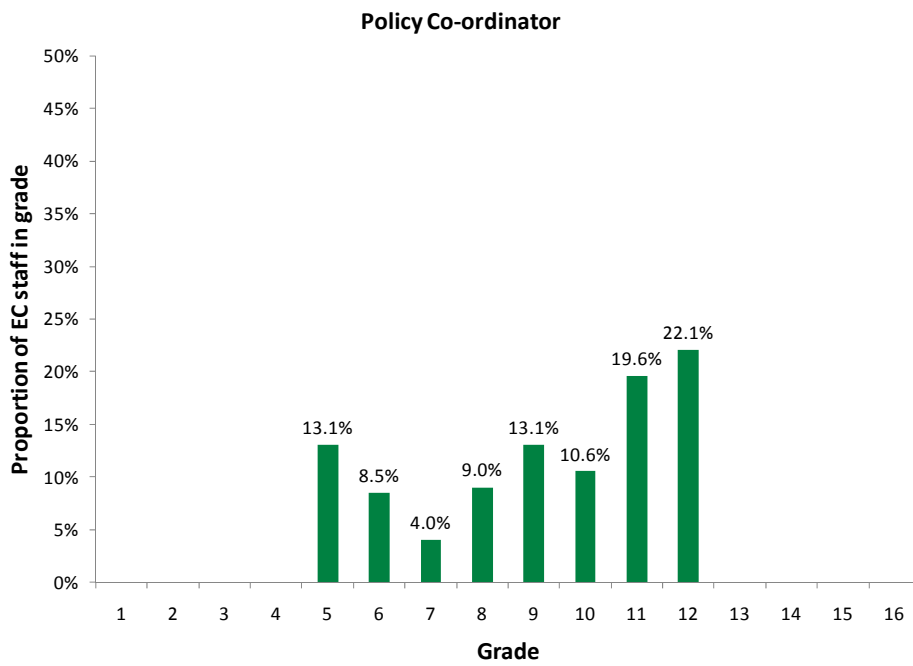


Figure 30: Distribution of EC employees by grade

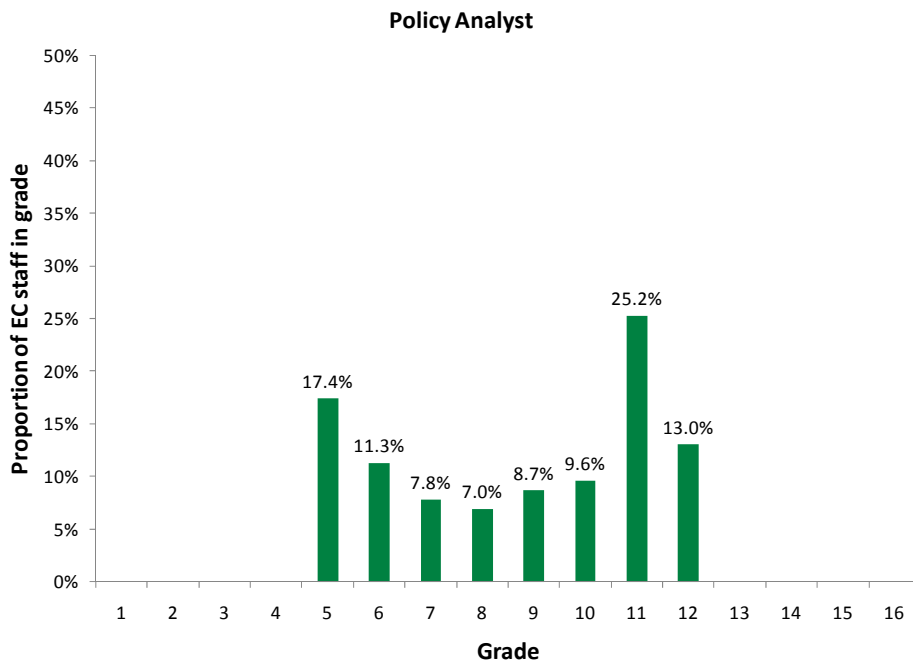


Figure 31: Distribution of EC employees by grade

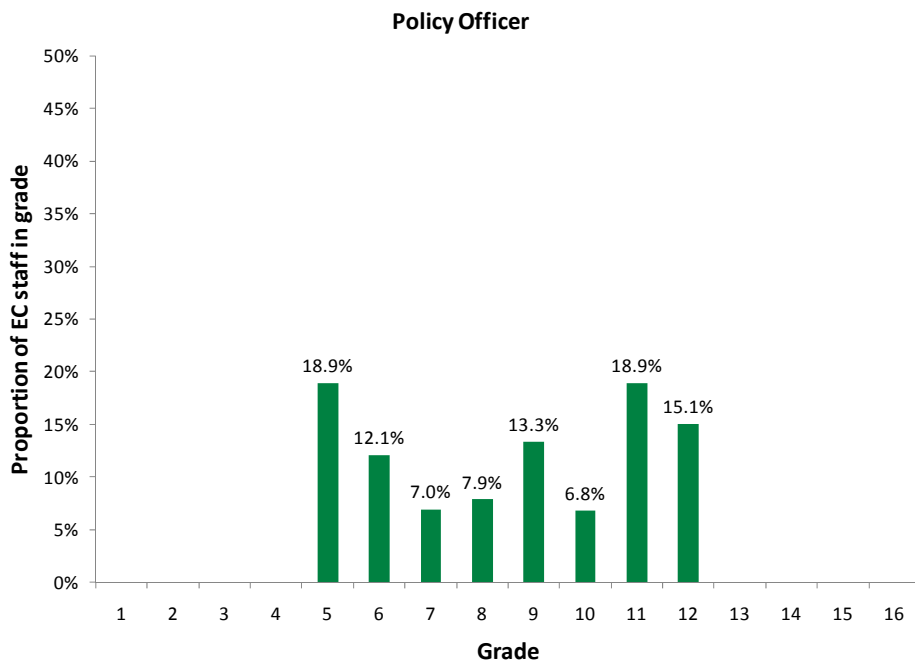


Figure 32: Distribution of EC employees by grade

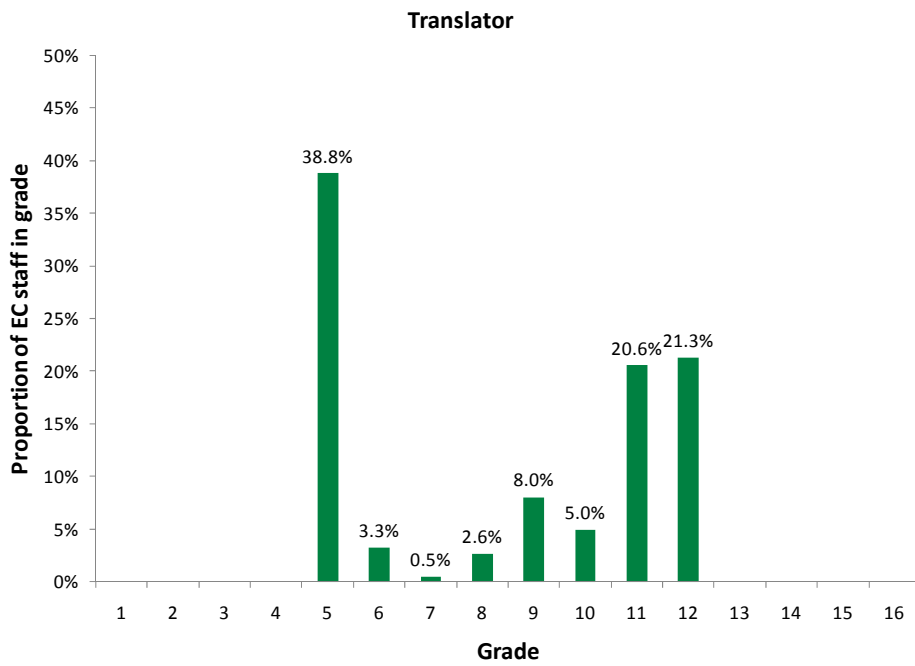


Figure 33: Distribution of EC employees by grade

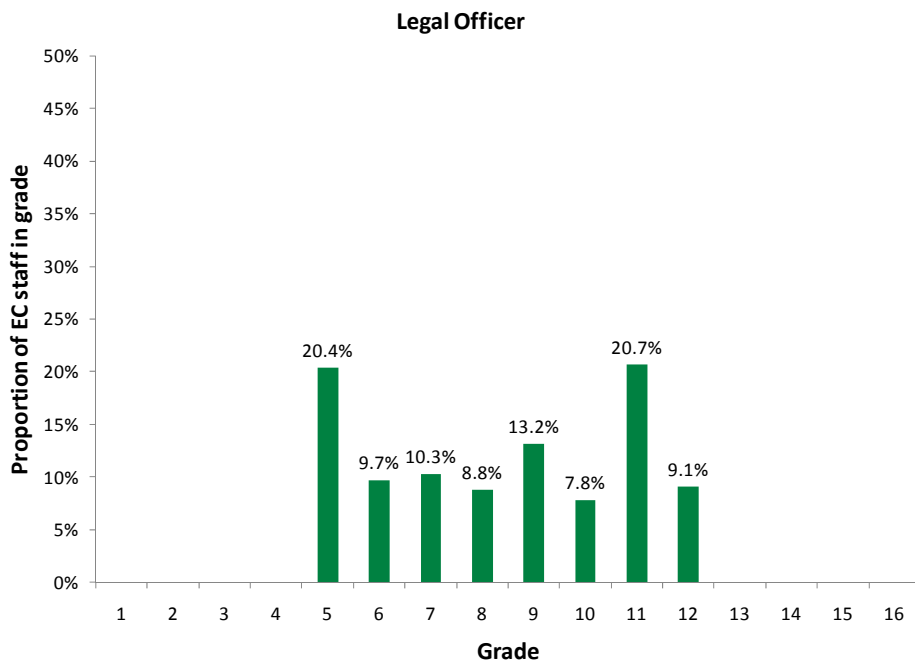


Figure 34: Distribution of EC employees by grade

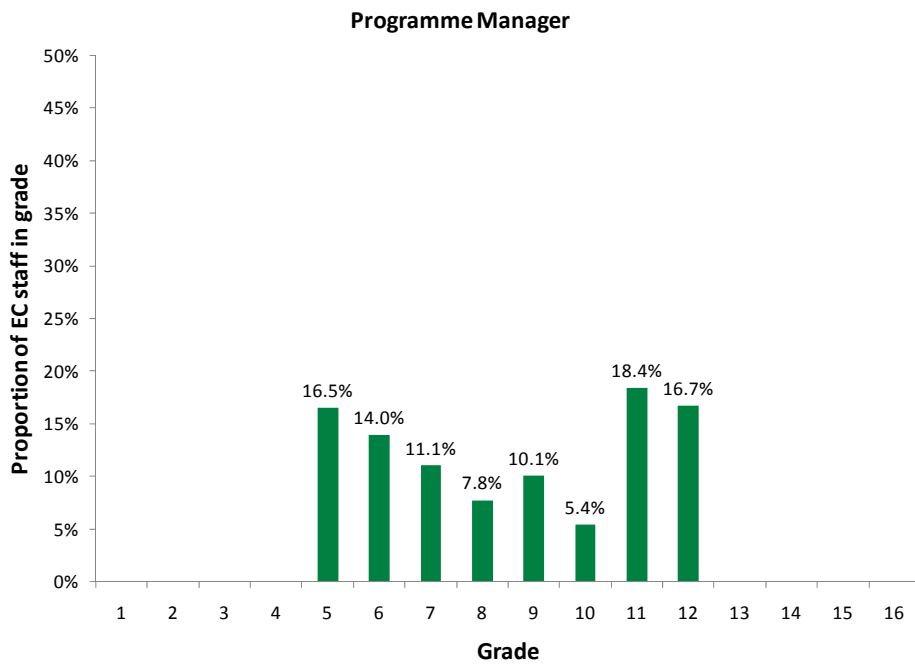


Figure 35: Distribution of EC employees by grade

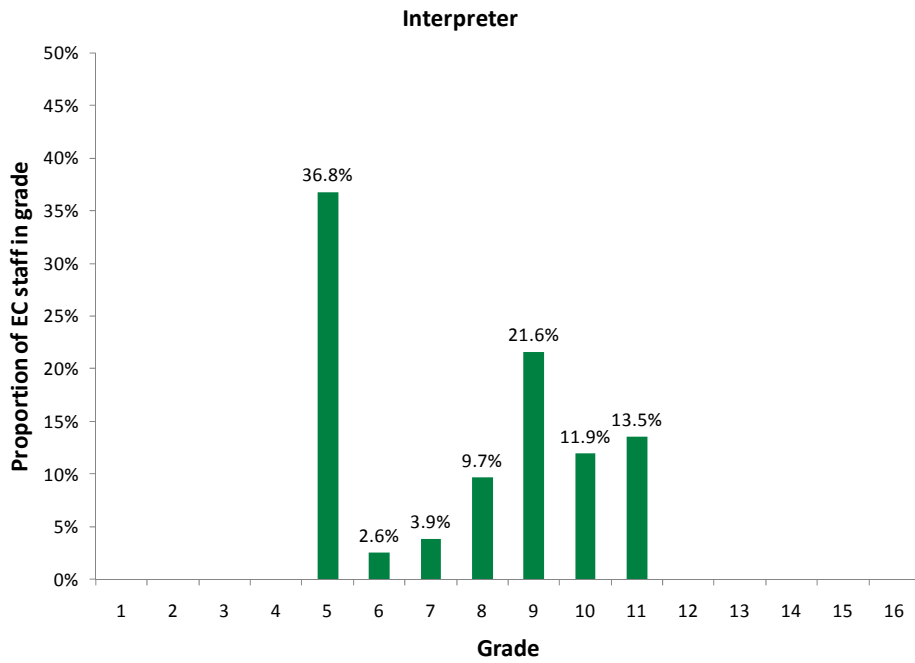


Figure 36: Distribution of EC employees by grade

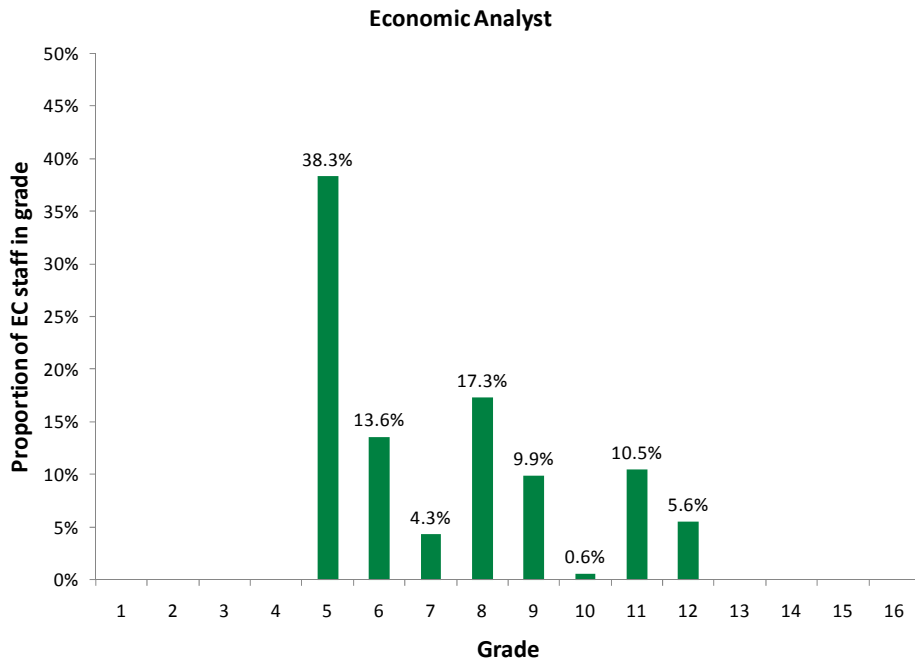


Figure 37: Distribution of EC employees by grade

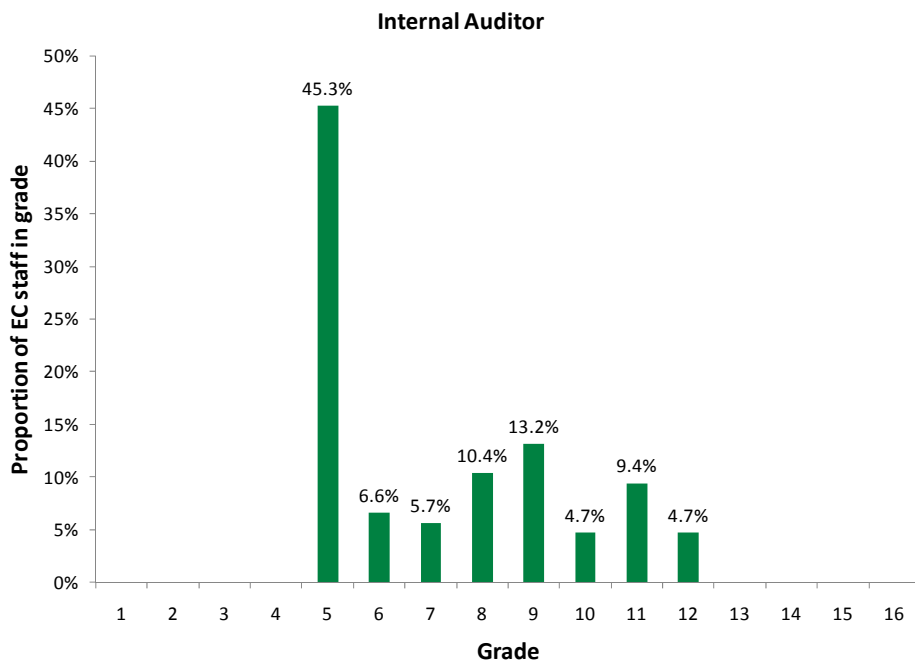


Figure 38: Distribution of EC employees by grade

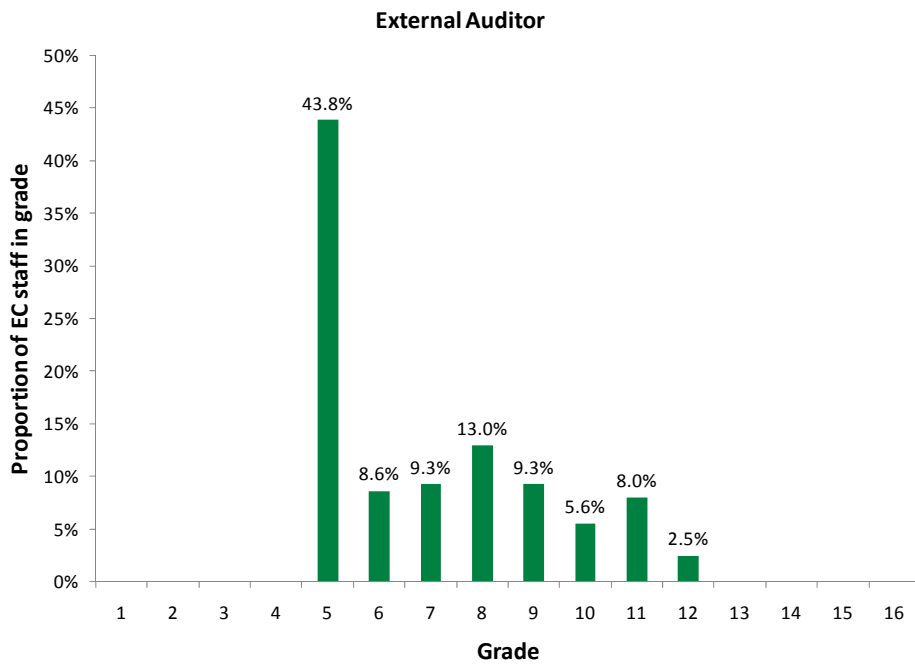


Figure 39: Distribution of EC employees by grade

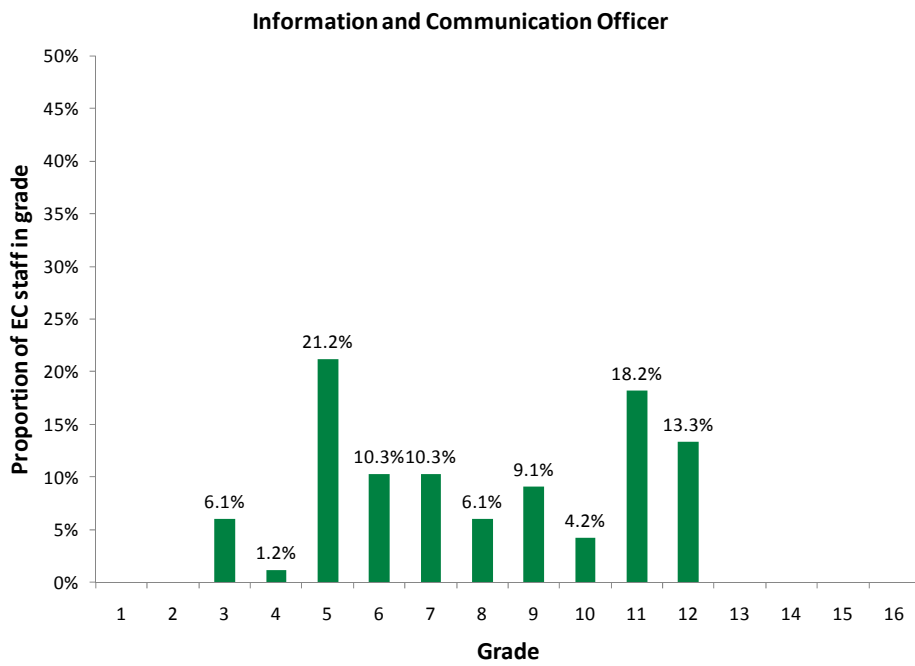


Figure 40: Distribution of EC employees by grade

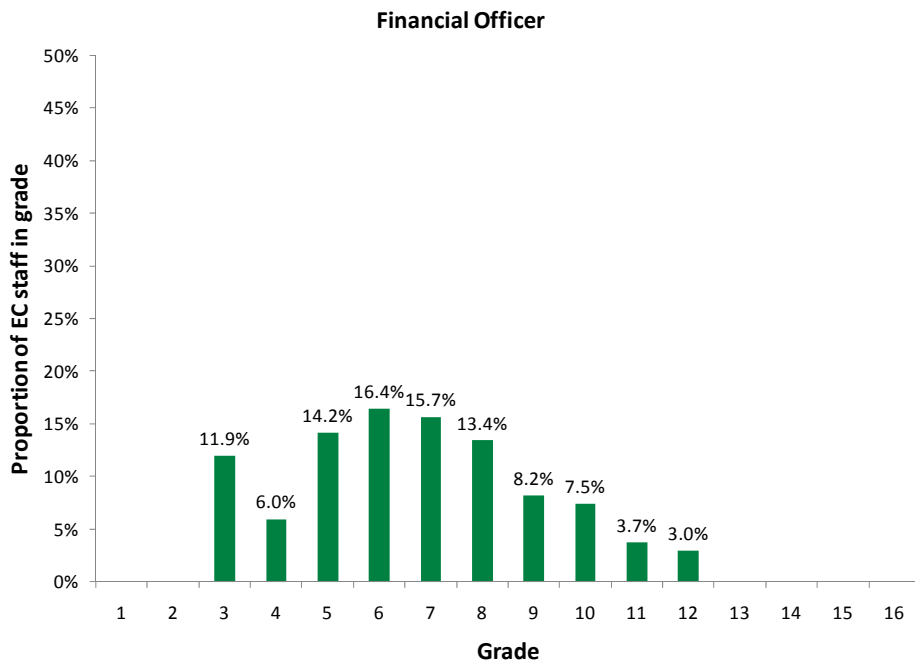


Figure 41: Distribution of EC employees by grade

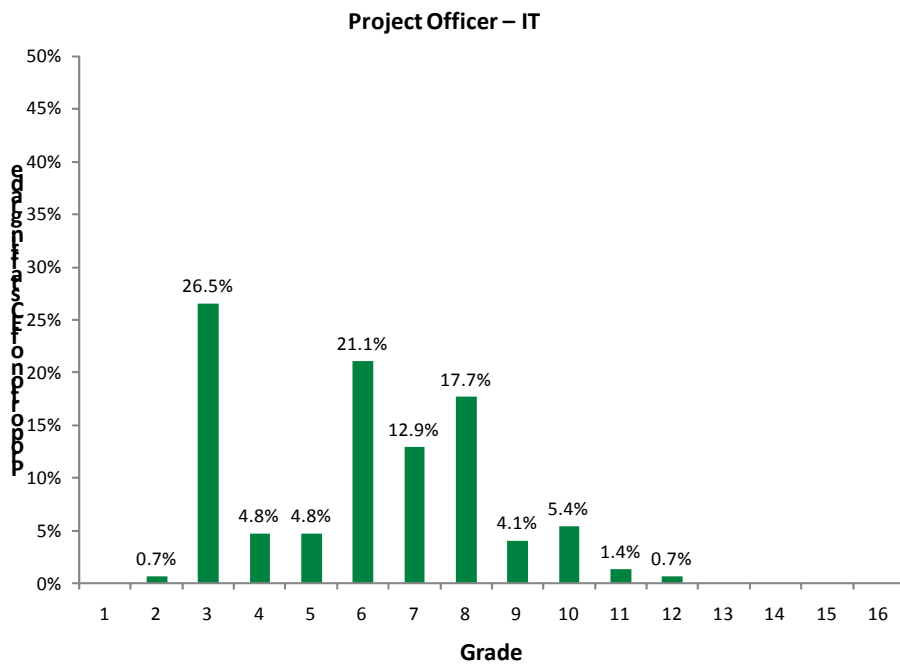


Figure 42: Distribution of EC employees by grade

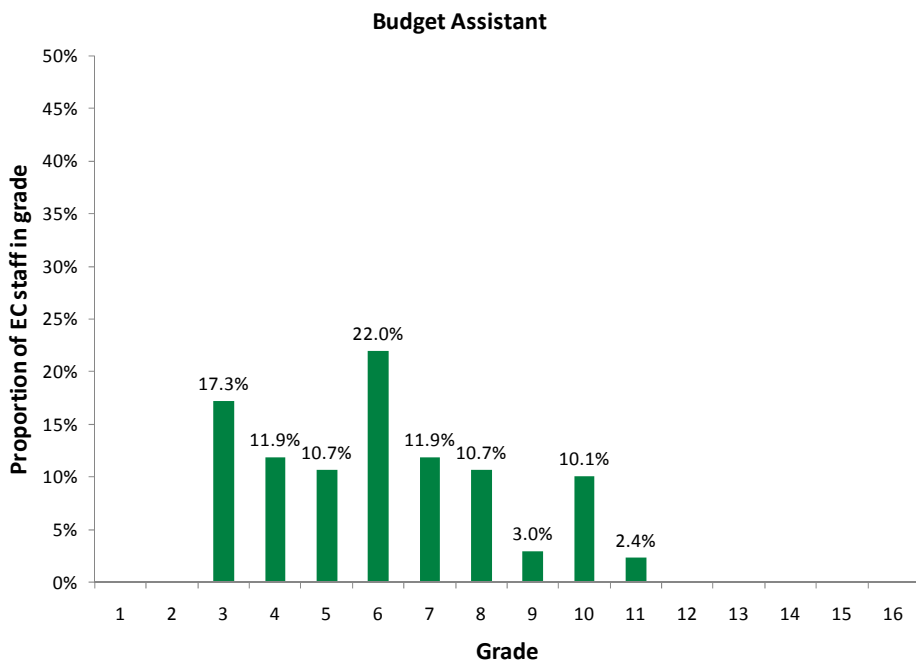


Figure 43: Distribution of EC employees by grade

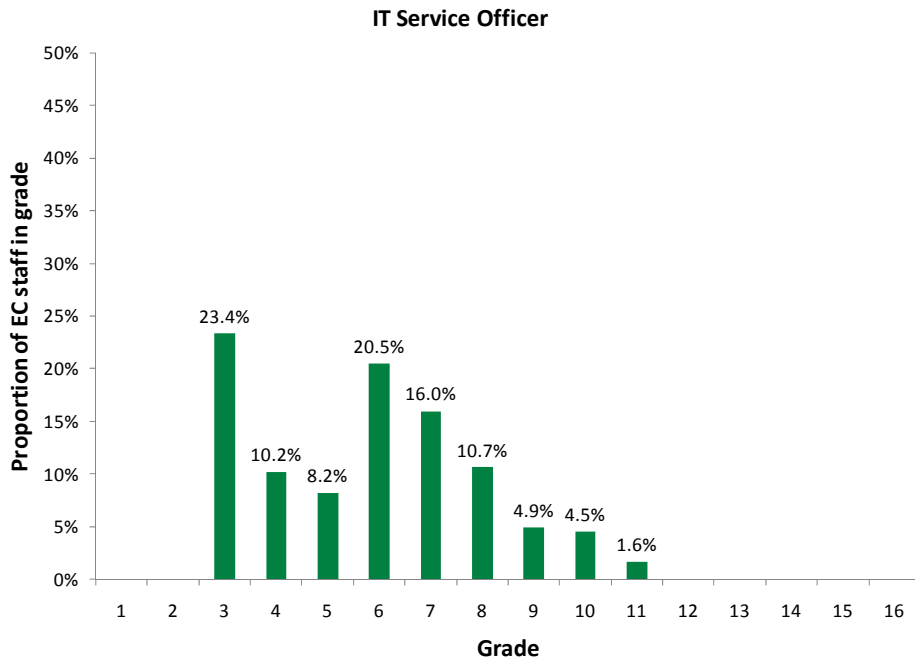


Figure 44: Distribution of EC employees by grade

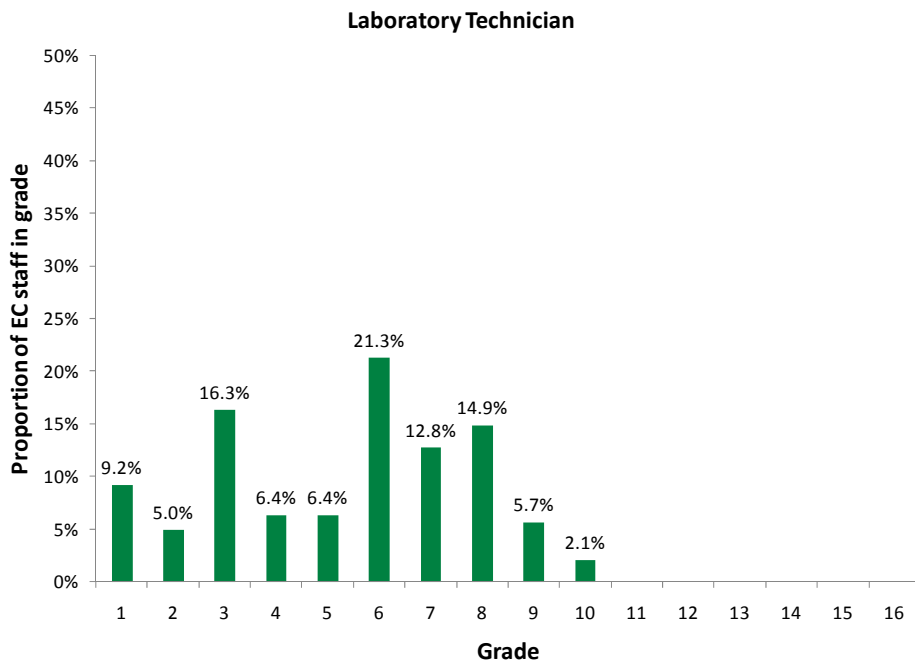


Figure 45: Distribution of EC employees by grade

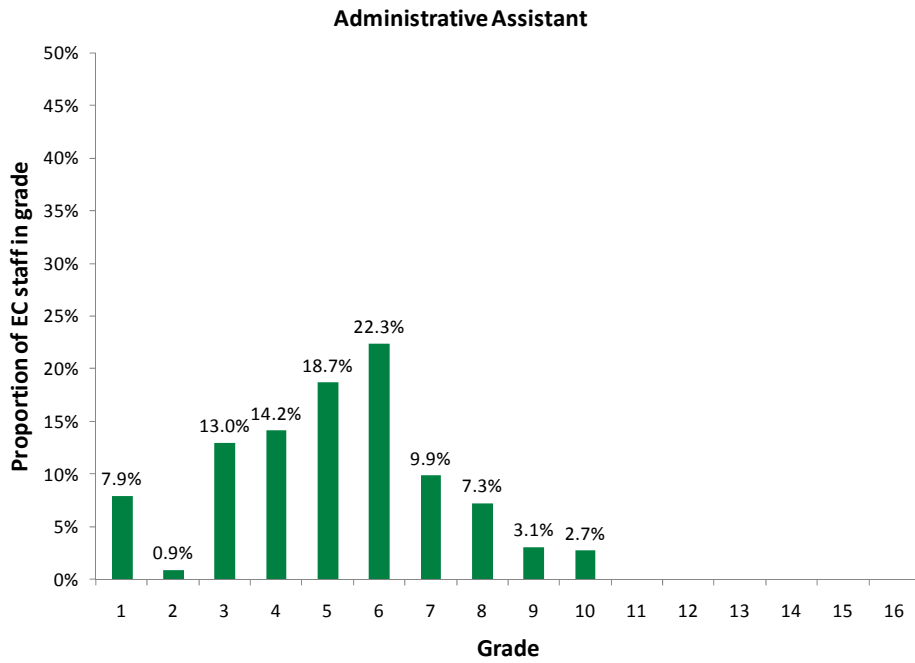


Figure 46: Distribution of EC employees by grade

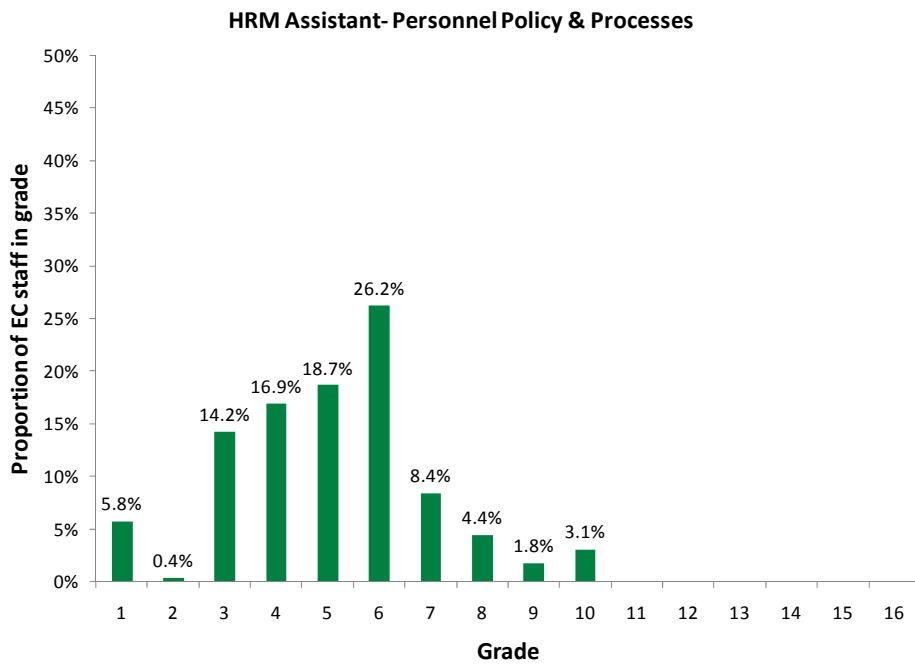


Figure 47: Distribution of EC employees by grade

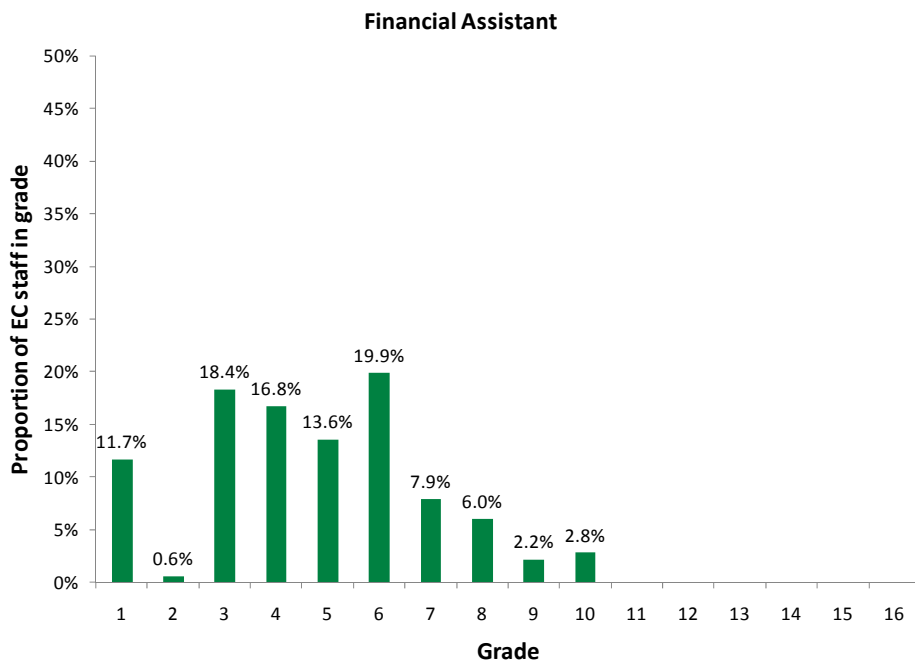


Figure 48: Distribution of EC employees by grade

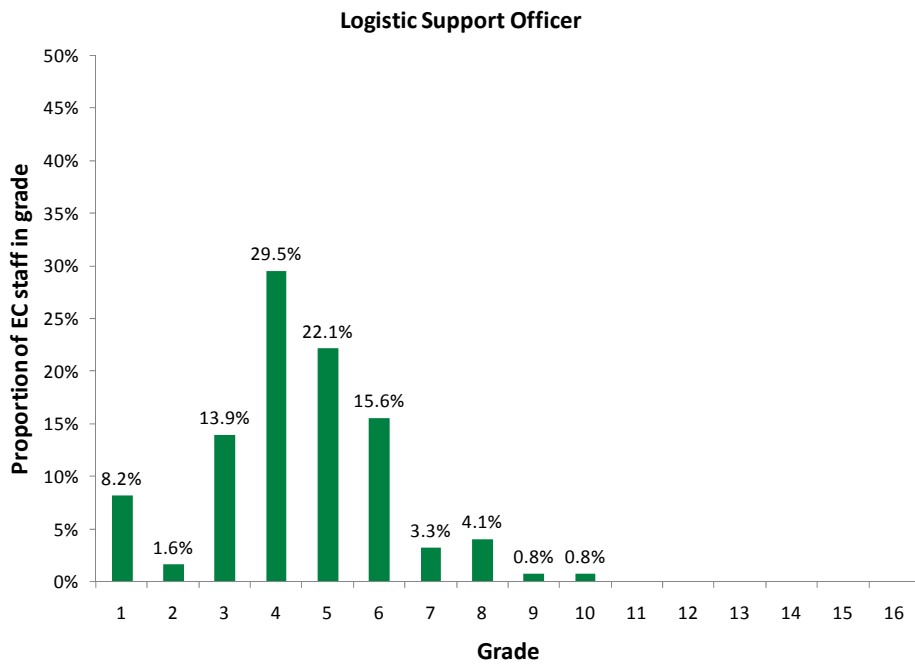


Figure 49: Distribution of EC employees by grade

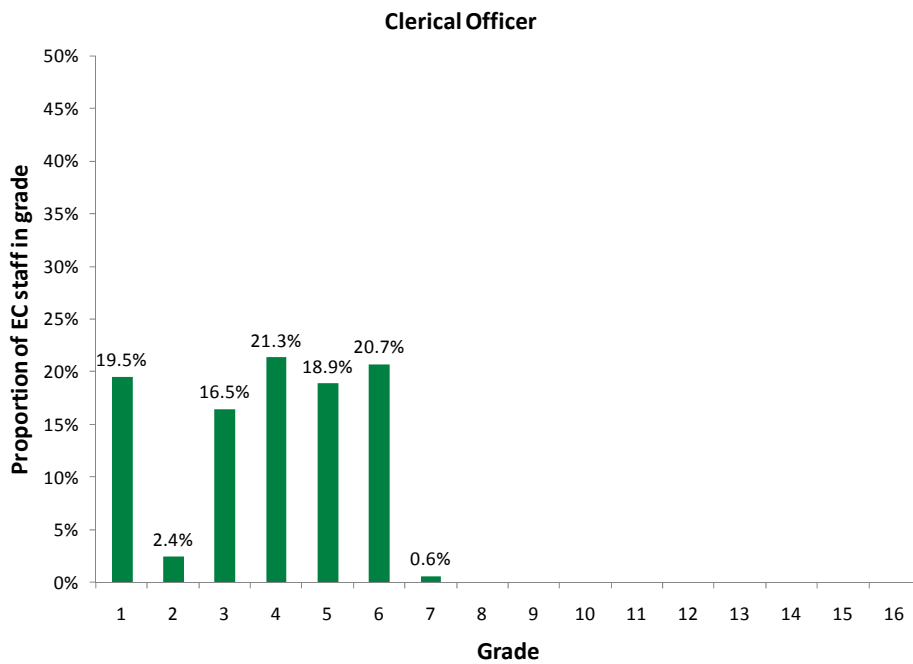
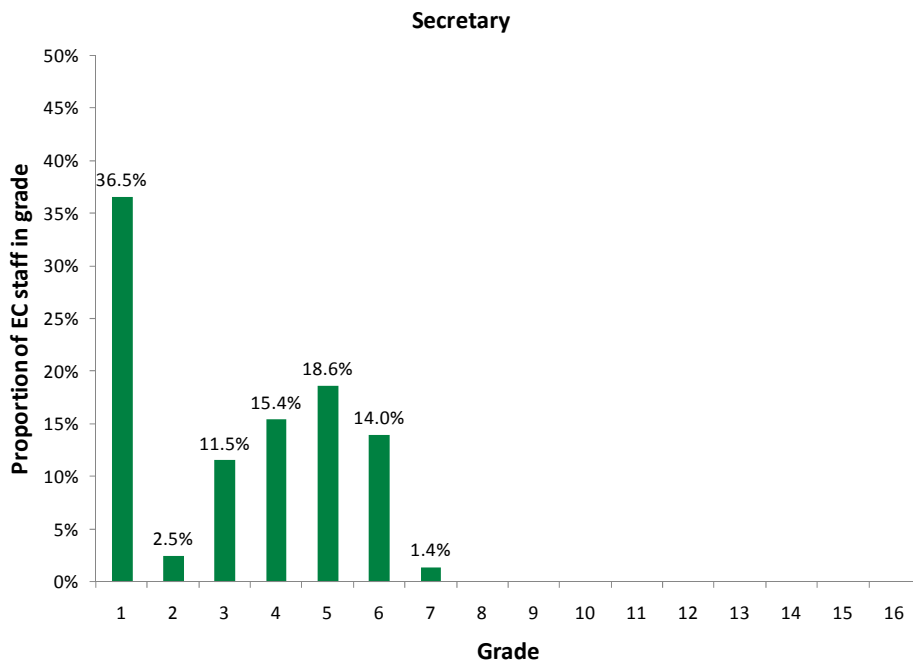


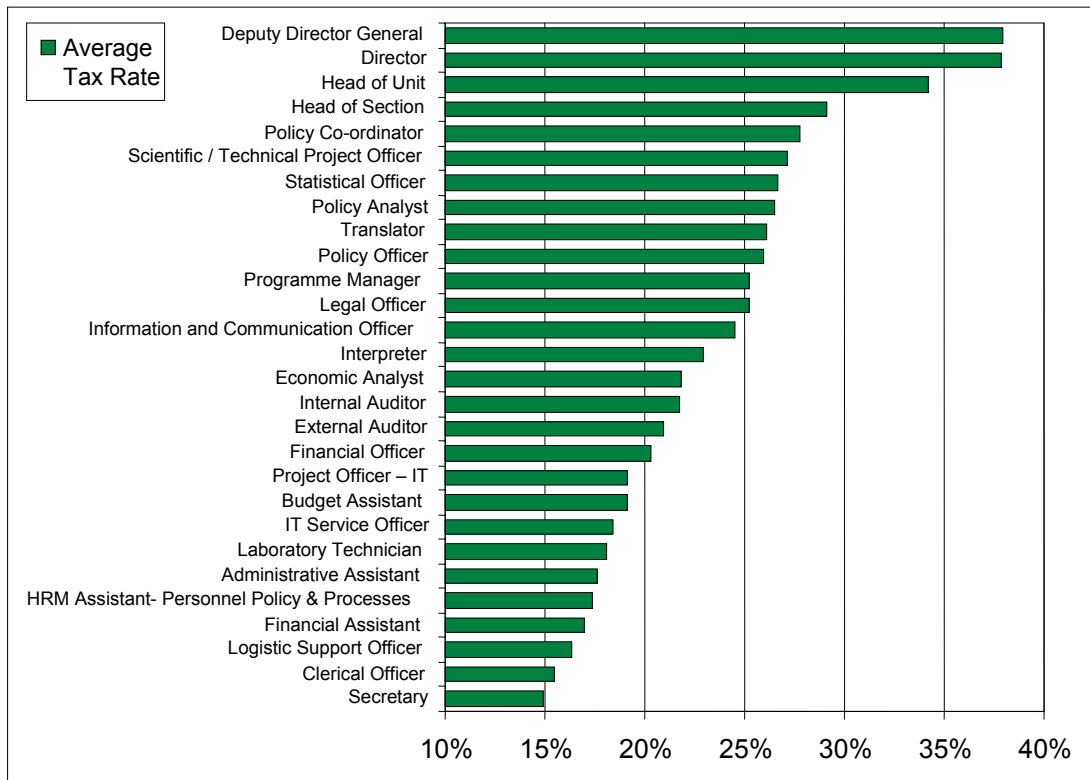
Figure 50: Distribution of EC employees by grade



Community Tax

The progression up the net remuneration levels in the European Commission is not as rapid as it would be with gross salaries or grades, because of the effect of progressive taxation in the form of the Community Tax. The average taxation rates for the selected jobs vary from 15% to 38% and are very progressive because of the large number of income bands with regular increments in rates which characterise the Community Tax system. The figure below shows nearly exact tracking of average salary levels in the top half of the figures but a slightly greater degree of tapering in the bottom half.

Figure 51: Average taxation rates for Commission Officials in selected jobs



ANNEX III: Net Remuneration Comparison of Individual Jobs by Type of Organisation

The Key Findings section showed the remuneration comparisons for jobs grouped according to the grade range which they occupy in the European Commission.

This section gives more detail by showing the range of net remuneration for each individual job which reference organisations were asked to attempt to match against.

It should be noted that, as not every organisation was able to match against every job, there may in some cases be only a single reference organisation of a particular type (for instance Permanent Representation) which was able to match against a particular job. The range of remuneration may therefore not in every case be representative of the full range for all organisations of that type.

The information in this section is presented primarily to allow examination of how the comparisons in previous sections were constructed.

Individual Jobs, Organisation by Organisation

Figure 52: Commission vs. all respondents - single employee

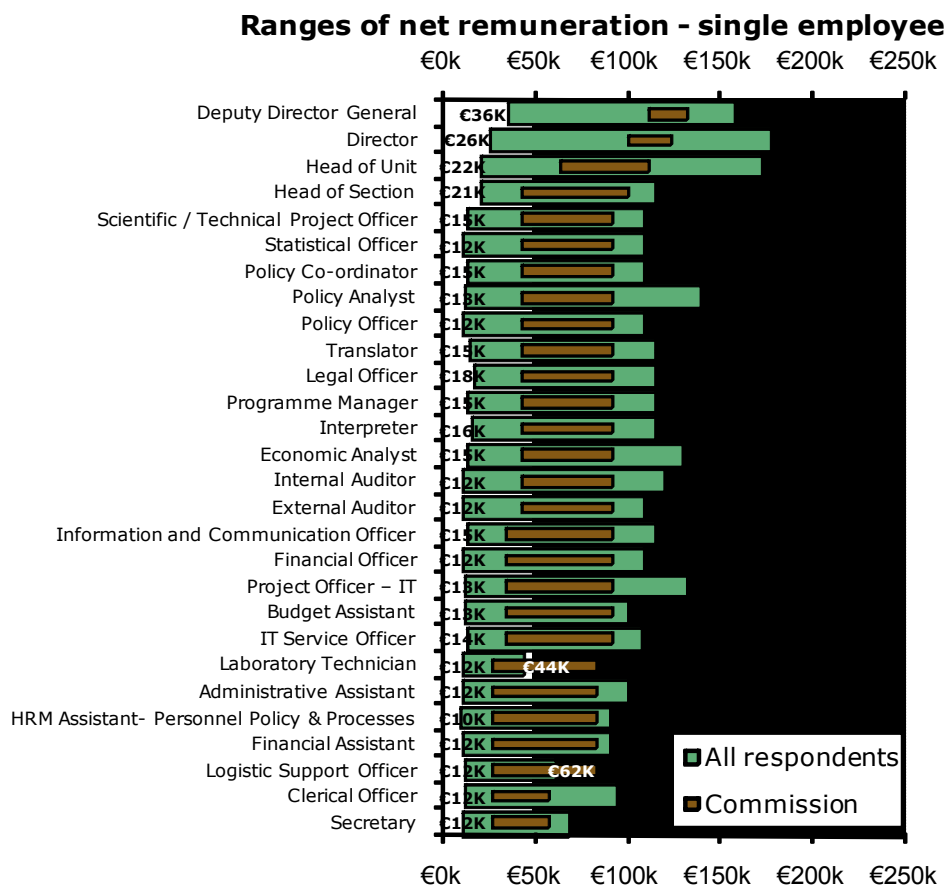


Figure 53: Commission vs. all respondents - married employee

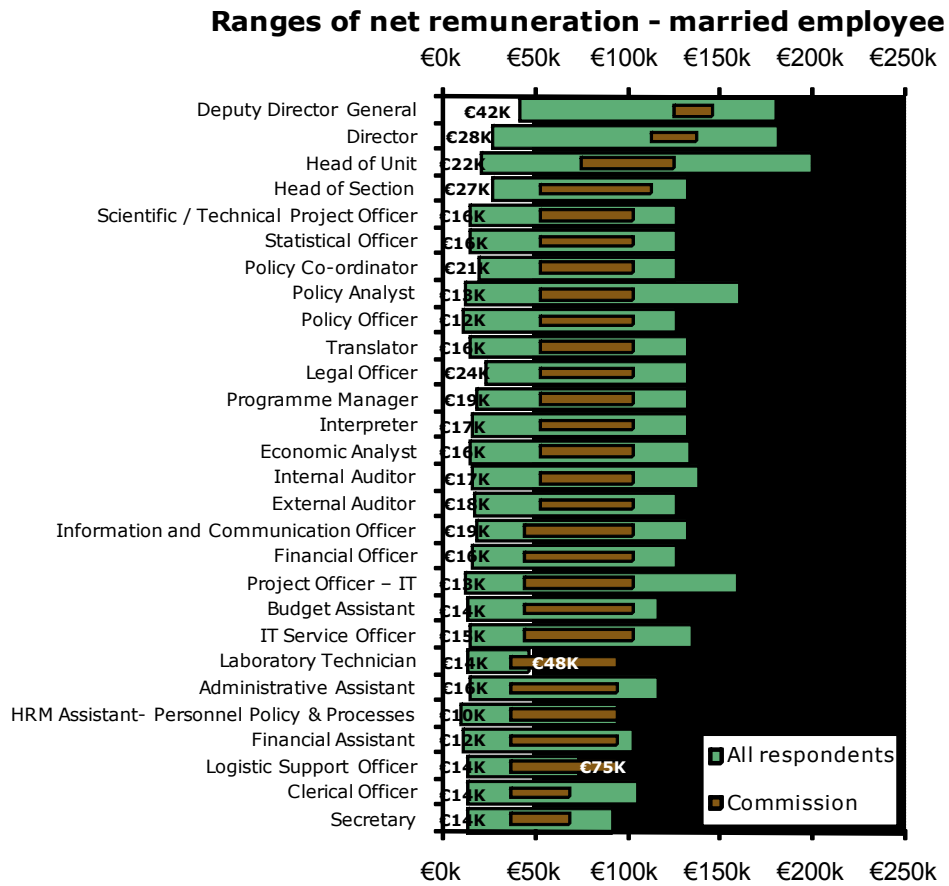


Figure 54: Commission vs. IOs – Single employee

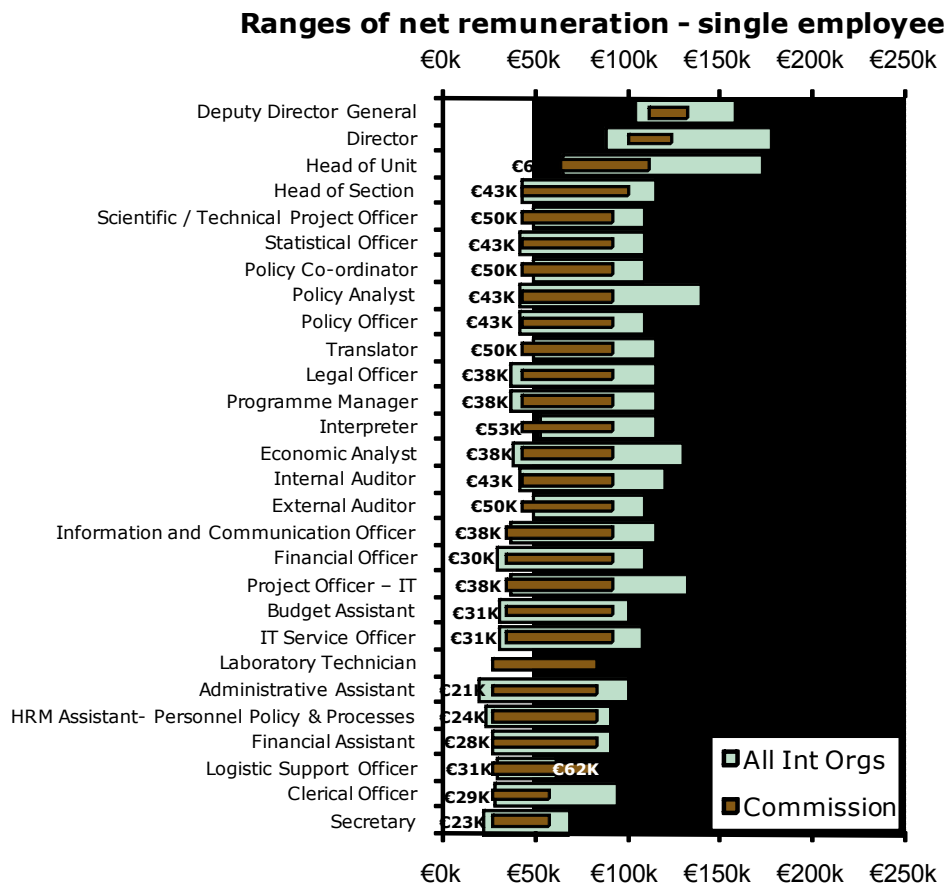


Figure 55: Commission vs. IOs– Married employee

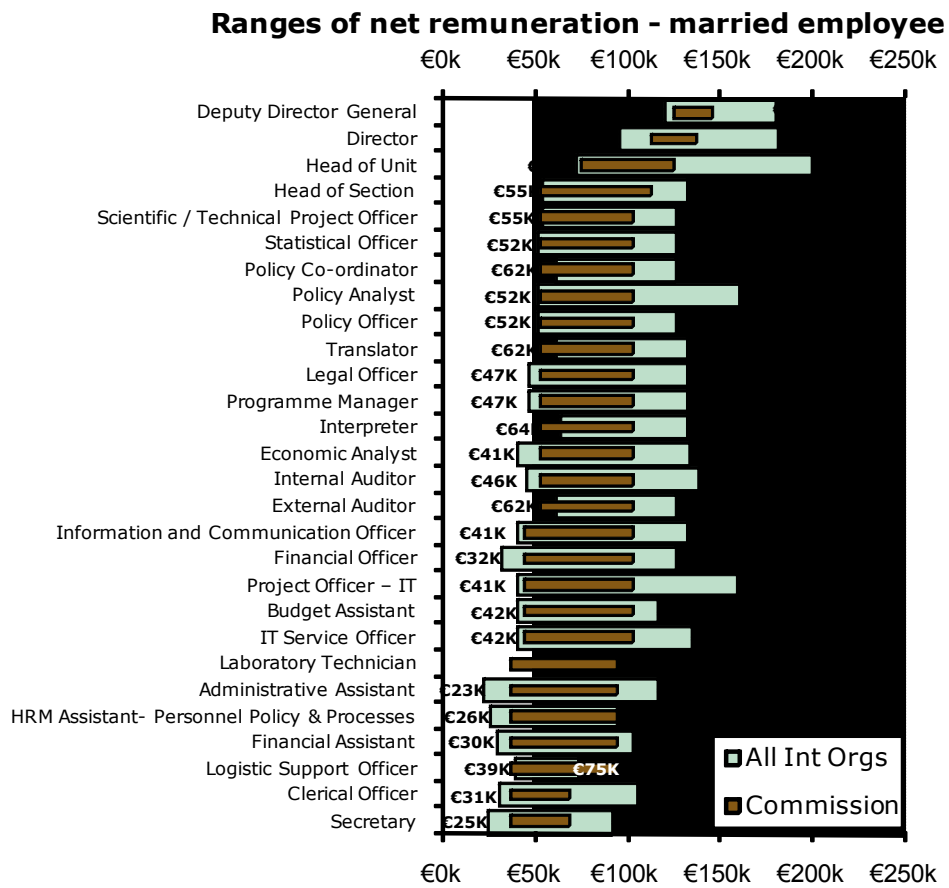


Figure 56: Commission vs. PRs – Single employee

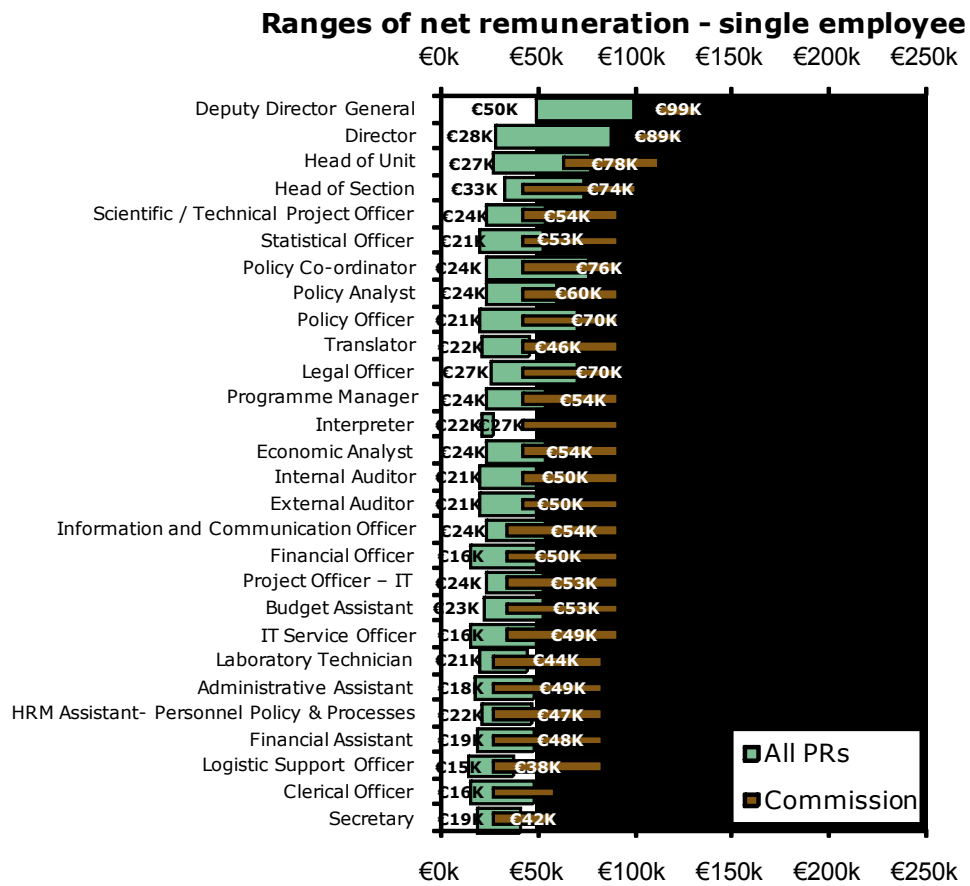


Figure 57: Commission vs. PRs - Married employee

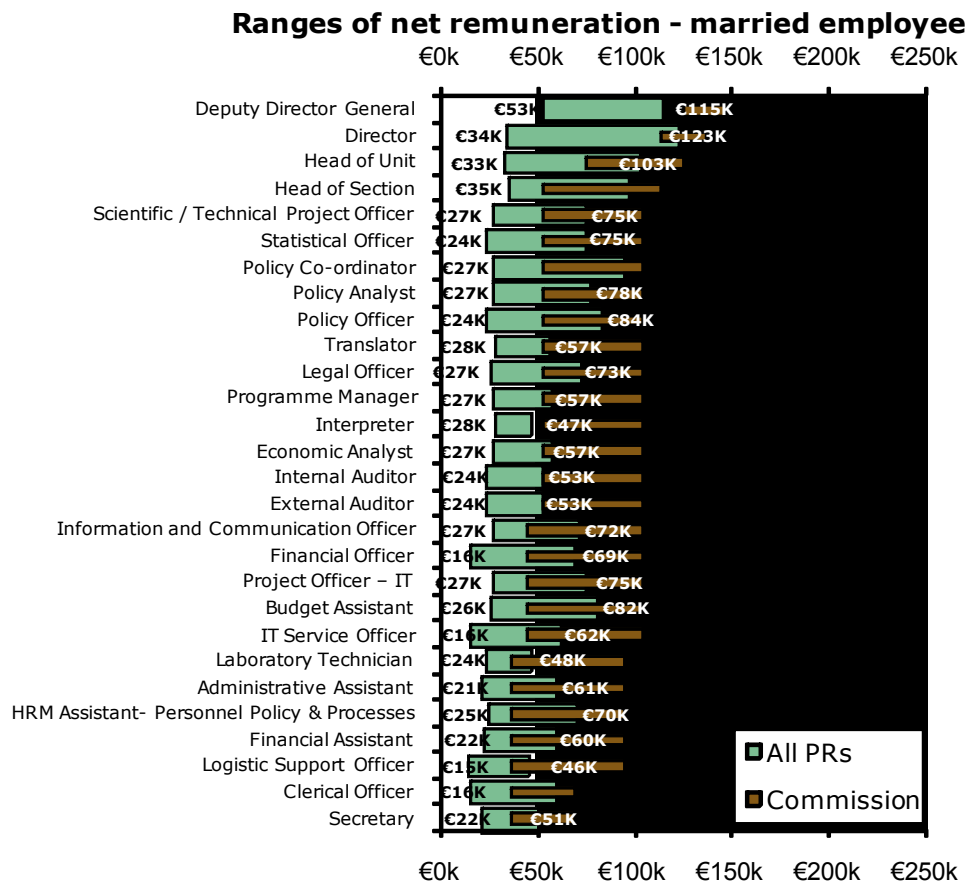


Figure 58: Commission vs. NCS – Single employee

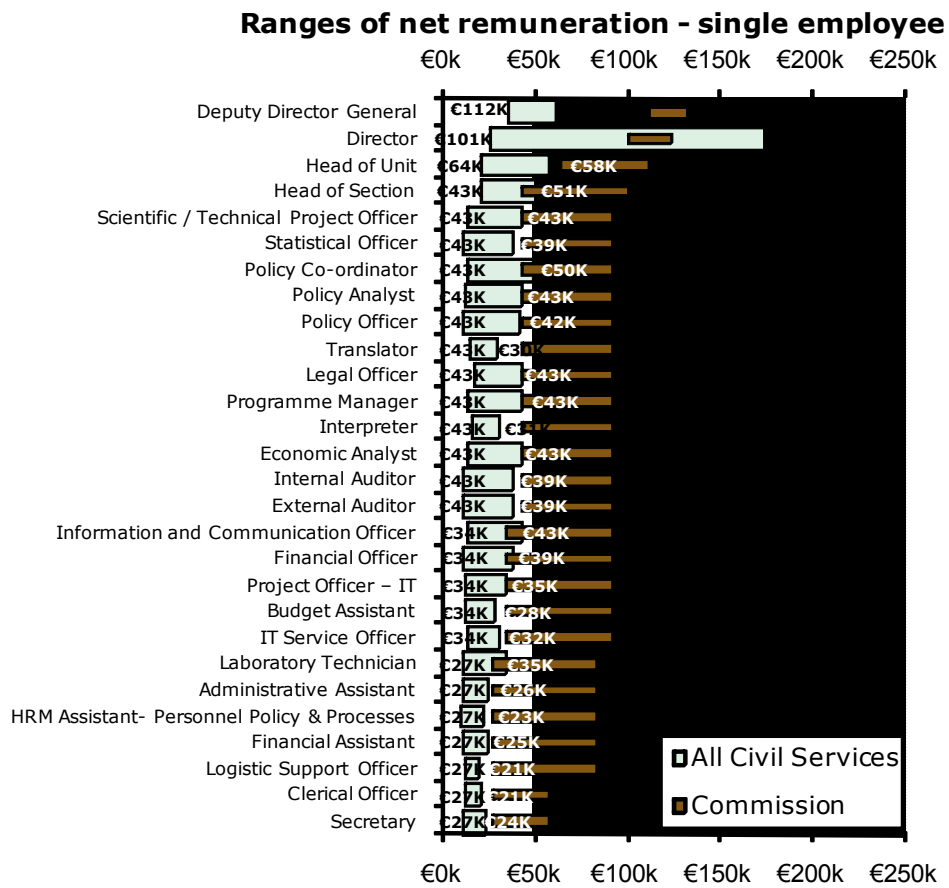


Figure 59: Commission vs. NCS – Married employee

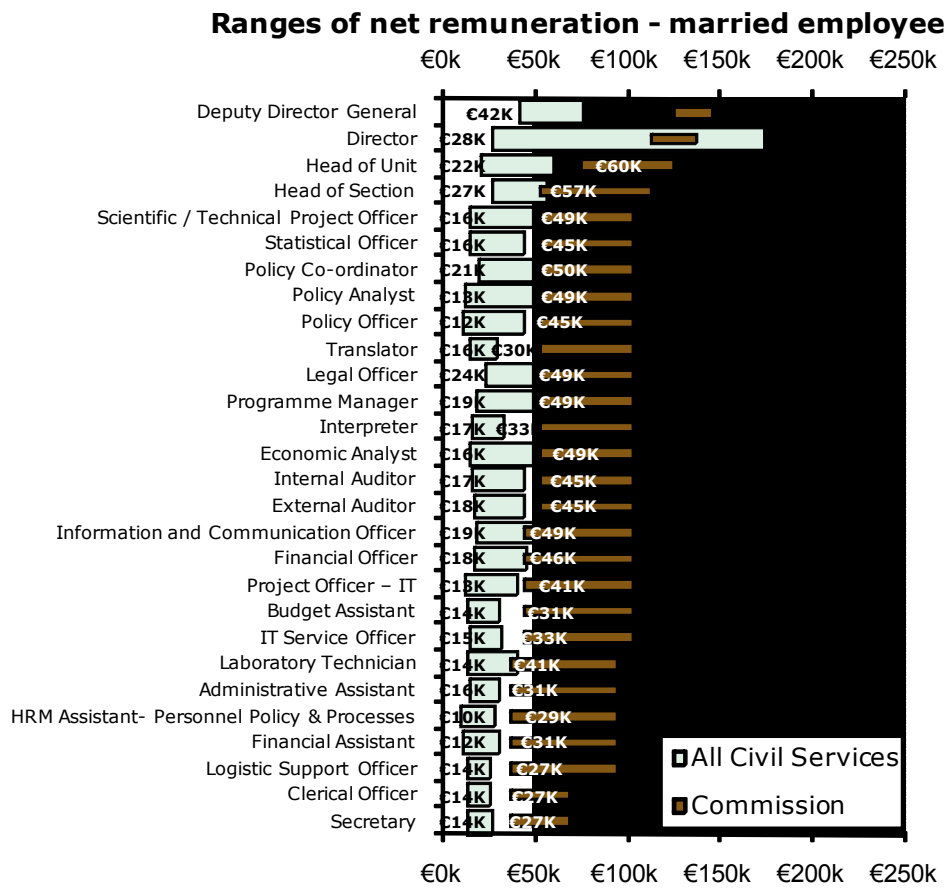


Figure 60: Commission vs. CO – Single employee

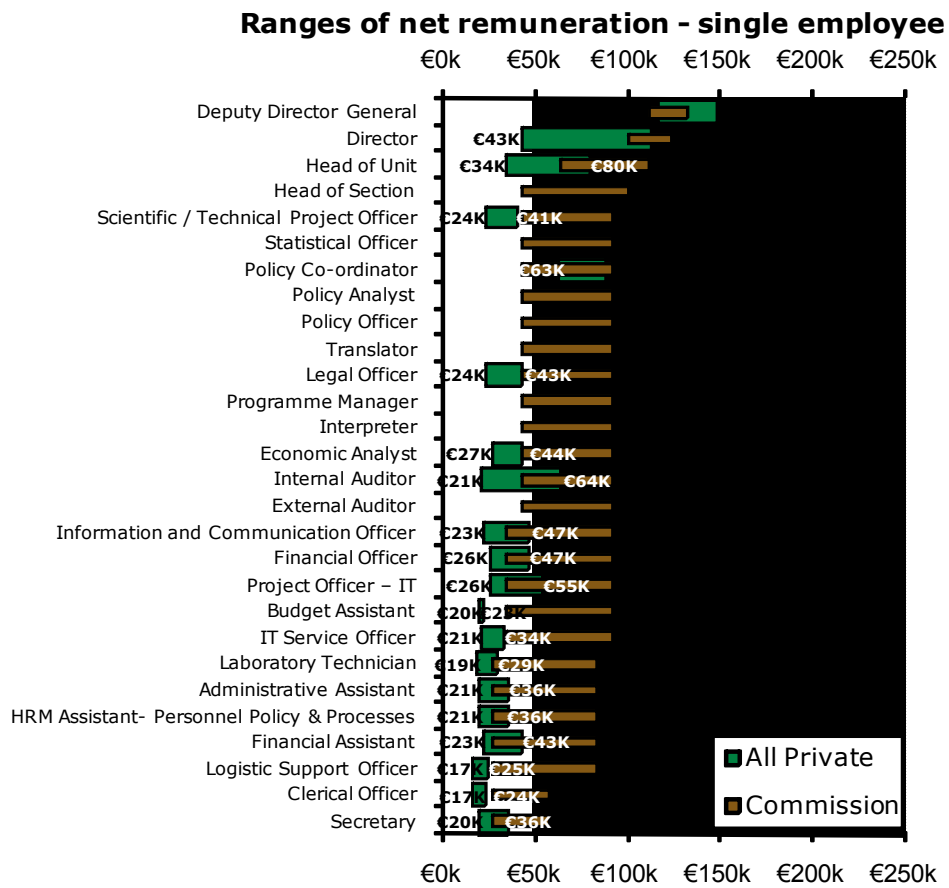
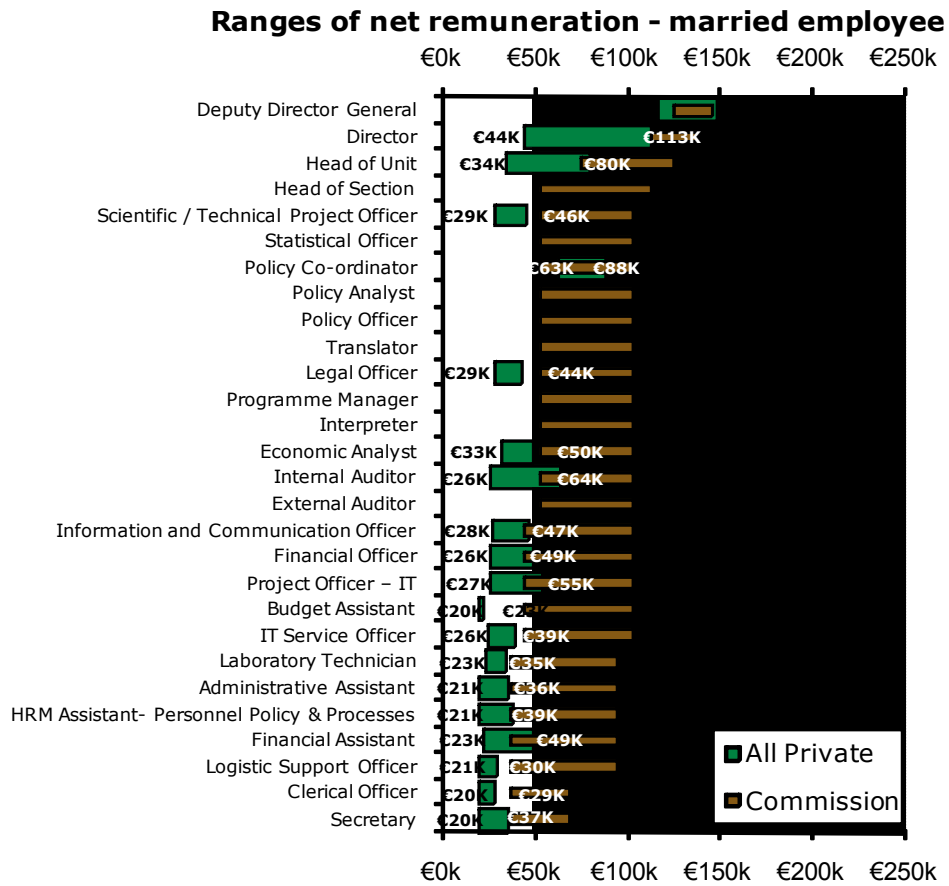


Figure 61: Commission vs. CO – Married employee



Net Remuneration Comparison of Individual Jobs by Type of Organisation

This section shows the same information as in the previous section, but with a separate figure for each individual job with each type of reference organisation on the same figure, showing both remuneration for single employees and for married employee with two children (aged 10 and 14).

Figure 62: Deputy Director General

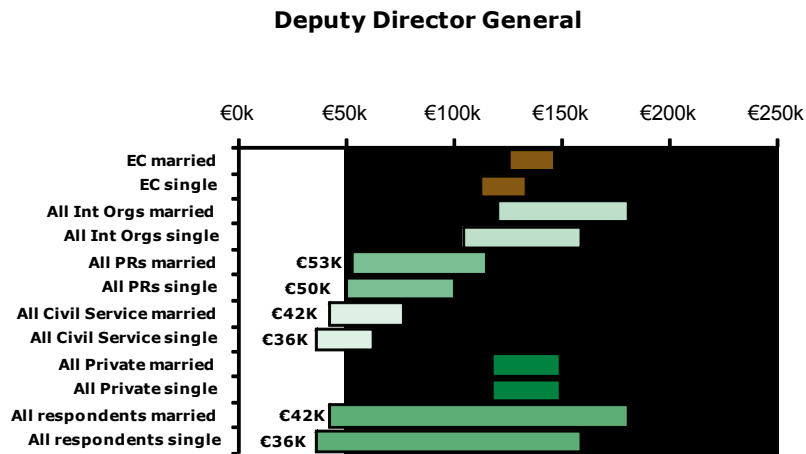


Figure 63: Director

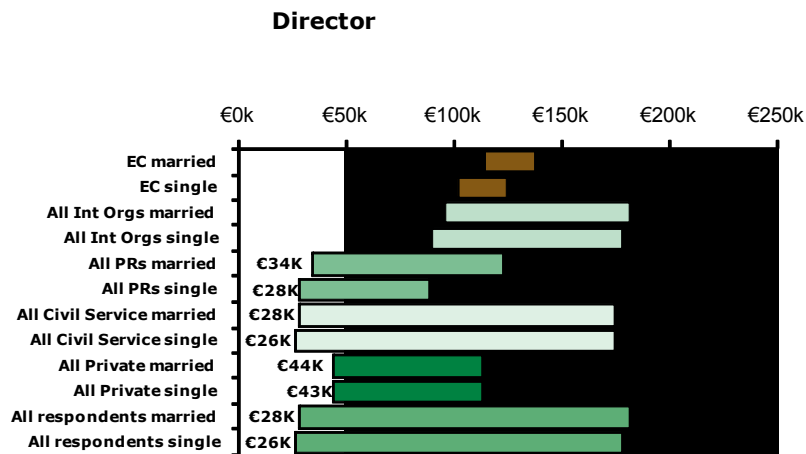


Figure 64: Head of Unit

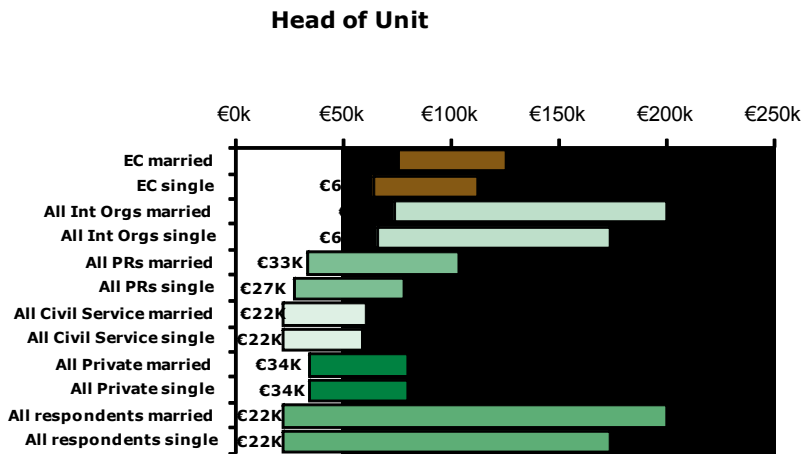


Figure 65: Head of Section

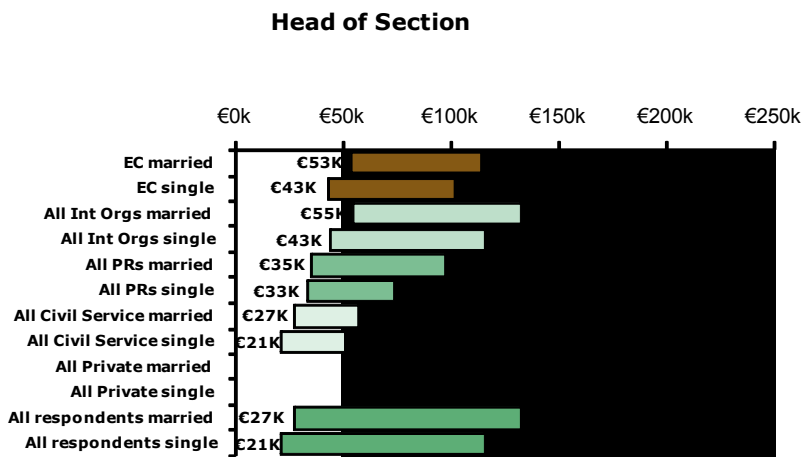


Figure 66: Scientific/Technical Project Officer

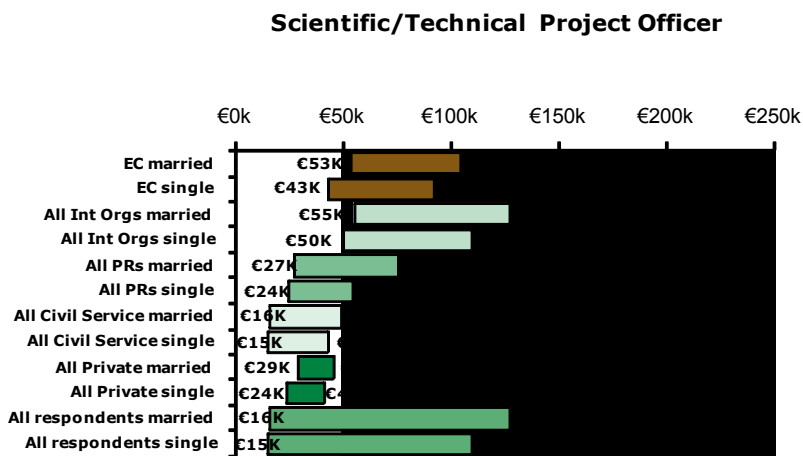


Figure 67: Statistical Officer

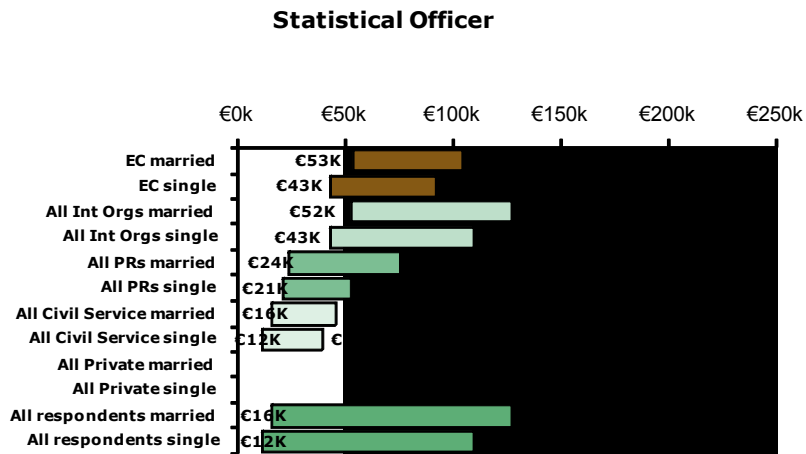


Figure 68: Policy Co-ordinator

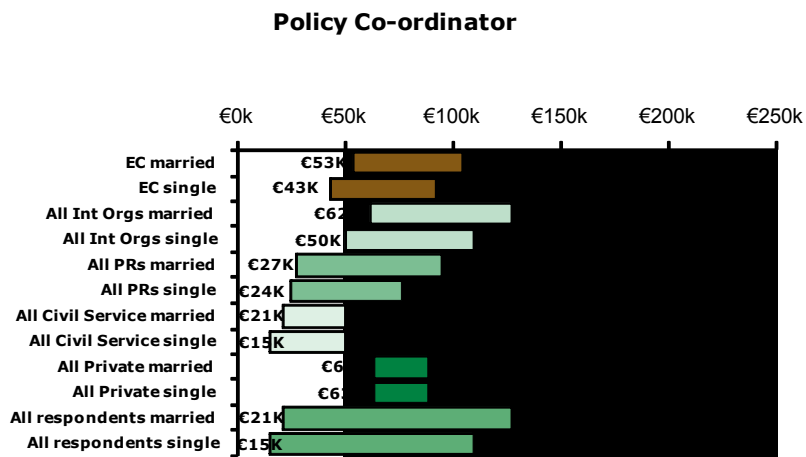


Figure 69: Policy Analyst

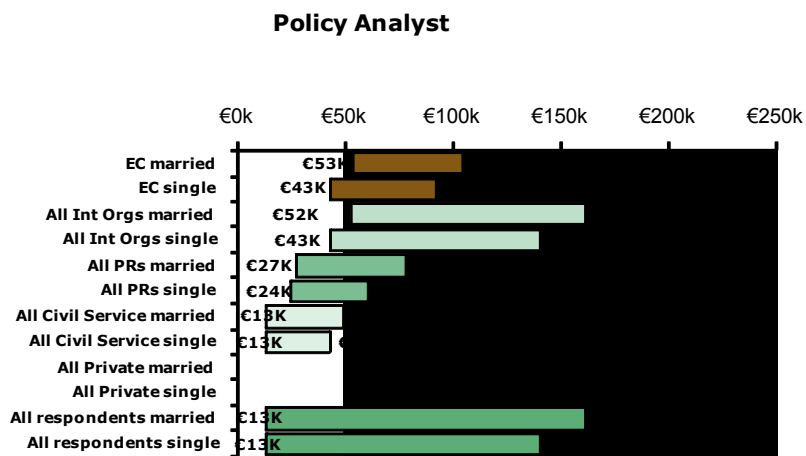


Figure 70: Policy Officer

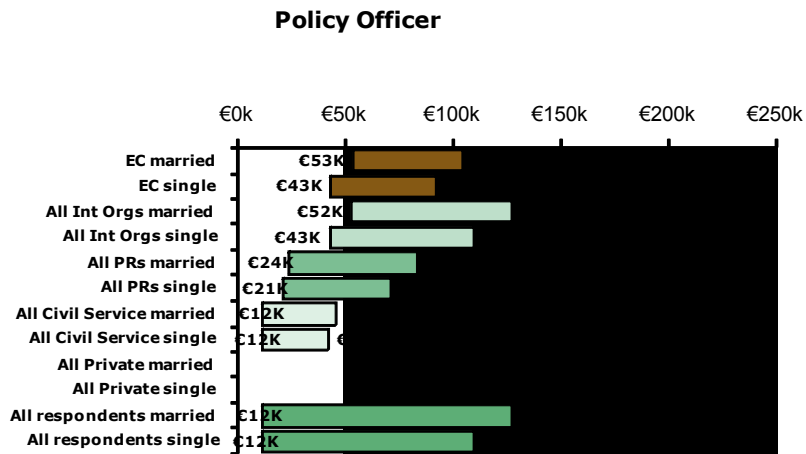


Figure 71: Translator

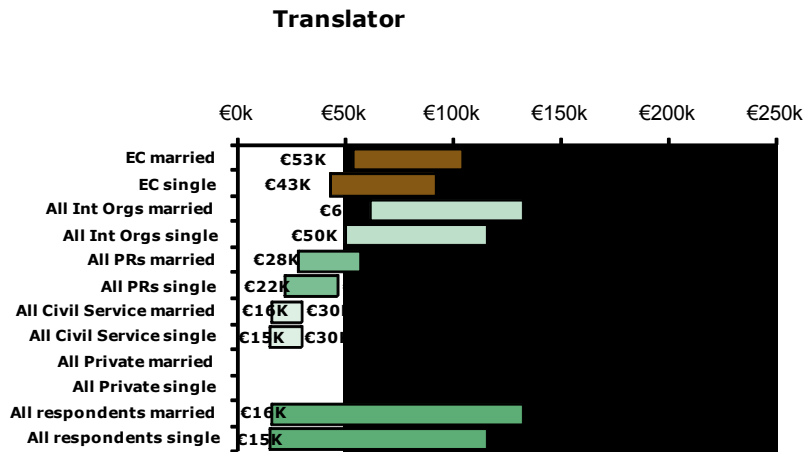


Figure 72: Legal Officer

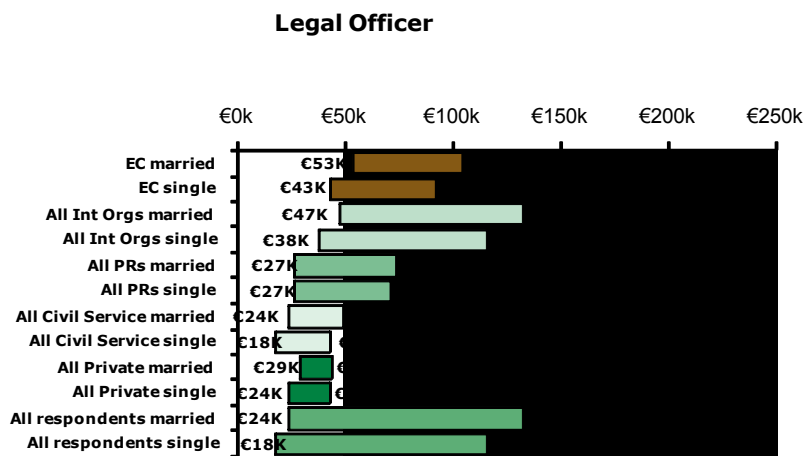


Figure 73: Programme Manager

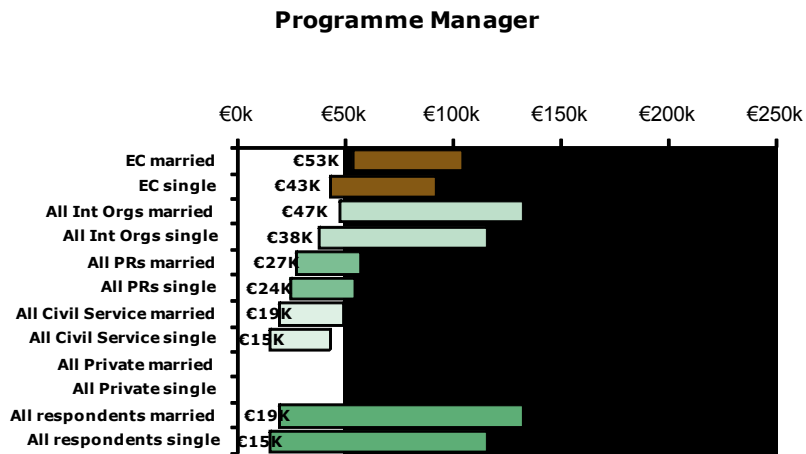


Figure 74: Interpreter

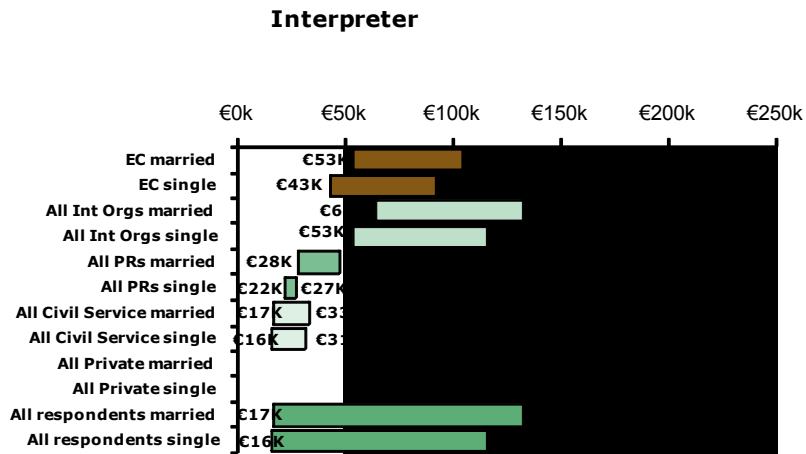


Figure 75: Economic Analyst

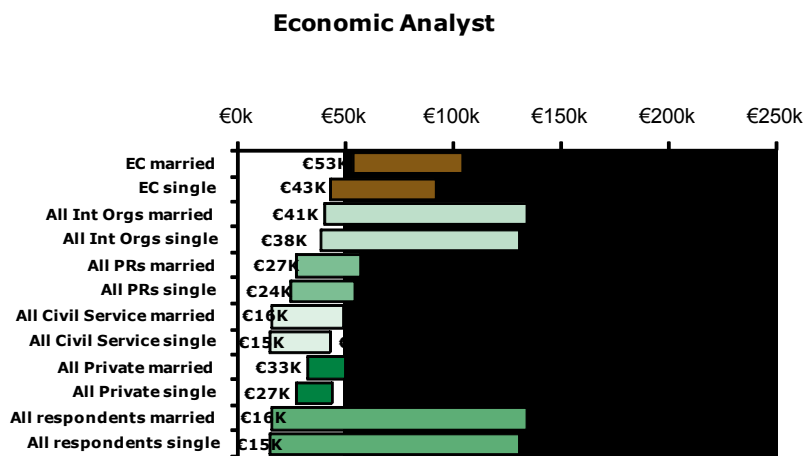


Figure 76: Internal Auditor

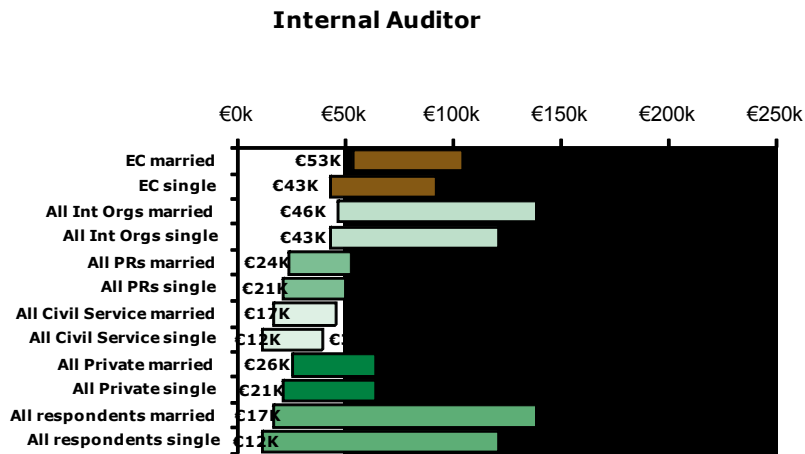


Figure 77: External Auditor

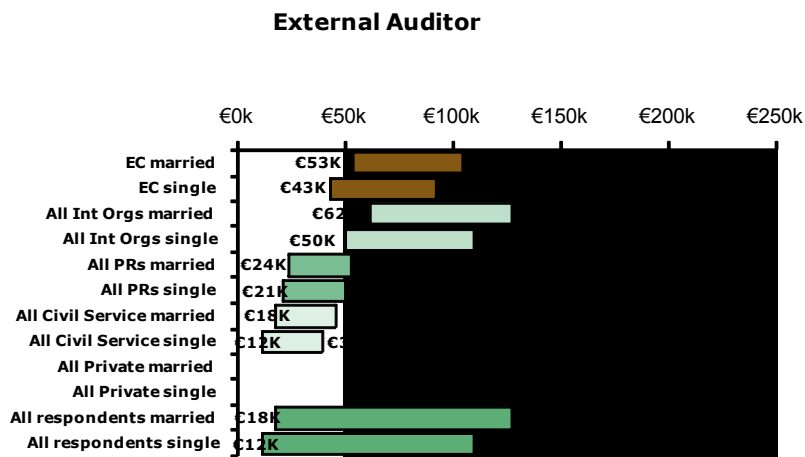


Figure 78: Information and Communication Officer

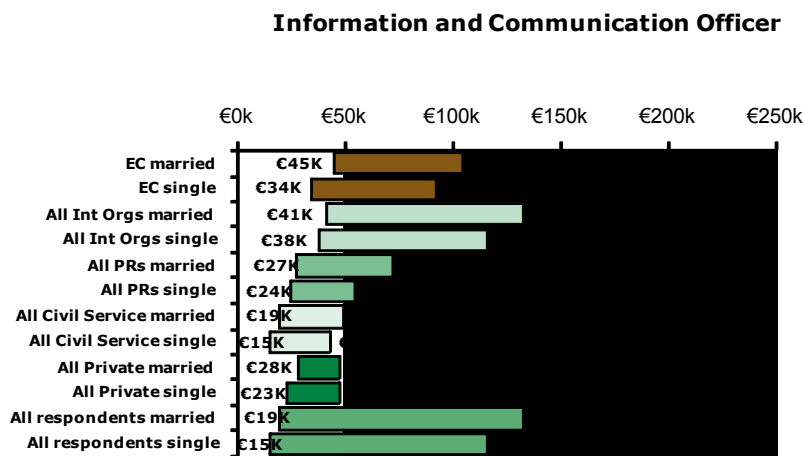


Figure 79: Financial Officer

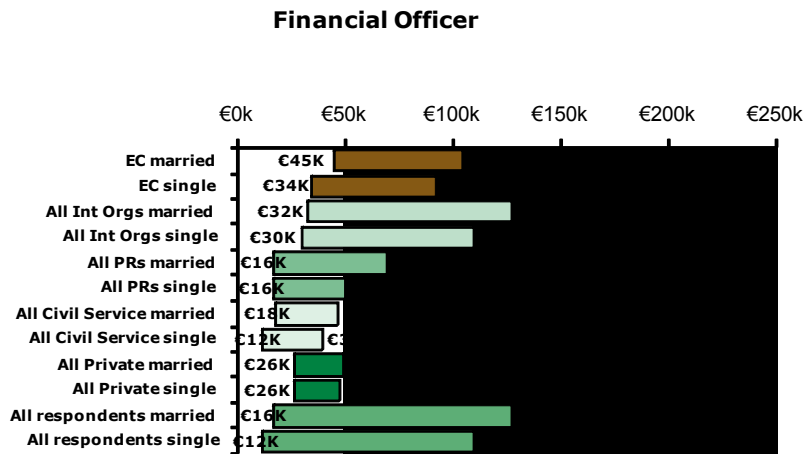


Figure 80: Project Officer – IT

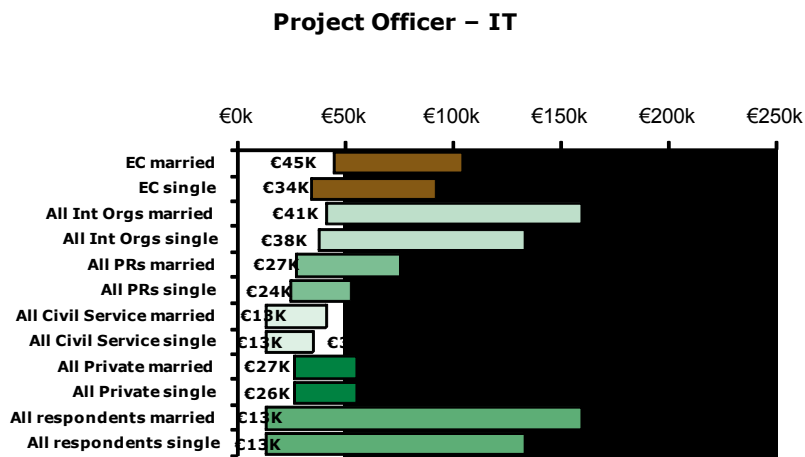


Figure 81: Budget Assistant

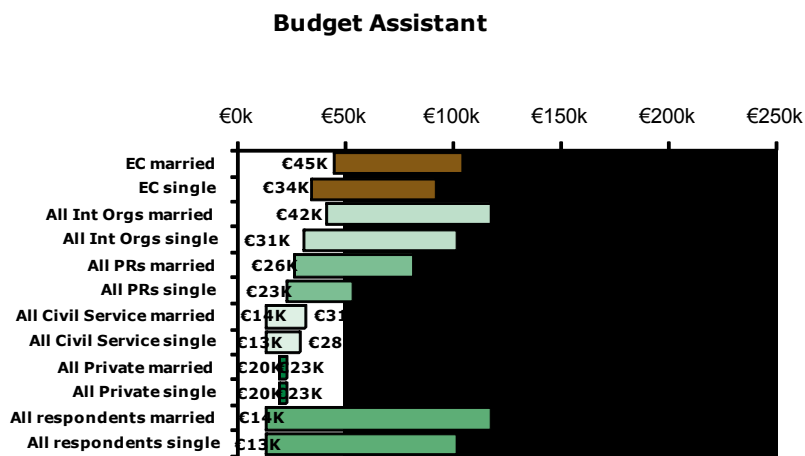


Figure 82: IT Service Officer

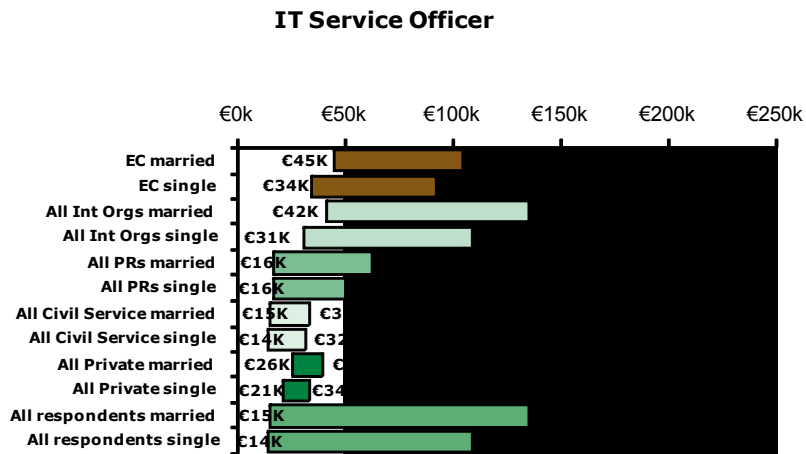


Figure 83: Laboratory Technician

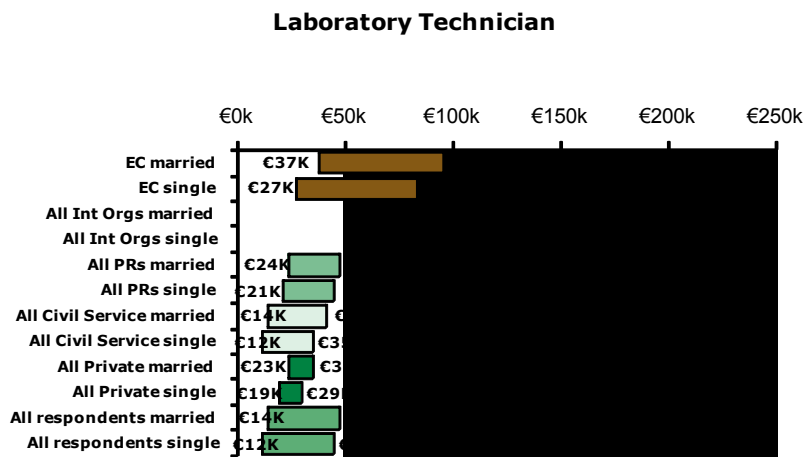


Figure 84: Administrative Assistant

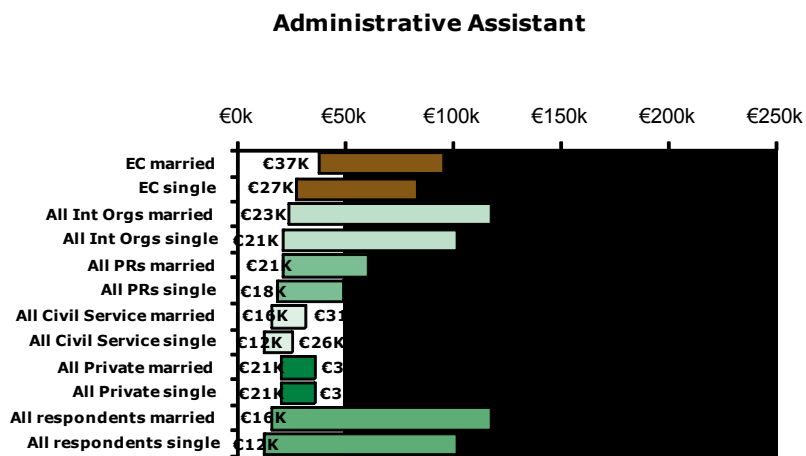


Figure 85: HRM Assistant – Personnel Policy & Processes

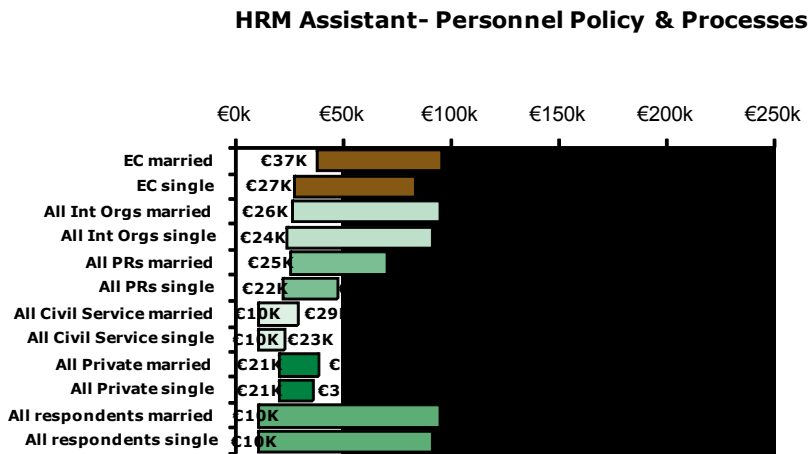


Figure 86: Financial Assistant

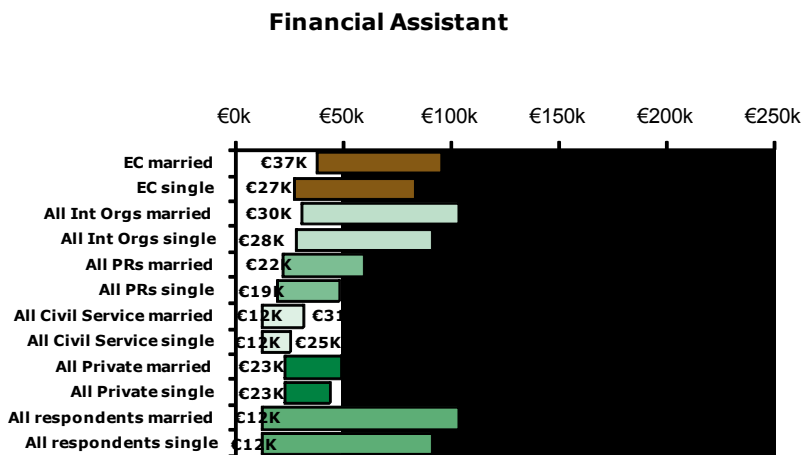


Figure 87: Logistic Support Officer

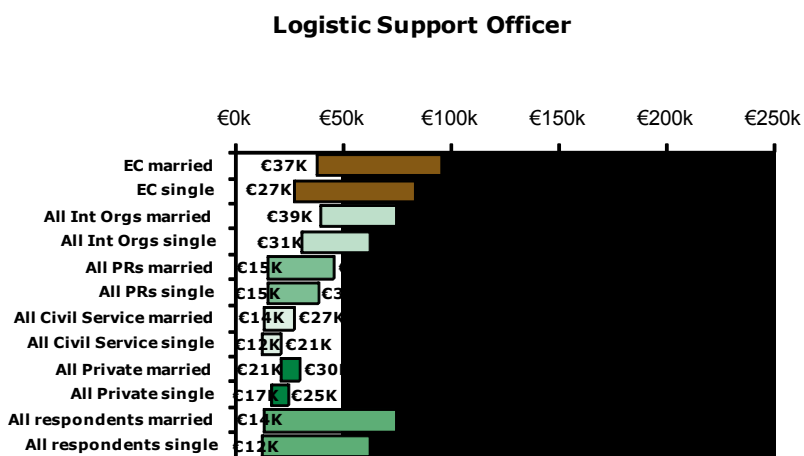


Figure 88: Clerical Officer

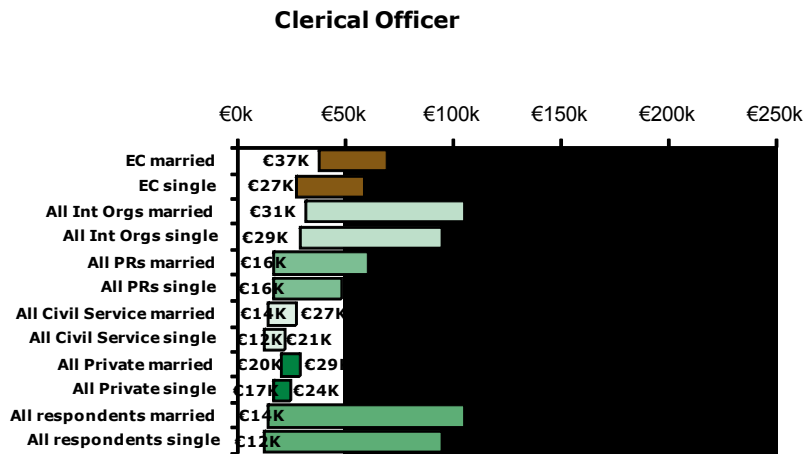
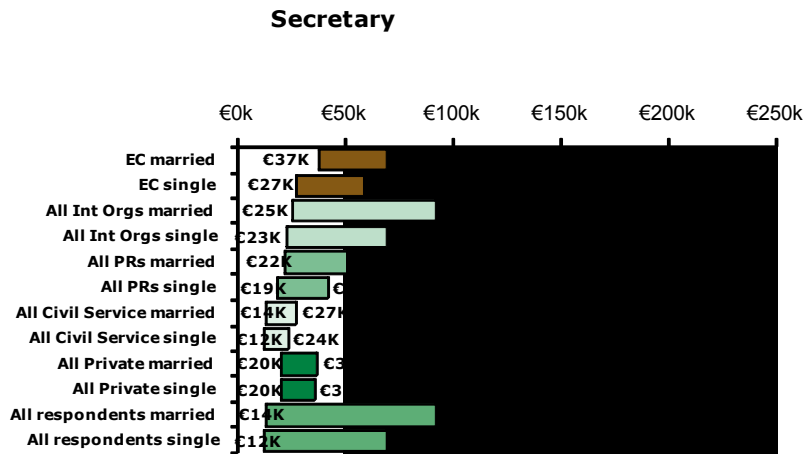


Figure 89: Secretary



ANNEX IV: Remuneration structure by type of organisation

The following sections detail the remuneration structures of the surveyed organisations. As mentioned in the methodology, section the names of the organisations have been anonymised for confidentiality purposes.

Table 5: High level comparison of remuneration structures – EC vs IO

	International Organisations							
	IO1	IO2	IO3	IO4	IO5	IO6	IO7	IO8
Yearly Base Salary	€18000-€220000		€28000-€140000		€30000 to €100000	€20000 to €150000	€24000 to €160000	
Salary Setting	Salary set based on market data	Salary set based on market data		Civil service used as a reference point for setting salary.	Set according to formal salary adjustment procedure		The salary is determined by salary scales. Salaries are adjusted annually with reference to 8 (formerly 7) National Civil Services	Salaries based on basket of comparators
Hours Worked	40 hours a week with flexitime		Employees expected to work 1960 hours a year, normal working hours being 8 per day.	40 hours a week excluding lunch break		38.75 hours a week	40 hours a week	40 hours a week
Overtime	Overtime is paid for support staff.			Overtime is provided				
Flexitime	Flexitime system is in operation		Flexible arrangements are possible.	Flexitime system is in operation				
Bonuses								

	International Organisations							
	IO1	IO2	IO3	IO4	IO5	IO6	IO7	IO8
Yearly Base Salary	€18000-€220000		€28000-€140000		€30000 to €100000	€20000 to €150000	€24000 to €160000	
	Performance related bonus Other bonuses paid	Performance related pay only from 0 to 50% of base salary	No guaranteed bonuses are paid.	No bonuses paid	No bonuses paid	No bonuses paid	No bonuses are paid.	No guaranteed bonus is paid. Bonus may be paid to top performing staff members.
Allowances & reimbursed expenses								
Removal and Installation	Removal and installation paid	Removal and installation paid		Removal installation allowance is paid	Removal and installation	Removal and installation	Reimbursement of expenses actually incurred for the removal of household and personal effects.	
Expatriation	Home leave entitlement for expatriate staff and ticket reimbursed			Post adjustment is provided in Brussels, the post adjustment equals 73.4% of the base salary Rent subsidy can be paid to employees.	Expatriation allowance depending on marital status and length of stay ranging from 1% to 18% of basic salary Housing allowance covering the rent paid at 5% of emoluments	Expatriation allowance depending on marital status and length of stay ranging from 1% to 18% of basic salary Housing allowance covering the rent paid up to 5%-10% of emoluments	16% - 20% of base salary depending on eligibility for household allowance.	Not available.
Housing	Housing allowance provided and calculated as % of base salary	Housing allowance of up to €730 per week decreasing with length of stay					Difference between rent and 15%/20%/22% of salary can be paid.	Can be paid for 7 years, up to 80% of the rent.

	International Organisations							
	I01	I02	I03	I04	I05	I06	I07	I08
Allowances & reimbursed expenses								
Household							Available to married/widowed employees. 6% of basic salary.	
Children	Children allowance of approx. €400 per year per child	Children allowance of up to €330 based on age and educational fees	Child allowance of 12% of salary is paid.	A 'dependency salary' is paid An Education Grant is provided, covering 75% of costs of attendance and board, subject to a maximum amount.	Children allowance of c. €71 per month OR educational allowance covering 70% of the costs and capped	Children allowance of c. €82 and educational fees paid but capped	€276.23/month/child	Up to €3000 a year
Spouse	5% of net salary		Child allowance of 12% of salary is paid.	Dependency salary' is paid	Spouse allowance at 6% of basic salary	Spouse allowance at 6% of basic salary	No spouse allowance	Up to €4200/year.
Special Category Other allowances and reimbursed expenses	75% of the cost of college and university courses	<ul style="list-style-type: none"> • Travel allowance paid on economy flights once every two years • Health and legal expenses paid at 80% of the costs 		Mobility allowance (amount varies) One-off repatriation allowance is also paid	Other language, travel and allowances on a case by case basis	Other language, travel and daily subsistence allowances	Home leave travel cost Language costs up to €100	

	International Organisations							
	I01	I02	I03	I04	I05	I06	I07	I08
Allowances & reimbursed expenses								
Maternity/Paternity/Sickness	Maternity, paternity and sick leave paid	Maternity and paternity leave paid		16 weeks of maternity leave 4 weeks of paternity leave Sickness leave	Maternity and paternity leave paid	Maternity and paternity leave paid	Maternity and paternity leave paid	16 weeks maternity, 4 weeks paternity.
Benefits								
Pension	Pension (7% of gross salary)	Voluntary pension scheme from 11% to 24% of base salary	Employees contribute 9.5% of salary to a savings fund.	Own final salary pension scheme	Pension contributions of 12% of basic salary	Pension contributions at 9.2% of the basic salary	Pension contribution of 9.1%	Staff pension contribution: 7.5%
Other Benefits	Medical insurance Salary advances	Medical and insurance cover Mortgage subsidy at a rate of 4.25% interest 10% tax free family allowance		The organization pays for medical, dental, and accident insurance	Insurance cover	Private insurance scheme coverage (c. 3% of basic salary) Other benefits in the form of house loans contributions		
Taxes & contributions								
	Internal system (tax rate of 3-6%)	Internal tax system	Internal tax system	Internal tax system	Taxes and social contributions exempt from national taxation	Salary exempt of national taxation	Internal system	Internal system, rate of 7.5%

	International Organisations							
	I01	I02	I03	I04	I05	I06	I07	I08
Allowances & reimbursed expenses								
							Social security contributions amount to 3.2%	

Table 6: High level comparison of remuneration structures – EC vs PR

	Permanent Representations									
	PR1	PR2	PR3	PR4	PR5	PR6	PR7	PR8	PR9	PR10
Yearly Base Salary	€20000 to €75000				€20000 to €50000	€20000 to €50000				
Salary Setting	Set according to a salary scale	Set according to a salary scale with 18 grades and ten steps per grade	Salary set following agreement between the Government and Unions	Salary is set according to the law on public service	Salary set by law.	Salary scales set by government based on collective agreements	Salaries are regulated by the Greek Ministry of Economy & Finance.	Basic salary is regulated by the ordinance about position, qualifications and multipliers to set salary for clerks.	system for non-official public sector employees is based on negotiations of the trade unions; payment for civil servants is regularly adjusted by law according to the economic situation	

Permanent Representations										
	PR1	PR2	PR3	PR4	PR5	PR6	PR7	PR8	PR9	PR10
Hours Worked	c. 36 hours a week	36 hours a week.		40 hours a week	37.5 hours a week.		Working hours amount to 37h 30' (normally from 9:00 to 13:00 and from 15:00 to 18:30).	40 hours a week	41 hours a week	
Overtime	Overtime is provided			no overtime			no overtime	no overtime	no overtime	
Flexitime	Flexitime system is in operation						no flexitime	no flexitime	to be decided by each Ministry	
Bonuses	No bonuses paid	End-of-year guaranteed bonuses amounting to 4%/month.	13th month guaranteed bonus No performance-related bonus	No bonuses paid	Guaranteed bonuses (twice yearly, equal to a monthly salary)	13th and 14th month guaranteed bonus Additional bonus based on service duration, "special occasions"	13th month salary	13th month's salary (8.5% annual income) guaranteed Quarterly bonus depends on performance	13th months guaranteed bonus performance-related early promotion possible	
Allowances & reimbursed expenses										
Removal and Installation	Removal and installation		Removal and installation paid and €5000 interest-free loan	Removal and installation lump sum paid	Installation allowance		Removal and installation	Adaptation allowances is paid, it amounts to about 1550.00 Euro	Lump sum paid	

Permanent Representations										
	PR1	PR2	PR3	PR4	PR5	PR6	PR7	PR8	PR9	PR10
Expatriation	Expatriation allowance provided	Up to approx. 1000/month.	granted Expatriation allowance from 54% to 100% of basic salary		Purchasing power equalisation	Expatriation allowance from €200 to €1200 a month	Expatriate allowance	in Belgium. Monthly expatriation allowance is paid. It is regulated by the ordinance.	Expatriation allowance provided, min 430.35€	Up to €600 a month
Housing	Housing costs reimbursed		Housing allowance dependent on total earning			Housing allowance from 30 to 100% of the salary	Housing allowance 10 - 20 % of salary	No housing allowance is paid.	Paid in case the rent cannot be reasonably imposed on the official No	
Household						Maternity leave paid for 16 weeks with additional 60% of base salary		No regular allowance for the upkeep of the household is paid.		
Children	Child allowance provided	Up to €412/quarter. Additional payment for expatriated employees (up to €280/month)	Educational children allowance of up to 85% of the fees			Children allowance from €100 to €140 a month per child	Children allowance 8 - 16 % of salary dependent on age of child	No regular children allowance is paid, school in Belgium is paid if necessary.	Paid, 130 – 340 € per child	Tax-free child allowance
Spouse	Spouse allowance provided							Regular allowances for spouses are paid for chiefs of institutions only.	No regular allowance provided but max €500 for education	Spousal allowance is provided - up to €1250

	Permanent Representations									
	PR1	PR2	PR3	PR4	PR5	PR6	PR7	PR8	PR9	PR10
Special Category Other allowances and reimbursed expenses	Language training provide up to €1200 a year	Holiday allowance of 8% of salary, transport allowance.	Other language, travel and daily subsistence allowances			Other subsistence allowances	Home travel once a year. Daily subsistence allowance of 40, 75, 85, 95 or 110 € (according to the grade and/or duties granted) plus travel and hotel expenses	Daily subsistence allowance of 45.00 € is paid	education and travel costs can be reimbursed	
Maternity/Paternity/Sickness	Maternity leave paid		Maternity leave paid				Maternity/paternity leave paid	Maternity/paternity : 100% of the last salary for 126-140 days. Sickness leave is paid infinite and amounts to 80 % of the salary.	Maternity/Paternity/Sickness	
Benefits										
Pension	Employers contribution up to 17% of gross salary. Employee contribution up to 5.2%	Pension contributions amount to up to €770/month.	Pension scheme		Contributions of up to €100 a month.	State pension scheme	Full pension amounts to approximately 80% of the final salary	Employees pay into personal pensions.	Pension scheme, officials do not contribute	

Permanent Representations										
	PR1	PR2	PR3	PR4	PR5	PR6	PR7	PR8	PR9	PR10
Other Benefits	Free accommodation package (c. €3000 a month)		Insurance cover			Interest free loans Insurance cover	Chauffeured car for Head of Mission	Accommodation, travelling to home country once in two years Car loan	no	
Taxes & contributions										
	Taxes and social contribution paid by employee c. 22% & 5% respectively	To home country.	Taxes and social contributions exempt from national taxation	To home country	To home country	Taxes and social contributions paid by organisation	Taxes and contributions to the social security scheme as well as to a compulsory pension fund are paid in their own home country.	Taxes and contributions to social security are paid in the employee's home country. Contribution to social security amounts to 13.71% of the gross salary.	Expatriated employees pay taxes and contributions to social security	To home country

Table 7: High level comparison of remuneration structures – EC vs. National Civil Services

	National Civil Service						
	NCS1	NCS2	NCS3	NCS4	NCS5	NCS6	NCS7
Yearly Base Salary							
Salary Setting	Set according to salary scales and collective bargaining.	system for non-official public sector employees is based on negotiations of the trade unions; payment for civil servants is regularly adjusted by law according to the economic situation	Set according to collective bargaining procedure.	Salary set according to a grading system	Regulated by government	Set according to a salary scale with 18 grades and ten steps per grade	
Hours Worked	37 hours a week.	41 hours a week			40 hours a week.	36 hours a week.	35 hours a week
Overtime	Overtime mostly given as time in lieu.	no overtime					Overtime is possible
Flexitime	Flexitime working is possible.	to be decided by each Ministry			Flexible work is possible		Flexible is possible
Bonuses							
	Skill allowance, and one-off payments for extraordinary efforts. 2 separate performance-based pay schemes also exist.	13th months guaranteed bonus performance-related early promotion possible	None	Performance-related bonuses are available.	Holiday bonus of €800 - €1300.	End-of-year guaranteed bonuses amounting to 4%/month.	
Allowances & reim-							

	National Civil Service						
	NCS1	NCS2	NCS3	NCS4	NCS5	NCS6	NCS7
bursed expenses							
Removal and Installation		Lump sum paid					
Expatriation	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Housing		Paid in case the rent cannot be reasonably imposed on the official					
Household							
Children		Paid, 130 – 340 € per child				Up to €412/quarter.	
Spouse		No regular allowance provided but max €500 for education					
Special Category							

	National Civil Service						
	NCS1	NCS2	NCS3	NCS4	NCS5	NCS6	NCS7
Other allowances and reimbursed expenses	Functional allowance to compensate employees who are responsible for certain tasks	Education and travel costs can be reimbursed		Allowance is available based on location.		Holiday allowance of 8% of salary, transport allowance.	
Maternity/Paternity/Sickness		Maternity/Paternity/Sickness					
Benefits							
Pension		Pension scheme, officials do not contribute			No own scheme. Organisation pays into personal pensions.	Pension contributions amount to up to €770/month.	
Other Benefits							
Taxes & contributions							

National Civil Service							
	NCS1	NCS2	NCS3	NCS4	NCS5	NCS6	NCS7
	To home country	Expatriated employees pay taxes and contributions to social security	To home country Contributions are paid through the employer and do not show on employees pay sheets.	To home country.	To home country.	To home country.	To home country.

ANNEX V: Sample sizes

Table 9: Sample Sizes

Figure	Grade Grouping	Number of Organisations	Number of Jobs
Figure 12: Ranges of net remuneration – all respondents	Grades 9-16	28*	58*
	Grades 5-12	28*	110*
	Grades 3-12	26*	68*
	Grades 1-11	23*	58*
	Grades 1-7	22*	33*
Figure 13: Ranges of net remuneration – International Organisations	Grades 9-16	8	17
	Grades 5-12	8	39
	Grades 3-12	7	25
	Grades 1-11	8	22
	Grades 1-7	8	13
Figure 14: Ranges of net remuneration – Permanent Representations	Grades 9-16	10	20
	Grades 5-12	19	32
	Grades 3-12	9	18
	Grades 1-11	7	15
	Grades 1-7	6	9
Figure 16: Ranges of net remuneration – National Civil Service	Grades 9-16	7	15
	Grades 5-12	7	30
	Grades 3-12	7	15
	Grades 1-11	5	13
	Grades 1-7	5	7
Figure 17: Ranges of net remuneration –	Grades 9-16	3*	6*
	Grades 5-12	3*	9*
	Grades 3-12	3*	10*
	Grades 1-11	3*	8*
	Grades 1-7	3*	4*

**Data from Hewitt and Berenschot is included in these numbers. Each of these datasets is considered as a dataset for an individual 'organisation'.*

ANNEX VI: Methodology for future use

This Annex outlines the approach taken in developing options for a methodology to determine in the future, on an ad-hoc basis, the appropriate and competitive entry remuneration level (and thus corresponding entry grading) for certain job profiles. This could be used to set the conditions and appropriate entry-level for selection and recruitment procedures for officials and temporary agents.

The approach put particular emphasis on understanding data sources and types of data available. The rationale being that benchmark methodologies are highly dependent on the availability of existing data.

For confidentiality reasons, it is not possible to report on the outcome of the option appraisal since it contains highly sensitive commercial data for which non-disclosure agreements have been signed with the HR providers that provided information.

However, the approach taken in assembling the information is fully disclosed here.

Requirements

The Commission's requirements with regards to benchmarking of remunerations were as follows:

- Capacity to determine in-house, on short notice, a competitive entry level (the most suitable entry level grade) for a particular job profile within the Commission;
- Compare entry level remuneration levels for certain ad-hoc job profiles with comparable reference organisations;

The above high level requirements were broken down into the following assessment criteria

- **Capacity to respond to and serve local needs:** Explored the extent to which service requests from the Commission could be acted upon and answered quickly. Key to responding efficiently to the Commission's request included: local presence, support and training provided.
- **Capacity to offer value for money services:** Focused on the capacity to deliver benchmark services efficiently and in an economical way. Key to economical delivery included: the pricing scheme, subscription period and subscription costs.
- **Capacity to offer a quality product:** Addressed the quality of the service offered by HR benchmark providers and by a bespoke solution (i.e. access to online benchmarks, reports, raw data, and graphical outputs).
- **Capacity to match the Commission's data requirements:** Investigated the extent to which the solution met the data requirements (i.e. EC job description, grading structure, net remuneration data, remuneration ranges, allowances, bonuses, deductions, taxes contributions, final salary figure, entry level position, marital and family statuses, remuneration according to employees' age).
- **Capacity to match the Commission's reference organisation requirements:** Ensured robust like-to-like comparisons, choosing the right reference organisations to benchmark the net remuneration against (i.e. geographies, number of records, private and public sector coverage, expatriates, industry sector coverage)
- **Capacity to match the Commission's methodological approach:** Ensured consistency of approach between this study and the ones to follow (i.e. Job matching, Job scoring, PPP, frequency of updates).

Based on the above assessment criteria, a view of the capacity of each option and related methodology to deliver against these criteria was developed. The results are presented in the section below. Note that the present analysis should be considered as a feasibility study / options appraisal exercise rather than a pre-selection exercise in view of the procurement of a solution. For the latter, further analysis is needed since providers answered related queries to varying degrees of detail. A pre-selection exercise will be needed to guarantee a more complete evaluation of their offering.

Overview

The feasibility study begins with a detailed description of the offering of 7 HR benchmark providers.

The rationale for selecting these providers was their international reputation and expertise in the field of HR & remuneration benchmarking. The analysis led to the conclusion that none of the providers could match 100% of the Commission's requirement; requirements that were in line with the ones of this study. The Commission may thus need to develop a bespoke benchmarking tool in lieu of or in supplement to these HR databases.

From this three options for the Commission to consider evolved:

- Option 1: Purchase ad-hoc report from HR benchmark providers
- Option 2: Create an in-house benchmark capability
- Option 3: Mix approach between option 1 and option 2

Options appraisal

Option 1: Purchase ad-hoc report from HR benchmark providers

In order to evaluate the first option, the team reviewed benchmark data and sources available. From the high level analysis, the data providers' capacity to match the Commission's data requirements was somewhat limited. Using the standard data (i.e. not through consultancy services) means that the Commission would only be able to report on the following:

- 26 shortlisted job descriptions (at most);
- Remuneration information in 25 to 26 Member States (at most);
- Private sector and "limited" public sector remunerations;
- Locally based staff and not expatriates;
- Gross remuneration or calculated net remuneration;
- Entry-level positions remuneration;
- Remuneration according to age of the employee (as a proxy for number of years of experience);
- Remuneration based on marital status / family status (to a very limited extent);
- Bonuses (i.e. mostly performance related);
- Deductions / benefits (to a limited extent); and
- Taxes.

The above would have methodological implications if the Commission was to keep its requirements in line with the ones of this study. Such implications include:

- **Expatriates vs. locally hired staff considerations:** Comparisons would be done against data for locally hired staff although one provider offered relocation calculations as a proxy for expatriate remunerations.
- **Allowances considerations:** Expatriation allowances would be available to a limited extent i.e. not exhaustive enough.
- **Tax considerations:** Tax calculations would have to be performed on nationally collected data to enable cross-comparisons.
- **Geographical considerations:** Purchasing Power Parity calculations would be performed on nationally collected data to enable cross-comparisons in Euros.
- **Private sector vs. Public sector considerations:** Private sector benchmarks would be used as a proxy to perform comparisons against remunerations of Commission's officials.
- **Industry sector considerations:** When matching Commission jobs and private sector jobs careful consideration must be given to the extent to which job descriptions are similar in nature and how industry sectors compare to the business of the Commission overall and for each job.
- **Job types considerations:** Although generic job description referred to as back office functions or support functions (IT, Secretary, ..) are similar in kind and hence

relatively easy to compare against, policy-related jobs would be difficult to find an equivalent for in the private sector.

The outcome of the options appraisal for Option 1 was that although this Option was on average the cheapest it would require substantial compromises, away from the specifications of this study for instance. This would hence only be a viable option if the Commission was prepared to compromise on a number of points. In summary, Option 1 did not appear to be a viable solution for the future given the Commission's requirements.

The net present value of an investment in Option 1 would represent a maximum amount of €833,000 over 9 years. This is under the assumption that the annual discount rate equated to 2%. Note that sharing the costs for Option 1 may not be possible, since HR benchmark providers require the use of their solution to be limited to one organisation.

Option 2: Create a bespoke benchmark capability

The second option would consist of building on the Commission's experience in the commissioning of similar studies and developing a bespoke benchmarking capacity. The framework for analysis was built on the assumption that a bespoke benchmark capability would be able to match close to 100% of all the Commission's requirements. However, taking into account there might be instances where matching these requirements might not be feasible. For instance, gathering private sector data through bespoke surveys has proved challenging in the context of this study.

The methodological approach for Option 2 is set out below. As a general rule of thumb, the methodology for Option 2 would follow the methodology requirements as defined in this study (see relevant section for further information). It would focus on collecting remuneration information from similar types of organisations under the assumption that Commission is willing to compare the remuneration of EU officials against its peers (e.g. International Organisations, Permanent Representation). This would offer the benefit of being able to compare expatriate remunerations (i.e. to establish like-to-like comparisons).

An annual benchmarking survey could be conducted to support option 2 building on the network of respondents the Commission has engaged with during this study. This represents the most important challenge, since engaging with respondents has proved particularly difficult during this study. A way to overcome this challenge is to determine key incentives the Commission would offer to respondents to secure their engagement.

Specific methodological challenges for this type of survey would be the collection of sufficient high quality data to make the benchmarking meaningful. The key factors in addressing these challenges would be:

- Development of a high quality sampling frame to ensure a representative sample;
- Design of the questionnaire to balance the need for a range of data points with the need to avoid too long or complex a questionnaire;
- Understanding of the incentives for respondents to complete the questionnaire, with mitigating strategies for a low response rate;
- The technical implementation of the questionnaire, such as whether the questionnaire should be web based; and,
- Resource requirements related to cleaning and analysing the data.

Once data are collected there are a number of options for the dissemination of the benchmarking data. A key choice would be between 'static' and 'dynamic' dissemination options:

- Static dissemination would consist of reports or static web content that would require users to distil the relevant benchmarking data using tables of contents and indices.
- Dynamic dissemination would involve the development of an online benchmarking tool that through the use of drop down menus allows users to choose:
 - The type of comparators they are interested in e.g. job type, length of experience;
 - The benchmark they want to get data comparisons for e.g. annual salary; benefits structures etc.

The user could then generate a bespoke set of analysis based on these variables, and display it as a table or a figure, either on screen or exported to a common format such as PDF.

The cost implications of Option 2 (both from a HR and IT perspective) were that the net present value of the investment of Option 2 would represent a maximum of €1.05 million over 9 years. This is under the assumption that the annual discount rate equated to 2%.

Related costs are likely to be somewhat higher than the upper threshold mentioned for Option 1. The Commission should also take opportunity costs into consideration, since the set up of such a system is likely to take some time (e.g. 6 to 12 months minimum), a period during which the Commission will not be able to perform entry-level remuneration comparisons other than relying on the insights provided by this study. These costs should be assessed keeping in mind the benefits this solution would bring in terms of strategic Human Resources Management (e.g. Benefits in terms of reduced consultancy fees, reduced reliance on temp workers, etc).

A key consideration is whether the Commission could share the costs of developing a bespoke solution with similar organisations as this would reduce the costs borne by the Commission. Lessons learned derived from the present study demonstrate that there is an appetite for International Organisations to join forces and invest in such a solution.

Option 3: Mix approach between option 1 and option 2

The rationale of such an approach is to rely on the pluses of Option 1 and Option 2. Option 1 would provide good quality private sector remuneration information, although not ideal. Option 2 would provide good quality public sector remuneration information. By coupling both approaches, Option 3 would be able to better respond to the requirements of the Commission.

In terms of methodology, Option 3 could then source private sector data from HR benchmark providers and public sector data from similar organisations or partners. These sources would then be integrated in the bespoke solution. Remuneration comparators of particular relevance to the private sector (e.g. for finance, HR or IT related jobs) would be sourced from the HR benchmark providers. Similarly, remuneration comparators of particular relevance for the public sector would be sourced from bespoke surveys with the support of the bespoke solution.

After full consideration of the data providers' capacity to match the commission requirements and the high level feasibility study around the development of an in-house benchmark capability, we have outlined a high level methodology for Option 3:

- As a general rule of thumb, the methodology of the selected HR benchmark provider would be used to define the methodological requirements of the bespoke benchmarking tool. This would mean that the methodology would focus on the following:
 - Job matching on the basis of job descriptions but using job scoring/job evaluation/grading evaluation methodologies of the HR benchmark provider where available;
 - Remuneration for jobs of relevance to the private sector would be sourced from HR Benchmark providers (i.e. HR, finance, IT related jobs and specialist jobs like engineers, lawyers, etc);
 - Remuneration for jobs of relevance to the public sector (i.e. Policy related jobs and other specific jobs like interpreter or translator) would be sourced from HR Benchmark providers;
 - Data benchmarks would use theoretical salaries and be presented in ranges instead of data points;
 - Data benchmarks would contain:
 - Net remuneration or calculated net remuneration (i.e. calculated from Gross Remuneration and elements of the remuneration structure);
 - Bonuses and performance related pay information;
 - Types of private sector allowances matching the types of EC allowances;
 - Types of private sector deductions matching the types of EC deductions;
 - Private sector and country specific taxes and contributions;
 - Employee profiles should be defined as single employees, married employees, and married employees with two children

- Employees' age should be used as a proxy for measuring entry-level remuneration and remuneration according to years of experience;
- Cost of living adjustment could be made to cater for differences across Member States using Purchasing Power Parity indexes);
- Private and public sector organisations surveyed should belong to at least one of the 27 Member States of the EU;
- The sample of public sector organisations should be composed of a mix of International Organisations, Permanent Representations, National Civil Services and eventually Non Governmental Organisations;
- The sample of private sector organisations should be composed of a mix of sectors with particular emphasis on specific sectors like the services sector, and specialist sectors (Engineering firms, law firm, accountancy firms, consulting firms, etc).

The cost implications of Option 3 are difficult to measure. The following table provides a view of the range of costs derived from the minimum and maximum costs for Option 1 and Option 2. Over time, investment in this Option would represent a net present value of the investment of a maximum of €1.8 million over 9 years. This is under the assumption that the annual discount rate equated to 2%.

Summary of options appraisal

Having described the different Options in the previous sections, the table below is a summary of the options appraisal.

Table 10: Summary of the options appraisal

Options	Pros	Cons	Costs implications
Option 1: Purchase ad-hoc report from HR benchmark providers	<ul style="list-style-type: none"> • Set up and maintenance costs reduced to a minimum • Short term cost implications • Flexibility in the choice of information sources and methodological approaches 	<ul style="list-style-type: none"> • Compromise on quality requirements • Robustness of analysis and capacity to stand against challenge • No comparisons of expat remunerations • Generic reports 	<ul style="list-style-type: none"> • Annual cost range from €4000 to €100,000 • Maximum net present value of €975,000 euro over 9 years
Option 2: Create an in-house benchmark capability	<ul style="list-style-type: none"> • Tailored reports • Production of like for like comparators with similar types of organisations • Possibility to share costs with partners / survey participants • Robustness of the analysis • Comparisons of expat remuneration possible 	<ul style="list-style-type: none"> • Complexity of implementation and maintenance • Long term cost implications • Limitations in the choice of information sources and methodological approach 	<ul style="list-style-type: none"> • Annual cost range from €137,000 to €243,000 for year 1 • Maximum net present value of €1.2 million over 9 years

<p>Option 3: Mix approach between option 1 and option 2</p>	<ul style="list-style-type: none"> • Tailored reports • Production of like for like comparators • Robustness and completeness of the analysis • Maintenance costs reduced to a minimum • Some possibility to share costs with partners / survey participants 	<ul style="list-style-type: none"> • Rigidity in the choice of information sources and methodological approach • Complexity of design and implementation • Long term cost implications • No comparisons of expat remunerations 	<ul style="list-style-type: none"> • Annual cost range from €141,000 to €343,000 for year 1 • Maximum net present value of €2.1 million over 9 years
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To sum it up, the Commission has the choice between three different options, each of which as a specific philosophy:

- Going for Option 1 would be adopting a hands-off approach in the management of the production of benchmarks. The Commission would outsource the production of Benchmarks done by reputed HR benchmark providers. This will provide the flexibility of changing providers within three years as necessary. The cost of the investment will also be quite limited as well as future cost implications. The downside is that comparisons will be difficult since most of providers offer limited public sector remuneration data and cover 75% of the Commission's requirements at most. The resulting analyses may not stand against the challenge of interested parties.
- Going for Option 2 would commit the Commission to sponsoring the production of remuneration benchmarks. The Commission would participate in an annual survey alongside similar organisations. This option has implications in terms of actual and future costs and in terms of engaging with similar organisations and a Consultant to produce the required benchmarks. The upside is that this option enables robust like to like comparisons with the assurance of a sound methodology covering the Commission's requirements to a large extent.
- Going for Option 3 would combine the pluses and minuses of both options. On one hand, the Commission would be able to establish robust comparison in line with its requirements but on the other hand the costs of doing so appear much higher than for the other options.

We recommend the Commission to review anticipated benefits of such a solution (e.g. reduced reliance on contractors, temp employees, elimination of skills shortage, etc) before taking a final decision on the above. As a result the above costs could be compared to intended benefits for a benchmarking solution.

In any case, the Commission should launch a procurement exercise to further refine the cost implications of the desired or selected option(s).