Methodology Manual

European Commission

Remuneration and Pensions

Calculation of specific indicators in accordance with Article 65 of the EU Staff Regulations

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Main Text

EUROSTAT

PREFACE

This document provides a description of the background, theory and practice of calculations relating to the *global specific indicator*[1]. The global specific indicator is one of the main elements that determine the annual adjustment of the remuneration of EC-staff[2], and, is therefore of great interest to many groups, including the Commission and other Institutions, staff representatives, the Member States, etc.

Eurostat therefore considers it important to provide a comprehensive document, where people interested in this subject can find information on the legal background, on the basic principles and definitions and also on details of the practical procedures concerning this issue.

This document is based on the Staff Regulations of Officials of the European Communities[3]. The Working Group on Article 65 is a platform for the discussion of the specific indicator methodology. It comprises Member States delegations and representatives of the Commission and it is chaired by Eurostat. The legal basis is to be found in Annex XI of the Staff Regulations.

As both the pay systems for civil servants in Member States and the methodological details for the estimation of the specific indicator develop, this document has to be seen as a snapshot of the current state of the art.

This version of the manual supercedes and replaces all previous versions.

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1 The *global specific indicator* is a measure that should represent the average change in the purchasing power of central government civil servants in Member States of the European Communities.

2 Permanent officials and, by analogy, other servants of the Communities.

3 Council Regulation No 259/68 as modified most recently by Regulation (EU, Euratom) No 1023/2013 of the European Parliament and of the Council of 22 October 2013

CONTENTS

SUMMARY: THE "METHOD" OF ADJUSTING EUROPEAN COMMUNITIES STAFF SALARIES

Since 1972 the annual adjustment of the remuneration of officials of the European Communities (EC staff) has been governed by rules adopted by the Council, under which the Commission applies each year Articles 64 and 65 of the Staff Regulations. Between 1972 and 2013 the ordinary legal procedure applied to implement each annual adjustment; with effect from 2014 an automatic implementation procedure applies. This set of rules is known informally as the "method".

One of the basic elements of the "method" is the principle of **parallel development** of purchasing power. This means that the purchasing power of officials of the European Communities follows, both upwards and downwards, the average purchasing power of the national central government civil servants.

In other words if national civil servants pay increases (or decreases) by 1% more than inflation then the pay of European Communities officials also increases (or decreases) by 1% more than inflation.

The **specific indicator** is the methodological tool allowing the implementation of the principle of parallel development.

1. HISTORY

When the European Coal and Steel Community was established in the early 50's, the salaries of the first European officials were initially set at a level which was competitive with salaries in the coal and steel industry at that time. The purpose of that decision was to attract qualified staff to manage coal and steel.

Then the question arose of how to **adjust** the EC-staff salaries annually. There were several possibilities:

1. Automatic compensation for inflation (indexation);
2. Free negotiation between the staff representation and the administration;
3. Proposal from the Commission and approved by the Member States;

Initially option 3 was decided and confirmed by article 65 of the first Staff Regulations adopted in 1962. In the early 70's an agreement was reached between the Council, the Commission and staff representatives to establish the first "method" for salary adjustments. The "method" was in fact a compromise between a modified alternative 2 with a modified alternative 1 based on the idea of parallelism between the real purchasing power of national officials and EC-staff, but to ensure that the settlement is valid for more than one year.

The first agreement ran from 1972 to 1976. This was followed by an agreement running from 1976 to 1980 and another one from 1981 to 1991. After difficult negotiations and strikes a new agreement was reached in 1991 (Council Regulation № 3830-35/91 of 19 December 1991). From that moment, the rules of the "method" are explicitly part of the Staff Regulations (Annex XI). The method then applied for the period 1991 to 2001 (extended to 2004), and a revised text applied for the period May 2004 to December 2012. Finally the current agreement was reached in 2013 and entered into force with the new version of the Staff Regulations on 1st January 2014.

Those agreements confirmed the principle of **parallelism**[4] between the real purchasing power of national officials and EC-staff.

2. LEGAL BACKGROUND: THE COUNCIL REGULATION

The provisions of the current "Method" apply from 1 January 2014 to 31 December 2023[5] and are enclosed in the Staff Regulations as Annex XI. Its legal base is the Regulation (EU, Euratom) No 1023/2013 of the European Parliament and of the Council of 22 October 2013 (OJ L287 of 29 October 2013) which is binding in its entirety and is directly applicable in all Member States.

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[4] Not perfectly, since some elements of the EU remuneration had a distinct development, for instance the pension contribution rose in 1991 from 6.75% to 8.25% and to 9.25% in 2004; since 2004 it is estimated according to the rules of annex XII of the Staff Regulations. Further, a temporary contribution of 5.8% was introduced in 1991 (replacing the crisis levy of about the same amount that existed in the 80s) and changed to a *special levy* in 2004 (the special levy has progressively risen from 2.50% in May 2004 to 5.50% in January 2011). From 2014 onwards, the *special levy* is changed into a "solidarity levy" of 6-7% depending on the grade.

[5] The rules will continue to apply after 2023 until revised. A technical review is required before any proposal for revision.

This regulation confirmed the “method” amending Annex XI of the Staff Regulations. Annex XI details the rules for implementing articles 64 and 65 of the Staff Regulations which are binding in all Member States.

To ensure objective calculations, specific coordination powers and responsibilities are conferred on Eurostat.

The central Articles of Annex XI of the Staff Regulations are:

“Article 1

4. *Changes in the purchasing power of salaries of national civil servants in central government (specific indicators)*

   (a) For the purpose of measuring the percentage change, either upward or downward, in the purchasing power of salaries in the national civil services, Eurostat shall, on the basis of information supplied before the end of September by the national statistical institutes or other appropriate authorities in the Member States, calculate specific indicators reflecting changes in the real remuneration of civil servants in central government, between the month of July of the previous year and the month of July of the current year. The two should include one twelfth of all annually-paid elements. The specific indicators shall take two forms:

      (i) one indicator for each of the function groups as they are defined in the Staff Regulations,

      (ii) an average indicator weighted to reflect the number of national civil servants corresponding to each function group.

   Each of those indicators shall be established in real gross and real net terms. For the transition from gross to net, account shall be taken of statutory deductions and general taxation factors.

   To establish the gross and net indicators for the European Union total, Eurostat shall use a sample composed of the following Member States: Belgium, Germany, Spain, France, Italy, Luxembourg, Netherlands, Austria, Poland, Sweden and United Kingdom[6]*. The European Parliament and the Council, acting on a Commission proposal under Article 336 of the Treaty on the Functioning of the European Union, may adopt a new sample which represents at least 75 % of the Union gross domestic product (GDP) and which will apply from the year following its adoption. The results per country shall be weighted in proportion to the appropriate national GDP aggregate measured using purchasing power parities as shown in the most recent statistics*

[6] Prior to 2004 coverage was the whole EU, expanding with each enlargement. Between 2004 and 2013 the sample comprised 8 Member States: with effect from 2014 three Member States were added to the sample: Austria, Poland and Sweden. In accordance with transition arrangements following withdrawal of the UK from the EU, it has been removed from the sample with effect from 2021.

published in accordance with the national accounts definitions in the European System of Accounts currently in force.

(b) At the request of Eurostat, the national statistical institutes or other appropriate authorities in the Member States shall supply it with the additional information which it considers necessary in order to draw up a specific indicator accurately measuring changes in the purchasing power of national civil servants

If, after further consultation of the national statistical institutes or other appropriate authorities in the Member States, Eurostat finds statistical anomalies in the information obtained or finds it impossible to draw up indicators which measure with statistical accuracy the changes in the real income of civil servants in a given Member State, it shall report to the Commission and provide it with all the material it needs to make an assessment.

Article 12

It shall be the task of Eurostat to monitor the quality of basic data and statistical methods used to work out the factors taken into account for the update of remuneration. In particular, it shall make any assessments or carry out any studies required for such monitoring.

Article 14

At the request of Eurostat, Member States shall inform Eurostat of any factors having a direct or indirect impact on the composition and changes in the remuneration of central government civil servants."

3. BASIC PRINCIPLE AND APPROACH

The fundamental principle that guides the rules for adjusting the remuneration of EC civil servants is the principle of parallel development referred to above. The measure of changes in purchasing power (**specific indicator**) should therefore be independent of structural changes in the civil services. It should, for example, be independent of the number of promotions or early retirements.

To put this principle into practice and to satisfy the requirement of independence, several conventions were developed by Eurostat and the Article 65 Working Group. One of the most important conventions is to refer, in the calculation of the specific indicator, to collective pay increases, i.e., to consider pay increases of civil servants when individual circumstances are constant (no "ageing" and no promotion effect).

In most Member States a more or less similar system of remunerating civil servants is in place. An important element of this 'conventional' system is that the civil servant salaries are defined within a collective pay grid such as the following hypothetical example:

Table 1: A hypothetical salary grid in a Member State in time t

	Steps					
Grades	**1**	**2**	**3**	**4**	**5**	**6**
A 1	20012	21075	22138	23201	24264	25328
A 2	17759	18773	19788	20802	21817	22831
B 1	8803	9284	9764	10244	10724	11205
C 1	5644	5871	6099	6326	6554	6782
C 2	4909	5117	5326	5535	5743	5952
D 1	4311	4500	4688	4877	5065	5254

Moving vertically in this grid (grade to grade) relates usually to a promotion. Moving horizontally (step to step) relates in most cases to seniority or increasing experience.

If a collective increase in the salaries takes place then the whole pay scale is shifted upwards – as in Table 2.

Table 2: A hypothetical salary grid in a Member State in time t+1

	Steps					
Grades	**1**	**2**	**3**	**4**	**5**	**6**
A 1	20412	21497	22581	23665	24749	25835
A 2	18114	19148	20184	21218	22253	23288
B 1	8979	9470	9959	10449	10938	11429
C 1	5757	5988	6221	6453	6685	6918
C 2	5007	5219	5433	5646	5858	6071
D 1	4440	4635	4829	5023	5217	5412

As the specific indicator should take account of changes in the purchasing power of civil servants under unchanged individual circumstances, comparison of these two pay scales will capture such an increase.

Member States should, therefore, report on data that relate to the remuneration paid on eg., the first (minimum), the median, and the final (maximum) step of the selected grades in time t and time t+1. Average salaries by grade are not an appropriate indicator, since then structural effects are captured. In special cases representative steps may be selected, especially if the first and final steps are given exceptional treatment. For Member States where there are no collective pay increases (as in Sweden), country specific solutions have been found.

4. GUIDELINES TO CALCULATE SPECIFIC INDICATOR

Article 65 and Annex XI determine the basic principles of the method, but these have to be filled with practical procedures decided within the framework of the Working Group on Article 65 of the Staff Regulations. Therefore, we provide here a set of commonly agreed basic definitions. If specific situation in a given country makes it meaningful to deviate partially from these definitions to ensure a better application of the spirit of the method, then Eurostat, in agreement with that country may do so.

4.1. Elements of gross remuneration

All elements of remuneration that affect the purchasing power of civil servants should be taken into account when calculating the gross remuneration. All general bonuses and premiums, which are part of the salary, should be reported. In general the following elements should be considered:

- basic salaries,
- all allowances and bonuses (e.g. general premiums, child benefit, family allowances)
- non-pensionable lump-sum payments (e.g. annual holiday pay, Christmas bonus)

Not to be included:

- regional allowances granted to compensate for 'cost-of-living' differences
- increase due to promotion or seniority.
- person-specific special allowances, for example, individual bonuses for exceptional performance.

More detailed guidance can be found in ***Appendix 3***.

4.2. Deductions from gross remuneration

In order to get the net remuneration the following elements should be deducted from the gross remuneration:

- the amount of compulsory social deductions (social security and occupational pension scheme contributions),
- general taxes on income and
- other compulsory deductions (mutual assistance contribution, temporary contribution, etc.).

Not to be deducted:

- voluntary contributions.

More detailed guidance can be found in ***Appendix 3***.

4.3. Net remuneration

The relation between the elements in the foregoing paragraphs is shown in the following schema:

Basic monthly salary
+ general bonuses
+ allowances
+ annual payments (1/12)
____
= GROSS MONTHLY remuneration
- employee's compulsory social security contributions
- employee's occupational pension scheme
- taxes on income
- other compulsory deductions
____
= **NET MONTHLY remuneration**

4.4. Reference period

In order to calculate the specific indicators for year t the remuneration of central government civil servants on a fixed date of the year t-1 is to be compared with the remuneration on the same date of the year t.

The method is based on the comparison of a snapshot of a national remuneration system in the month of July of the current year with the equivalent snapshot in the month of July of the previous year. A snapshot of the system, however, does not simply mean the remuneration grid in a particular month; rather, it means the remuneration level of the reference population employees in that month, including 1/12 of all annually paid elements such as Christmas bonuses, annual holiday pay, lump-sum payments etc.

Further clarification can be found in ***Appendix 4***.

4.5. Reference population

The reference population relates to permanent statutory staff of the subsector **"central governments" (S.1311 of ESA 2010)** of Member States. It should be noted that the subsector S.1311 in ESA 2010 is defined as follows:

"This subsector includes all administrative departments of the state and other central agencies whose competence extends normally over the whole economic territory, except for the administration of social security funds."

Central government does not include the State and Local Governments and Social security funds in Member States which are covered by sub-sectors S.1312, S.1313 and S.1314 respectively.

The reference population for calculating the specific indicator consists of subsector central government, with the following exclusions:

- the armed forces, security forces, police forces, frontier guards, etc.;
- teachers, staff of national health services;
- ministers of religion, if directly paid by central government;
- diplomats and magistrates.

Permanent status will normally exclude staff with contracts that expire after a fixed duration.

Further clarification can be found in ***Appendix 4***.

4.6. Sample of family types

The specific indicator for each country is calculated on the basis of remuneration data of officials of two different family statuses - **single** and **married**[7] **with two dependent children**, and each with a weight of 50%.

Family status can affect both gross remuneration (eg. entitlement to additional allowances) and net remuneration (eg. entitlement to income exemptions or specific tax scales). Theoretically one should take account of all types of family statuses, eg. single with different number of children, married with different number of children etc. However, as it would make the system unnecessarily complicated it was decided to select only two representatives namely single (without dependent children) and married with two dependent children. As this issue is not defined in the Annex XI, it is possible, if this can improve the statistical quality, to base the calculation on other family types.

If relevant, it should be assumed that the spouse and other dependents of married officials are not working.

4.7. Function groups

According to Annex XI, Art. 1 Eurostat is obliged to provide a specific indicator for each of the three function groups: Administrator (AD), Assistants (AST) and Secretaries and Clerks (AST/SC). Therefore, the posts in the national reference population should be classified, according to the nature of the duties to which they relate, in these two function groups – each should comprise several grades (see section 4.7).

- Function group **AD** relates to staff engaged in managerial, conceptual, analytical, linguistic and scientific duties that require university education or equivalent professional experience[8].

[7] In some remuneration systems, the working status of the spouse of a married civil service makes a difference for the latter's payment. In these cases, the spouse should be assumed to be **not working**.

[8] According to the Staff Regulations, appointment in function group AD for the two lowest grades (5 and 6) shall require:

- a level of education which corresponds to completed university studies of at least three years attested by a diploma, or
- where justified in the interest of the service, professional training of an equivalent level.

and for the higher grades (7 to 16):

- a level of education which corresponds to completed university studies attested by a diploma when the

- Function group **AST** relates to staff engaged in executive and technical duties that require an advanced level of secondary education or equivalent professional experience[9].
- Function group **AST/SC** relates to staff engaged in clerical and secretarial duties that require an advanced level of secondary education or equivalent professional experience.[9]

4.8. Sample of grades

Out of the reference population, the Member States may select a sample of the more important grades in terms of staff numbers for each of the above mentioned function groups. Grades having only a small proportion of the total number of staff may be excluded from the sample. The sample should be representative of the reference population. The ratio between the number of staff in the grades covered by the sample and the number in the reference population should normally be more than 75%.

Further clarification can be found in ***Appendix 4***.

5. CALCULATION OF COUNTRY SPECIFIC INDICATOR

On receipt of the data from the Member States Eurostat calculates a specific indicator for each of the countries separately. The steps leading to these calculations are:

- Member States send data on gross and net remunerations for the month of July, paid to central government civil servants who are single and married with two children.
- All annual payments during the period reference period (July-July) should also be taken into account.
- Gross and net remunerations should include all elements described in sections 4.1 and 4.2.
- The remunerations should relate to a representative number of grades covering the function groups AD, AST and AST/SC (see section 4.6 and 4.7).
- In principle, gross and net remunerations paid on the first (minimum), median and last (maximum) steps of each of the selected grades should be reported. However, in justified cases the data sent may relate to first and last steps only; in some other cases to the median step only.
- For each grade Eurostat will calculate average gross and net remunerations, taking into account remunerations paid to single persons and married persons with two children, and to the three above mentioned steps within each grade.
- Average gross and net remunerations for each grade are then aggregated to three function groups (AD, AST and AST/SC). They are calculated by taking weighted averages of the grades

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normal period of university education is four years or more, or

- a level of education which corresponds to completed university studies attested by a diploma and appropriate professional experience of at least one year when the normal period of university education is at least three years, or
- where justified in the interests of the service, professional training of an equivalent level.

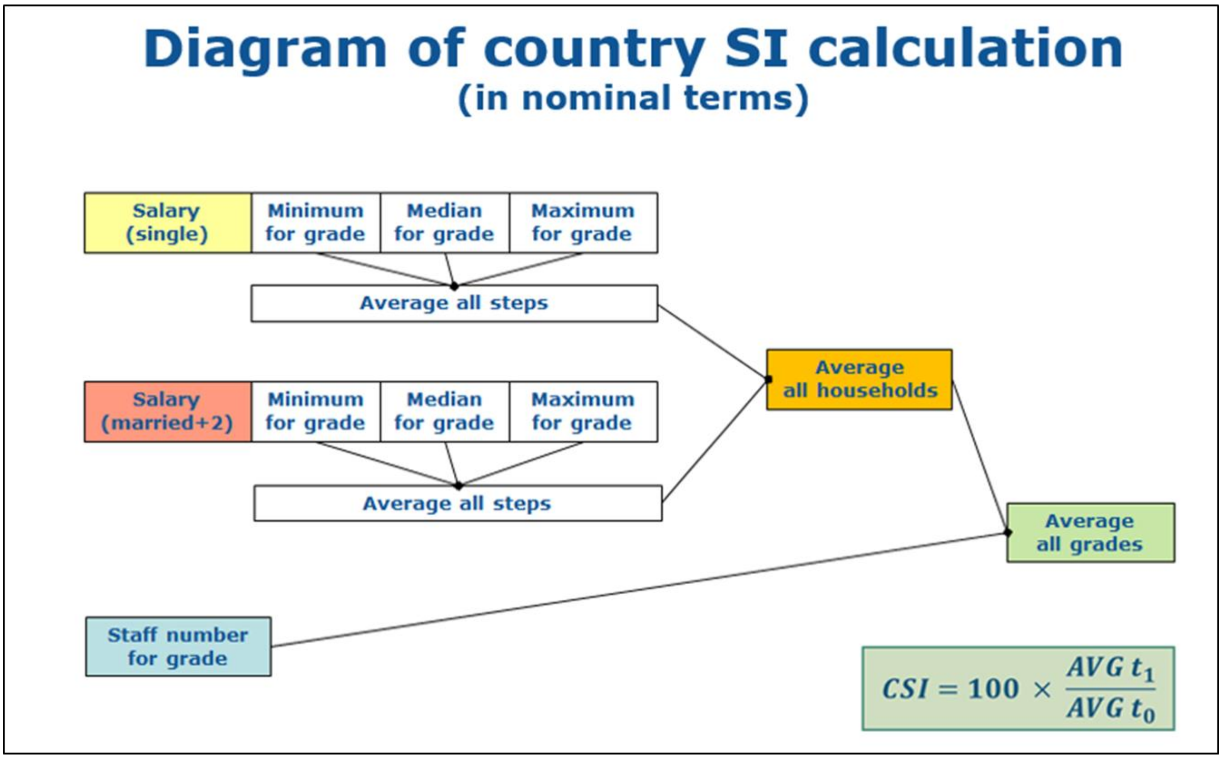
9 According to the Staff Regulations, appointment in function group AST and AST/SC shall require at least:

- a level of post-secondary education attested by a diploma, or
- a level of secondary education attested by a diploma giving access to post-secondary education, and appropriate professional experience of at least three years or
- where justified in the interests of the service, professional training or professional experience of an equivalent level.

belonging to these groups. The sample size (number of civil servants in the sample of each grade) is taken as weight.

- The average gross and net remunerations for the three function groups are then aggregated to overall gross and net remunerations in the central government civil service by taking the weighted average of the remunerations of these three groups, where the total number of civil servants in each of the groups is taken as weights.
- For each of the function groups as well as for the overall remunerations the following changes for the period July – July are calculated:
    - Gross nominal
    - Net nominal
    - Gross real
    - Net real
- The increases in real terms are calculated by taking account of the increase in the harmonized index for consumer price (HICP) of each Member State for this period.
- The overall real net increase in remuneration is called the **country specific indicator**.

The country specific Indicator calculation presented in a calculation diagram (see also ***Annex 2***)



5.1. Example

The following example illustrates the process of calculating country specific indicator[10].

Table 3 shows the grades selected for representing the three function groups AD, AST and AST/SC. It shows the sample size for the selected grades as well as the total number of personnel, for the month of July in year t.

[10] See also the annotated spreadsheet calculation example in ***Appendix 2***.

Table 3: Central government personnel in the sample, by group and grade, July t

Function Group (FG)	Grades	Number of staff Sample	total	Ratio sample/total
AD	A1	5,000		
	A3	25,000		
All AD		**30,000**	**38,000**	**78.9**
AST	B1	30,000		
	B3	45,000		
All AST		**75,000**	**85,000**	**88.2**
AST/SC	D1	10,000		
	D2	20,000		
All AST/SC		**30,000**	**35,000**	**85.7**
All	**Total**	**135,000**	**158,000**	**85.4**

Tables 4 and 5 give the gross and net remuneration for the month of July in year t for the selected grades, as paid to unmarried persons and married persons with two children respectively. They show the remunerations paid at the first, median and final step in each grade.

Table 4: Remuneration of unmarried officials, in Euro, July t

		Gross salary			Net salary		
FG	Grade	Min.	Median	Max.	Min.	Median	Max.
AD	A1	6,000	6,900	8,400	4,500	5,175	6,300
	A3	4,750	5,463	6,650	2,800	3,220	3,920
AST	B1	1,670	1,898	2,310	1,350	1,553	1,895
	B3	1,580	1,806	2,198	1,200	1,380	1,690
AST/SC	D1	1,400	1,530	1,810	1,150	1,200	1,500
	D2	1,200	1,420	1,700	1,000	1,100	1,300

Table 5: Remuneration of married officials with two dependent children, in Euro, July t

		Gross salary			Net salary		
FG	Grade	Min.	Median	Max.	Min.	Median	Max.
AD	A1	7,000	7,900	9,400	5,500	6,175	7,300
	A3	5,750	6,463	7,650	3,800	4,220	4,920
AST	B1	2,670	2,898	3,310	2,350	2,553	2,895
	B3	2,580	2,806	3,198	2,200	2,380	2,690
AST/SC	D1	2,400	2,530	2,810	2,150	2,200	2,500
	D2	2,200	2,420	2,700	2,000	2,100	2,300

Tables 6 and 7 give the same information as tables 4 and 5 and for the month of July in year t-1 (the previous year).

Table 6: Remuneration of unmarried officials, in Euro, July t-1

FG	Grade	Gross salary Min.	Gross salary Median	Gross salary Max.	Net salary Min.	Net salary Median	Net salary Max.
AD	A1	5,700	6,555	7,980	4,275	4,916	5,985
	A3	4,513	5,190	6,318	2,660	3,059	3,724
AST	B1	1,587	1,803	2,195	1,283	1,475	1,800
	B3	1,501	1,716	2,088	1,140	1,311	1,606
AST/SC	D1	1,330	1,454	1,720	1,093	1,140	1,425
	D2	1,000	1,349	1,615	900	1,045	1,235

Table 7: Remuneration of married officials with two dependent children, in Euro, July t-1

FG	Grade	Gross salary Min.	Gross salary Median	Gross salary Max.	Net salary Min.	Net salary Median	Net salary Max.
AD	A1	6,650	7,505	8,930	5,225	5,866	6,935
	A3	5,463	6,140	7,268	3,610	4,009	4,674
AST	B1	2,537	2,753	3,145	2,233	2,425	2,750
	B3	2,451	2,666	3,038	2,090	2,261	2,556
AST/SC	D1	2,280	2,404	2,670	2,043	2,090	2,375
	D2	2,090	2,299	2,565	1,900	1,995	2,185

In Table 8 the average gross and net remunerations for each grade paid in July t-1 and July t are presented. Each cell is the **average salary of the three steps of each grade and the two family types**.

Table 8: Average remuneration paid in July t-1 and July t (in Euro)

FG	Grade	Gross salary t-1	Gross salary t	Net salary t-1	Net salary t
AD	A1	7,220	7,600	5,534	5,825
	A3	5,815	6,121	3,623	3,813
AST	B1	2,337	2,459	1,994	2,099
	B3	2,243	2,361	1,827	1,923
AST/SC	D1	1,976	2,080	1,694	1,783
	D2	1,820	1,940	1,543	1,633

Finally, Table 9 presents the average nominal data for each function group (AD, AST and AST/SC), which is computed as a **weighted average of all grades of the group**, the weights used being the sample population (number of staff) indicated in Table 3 (see column 'sample'). It is important to note that the weights of year t are used also to establish the average for year t-1, in order to allow a comparison which eliminates the impact of any changes in structure.

Table 9 also presents an estimation of the overall average nominal data, which is computed as a **weighted average of the two function groups**, where the weights used are the actual population of the each group (see column 'total' in table 3). Again the weights of year t are used.

Table 9 then presents, in the form of an index, the nominal and real change in the gross and net remuneration during the reference period. It shows the changes for the two function groups and also for the total population.

The real changes are calculated by supposing a rate of inflation of 2.2%. In this example, the calculated country specific indicator (real net increase) is +3.1% (bottom right hand cell in the table).

Table 9: Change in average remuneration (HICP=102.2)

FG	Gross salary				Net salary			
	Salary		Index		Salary		Index	
	t-1	t	Nominal	Real	t-1	t	Nominal	Real
AD	6049	6368	105.3	103.0	3941	4149	105.3	103.0
AST	2281	2401	105.3	103.0	1894	1994	105.3	103.0
AST/SC	1872	1987	106.1	103.8	1594	1683	105.6	103.4
Total	**3097**	**3263**	**105.4**	**103.1**	**2320**	**2443**	**105.3**	**103.1**

6. CALCULATION OF GLOBAL SPECIFIC INDICATOR

The global specific indicator is a weighted average of the country specific indicators. According to the current Staff Regulations (in force since 1 January 2014) Eurostat calculates the global indicator on the basis of a sample of countries composed by the following eleven Member States: Belgium, Germany, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Poland, Sweden and United Kingdom[11]. The European Parliament and the Council, acting on a Commission proposal may adopt a new sample which shall represent at least 75% of the European Union GDP and which will apply from the year following its adoption (see column 3 of Table 10).

The result per country shall be weighted in proportion to its national GDP measured by purchasing power parities as shown in the most recent statistics published in accordance with the national accounts definitions in the European System of Accounts ("ESA") currently in force. The weights used in 2013 (based on 2012 data) are shown in column 2 of Table 10[12].

[11] Prior to 2004, the calculation used data for the whole EU. Between 2004 and 2014, data for a sample of 8 countries was used. With effect from 2014 a sample of 11 countries applied. Following 'Brexit' with effect from 2021, a sample of 10 countries applies.

[12] See also annotated spreadsheet calculation example in ***Appendix 2***.

Table 10: Country weights in 2013 for calculating the global specific indicator

Country (1)	Weights (2)	Share in EU28 (3)
BE	3.1	2.6
DE	23.6	20.0
ES	10.2	8.7
FR	16.6	14.1
IT	14.3	12.1
LU	0.4	0.3
NL	4.9	4.2
AT	2.6	2.2
PL	6.0	5.1
SE	2.8	2.4
UK	15.5	13.2
Total	**100.0**	**84.9**

The United Kingdom left the EU with effect 1 February 2020 and is now a 'third country'. The transition period introduced by the 'withdrawal agreement' expired with effect 31 December 2020. Consequently, since 2021 the UK is not included in the core sample of Member States for specific indicator calculation purposes . The remaining core sample of 10 continues to represent at least 75% of the remaining EU27 gross domestic product. The weights used in 2021 (based on 2020 data) are shown in column 2 of Table 11 .

Table 11: Country weights in 2021 for calculating the global specific indicator

Country (1)	Weights (2)	Share in EU27 (3)
BE	**3.7**	**3.0**
DE	**28.1**	**22.6**
ES	**11.3**	**9.1**
FR	**19.6**	**15.7**
IT	**15.6**	**12.5**
LU	**0.5**	**0.4**
NL	**6.5**	**5.2**
AT	**3.1**	**2.5**
PL	**8.1**	**6.5**
SE	**3.5**	**2.8**
Total	**100**	**80.3**

7. THE STANDARD REMUNERATION QUESTIONNAIRE

Data needed for all calculations is requested from the Member States by means of the Standard Remuneration Questionnaire (SRQ). A model and its description are shown in ***Appendix 1***. The design and use of this questionnaire are agreed in the Article 65 working group.

8. TIMETABLE

In order to apply the whole annual salary adjustment procedure in an efficient and timely manner it is important for the Member States as well as for Eurostat to respect some deadlines.

The timetable for the Member States of the sample was agreed at the meeting of the Working Group on Article 65 and it is shown in Table 12.

Table 12: Timetable for the calculation of Specific Indicator, until 2018 exercise

Task	Deadline
Eurostat asks all MS to send the required data	15 June
MS provide Eurostat with all required information	31 July
Eurostat calculates Country Specific Indicator for each MS	31 August
Eurostat sends country-specific results to MS for validation	15 September
MS validate or inform of any correction	30 September
Eurostat transmits report including Global Specific Indicator to DG HR[13]	15 October
Commission submits report to the European Parliament and to the Council	31 October
Publication of updated amounts in the C series of the Official Journal of the European Union; publication on Eurostat website	Within two weeks after the update

At the 2018 Working Group meeting it was decided, with immediate effect, to advance the SRQ collection date for seven countries of the sample: BE, DE, ES, FR, IT, LU and NL.

Until then, those 7 countries reported identical data to Eurostat and separately to the ISRP (International Service for Remunerations and Pensions). Afterward, compilation procedures have been gradually refined. From 2021, those 7 countries are receiving joint invitation letter, while from 2022 joint questionnaire for the same countries is used. In this way, duplication of effort is avoided and data for the countries are more rapidly validated.

There is no change in the compilation of data from remaining Member States.

[13] So that DG HR can start the procedure to transmit the pay adjustment information to the European Parliament and the Council and necessary administrative implementation.

Table 13a: Updated timetable for the calculation of Specific Indicator, as from 2018 exercise onwards:

Task	Deadline
Eurostat and ISRP ask the 7 MS to send the required data	1 April
Eurostat asks the remaining 20 MS to send the required data	15 June
7 MS provide Eurostat and ISRP with all required information	31 May
Eurostat and ISRP send country-specific results to 7 MS for initial validation	15 July
Remaining 20 MS provide Eurostat with all required information	31 July
7 MS provide Eurostat and ISRP with final validation, or inform of any correction	15 September
Eurostat sends country-specific results to remaining 20 MS for validation	15 September
Remaining 20 MS provide Eurostat with final validation, or inform of any correction	30 September
Eurostat transmits report including Global Specific Indicator to DG HR[14]	15 October
Eurostat publishes report on Dedicated Section web page	31 October
Commission submits impact report to the European Parliament and to the Council	-
Publication of updated amounts in the C series of the Official Journal of the European Union	Within two weeks after the update
Eurostat publishes global values on Eurobase	-

9. LIMITING RETROACTIVITY OF CORRECTIONS

9.1. Availability of data

Eurostat calculates Country Specific Indicators and, consequently, the Global Specific Indicator, by taking into account all information available until the end of September in year t. If some new and relevant information becomes available after that date it will not be taken into account in the current calculation of the specific indicator, nor will it generally lead to any retrospective correction, instead it will be included in next year's annual adjustment procedure (year t+1).

9.2. In case an error is detected after submission

With the information contained in the Eurostat report which is submitted to the European Parliament and the Council in October of year t, the Commission updates by the end of the year the remuneration of officials of the European Communities with effect from July of the year t.

At some stage during or after this process it is conceivable that an error may be identified either by Eurostat or by a Member State. Such errors must be officially communicated. This then raises budgetary and administrative questions about whether/how to adjust such corrections retrospectively.

[14] So that DG HR can start the procedure to transmit the pay adjustment information to the European Parliament and the Council and necessary administrative implementation.

The Staff Regulations themselves impose no limit on retrospective adjustment. However, to limit the practical and financial burdens, a gentleman's agreement was adopted in January 2005. This policy foresees revisions in the following circumstances:

- If identified prior to publication, the Eurostat Report will be revised and a new report will be submitted to the European Parliament and the Council.
- For a period of six months after the publication of this update (ie. until the end of June t+1) there is a possibility to start a revision of the adjustment (which can result in a retroactive correction).
- After this six-month period, data for year t are considered as final.

9.3. Only one set of data for any given year

The Legal Service of the Council[15] has clarified that the Staff Regulations permit only one set of salary data by country and year. Data collected for the current year is compared with validated data for the preceding year to establish the specific indicator. Validated data sets used as input to past calculations of the specific indicator (for year t-1 and earlier years t-n) shall not be revised retrospectively.

Exceptionally, if the salary scale of national civil servants changes between year t-1 and year t, a new set of data at the year t-1 must be supplied based on the new salary scale at year t, to allow a consistent comparison.

Further clarification can be found in ***Appendix 4***.

10. INTERMEDIATE ADJUSTMENT

An intermediate adjustment is made where the cost of living measured in the reference cities (Joint Index) or duty station location (implicit price index, being the combined impact of the Joint Index and the evolution of local purchasing power parity relative to Brussels) exceeds a specified sensitivity threshold[16].

If the sensitivity threshold is exceeded, the Staff Regulations additionally specify that, if a forecast of the global specific indicator produces a negative percentage, then half of that percentage shall also be taken into account in the calculation of the intermediate adjustment.

Consequently, each Member State in the sample is asked to supply an estimate of the specific indicator for their country in nominal terms, together with an estimate of the harmonised index of consumer prices for their country in order to also establish the specific indicator in net terms. These two estimates should refer to the year to July.

[15] Opinion no. 16054/06, 30 November 2006.

[16] 6% for a year, thus 3.0% for six months.

On the basis of the forecast estimates supplied, Eurostat can then calculate a weighted average global specific indicator in the same way as is done for the annual adjustment.

The deadline dates for the validation of national data submissions and the transmission of the intermediate adjustment to the Council are specified in Annex XI of the Staff Regulations.

Table 14: Timetable for the calculation of Specific Indicator FORECAST

Task	Deadline
Eurostat asks all MS to send the required data (estimates)	15 February
MS provide Eurostat with all required information	28 February
MS validate or inform of any correction	March A65WG
Eurostat transmits report including Global Specific Indicator to DG HR[17]	31 March
Commission submits report to the European Parliament and to the Council	15 April
Publication of updated amounts in the C series of the Official Journal of the European Union; publication on Eurostat website	Within two weeks after the update

A proforma reply sheet that will be circulated for completion and return before the A65WG is shown in ***Appendix 6***.

11. MODERATION AND EXCEPTION CLAUSE

Chapter 5 of Annex XI introduces moderation and exception clauses with effect from 1 January 2014.

Article 10

The value of the specific indicator used for the annual update shall be subject to an upper limit of +2% and a lower limit of -2%. If the value of the specific indicator exceeds the upper limit or is below the lower limit, then the value of the limit shall be used to calculate the update value.

The first paragraph shall not apply when Article 11 applies.

The remainder of the annual update resulting from the difference between the update value calculated with the specific indicator and the update value calculated with the limit shall be applied as from 1 April of the following year.

Article 11

1. If there is a decrease in the real Union GDP for the current year as forecast by the Commission and the specific indicator is positive, only part of the specific indicator shall be used to calculate the value

[17] So that DG HR can start the procedure to transmit the pay adjustment information to the European Parliament and the Council.

of the update. The remainder of the update value corresponding to the remainder of the specific indicator shall be applied as from a later date in the following year. That remainder of the update value shall not be taken into account for the purposes of Article 10. The value of the Union GDP, the consequences in terms of split of the specific indicator, and the application date are defined in accordance with the following table:

Union GDP	*Consequences on the specific indicator*	*Date of payment of the second part*
-0.1 % to -1%	*33% ; 67%*	*1 April of year n+1*
-1% to -3%	*0% ; 100%*	*1 April of year n+1*
below -3%	*0%*	-

2. Where there is a gap between the forecast mentioned under paragraph 1 and the final data on Union GDP made available by the Commission and those final data would modify the consequences as laid down in the table under paragraph 1, the necessary corrections, including retroactive adjustments, either positive or negative, shall take place in accordance with the same table.

3. Any updated reference amount resulting from a correction shall be published by the Commission within two weeks from the correction in the C series of the Official Journal of the European Union for information purposes.

4. When the application of paragraph 1 or 2 has led to the fact that the value of the specific indicator did not serve the update of the remunerations and the pensions, that value shall form the basis of the calculation of a future updates once the cumulative increase of the Union GDP measured from the year in which paragraph 1 or 2 was applied becomes positive. In any case the value mentioned in the first sentence shall be subject by analogy to the limits and the principles laid down in Article 10 of this Annex. The evolution of the Union GDP shall be regularly measured by Eurostat for this purpose.

5. If relevant, the legal consequences resulting from the application of Article 10 and this Article shall continue to have full effect even after the date of expiry of this Annex as referred to in Article 15.

For the purposes of implementing Articles 10 and 11, “specific indicator” is interpreted as “global specific indicator”.

Other things being equal, the “Commission forecast of real Union GDP” referred to in Article 11 shall be the Autumn Economic Forecast published by DG ECFIN, which is typically issued in early October. If this DG ECFIN publication is not available at the date of drafting the Eurostat Report, Eurostat will use the best available alternative source to evaluate whether or not the exception clause should apply.

The annual update is normally calculated rounded to one decimal place: in the event that the first row of the table in Article 11 applies, for administrative application purposes the Eurostat Report will indicate the relevant value of the adjustment rounded to 3 decimal places (e.g. an adjustment of 0.1 will be split in the ratio 0.033 : 0.067, an adjustment of 0.4 will be split in the ratio 0.132 : 0.268).

For the purposes of Article 11(2) "final" GDP data shall mean the statistic published by Eurostat for annual GDP of the EU as a whole. Availability of this aggregate statistic depends on national dissemination timetables: initial figures for each Member State usually become available with the release of quarterly accounts for the fourth quarter of the reference year. However, under the ESA2010 transmission timetable, more precise estimates of annual GDP are delivered within 9 months of the year end. GDP data can often be revised many years after the reference period. Other things being equal, the assessment will be made by Eurostat using the September information. This retrospective evaluation for year "t" will be included in the annual Eurostat report concerning the annual adjustment for year "t+1".

If the exception clause is triggered, then subsequent GDP recovery has to be measured.

For the assessment of cumulative GDP in year t+1, Summer Economic Forecast published by DG ECFIN will be used. If there is a gap between the forecast used in the Annual Report for the previous year and the final GDP data for that calendar year, which would modify the original assessment whether the cumulative GDP has/has not recovered, a retroactive adjustment should take place. Final Eurostat estimate of GDP should be used for this exercise (T+65 / T+110), while preliminary flash estimate should not be used (T+30 / T+45). In addition, nominal GDP values should be used for this exercise instead of percentage change. Once the assessment made by forecast ECFIN data is revised by using actual Eurostat data, this will be considered as final assessment, despite possible revisions of GDP.

APPENDICES

1 Standard Remuneration Questionnaire

2 Diagram and annotated calculation example

3 Guidelines on interpretation

4 Clarification of definitions

5 Control Indicators

6 Proforma reply form for intermediate adjustment