

**Report by the Chair of TREF, Mr B. Dormy,
to the Finance Committee on 16 December 2015**

TREF has met twice since my last report to the Finance Committee in June, on 13 October and 26 November. The main topic of both of these meetings was the 2015 Five-Yearly Review of Financial and Social Conditions. We had the pleasure of welcoming the President of Council, Professor Zalewska, and the President-Elect of Council, Professor De Jong, to both meetings. The Chair of the Finance Committee, Ms Jamieson, and the Director-Designate for Finance and Human Resources, Dr Steinacher, both attended the November meeting. We also welcomed new delegates: Dr Bologna and Professor Dosselli for Italy, Dr Rokx for the Netherlands, Mr Drewniak for Poland, and Professor Pardal for Portugal.

At the October meeting, the Management presented its preliminary proposals for the five-yearly review and, in a wide-ranging discussion, TREF delegates requested a number of clarifications and provided their initial reactions to the measures put forward, expressing their broad agreement with the proposals.

TREF also heard a report at this meeting on the provisional figures for the personnel component of the Cost-Variation Index and took note of the proposal to apply 0% indexation to basic salaries and stipends for the fifth consecutive year, with a residual memory to be carried forward to future years of minus 1.0%, which has since been revised to minus 1.1%. Similarly, since the subsistence allowances and family benefits index is based on the Geneva cost-of-living movement, it is proposed to apply an index of 0% to subsistence allowances and family benefits, leaving a residual memory for future years of -1.2%.

At the November meeting, the President of the Staff Association reported on the Staff Council's deliberations regarding the Management's preliminary proposals and on the subsequent *concertation* process, which had resulted in a request for arbitration by the Director-General on a number of issues. Following the arbitration process, in which the majority of the Staff Association's requests were accommodated to some degree, the Staff Council had agreed not to oppose the Management's proposals.

TREF examined and discussed the document setting out the final, fine-tuned version of the Management's proposals, alongside a further document detailing the modifications to the Staff Rules and Regulations required for their implementation.

The proposals are tabled at today's meeting in document CERN/FC/5956 and can be summarised as follows:

- Firstly, basic salaries for staff, stipends for fellows and subsistence allowances for associated members of the personnel all to be maintained at their current levels.
- Secondly, the introduction of a new career structure with the aim of:
 - simplifying and rationalising the salary structure;
 - recognising merit in a more sustainable manner through the use of a combination of recurrent and non-recurrent financial awards based on a percentage amount of the grade midpoint rather than fixed steps;
 - clarifying the promotion process by separating it from the advancement process;
 - placing greater emphasis on the long-term development of staff.
- And finally, a number of diversity-related measures, namely:
 - full recognition of registered partnerships, giving personnel in registered partnerships the same benefits as those currently granted to married couples;

- enhancements to maternity, paternity and parental leave, and the introduction of a streamlined procedure for the option of part-time work following the birth or adoption of a child;
- new measures to support dual-career couples, such as an induction programme aimed at spouses and partners;
- enhancements to the saved leave and teleworking schemes and the introduction of a provision allowing members of the personnel to donate leave days to their colleagues under well-defined compassionate conditions.

As a consequence of the arbitration decision on the proposed new salary structure, the Management decided to add an additional proposal just before TREF's November meeting, namely a modification of the conditions for the award of the international indemnity. TREF welcomed this measure as it would allow the Organization to diversify its recruitment pool for jobs in the lower salary grades, by attracting more applications from outside the local area.

TREF was informed that the expense of implementing the diversity-related elements of the proposals would be more than offset by the cost containment generated by the new career structure. In fact, over the 10 years following its implementation, the package of measures as a whole would generate cost containment of the order of 30 MCHF for the personnel budget. Furthermore, the impact of the package on the funding ratio of the CERN Pension Fund was projected to be close to neutral, according to a study carried out by the Fund's consulting actuary.

Following further discussions on the details of the proposals, the 14 Member States represented at the TREF meeting in November reached a consensus in support of the package of measures put forward by the Management although one delegation indicated that it could not commit to its final vote at the Finance Committee and the Council. A number of delegations emphasised the importance of monitoring the effectiveness of the proposals following their implementation, in terms of both the cost impact and the impact on the specific recruitment and retention difficulties identified earlier in the five-yearly review process. The Management agreed to report to TREF on the effect of the proposals as part of the annual personnel statistics report and regular reports on diversity. The impact of the proposals on the Pension Fund and the CHIS would be monitored via the usual actuarial reviews and dashboards.

At its first meeting of 2016, scheduled for 4 March, TREF will discuss the procedure for the five-yearly review as outlined in Annex A1 of the Staff Rules. TREF will meet at least twice more in 2016 to discuss regular standing items.

Finally, at TREF's November meeting, we bade farewell to three ex-officio participants: Professor Zalewska, the outgoing President of Council, who has attended every TREF meeting during her term of office; Mr Lettow, the outgoing Director for Administration and General Infrastructure; and Dr Goossens, the outgoing President of the Staff Association, who are both due to retire from CERN in the near future. TREF thanked all three for their valuable contributions and wished them well in their future endeavours.