



## Summary record

The 23rd meeting of the ILO Forum was held on **Tuesday, 21 March 2023**.

Industrial Liaison Officers: Mr J. Visser (Netherlands, **Chair**), Ms E. Getsova and Dr B. Vachev (Bulgaria), Mr S. Marijan (Croatia), Mr J. Spunda (Czech Republic), Mr H. Bak Jeppesen (Denmark), Mr R. Aare (Estonia), Mr N. Berton (France), Dr A. Basters and Dr F. Haug (Germany), Mr N. Manthos (Greece), Mr S. Sarkar (India), Mr M. Morandin and Mr M. Onozi (Italy), Mr A. Jelinskas (Lithuania), Mr O.-P. Nordahl (Norway), Ms S. Wójtowicz (Poland), Mr J. Antão (Portugal), Mr G. Popeneciu (Romania), Ms A. Raičević (Serbia), Mr L. Vargovčík (Slovakia), Mr S. Tuma (Slovenia), Mr L. Monreal and Mr M. Moreno Ballesteros (Spain), Dr F. Engelmark (Sweden), Mr M. Hübner (Switzerland), Mr H. Kiziltoprak and Mr E. Savaş (Türkiye), Mr H. Alabaster, Mr R. Farrow and Mr A. Silverman (United Kingdom)

CERN officials:

Ms L. Bellini-Devictor (IPT-PI-AG), Mr E. Cennini (CERP3), Mr C. Hartley (IPT Department Head), Mr J. Pierlot (IPT-PI-AT), Ms A. Rayson (IPT-PI), Mr A. Unnervik (former IPT-PI Group Leader), Ms S. Waller (DG-TMC, summary record)

Item	Summary
	<u>The meeting was called to order at 2.00 p.m.</u>
1.	<u>Adoption of the agenda</u> The agenda <sup>1</sup> was adopted.
2.	<u>Approval of the summary record</u> The summary record of the 22nd meeting of the ILO Forum, held on 27 September 2022 (document CERN/ILF/22/draft), was approved.
3.	<u>Report on procurement (organisation, procurement statistics, etc.)</u> A. Unnervik presented a report on procurement for the period 1 January–31 December 2022, outlining CERN's efforts to handle the volatility of raw material and electricity prices and the shortage of integrated circuits, to improve standardisation and to pursue limited tendering. He described progress with civil engineering, high-luminosity and industrial services contracts, the industry events organised and the procurement expenditure trends, as well as explaining the breakdown of the 254 MCHF spent on supplies and the statistics on the well balanced, poorly balanced and very poorly balanced Member States as at 1 March 2023 and compared to the previous four years. During the ensuing discussion, the following additional points were made: <ul style="list-style-type: none"><li>• While the introduction of the “very poorly balanced” category has proven successful in improving the industrial return situation of some Member States, the distribution of contracts among the Member States is ultimately a zero-sum game and it has often been the poorly balanced countries, rather than the well-balanced ones, that have lost out on contracts. The ILO Forum should give more thought to mechanisms that could help to improve the balancing act while keeping costs under control (O.-P. Nordahl).</li><li>• Until now, CERN has set up targeted working groups to address individual countries' industrial and human resources return issues. However, the Organization is now considering a more holistic approach involving all stakeholders, based on the realisation that every country has a different view of what combination of industrial contracts, staff contracts, training for young people, institutional collaborations and so on constitutes a “good return” (C. Hartley).</li></ul>

<sup>1</sup> The agenda and all presentations are available on Indico at <https://indico.cern.ch/event/1252349/>

- The 34% of invitations to tender that are still pending for the High-Luminosity LHC, as indicated on slide 11, refers to the total number (rather than the financial value) of contracts still to be awarded (A. Unnervik, in reply to R. Farrow).
- Efforts to change CERN's approach to addressing industrial and other types of return will require human resources in the procurement service, which is indeed under increasing pressure, especially as a result of the loss of the "green paper" limited-duration positions that were introduced for specific projects (C. Hartley, in reply to R. Farrow).
- Although CERN's first bid for a power purchase agreement (PPA) for renewable electricity with EDF was unsuccessful, discussions are in progress with both EDF and other suppliers with a view to putting a PPA in place from 2026. CERN is interested in electricity suppliers in any Member State that are licensed to sell electricity on the French grid (A. Unnervik and C. Hartley, in reply to J. Antão).
- Rather than continuing to make small adjustments to the return mechanisms, it would be advisable to look at the issue in a more systemic way and to consider whether some of the long-standing practices need to be overhauled. For instance, it does not make sense to list the Associate Member States in the same table as the Member States (slide 19) because they are subject to different constraints. In addition, the industrial return values should be calculated based only on contracts for which competition is a real possibility, otherwise the numbers will appear worse than they are in reality. The ILOs should be actively involved in any process set up to review and overhaul the procurement mechanisms (M. Morandin).
- The scope of the return calculations will indeed be discussed with the Member and Associate Member State representatives, including the ILOs. In doing so, however, it is important not to alter the terms of the industrial return KPI and the 2025 target simply to put a more positive spin on the statistics (C. Hartley).
- CERN is already involved in the RI.Logistica conference, which brings together research infrastructures, suppliers and governmental authorities to discuss critical logistics for research facilities and laboratories, but the platform is currently focused more on logistics than on the joint sourcing of raw materials. The head of CERN procurement also participates in EIROforum discussions with his counterparts in the other major European research organisations with a view to harmonising and simplifying procurement procedures and thereby reducing prices. The Big Science Business Forum (BSBF) is also an opportunity for the organisations' technical staff to work on simplifying their specifications for the same purpose. So far, however, it has not proven possible to engage in joint procurement with other research organisations (A. Unnervik, in reply to M. Hübner).

The ILO Forum took note of the presentation by A. Unnervik and of the additional points made during the discussion.

4. Ideas about possible changes in procedures (limited tendering, BVFM for supplies, ceilings for approvals, etc.)

A. Unnervik presented some ideas concerning proposed revisions of the Procurement Rules on which the procurement service wished to seek the ILOs' initial reactions and thoughts, namely in relation to thresholds for Finance Committee approval, limited tendering, alignment, and best value for money (BVFM) for supplies.

During the ensuing discussion, the following additional points were made:

- All the thresholds are up for discussion, including the current threshold of 50 000 CHF for notifying the ILOs of price enquiries. The aim is to strike the right balance between giving the ILOs visibility and not bombarding them with information that is not relevant for them and increases their workload unnecessarily. The same reasoning applies to the thresholds for adjudications that are presented to the Finance Committee (A. Unnervik and C. Hartley, in reply to H. Alabaster).
- The current threshold of 50 000 CHF for notifying the ILOs of price enquiries should be kept, as it offers the ILOs the appropriate level of insight into forthcoming procurements. The proposals to double the thresholds for approvals, extend the use of limited tendering to very poorly and poorly balanced Member States and introduce an alignment mechanism between very poorly and poorly balanced Member States are all good ones. Extended limited tendering is preferable to alignment because it is a simpler mechanism,

and the decision about when to use it should be left to the judgement of the procurement service. BVFM has the potential for misuse and should only therefore be used in cases where objective parameters can be measured and justified (O.-P. Nordahl).

- The proposed revisions of the Procurement Rules are at a very early stage. The ILOs are expected to indicate whether the proposals are worth pursuing and will be invited to continue providing input in the coming weeks. Proposals that do not require fundamental changes to the Procurement Rules could be presented to the Finance Committee in June, while those regarding approval thresholds would be submitted in September and are likely to trigger some in-depth discussion (A. Unnervik and C. Hartley, in reply to H. Kiziltoprak).
- The proposal to introduce an alignment mechanism between very poorly and poorly balanced Member States, allowing the former to align on the latter's prices, is overly complicated and not worthwhile. In such cases, it would make more sense to extend the limited tendering mechanism to countries with an industrial return of under 0.5 or 0.6, for example, provided that enough countries fall into that category to make the tendering process competitive (J. Antão).
- IPT should continue to develop these proposals in close dialogue with the ILOs over the next three to six months. In that way, when the proposals are presented to the Finance Committee, the Member and Associate Member State delegates will already be informed and on board (R. Farrow).
- IPT would be in favour of providing all the contract adjudication documents to the Finance Committee for information and limiting its presentations at the meetings to the adjudications on which there are questions or objections, but such a move is likely to be met with resistance by the Committee. According to the procurement service, doubling the threshold for orders that teams can make themselves from 1000 to 2000 CHF would have a more significant impact on its workload than changing the system for presenting the contract adjudications to the Finance Committee (C. Hartley, in reply to R. Farrow).
- Before making any decisions, it would be useful to have a quantitative evaluation of how the proposed revisions of the Procurement Rules would free up IPT resources. More details are required on the proposal to use an alignment mechanism for BVFM, which has been ruled out in the past because it was excessively complicated (M. Morandin).

The ILO Forum took note of the presentation by A. Unnervik and of the additional points made during the discussion and endorsed the proposal to continue working on the proposed revisions of the Procurement Rules, as set out in the presentation.

L. Bellini-Devictor then presented a specific tendering proposal for architectural and consultancy services for Building 140, which was based on the lessons learned from the selection process for the architectural design of Building 777, namely to limit the number of firms invited to submit a bid to eight, with a compensation fee for the bidders ranked from second to sixth place.

During the ensuing discussion, the following additional points were made:

- If the number of firms that are invited to bid is limited to eight, it is important that all eight firms submit a bid. Awarding a compensation fee to *all* the firms that do not win the bid is more likely to achieve that outcome (A. Silverman).
- Indeed, the risk with the proposed approach is that some bidders will pull out and competition will be too low. However, CERN is forced for financial reasons to introduce a cap on the number of bidders that will receive a compensation fee (L. Bellini-Devictor).
- Although the total compensation amount is small compared to the value of the construction contract in such cases, it is not always easy to get internal clients to accept such an additional fee. The procurement service does not generally have a say in such budget discussions. Such large-scale projects with an architectural component are not common at CERN (L. Bellini-Devictor, in reply to R. Farrow).
- When the invitation to tender for Building 777 was issued, CERN had initially planned to offer a decreasing compensation fee according to the bidders' ranking. However, a market consultation revealed that standard practice is to offer all the unsuccessful bidders that are eligible for a compensation fee the same amount (L. Bellini-Devictor, in reply to F. Haug)
- The proposed approach to tendering for architectural and consultancy services for Building 140 is appropriate. CERN may wish to consider weighting the selection criteria

to favour joint bids submitted by a company from a well-balanced Member State working with a company from a poorly or very poorly balanced Member State (M. Morandin).

The ILO Forum took note of the presentation by L. Bellini-Devictor and of the additional points made during the discussion.

5. Revision of General Conditions of Contracts

A. Rayson presented the revised General Conditions of CERN Contracts and the revised General Conditions of CERN Invitations to Tender, summarising the process that had been followed, explaining the purpose of the revisions and providing details of the changes that had been made. The revised documents would be presented to the Finance Committee and the Council for approval later in the week and would apply to all orders and contracts placed as from the planned date of their publication in April.

The ILO Forum took note of the presentation by A. Rayson.

6. Thematic industry events@CERN: organisation, activities

L. Bellini-Devictor made a presentation recalling the general principles and objectives underpinning the transition from national to thematic industry events, summarising the feedback received from the ILOs on the draft 2023–2024 programme of events, outlining possibilities for smaller bilateral meetings and online market survey information sessions, and providing details of the plans for the Civil Engineering Business Forum in May 2024 and a potential green technology event at CERN in May 2024.

During the ensuing discussion, the following additional points were made:

- In the informal ILO meeting earlier in the day, the ILOs reached the general conclusion that the possibility of holding more, smaller events alongside the larger thematic events offered companies in as many countries as possible an annual opportunity to feel connected to CERN. Regarding the Civil Engineering Business Forum, they queried the reasoning behind holding two separate sessions, one in English and one in French, and how it would be possible to connect local and non-local companies with such a configuration. They also stressed the importance of making clear that the Forum's session on outreach to non-local suppliers would address the architectural and consultancy aspects of civil engineering contracts (Chair).
- The morning session of the Civil Engineering Business Forum, in French, will be focused on small-scale contracts for which the procurement service has noticed a lack of competition. They are more interesting for local companies and generally not of sufficient value to attract non-local contractors. This session will therefore be given in French for practical reasons. The afternoon session will focus on larger-scale projects with greater potential to attract non-local contractors and will therefore be given in English (L. Bellini-Devictor).
- Putting the two sessions on the same day runs the risk of confusing the potential target audiences, who will think that the afternoon session is simply a re-run of the morning but in English. From the communications perspective, it would be better to organise two separate events and to issue two separate invitations (A. Silverman, supported by M. Hübner).
- One of the reasons for holding the two sessions on the same day is to enable non-local companies to connect with local companies that could become their subcontractors (A. Unnervik).
- Small contracts do not require transnational partnerships. Potential new French-speaking contractors for these specific contracts do not therefore need to interact with non-local contractors. Local contractors with the right profile for the larger-scale projects could then be invited to CERN for a second time to attend the international event (M. Hübner).
- It would suffice to hold the sessions on consecutive days, adding a half-day brokerage session to bring local and non-local companies together as an explicit part of the programme (A. Silverman).
- The Civil Engineering Business Forum will focus on construction only, excluding the consultancy aspects, as CERN's objective is to broaden the community of companies working in this area. Member States that want to improve their industrial return coefficient must work in this category, which accounts for some 95 MCHF of the more than 200 MCHF that CERN spends on supply contracts (C. Hartley).

- Experience has shown that many potential new companies are put off by the prospect of travelling to CERN and/or attending a multi-day event. The procurement service has therefore taken the decision to keep the Civil Engineering Business Forum relatively short and to hold it in hybrid format. The idea is to “hook” companies, which may subsequently wish to follow up with an in-person visit and dedicated bilateral meeting. It would be interesting to hear what the ILOs from other non-local countries whose companies have a history of bidding for construction contracts think of this approach (L. Bellini-Devictor).
- Some Portuguese construction companies already operate in France and Switzerland and would thus be primary targets for this event. Some other companies with the right profile are likely to attend remotely (J. Antão).
- CERN may wish to involve the ILOs in the process of gathering feedback from companies about the difficulties they face in attending in-person events. These issues could then be explicitly addressed in such business forums, perhaps with a presentation from a company that has managed to overcome the difficulties. Promoting collaboration between companies from different countries has proven difficult in the past and is unlikely to happen unless some kind of incentive is built into the tendering process (M. Morandin).
- It is difficult to get companies from northern Europe involved in construction contracts at CERN because of the problems with sending personnel to carry out such work. Consultancy service contracts are more likely to attract northern European companies but the linguistic and regulatory factors are still a significant hurdle. A potential area for northern European involvement in civil engineering projects at CERN is the delivery of high-quality building materials, provided that the architects or technical staff specify such materials in the invitations to tender. Rather than inviting these specialised suppliers to industry events at CERN, it may be preferable to send the architects or technical staff to the existing major national fairs where these companies show off their products (O.-P. Nordahl).
- Most of the interested Polish companies are likely to attend the Civil Engineering Business Forum remotely (S. Wójtowicz).
- Transfer of technological know-how from a non-local company to a local company is problematic when it comes to constructing traditional buildings. Pre-fabricated buildings offer more possibilities for German companies to get involved in construction projects at CERN (F. Haug).
- Some of CERN's existing large construction contractors will be present at the Civil Engineering Business Forum and have expressed an interest in connecting with potential new suppliers (L. Bellini-Devictor, in reply to J. Antão).
- The ILOs will continue to work with the procurement service to consider how best to incorporate some of the aspects that were appreciated about the national industry events into the new thematic events, without putting undue strain on the service (Chair).
- The procurement service is open to such discussions, but it is important to bear in mind that the total number of industry events organised per year should ideally remain below the number held under the previous system (C. Hartley).

The ILO Forum took note of the presentation by L. Bellini Devictor and of the additional points made during the discussion.

7. Experience from the E-ELT Instruments Day 2022

M. Hübner presented a report on the European Southern Observatory's Extremely Large Telescope (E-ELT) Information Day for industry, which had taken place in Geneva on 7 April 2022, covering the project's procurement model and the event's funding, logistical organisation, objectives, programme, challenges and outcomes.

In reply to a request from M. Morandin, M. Hübner said that he would share the results of the event's KPI-based evaluation questionnaire with the ILOs.

The ILO Forum took note of the presentation by M. Hübner.

8. Update on the Sustainable Procurement project

E. Cennini gave an update on CERN's Environmentally Responsible Procurement Policy project (CERP3), recalling the project's timeline, objectives and deliverables in the context of ISO 20400:2017 (sustainable procurement), reporting on the status of the draft policy document,

which had been updated following input from the ILOs and was currently with the CERN department heads for endorsement prior to submission to the Enlarged Directorate for approval, and outlining plans for the supplier engagement programme.

The Chair said that the next step would be to send the ILOs the list of companies in their countries that were registered in the CERN database and had been identified as major carbon dioxide emitters and/or as having weaker sustainability practices in general, which would then be targeted for information and training sessions.

In reply to a question from M. Morandin, E. Cennini said that CERN would be interested to know to what extent the companies identified were aware of their carbon dioxide emissions. An assessment of their sustainability maturity would be entered in the sustainability rating platform. The purpose of the exercise was to help them improve their awareness and practices so that they would continue to be eligible for future CERN tenders, which would start to include some environmental criteria in the medium term.

The ILO Forum took note of the presentation by E. Cennini and of the additional information provided during the discussion.

9. Presentation of upcoming industrial opportunities

J. Pierlot presented 18 upcoming tenders for the Accelerators and Technology sector, in each case describing the components required, outlining the estimated cost range and the timeline for the market survey and the invitation to tender, and indicating the relevant contact person.

The ILO Forum took note of the presentation by J. Pierlot.

10. Improving industrial return, an ILO perspective

R. Farrow made a presentation describing the role and structure of the ILO team within the national funding agency UK Research and Innovation, offering a historical perspective on the UK's industrial return experience with CERN, and outlining developments and achievements since 2020, future plans and a wider perspective on industrial return to CERN's Member States.

The ILO Forum took note of the presentation by R. Farrow.

11. ILO Forum Chair (for 2024–2025)

A. Unnervik reminded the ILO Forum of the procedure and timeline for the appointment of its Chair and Vice-Chair, whose current terms of office ran from March 2022 to March 2024.

The ILO Forum unanimously agreed to re-elect J. Visser as ILO Forum Chair and H. Kiziltoprak as ILO Forum Vice-Chair for further two-year terms of office starting in March 2024.

12. Other business, conclusion

The Chair thanked A. Unnervik, who was attending the ILO Forum for the last time before taking up a new position at CERN, for his professionalism and hard work and for his spirit of collaboration with the ILO Forum during his tenure as head of the Procurement and Industrial Services group.

The meeting rose at 6.00 p.m.