

ORGANISATION EUROPEENNE POUR LA RECHERCHE NUCLEAIRE  
**CERN** EUROPEAN ORGANIZATION FOR NUCLEAR RESEARCH

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Action to be taken

Voting Procedure

For recommendation	<b>FINANCE COMMITTEE</b> 336 <sup>th</sup> Meeting <b>22 June 2011</b>	2/3 Majority of all the Member States and at least 51% of the contributions of all the Member States
For approval	<b>COUNCIL</b> 159 <sup>th</sup> Session <b>23 and 24 June 2011</b>	2/3 Majority of all the Member States

**PROPOSED AMENDMENTS TO THE STAFF RULES  
RELATED TO THE PERIODIC REVIEWS OF THE  
FINANCIAL AND SOCIAL CONDITIONS  
OF MEMBERS OF THE PERSONNEL (ANNEX A1)**

The Finance Committee is invited to recommend and the Council is invited to approve the amendments to Annex A1 of the Staff Rules annexed hereto, thereby finalizing the 2010 five-yearly review.



## **I. Introduction**

At its Session in June 2007, the Council adopted a new method for the five-yearly general review of financial and social conditions at CERN, aimed at simplifying the processes, rationalizing the use of internal resources and ensuring compliance with the general principles of international administrative law and the ILOAT jurisprudence. This method, laid down in Annex A1 to the Staff Rules and Regulations, was first applied in the 2010 five-yearly review.

The possibility of reviewing the method is foreseen by Annex A1, which states that *“In the framework of the five-yearly review, the Council may also decide to review any of the procedures defined hereinafter for application at subsequent reviews”*.

At the TREF meeting in May 2009, at the request of the Member State Delegations, it was agreed that the contents of Annex A1 of the Staff Rules governing future annual and five-yearly salary reviews as of 2011, would be revisited towards the end of the 2010 five-yearly review if necessary, based on the experience gained during that review (CERN/TREF/351).

Accordingly, in June 2009, the Council decided that, in addition to basic salaries for staff members, stipends for fellows, subsistence allowances for associated members of the personnel and the CERN Health Insurance Scheme (CHIS), the review methods laid down in Annex A1 would be reviewed, should the need arise after assessment at the end of the 2010 five-yearly review.

At the TREF meeting of 25 November 2010, the Chairman invited Member State Delegations desiring a review of Annex A1 to submit their specific suggestions to the Management, in order to prepare for a discussion at the first meeting of TREF in 2011 (CERN/TREF/368).

Thereafter, in March 2011, TREF further discussed the matter, based on:

- suggestions submitted by the Dutch, British and Italian Delegations;
- an explanatory note by Management on the *“Establishment and revision of employment conditions: General framework and its application to CERN”* (CERN/TREF/370); and,
- an oral presentation by the Staff Association.

In consequence, the Management conceptualized modifications to the five-yearly review method. Following their submission to the Standing Concertation Committee, a favourable consensus was reached at the TREF meeting in May 2011.

This document sets out the Management’s proposal for the corresponding modifications to Annex A1 of the CERN Staff Rules as well as a change to its application.

## **II. Proposals by the Management for modifications to the five-yearly review method**

### **1. *Amendments to the text of Annex A1***

The proposals consist of:

- a. a reference to the concept of affordability by which Council, when making its decision on financial and employment conditions, may take due account of the Organization's budgetary situation; and,
- b. inclusion of the report on recruitment and retention as a formal element of the procedure. The Management considers that this report provides valuable indications of the ability of the Organization to offer financial and social conditions allowing it to recruit and retain the staff members required for the execution of its mission from all its Member States, as referred to in Articles S II 1.03 and S II 1.04 of the Staff Rules.

### **2. *Modification to the application of Annex A1***

In addition, the Management considers that there is scope for improvement of the review process by allowing increased opportunity for Member State Delegations at TREF to discuss, comment and express their views. It thus envisages modifications to the work programme of the Forum in future reviews to allow more time for debate. TREF unanimously approved this approach.

In sum, these proposals abide by the general principles of international administrative law and:

- permit appropriate consideration of the budgetary situation of the Organization;
- take due account of the Organization's ability to recruit and retain staff of the highest competence; and,
- enhance transparency and dialogue.

## **III. Conclusion**

The Finance Committee is invited to recommend and the Council is invited to approve the amendments to Annex A1 of the Staff Rules annexed hereto, thereby finalizing the 2010 five-yearly review.

Current text (p. 62)

<b><i>RULES</i></b>
<b>Annex A 1 - page 1</b>
1 July 2007
<b><i>Applicable to:</i></b> Ts-Fb-MPA

**Periodic reviews of the financial and social  
conditions of members of the personnel**  
(Article S V 1.02)

In accordance with Article S V 1.02, the periodic reviews of the financial and social conditions of members of the personnel consist of a five-yearly general review of financial and social conditions (hereinafter "the five-yearly review") and an annual review of basic salaries, stipends, subsistence allowances and family benefits (hereinafter "the annual review").

In the framework of the five-yearly review, the Council may also decide to review any of the procedures defined hereinafter for application at subsequent reviews.

**I. FIVE-YEARLY REVIEWS**

**A. Staff members and fellows**

**1. Staff members**

**a. Purpose**

1. The purpose of the five-yearly review is to ensure that the financial and social conditions offered by the Organization allow it to recruit and retain the staff members required for the execution of its mission from all its Member States. In accordance with Article S II 1.03, these staff members must be of the highest competence and integrity.
2. The five-yearly review must include basic salaries and may include any other financial or social conditions.

**b. Procedure**

*i. Starting the procedure*

3. The Director-General shall submit to the Council:
  - a) for information and discussion, a document identifying the Organization's main recruitment markets (e.g., industry, national laboratories, intergovernmental organizations, as the case may be) for staff members in career paths AA to B and for staff members in career paths C to G respectively;
  - b) for decision, a proposal identifying the financial and social conditions to be reviewed.

*ii. Data collection*

- 4.1 Data on salaries shall be collected from employers that recruit from the markets identified in the document mentioned in paragraph 3 a) above.
  - a) For career paths AA to B, these shall be the employers established in the local region of the Organization that offer salaries that are among the most competitive.
  - b) For career paths C to G, these shall be the employers established in the Member States that offer the most competitive salaries according to the data collected from the Organisation for Economic Cooperation and Development (OECD) or, where not available from the latter from any other official source.
- 4.2 For all career paths, data on the other financial and social conditions to be examined are collected from the intergovernmental organisations that offer financial and social conditions that are among the most competitive, e.g. ESA, the United Nations, the European Union, as the case may be.

*iii. Comparison*

5. The financial and social conditions of staff members shall be compared with the data collected from the relevant employers identified in paragraphs 4.1 and 4.2.

**Proposed text (p. 62)**

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<b>1 January 2012</b>
<i>Applicable to:</i> Ts-Fb-MPA

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In the framework of the five-yearly review, the Council may also decide to review any of the procedures defined hereinafter for application at subsequent reviews.

**I. FIVE-YEARLY REVIEWS**

**A. Staff members and fellows**

**1. Staff members**

**a. Purpose**

1. The purpose of the five-yearly review is to ensure that the financial and social conditions offered by the Organization allow it to recruit and retain the staff members required for the execution of its mission from all its Member States. In accordance with Article S II 1.03, these staff members must be of the highest competence and integrity.
2. The five-yearly review must include basic salaries and may include any other financial or social conditions.

**b. Procedure**

*i. Starting the procedure*

3. The Director-General shall submit to the Council:
  - a) for information and discussion, a document identifying the Organization's main recruitment markets (e.g., industry, national laboratories, intergovernmental organizations, as the case may be) for staff members in career paths AA to B and for staff members in career paths C to G respectively;
  - b) for information and discussion, a report analysing the recruitment and retention of staff members;**
  - c) for decision, a proposal identifying the financial and social conditions to be reviewed.

*ii. Data collection*

- 4.1 Data on salaries shall be collected from employers that recruit from the markets identified in the document mentioned in paragraph 3 a) above.
  - a) For career paths AA to B, these shall be the employers established in the local region of the Organization that offer salaries that are among the most competitive.
  - b) For career paths C to G, these shall be the employers established in the Member States that offer the most competitive salaries according to the data collected from the Organisation for Economic Cooperation and Development (OECD) or, where not available from the latter from any other official source.
- 4.2 For all career paths, data on the other financial and social conditions to be examined are collected from the intergovernmental organisations that offer financial and social conditions that are among the most competitive, e.g. ESA, the United Nations, the European Union, as the case may be.

*iii. Comparison*

5. The financial and social conditions of staff members shall be compared with the data collected from the relevant employers identified in paragraphs 4.1 and 4.2.

Current text (p. 63)

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***iv. Proposals and decision***

6. The results of the comparison constitute a guide for the Director-General to use in making his proposals, and for the Council in taking its decision relating to any adjustment of the financial and social conditions of staff members.

**2. Fellows**

**a. Purpose**

7. The purpose of the five-yearly review is to ensure that the financial and social conditions offered to fellows remain attractive compared to those in comparable research institutions.
8. The five-yearly review must include stipends and may include any other financial or social conditions.

**b. Procedure**

***i. Starting the procedure***

9. The Director-General shall submit to the Council:
- a) for information and discussion, a document identifying the research institutions from which data will be collected;
  - b) for decision, a proposal identifying the financial and social conditions to be reviewed.

***ii. Data collection and comparison***

10. The financial and social conditions of fellows shall be compared with the data collected from the research institutions identified in the document mentioned in paragraph 9 a) above.

***iii. Proposals and decision***

11. The results of the comparison shall constitute a guide for the Director-General to use in making his proposals, and for the Council in taking its decision relating to any adjustment of the financial and social conditions of fellows.

**B. Associated members of the personnel**

**1. Purpose**

12. The purpose of the five-yearly review is to ensure that the financial and social conditions offered by the Organization to associated members of the personnel allow it to host them in its research facilities, taking into account the highest cost-of-living level in the local region of the Organization.
13. The five-yearly review must include subsistence allowances and may include any other financial or social conditions.

**2. Procedure**

**a. Starting the procedure**

14. The Director-General shall submit to the Council for decision a proposal identifying the financial and social conditions to be reviewed.

**b. Proposals and decision**

15. Taking into account the purpose set out in paragraph 12 above, the Director-General shall propose and the Council shall decide upon any adjustment of the financial and social conditions of associated members of the personnel.

**Proposed text (p. 63)**

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*iv. Proposals and decision*

6. The results of the comparison constitute a guide for the Director-General to use in making his proposals, and for the Council in taking its decision relating to any adjustment of the financial and social conditions of staff members. **In taking its decision, the Council may take into account all relevant objective criteria related to the proper functioning of the Organization, including its budgetary situation.**

**2. Fellows**

**a. Purpose**

7. The purpose of the five-yearly review is to ensure that the financial and social conditions offered to fellows remain attractive compared to those in comparable research institutions.
8. The five-yearly review must include stipends and may include any other financial or social conditions.

**b. Procedure**

*i. Starting the procedure*

9. The Director-General shall submit to the Council:
- a) for information and discussion, a document identifying the research institutions from which data will be collected;
  - b) for decision, a proposal identifying the financial and social conditions to be reviewed.

*ii. Data collection and comparison*

10. The financial and social conditions of fellows shall be compared with the data collected from the research institutions identified in the document mentioned in paragraph 9 a) above.

*iii. Proposals and decision*

11. The results of the comparison shall constitute a guide for the Director-General to use in making his proposals, and for the Council in taking its decision relating to any adjustment of the financial and social conditions of fellows.

**B. Associated members of the personnel**

**1. Purpose**

12. The purpose of the five-yearly review is to ensure that the financial and social conditions offered by the Organization to associated members of the personnel allow it to host them in its research facilities, taking into account the highest cost-of-living level in the local region of the Organization.
13. The five-yearly review must include subsistence allowances and may include any other financial or social conditions.

**2. Procedure**

**a. Starting the procedure**

14. The Director-General shall submit to the Council for decision a proposal identifying the financial and social conditions to be reviewed.

**b. Proposals and decision**

15. Taking into account the purpose set out in paragraph 12 above, the Director-General shall propose and the Council shall decide upon any adjustment of the financial and social conditions of associated members of the personnel.

Current text (p. 64)

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1 July 2007
<b><i>Applicable to:</i></b> Ts-Fb-MPA

## II. ANNUAL REVIEWS

### A. Annual review of basic salaries and stipends

#### 1. Purpose

16. The purpose of this annual review is to protect basic salaries and stipends from the erosion of purchasing power resulting from any increase in the cost of living (as described in paragraph 18).

#### 2. Procedure

##### a. Principle

17. Basic salaries and stipends shall be reviewed using the basic salary and stipend index, the composition and method of calculation of which are detailed below.

##### b. Calculation of the basic salary and stipend index

18. The basic salary and stipend index shall consist of the following two components:

##### a) First component

The Geneva cost-of-living movement for a twelve-month period from August of the year preceding the current year to August of the current year (according to the data supplied by the Statistical Office of the Canton of Geneva, taking the index for the month of August in the year preceding the current year as base 100).

##### b) Second component

The average movements of the real net salaries of the civil servants:

- of the Swiss Federal Public Service, and
- of the Member States whose regular contribution in the current year is more than 2% of the Organization's Budget, for a twelve-month period from June of the year preceding the current year to June of the current year (according to the data supplied by the Statistical Office of the European Communities – EUROSTAT - taking the index for June of the year preceding the current year as base 100).

Half of the second component shall consist of the data concerning Switzerland and the other half shall consist of the data for the other Member States, determined using the above criterion, weighted according to the distribution of those Member States' nationals among the Organization's personnel (according to the personnel statistics at 31 December of the year preceding the current year).

19. The basic salary and stipend index shall be calculated on the basis of the data collected for the two components specified above using the following formula:

$$I = \frac{Gva * [CH + \sum_{n=1}^p a_n * s_n]}{100}$$

- I** Basic salary and stipend index
- Gva** Geneva cost-of-living movement (August-August)
- CH** Average movement of real net salaries of the civil servants of the Swiss Federal Public Service (June-June)
- a<sub>n</sub>** Weighting for Member State n
- s<sub>n</sub>** Average movement of real net salaries of civil servants in the Civil Service of Member State n (June-June)
- p** Number of Member States determined using the criterion set out in paragraph 18b)

Proposed text (p. 64) – no change

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**II. ANNUAL REVIEWS**

**A. Annual review of basic salaries and stipends**

**1. Purpose**

16. The purpose of this annual review is to protect basic salaries and stipends from the erosion of purchasing power resulting from any increase in the cost of living (as described in paragraph 18).

**2. Procedure**

**a. Principle**

17. Basic salaries and stipends shall be reviewed using the basic salary and stipend index, the composition and method of calculation of which are detailed below.

**b. Calculation of the basic salary and stipend index**

18. The basic salary and stipend index shall consist of the following two components:

a) First component

The Geneva cost-of-living movement for a twelve-month period from August of the year preceding the current year to August of the current year (according to the data supplied by the Statistical Office of the Canton of Geneva, taking the index for the month of August in the year preceding the current year as base 100).

b) Second component

The average movements of the real net salaries of the civil servants:

- of the Swiss Federal Public Service, and
- of the Member States whose regular contribution in the current year is more than 2% of the Organization's Budget, for a twelve-month period from June of the year preceding the current year to June of the current year (according to the data supplied by the Statistical Office of the European Communities – EUROSTAT - taking the index for June of the year preceding the current year as base 100).

Half of the second component shall consist of the data concerning Switzerland and the other half shall consist of the data for the other Member States, determined using the above criterion, weighted according to the distribution of those Member States' nationals among the Organization's personnel (according to the personnel statistics at 31 December of the year preceding the current year).

19. The basic salary and stipend index shall be calculated on the basis of the data collected for the two components specified above using the following formula:

$$I = \frac{Gva * [CH + \sum_{n=1}^p a_n * s_n]}{100}$$

- I** Basic salary and stipend index  
**Gva** Geneva cost-of-living movement (August-August)  
**CH** Average movement of real net salaries of the civil servants of the Swiss Federal Public Service (June-June)  
**a<sub>n</sub>** Weighting for Member State n  
**s<sub>n</sub>** Average movement of real net salaries of civil servants in the Civil Service of Member State n (June-June)  
**p** Number of Member States determined using the criterion set out in paragraph 18b)

Current text (p. 65)

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**c. Proposals and decision**

20. The basic salary and stipend index calculated according to the method indicated above shall constitute a guide for the Director-General to use in making his proposals, and for the Council in taking its decision on any annual adjustment of basic salaries and stipends, for entry into force on 1 January of the following year.

**B. Annual review of subsistence allowances and family benefits****1. Purpose**

21. The purpose of this annual review is to protect subsistence allowances and family benefits (as defined in Chapter IV, Section 1) from any erosion of purchasing power resulting from the increase in the cost of living.

**2. Procedure****a. Principle**

22. The annual review of subsistence allowances and family benefits shall be performed using the Geneva cost-of-living movement calculated in accordance with paragraph 18 a) above.

**b. Proposals and decision**

23. The Geneva cost-of-living movement calculated in accordance with paragraph 18 a) above shall constitute a guide for the Director-General to use in making his proposals, and for the Council in taking its decision on any annual adjustment of subsistence allowances and family benefits.

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**Proposed text (p. 65) – no change**

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**c. Proposals and decision**

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**B. Annual review of subsistence allowances and family benefits**

**1. Purpose**

21. The purpose of this annual review is to protect subsistence allowances and family benefits (as defined in Chapter IV, Section 1) from any erosion of purchasing power resulting from the increase in the cost of living.

**2. Procedure**

**a. Principle**

22. The annual review of subsistence allowances and family benefits shall be performed using the Geneva cost-of-living movement calculated in accordance with paragraph 18 a) above.

**b. Proposals and decision**

23. The Geneva cost-of-living movement calculated in accordance with paragraph 18 a) above shall constitute a guide for the Director-General to use in making his proposals, and for the Council in taking its decision on any annual adjustment of subsistence allowances and family benefits.

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