



Summary Record

The 25th meeting of the ILO Forum was held on **Tuesday, 19 March 2024**

Industrial Liaison Officers: Dr J. Visser (Netherlands, **Chair**), Mr P. Sagmeister (Austria), Ms V. Huppertz and Mr P. Vanoverloop (Belgium), Ms P. Bulkova (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 M. Morandin (Italy), Ms A. Pīka-Ozola (Latvia), Mr V. Urbis (Lithuania), Mr O.-P. Nordahl (Norway), Mr K. Mansoor Hassan (Pakistan), Ms S. Wójtowicz (Poland), Mr J. Antão (Portugal), Mr G. Popeneciu (Romania), Ms A. Raičević (Serbia), Mr S. Tuma (Slovenia), Mr L. Monreal, Mr M. Moreno Ballesteros and Mr R. Trigo Martínez (Spain), Dr F. Engelmark (Sweden), Mr M. Hübner (Switzerland), Mr H. Kiziltoprak (Türkiye), Mr R. Farrow and Mr A. Silverman (United Kingdom)

CERN officials:

Ms L. Bellini-Devictor (IPT-PI), Mr J. Davison (IPT-PI), Mr C. Hartley (IPT Department Head), Ms C. Lara (Head of IPT-PI), Ms V. Cox (DG-TMC, summary record)

Item	Summary
	<u>The meeting was called to order at 8.30 a.m.</u>
1.	<u>Adoption of the agenda</u> The agenda ¹ <u>was adopted</u> .
2.	<u>Approval of the summary record of the previous meeting</u> The summary record of the 24th meeting of the ILO Forum, held on 2 October 2023 (CERN/ILF/24/draft), <u>was approved</u> .
3.	<u>Procurement report</u> C. Lara presented the 2023 annual procurement report, covering the number of tendering procedures conducted and orders placed in 2023, examples of contracts that had been placed or finalised during the year, the evolution of annual expenditure from 2000 to 2023, the industrial return coefficients of the Member and Associate Member States for the period 1 March 2024 to 28 February 2025 and some lessons drawn from the two thematic events that had been held at CERN in 2023. More detailed statistics were available in the online version of the report. During the ensuing discussion, the following points were made: <ul style="list-style-type: none">• For the time being, ILOs will have to continue to use the remote desktop option to view the detailed procurement reports when they are not on the CERN site owing to the computer security measures implemented by the IT department (C. Lara, in reply to R. Farrow).

¹ The agenda and all presentations are available on Indico at <https://indico.cern.ch/event/1374509/>

- Until now, donations have been included in the calculation of the industrial return coefficient, but this will not be the case in the future. CERN's procedures for handling donations are in the process of being clarified – notably through the proposed policy for fundraising from private donors for scientific activities at CERN – and the Procurement service will adhere to the procedures that are ultimately established (C. Lara and C. Hartley, in reply to M. Morandin).
- The return coefficient for supply contracts is the coefficient that is generally quoted in documents monitoring the evolution of the balance of return between Member States as this is the area that lends itself most to improvement. The overall return coefficient, which also includes services and utilities, was introduced relatively recently and is quoted less frequently. The three return coefficients – namely, the industrial return coefficient for supply contracts, the industrial return coefficient for industrial service contracts (known as the return coefficient for service contracts in the current rules) and the overall return coefficient – will be clarified in the updated Procurement Rules (C. Lara, in reply to R. Farrow).
- The thematic industry events are very much appreciated as they provide an opportunity for new companies to find out about CERN, while enabling those already working with the Laboratory to keep abreast of its activities in their field. Nevertheless, they place a significant burden on the procurement and technical teams involved. It would therefore be helpful to organise lightweight information meetings lasting two to three hours to provide companies with details of forthcoming needs at CERN; such briefings could be held yearly, alongside the thematic events, for important domains such as electronics and vacuum technology (O.-P. Nordahl).
- CERN groups are, in fact, eager to take part in thematic industry events, since, unlike the previous national events, they are focused on specific forthcoming needs of the Laboratory. In addition to the thematic events, the ILOs are always welcome to invite prospective companies or companies that have already worked with CERN to visit the Laboratory and the Procurement service can help in the organisation of such visits (L. Bellini-Devictor).
- Civil engineering contracts tend to be awarded mainly to companies in the same three countries: France, Switzerland and Italy. The thematic events could help to address such cases by offering an opportunity to collect information on the obstacles faced by companies interested in participating in CERN tenders so that CERN can address them (M. Morandin).
- While it is true that those three countries tend to win most of the construction contracts, the same cannot be said for the consultancy contracts, as exemplified by the case of Building 777, which was designed by a Danish company (C. Lara).
- Over the last 18 months, resources have been reallocated within the IPT department in order to open up new positions in the procurement team. In some cases, for procurement activities that are not strictly within the core business of the Organization, such as purchasing for non-recognised experiments, the service also receives additional internal and/or external support. Nevertheless, the service has lost 15–20% of its workforce over

the last two years despite facing an increase in the number of tendering procedures. Having performed a detailed analysis of changes in its workload over the last ten years and taking into account future procurement needs and past and future spending profiles, the Procurement service is requesting funding for three additional procurement officers and one administrative assistant in the context of the 2025–2029 Medium-Term Plan that is in preparation. However, given the number of competing requests and the pressure to contain the cumulative budget deficit, there is no guarantee that this funding will be granted (C. Hartley and C. Lara, in reply to M. Morandin).

- The increased workload is driven by a number of factors, including preparations for the third long shutdown (LS3), the upgrades of ATLAS and CMS, new projects, such as DUNE, the end of the cooperation with the Russian Federation, which has required work to be insourced, and the management of CERN’s electricity requirements (C. Lara, in reply to R. Farrow).
- It is vital that the Procurement service is adequately staffed in order to meet the needs of all stakeholders, ideally without being obliged to introduce an internal charging system. In general, the other departments are very cooperative and make the necessary human resources available to ensure that their respective tendering procedures are successfully completed. One of the aims of the review of the Procurement Rules has been to clarify the conditions applicable to procurement for projects that are funded wholly or partially by external funds, notably in the case of non-recognised experiments, and the service’s responsibilities in this respect. (C. Hartley and C. Lara, in reply to R. Farrow).

The ILO Forum took note of the presentation by C. Lara and of the points made during the discussion.

4. Procurement Rules (final presentation)

C. Lara presented the proposed changes to the Procurement Rules, explaining the process that had been followed, the risk analysis that had been performed and the objectives of the update, and setting out in detail the proposed changes with regard to the thresholds for the different tendering procedures, the limited tendering mechanism, the best-value-for-money (BVFM) adjudication of contracts for supplies in addition to services and the rules regarding requirements funded wholly or partially by external funds.

During the ensuing discussion, the following points were made:

Objectives of the proposed update

- One of the stated goals of the revision of the Procurement Rules should be to present CERN as an attractive client in order to encourage companies to engage with CERN and help to develop the next generation of technologies (R. Farrow).

Definition of supplies, services and return coefficients

- The definitions of supplies and services are not clear and need to be improved before the document is submitted to the Finance Committee (M. Morandin, O.-P. Nordahl, R. Farrow and H. Kiziltoprak).
- The terms “services” and “supplies” are not defined in the current Procurement Rules. According to the proposed amendment, supplies would be defined as goods, equipment and materials, and services would

be defined as all services and works. The table on slide 7 is somewhat misleading, so it will be modified to reflect the fact that services can be further divided into three categories: civil engineering work, industrial services and all other services (C. Lara).

- The civil engineering work category comprises both civil engineering design and civil engineering work (C. Lara, in reply to J. Visser).
- According to the proposed amendment, services performed on the CERN site for a multi-year period would be known as “industrial services” in order to differentiate them from other services. There would, therefore, be one return coefficient for supplies, which would also cover some services, as has always been the case, and one return coefficient for industrial services, for which the definition is the same as that of the current return coefficient for service contracts. The definition could, however, be rephrased to make it clearer (C. Lara, in reply to J. Visser and J. Antão).
- Civil engineering work could be a separate category altogether, especially since a large part of the CERN Budget will be allocated to it in the near future (O.-P. Nordahl).
- While it is true that civil engineering is dominated by companies in the Host States, companies in other Member States are consistently being awarded contracts in this area. Including civil engineering in the return coefficient for industrial services would be a significant change that would perhaps fall beyond the scope of this update. Nonetheless, if CERN were to embark on a project like the Future Circular Collider (FCC), which would require extensive civil engineering work, it would be necessary to decide how such work should be categorised and whether indeed a third category covering work that is by definition carried out in the local area should be created (C. Hartley).

Currency

- As is the case today, the amounts of all bids will continue to be converted into Swiss francs on the closing date of the tender, to allow them to be compared. This provision allows companies to bid in the currency of their choice – which is not standard practice across organisations – with CERN effectively bearing the exchange rate risk (C. Lara and C. Hartley, in reply to J. Visser).

Thresholds

- In the current rules, the thresholds can only be modified by a Council decision. The proposed amendment would enable the Procurement service to periodically update the thresholds to take changes in the rate of inflation into account. Higher thresholds would also reduce the number of market surveys that need to be carried out, thus lightening the load for bidding companies and CERN technical departments alike (C. Hartley and C. Lara, in reply to R. Farrow).

Participation in a tendering procedure, country of origin and status of bids

- Companies that fail to submit a bid after having replied to a market survey are asked to indicate why they chose not to participate, and the Procurement service keeps a record of the reasons given. The ILOs may also be able to support the Procurement team in this effort by asking the companies they targeted why they chose not to bid, since companies may not be completely open in their feedback to CERN if they believe it could compromise their future chances of success. A study is under way to

determine the reasons behind the significant overall decrease in participation, particularly since the COVID-19 pandemic, and the results will be reported to the ILO Forum in October (C. Lara and C. Hartley, in reply to J. Antão).

- The rationale behind the ceiling applied to Associate Member States, whereby their return is capped at the level of their annual contribution to the CERN Budget, is to encourage these countries to consider full membership (C. Lara and C. Hartley, in reply to R. Farrow).
- In the case of parallel invitations to tender, the specific percentage difference to be tolerated between the results of the limited and open tendering procedures will be set out in the Guidelines for Limited Tendering, which will be available on the webpage of the Procurement and Industrial Services group and can, if necessary, be updated more often than the Procurement Rules since they are a separate document (C. Lara and J. Visser, in reply to R. Farrow).
- The Procurement service has sought to work closely and transparently with the ILOs throughout the process of updating the Procurement Rules – as evidenced by the five rounds of discussions that have been held so far – and the team remains available to address any remaining concerns the ILOs may have. In this connection, the Procurement service is open to discussing within the ILO Forum the key principles of future updates to the guidelines for the various procurement procedures and could perhaps organise a special training session for the ILOs on that subject following the approval and introduction of the updated Rules (C. Lara and C. Hartley, in reply to M. Morandin).
- The ILOs will continue to be free to raise any concerns they may have regarding a given procedure within the ILO Forum or at the Finance Committee. Moreover, the Internal Audit service carries out regular checks of the Procurement service's procedures to ensure that they are in line with the prevailing rules (C. Hartley, in reply to R. Farrow).

Procurement rules for requirements funded wholly or partially by external funds

- There may be cases where an external party wishes to make substantial funding available for a non-recognised experiment on the condition, for example, that contracts are awarded to companies in its own country; to cater for such cases, the text could be amended to state that the rules with regard to external funds will apply unless otherwise agreed (M. Morandin).
- The Procurement service notes the suggestion but will need to seek advice from the Legal Service before taking it further (C. Hartley).
- The inclusion of such a provision could potentially create a loophole enabling European funding agencies to use the CERN Procurement Rules in order to bypass EU procurement law (J. Antão).
- Such exceptional situations are addressed in section 22.1 of the updated Procurement Rules, where it is stated that if there is any uncertainty as to the basis for CERN's involvement in a procurement activity, the matter is to be referred to the Director-General (C. Lara).
- Although funding falling under case B does not involve Member State contributions, the ILOs may still choose to be involved (J. Visser, in reply to R. Farrow).

The ILO Forum took note of the presentation by C. Lara and of the points made during the discussion.

Following a discussion about the appropriate way to follow up the ILOs' outstanding concerns regarding the proposed modifications to the Procurement Rules, it was agreed that a session would be held online on the afternoon of Tuesday 8 April and that an alternative date would be offered for those not available on that day. It was further agreed that the ILOs should submit their comments to the Procurement service by midday on 4 April in order to give the team time to prepare its replies.

5. Considerations on holistic view of return

It was agreed to postpone the discussion to the next meeting, owing to lack of time.

6. Environmentally responsible procurement policy implementation

L. Bellini-Devictor gave a presentation on CERN's Environmentally Responsible Procurement Policy project, providing details of CERN's scope 3 emissions and CO₂ emissions per procurement family, and outlining the project's objectives and the planned implementation schedule.

During the ensuing discussion, the following points were made:

- CERN should be congratulated on its implementation thus far of environmentally responsible procurement practices, which is by no means a straightforward exercise. Successful examples include Building 777, the Préveessin Data Centre and the CO₂-based cooling systems of the ATLAS and CMS detectors. Going forward, it would be desirable to prioritise the areas where the Organization has the most chances of making a positive impact, such as ensuring that buildings are properly insulated and the recovery of waste heat from the experiments (O.-P. Nordahl).
- The Procurement service is currently focusing on the three procurement families that generate the highest CO₂ emissions. It is too early to set objectives for the reduction of emissions; however, a series of pilot projects is under way in order to determine what could feasibly be achieved. It is important that CERN continue to monitor legislation in this area, which is rapidly evolving, both at the EU and the national government levels. (L. Bellini-Devictor, in reply to M. Morandin).
- The Procurement service is still in the early stages of defining the environmental certification requirements applicable to companies participating in CERN tenders. As was the case with the CERN data privacy policy, which is partly based on EU legislation, a pragmatic solution will be developed, taking into account legislation in the Host States and the Member and Associate Member States (C. Hartley).

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

7. Future needs

J. Davison presented 13 upcoming tenders, in each case indicating the components that would be required, the estimated cost range, the timeline for the market survey and the invitation to tender and the relevant contact person.

During the ensuing discussion, the following points were made:

- It might be appropriate for CERN to contact Fusion for Energy to help it find companies able to meet its beryllium machining requirements as it has experience in this area (J. Antão).
- The suggestion is noted, although it is likely that the teams concerned are already in touch with that organisation (J. Davison).
- The supply of normal-conducting electromagnets, yokes and coils will be split into several tenders and price enquiries based on one common market survey (J. Davison, in reply to M. Morandin).
- The possibility of seeking one company for the full set of requirements was considered but ultimately rejected by the technical teams concerned (C. Hartley).

The ILO Forum took note of the presentation by J. Davison and of the points made during the discussion.

8. ILO feedback

It was agreed to postpone the presentation to the next meeting, owing to lack of time.

9. Other business, conclusion

L. Bellini-Devictor presented a proposal to update the guidelines for the use of the CERN Supplier logo, in order to make the process clearer for suppliers, as well as details of the programme of industry outreach events for 2024.

The following points were made during the ensuing discussion:

- Suppliers are authorised to use only the CERN Supplier logo and not CERN's own logo, the use of which is much more restricted. Any party wishing to use the CERN name or any CERN logo must obtain permission to do so by completing the relevant request form (L. Bellini-Devictor and C. Lara, in reply to M. Morandin).
- One of the main factors motivating companies to work with CERN is the possibility of using the CERN Supplier logo (P. Sagmeister, supported by S. Wójtowicz).
- It is important to strike the right balance protecting CERN's image and encouraging companies to be proud of working with CERN (C. Hartley).
- On the CERN supplier portal, the "CERN supplier" column relates to companies that have been awarded a CERN contract at any point in the past, not to those that are authorised to use the CERN Supplier logo (C. Lara, in reply to J. Antão).
- The Procurement service is currently working on a new platform for market surveys, which will enable companies to retrieve the details they provided in previous market survey questionnaires rather than having to enter the same information again (C. Lara, in reply to O.-P. Nordahl).

There being no other business, the Chair thanked all the ILOs for their participation, noting that he remained confident that it would be possible to address their comments on the proposed changes to the Procurement Rules in time to submit the document to the Finance Committee for approval in June.

The meeting rose at 12.40 p.m.