

Report from the CERN Finance Committee Chair

Report from 361st meeting held on 27th September 2017

- The status of payments of contributions at 27th Sep 2017 is good: 99% of the 2017 contributions of the Member and Associate Member States had been received to date, compared with 97% at the same point in 2016 and 85% in 2015;
- The Cash Position will remain at a level where, according to the current cash forecast, no short-term loans would be required in 2017.
- With respect the Cumulative Budget Deficit the period during which the deficit would exceed the level of the Organization's annual cash-management capabilities had been reduced from eight to seven years in the Medium-Term Plan approved in June. No drawdown on the EIB credit facility should be required in 2018.
- The overall Cost Variation Index for 2018 is estimated to be 0,13 %. The final indices will be submitted to the Council in December.

- The CERN Pension Fund's year-to-date performance had stood at 3.48% at the end of August, resulting in an increase in the Net Asset Value to 4.16 BCHF, and that the Management Unit would continue to implement a cautious investment policy given the risk of rising interest rates, geopolitical risks and indications of potential market over-exuberance.
- The Council Working Group on the Governance of the Pension Fund had completed a comprehensive review of the Fund's Rules.
- FC took note of the report of the ILO Chair, on the issues discussed at the ILO Forum's meeting on 26 September 2017.

- Altogether 17 contract adjudications were approved.
 - The Finance Committee took note of the statement advocating further review of the rules governing the award of best-value-for-money contracts
- FC approved the increased estimated amounts and time extensions for specific service contracts:
 - revised estimated amount of expenses relating to service contracts in 2017 amounting to 159.45 MCHF at 2017 prices, compared to the previously anticipated amount of 139.99 MCHF at 2016 prices;
 - the estimated amount of expenses relating to service contracts in 2018 amounted to 148.90 MCHF at 2017 prices.

Report from 362nd meeting held on 13th December 2017

All Member States represented.

Status of Payments

- 99.2% of the current year's contributions had been received to date, compared with 98% and 93% at the same point in 2016 and 2015 respectively;
- Romanian, Slovakian and Serbian delegations informed about their intentions to settle their 2017 contributions;

Cash Position

- According to the current cash forecast, no short-term loans would be required at the end of the year or the start of 2018.
- FC congratulated the Management on its successful cash management during the year.

Cumulative Budget Deficit

The Finance Committee took note of the report on the recent trend and future outlook for the cumulative budget deficit (CBD).

Cost Variation Index

Finance Committee unanimously decided to recommend that the Council approve:

- a basic salary and stipend index of 0.39% and a subsistence allowances and family benefits index of 0%, bringing the overall cost-variation index for the personnel budget to 0.35%, including the applicable indexation for home leave of 1.03.%;
- a materials budget cost-variation index of 0.19%;
- an overall cost-variation index of 0.27%.

Member States' contributions for 2018 would be indexed by the overall cost-variation index of 0.27%, in line with the “corridor principle” set out in document CERN/FC/5644.

Final Budget 2018

Finance Committee took note of the final Budget for 2018 expressed in 2018 prices

the cumulative budget deficit had been reduced by 36 MCHF compared to the estimate included in the 2017 Medium-Term Plan.

TREF

The Finance Committee took note of the report by the Chair of the Tripartite Employment Conditions Forum (TREF) on the issues discussed at TREF's meeting on 12 October.

Staff Regulations

Finance Committee approved the proposed amendment to Article r ii 2.08 of the staff regulations on merit recognition with respect to periods of leave for professional reasons. Staff Association supports the proposal.

CERN Pension Fund

Report by the Chief Executive Officer of the Pension Fund:

- 2017 macro and market environment and the outlook for 2018,
- the evolution of the Fund's expected risk compared to the risk limit,
- the progression of the monthly returns, the cumulative return compared to the objective and the net asset value since 2012;
- the 2018 Strategic Asset Allocation approved by the PFGB at its November 2017 meeting.

The Pension Fund's consulting actuary:

On the evolution of the funding position, assets and liabilities of the Fund from 1 January 2016 until 1 July 2017, highlighted changes according to the best-estimate assumptions are the following:

0.2 percentage-point improvement in the funding ratio from 73.0% to 73.2%; increase in the liabilities from 5.60 BCHF to 5.63 BCHF, 0.09 BCHF higher than expected, as a result of the additional accrual of benefits, the interest cost and the membership experience over the period;

increase in the value of the assets from 4.09 BCHF to 4.12 BCHF, 0.07 BCHF lower than expected;

reduction in the projected funding status as at 1 January 2041 from 113.6% to 110.4%

LHC Matters

Finance Committee congratulated the Management and all the teams involved in the successful LHC machine, experiment and computing activities in 2017.

Contract Adjudications

Finance Committee approved 28 Contract Adjudications amounting to 91,9 Mill.CHF.

In 2017 Finance Committee has approved altogether 72 Contract Adjudications totaling 267,3 Mill.CHF.