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25 July 2017

**RECORD**  
JCB-R(2017)0002

**NATO JOINT CONSULTATIVE BOARD**

**Summary record of a meeting held at NATO Headquarters on Thursday 29 June  
2017 at 10 a.m.**

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## **OPENING REMARKS**

The Board noted the introductory statement by the A/Chairman (Mr. John Stokes, Head EM-HR(PSC)) welcoming participants to the second meeting of the Joint Consultative Board (JCB) this year and in particular Mr. Erik Wolf (Staff Association NETMA) and Mrs. Noelle Ottignon (NSPA, observer); due to unforeseen circumstances, ASG EM was not in NATO HQ; he underlined that the JCB had been contacted in advance; in accordance with the JCB terms of reference, the Secretariat contacted the Director Logistics and Resources Division IMS; in his/her absence, the meeting was chaired by him in his capacity as A/DASG EM-HR.

The Board noted the further statement by the A/Chairman informing that copies of the latest amendments to the Civilian Personnel Regulations had not been distributed in paper version to NATO Bodies; pending further investigation and corrective action to be taken, the CPRs remained available on NATO's internet website; with regard to the B and C grade salary scale in Hungary, he encouraged NSPA to initiate a letter to ASG EM requesting an extension of the special allowance for B and C grade scales in Hungary as the current provisions were in force until 31 December 2017; in this context, noted that Mr. Frank Pedersen (NSPA) had already undertaken action on this issue.

The Board noted the statement by Mr. Helmut Hassink (Vice-Chairman CNCSC) thanking the members of the Advisory Panel on Administration for allowing the Staff Representatives for the first time in twenty years to provide views within that forum on the review of the complaints and appeals process; further noted the statement of the CNCSC on the Chairmanship of the JCB (see Annex 1);

The Board noted the statement by Mr. Hessel Rutten (CNRCSA) echoing the views of the CNCSC on the Chairmanship of the JCB and encouraging the Secretariat to de-conflict the scheduling of the JCB meetings with that of the Ministerial meetings to the extent possible.

### **I. APPROVAL OF THE AGENDA**

Document: JCB-A(2017)0002-REV1

1. The Board:
  - 1.1 noted the comments by the A/Chairman and Ms. Floricica Olteanu (HR Officer, EM-HR(PSC)), in response the request by Mr. Helmut Hassink (CNCSC):
    - the document on the medical arbitration deadlines (JCB-WP(2017)0001) was currently under discussion with the Head of Insurances and the Office of the Legal Adviser;

- the Strategic Commanders approved the JCB's recommendation on the tele-working policy – the document was currently in the staffing process with the Secretary General;
- with regard to the salary scale for Luxembourg, two strands of work had been identified: 1) continue the discussion on the context of the single salary spine and 2) place the item on the programme of work of the Coordinating Committee on Remuneration (CCR) in 2018 in the context of the revision of the remuneration adjustment method; in this context, noted the remark by Mr. Frank Pedersen (NSPA ) that NSPA was currently staffing a document for the General Manager's consideration to be forwarded to ASG EM outlining the difficulties in recruitment and retention due to the remuneration package in comparison with the cost of living in Luxembourg.

1.2 approved the agenda JCB-A(2017)0002-REV1.

## **II. APPROVAL OF THE SUMMARY RECORD**

Document: JCB-R(2017)0001

2. The Board:

2.1 approved the summary record of the meeting which took place on 31 March 2017.

## **III. FOLLOW-UP ACTIONS**

Reference: Annex 2 to JCB-R(2017)0001

### **3.1 REVIEW OF THE DEFINED CONTRIBUTION PENSION SCHEME (DCPS)**

References: PO(2015)0174

Break of silence by Belgium, letter dated 2 April 2015

3.1.1 The BOARD:

3.1.1.1 noted the statement by Mr. Axel Reichl (Head Pensions) recalling the background to the review of the DCPS which started in January 2015 and updating the Board on the outcome of the informal strategic meetings of the ASG EM and DASG EM-HR with several Nations at Deputy level (one Nation could support the DCPS review subject to the abolition of the tax adjustment; the abolition of the tax adjustment was a priority for at least one other Nation; several Nations had requested detailed information on the contractual status and grade distribution of staff affiliated to the DCPS; etc.); he further highlighted that on 27 April 2017, the DCPS Management Board tasked the Pension Unit to set up a working group with the aim of:

- implementing a series of recommendations which did not require approval by Nations (i.e. improvements to the switch process, to the investment strategy

and to the DCPS website; implementation of a default investment option and change of the initial investment option in place for newcomers);

- identifying options concerning the return of the EUR 6 million (for the period 2012-2015) and future return of overpayments on the basis of the profit shared since 1 January 2017;
- ensuring that the DCPS risk insurance contract would be amended in such a way that member holdings would no longer be transferred to the insurer in case of death, but that subject to confirmation from OLA, such a provision would not require any change to Article 13 of the DCPS rules;
- re-activating the proposals to change the CPRs to allow passive membership for all affiliates (ref. Article 4 of Annex VI, PO(2015)0174);
- introducing more flexibility to allow recognition of service in the case of staff transfers between the Coordinated Organizations.

3.1.1.2 had an exchange of views on the DCPS review and noted the following points made in discussion:

- there was general appreciation on the opportunity to renew examination of the introduction of a third pension scheme in NATO in line with the approach adopted by the Council of Europe;
- Mr. Helmut Hassink (CNCSC) and Mr. Carlos Suarez (CNCSC) reiterated that improvements were needed to the basic DCPS package in line with the list of items discussed at the level of the DCPS Management Board; further underlining that changes in the UK pension scheme did not comply with the conditions of recognition of the pensions scheme in NATO (Coordinated Pension Scheme and DCPS) with regard to the pension age and payment of pension rights in cash.

3.1.1.3 noted the statement by Mr. Neil McMullan (ACT) commending the Pensions Unit for the work undertaken on the DCPS review as well as the input provided by the Staff Representatives at the level of the DCPS Management Board; he further encouraged progress to be made with Nations in the deliberations on the DCPS PLUS and expressed interest in a third pension scheme supported by statistical data on the evolution of the workforce and the implications for the right to opt for annuity payments in the context of the current vesting period;

3.1.1.4 noted the additional clarification provided by the Head of Pension Unit regarding the transfer agreements on pensions with Nations and a possible future work with ISRP and Polish authorities on a transfer agreement with Poland; drawing attention that the third pension scheme in the Council of Europe abolished the tax adjustment mechanism;

3.1.1.5 noted the concluding remarks by the Chairman that work will continue with Nations and at the level of the DCPS Management Board; in addition, NATO IS will produce a non-paper exploring the idea of a third pension scheme.

## **3.2 JCB WG ON COMPLAINTS AND APPEALS**

### **3.2.1 The BOARD:**

3.2.1.1 noted the statement by the A/Chairman in his capacity as Chairman of the JCB WG on Complaints and Appeals informing that the WG convened on 26 June 2017 and held discussions on the 2016 legitimacy index; considering that the input provided by the CNCSC's Representatives at the Advisory Panel meeting the previous day (ref. JCB-WP(2016)0008) had been useful;

3.2.1.2 noted the statement by Mr. Hessel Rutten (CNRCSA) drawing attention to the lengthy considerations by the Administration and the long delays in finalising this item; encouraging the Administration to expedite decision-making, reiterating the CNRCSA's concerns on the lack of a two-tier judicial system and questioning the added value of the current complaints and appeals system for the retirees as it only applied to work or employment conditions; further recalling that the next meeting of the JCB WG on complaints and appeals should take place before the summer break;

3.2.1.3 noted the views by the A/Chairman, echoed by Mr. Neil McMullan (ACT), underscoring that the Administration needed to reach agreement on streamlining the pre-litigation process into one mandatory phase, and to align its position before coming to the JCB WG; he aimed to schedule the next meeting of the JCB WG on complaints and appeals end of July subject to availability of the participants.

3.2.1.4 noted the views by Mr. Christophe Picot (NCI Agency) expressing optimism that the Administration would reach a common position despite the diversity of NATO bodies; highlighting the importance of encouraging the dialogue and of respecting the CPRs in order to pro-actively solve cases; noting that implementing instructions might be used to address various needs of NATO Bodies with respect to the number of phases in the pre-litigation process;

3.2.1.5 noted the additional clarification provided by the A/Chairman in response to the question from Mr. Carlos Suarez (CNCSC) that two papers would be tabled for the discussion at the forthcoming JCB WG on complaints and appeals (paper from Administration and JCB-WP(2016)0008); further noted the request by the CNCSC that the paper by the Administration should be available at least one week before the meeting in order to allow the CNCSC to ensure consultation with their members.

## **3.3 JCB WG ON MEDICAL INSURANCE ISSUES**

### **3.3.1 The BOARD:**

3.3.1.1 noted the statement by the A/Chairman in his capacity as Chairman of the JCB WG on Medical Insurance Issues informing that the WG convened on 27 June 2017; in this context, NATO IS would develop a programme of work focused on the prioritisation of the following activities subject to available resources:

- Financing (in view of the ageing NATO population);
- Preventive actions and information aimed at staff;
- ‘Supplement B in Germany’ (only participants in the NWS with last ‘duty station in Germany and the Netherlands, but excluding NETMA’);
- Medical expenses in the United States.

3.3.1.2 noted the views by Mr. Carlos Suarez (CNCSC) and Mr. Helmut Hassink (CNCSC) that the JCB WG on medical insurance matters provided useful information on the cost drivers and in particular on the ‘Supplement B in Germany’; outlining that the CNCSC would continue work on the harmonisation of supplementary insurance; expressing appreciation on the results of the cost containment measures; in this context, further noted the observation by Mr. Lon Raets (CNCSC) that the RMCF Supervisory Committee would meet in September and that its Chairman would report to the Budget Committee in October 2017.

#### **IV. PROGRESS UPDATES ON THE:**

##### **4.1 ADDENDUM TO THE 244<sup>TH</sup> CCR REPORT – MODERATION CLAUSE**

4.1.1 The BOARD:

4.1.1.1 noted the introductory statement by the A/Chairman that on 14 June 2017, the CCR, CRSG and CRP reached a compromise agreement in principle on the moderation clause; the mechanism aimed to prevent what appeared to some Nations as ‘inappropriate pay awards’ and came on top of the affordability clause; the Addendum to the 244<sup>th</sup> CCR report respected the two pillars of the method (parallelism and the equivalence of purchasing power) and was considered a good achievement in current circumstances;

4.1.1.2 noted the views of Mr. Helmut Hassink (CNCSC) that CCR focused its discussion on the levels of remuneration rather than its evolution; underlining that CCR would start the discussions on the new remuneration adjustment in 2018 and that NATO needed compelling arguments to preserve the parameters of the current method (in particular the purchasing power parities) as well as evidence of recruitment and retention problems caused by the remuneration levels; suggesting that the data was translated into costs for the Organizations (recruitment, removals, training, etc.);

4.1.1.3 noted the statement by Mr. Steve Poet (ACO) that changes in the remuneration package in recent years (particularly those concerning the expatriation allowance) were seen as a major disincentive for staff to move from US; there was a constant concern as the remuneration had been continually revised downwards; the impact

of the changes was visible over time and should not be underestimated; the associated difficulties concerning the employment of spouses further reduced the attractiveness of the employment package offered by NATO;

- 4.1.1.4 noted the comments by Ms. Floricica Olteanu (NATO IS) that a large number of NATO bodies which employed around 70% of the NATO-wide civilian workforce reported difficulties in recruitment; common themes were a decline in the quality of applications, an increase in the number of candidates withdrawing their application or turning down offers of employment, difficulties to attract expatriates and a shortage of skilled applicants in technical areas;
- 4.1.1.5 noted the statement by Mr. Christophe Picot (NCI Agency) recalling that the remuneration package was a pillar of the NATO-wide HR strategy; recalling that NTAP (NATO Talent Acquisition Platform) could be used as a tool to gather some of the data concerning the breakdown of sources of recruitment, number of candidates withdrawing, number of posts re-advertised, etc.; highlighting that while recruitment and retention difficulties were attributed in particular to an uncompetitive salary package, other factors such as the contract policy should be factored in;
- 4.1.1.6 noted the statement by Mr. Neil McMullan (ACT) confirming that NATO bodies provided evidence on recruitment/retention difficulties; informing that he had briefed SACT on the recruitment and remuneration barriers faced by staff in US as well as on the associated difficulties concerning the employment of spouses; further informing that in the framework of the ACT's Human Capital initiative, ACT aimed to develop a paper focused on mobility;
- 4.1.1.7 noted the views by Mr. Marco Controtti (CNCSC) stressing the importance of other factors such as the contract policy, the implementation of the performance management, etc. in the attractiveness of the Organization and in particular focus in NCI Agency.
- 4.1.1.8 noted the concluding remarks by the A/Chairman that the text of the moderation clause will be finalized before September, and that all parties (CCR, CRSG, CRP) would have the possibility to comment on it; noting that with respect to the salary levels, measures for improvements could be proposed for consideration at CCR and NATO levels.

## **4.2 PENSIONS**

### **4.2.1 The BOARD:**

- 4.2.1.1 noted the introductory statement by the A/Chairman that in June 2017, the CCR participated in a workshop on pensions which addressed the pension reforms in the Coordinated Organizations, the benefits offered by the pension schemes, the adjustment of pensions, the financing of pension schemes, etc.; and staff retirement age as items for discussion on its work programme;



- 4.2.1.2 noted the comments by Mr. Hessel Rutten (CNRCSA) that no changes to the Coordinated Pension Scheme would be acceptable in line with the position expressed by AAPOCAD; recalling that concerns about the long term cost of the Coordinated Pension Scheme were a factor behind the decision to close the Coordinated Pension Scheme to new entrants and affiliate all new recruits to other pension schemes; stressing that Coordinated Pension Scheme was therefore seen by the CNRCSA as being frozen;
- 4.2.1.3 noted the concerns expressed by Mr. Helmut Hassink (CNCSC) on the lack of consistency in the positions adopted by Nations in different Coordinated Organizations concerning the unfunded liabilities of the Coordinated Pension Scheme for NATO staff;
- 4.2.1.4 noting the concluding remarks by the A/Chairman that while no further discussions took place in June, CCR would likely begin to focus on the review of the Coordinated Pension Scheme as from September.

### **4.3 SINGLE SALARY SPINE**

References: CCR/CRSG/CRP/WD(2017)12  
DPRC-N(2016)0100 (INV)  
DPRC-N(2016)0100-ADD1 (INV)  
PO(2016)0290  
Breaks of silence by Germany and Croatia

#### **4.3.1 The BOARD:**

- 4.3.1.1 noted the introductory statement by the A/Chairman recalling the background of the discussion on this item; informing that on 14 June 2017, the CCR reaffirmed support of NATO's continuous work on the single salary spine (SSS) endorsing NATO's proposal in the framework of a pilot project according to agreed principles within the existing structure for Coordination; work would continue at the level of the Deputies Committee to address the breaks of silence from Germany and Croatia;
- 4.3.1.2 noted the statement by Mr. Frank Pedersen (NSPA) expressing concern as to whether savings were realistic; recommending that the current anomalies and weaknesses in the remuneration structure be addressed by other means; reiterating that the cumulative effects of the various reforms (i.e. expatriation allowance, family-related allowances) were seen in time and reduced the competitiveness and attractiveness of the Organization;
- 4.3.1.3 noted the statement by Mr. Steve Poet (ACO) recalling that the establishment of an independent Manpower Audit Authority to provide validation and classification of posts in all NATO bodies was a requirement to permit the equitable comparison of posts across NATO; establishing this Audit Authority is a pre-requisite for the

Strategic Commanders; stressing the need that all civilian posts were graded at the appropriate level, based on a common set of underpinning criteria;

- 4.3.1.4 noted the views of Mr. Helmut Hassink (CNCSC) that at least one year would be needed to implement the new structure following Council's approval; informing of the expectations and impatience of staff in Hungary and Poland to apply the single salary spine scales in these locations; asking whether the single salary spine salary scales circulated under PO(2016)0693 could be translated in the A/B/C/L structure and applied, pending Council's approval of the single spine;
- 4.3.1.5 noted the comments by the A/Chairman recalling that in the framework of the NATO-wide HR Strategy, NSPA was, together with NATO IS, leading the project on the remuneration structure; further recalling that the proposal made in PO(2016)0290 represented a compromise agreement reached by the Administration and Staff;
- 4.3.1.6 noted the statement by Mr. Neil McMullan (ACT) and by Mr. Phil Turner (IMS/NMAs) reiterating the importance for the Military Commands of maintaining the link to the current grade system in the implementation of the single salary spine;
- 4.3.1.7 noted the concluding remarks by the A/Chairman that NATO IS would keep the JCB informed of the evolution of this file, and the intention to engage with DPRC in the fall; furthermore an additional bilateral meeting could take place with the Strategic Commands concerning the evolution of an independent validation system of posts.

## **V. REPORT OF THE JCB WG ON EUROPEAN/INTERNATIONAL SCHOOLS**

Document: JCB-WP(2016)0009-REV5

5. The BOARD:

- 5.1. noted the report at reference, introduced by Ms. Floricica Olteanu (NATO IS) and agreed the recommendations in paragraph 26 of the report;
- 5.2 noted the statement by Mr. Frank Pedersen (NSPA) that NSPA, in coordination with NATO IS, aimed to meet with the admission enrollment officer at European School in Luxembourg to address the current situation.

## **VI. ANY OTHER BUSINESS**

### **6.1 SECURITY CLEARANCES – TERMINATION OF EMPLOYMENT (ART. 3 OF THE CIVILIAN PERSONNEL REGULATIONS)**

Reference: JCB-R(2015)0003, item 6.2

6.1.1 The BOARD:

6.1.1.1 noted the statement by Mr. Carlos Suarez recalling the background to this issue on the basis of the document at reference, and informing that since 2015 evidence was available in one NATO body (NCI Agency);

**6.2 DAILY SUBSISTENCE ALLOWANCE**

6.2.1 The BOARD:

6.2.1.1 noted that in the case of the joint Civilian Staff Committee NCI Agency/ACO, staff representatives having a contract with NCIA did not obtain funding from NCIA; ACO would consider such costs.

6.2.1.2 noted that the CNCSC would inform Mr. Steve Poet (ACO) of the detailed situation.

**VII. DATE NEXT JCB MEETING**

7. The BOARD:

7.1 noted that the next meeting of the JCB was planned on 19 October 2017.

3 Annexes

Original: English  
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**Statement by the CNCSC on the Chairmanship of the JCB**

Mr. Acting Chairman,

At the opening of this June 2017 meeting of the Joint Consultative Board, the Confederation of NATO Civilian Staff Committees wishes to make the following statement.

It is with great concern that the Confederation has noted that the JCB will, once again, not be chaired by the officials appointed to do so in the JCB Terms Of Reference.

While the dynamics within the IS environment are liable to create challenges on rather short notice for these officials, it is worth remembering that the JCB provides the only CPR-recognized exchange platform for selected members of the NATO administrations, staff representatives and retirees.

This is especially important at this moment in time, when we have a number of important topics to discuss, such as the remuneration package, the single spine project, the social security system and last but not least the pensions systems. All these are likely to have a significant impact on active and retired staff.

Fine work is being performed by NATO representatives at various levels and in different forums fora to safeguard the interests of the Organization and its staff members.

It is therefore particularly unacceptable not to be given full opportunity to align all these various efforts within the platform specifically designed for this purpose.

A stern word of caution must therefore be addressed here and now: the staff representatives demand that the JCB be given its rightful priority and resources to execute its assigned mission.

An improved management of calendars and meetings must be achieved to avoid a reoccurrence of the present situation.

The Confederation seeks your full understanding in this matter and will address similar wording to the political leadership.

Thank you Mr. Acting Chairman

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ANNEX 2  
JCB-R(2017)0002

**Attendees:**

A/Chairman: Mr. John **STOKES**, International Staff

Administration: Mr. Phil **TURNER**, IMS/NMAs  
Mr. Steve **POET**, ACO  
Mr. Christophe **PICOT**, NCI Agency  
Mr. Frank **PEDERSEN**, NSPA  
Mr. Neil **MCMULLAN**, SACT

CNCSC: Mr. Helmut **HASSINK**, NSPA  
Mr. Carlos **SUAREZ GONZALEZ**, IS  
Mr. Patrick **FRANCIS**, SACT  
Mr. Lon **RAETS**, NAEW  
Mr. Marco **CONTROTTI**, SHAPE  
Mr. Erik **WOLF**, NETMA

CNRCSA: Mr. Oliver **GUIDETTI**  
Mr. Hessel **RUTTEN**

Secretariat: Ms. Floricica **OLTEANU**, International Staff

Observer: Mrs. Noelle **OTTIGNON**, NSPA

**FOLLOW-UP ACTIONS**

1. On the DCPS review, work will continue with Nations and at the level of the DCPS Management Board; in addition, NATO IS will produce a non-paper concerning the third pension scheme.
2. NATO IS will place two papers for the discussion at the forthcoming JCB WG on complaints and appeals (paper from Administration and JCB-WP(2016)0008).
3. NATO IS will prepare the report of the JCB WG on medical insurance matters; NATO IS will develop a programme of work focused on the prioritisation of the following activities subject to available resources:
  - Financing (in view of the ageing NATO population);
  - Preventive actions and information aimed at staff;
  - Supplement B in Germany;
  - Medical expenses in the United States.
4. The CNCSC will continue work on the harmonisation of supplementary insurance.
5. ISRP will finalize the text of the moderation clause before September, and all parties (CCR, CRSG, CRP) would have the possibility to comment on it.
6. NATO IS will inform the JCB of the evolution of the single salary spine project.
7. As appropriate, NSPA, will meet with the admission enrollment officer at European School in Luxembourg to address the current situation, in coordination with NATO IS.
8. The CNCSC will inform ACO of the detailed situation concerning the funding of the daily subsistence allowance for joint Civilian Staff Associations NCI Agency/ACO.

**From previous JCB meetings**

9. NATO IS will circulate the revised document defining deadlines for medical arbitration (JCB-WP(2017)0001-REV1), reflecting comments made, for approval under a silence procedure.