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Human resources management

Implementation of the new common system compensation package in the United Nations Secretariat

Note by the Secretary-General

I. Introduction

1. In his note dated 11 May 2016 ([A/70/896](#)), the Secretary-General informed the General Assembly that, after a careful review of the technical and operational requirements for implementing the new common system compensation package for staff in the Professional and higher categories and in the Field Service category, the Secretariat had concluded that it would not be able to implement some of the elements of the compensation package by the mandated dates approved by the Assembly.

2. In its resolution [70/244](#) on the United Nations Common System, the General Assembly decided that the changes to the common system compensation package for staff in the Professional and higher categories and in the Field Service category scheduled to come into force on 1 July 2016 included: (a) a new eligibility threshold for repatriation grant; (b) changes to relocation elements, including the discontinuation of the non-removal allowance, the introduction of the new settling-in grant in lieu of the assignment grant and changes to the relocation shipment options; and (c) changes to field allowances and benefits, including changes to the amounts of the hardship allowance, the replacement of the additional hardship allowance with a non-family service allowance, the introduction of the new mobility incentive in lieu of the mobility allowance and changes in eligibility for the accelerated home leave travel.

3. In the same resolution, the General Assembly also decided that the proposed unified base/floor salary scale structure should come into force on 1 January 2017 and that the changes to the education grant should come into force for the school year in progress on 1 January 2018.



4. The required amendments to the Staff Regulations, which were to be in place by 1 July 2016, have been approved by the General Assembly in its resolution [70/256](#). The provisional staff rules required by 1 July 2016 were promulgated by the Secretary-General. Those provisional staff rules, as well as additional amendments to the Staff Regulations and Rules required for 1 January 2017, were submitted by the Secretary-General in his report on amendments to the Staff Regulations and Rules ([A/71/258](#)), which has been submitted for consideration at the present session of the Assembly. Amendments required for implementing the changes that will take effect on 1 January 2018 will be submitted to the Assembly at its seventy-second session, in accordance with chapter XII of the Staff Regulations and Rules.

5. Overall, the Secretariat's policy framework is or will be ready to proceed with the implementation of all the changes by the dates mandated by the General Assembly.

6. On 1 July 2016, the Secretariat implemented the majority of elements of the new compensation package slated for phase one of the implementation schedule. However, based on testing requirements and the need for data clean-up, the Secretariat was not able to implement on time two of the elements that were due for implementation by 1 July 2016: (a) the introduction of the mobility incentive in lieu of the mobility allowance; and (b) the discontinuation of the non-removal allowance. These elements will be implemented on 1 November 2016 with retroactive effect. Affected staff members have been informed of the impending recovery or additional payment, as applicable.

7. Furthermore, the Secretary-General informed the General Assembly that, owing to the complexity in the computer coding required for the implementation of the new unified base/floor salary scale on 1 January 2017, the Secretariat would not be in a position to deploy the technical solution required to put that element into operation until 1 September 2017.

8. The remaining changes to the compensation package slated to come into effect on 1 January 2018 will be implemented for the school year in progress on 1 January 2018.

9. The delay in the implementation of some of the elements of the new compensation package is not attributable to the vendor in charge of making the required technical adjustments to the enterprise resource planning system, Umoja, but to the complexity in the computer coding of some of the elements of the compensation package, which will result in a delivery of the technical solutions by the vendor at such dates that there will not be sufficient lead time for the Secretariat to conduct all the required pre-deployment activities, including extensive technical testing of the new solution, by the mandated date.

10. It should be noted that the changes to a new unified salary scale and related dependency allowances due to take effect on 1 January 2017 will affect all internationally recruited staff in the Professional and higher categories and in the Field Service category, as well as most lines in the monthly payslips of those staff. The high risk of inaccuracies could result in increased legal and financial liabilities for the Organization. In order to mitigate that risk, it is imperative that the Secretariat implement the new compensation package with as few technical problems as possible.

11. Since the issuance of the note by the Secretary-General (A/70/896), the Secretariat has gathered additional inputs from the International Civil Service Commission and the United Nations Joint Staff Pension Board. In very close collaboration with the vendor, the Secretariat was able to identify an interim mitigation solution that would allow it to implement the unified base/floor salary scale on 1 January 2017, as mandated by the General Assembly, therefore obviating the need for any realignment of the implementation date. In addition, the interim mitigation solution would also minimize the variations in the staff members' monthly net pay between what they should receive and what they would actually receive during the delay period (from 1 January to 31 August 2017). As a result of this interim mitigating solution, recalculation would still be needed but with limited adjustment to the net pay of staff members, thereby reducing the risk of legal and financial liabilities and eliminating potential issues for the United Nations Joint Staff Pension Fund. Further details on the interim mitigation solution are provided in section II.

12. It should be noted that the interim mitigation solution will not have an impact on the expected saving associated with the various elements of the package reported in the statement by the Secretary-General on the financial implications of the recommendations of the Commission (A/C.5/70/3).

II. Interim mitigation solution

13. Since the issuance of the note by the Secretary-General (A/70/896), the Secretariat has gathered additional inputs from the International Civil Service Commission and the United Nations Joint Staff Pension Board and, in very close collaboration with the vendor, identified an interim solution that will mitigate the impact on staff of the delayed implementation of the unified salary scale and related new dependency allowances and transitional allowance in the enterprise resource planning system, while preventing any financial impact on expected savings by Member States.

A. Identification of the interim mitigation solution

14. Following the issuance of the note by the Secretary-General (A/70/896), the Secretariat conducted additional in-depth reviews with the enterprise resource planning system vendor of the design and computer code that are being developing to address the changes required for the unified salary scale and new dependency allowances, including the transitional allowance. It also discussed further with the International Civil Service Commission the details of the changes relative to the implementation of the unified salary scale in lieu of the existing dual scales.

15. In close collaboration with the International Civil Service Commission and the vendor, and in the course of reviewing the provision related to the transitional allowance for staff in receipt of the dependency rate of the salary scale with respect to the first dependent child, another way has been found to pay monthly salaries to staff members during the eight-month delay period that would mitigate the fact that the enterprise resource planning system will not be ready with the new unified salary scale and related allowances. This interim mitigating solution consists of

using a slightly modified version of the associated computer programs, as explained below.

16. The vendor has been working in close collaboration with the Secretariat and other organizations affected by the change and, understanding the potential of this interim mitigation solution, has agreed to expedite the development of a specific functionality. Although not required to do so, the vendor also offered to develop a conversion program that would allow the Secretariat to identify the affected population and implement the interim mitigating solution.

B. Details of the interim mitigation solution

17. The interim mitigation solution will require the Secretariat to run a data conversion computer program that will bring all staff from where they are today in the dual scale system (single rate and dependency rate) to where they should be in the new unified salary scale as at 1 January 2017.

18. The Secretariat will in parallel input the amounts contained in the unified salary scale of every grade and step into the fields of the current dual scale: the reference tables for single and dependency rates will be populated with the new amounts instead of those currently applicable. The result will be that all staff in the Professional and higher categories and in the Field Service category will be paid the amounts as per the unified base/floor salary scale and conversion table contained in the report of the International Civil Service Commission for the year 2015 (A/70/30), as updated in the report of the Commission submitted at the present session (A/71/30).

19. The computer programs designed to address the three new dependency allowances, namely the new dependent spouse allowance, the new single parent allowance and the transitional allowance, will not be ready for 1 January 2017, as they will be undergoing tests and adjustments. Given the fact that, during the first year of implementation, these three allowances are set at the same level (6 per cent), the mitigating solution will be to build manually an interim adjustment wage type in the payroll, set to 6 per cent of the adjusted gross salary for staff members who are entitled to those allowances as at 1 January 2017. This adjustment wage type will be manually uploaded in the system on a monthly basis. In this manner, staff will be paid an actual amount equivalent to the amount that they would have received, had the new computer programs been in place.

C. Functionality of the final technical solution

20. When the new computer code is implemented in September 2017, the system will automatically calculate the correct amounts due to each staff member for the applicable dependency allowances. It will also create a negative amount for the cumulative interim adjustment wage type that each staff member would have received during the period from January to August 2017. On 30 September 2017, staff will see in their monthly payslips both the recovery of the interim adjustments paid during the eight-month postponement period and the additional payment of the applicable dependency allowances, resulting in no losses and no gains. Slight adjustments in health insurance contributions will be seen in the September payslips.

D. Resources requirements

21. Additional capacity is still needed. While the interim solution mitigates the impact on staff caused by the postponement of the implementation of the unified salary scale and eliminates any financial implications that the delay would have otherwise caused, it does not address additional controls and monitoring that will have to be performed manually to ensure that staff members are paid their monthly salaries accurately and in a timely manner. Additional capacity will be needed in both the payroll and human resources teams to closely monitor each case and process manual adjustments that might be needed, should there be for instance a change in the personal status of a staff member during the delay period, that is a change in eligibility for dependent spouse allowance, single parent allowance or transitional allowance. Additional capacity will also be needed in the Umoja team to support the payroll and human resources teams by testing the interim solution and developing additional monitoring reports, as required, and to provide expert support in the resolution of any queries from staff members or the human resources and payroll team members.

22. Resources will also be needed to communicate to staff at large the details of the interim mitigating solution on the basis of which they will be paid their monthly salaries from 1 January to 31 August 2017. The focus of such communication will be for staff to understand how to read their payslips, which will not reflect the new dependency allowances and transitional allowance in place pursuant to the United Nations Staff Regulations and Rules effective from 1 January 2017. Similarly, there will also be a need to provide additional briefing to staff appointed during the postponement period.

23. The need for these additional resources will however be met from within existing financial resources available to the Secretariat under the existing budget for the period 2016-2017. The additional work for the implementation of the interim mitigation solution and deployment of the final technical solution in the enterprise resource planning system will fall upon:

- (a) The human resources teams at Headquarters, offices away from Headquarters, including regional commissions, the Department of Field Support and field operations;
- (b) The payroll teams at Headquarters and offices away from Headquarters, including regional commissions;
- (c) The Umoja team.

Human resources teams

24. For the human resources teams, the additional workload will stem from the manual review during the eight-month interim period of the change in dependency status of staff members under the interim mitigation solution and the capacity of the human resources practitioners' community to receive, analyse and answer queries from staff on their payroll.

Payroll teams

25. For the payroll teams, the additional needs will arise from the implementation of the interim mitigation solution to pay the monthly salaries to the staff directly affected by the changes to the unified salary scale, in particular those eligible for dependency allowances with monthly manual monitoring and control.

Umoja team

26. For the Umoja team, the additional needs will arise from the capacity to temporarily backfill staff who will need to concentrate on the delivery of the final technical solution. The resources will conduct tier-3 support and provide additional capacity for the development of reports, dealing with queries and answering questions from the payroll team and human resources experts.

27. The resource needs for all three teams will be primarily met by reassigning experienced senior staff to such complex tasks and having junior payroll, human resources and technical staff backfill for those colleagues. Staff from other finance and human resources areas might also provide backfill support on a part-time temporary basis. All payroll and operational human resources staff in general will be asked to take on extra work during 2017.

28. The additional workload will affect all payroll and human resources operational teams handling international staff. The teams are funded from the regular budget, the peacekeeping support account and other extrabudgetary sources.

29. As indicated in paragraph 27, the additional workload will be met principally through the temporary reassignment of staff and may result in the use of overtime and existing general temporary assistance resources, which will also be refocused on supporting the successful implementation of the interim mitigation solution. The resource requirements will be met from within the approved resources for the biennium under the relevant sections of the programme budget (section 29B for Office of Programme Planning, Budget and Accounts, section 29C for Office of Human Resources Management, sections 29F, G and H for the offices away from Headquarters and the programme support components of sections 18 to 22 for the regional commissions), as well as peacekeeping budgets, principally under Other staff costs within non-post costs. Should redeployment be needed within non-post costs, this would be reported in the context of the second performance report for the biennium 2016-2017, as well as the relevant peacekeeping budget performance reports.

E. Impact on the United Nations Joint Staff Pension Fund

30. The proposed interim mitigation solution will have no negative impact on the United Nations Joint Staff Pension Fund. The solution will allow the Secretariat to provide accurate and timely data to the Fund upon separation of staff during the postponement period.

F. Savings projected by the International Civil Service Commission

31. The implementation of the interim mitigating solution will ensure that there is no impact on the expected savings presented to the General Assembly in the report of the International Civil Service Commission for the year 2015 and the statement by the Secretary-General on the financial implications of the Commission's recommendations, subject to the changes decided upon by the General Assembly in its resolution [70/244](#).
