

2022 Financial Year Forecast Outturn

Prepared by: The Secretariat

1. Introduction

- 1.1. This document outlines the financial forecast for 2022 year in line with Financial Regulation D.1.

2. Economic Climate

- 2.1. The global financial climate has changed dramatically in the intersessional period, primarily due to the COVID-19 pandemic.
- 2.2. The UK economy recovered from the COVID-19 shock thanks to the emergency support measures protecting jobs and incomes and a rapid vaccine rollout but is slowing amid persisting supply shortages and rising inflation¹.
- 2.3. It is expected UK inflation to reach 10% in Q4 2022, which would be the highest since Consumer Price Index (CPI) records began in their current form in 1989. At the same time the Bank of England interest rate is expected to rise to 2% in 2022 and 3% in 2023². The heightened economic uncertainty and rising costs are expected to impact businesses.
- 2.4. Domestic suppliers to the Commission (e.g. waste contractors, the pension administrator) responded with inflationary increases to prices whereas international providers not only increased prices by inflation but also had to take into account the volatility of the pound and therefore increased their prices even more, for example, Microsoft software licenses.

3. 2022 Forecast Position

- 3.1. Table 1 below gives a high-level summary of the forecast outturn against the budget for 2022, which is estimated to be a deficit of £11k.
- 3.2. A thorough, detailed breakdown of the 2022 forecast position is provided in Annex A.
- 3.3. While every care has been taken to ensure an accurate forecast, it should be noted that it is an estimate and not exact.
- 3.4. The Secretariat has and will continue to reduce costs wherever possible. It should be noted that the Red House is only occupied approximately one day per week, therefore, utility bill costs are as low as possible. This cannot be compared to pre-pandemic working.
- 3.5. All voluntary contributions and relevant expenditure have been excluded.

¹ OECD.org 2022 [online] available at: <https://www.oecd.org/economy/united-kingdom-economic-snapshot/>

² British Chambers.org 2022 [online] available at: <https://www.britishchambers.org.uk/news/2022/06/bcc-economic-forecast-testing-times-as-quarterly-growth-dries-up>

Table 1: Summary level forecast for 2022

	2022 Budget	2022 Forecast Position	Variance
INCOME			
All Income			
Financial Contributions	(1,656,600)	(1,519,708)	(136,892)
Observer Registration Fees	(50,000)	(42,182)	(7,819)
Interest on Financial Contributions	(6,000)	(10,930)	4,930
Interest Receivable on Cash Balances	(1,000)	(610)	(390)
Miscellaneous Income	0	1,178	(1,178)
TOTAL INCOME	(1,713,600)	(1,572,252)	(141,348)
EXPENDITURE			
Staffing Costs	822,800	774,560	48,240
Staff Benefit Costs	219,807	213,833	5,974
Core Travel Costs	24,000	13,432	10,568
Bureau Costs	12,000	1,429	10,571
Professional Fees	17,300	9,136	8,164
Secretariat Running Costs	51,500	37,035	14,465
Information Technology Costs	71,500	54,511	16,989
Scientific Committee Meeting Costs	132,562	132,562	0
Commission Meeting Costs	285,400	264,946	20,454
Site Visit Costs	2,600	861	1,739
Bank Charges, Depreciation & Provisions	125,700	132,419	(6,719)
Scientific Committee - Research Budget	230,900	230,900	0
TOTAL EXPENDITURE	1,996,069	1,865,626	130,443
TOTAL BEFORE FUND ADJUSTMENTS	282,469	293,374	(10,905)
Transferred from Meeting Fund Reserve	(282,469)	(282,469)	0
TOTAL	0	10,905	(10,905)

4. Recommendation

4.1. The BSC are requested to note the 2022 financial forecast outturn.

Annex A – 2022 Forecast Detail

	2022 Budget	2022 Forecast Position	Variance	Comments
INCOME				
Financial Contributions	(1,656,600)	(1,519,708)	(136,892)	Estimate of invoices requiring cancellation in line with Financial Regulations
Observer Registration Fees	(50,000)	(42,182)	(7,819)	Assuming 40 first and 55 second observers
Interest on Financial Contributions	(6,000)	(10,930)	4,930	Actual figure
Interest on Cash Balances	(1,000)	(610)	(390)	
Miscellaneous Income	0	1,178	(1,178)	
TOTAL INCOME	(1,713,600)	(1,572,252)	(141,348)	
EXPENDITURE				
Salaries	975,400	950,024	25,376	Vacancies in the year
Staff Assessment	(159,200)	(155,561)	(3,639)	Vacancies in the year
Statutory Maternity Pay	0	2,176	(2,176)	
Holiday Pay Cost	0	(32,220)	32,220	2021 was the first year, therefore subsequent years should be reduced
Child Benefit Allowance	4,000	4,253	(253)	
Overtime	2,600	5,888	(3,288)	Reduced as most people took TOIL for the SC meeting
Staffing Costs Subtotal	822,800	774,560	48,240	
	138,900	126,520	12,380	Vacancies in the year, new starters taking a lower contribution rate
Pension Contributions				
Pension Fund Admin Fees	8,400	8,815	(415)	
Private Healthcare	47,907	52,703	(4,796)	Staff turnover
Income Protection Insurance	11,100	11,610	(510)	
Life Insurance	13,500	14,186	(686)	
Staff Benefit Costs Subtotal	219,807	213,833	5,974	
Flights - Economy	0	1,345	(1,345)	
Accommodation	0	1,514	(1,514)	
Subsistence / Per Diem	0	188	(188)	
Taxis	0	78	(78)	
Other Ground Transport	0	68	(68)	
Travel Insurance	10,700	9,368	1,332	
Registration Fees	0	255	(255)	
Document Translation Services	0	617	(617)	
Budget	13,300	0	13,300	COVID restrictions easing
Core Travel Costs Subtotal	24,000	13,432	10,568	
Interpretation Services	0	417	(417)	
Document Translation Services	0	1,012	(1,012)	
Budget	12,000	0	12,000	Virtual meetings rather than in-person
Bureau Costs	12,000	1,429	10,571	
Recruitment Costs	2,000	0	2,000	Used free services
Legal Fees	3,100	2,723	378	
Audit Fees	6,100	5,700	400	
Consultancy Fees	5,100	0	5,100	Not required to date
Professional Fees	1,000	714	286	
Professional Fees	17,300	9,136	8,164	

	2022 Budget	2022 Forecast Position	Variance	Comments
Business Rates	2,300	2,220	80	
Water	500	164	336	
Electricity	4,100	3,035	1,065	
Gas	4,100	3,985	115	
Insurance - Buildings	4,000	5,041	(1,041)	
Refuse Collection	2,300	1,102	1,198	
Cleaning	6,700	9,432	(2,732)	To comply with COVID guidance
Health & Safety	7,100	6,747	353	
Alarm Systems	2,900	1,002	1,898	
Grounds Maintenance	900	500	400	
Building Maintenance Services	3,000	1,368	1,632	
Maintenance Supplies	600	64	536	
Printer Hire	1,500	979	521	
Photocopy Click Charges	0	19	(19)	
Office Furniture	1,100	200	900	
Misc Expenditure	0	238	(238)	
Stationery	1,800	350	1,450	
Postage	100	104	(4)	
Media & Comms Literature	4,000	0	4,000	Not required to date
Typesetting	0	0	0	
Publications Licenses	4,500	485	4,015	Not required to date
Secretariat Running Costs	51,500	37,035	14,465	
Software	16,900	12,424	4,476	
IT Hardware	12,500	5,548	6,952	
Information Security & GDPR	1,100	495	605	
Web Infrastructure & Hosting	14,000	17,710	(3,710)	
Web Development	0	0	0	
Web Support Services	5,300	8,347	(3,047)	
Digital Communications	6,400	7,987	(1,587)	
External IT Support	15,300	2,000	13,300	Not required to date
Information Technology Costs	71,500	54,511	16,989	
Flights - Economy	0	3,051	(3,051)	
Accommodation	0	4,203	(4,203)	
Subsistence / Per Diem	0	1,500	(1,500)	IST Meeting in Copenhagen
Taxis	0	133	(133)	
Other Ground Transport	0	104	(104)	
Visa Fees	0	95	(95)	
Budget	132,562	0	132,562	
Carry Forward to 2023	0	123,476	(123,476)	
Scientific Committee Meeting Costs	132,562	132,562	0	
Overtime	0	13,266	(13,266)	
Flights - Economy	0	15,155	(15,155)	
Accommodation	0	30,378	(30,378)	
Subsistence / Per Diem	0	15,455	(15,455)	
Taxis	0	1,680	(1,680)	
Room Hire	0	22,621	(22,621)	
Room Dressing	0	1,500	(1,500)	
Refreshments	0	11,761	(11,761)	Estimates
Freight	0	20,500	(20,500)	
Security	0	15,544	(15,544)	
Audio Visual Services	0	60,000	(60,000)	
Meeting Comms & Internet Services	0	2,500	(2,500)	
Document Translation Services	0	20,646	(20,646)	
Rapporteur Services	0	20,000	(20,000)	
Printing - Meetings	0	3,000	(3,000)	
Misc Expenditure	0	10,940	(10,940)	
Budget	285,400	0	285,400	
Commission Meeting Costs	285,400	264,946	20,454	

	2022 Budget	2022 Forecast Position	Variance	Comments
Flights - Economy	0	231	(231)	
Accommodation	0	630	(630)	
Budget	2,600	0	2,600	
Site Visit Costs	2,600	861	1,739	
Bank Charges	1,000	1,748	(748)	
Currency Losses / Gains	0	(478)	478	
Depreciation Charge	14,700	14,700	0	
Bad Debt Provision	110,000	110,000	0	
Bad Debt	0	8,744	(8,744)	Write off old invoice to Brazil
Loan Interest	0	0	0	
Unrealised Currency Gains	0	(2,328)	2,328	
Realised Currency Gains	0	34	(34)	
Bank Charges, Depreciation & Provisions	125,700	132,419	(6,719)	
Flights - Economy	0	12,987	(12,987)	
Accommodation	0	1,607	(1,607)	
Subsistence / Per Diem	0	301	(301)	
Taxis	0	177	(177)	
Other Ground Transport	0	967	(967)	
Contractor Remuneration	0	210,746	(210,746)	
Project Equipment	0	4,114	(4,114)	
Budget	230,900	0	230,900	
Scientific Committee - Research Budget	230,900	230,900	0	
TOTAL EXPENDITURE	1,996,069	1,865,626	130,443	
TOTAL BEFORE FUND ADJUSTMENTS	282,469	293,374	(10,905)	
Transferred from Meeting Fund Reserve	(282,469)	(282,469)	0	
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