 Finance Strategy – update
Executive Summary

Title: Finance Strategy - Update

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Introduction/ Background: This paper briefly summarises progress with aspects of the SCAR finances of most concern to SCAR Delegates.

Important Issues or Factors: The percentage of funds spent on Science has increased significantly since 2010 (from an average of 33% to 40%), Science Advice has remained level as has spending on Capacity Building. Salaries and associated costs have come down (34% to 30%). External fund raising is continuing to be successful and a Development Council has been formed. The Secretariat continue to explore ways in which to reduce costs.

Recommendations/Actions and Justification: SCAR Delegates to note progress and comment/make suggestions as appropriate.
Finance Strategy - update

Background

SCAR’s ability to effectively carry out its Mission depends critically on its financial capacity. SCAR adheres to the highest accounting and ethical standards in all of its financial activities. SCAR’s financial management principles include balancing the annual budgets, cost-effective management of resources to accomplish organizational goals, active solicitation of external funds, allocation of resources in concert with the organizational goals, maintaining a reserve, and fairly and equitably compensating employees.

SCAR’s financial statements and budget are presented so they are as clear and easy to understand as possible. An annual audit is carried out by an independent auditor to ensure that SCAR conforms to accounting practices for UK Charities. SCAR budgets are approved for a biennium. SCAR’s core funding comes from membership fees and is supplemented by grants and contracts from external sources. A reserve is maintained to cover at least one year of administrative and routine meetings costs. Member countries occasionally make additional voluntary contributions to the Secretariat to support specific activities such as the SCAR Fellowships or Visiting Professorships. SCAR members also host or financially support conferences, workshops, summer schools and other meetings.

Membership Fees

During the 2012 SCAR Delegates’ meeting, Members voted for an increase in Membership fees to offset the costs of inflation over the last six to eight years based on a Business Case submitted by the Secretariat and EXCOM:

The following points were made during the meeting:

• SCAR is now a much more vital and relevant organisation than in the past;
• Although science is at the core of SCAR’s activities, capacity building and advice to policy makers are important contributions that need to be fully supported;
• The fee increase would allow SCAR to meet its future objectives and goals and allow it to do more;
• SCAR’s success in obtaining external grants should be recognised;
• The fee increase was necessary but SCAR should continually explore ways to reduce administrative costs and increase expenditure on science;
• SCAR makes a significant and important contribution to Antarctic Science considering the relatively low cost of the membership fees;
• SCAR makes good use of its funds and should use these to increase its visibility, its science and its capacity building activities.

The SCAR Members agreed that a fee increase was necessary and that this reflected the increased vitality of SCAR. It was also agreed that although many countries were in a difficult financial situation, the proposed increase was relatively small. However, it was generally acknowledged that SCAR needed to continue to work to keep administrative costs low and to attract external funding, the latter being led through the new SCAR Development Council.

In summary, the percentage of funds spent on Science has increased significantly since 2010 (from an average of 33% to 40%), Science Advice has remained level as has spending on Capacity Building. Salaries and associated costs have come down (34% to 30%). External fund raising is continuing to be successful and a Development Council has been formed. The Secretariat continue to explore ways in which to reduce costs.
**External Grants and Fundraising**

The SCAR Development Council has been formed to assist with external fundraising (led by Pete Convey). SCAR has traditionally been successful with obtaining external grants, which in the 2012-2014 period have included the Martha T Muse Prize (Prize money and administration – Tinker Foundation), the SCAR Horizon Scan (Tinker Foundation), SCARMarBIN/COSMOS Prize, Climate Communications (Norwegian and UK Foreign Offices plus ASOC), GBIF and ICSU grants (ISMASS plus SOOS biology). However it must be remembered that all external grants come with significant additional workload to the Secretariat.

**Past, Recent and Future Expenditure**

The table below summarises the % spent or budgeted for the core activities of Science, Science Advice, Capacity Building and Salaries and associated staff costs. Apart from 2011 (where there was significant underspend by SCAR groups – mainly because these groups were saving funds for meetings in 2012) expenditure on Science has increased, expenditure on Science Advice has remained roughly constant, Capacity Building has increased slightly and staff costs have actually decreased.

<table>
<thead>
<tr>
<th>Year</th>
<th>Science %</th>
<th>Science Advice %</th>
<th>Capacity Building %</th>
<th>Salaries and staff costs %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-2010 average</td>
<td>33</td>
<td>6</td>
<td>8</td>
<td>34</td>
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<tr>
<td>2011</td>
<td>21</td>
<td>7</td>
<td>6</td>
<td>36</td>
</tr>
<tr>
<td>2012</td>
<td>39</td>
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<td>2013</td>
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<td>10</td>
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<td>2014 budget</td>
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<td>22</td>
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<td>2015 budget</td>
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<td>33</td>
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<tr>
<td>2016 budget</td>
<td>41</td>
<td>6</td>
<td>6</td>
<td>35</td>
</tr>
</tbody>
</table>

**Graph showing % spent (or allocated for 2014-2016) on Science, Science Advice, Capacity Building, Salaries and Other admin activities. Dotted are budgeted figures (note that % spent on science for actuals is always higher than budgeted figures due to reallocation of contingency – unspent - funds)**
Reducing Costs

Keeping the same staff on over several years obviously has huge advantages in terms of corporate memory and efficiency as well as removing the associated costs with hiring new people. However over time this will mean that salary costs will increase up to a pre-defined limit (see IP 12). SCAR will work to keep staff costs to a minimum whilst recognizing that staff should be fairly recompensed for their work.

Travel costs are another major expenditure. The costs of air travel in particular have increased year on year. Holding small-scale meetings via Skype or GoToMeeting have obvious cost and time benefits as well as reducing our carbon footprint. Booking flights as much in advance as possible also reduces costs. SCAR will continue to explore ways in which to reduce associated travel costs.

Delegates are asked to note progress and make suggestions as appropriate.