Report from the Finance Committee XXX SCAR

The XXX SCAR Committee on Finance met in the margins of the Delegates Meeting on Monday 14 July and Tuesday 15 July 2008 to examine the financial statements for 2006 and 2007 as well as the budgets for 2008, 2009 and 2010, based on the documents provided by the Executive Officer. In addition the Committee analysed the Financial Strategy (WP35) in particular with regard to the deficits in the 2009 and 2010 budgets.

(1) 2006 and 2007 finance statements.
The Committee advised the Delegates to approve the 2006 and 2007 final statements, noting the small modification for 2007 in moving to SSG-PS some funds ($2541.42 from Secretariat Travel and $1000 from Office Expenses) that were listed under Administration but were in fact Science and had been used for a Southern Ocean Observing System workshop. Note that this makes no difference to the totals, just to the distribution of funds between Science and Administration.

(2) 2008 budget.
The Committee noted a ~$10k shortfall in finances and advised Delegates to eliminate it by cutting equivalent amounts from the Postage and Office Equipment budget lines (II d 2 and II d 7). A further $6k was cut from the $12k allocated to the SSG cross linkages workshop (II a 14) since it was noted that previous expenses for these workshops had been closer to $6k rather than $12k. A small part of this ($250) was allocated to Fellowships so as to be able to fully fund all the SCAR fellows with the rest ($5,750) being moved to Contingency mainly to be used to support meetings of the Action Group to develop the SCAR data and information management strategy and of the Review Panel that will examine SCAR’s performance since 2004.

(3) 2009 budget
The Committee noted that there was a significant shortfall in the 2009 budget (~$50k) and considered a range of strategies to offset this.

The Committee noted that in this case the deficits are strongly controlled by two factors (i) the fall in value of the dollar income against salaries paid in sterling, and (ii) the loss of the two voluntary additional contributions from Germany and the UK ($36k per year total). The Committee also noted that arrears are almost fully paid, and that the deficits appear despite increases in income from additional memberships and upgrades to categories of membership on the part of certain members. Most of the administrative expenses come from salaries and staff costs that are index linked to UK inflation, while income from national contributions remains constant.

Considering these and other items, the Committee recommended, and the Delegates endorsed, the following methods of dealing with the shortfall:

1. Small cut to postage budget ($1k) for 2009.
2. Change SCAR bank accounts in 2008 to £s to eliminate high charges from US banks and to streamline accounting procedures, and move subscriptions to pounds from 1 January 2009 (expected saving ~$5,000).
3. Cut a provisional allocation of $10k support for Data Management, which is no longer required, saving $10k.
4. Allocate SC-ATS $15k in 2009, rather than $20k. This could be increased to $20k in 2010. This saves $5k in 2009.
5. Cut the Secretariat travel by $2,500.
6. Pay 2009 subscriptions in sterling (£) at the daily rate at the time of transfer. While it would be preferable for the SCAR Secretariat to receive payments in £s, we recognise that some Members may not be able to adapt quickly from payments in US$, in which case payments could be made in US$s and the Secretariat would absorb the charges for conversion. All payments whether in £ or US$ must be made to a UK bank from 1 January 2009.
7. In the plenary session it was agreed that - for 2009 only - the SSG and SRP budgets should each be cut by $5,125 in order to properly balance the budget. In 2009 the SSGs would therefore receive $11,875 each and the SRPs $15,875 each. However, all the groups would be allowed to fully carry forward into 2009 their (significant) unspent funds from 2008 and earlier.
8. Note that for 2009 the Delegates agreed some additional expenses:
   a. II b 6: SCAR Review Panel, cost $2,500
   b. II b 7: IPCC observer, cost $2,000
   c. II c 2: DVD “Enterres Volontaires” co-sponsorship, cost $5,000
9. The Delegates encouraged the Executive Director to focus on raising money from external sources. Note this should be somewhat easier to do now that SCAR is a Charity, and indeed this has been the plan all along.
10. Full Members to consider an upgrade in their category or to follow the example of Germany and the UK and provide voluntary extra contributions (or as South Africa, provide some extra money for specific purposes such as the Fellowship Programme).

(4) 2010 budget
The Committee noted that at $77k the shortfall envisaged for 2010 was even larger than for 2009. The reasons were the same as for the 2009 budget with the additional problem of the lack of income from the administration of Sloan Foundation funds to CAML.

The Delegates therefore agreed to pay the 2010 contributions in £s using the average S/£ exchange rate of the last 10 years (~$1=£0.6) to compensate to some extent for the fall of the $ against the pound. This increase in funds will more than cover the shortfall in the budget for 2010 (saving ~$90k at June 2008 rate). See table below for contribution payments in £s and equivalent amounts in $. Note the key figures to be compared are those highlighted in bold (the contributions in £s using the average 2007 rate and rate averaged over past 10 years, ContributionB and ContributionC).

<table>
<thead>
<tr>
<th>Category</th>
<th>No. Members</th>
<th>2010 (No change to subscription assuming$/£ rate is average for 2007 i.e. 0.50)</th>
<th>2010 (Using the average $/£ rate for the past 10 years i.e. 0.6)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>ContributionA</td>
<td>ContributionB</td>
</tr>
<tr>
<td>A</td>
<td>2</td>
<td>$23,500</td>
<td>$11,750</td>
</tr>
<tr>
<td>B</td>
<td>9</td>
<td>$18,000</td>
<td>$9,000</td>
</tr>
<tr>
<td>C</td>
<td>7</td>
<td>$14,500</td>
<td>$7,250</td>
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<tr>
<td>D</td>
<td>13</td>
<td>$10,500</td>
<td>$5,250</td>
</tr>
<tr>
<td>E</td>
<td>4</td>
<td>$5,000</td>
<td>$2,500</td>
</tr>
<tr>
<td>Total:</td>
<td>35</td>
<td>$467,000</td>
<td>$233,500</td>
</tr>
</tbody>
</table>
Income for 2010 would therefore be £280,200.

The following changes to the budget lines for 2010 were also made:

1. Small cut to postage budget ($1k).
2. As for 2009, remove the provisional allocation of an extra $10k support for Data Management, which is no longer required, saving $10k.
3. Allocate SC-ATS $15k, rather than $20k, noting this could be increased in the future. This saves $5k.
4. II b 7: IPCC observer, cost $2,000
5. $6k was cut from the $12k allocated to the SSG cross linkages workshop as in 2008 (see above).

Adopting the above formula means an approximate surplus of ~$26k rather than a deficit of ~$77k in 2010. Note that the 2009 and 2010 budgets will eventually need to be redrawn in £s rather than $s.