

North East Atlantic Fisheries Commission (NEAFC)

**Meeting of the Finance and Administration Committee
London, 14 to 18 November 2005**

Agenda

1. Audited accounts for the year ended 31 December 2004 and preliminary statements for 2005 (August inclusive)
2. Draft budget for 2006 and draft budget estimate for 2007
3. Review of the annual contribution of Contracting Parties with reference to Article 17.4 of the Convention
4. Any other business:
 - Appointment of an Audit Committee
 - Refurbishment of NEAFC Headquarters

**TWENTY FOURTH ANNUAL MEETING OF THE NORTH-EAST ATLANTIC
FISHERIES COMMISSION, 14-18 NOVEMBER 2005**

BRIEFING FOR THE FINANCE AND ADMINISTRATION COMMITTEE

Included as Annex I are details of:

- The approved budget and audited accounts for 2004
- The approved 2005 budget and the expected outturn
- The draft budget for 2006
- A draft budget estimate for 2007

1. 2004 approved budget and audited accounts

The audited accounts for 2004, prepared by the International Coffee Organization and audited by Moores Rowland, were circulated to Contracting Parties on 27 May 2005 (HOD 05/63). Summary figures can be found in columns A and B of Annex I.

2. 2005 approved budget and expected outturn

Column C of Annex I shows the 2005 approved budget for the Secretariat.

With regard to expenditure (ie Forecast Outturn, Column D), there has been some variation between the budget approved at last year's Annual Meeting for 2005 and actual costs. In particular:

- professional fees. This figure has been raised by £5,000 to take account of legal fees for the lengthy renegotiation of the lease, as well as surveys
- an additional £2,000 is included for furniture which may be needed after refurbishment
- the rent will be slightly lower than forecast due to the new lease negotiated directly with the landlord
- communication costs have been higher - when a reduction was expected - as Contracting Parties are not using HTPPS as a data transmission protocol; out of 19 FMCs only two use HTPPS; the rest are still using X.25 to transmit messages under the Scheme of Control and Enforcement. The number of VMS messages continues to increase (over 207,000 this year up to and including August 2005) and the number of messages automatically forwarded to Contracting Parties with inspection presence in the Regulatory Area increased significantly
- system maintenance costs have increased in part due to the reasons in the above point (for example the larger number of messages means basic maintenance tasks need to be performed more frequently). Also operating a 'virtual office' has meant extra support costs for the VMS and the office

systems. The creation of the inspectors' area on the website cost approximately £3,000 in upgrading the hosting agreement and additional development and testing costs

- additional computer soft and hardware - the server that handles the NEAFC database was replaced early in the year and cost more than anticipated. In addition, with the refurbishment works we have created a new server room and taken the opportunity to upgrade ancillary hard and software including a UPS system as the one we had has become obsolete. Operating a 'virtual office' required some updating of software
- office consumables will be less than anticipated as the Secretariat continues to increase its use of electronic systems
- the auditors and accountants have held their fees from last year so slight savings have been made
- due to the rise in sterling against the Danish krone, the subscription to ICES is less than originally budgeted
- the forecast for meeting costs has been decreased as no Extraordinary Meeting was held this year and some meetings were hosted by Contracting Parties. In addition, when setting the budget in November 2004, it was not clear that we could hold this year's Annual Meeting in Berners Street.

In total, the likely expenditure for 2005 is expected to be around £717,300, approximately £29,300 less than the forecast budget of £746,588, the reasons for which are outlined above.

3. Draft proposed budget for 2006

A revised draft budget for 2006 has been produced which is in line with the estimate for 2006 produced in 2005 except:

- we have decreased the costs of professional fees and furniture as most of the expenditure on the refurbishment of NEAFC's offices will take place in 2005/6. As the organisation will stay in Berners Street and some of our office space will be converted to meeting rooms, costs for meetings have been reduced as well as the rent under the newly signed lease
- we have increased the budget set aside for communication costs, system maintenance and additional computer hard and software to take account of the forecast for 2005. However, if Contracting Parties agree to use the Internet rather than X.25 and X.400, considerable savings will be effected
- we have slightly decreased the costs for audit and accountancy expenses to take account of actual expenditure in 2005.

We forecast that, at the beginning of 2006, the General Fund should stand at around £630,000. As the General Fund aims to represent about 50 per cent of the budget (which for 2005 is currently £749,588), the balance of about £255,000 represents the Building Fund.

4. A draft budget estimate for 2007

This is shown in column F of Annex I. We have increased the costs of staff, insurance and allowances to cover inflation and the possible recruitment of a new Secretary. The payment to ICES has been increased by 3% to cover inflation.

5. Refurbishment of NEAFC's offices

Following the decision made by Contracting Parties that the Secretariat should stay in London, a programme of refurbishment is underway so that the space can be tailored more specifically to NEAFC's needs for the duration of the new lease, 12 years. Once this is complete, which will be in time for the Annual Meeting, there will be two air-conditioned meeting rooms holding about 45 and 20 delegates respectively, as well as staff offices, a new server room, six workstations for delegates, toilets that comply with the new disability regulations, a kitchen and coffee area.

It was hoped that this work would take place over the summer in time for use by the Working Group meetings in October but it was delayed due to the discovery of asbestos in the partitions and other areas on the premises. This had to be removed before refurbishment could begin and, together with ancillary costs (such as the removal of equipment, furniture and storage), is expected to cost in the region of £18,000. This work also meant we had to have new partitioning, new ceiling tiles, additional electrical work, as well as redecoration and recarpeting.

The total building work is expected to amount to £155,000. A plan of the new layout is attached and we hope that the building work will bring the premises up to date for both delegates and staff.

A detailed breakdown of expenditure on building works will be presented to the Finance and Administration Committee at the Annual Meeting.

6. Summary

The Finance and Administration Committee is asked to:

- i) note the latest forecast of outturn for 2005
- ii) consider and recommend for adoption by the Commission the draft budget for 2006 and the draft budget estimate for 2007

The calculation of subscriptions for each Contracting Party for 2006 will be provided once the budget for 2006 has been finalised.

September 2005

NEAFC DRAFT BUDGET FOR 2006 AND DRAFT BUDGET ESTIMATE FOR 2007

ACCRUALS		A	B	C	D	E	F
		2004 Approved Budget November 2004 £	2004 Actul Outturn at end 2004 £	2005 Approved Budget Nov 2004 £	2005 Latest Forecast Outturn £	2006 Draft Budget £	2007 Draft Budget Estimate £
EXPENDITURE							
1a	Staff costs	210,000	211,814	220,000	220,000	226,600	233,400
1b	Allowances	12,000	9,576	16,000	16,000	16,000	20,000
1c	Insurance	16,000	15,720	20,000	22,000	24,000	26,000
1d	Professional fees (tax, legal consultancy, recruitment)	7,000	3,500	10,000	15,000	7,000	7,000
1e	Furniture	1,000	-	3,000	5,000	5,000	3,000
1f i	Office accommodation rental	99,700	99,700	99,700	97,850	96,000	96,000
1f ii	Other accommodation costs	23,000	19,034	23,000	23,000	23,000	23,000
1g	Communication costs	26,000	31,534	26,000	30,000	30,000	30,000
1h	System maintenance costs	26,000	23,045	25,000	38,000	35,000	35,000
	Additional computer soft and hardware including website	20,000	22,250	10,000	18,000	10,000	10,000
2	Travel and subsistence costs	13,000	12,427	20,000	20,000	20,000	20,000
2a	Entertainment and hospitality costs	1,500	969	3,000	2,000	3,000	3,000
3	Office consumables	11,000	2,502	12,000	9,000	11,000	11,000
4	Audit fee	4,000	4,276	4,500	4,250	5,000	5,000
5	Accountancy fee	5,000	4,980	5,500	4,980	5,500	5,500
6	Miscellaneous (incl. bank charges)	1,500	453	2,500	1,000	2,500	2,500
7a	Annual meeting	22,000	21,935	40,000	25,000	28,000	28,000
7b	Extraordinary meeting	-	-	12,000	-	12,000	12,000
7c	Working group meetings	9,000	18,884	15,000	10,000	7,000	7,000
7d	Other meetings	5,000	5,560	7,000	2,000	5,000	5,000
8	ICES subscriptions	149,901	151,313	169,388	151,208	177,470	186,350
9	Honorarium to President	-	-	3,000	3,000	-	-
	Total Expenditure	662,601	659,472	746,588	717,288	749,070	768,750
	Surplus of income over expenditure transferred to General Fund	7,000	7,000	2,000	2,000	-	-
	Transfer to Building fund	59,274	72,790	-	30,300	-	-
		728,875	739,262	748,588	749,588	749,070	768,750
INCOME							
10	Members' subscriptions	700,975	700,976	723,588	723,588	734,070	753,750
11	Voluntary Contribution	0	0	0	0	0	0
12	Interest	23,000	33,388	23,000	24,000	15,000	15,000
13	Other income	4,900	4,898	2,000	2,000	0	0
		728,875	739,262	748,588	749,588	749,070	768,750

3, Server room, offices 3 & 4
dated Survey
arrange doors by landlord

8/6/05
2/6/05
27/5/05

Street
T 3DY

25/5/05

1:50 @ A1

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