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SCAR Executive Committee Meeting 2023

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Finance Update

Report Author(s)

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Summary

SCAR finances are healthy. Following significant disruption to activities due to the COVID-19 pandemic, there has been a return to normal spending patterns across all SCAR activities. The Executive Committee continues to accommodate new ways of working, learn lessons from the imposed changes and use funds to support SCAR activities most effectively.

At present, there are large cash balances in the SCAR UK bank accounts due to the widespread inability of subsidiary groups to spend their allocations over recent years, which led to a substantial contingency fund reclaimed at the end of 2022.

Following the provisional approval of a 20% increase in National Contributions at the Delegate's Meeting in September 2022, to be implemented from the start of 2025, the Executive Committee has sought full approval of the increases during 2023.

Key Progress in Finance Activities 2023

- Following the acceptance of Luxembourg as a new Associate Member at the 2022 Delegates Meeting, the total National Contribution income due reached USD 669,600 in 2023;
- Arrears have generally decreased, including from Venezuela which has paid its arrears from 2015 to date. We have not received contributions from Iran due to UK banking restrictions, and restrictions have recently also been applied by our bank to transactions with Belarus and Russia.
- We continue to monitor the Investment portfolio's performance with regular updates from investment managers Rathbone Greenbank.
- Special actions were taken to protect SCAR finances during the COVID-19 pandemic and have been maintained through 2023, reflecting a conservative approach to balances. Currently we make sure we retain USD 120,000 of the budget at any one time to cover emergency expenses for our Secretariat, representing several months of Secretariat salaries and expenses.

Increase in National Contributions

Agreement in principle was recorded at the 2022 Delegates Meeting in Goa, India, to increase SCAR National Contributions by 20% from 2025. This was tied to the finalisation and publication of the SCAR Strategic Plan 2023-2027, which took place in early 2023. Delegates were then asked for final approval of the increase, and given a deadline of September 1st 2023 to respond, with no response taken to indicate approval.

As of September 4th direct approval or confirmation that approval is still pending had been received from 12 members, all other members were considered to have approved by default.

Summary of budgets and statements

Our accountants and independent auditors have agreed on the 2022 statement, representing the final version submitted to the UK financial oversight bodies (i.e. Companies House and the Charity Commission), satisfying all financial regulatory reporting. For these statements, the investment portfolio's value at the year-end has been included to provide a record of the investment value at each final report or revision of the equivalent financial records.

For the 2022 budget, several adjustments have been made to reflect the move to an online Open Science Conference, with many of the relevant travel and support activity budgets reduced. Support for the Delegates' Meeting has been increased to reflect the engagement of a professional conference management team to implement the hybrid access options. New external budget lines have been introduced for the Women in Polar Science Project and the contribution from the Prince Albert II of Monaco Foundation to the Fellowship funds.

For both the 2023 and 2024 budgets, we initially balanced budgets by including an "Expected Additional Income" figure of USD 70,539 for 2023 and USD 86,251 for 2024. The deficits come about through the combination of the extra SG and SCATS Fellowships (USD 45,000) and the salary increases resulting from all four of the

Secretariat projected to be full-time working. Our four staff salaries were increased in 2022 in line with SCAR pay review procedures.

Investment Portfolio

In 2016, an independent investment advisor was engaged to advise us on our investment plans. Rathbones Greenbank was chosen as our investment portfolio manager, initiating the investment portfolio in September 2017. At this point, USD 300,000 of funds were transferred to Rathbones. The performance of the fund since then is shown in Table 2.

Table 2 – Performance of Investment Portfolio to date.

Date	Fund value in GBP	Change relative to initial fund value
September 2017	£225,830	
June 2018	£225,382	-0.02%
October 2018	£216,424	-4.16%
June 2019	£236,412	+4.68%
December 2019	£243,417	+7.78%
June 2020	£237,877	+5.33%
December 2020	£253,337	+12.18%
July 2021	£262,373	+16.18%
December 2021	£273,330	+21.48%
July 2022	£241,520	+6.95%
December 2022	£236,975	+4.94%
July 2023	£233,691	+3.48%

Audit and Risk Register Status Update

The audit report highlights that SCAR must update its risk register. Additionally, SCAR should set up written procedures on authorisation of expenses, including Secretariat and Trustee expenses. We have until the next audit to do this, but the VP of Finance and Secretariat will aim to complete this by the end of 2023.

Provisionally, the VP of Finances identifies the following risks for finance in the short term: (1) Impossibility of receiving part of the annual contributions due to blockages in the international banking system (currently three countries are affected by this type of situation); (2) Instability in the UK economy.

It is important to note that with the 20% increase in annual fees from our members, scheduled for 2025, it is essential for SCAR to continue to fulfil its remit of facilitating international science and supporting policy.

The final audit report for 2022 can be downloaded from the Trieste ExCom Meeting documents list.

Summary of the SCAR finances to 31 December 2022

FINANCIAL SUMMARY 2022	
Opening Balance 1 January 2022	\$737,615
Actual Income -Expenditure	-\$49,138
Less encumbrances (Change in External balances)	\$31,194
Closing Balance 31 December 2022:	\$742,872
Unspent funds (c/f to 2023)	\$518,627
Residual of closing balance	\$224,245
Opening Balance as for Bank Statements (1 Jan 2023)	\$742,872
Less Creditor, Add Debtor	\$0
Actual Balance	\$742,872

Investment portfolio		% of Original value
Original value	£225,830	
Valuation as at 31/12/2022	£236,975	104.94
<i>Net increase (or decrease)</i>	£11,145	