



The  
Geological  
Society

## **BUDGET 2016**

- i. Revenue Income and Expenditure for Year ending 31 December 2016;
- ii. Capital Plan for 3 Years ending 31 December 2018.

Approved - November 2015

**The Geological Society of London**  
**Registered Charity Number 210161**

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**Purpose of Document**

This document sets out the Society's budgets for:

- i. revenue income and expenditure falling in the year ending 31 December 2016; and
- ii. its capital expenditure plans for the 3 years ending 31 December 2018.

# THE GEOLOGICAL SOCIETY OF LONDON

## Budget 2016

### Budget Summaries

Revenue and capital budget summaries for 2016 are presented in comparison with the original budget and outturn for 2015:

#### (a) Summary revenue budgets

REVENUE BUDGET SUMMARY	2016 BUDGET			2015 BUDGET			2015 FORECAST		
	Total Inc. £,000	Total Exp. £,000	Surplus/ (Deficit) £,000	Total Inc. £,000	Total Exp. £,000	Surplus/ (Deficit) £,000	Total Inc. £,000	Total Exp. £,000	Surplus/ (Deficit) £,000
<b>'Core' Activities</b>									
Governance & Executive	18.5	(907.5)	(889.0)	17.7	(802.1)	(784.3)	18.4	(817.6)	(799.2)
Finance & Operations	2,870.9	(1,982.5)	888.4	3,021.5	(1,912.1)	1,109.4	2,820.4	(1,817.0)	1,003.4
Publishing & Library	2,622.0	(1,976.1)	645.8	2,644.8	(2,085.4)	559.4	2,593.7	(2,005.4)	588.3
Science & External Relations	29.3	(459.9)	(430.6)	34.9	(397.6)	(362.7)	94.1	(405.0)	(310.9)
<b>'Core' Surplus / (Deficit)</b>	<b>5,540.6</b>	<b>(5,326.0)</b>	<b>214.6</b>	<b>5,718.9</b>	<b>(5,197.2)</b>	<b>521.7</b>	<b>5,526.5</b>	<b>(5,044.9)</b>	<b>481.6</b>
Additional Activities	-	(119.5)	(119.5)	-	(97.0)	(97.0)	-	(145.3)	(145.3)
<b>Surplus/(Deficit) before gains</b>	<b>5,540.6</b>	<b>(5,445.5)</b>	<b>95.1</b>	<b>5,718.9</b>	<b>(5,294.3)</b>	<b>424.6</b>	<b>5,526.5</b>	<b>(5,190.2)</b>	<b>336.3</b>
Investment gains / (losses)	98.5	-	98.5	30.0	-	30.0	86.4	-	86.4
<b>Net Surplus/(Deficit)</b>	<b>5,639.1</b>	<b>(5,445.5)</b>	<b>193.6</b>	<b>5,748.9</b>	<b>(5,294.3)</b>	<b>454.6</b>	<b>5,612.9</b>	<b>(5,190.2)</b>	<b>422.7</b>
<b>Application of Net Resources</b>									
Unrestricted Reserve Transfers			(225.7)			(379.6)			(392.5)
Restricted Reserve Transfers			181.2			141.9			181.2
<b>Sub-total</b>			<b>(44.5)</b>			<b>(237.7)</b>			<b>(211.3)</b>
<b>After Resource Application</b>			<b>149.1</b>			<b>217.0</b>			<b>211.4</b>

*NB From the end of 2015, reflecting the change in treatment of Heritage Assets, Library acquisitions are treated as depreciated assets and thus removed from the above summary in which historically they have been shown beneath the 'Application of Net Resources'. They now appear in the following summary of Capital budgets.*

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### (b) Summary capital budgets

CAPITAL BUDGET SUMMARY	2016 BUDGET	2015 BUDGET	2015 FORECAST
	Total Exp. £,000	Total Exp. £,000	Total Exp. £,000
Library Acquisitions	(152.5)	(158.6)	(138.5)
Other Capital Expenditure	(426.1)	(246.0)	(126.4)
<b>Total</b>	<b>(578.6)</b>	<b>(404.6)</b>	<b>(265.0)</b>

Note – capital budgets are increased in 2016 against 2015 outturn by inclusion of the CRM Project (c.£200k) and Lyell platform upgrade (c.£110k).

Budget holders have been involved in the process of compiling, reviewing and agreeing these figures on a zero-basis, meaning that each line has been assessed and evidence sought for expected income and expenditure, based upon understanding of underlying drivers, year on year trends, forecast outturn for current year, etc.

Key points are set out in the following Headline Commentary. Supporting details and assumptions are provided in the Revenue Budget Commentary and Capital Plan.

### *Presentational changes*

As stated in the footnote to the summary table on page 3, from the end of 2015 the treatment of Library Acquisitions (as Heritage Assets) will, with agreement of the auditor, change to being the same as other depreciated assets. This adds an annual depreciation charge into the Publishing & Library income and expenditure for the year but means that the sum expended should not be considered as additional expenditure for the year in which it is incurred – as has historically been the practice.

This change makes no difference to the ‘Net Surplus/Deficit’ line (which should be the direct comparison with annual Financial Statements), but increases the bottom line ‘After Resource Application’ by the removal of the library sum. The original 2015 Budget, although set on the ‘old’ basis has here been re-stated to allow like for like comparison. If the ‘old’ method were still in use then the bottom line would read as follows: 2016 Budget – (£3.4k) deficit; 2015 Budget - £58.3k; 2015 Forecast - £72.9k.

## Headline Commentary

### Overall Financial Position – ‘Managing down-turn’

Society revenues in 2015 have been affected by contraction in the oil industry – especially in respect of conferences and events, corporate affiliation and (to a lesser extent) subscriptions. Despite this, publishing performance has delivered increased returns once again and allowed activity to continue despite this downturn. Similarly, Fellowship numbers increased almost exactly in line with expectations (11,991 Fellows at June 2015, compared with a budgeted expectation of 12,000).

This downturn affects the 2015 forecast outturn, which is the baseline upon which the 2016 Budget is prepared. The table to the right shows a summary of the main differences between original 2015 budget and current forecast outturn. In brief, these are:

- i. **Governance & Executive:** legal fees in respect of the ongoing lease arbitration (-£46k); recruitment costs for the appointment of the new Executive Secretary (-£26k); underspend of travel and grants budgets (+£20k); underspend of marketing budget (+£37k); underspend of travel and grants budgets (+£20k).
- ii. **Finance & Operations:** investment income budget set too high (-£72k); reduction in conference income (-£47k); reduction in Corporate Affiliate income (-£35k); DBA staff costs in IT (-£32k); increased facilities costs (-£3k); increased room hire income (+£24k); higher Fellowship income (+£29k); savings in operating costs (+£30k).
- iii. **Publishing & Library:** reduced book publishing income (-£113k); Heritage Assets depreciation charge on library acquisitions (-£70k); better outturn on journal sales (+£58k); savings on publishing management (+£74k); increased Lyell and other income (+£80k).
- iv. **Science & External Relations:** increased staff costs (-£39k); loss of science sponsorship (-£5k); windfall BP sponsorship funding (+£96k).
- v. **Additional Activities:** foreign exchange budget set too high (-£34k); costs associated with library space review (-£14k).
- vi. **Investments:** are dependent upon market conditions on sale of investment assets and at year-end valuation. Changes in 2015 to the portfolio indicate a higher than anticipated gain might now be enjoyed by the Society (+£56k).

<b>SUMMARY OF MOVEMENT:</b>	<b>2015</b>	<b>2015</b>	<b>+/(-)</b>
<b>2015 Budget to Forecast Outturn</b>	<b>Budget</b>	<b>F/cast</b>	<b>Change</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
<b>'Core' Activities</b>			
Governance & Executive	(784.3)	(799.2)	(14.8)
Finance & Operations	1,109.4	1,003.4	(106.0)
Publishing & Library	559.4	588.3	28.9
Science & External Relations	(362.7)	(310.9)	51.8
<b>'Core' Surplus / (Deficit)</b>	<b>521.7</b>	<b>481.6</b>	<b>(40.1)</b>
Additional Activities	(97.0)	(145.3)	(48.2)
<b>Surplus/(Deficit) before gains</b>	<b>424.6</b>	<b>336.3</b>	<b>(88.4)</b>
Investment gains / (losses)	30.0	86.4	56.4
<b>Net Surplus/(Deficit)</b>	<b>454.6</b>	<b>422.7</b>	<b>(32.0)</b>
<b>Application of Net Resources</b>			
Unrestricted Reserve Transfers	(379.6)	(392.5)	(12.9)
Restricted Reserve Transfers	141.9	181.2	39.3
<b>Sub-total</b>	<b>(237.7)</b>	<b>(211.3)</b>	<b>26.4</b>
<b>After Resource Application</b>	<b>217.0</b>	<b>211.4</b>	<b>(5.6)</b>

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- vii. **Reserves:** reflect a total net change (+£26k) as a result of basing forecast 2015 year end reserve transfers on those carried out at year end 2014.

Current assumptions for 2016 take the 2015 movements into account, together with the direction provided by the Society's new *Financial Strategy*. At current levels of activity the Society can continue to expect to feel the effects of the downturn in 2016 and this is reflected in the overall downward movement of the net surplus again when compared with 2015 forecast outturn – a reduction of £220.9k for the financial accounting surplus that reduces to a reduction of £68.8k after taking reserve movements into account. The main reasons for these further movements are:

- i. **Governance & Executive:** loss of staff internal recharge to publishing (-£105k); increase in publishing marketing (-£24k); increase in grants and training budgets (-£12k); new provision for consultancy (-£10k); reduction in recruitment charges (+£62k).
- ii. **Finance & Operations:** loss of staff internal recharge to publishing (-£68k); increased provision for lease charges (-£38k); new provision for HR support (-£30k); reduced events programme (-£28k); savings on operating costs (+£16k); increased Fellowship income (+£33k).
- iii. **Publishing & Library:** increased staff and running costs (-£92k); loss of library internal recharges (-£50k); further decrease in journal income (-£23k); net increase in Lyell income (+£19k); increased book sales (+£30k); loss of internal recharges from elsewhere (+£173k).
- iv. **Science & External Relations:** no windfall sponsorship income (-£94k); increased education costs (-£11k); increased website support and running costs (-£10k); increased staff costs (-£4k).
- v. **Additional Activities:** no provision for foreign exchange gains (-£9k); reduction in library-related projects (+£35k).
- vi. **Investments:** increased provision (+£12k).
- vii. **Reserves:** an additional draw-down is provided for to offset legal fees against lease costs (+£71k), increased draw-down of McKenzie funding (+£41k), and potential maintenance work under the lease contract (+£55k).

<b>SUMMARY OF MOVEMENT:</b>	<b>2015</b>	<b>2016</b>	<b>+ / (-)</b>
<b>2015 Forecast Outturn to 2016 Budget</b>	<b>F/cast £,000</b>	<b>Budget £,000</b>	<b>Change £,000</b>
<b>'Core' Activities</b>			
Governance & Executive	(799.2)	(889.0)	(89.8)
Finance & Operations	1,003.4	888.4	(114.9)
Publishing & Library	588.3	645.8	57.5
Science & External Relations	(310.9)	(430.6)	(119.7)
<b>'Core' Surplus / (Deficit)</b>	<b>481.6</b>	<b>214.6</b>	<b>(266.9)</b>
Additional Activities	(145.3)	(119.5)	25.8
<b>Surplus/(Deficit) before gains</b>	<b>336.3</b>	<b>95.1</b>	<b>(241.1)</b>
Investment gains / (losses)	86.4	98.5	12.1
<b>Net Surplus/(Deficit)</b>	<b>422.7</b>	<b>193.6</b>	<b>(229.0)</b>
<b>Application of Net Resources</b>			
Unrestricted Reserve Transfers	(392.5)	(225.7)	166.8
Restricted Reserve Transfers	181.2	181.2	-
<b>Sub-total</b>	<b>(211.3)</b>	<b>(44.5)</b>	<b>166.8</b>
<b>After Resource Application</b>	<b>211.4</b>	<b>149.1</b>	<b>(62.3)</b>

Overall, this represents a balanced budget, including a contingency of £149.1k (2.6% of total turnover), to provide the necessary resources for undertaking the Society's business at a period of increased financial uncertainty.

*Interaction with Financial Strategy*

The 2016 Budget is set within the context of the Society's new Financial Strategy, agreed by Council in June 2015. The key principles of this strategy are summarized as follows:

*Financial principles*

- I. The Society will operate in a financially sustainable manner to ensure its long-term ability to serve future generations.
- II. The Society will use its financial resources solely for the furtherance of its proper charitable purposes.
- III. The Society will account for and record its financial transactions in accordance with best practice as well as the requirements of the regulatory framework.

The 2016 Budget will reflect these principles and, in particular, provide for continuing sustainable operation by setting a small surplus target after taking into account allocation of net income surplus to library acquisitions, and transfers to and from reserves.

In addition to these financial principles, the Financial Strategy sets out a series of financial priorities, which the budget will facilitate and support:

*Financial priorities*

- A. Growing and diversifying income-generating activities in a sustainable manner.
- B. Building and maintaining a sufficient level of contingency reserves.
- C. Exercising rigorous control of Society budgets.
- D. Ensuring that Society cash balances are appropriately controlled.
- E. Developing best-practice financial procedures, systems and controls.
- F. Ensuring adequate independent scrutiny of our financial affairs.
- G. Ensuring adequate financial risk management is in place.
- H. Setting fees and charges that, where appropriate, cover full economic cost.
- I. Making appropriate use of available assets to generate supplementary income.
- J. Maintaining investment in core, primary purpose activities.



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- K. Maintaining and developing an expert and professional staff.
- L. Reviewing the Society's use of facilities.
- M. Ensuring value for money in the management of operational costs.

*Particular emphasis will be given in 2016 to income growth and diversification (priority A) whilst also seeking to ensure adequate levels of reserves (priority B).*

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#### *Key changes for 2016*

##### **Revenue**

**Overheads** - in response to year-end audit challenge of existing models for calculating Society overheads, a new model was drawn up earlier in the year that has been approved by the auditor. In the published financial statements this provides for redistribution of Fellowship and Corporate Affiliate income to those activities which in return provide benefit, and for support costs (e.g. the Executive Secretary, Finance, IT, facilities and other functions) to be recharged to charitable activities on an equitable basis. As a result of this new model, which is not reflected in detail here, many of the internal recharges previously included in budgets, have been removed. Instead, management accounts for 2016 will show a 'translation' that applies the model and allows users to see both management account/budget position as well as financial statement position on a month by month basis.

**Regional Groups** - for the first time Regional Groups have been asked to provide budgetary estimates for the next financial year at the same time as the Society draws up its own budget – previously Regional Group budgets were only assessed after the start of the budget year in question, which has led to some shortfalls in expectation and delays in payment of support grants to groups. All Groups have participated in this exercise and their figures are incorporated into the expenditure budget for Fellowship Services. Subject to approval of the Society's budget, therefore, support grants will be paid to groups in January 2016, rather than April or later in the year.

##### **Capital**

**Capital projects** - two major capital projects are included within 2016 budget assumptions: the CRM/Finance system upgrade (£200k), started towards the end of 2015, which continues throughout the year and into 2017; and upgrade to the Lyell Collection platform (£110k). In both cases charges to income and expenditure will be spread across 4 years from the date of go-live via depreciation to reflect estimated useful life. There will be no impact, therefore, on expenditure in 2016 but additional provision for depreciation charges will need to be made of c. £87k per year from 2017.

**Heritage assets** - the 2016 budget also assumes that current discussions with Society auditors over classification and treatment of Heritage Assets will be resolved, with the result that the asset value of much of the library is removed from the balance sheet. The effect of this on income and expenditure budgets is to convert assets that were not previously charged to revenue (via depreciation) to depreciable assets, the cost of which is likely to be written down over 20 years. The total value of undepreciated library assets acquired since 2000 when the library was originally classified as a Heritage Asset is £1.5M. Assuming Heritage Assets are reclassified as assets depreciable over a 20 year period, this creates a new annual depreciation charge on library expenditure of £81.0k. This is built into the figures for 2016 which is one reason that the net surplus is lower by comparison with 2015 budget and outturn where depreciation was not applied.

#### *Key constraints, uncertainties and risks*

Whilst staff capacity remains one of the Society's main constraints in undertaking new work, the past year has also highlighted other constraints and potential weaknesses, including reliance upon income from publishing activity and (especially in respect of conference fees, sponsorship and corporate affiliation) a focus on one sector that may be insufficiently broad to encompass alternatives during times of general economic difficulty. These are set out as follows:

- i. **Continued oil market downturn** – *at present it is assumed that the oil and associated sectors will remain depressed for the whole of 2016, with a knock-on effect to potential income from events, sponsorship and other corporate activity.*
- ii. **Volatility of publishing income** – *whilst print publishing continues to decline, increases in electronic publishing income from Lyell and other sources cannot be guaranteed and there is uncertainty, therefore, associated with the income figures included for publishing budgets. This, coupled with the fact that publishing accounts for almost half of the Society's total income (c.46%) is currently a significant risk – see also point iii following.*
- iii. **Lack of income diversification** – *with the problems highlighted above, Publishing and (to a lesser extent) Room Hire are currently relied upon to make up shortfalls. Without a broader base of income streams, however, both in terms of developed activities and engagement with sectors outside of the petroleum industry, the risk remains of deficits in Society operations should a more general economic downturn occur. Addressing this risk is identified as a priority within the Society's new Financial Strategy, but in order to achieve diversification officers and staff must give serious consideration to the development of new areas as well as existing areas of activity.*
- iv. **Treatment of Heritage Assets** – *it is assumed that proposals for changing the classification of Heritage Assets (as set out in the previous section) will be approved and accepted by auditors. Whilst this is likely it is by no means certain and, should the change not come about during 2016, the provisions made for depreciation charges that result will not impact income and expenditure.*
- v. **Lease costs and associated building liabilities for Burlington House** – *as at the time of budget compilation, the matter of the disputed lease costs remains unresolved and indicators suggest that this will remain the case until at least after approval of these figures.*

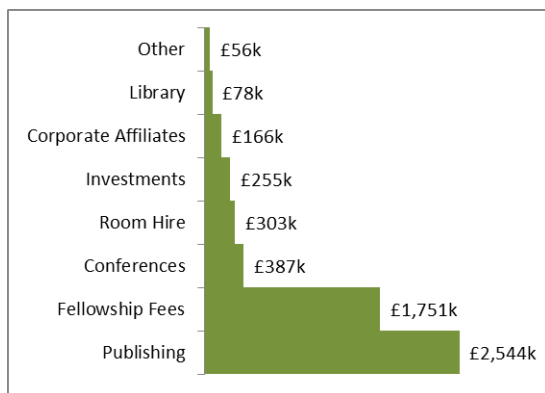
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### Key indicators

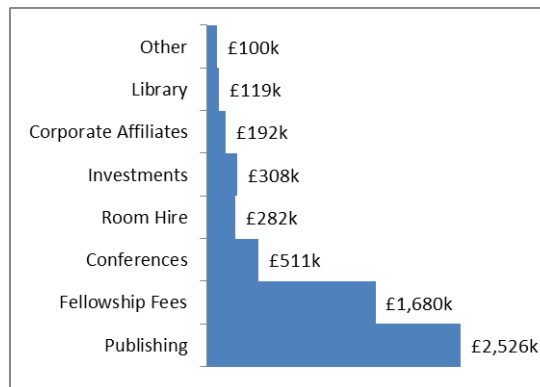
The following diagrams summarize the sources of total income, excluding investment gains:

**(a) 2016 Budgeted income (£,000)**



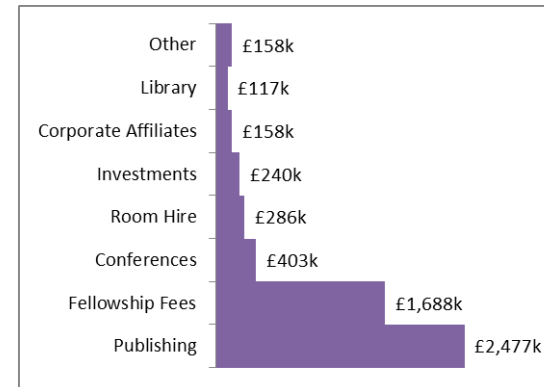
Total income: **£5,541k**

**(b) 2015 Budgeted income (£,000)**



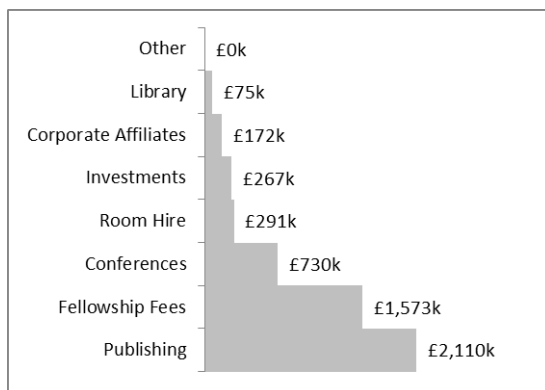
Total income: **£5,719k**

**(c) 2015 forecast income (£,000)**



Total income: **£5,527k**

**(d) 2014 Actual outturn (£,000)**



Total income: **£5,218k**

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#### *Interaction with Financial Statements*

The format and presentation of the Society's financial statements is dictated by the Charities SORP (Statement Of Recommended Practice), a new version of which applies from 1<sup>st</sup> January 2015. Amongst other things, this requires that income and expenditure for the year, as presented via a Statement of Financial Activities (SoFA), is classified according to whether it is a charitable, trading or fund-raising activity. Income that is received in the form of fees must be allocated against those headings from which the fee-payers obtain benefit in return and support costs must be re-allocated on a fair and equitable basis.

Under the 2015 Charities SORP, the activity headings within the financial statements are:

#### *Charitable activities*

- Science & Education (policy and advice; conferences and events; educational outreach; communication);
- Professional & Academic Standards (promotion of membership standards; Chartership; accreditation);
- Scholarly Publishing (book and journal publications in both physical and electronic forms);
- Library and Archives (maintenance and development of the library collection).

#### *Trading activities*

- Room hire and catering

#### *Other fund-raising activities*

- Financial investments

These headings and groupings do not map on a one to one basis with those used for managing Society operations on a day to day basis and thereby reflected in Management Accounts and budgets. Management accounts will show a 'translation', therefore, in addition to the standard-format accounts, which applies both the groupings set out above and the overhead allocation model, thus allowing users to see both the management account/budget position and financial statement position on a month by month basis.

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### Revenue Budget Detailed Commentary

#### 1. Governance & Executive

This section covers three areas of core activity:

<i>Governance &amp; Executive</i>	<i>2016 BUDGET</i>			<i>2015 BUDGET</i>			<i>2015 FORECAST</i>		
	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>
	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>
(a) Executive Secretary	-	(550.7)	(550.7)	1.6	(427.3)	(425.7)	-	(485.2)	(485.2)
(b) Geoscientist	18.5	(230.3)	(211.8)	16.1	(234.8)	(218.7)	18.4	(229.9)	(211.5)
(c) Marketing	-	(126.4)	(126.4)	-	(140.0)	(140.0)	-	(102.6)	(102.6)
<b>Total</b>	<b>18.5</b>	<b>(907.5)</b>	<b>(889.0)</b>	<b>17.7</b>	<b>(802.1)</b>	<b>(784.3)</b>	<b>18.4</b>	<b>(817.6)</b>	<b>(799.2)</b>

Note: Marketing was previously shown under Publishing & Library but from 2015 has been a single, central budget to cover all marketing activities across the Society as a whole, with different units working together under the auspices of the Marketing Group. To reflect that this is a Society-wide budget, therefore, and not confined solely to publishing activities, for 2016 it is shown here under Governance & Executive rather than Publishing & Library. The original 2015 budget has been adjusted accordingly to allow like for like comparisons to be made.

The total 2016 Budget for this area is an expenditure charge of £889.0k, an increase of £89.8k over 2015 forecast total, primarily due to:

- (i) loss of staff internal recharge to publishing (-£105k);
- (ii) increase in publishing marketing (-£24k);
- (iii) increase in grants and training budgets (-£12k);
- (iv) new provision for consultancy (-£10k);
- (v) reduction in recruitment charges (+£62k).

Further details for each area are given on the following pages.

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#### (a) Executive Secretary

The Budget for the Executive Secretary covers operation of the Executive Secretary's Office, costs associated with meetings of Council and officers, and centralized staff-related costs for Burlington House (e.g. travel, training and expenses). The Budget for 2016 is set out as follows:

<b>Governance &amp; Executive</b>	<b>2016 BUDGET</b>			<b>2015 BUDGET</b>			<b>2015 FORECAST</b>		
	<b>Total Inc.</b>	<b>Total Exp.</b>	<b>Surplus/ (Deficit)</b>	<b>Total Inc.</b>	<b>Total Exp.</b>	<b>Surplus/ (Deficit)</b>	<b>Total Inc.</b>	<b>Total Exp.</b>	<b>Surplus/ (Deficit)</b>
<b>(a) Executive Secretary</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Subscriptions	-	(36.0)	(36.0)	-	(32.6)	(32.6)	-	(36.4)	(36.4)
Grants & Awards	-	(52.8)	(52.8)	-	(47.5)	(47.5)	-	(44.3)	(44.3)
Staff Travel, Training & Expenses	-	(36.0)	(36.0)	-	(50.0)	(50.0)	-	(32.4)	(32.4)
Meetings & Officers' Expenses	-	(45.6)	(45.6)	-	(39.3)	(39.3)	-	(45.2)	(45.2)
Reception	-	-	-	0.1	-	0.1	-	(1.2)	(1.2)
Legal & Professional Fees	-	(71.0)	(71.0)	-	(15.0)	(15.0)	-	(61.4)	(61.4)
Specialist Groups	-	(4.7)	(4.7)	1.5	(8.2)	(6.7)	-	(5.1)	(5.1)
Income Held for Future Events	-	-	-	-	-	-	-	0.0	0.0
Direct Staff Costs	-	(290.4)	(290.4)	-	(289.2)	(289.2)	-	(287.6)	(287.6)
Recharges of Staff Costs	-	-	-	-	105.0	105.0	-	105.0	105.0
Other Staff Costs	-	(14.3)	(14.3)	-	(50.5)	(50.5)	-	(76.7)	(76.7)
<b>Total</b>	<b>-</b>	<b>(550.7)</b>	<b>(550.7)</b>	<b>1.6</b>	<b>(427.3)</b>	<b>(425.7)</b>	<b>-</b>	<b>(485.2)</b>	<b>(485.2)</b>

The Executive Secretary's budget for 2016 is increased overall by £70.5k to **£550.7k** from the 2015 forecast outturn of £485.2k. The main reason for this significant increase is not an increase in actual cost but the removal of the internal recharge of staff costs to the Publishing House as a means of spreading overheads. This is now dealt with separately under the new overhead recharging model. Explanation of other movements are set out below.

**Subscriptions** is increased in line with expected 2015 outturn which is about £4k higher than original 2015 budget. This covers primarily affiliation payments to the Science Council, IUGS and similar bodies. In 2015 the amount set aside for the Science Council was originally underprovided for – hence the noted uplift.

**Grants & Awards** is increased to reflect additional funds set aside for research grants. In line with agreed policy, this has been uplifted from £25k in 2015 to £30k in 2016. The number of Industrial Bursaries remains the same (4 at £3k each), although it is anticipated that all will be taken up in 2016 – the 2015 forecast outturn reflects the costs of only 3 that were actually taken up.

## THE GEOLOGICAL SOCIETY OF LONDON

### Budget 2016

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The travel element of **Staff Travel, Training & Expenses** is reduced to reflect less expected activity in 2016; conversely staff training is increased by 6k to reflect a commitment to increase training and development support for staff.

**Meetings & Officers' Expenses** is increased in line with expected outturn for 2015 (£45.2k) – this is greater than original budget (£39.3k) due to an increase in Council members' travel and expenses claims, reflecting the fact that many more live further away at present than in the 2014 budget year.

**Reception** income and expenditure is minimal and so no budget for either is set in 2016.

**Legal & Professional fees** are provided for at an increased level over the original 2015 budget to reflect the ongoing nature of the Burlington House lease negotiations. Whilst it is to be hoped that these will be concluded by the end of this year, provision is currently included for continuation at a similar level of expenditure into 2016. An additional new provision of £10k is also included to cover advice on initiatives that might inform income development strategy. The legal fees are offset by a draw-down from reserves but may also be reduced in the event that the case is decided in favour of the Society and costs awarded.

The budget for **Specialist Groups** is retained under the Executive heading and reflects forecast net expenditure outturn for 2015 as the basis of the 2016 budget. Regional Groups are now included in full under the Fellowships heading.

**Direct Staff Costs** are at a similar level to budget and forecast for 2015, reflecting a small increase as a result of pensions auto-enrolment.

As noted in the overall summary, **Recharges of Staff Costs**, which accounted for a significant reduction in expenditure in previous years, is removed from the 2016 budget, this being the old method of recharging overheads which is replaced with effect from 2015 year end.

**Other Staff Costs** are reduced in 2016 to 'normal' levels. In 2015 recruitment and retirement costs for the Executive Secretary were included which increased expenditure significantly.



THE GEOLOGICAL SOCIETY OF LONDON

Budget 2016

(b) Geoscientist

<i>Governance &amp; Executive</i>	<i>2016 BUDGET</i>			<i>2015 BUDGET</i>			<i>2015 FORECAST</i>		
	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>
<b>(b) Geoscientist</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Geoscientist Income	18.5	-	18.5	16.1	-	16.1	18.4	-	18.4
Geoscientist Expenditure	-	(187.4)	(187.4)	-	(193.7)	(193.7)	-	(186.7)	(186.7)
Direct Staff Costs	-	(42.4)	(42.4)	-	(40.4)	(40.4)	-	(42.8)	(42.8)
Other Staff Costs	-	(0.4)	(0.4)	-	(0.7)	(0.7)	-	(0.4)	(0.4)
<b>Total</b>	<b>18.5</b>	<b>(230.3)</b>	<b>(211.8)</b>	<b>16.1</b>	<b>(234.8)</b>	<b>(218.7)</b>	<b>18.4</b>	<b>(229.9)</b>	<b>(211.5)</b>

This budget covers the production costs of the Geoscientist magazine, including the salary and associated costs of the editor. Income is received solely from advertising revenue, which is expected to increase slightly based on the experience of the current year. Other expenditure is set at a level between original budget and forecast outturn for 2015, reflecting a continuation of activity without any significant changes. Staff costs relate to the editor and are set at a similar level to 2015 forecast outturn.

# THE GEOLOGICAL SOCIETY OF LONDON

## Budget 2016

### (c) Marketing

Governance & Executive (c) Marketing	2016 BUDGET			2015 BUDGET			2015 FORECAST		
	Total Inc. £,000	Total Exp. £,000	Surplus/ (Deficit) £,000	Total Inc. £,000	Total Exp. £,000	Surplus/ (Deficit) £,000	Total Inc. £,000	Total Exp. £,000	Surplus/ (Deficit) £,000
Advertising	-	(30.0)	(30.0)	-	(47.0)	(47.0)	-	(30.3)	(30.3)
Printed Material/ Mailings	-	(30.0)	(30.0)	-	(46.0)	(46.0)	-	(29.5)	(29.5)
Exhibitions/ Promotions	-	(36.0)	(36.0)	-	(40.0)	(40.0)	-	(38.9)	(38.9)
E-comms	-	(4.0)	(4.0)	-	(7.0)	(7.0)	-	(3.8)	(3.8)
Staff Recharge	-	(26.4)	(26.4)	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>(126.4)</b>	<b>(126.4)</b>	<b>-</b>	<b>(140.0)</b>	<b>(140.0)</b>	<b>-</b>	<b>(102.6)</b>	<b>(102.6)</b>

The single Marketing Budget was a new item in 2015. In previous years marketing has been an element of other budgets. The driver for this change was the creation of a cross-functional Marketing Group with responsibility for all aspects of marketing within the Society and involving staff from all areas.

As it has yet to complete a full year of operation in its new form, it remains difficult to forecast and set the Marketing budget with a high degree of accuracy, except in publishing (approximately 70% of total budget) where marketing practice is more firmly established. It is apparent, however, that the original 2015 budget was set too high when compared with actual activity in the year to date and forecast outturn. The 2016 budget, therefore, has been reduced when compared with 2015 original budget but takes into account publishing house programmed marketing activities for the year.

The **Staff Recharge** is a new charge in 2016, being part of the new overhead charging model.

# THE GEOLOGICAL SOCIETY OF LONDON

## Budget 2016

### 2. Finance & Operations

Finance & Operations covers the following areas of core activity:

<i>Finance &amp; Operations</i>	<i>2016 BUDGET</i>			<i>2015 BUDGET</i>			<i>2015 FORECAST</i>		
	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>
	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>
(a) Fellowship Services	1,751.3	(288.5)	1,462.7	1,680.4	(279.7)	1,400.7	1,687.6	(257.6)	1,430.0
(b) Conference Office	856.5	(583.4)	273.2	985.4	(642.0)	343.4	847.2	(545.7)	301.6
(c) IT Network & Databases	-	(204.7)	(204.7)	-	(145.1)	(145.1)	-	(177.4)	(177.4)
(d) Facilities Management	-	(432.8)	(432.8)	-	(390.8)	(390.8)	-	(394.4)	(394.4)
(e) Finance	263.1	(443.1)	(179.9)	355.7	(454.5)	(98.8)	285.5	(441.9)	(156.4)
(f) HR	-	(30.0)	(30.0)	-	-	-	-	-	-
<b>Total</b>	<b>2,870.9</b>	<b>(1,982.5)</b>	<b>888.4</b>	<b>3,021.5</b>	<b>(1,912.1)</b>	<b>1,109.4</b>	<b>2,820.4</b>	<b>(1,817.0)</b>	<b>1,003.4</b>

There are 4 significant revenue streams represented within this heading:

- i. Fellowship fees (within Fellowship Services);
- ii. Conference income, including fees and sponsorship (within the Conference Office);
- iii. Corporate affiliation fees (within the Conference Office); and
- iv. Investment income (within Finance).

With the exception of Fellowship, Conferences and Investments, all other expenditure in this area is treated as a support cost and in the Financial Statements is reallocated to charitable activities. Whilst total income is expected to rise slightly in 2016 when measured against 2015 forecast income, total expenditure will also rise at a greater rate, leading to a reduced surplus. The total 2016 Budget for this area is a surplus of £888.4k, a decrease of £115.0k over 2015 forecast total, primarily due to:

- (i) loss of staff internal recharge to publishing (-£68k);
- (ii) increased provision for lease charges (-£38k);
- (iii) new provision for HR support (-£30k);
- (iv) reduced events programme (-£28k);
- (v) savings on operating costs (+£16k);
- (vi) increased Fellowship income (+£33k).

Further details are set out on the following pages.

# THE GEOLOGICAL SOCIETY OF LONDON

## Budget 2016

### (a) Fellowship Services

Fellowship Services includes the fees collected from members of the Society, together with the associated costs of collecting those fees and overseeing the management of member services:

<i>Finance &amp; Operations</i>	<i>2016 BUDGET</i>			<i>2015 BUDGET</i>			<i>2015 FORECAST</i>		
	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>
<b>(a) Fellowship Services</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Fellowship Renewals	1,667.7	-	1,667.7	1,577.5	-	1,577.5	1,574.5	-	1,574.5
Fellowship Admissions	23.3	-	23.3	21.3	-	21.3	23.0	-	23.0
Journal Subscriptions	33.4	-	33.4	54.6	-	54.6	48.5	-	48.5
Accreditation Fees	21.0	-	21.0	20.0	-	20.0	20.4	-	20.4
Other Income	5.8	-	5.8	7.0	-	7.0	21.2	-	21.2
Fellowship Costs	-	(52.6)	(52.6)	-	(61.0)	(61.0)	-	(66.9)	(66.9)
Chartership Costs	-	(6.0)	(6.0)	-	(45.1)	(45.1)	-	(19.3)	(19.3)
Accreditation Costs	-	(1.5)	(1.5)	-	(35.9)	(35.9)	-	(3.1)	(3.1)
Professional Committee	-	(2.2)	(2.2)	-	(1.3)	(1.3)	-	(2.2)	(2.2)
Other Expenses	-	(29.5)	(29.5)	-	(22.2)	(22.2)	-	(29.0)	(29.0)
Direct Staff Costs	-	(190.1)	(190.1)	-	(109.3)	(109.3)	-	(129.8)	(129.8)
Other Staff Costs	-	(6.7)	(6.7)	-	(5.0)	(5.0)	-	(7.3)	(7.3)
<b>Total</b>	<b>1,751.3</b>	<b>(288.5)</b>	<b>1,462.7</b>	<b>1,680.4</b>	<b>(279.7)</b>	<b>1,400.7</b>	<b>1,687.6</b>	<b>(257.6)</b>	<b>1,430.0</b>

The key driver for fellowship income is the combination of fellowship numbers and fee levels. Based upon analysis of membership data at the same point each year, it is assumed that the current growth trend will continue and that fellowship numbers and revenues will continue to increase at approximately 3% per annum (see Appendix A for an analysis of membership numbers, based upon current and prior years). **Fellowship Renewals** income is increased by £90.2k over the 2015 forecast, £66.7k of which relates to Fellowship Fees (which increase in total by 4.5% over 2015 forecast outturn – a rate that is comparable with the norm for the past 5 years). The remainder relates to Chartership fees. **Fellowship Admissions** remain at a similar level year on year. The total number of Fellows for 2016 is estimated as 12,357, up from 11,991 in 2015 (an increase of 3.1%).

**Journal Subscriptions** assume a reduction of 50% over 2015 forecast revenue for both JGS and QJEGH, as a result of the bundling of these publications (as agreed by Council this year). Actual reductions will remain unknown until probably next year so the net reduction from 2015 forecast of just over £15k represents an estimate rather than a calculated sum.

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### Budget 2016

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**Accreditation fees** are expected to remain at a similar level next year.

**Other income** reduces when compared against 2015 outturn primarily because only £4k is included for donations income and 2015 actuals include additional revenue (£13.5k) relating to an individual donation.

**Fellowship costs** are reduced primarily by exclusion of the recharge of costs from the Library (£15k) to reflect usage of the Athens Library system. This recharge is now dealt with under the Overheads and Income Reallocation Model and so is removed from this budget line.

Both **Chartership costs** and **Accreditation costs** are significantly reduced against original 2015 budget to reflect the payment of both Chartership and Accreditation officers now via payroll – previously these were charged as third-party payments. This change started part way through 2015 (hence the effect on forecast outturn) but 2016 represents the first full year. It is made to comply with PAYE Regulations and increases payroll costs accordingly (see below).

The costs of the **Professional Committee** are set higher than the 2015 budget, but in line with expected outturn to reflect increased levels of claims from members living further afield.

**Other expenses** covers primarily the costs of supporting the Regional Groups. The 2016 Budget is set after an exercise with Regional Group Treasurers to bring their budget-setting timetable into line with that of the Society. It produces a figure which is similar to the forecast outturn for 2015.

**Direct Staff Costs** - as noted above, this line is increased to incorporate payments to the Chartership and Accreditation officers via payroll.

**Other Staff Costs** is set at a similar level to expected 2015 outturn.

# THE GEOLOGICAL SOCIETY OF LONDON

## Budget 2016

### *(b) Conference Office*

Conference Office activities include the scientific meetings hosted by the Society ('Flagship' and Petroleum Group events), public lecture series ('London Lectures') and hire of the facilities at Burlington House to associated and external bodies.

<i>Finance &amp; Operations</i>	<i>2016 BUDGET</i>			<i>2015 BUDGET</i>			<i>2015 FORECAST</i>		
	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>
<i>(b) Conference Office</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>
Flagship Meetings	72.3	(60.4)	11.9	187.5	(118.0)	69.5	135.2	(77.2)	58.0
Petroleum Group Meetings	314.9	(223.0)	91.9	323.6	(207.1)	116.5	268.2	(187.7)	80.6
Corporate Affiliates	166.0	(2.4)	163.7	192.0	(14.0)	178.0	157.5	(14.3)	143.2
London Lectures	-	(14.5)	(14.5)	-	(24.2)	(24.2)	-	(14.2)	(14.2)
Other Meetings & Lettings	215.5	(95.6)	119.9	204.8	(126.3)	78.5	203.0	(93.4)	109.6
Trading Activity (GTL)	87.9	(64.3)	23.6	77.5	(32.5)	45.0	83.3	(45.3)	37.9
Direct Staff Costs	-	(121.5)	(121.5)	-	(113.2)	(113.2)	-	(111.8)	(111.8)
Other Staff Costs	-	(1.8)	(1.8)	-	(6.7)	(6.7)	-	(1.7)	(1.7)
<b>Total</b>	<b>856.5</b>	<b>(583.4)</b>	<b>273.2</b>	<b>985.4</b>	<b>(642.0)</b>	<b>343.4</b>	<b>847.2</b>	<b>(545.7)</b>	<b>301.6</b>

**Flagship Meetings**, both income and expenditure, are dependent upon the programme of events scheduled for 2016 by the Science Committee. 8 events, not counting the 2 Careers Days, are currently included for 2016. This compares with 15 events for the current year, hence the anticipated reduction in both income and expenditure. Sponsorship has proven difficult to obtain in 2015 – reflecting the oil market downturn – and at present this is expected to continue well into 2016. As a result, Flagship Meetings are only currently expected to make a small overall surplus in the year.

**Petroleum Group Meetings** also show a reduction when compared against 2015 budget, but are expected to grow back slightly when compared against 2015 forecast outturn.

**Corporate Affiliates** are reduced against 2015 budget to reflect a number of losses in the current year. It is anticipated that some of these can be replaced with new members in 2016, however, hence an increase is shown over 2015 forecast outturn.

**London Lectures** are not expected to attract any sponsorship income in 2016 (the same position as 2015). Costs are expected to be similar to those forecast for the current year, which were over-estimated in the original budget.

## THE GEOLOGICAL SOCIETY OF LONDON

### Budget 2016

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Both **Other Meetings & Lettings** and **Trading Activity (GTL)** have done significantly better in the current year than the original 2015 budget anticipated. Income is expected to be higher again, therefore, in 2016, although increased costs are also factored in, leading to combined surpluses of a similar rather than increased level.

**Direct Staff Costs** in 2016 reflect a full complement within the Conference Office following a reduction in 2015 as a result of maternity leave.

**Other Staff Costs** remain at a similar level to 2015 forecast outturn.

## THE GEOLOGICAL SOCIETY OF LONDON

### Budget 2016

#### (c) IT Network & Databases

This budget relates to the costs of providing the Society's networked IT, PCs, printers, communications and databases. Website Costs are not included here but budgeted for separately under Science & External Relations.

<i>Finance &amp; Operations</i>	<i>2016 BUDGET</i>			<i>2015 BUDGET</i>			<i>2015 FORECAST</i>		
	<i>Total Inc.</i>	<i>Total</i>	<i>Surplus/</i>	<i>Total Inc.</i>	<i>Total</i>	<i>Surplus/</i>	<i>Total Inc.</i>	<i>Total</i>	<i>Surplus/</i>
<b>(c) IT Network &amp; Databases</b>	<b>£,000</b>	<b>Exp. £,000</b>	<b>(Deficit) £,000</b>	<b>£,000</b>	<b>Exp. £,000</b>	<b>(Deficit) £,000</b>	<b>£,000</b>	<b>Exp. £,000</b>	<b>(Deficit) £,000</b>
Networking Costs	-	(51.0)	(51.0)	-	(55.7)	(55.7)	-	(49.9)	(49.9)
CRM System	-	(1.6)	(1.6)	-	(1.5)	(1.5)	-	(1.5)	(1.5)
Finance System	-	(4.9)	(4.9)	-	(4.8)	(4.8)	-	(4.3)	(4.3)
Other Hardware & Software	-	(9.2)	(9.2)	-	(8.9)	(8.9)	-	(4.2)	(4.2)
Direct Staff Costs	-	(126.6)	(126.6)	-	(107.8)	(107.8)	-	(60.1)	(60.1)
Recharges of Staff Costs	-	-	-	-	35.0	35.0	-	35.0	35.0
Other Staff Costs	-	(11.5)	(11.5)	-	(1.4)	(1.4)	-	(92.4)	(92.4)
<b>Total</b>	<b>-</b>	<b>(204.7)</b>	<b>(204.7)</b>	<b>-</b>	<b>(145.1)</b>	<b>(145.1)</b>	<b>-</b>	<b>(177.4)</b>	<b>(177.4)</b>

The majority of non-staff related costs for IT are similar year on year and this is reflected in the 2016 budget. It should be noted that the costs for **CRM System** and **Finance System** relate to the running costs of the current systems and not the replacement project. The main change is against **Other Hardware & Software** where provision has been increased to take account of the withdrawal of Microsoft's charity discount, from which the Society has previously benefitted.

**Direct Staff Costs** are increased on the assumption that the DBA role, currently covered by a long-term contractor, will be brought in-house. This was assumed when the original 2015 budget was set (hence the difference between 2015 budget and outturn) but implementation has been delayed. It is now anticipated that this change will take place in 2016, which is also why **Other Staff Costs** are significantly reduced at the same time (this line previously bore the contractor's charge).

**Recharges of Staff Costs** are now dealt with under the new overheads model, so are removed from this section in the 2016 budget.



# THE GEOLOGICAL SOCIETY OF LONDON

## Budget 2016

### *(d) Facilities Management*

This budget covers the anticipated costs of regular maintenance of the Society's facilities at Burlington House and includes the staff costs of the Burlington House Facilities Manager.

<i>Finance &amp; Operations</i>	<i>2016 BUDGET</i>			<i>2015 BUDGET</i>			<i>2015 FORECAST</i>		
	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>
<b>(d) Facilities Management</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Building Maintenance	-	(87.0)	(87.0)	-	(58.0)	(58.0)	-	(75.6)	(75.6)
Rent, Rates & Insurance	-	(166.7)	(166.7)	-	(155.6)	(155.6)	-	(147.0)	(147.0)
Cleaning, Utilities & Security	-	(87.4)	(87.4)	-	(85.4)	(85.4)	-	(85.7)	(85.7)
Other Facilities Costs	-	(46.8)	(46.8)	-	(51.8)	(51.8)	-	(45.9)	(45.9)
Direct Staff Costs	-	(44.1)	(44.1)	-	(39.3)	(39.3)	-	(40.1)	(40.1)
Other Staff Costs	-	(0.8)	(0.8)	-	(0.7)	(0.7)	-	(0.1)	(0.1)
<b>Total</b>	<b>-</b>	<b>(432.8)</b>	<b>(432.8)</b>	<b>-</b>	<b>(390.8)</b>	<b>(390.8)</b>	<b>-</b>	<b>(394.4)</b>	<b>(394.4)</b>

The **Building Maintenance** budget line includes the service charge payable to the Burlington House landlord. This charge covers maintenance, minor repairs, etc. and is linked to the ongoing dispute over rental value, albeit this charge continues to be paid on a 'without prejudice' basis. It has increased significantly during 2015, reflecting the start of a programme of works that is likely to continue into 2016. The increased budget for 2016, therefore, reflects this increase which is a contractual rather than optional payment.

Similarly, **Rent, Rates & Insurance** reflects an increase based primarily upon the rising annual rent charge. Although this is currently subject to arbitration which may result ultimately in a reduced charge, it is considered prudent at present to include provision for rent at the current higher rate until otherwise advised.

Other costs – **Cleaning, Utilities and Security, Other Facilities Costs, Direct Staff Costs** and **Other Staff Costs** are not expected to see significant increases during 2016.

# THE GEOLOGICAL SOCIETY OF LONDON

## Budget 2016

### (e) Finance

This budget includes the Accounts Team, as well as aspects of providing accounting support and other centralized income and expenditure associated with banking and investments.

<i>Finance &amp; Operations</i>	<i>2016 BUDGET</i>			<i>2015 BUDGET</i>			<i>2015 FORECAST</i>		
	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>
<b>(e) Finance</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Banking & Investments	257.4	(36.9)	220.5	312.0	(28.0)	284.0	241.8	(29.6)	212.2
Audit & Other Fees	-	(29.1)	(29.1)	-	(31.0)	(31.0)	-	(28.6)	(28.6)
Provisions & Charges	-	(125.9)	(125.9)	10.7	(144.0)	(133.3)	10.7	(135.3)	(124.6)
Direct Staff Costs	-	(250.0)	(250.0)	-	(246.3)	(246.3)	-	(236.3)	(236.3)
Recharges of Staff Costs	5.7	-	5.7	33.0	-	33.0	33.0	-	33.0
Other Staff Costs	-	(1.1)	(1.1)	-	(5.2)	(5.2)	-	(12.1)	(12.1)
<b>Total</b>	<b>263.1</b>	<b>(443.1)</b>	<b>(179.9)</b>	<b>355.7</b>	<b>(454.5)</b>	<b>(98.8)</b>	<b>285.5</b>	<b>(441.9)</b>	<b>(156.4)</b>

**Banking & Investments** income consists primarily of dividend and interest revenue earned from the Society's investments (currently managed by UBS). Part of their target is to achieve an annual income of at least £250k without eroding portfolio capital. Review of the original 2015 budget suggests that it was set unrealistically high, as comparison with the forecast outturn for 2015 shows. Income for 2016, therefore, is set between these two figures at what should be a more realistic target. The caveat remains, however, that dividend and interest income is driven largely by the health of stock-markets, so there is risk and uncertainty attached to any figure included in this line.

**Audit & Other Fees** remain at a similar level to 2015 budget and forecast outturn.

**Provisions & Charges** covers depreciation charges for Burlington House facilities, IT and equipment, together with provisions for bad debt and irrecoverable VAT. The levels for 2016 are set in line with the forecast outturn for 2015, which is slightly lower than original budget, due to a reduction in bad debt provision (this is now set at a level derived from the 2014 year-end audited accounts and is thought unlikely to increase at present). The Curry fund recharge to the Publishing House, which has previously been shown as income against this heading (£10.7k), has also been removed for 2016, this now being included within the overhead allocation model.

**Direct Staff Costs** are broadly in line with 2015 budget and forecast outturn. **Recharges of Staff Costs** are changed, however, to remove the internal charge that historically has been made between Finance and the Executive Secretary (which is now replaced by the overhead allocation model); but to retain a small charge from the Finance office to Investment Management costs, as suggested by the auditor.

**Other Staff Costs** do not include recruitment costs in 2016 which were charged in 2015 in respect of the Financial Controller.

**THE GEOLOGICAL SOCIETY OF LONDON**

**Budget 2016**

*(f) HR*

This is a new provision for in-house HR support on a part-time basis.

<i>Finance &amp; Operations</i>	<i>2016 BUDGET</i>			<i>2015 BUDGET</i>			<i>2015 FORECAST</i>		
	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>
<i>(f) HR</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>
HR Advisor	-	(30)	(30.0)	-	-	-	-	-	-
<b>Total</b>	-	(30)	(30)	-	-	-	-	-	-

**HR Advisor** – it is planned to recruit a mid-level (i.e. not junior, but also not senior executive) HR advisor to work within the Society on a part-time basis. He or she will provide professional advice and support both to staff and managers and pick up development of staff-related policies and matters. The reporting line will be to the Director of Finance and Operations.

# THE GEOLOGICAL SOCIETY OF LONDON

## Budget 2016

### 3. Publishing & Library

Publishing & Library covers the activities summarized in this table and detailed in the following sections:

<i>Publishing &amp; Library</i>	<i>2016 BUDGET</i>			<i>2015 BUDGET</i>			<i>2015 FORECAST</i>		
	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>
	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>
(a) Book Publishing	457.8	(200.9)	256.9	572.3	(232.0)	340.3	427.6	(200.4)	227.2
(b) Journal Publishing	547.8	(212.2)	335.6	538.0	(237.1)	301.0	560.4	(201.6)	358.8
(c) Lyell & Other Publishing	1,538.0	(295.1)	1,243.0	1,416.0	(272.1)	1,143.9	1,488.5	(264.9)	1,223.6
(d) Publishing Management	-	(798.6)	(798.6)	-	(1,010.3)	(1,010.3)	-	(936.7)	(936.7)
(e) Library	78.4	(469.4)	(391.1)	118.5	(334.0)	(215.5)	117.2	(401.8)	(284.7)
<b>Total</b>	<b>2,622.0</b>	<b>(1,976.1)</b>	<b>645.8</b>	<b>2,644.8</b>	<b>(2,085.4)</b>	<b>559.4</b>	<b>2,593.7</b>	<b>(2,005.4)</b>	<b>588.3</b>

*The Marketing budget which previously sat under this heading has been moved to Governance & Executive to reflect that it is a central budget for the whole Society rather than publishing alone.*

Publishing currently accounts for a significant proportion of total Society income and expenditure (c.46%). Overall budget movements in this area are dependent upon a range of controllable factors (production schedules) and market forces, leading to a high degree of uncertainty in particular when setting income figures. The total 2016 Budget for this area is a surplus of £653.9k, an increase of £65.6k over 2015 forecast total, primarily due to:

- (i) increased staff and running costs (-£92k);
- (ii) loss of library internal recharges (-£50k);
- (iii) further decrease in journal income (-£23k);
- (iv) net increase in Lyell income (+£19k);
- (v) increased book sales (+£30k);
- (vi) loss of internal recharges from elsewhere (+£173k).

These changes are explained in more detail in the following pages.

## THE GEOLOGICAL SOCIETY OF LONDON

### Budget 2016

#### (a) Book Publishing

This budget head covers the publication of learned and scientific titles by the Publishing House ('Main' sales), of third-party stock that is bought in and sold on, and of third-party publications that are sold on a commission basis:

<i>Publishing &amp; Library</i>	<i>2016 BUDGET</i>			<i>2015 BUDGET</i>			<i>2015 FORECAST</i>		
	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>
<b>(a) Book Publishing</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Book Sales Main	416.7	(200.9)	215.8	529.3	(232.0)	297.3	395.8	(200.4)	195.4
Book Sales Other	25.5	-	25.5	20.0	-	20.0	17.0	-	17.0
Book Sales Commission	15.6	-	15.6	23.0	-	23.0	14.8	-	14.8
<b>Total</b>	<b>457.8</b>	<b>(200.9)</b>	<b>256.9</b>	<b>572.3</b>	<b>(232.0)</b>	<b>340.3</b>	<b>427.6</b>	<b>(200.4)</b>	<b>227.2</b>

**Book Sales Main** covers the sale of GSL published material. The 2015 forecast for income and expenditure is down against original budget, resulting in a smaller surplus (by £101.9k) than originally anticipated. Income is highly dependent upon the production schedule of books within the budget year – with a high proportion of sales being attributable to new titles in the months immediately following publication. In 2012 and 2013 income declined significantly (from £596k in 2011 to £455k in 2012 and £369k in 2013); in 2014, however, income rose again sharply to £475k. Current 2015 year-end forecasts put income at £395.8k, which lies between 2013 and 2014 figures. The budget for 2016, therefore, is set on the basis of more or less flat sales (and thereby similar production output) when compared with the current year. Costs follow a similar pattern. This budget may vary, however, as a result of production slippage and/or sales volumes.

**Book Sales Other** and **Book Sales Commission** represent sales of third-party publications. The 2016 budget is set on the basis of similar levels of total sales to the current year budget.

# THE GEOLOGICAL SOCIETY OF LONDON

## Budget 2016

### *(b) Journal Publishing*

This budget combines the estimates for all journals produced by the Publishing House. In general terms, the income associated with each is in slow decline on a year by year basis as subscribers switch to electronic alternatives such as the Lyell Collection:

<i>Publishing &amp; Library</i>	<b>2016 BUDGET</b>			<b>2015 BUDGET</b>			<b>2015 FORECAST</b>		
	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>
<b>(b) Journal Publishing</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
JGS	318.6	(64.6)	253.9	314.1	(73.4)	240.7	326.9	(60.4)	266.5
QJEGH	86.6	(33.3)	53.3	94.1	(41.2)	52.9	89.5	(31.5)	58.0
PG	72.8	(49.6)	23.2	58.8	(52.4)	6.4	63.1	(49.8)	13.4
GEEA	16.9	(27.0)	(10.1)	15.4	(30.4)	(15.0)	27.0	(24.8)	2.2
SJG	17.0	(16.0)	1.0	17.0	(16.5)	0.5	17.9	(14.8)	3.1
JM	26.4	(11.5)	14.9	24.7	(12.5)	12.2	26.4	(10.1)	16.3
PYGS	9.5	(10.1)	(0.6)	13.9	(10.7)	3.2	9.6	(10.3)	(0.7)
<b>Total</b>	<b>547.8</b>	<b>(212.2)</b>	<b>335.6</b>	<b>538.0</b>	<b>(237.1)</b>	<b>301.0</b>	<b>560.4</b>	<b>(201.6)</b>	<b>358.8</b>

Budgets for **JGS** and **QJEGH** have been compared with previous years, income from Fellows' subscriptions factored out (see Fellowship and the bundling of journals from 2016 onwards) and adjusted accordingly. In both cases, although the general 5-year trend is decline as subscribers move from print to electronic copies, year on year income and expenditure fluctuate. 2016 budgets, therefore, are set in line with this overall trend and expected 2015 forecast outcome.

Budgets for the jointly-owned **PG** and **GEEA** journals also fluctuate year on year, again with a current trend towards decline in revenue. 2016 budgets, therefore, reflect this trend, also taking into account new Open Access income streams and the likely profit share that will need to be paid over to the joint owners of each journal.

The remaining contracted journals, **SJG**, **JM**, and **PYGS**, are all set broadly in line with current year original budget and forecast outcomes.

## THE GEOLOGICAL SOCIETY OF LONDON

### Budget 2016

#### *(c) Lyell and Other Publishing*

This budget covers the Lyell Collection, the Society's main electronic archive of journals and publications, Geology Today, and other sales (primarily royalties income). As noted above, whilst physical journal and book sales are in decline year on year, electronic sales continue to increase:

<i>Publishing &amp; Library</i>	<i>2016 BUDGET</i>			<i>2015 BUDGET</i>			<i>2015 FORECAST</i>		
	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>
<i>(c) Lyell &amp; Other Publishing</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>
Lyell Collection	1,437.2	(221.3)	1,215.8	1,339.2	(201.8)	1,137.4	1,354.6	(199.4)	1,155.2
Geology Today	13.2	-	13.2	11.0	-	11.0	11.8	-	11.8
GSW Ebooks	48.9	(6.0)	42.9	22.7	(5.0)	17.7	48.9	(6.6)	42.3
Other Direct Sales	38.7	(41.3)	(2.6)	43.0	(39.4)	3.6	73.2	(35.3)	37.9
Direct Staff Costs	-	(26.0)	(26.0)	-	(25.2)	(25.2)	-	(23.2)	(23.2)
Other Staff Costs	-	(0.4)	(0.4)	-	(0.7)	(0.7)	-	(0.4)	(0.4)
<b>Total</b>	<b>1,538.0</b>	<b>(295.1)</b>	<b>1,243.0</b>	<b>1,416.0</b>	<b>(272.1)</b>	<b>1,143.9</b>	<b>1,488.5</b>	<b>(264.9)</b>	<b>1,223.6</b>

**Lyell Collection** income is increased 6.1% over 2015 forecast outturn. In previous years the trend for increase has been greater (average 20%), but is reduced to reflect the loss of c.£100k of trade subscription renewals for 2016 that have currently been notified. Expenditure is increased at a higher overall rate (11.0%) to reflect commitments to new activities in 2016 as well as fixed-cost elements of production. Both income and expenditure budgets will also fluctuate to reflect activity, however, so there remains a high degree of uncertainty with the figures.

Both 2016 budgets for **Geology Today** (the Society's share of profit in a jointly-owned journal published by a third party) and **GSW EBooks** (the latter previously shown separately from Publishing under Business Projects) are broadly in line with current year budget and forecast and prior year trends.

**Other Direct Sales** (royalties, photocopying and permission fees) is set at a similar level to the 2015 original budget, there being a distorting receipt in the 2015 forecast which is ignored for 2016.

**Direct Staff Costs** and **Other Staff Costs** are set in 2016 at similar levels to those for 2015, being the costs of one person from the Publishing House charged fully against this activity.

# THE GEOLOGICAL SOCIETY OF LONDON

## Budget 2016

### (d) Publishing Management

Publishing Management covers all of the overhead costs of the Publishing House, including building, IT, staff and associated costs:

Publishing & Library	2016 BUDGET			2015 BUDGET			2015 FORECAST		
	Total Inc. £,000	Total Exp. £,000	Surplus/ (Deficit) £,000	Total Inc. £,000	Total Exp. £,000	Surplus/ (Deficit) £,000	Total Inc. £,000	Total Exp. £,000	Surplus/ (Deficit) £,000
(d) Publishing Management									
Building & Facilities	-	(36.6)	(36.6)	-	(41.4)	(41.4)	-	(44.3)	(44.3)
Operating Expenses	-	(48.0)	(48.0)	-	(63.2)	(63.2)	-	(49.3)	(49.3)
IT	-	(31.4)	(31.4)	-	(17.0)	(17.0)	-	(0.9)	(0.9)
Staff Support	-	(5.2)	(5.2)	-	(3.2)	(3.2)	-	(2.6)	(2.6)
Travel & Subsistence	-	(57.5)	(57.5)	-	(53.5)	(53.5)	-	(55.9)	(55.9)
Warehouse Costs	-	(2.5)	(2.5)	-	(7.2)	(7.2)	-	(2.4)	(2.4)
Depreciation	-	(5.8)	(5.8)	-	(2.3)	(2.3)	-	(5.6)	(5.6)
Direct Staff Costs - PH	-	(626.1)	(626.1)	-	(628.2)	(628.2)	-	(596.5)	(596.5)
Staff Recharges	-	26.4	26.4	-	(173.0)	(173.0)	-	(173.0)	(173.0)
Other Staff Costs	-	(12.0)	(12.0)	-	(21.3)	(21.3)	-	(6.2)	(6.2)
<b>Total</b>	-	<b>(798.6)</b>	<b>(798.6)</b>	-	<b>(1,010.3)</b>	<b>(1,010.3)</b>	-	<b>(936.7)</b>	<b>(936.7)</b>

The support costs in this section are broadly in line with current year original budget and forecast outturn, with significant changes only in the following areas:

- (i) **Building & Facilities** – removal of internal recharge for ‘Curry Rent’ (£10k) to reflect an occupation charge for the Publishing House – this is now covered in the new overhead charging model.
- (ii) **IT** – includes provision in 2016 for charges in respect of the online submissions package, over and above the pre-paid 500 units, plus additional cost associated with the production tracking system.
- (iii) **Direct Staff Costs** – are set at a level similar to the original 2015 budget, there being vacancies during 2015 (now filled) that have reduced the forecast against that budget.
- (iv) **Staff Recharges** – the recharge of IT and Executive Secretary staffing costs to the Publishing House are removed in 2016 (such charges being dealt with separately under the new overheads model). They are replaced by a recharge of publishing staff costs to the Marketing Budget to represent 50% of the time and costs of a senior member of staff involved in marketing activities.



## THE GEOLOGICAL SOCIETY OF LONDON

### Budget 2016

#### (e) Library

The library budget covers the running costs of library provision at Burlington House. Its main element is staff costs, as the cost of library acquisitions is part of the Capital Plan. Costs associated with replacing the library system are included under section 5:

<i>Publishing &amp; Library</i>	<i>2016 BUDGET</i>			<i>2015 BUDGET</i>			<i>2015 FORECAST</i>		
	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>
<b>(e) Library</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Book Sales	7.7	(5.7)	2.0	15.0	(6.3)	8.7	7.0	(6.4)	0.5
Library Other Income	29.6	-	29.6	69.5	-	69.5	76.2	-	76.2
Library Other Expenditure	-	(116.7)	(116.7)	-	(29.1)	(29.1)	-	(105.7)	(105.7)
McKenzie Archive	41.0	(41.0)	-	34.0	(50.0)	(16.0)	34.0	(61.4)	(27.4)
Direct Staff Costs	-	(300.6)	(300.6)	-	(271.8)	(271.8)	-	(266.1)	(266.1)
Staff Recharges	-	-	-	-	30.0	30.0	-	30.0	30.0
Other Staff Costs	-	(5.4)	(5.4)	-	(6.8)	(6.8)	-	7.8	7.8
<b>Total</b>	<b>78.4</b>	<b>(469.4)</b>	<b>(391.1)</b>	<b>118.5</b>	<b>(334.0)</b>	<b>(215.5)</b>	<b>117.2</b>	<b>(401.8)</b>	<b>(284.7)</b>

**Book Sales** are reduced in the 2016 budget to align with forecast 2015 outturn, rather than original budget, which was set too high.

**Library Other Income** is reduced in 2016 by £46.6k primarily by removal of the income from internal recharges for use of library facilities – this is now dealt with under the income and overheads reallocation model.

**Library Other Expenditure** is increased in the 2015 forecast and in 2016 by c.£80k over the original 2015 budget, the majority of which (£81k) relates to additional provision for depreciation on library assets, previously treated as non-chargeable Heritage Assets.

The **McKenzie Archive** (previously shown separately under Business Projects) will focus in 2016 on development of a new website for accessing the archive. In previous years the staff costs of the Archivist have been recharged from **Direct Staff Costs** via **Staff Recharges** to McKenzie on the basis that the Archivist was a time-limited position. As this position has now been confirmed as permanent, however, the Archivist's costs remain within the Library (increasing Direct Staff Costs by c.£30k and removing the recharge for 2016).

**Other Staff Costs** remain at a similar level to 2015 budget and forecast outturn.

# THE GEOLOGICAL SOCIETY OF LONDON

## Budget 2016

### 4. Science & External Relations

Science & External Relations consists of the following activities:

<i>Science &amp; External Relations</i>	<i>2016 BUDGET</i>			<i>2015 BUDGET</i>			<i>2015 FORECAST</i>		
	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>
	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>
(a) External Relations	-	(162.1)	(162.1)	5.0	(154.6)	(149.6)	-	(158.0)	(158.0)
(b) Education	29.3	(123.1)	(93.8)	29.9	(114.0)	(84.1)	94.1	(82.6)	11.5
(c) Website	-	(174.6)	(174.6)	-	(129.0)	(129.0)	-	(164.4)	(164.4)
<b>Total</b>	<b>29.3</b>	<b>(459.9)</b>	<b>(430.6)</b>	<b>34.9</b>	<b>(397.6)</b>	<b>(362.7)</b>	<b>94.1</b>	<b>(405.0)</b>	<b>(310.9)</b>

This heading covers those activities other than conferences that fall within the broad remit of public outreach, scientific advice, and communication. The costs of maintaining the Society's website are also included.

The total 2016 Budget for this area is a deficit of £430.6k, an increase of £119.7k over 2015 forecast total, primarily due to:

- (i) no windfall sponsorship income in 2016 (-£94k);
- (ii) increased education costs (-£11k);
- (iii) increased website support and running costs (-£10k);
- (iv) increased staff costs (-£4k).

Further details are set out on the following pages.

# THE GEOLOGICAL SOCIETY OF LONDON

## Budget 2016

### (a) External Relations

This budget includes costs associated with media services, government engagement, briefing documents, etc. It also includes associated salary costs and those of the Annual Report.

<i>Science &amp; External Relations</i>	<i>2016 BUDGET</i>			<i>2015 BUDGET</i>			<i>2015 FORECAST</i>		
	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>
<b>(a) External Relations</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
External Relations	-	(18.1)	(18.1)	5.0	(17.8)	(12.8)	-	(17.8)	(17.8)
Geology for Global Development	-	-	-	-	(7.0)	(7.0)	-	(7.0)	(7.0)
Direct Staff Costs	-	(142.7)	(142.7)	-	(127.8)	(127.8)	-	(132.0)	(132.0)
Other Staff Costs	-	(1.3)	(1.3)	-	(2.0)	(2.0)	-	(1.3)	(1.3)
<b>Total</b>	<b>-</b>	<b>(162.1)</b>	<b>(162.1)</b>	<b>5.0</b>	<b>(154.6)</b>	<b>(149.6)</b>	<b>-</b>	<b>(158.0)</b>	<b>(158.0)</b>

**External Relations** activities are increased in 2016 in line with 2015 forecast outturn – this reflects additional expenditure on travel expenses and government engagement which was not included in the original budget.

It is assumed that there will be no costs associated with **Geology for Global Development** in 2016 (this previously being shown separately on the Business Plan budget).

**Direct Staff Costs** are increased to include provision for contractual bonuses. **Other Staff Costs** remain in line with 2015 forecast outturn.

# THE GEOLOGICAL SOCIETY OF LONDON

## Budget 2016

### *(b) Education*

This budget covers those activities relating to educational outreach, such as Earth Science Week , Schools' Geology Challenge, and associated staff costs.

<i>Science &amp; External Relations</i>	<b>2016 BUDGET</b>			<b>2015 BUDGET</b>			<b>2015 FORECAST</b>		
	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>
<b>(b) Education</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Education Committee	-	(2.0)	(2.0)	-	(0.5)	(0.5)	-	(1.7)	(1.7)
Core Activity	-	(4.0)	(4.0)	-	(3.9)	(3.9)	-	(3.6)	(3.6)
HE Network	-	(2.0)	(2.0)	-	(2.0)	(2.0)	-	(2.4)	(2.4)
Schools' Geology	-	(4.0)	(4.0)	-	(2.3)	(2.3)	-	(3.2)	(3.2)
Earth Science Week	-	(4.3)	(4.3)	-	(2.3)	(2.3)	-	(2.3)	(2.3)
Early Careers Award	-	(0.9)	(0.9)	-	(2.3)	(2.3)	-	-	-
UGUK Administration	-	(2.0)	(2.0)	-	(1.0)	(1.0)	-	(0.5)	(0.5)
Friends of the GSL	4.3	(1.4)	2.9	4.9	(1.2)	3.7	4.3	(0.1)	4.1
Geoscience Academy	25.0	(21.6)	3.4	25.0	-	25.0	89.8	(17.6)	72.2
Direct Staff Costs	-	(80.1)	(80.1)	-	(95.6)	(95.6)	-	(50.2)	(50.2)
Other Staff Costs	-	(0.9)	(0.9)	-	(2.8)	(2.8)	-	(0.8)	(0.8)
<b>Total</b>	<b>29.3</b>	<b>(123.1)</b>	<b>(93.8)</b>	<b>29.9</b>	<b>(114.0)</b>	<b>(84.1)</b>	<b>94.1</b>	<b>(82.6)</b>	<b>11.5</b>

**Education Committee** costs are increased to reflect an increase in travel claims from members in 2015.

**Core Activity** is increased slightly to provide for 3 events within 2016 and provision for promotional materials and **Earth Science Week** has a slight increase to provide for additional materials. **HE Network** is set at a level in line with 2015 original budget.

**Schools Geology Challenge** and **Early Careers Award** are both increased slightly. **UGUK Administration** (formerly CHUGD) is increased, being a new activity in 2015 for only part of the year. Anticipated full year costs are now shown against 2016.

**Friends of the GSL** shows a decline in income and increase in expenditure that follows current trends.

**Geoscience Academy** currently includes additional income within the 2015 outturn, being BP sponsorship money not collected in 2014. Income for 2016, therefore, is shown at 'normal' levels, in line with 2015 original budget.

**Direct Staff Costs** are reduced against original 2015 budget and increased against 2015 forecast outturn. This is because there has been a vacant position of Education Officer during 2015 which is now filled.

## THE GEOLOGICAL SOCIETY OF LONDON

### Budget 2016

#### (c) Website

The website is managed separately from IT (and so budgeted for also separately) as it is considered to be part of the Society's communication platform, or 'front window' to the outside world. As such, the budget covers the costs associated with running the website, being primarily, support and hosting fees, together with associated staff costs.

<i>Science &amp; External Relations</i>	<i>2016 BUDGET</i>			<i>2015 BUDGET</i>			<i>2015 FORECAST</i>		
	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>
<i>(c) Website</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>	<i>£,000</i>
Website	-	(67.5)	(67.5)	-	(66.8)	(66.8)	-	(63.2)	(63.2)
Direct Staff Costs	-	(106.9)	(106.9)	-	(60.9)	(60.9)	-	(101.0)	(101.0)
Other Staff Costs	-	(0.2)	(0.2)	-	(1.4)	(1.4)	-	(0.2)	(0.2)
<b>Total</b>	-	<b>(174.6)</b>	<b>(174.6)</b>	-	<b>(129.0)</b>	<b>(129.0)</b>	-	<b>(164.4)</b>	<b>(164.4)</b>

**Website** costs are increased slightly against forecast 2015 outturn to reflect increased third-party support fees chargeable from the new year.

Both **Direct Staff Costs** and **Other Staff Costs** are set in line with 2015 forecast outturn. The Direct Staff Costs are higher on 2015 forecast than original budget due to the original budget not including provision for a member of staff who returned from maternity leave at the beginning of the year.

## THE GEOLOGICAL SOCIETY OF LONDON

### Budget 2016

#### 5. Additional Activities

Additional Activities are those aspects of GSL income and expenditure which do not fall within 'core' activity – i.e. Business Plan projects and new initiatives, as well as associated charges (e.g. depreciation on the capital costs of refurbishment, foreign exchange gains and losses, etc.). They include:

<i>Additional Activities</i>	<i>2016 BUDGET</i>			<i>2015 BUDGET</i>			<i>2015 FORECAST</i>		
	<i>Total Inc.</i> £,000	<i>Total Exp.</i> £,000	<i>Surplus/ (Deficit)</i> £,000	<i>Total Inc.</i> £,000	<i>Total Exp.</i> £,000	<i>Surplus/ (Deficit)</i> £,000	<i>Total Inc.</i> £,000	<i>Total Exp.</i> £,000	<i>Surplus/ (Deficit)</i> £,000
(a) Business Plan & Projects	-	(2.0)	(2.0)	-	(23.9)	(23.9)	-	(37.3)	(37.3)
(b) Other Activities	-	(117.5)	(117.5)	-	(73.1)	(73.1)	-	(108.0)	(108.0)
<b>Total</b>	-	<b>(119.5)</b>	<b>(119.5)</b>	-	<b>(97.0)</b>	<b>(97.0)</b>	-	<b>(145.3)</b>	<b>(145.3)</b>

The overall budget for 2016 shows a deficit of £119.5k, a reduction of £25.8k against 2015 forecast outturn, primarily due to:

- (i) no provision for foreign exchange gains (-£9k);
- (ii) reduction in library-related projects (+£35k).

These are further analysed below.

## THE GEOLOGICAL SOCIETY OF LONDON

### Budget 2016

#### *(a) Business Plan & Projects*

Historically, activities that have received external funding or been considered additional initiatives have been shown against the Business Plan. This has tended to cause some difficulty for budget-holders, however, who have different activities shown in different places within the Management Accounts. To remove this risk, therefore, activities are grouped by budget holder responsibility for 2016, meaning that the majority of items previously identified under the Business Plan are now shown against individual 'main' budget heads as separate lines. The remaining items kept under this heading relate to significant project work with the potential to have organization-wide impact.

<i>Additional Activities</i>	<i>2016 BUDGET</i>			<i>2015 BUDGET</i>			<i>2015 FORECAST</i>		
	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>	<i>Total Inc.</i>	<i>Total Exp.</i>	<i>Surplus/ (Deficit)</i>
<b>(a) Business Plan &amp; Projects</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Library System Replacement	-	-	-	-	(23.9)	(23.9)	-	(21.2)	(21.2)
Library Space Review	-	(2.0)	(2.0)	-	-	-	-	(16.1)	(16.1)
<b>Total</b>	<b>-</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>-</b>	<b>(23.9)</b>	<b>(23.9)</b>	<b>-</b>	<b>(37.3)</b>	<b>(37.3)</b>

The **Library System Replacement** is now in place and ongoing charges included within the library budget for 2016 onwards.

The **Library Space Review** has a small provision for further costs in 2016 associated with the activity commenced in the current year.

# THE GEOLOGICAL SOCIETY OF LONDON

## Budget 2016

### *(b) Other Activities*

This budget covers additional income and charges that, for management accounting purposes have historically been considered as falling outside of ‘core’ activity, but which nevertheless form part of the Society’s annual surplus or deficit for financial accounting purposes.

<b>Additional Activities</b>	<b>2016 BUDGET</b>			<b>2015 BUDGET</b>			<b>2015 FORECAST</b>		
	<b>Total Inc.</b>	<b>Total Exp.</b>	<b>Surplus/ (Deficit)</b>	<b>Total Inc.</b>	<b>Total Exp.</b>	<b>Surplus/ (Deficit)</b>	<b>Total Inc.</b>	<b>Total Exp.</b>	<b>Surplus/ (Deficit)</b>
<b>(b) Other Activities</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Foreign Exchange Gains / Losses	-	-	-	-	40.0	40.0	-	6.6	6.6
Project-related Depreciation	-	(111.7)	(111.7)	-	(109.1)	(109.1)	-	(111.8)	(111.8)
Fossil Fish Archive	-	(5.8)	(5.8)	-	(4.0)	(4.0)	-	(2.8)	(2.8)
<b>Total</b>	<b>-</b>	<b>(117.5)</b>	<b>(117.5)</b>	<b>-</b>	<b>(73.1)</b>	<b>(73.1)</b>	<b>-</b>	<b>(108.0)</b>	<b>(108.0)</b>

**Foreign Exchange Gains/Losses** represents the difference between transactions made in US Dollars and Euros and their recorded value on the finance system. Rates of exchange historically were set at a deliberately cautious level (hence the original 2015 budget of £40.0k). During 2015, however, a new system has been introduced to ensure that as much income as possible is charged directly to correct cost centres. This is why the forecast outturn is reduced to £6.6k and why no budget is set in 2016, any difference being negligible.

**Project-related Depreciation** – depreciation charges relating to Council Room refurbishment and Website redevelopment; set at the same level for 2016 as the forecast 2015 outturn. Note that some of these charges are offset from funding from reserves.

**Fossil Fish Archive** – provision is made in 2016 for use of the remaining amounts within this fund.



## THE GEOLOGICAL SOCIETY OF LONDON

### Budget 2016

#### Capital Plan

The Capital Plan sets out a three-year rolling view of capital expenditure, summarized as follows:

<i>Capital Plan</i>	<b>Original 2015 £,000</b>	<b>Revised 2015 £,000</b>	<b>2016 £,000</b>	<b>2017 £,000</b>	<b>2018 £,000</b>
(a) Built Property	(10.0)	(4.0)	(20.0)	(12.0)	(20.0)
(b) Equipment & Fittings	(12.5)	(12.5)	(45.5)	(14.6)	(34.5)
(c) IT & Communications	(43.5)	(69.9)	(50.6)	(85.7)	(38.8)
(d) Major Projects	(180.0)	(40.0)	(310.0)	(135.0)	-
(e) Library Acquisitions	(158.6)	(138.5)	(152.5)	(154.9)	(155.9)
<b>Total</b>	<b>(404.6)</b>	<b>(265.0)</b>	<b>(578.6)</b>	<b>(402.2)</b>	<b>(249.2)</b>

The purpose of providing a view of capital works that extends beyond a single year is to enable prioritization and scheduling of large-ticket items of expenditure across a longer time-frame, as well as to indicate how recurring expenditure in specific areas develops year on year. Each is further detailed below.

Annual capital expenditure of around £400k, including library acquisitions, reflects a balance between ongoing investment in the Society's assets and the need to maintain sustainable funding of all activities. Capital work is written down (charged) to income and expenditure over a number of years, depending upon the type of asset, to reflect the useful life of the asset. Thus the cost is spread. Capital expenditure in 2016 is pushed up to around £600k due to slippage in work programmed for 2015 and the addition of a new major project in the Lyell Platform upgrade.

Any significant downturn on the annual surplus of income over expenditure should not in itself affect capital plans over the long-term if that down-turn is only short-lived. Repeated under-performance, however, would render higher levels of capital expenditure unsustainable, however, and, should such conditions occur, the Capital Plan would need to be adjusted accordingly.

Capital expenditure on built property is provided for at present on the assumption that the Society will continue to occupy Burlington House for at least the remainder of its next 10-year lease period (to 2025). Should this position change, however, then it may become imprudent to continue investment in capital improvements if the full benefit of such expenditure cannot be enjoyed.

## THE GEOLOGICAL SOCIETY OF LONDON

### Budget 2016

#### *(a) Built Property*

Built Property covers aspects of capitalized building works. The three-year plan is set out as follows:

<i>Capital Plan</i>	<b>Original</b>	<b>Revised</b>			
<b>(a) Built Property</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Council Room	-	(4.0)	-	-	-
Lecture Theatre Lighting	(10.0)	-	(20.0)	-	-
Lecture Theatre Furnishings	-	-	-	-	(20.0)
Lower Library Air Conditioning	-	-	-	(4.0)	-
Arthur Holmes Air Conditioning	-	-	-	(4.0)	-
William Buckland Air Conditioning	-	-	-	(4.0)	-
<b>Total</b>	<b>(10.0)</b>	<b>(4.0)</b>	<b>(20.0)</b>	<b>(12.0)</b>	<b>(20.0)</b>

The main change between the plan presented this year and that presented last year for Built Property is the re-scheduling of work due to the cost of lecture theatre lighting replacement, originally planned to take place in 2015.

**2015 works** – priority was given in the 2015 budget to replacement lighting in the lecture theatre, elements of the current system being close to the end of its usable life. £10k was provided for but, upon initial investigation of the work and the obtaining of quotations, this was found to be inadequate – a sum closer to £20k being closer to the mark. In addition there was release of the penultimate retention of fees relating to the Council Room refurbishment (£4k). This had not been provided for in 2015.

**2016 works** – the lecture theatre lighting work is pushed back to 2016 and provided for in full.

**2017 works** – the fitting of air conditioning in the Lower Library and meeting rooms, originally planned for inclusion in the 2016 Capital Plan, is now pushed back to 2017 in order to accommodate the change set out above.

**2018 works** – it is envisaged that the main expenditure in 2018 will be refurbishment of the lecture theatre seating which, by this time, will be close to the end of its usable life. This was originally programmed for 2017.

## THE GEOLOGICAL SOCIETY OF LONDON

### Budget 2016

#### *(b) Equipment, Fixtures & Fittings*

This budget covers all aspects of capital equipment purchases not otherwise classed as IT:

<i>Capital Plan</i>	<b>Original</b>	<b>Revised</b>			
<b>(b) Equipment &amp; Fittings</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Lower Library Sound System	(4.0)	(3.7)	-	-	-
Council Room AV	-	-	-	-	(26.0)
Lecture Theatre AV replacement	(8.5)	(8.8)	(8.5)	-	(8.5)
Arthur Holmes Smart Board/ Media	-	-	(5.0)	-	-
William Buckland Smart Board	-	-	-	(2.0)	-
Portable Video Conferencing Unit	-	-	-	(12.6)	-
Meeting Room Display Screens	-	-	(4.0)	-	-
Vision Mixer / Camera's	-	-	(23.0)	-	-
Forklift for Warehouse	-	-	(5.0)	-	-
<b>Total</b>	<b>(12.5)</b>	<b>(12.5)</b>	<b>(45.5)</b>	<b>(14.6)</b>	<b>(34.5)</b>

The over-arching objective of the Equipment capital plan at present is to maintain and upgrade the facilities used for events, conferences and room-hire. This includes upgrading existing technology and introducing new features so that the facilities remain attractive in a competitive market-place.

**2015 works** are expected overall to come in on target, with reduced costs for the Lower Library sound system (now installed) off-setting increased expenditure on AV equipment in the lecture theatre.

**2016 works** allow for further replacement of old AV equipment in the lecture theatre, replacement of the lecture theatre's vision mixer and cameras, and new displays for use in the Arthur Holmes and other meeting rooms. Provision is also made for a new forklift for the Publishing House warehouse.

**2017 works** allow for acquisition of a portable video-conferencing unit that may be used in any of the rooms within Burlington House, plus a smart board in the William Buckland Room.

**2018 works** include further provision for work on the lecture theatre AV systems and an upgrade of the AV equipment in the Council Room.

## THE GEOLOGICAL SOCIETY OF LONDON

### Budget 2016

#### *(c) IT & Communications*

This budget covers IT and communications equipment, including networks:

<b>Capital Plan</b>	<b>Original</b>	<b>Revised</b>			
<b>(c) IT &amp; Communications</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
PC & Laptop replacement	(22.0)	(22.0)	(22.1)	(22.2)	(22.3)
Server replacement	(2.0)	(6.2)	(5.0)	(5.0)	(5.0)
Infrastructure (Cabling) repl't	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)
Upgrade of Microsoft Office	-	-	-	(20.0)	-
Back-up Solution	(18.0)	(18.2)	-	-	-
Network Switches	-	-	(7.0)	(7.0)	-
Bath Email Server	-	-	(5.0)	(10.0)	-
Library Management System	-	-	-	-	-
Website Development	-	(22.0)	(10.0)	(20.0)	(10.0)
<b>Total</b>	<b>(43.5)</b>	<b>(69.9)</b>	<b>(50.6)</b>	<b>(85.7)</b>	<b>(38.8)</b>

IT usage has become a fundamental requirement of the workplace yet requires constant upgrade and update over a relatively short (4 year) life cycle. The objective of the IT Capital Plan, therefore, is to provide for an ongoing schedule of replacement of existing IT, as well as for introduction and development of new items where appropriate.

**2015 works** – overall would have come in on target except additional expenditure on development of the website was undertaken during the year that was not included in the original plan.

**2016 works** allows a generous provision for PC and laptop replacement, based upon 2015 forecast outturn, and ongoing provision for server and infrastructure upgrades and replacements. Provision is also made for expenditure on network switches and email server replacement, both items falling in both 2016 and 2017. Ongoing provision is made for further development work on the website.

**2017 works** allow for the same activities as 2016, with additional provision for an upgrade of Microsoft Office, which by 2017 will be 7 years old and in need of upgrade to avoid any issues over ongoing support.

**2018 works** allow for the basic recurring activities identified in 2016 but, as yet, no additional works.

## THE GEOLOGICAL SOCIETY OF LONDON

### Budget 2016

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#### *(d) Major Projects*

The Society's major capital projects for 2016 and following years are as follows::

<b>Capital Plan</b>	<b>Original 2015 £,000</b>	<b>Revised 2015 £,000</b>	<b>2016 £,000</b>	<b>2017 £,000</b>	<b>2018 £,000</b>
<b>(d) Major Projects</b>					
Finance / CRM project	(180.0)	(40.0)	(200.0)	(135.0)	-
Lyell Platform Upgrade	-	-	(110.0)	-	-
<b>Total</b>	<b>(180.0)</b>	<b>(40.0)</b>	<b>(310.0)</b>	<b>(135.0)</b>	<b>0.0</b>

**Finance / CRM Project** – a new project, previously approved by Council, and anticipated to take 18 – 24 months to complete from 2015 onwards. The timing of project start has been delayed by the need to recruit a Project Manager (the costs of whom are charged to this budget) – it is salary costs, therefore, that make up the charges shown in the revised 2015 column. Costs are only estimated at present, but capital hardware and software costs associated with the acquisition of the new system are likely to fall towards the front end of the project; the bulk of additional staffing and consultancy costs towards the back in the run-up to and support over go-live. The total anticipated expenditure over 3 years remains at £375k – the same total sum as approved in November 2014 as part of the 2015 budget.

**Lyell Platform Upgrade** – provision for upgrade of the software system used to provide access to the Lyell Collection. This is in line with a summary paper presented to FPC earlier this year and further discussions at PIC. Full, formal approval is yet to be granted but, as the potential costs are significant, the budget for 2016 provides for expenditure on the assumption that this will be granted. There is no immediate impact on the income and expenditure budget for 2016 should the project be deferred or not approved.

# THE GEOLOGICAL SOCIETY OF LONDON

## Budget 2016

### *(e) Library Acquisitions*

This budget covers the acquisition of materials for the Society's library collections:

<b>Capital Plan</b>	<b>Original</b>	<b>Revised</b>			
<b>(e) Library Acquisitions</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Books - Physical	(2.0)	(2.5)	(2.0)	(2.0)	(2.1)
Books - Electronic*	(3.5)	(3.5)	(3.0)	(3.1)	(3.1)
Binding	(7.0)	(6.0)	(6.5)	(7.0)	(7.0)
Maps - Physical	(4.0)	(3.3)	(2.0)	(2.1)	(2.1)
Maps - Electronic*	(4.0)	(4.0)	(4.1)	(4.3)	(4.3)
Maps - Preservation/ Digitization	(1.0)	(0.3)	(1.0)	(1.1)	(1.1)
Periodicals - Physical	(19.2)	(14.9)	(19.0)	(18.8)	(18.5)
Periodicals - Electronic	(117.9)	(104.0)	(114.9)	(116.5)	(117.7)
<b>Total</b>	<b>(158.6)</b>	<b>(138.5)</b>	<b>(152.5)</b>	<b>(154.9)</b>	<b>(155.9)</b>

A sum is set aside annually from the anticipated revenue surplus to cover acquisition of library books, maps and periodicals. These are treated as capital items, recorded at cost value and depreciated over 20 years as Heritage Assets.

In previous years these assets have not been depreciated and their value accumulated on the balance sheet. Ongoing work with the auditor over the last year, however, has now reached a point where, with a high degree of certainty, the approach set out above can be applied from the end of the current year going forward. This will generate an additional charge to revenue of 1/20<sup>th</sup> of the value of those assets acquired in the last 20 years (approximate value £1.5M), i.e. c.£81k. It will also remove just under £15M from the Society's balance sheet.

## THE GEOLOGICAL SOCIETY OF LONDON

### Budget 2016

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#### Funds & Reserves

The Society's Reserves Policy remains:

- i. to set aside a contingency against the significant redecoration costs that the Society is obliged to meet, under the terms of its lease, in respect of Burlington House; and
- ii. to maintain a free reserve sufficient to cover one year of core operational expenditure, such contingency to be within a range of plus or minus 20% of that value.

Core operational expenditure is defined in the Financial Statements as the full cost of charitable expenditure including support and administration (i.e. total expenditure less room hire, catering, investment management and governance costs). The Free Reserve is the total value of unrestricted fund investments plus unrestricted net current assets. For the 2015 forecast and 2016 budgets these figures are estimated to be:

Free Reserve & Core Operational Expenditure	Forecast	Budget
	2015	2016
	£,000	£,000
Free Reserve	3,590.9	3,816.6
Core Operational Expenditure	4,933.3	5,159.6
Free Reserve as % of Core Operational Expenditure	<b>72.8%</b>	<b>74.0%</b>

Proposed usage of and contributions to reserves is summarized as follows:

Reserves Movements	Original	Revised	Budget
	2015	2015	2016
	£,000	£,000	£,000
(a) General & Unrestricted Reserves	(379.6)	(392.5)	(225.7)
(b) Restricted Reserves	141.9	181.2	181.2
<b>Total</b>	<b>(237.7)</b>	<b>(211.3)</b>	<b>(44.5)</b>

The most significant change in 2016 is an increase in funding from the general and unrestricted reserves, the details of which are provided in the following pages.

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#### *(a) Transfers (to) / from General and Unrestricted Reserves*

Unrestricted reserves are partly invested in the portfolio managed for the Society by UBS and receive a share of investment income which increases their balances each quarter (primarily the Curry Fund). Only those transfers that have a direct effect on income and expenditure budgeting are shown below.

<b>Reserves Movements</b>	<b>Original</b>	<b>Revised</b>	<b>Budget</b>
<b>(a) General &amp; Unrestricted Reserves</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Buildings Fund - Redecoration Reserve	(140.0)	(140.0)	(140.0)
Buildings Fund - Additional Provision	(250.0)	(250.0)	(250.0)
Buildings Fund - funding of works	-	-	103.0
Bicentenary Project Fund	33.2	20.3	20.3
McKenzie Sponsorship draw-down	16.0	16.0	41.0
Other Free Reserves	(38.8)	(38.8)	-
<b>Total</b>	<b>(379.6)</b>	<b>(392.5)</b>	<b>(225.7)</b>

The **Building Fund** is shown on 3 lines to represent the following different movements:

- (i) **Redecoration Reserve** – money put aside from surpluses to offset future maintenance and redecoration costs for Burlington House which arise from time to time under the terms of the current lease.
- (ii) **Additional Provision** – extra money put aside against the uncertain outcome of current lease arbitration proceedings. This may be used to fund legal costs arising from this current activity or future costs associated with relocation should that eventuality become likely.
- (iii) **Funding of works** – is the release of reserves to cover expected legal and maintenance costs in 2016.

The **Bicentenary Project Fund** contributes to the depreciation costs of the Lyell Room refurbishment – this line shows the estimated transfer from this fund to income and expenditure.

**McKenzie Sponsorship draw-down** represents income collected from sponsors in prior years and taken to reserves to offset future expenditure on this project. The amount released is equivalent to anticipated expenditure, there being no expectation of additional sponsorship income in 2016.



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#### *(b) Transfers (to) / from Restricted Reserves*

Restricted reserves are invested in the portfolio managed for the Society by UBS and receive a share of investment income which increases their balances each quarter (primarily the Fermor Fund and Coke Funds). Only those transfers that have a direct effect on income and expenditure budgeting are shown below.

<b>Reserves Movements</b>	<b>Original 2015 £,000</b>	<b>Revised 2015 £,000</b>	<b>Budget 2016 £,000</b>
<b>(b) Restricted Reserves</b>			
Bicentenary Fund	75.9	50.5	50.5
Fermor Fund	62.0	125.0	125.0
Fossil Fish Fund	4.0	5.8	5.8
<b>Total</b>	<b>141.9</b>	<b>181.2</b>	<b>181.2</b>

The **Bicentenary Fund** (which is distinct from Bicentenary Project Fund) covers the depreciation costs associated with the Council Room refurbishment - this line shows the estimated transfer from this fund to income and expenditure.

The **Fermor Fund** supports certain publishing activities (a proportion of journal costs and special publications) that meet specified criteria. The 2015 forecast outturn and 2016 estimate is based upon actual funding as incurred in the 2014 Financial Statements.

Work carried out on the Fossil Fish Archive is funded from donations made into the **Fossil Fish Fund**.

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Appendix ‘A’ – Comparison of Fellowship Numbers Year On Year.

The following table compares prior year membership numbers and provides the basis for the 2016 estimate of Fellowship fees.

Mid-Year Figures Analysis - 10 Years to 2015											Actual	Original Estimate	Budget Number
Class	Rate	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2015	2016
Junior Candidate Fellow	JCF	0	0	0	0	43	106	166	197	210	172	215	122
Candidate Fellow	CF	0	0	0	0	227	283	355	405	566	530	620	530
Free CF rate for full course	CFFR	153	165	119	108	105	126	163	190	238	234	260	234
21 and under	1	175	187	266	191	13	18	13	0	0	0	0	-
27 and under	2	1016	987	1081	1033	876	812	777	912	961	1175	1030	1,350
28 to 33	3	1220	1197	1265	1378	1425	1456	1476	1484	1468	1436	1470	1,386
34 to 59	4	4066	4065	4046	4033	3999	3996	4059	4044	4167	4282	4220	4,382
34 to 59 Overseas	4OS	855	833	829	843	833	861	909	961	946	950	940	960
60 to 69	5	852	912	1006	1066	1145	1233	1337	1423	1507	1564	1590	1,264
60 to 64	New in 2016												190
65 to 69	New in 2016												170
70 and over	6	321	354	379	408	423	453	454	498	563	638	600	723
Honorary Fellow	A	59	57	57	62	63	72	74	71	68	67	70	65
Life Fellow	B	21	20	17	15	12	9	8	7	4	3	4	2
Senior Fellow	C	257	267	280	282	301	315	330	344	361	367	366	375
Concessions	CONC	49	52	58	59	98	82	54	58	52	75	50	80
Concessions (ERET)	ERET	0	0	0	0	0	0	0	11	15	0	20	-
Special Free Rate	FREE	3	0	3	4	16	6	5	3	4	3	5	4
Joint Fellow Non-Payer	JFNP	108	109	111	110	117	128	135	136	139	137	145	137
Postgraduate MSc	MSC	0	0	0	0	82	89	77	73	125	120	200	125
Postgraduate PhD	POST	147	161	150	171	151	126	143	151	187	217	170	237
BP-Funded Postgraduate	BPPG	0	0	0	0	0	0	0	0	25	21	25	21
Unemployed	U	10	4	9	14	3	1	0	0	0	0	0	-
<b>TOTAL</b>		<b>9,312</b>	<b>9,370</b>	<b>9,676</b>	<b>9,777</b>	<b>9,932</b>	<b>10,172</b>	<b>10,535</b>	<b>10,968</b>	<b>11,606</b>	<b>11,991</b>	<b>12,000</b>	<b>12,357</b>
Joint Fellow Supplement		108	109	111	110	117	128	135	136	139	137	145	137
CGeol Supplement		2175	2167	2147	2236	2240	2339	2383	2433	2495	2592	2540	2,692
<b>Movement on Total</b>	No.		58	306	101	155	240	363	433	638	385	394	366
	%		0.6%	3.3%	1.0%	1.6%	2.4%	3.6%	4.1%	5.8%	3.3%	3.4%	3.1%