

Document no. EGC 6

Financial Plan 2017-2019

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1. Introduction

This paper provides information on the proposed use of the funds that will be available to the WAGGGS Europe Region during the 2017-2019 triennium.

It should be read in conjunction with:

- The WAGGGS strategy at the Europe Region level document, which describes the priorities and planned areas of activity that the Regional Committee proposes should be undertaken during the period
- The Europe Contribution paper, which proposes the level of contribution to be made by each Member Organisation over the course of the triennium

There is a particular focus on the Europe Contribution. This is because it is important that Member Organisations are clear about how their contributions will be used during the triennium.

Additionally, there have been changes within the WAGGGS global organisation that will impact upon the general fund budgets that are available to regional committees. One particular impact is the effective eradication of the 'subsidy' by Europe Contribution income of activities that, in other regions would have been funded from WAGGGS general funds. This is explained in detail below.

Conference will note that the budget proposals in this paper are substantially more general than those presented to the last Europe Regional Conference. This is intentional.

The outgoing members of the Regional Committee have reflected on their experience of trying to deliver a very detailed and ambitious plan over the past three years. They believe that the incoming Committee members need a greater degree of flexibility to determine the specific use of funds, but within a broad strategic framework. Therefore in this paper we have proposed broad allocations of funds to the key work areas (growth, diversity, gender and vibrancy) rather at a project-by-project level.

2. WAGGGS General Funds

The 2013 Regional Conference approved a motion about regional budget allocations which led to discussions in early 2014 where it was acknowledged that funds arising from the Europe Contribution were being used to cover the cost of some activities that, in other regions would have been covered by WAGGGS general funds. However, it was accepted that it would not be



possible to remedy the matter straight away and the following position was agreed:

- Stage 1 – 2014: The World Board agreed to allocate an additional GBP 50,000 (approximately 60,000 euros) of WAGGGS general funds to Europe Region in 2014 as an additional contribution towards staff costs.
- Stage 2 – 2015 to 2017: The World Board agreed to allocate an additional 70,000 euros of WAGGGS general funds to the Europe Region in 2015, 2016 and 2017.

In addition to this, the World Board agreed the principle of a clear and transparent resource allocation that seeks to deliver the minimum core costs of Europe, to be agreed at least six months in advance of the Europe Conference in June 2016.

However, since then there have been developments in WAGGGS as a whole that will effectively eradicate the subsidy of mainstream regional activity from 2017, and ensure that Europe Contribution is only used to fund additional activities/opportunities that are proposed by the Regional Conference and/or Regional Committee.

The key development is the dissolution of the regional staff teams. By the end of 2016 the Membership Department of WAGGGS will be restructured around functional specialisms (volunteer engagement, relationship management, membership growth) rather than geographical regions. Furthermore, all activity related to e.g. fund raising or event management will be managerially located within the relevant teams in other Departments.

It is important to stress at this point that this restructure does not mean that the Europe region office in Brussels will close. It will simply mean that employees who are based there (e.g. managing regional governance, events, EU/EC grants, etc.) will report to a functional head or director in the Membership, Global Programmes or Engagement departments rather than to a Regional Director.

All 'normal' regional activity will be delivered through the new Membership department, with the full cost being funded from WAGGGS general funds. This will include day-to-day engagement with member organisations, a certain volume of country visits (see below), membership growth and networking activity (which will all be agreed with the Regional Committee), and the normal level of regional governance (e.g. the triennial regional conference and one committee meeting per year). At this stage it is not possible to confirm the cost of these items so they are not included in this paper.

This means that the Europe Contribution will only be used to fund:



- The costs of staff who are working on activities that are outside of the 'norm' for regions, e.g. in respect of Events Management, Fundraising, planning or delivering Europe Contribution-funded activity, including any greater-than-normal level of country visits, and activities done in partnership with the European Scout Region.
- The additional Committee meeting that the Europe Region has each year
- The costs associated with having a separate office/legal entity in Brussels (although noting that in the event that any employee based there carries out a material amount of work on non-Europe Region activity a reasonable proportion of the premises costs will be covered by general funds).
- The additional activities/opportunities which are not available to Member Organisations in other regions.

These are discussed further, below.

An additional advantage of the new structure will be that delivery of Europe Region activity will not be solely dependent on the performance or presence of dedicated employees based in Brussels. In the event of any absence or performance concerns Europe-focussed work can be transferred to people within the wider Membership department teams.

3. Staff Costs

At the time of writing the proposed new WAGGGS staffing structure is subject to a process of formal consultation with employees; it may therefore change.

However, the current proposals include a number of posts in the Membership, Global Programmes and Engagement department that would be wholly or partly funded from Europe Contribution and/or external grants. These include:

- Volunteer Engagement Manager
- Relationship Managers x 2
- Fundraising Manager
- Events Officer

We are currently budgeting for a maximum annual cost in 2017 of 223,700 Euro for these posts. However, the actual cost to be funded by Europe Contribution and grants may reduce once the actual workloads of employees are assessed.



4. Governance and External Relations Costs

We are proposing to include an annual provision of 12,000 Euro for the additional regional committee meeting. This is the slightly less than the 2016 budget.

External relations: We are proposing to include an annual provision of 5,000 Euro to maintain visibility within the European youth environment and with social partners.

5. Office/Legal Entity Costs

Across the whole of the 2014-16 triennium the expected running costs of the Brussels office and legal entity in Belgium are around 320,000 Euro, with 242,000 Euro being funded from external grants and Europe Contribution.

We are currently budgeting in the basis that costs will remain roughly the same, with any increases in some costs due to inflation being offset by reductions due to efficiencies. We have therefore included a sum of 77,600 Euro in 2017, which would include the following:

- Annual audit of the accounts of the non-profit company that has been established under Belgian law. This is now carried out as part of a global external contract and the estimated cost of the WAGGGS Europe element in 2017 is 5,600 euros.
- Financial and accountancy services. Until October 2015 this was carried out by an external contractor. It has now been brought in house and is delivered by a member of staff in the WAGGGS Finance Team in London. The current cost of this is in 2017 36,000 euros. It may reduce due to more efficient working in the London office, but for now we are making a prudent estimate of the cost.
- During 2015 and early 2016 a significant amount of money was spent on legal costs related to the statutes of the non-profit company in Brussels. They had not been properly updated in previous years. Whilst these matters have now been resolved, it would be sensible to retain a provision for on-going legal costs and we are proposing 2,000 euros per year.
- The remaining 35,000 euros would be for the general running of the office, including rent and service charges, insurances, computer costs, utility costs and so forth.



The Europe Office will also benefit from a range of functions delivered from the World Bureau in London. These include: HR and organisational development support; support on management of the office premises (including in respect of health and safety); staff training; senior management support.

In the past there has been no 'recharge' for such costs to the Europe Region (partly because it was acknowledged that the Europe Contribution was paying for things that would have been covered by WAGGGS general funds in other regions). WAGGGS has not yet undertaken a detailed, 'full cost recovery' analysis but aims to do so towards the end of 2016. However, at this stage it is proposed to include a provision of a further 10,000 Euro, with the final amount being agreed with the new Europe Region Committee as part of the final 2017 budget setting.

Equally, if people based in the Brussels office carry out work that is funded from WAGGGS general funds then a reasonable proportion of the office costs will be charged to general funds.

6. Fundraising

In addition to the staff cost of fundraising, the Europe Committee has proposed to provide a sum of money to support the relaunch of the Friends of WAGGGS Europe. The total amount proposed is 3,000 Euro, which we anticipate being spent in 2017.

Unless donors specify otherwise, we would expect income generated through the Friends Group to be added to the proposed Regional Hardship Fund (see below).

7. Country Visits

Country visits are a part of normal WAGGGS region business. However, the expectation is that there will be more in the Europe Region, with the additional cost being funded by the Europe Contribution.

At this stage it is unclear what volume of visits will be carried out in Europe funded by WAGGGS general funds. WAGGGS is moving away from a regional approach to Member Organisation engagement and relationship management. At the time of writing it seems likely that the new Relationship Management team will map out a global programme of country visits based on priorities arising from the global Membership Development strategy and the recent 'value proposition' work that some Member Organisations were involved in. This would be discussed with regional



Committees and those that have additional funds like Europe would be able to request/suggest additional visits to be funded from their regional funds.

At this stage we are proposing a budget of 14,000 Euro. These visits could include: assessment visits, visits for tailored support, diplomatic visits, and visits to take part in an event. They will be carried out by staff, committee members and/or other volunteers, whichever is likely to be most effective.

8. Hardship Fund

The Europe Committee is very aware that many Member Organisations are struggling financially. To address this they are proposing to establish a Regional Hardship Fund, funded from Europe Contribution, which would serve two purposes:

- a) To offset the expected Europe Contributions of Member Organisations who are struggling financially. Essentially this would operate in much the same way as the Membership Fee Support Fund (MFSF) that has been established at a World level. The expectation would be that Member Organisations submit applications for both at the same time. The Regional Committee (or perhaps a sub-Committee) would consider and approve reductions in Europe Contribution and recommend similar reductions in World Membership Fee.
- b) To support Europe Region Member Organisations' attendance/representation at, for example:
 - The 2017 World and/or 2019 Regional Conferences
 - Events linked to the role somebody has in an MO: International commissioners' forum, chief volunteers event, CEO meeting, meeting of external representatives (network meeting)
 - Some additional Global or regional events
 - Academy

The World budget for MFSF is roughly 3% of the total expected fee income. For Europe Contribution this would equate to approximately 11,000 euros per year or 33,000 euros for the triennium. The Committee is proposing an annual budget of 25,000 euros per year for supporting attendance/representation, so the total annual budget would be 36,000 euros.



The Committee would aim to manage this budget as a single amount, rather than two; on a triennial basis rather than year-by-year. However, in the event that uptake of the fund is significantly less than expected (or there is significant external income through the Friends Group –see above), the Committee may take the decision to reallocate some of the budget into delivery of the regional membership development strategy (see below).

9. Delivering WAGGGS Strategy at the Europe Region Level

Each Region has distinctive and diverse needs which are reflected in the regional strategies and work which are aligned to the global strategy. In addition to core membership services, the work in the Europe Region is supported by volunteer resource pools, the Europe Contribution funding and other grants received from external bodies.

This Europe Contribution and external grant funding expands the opportunities to ensure Europe Region WAGGGS strategies and services meet the range of needs of its diverse Member Organisations. This includes working with European Institutions to deliver regional programme and the work done in partnership with WOSM. This funding makes a difference in the Region's ability to put forth a defined and ambitious strategy.

In addition to the costs described above, we are proposing to spend 327,000 euros over the triennium on additional activity to address the key themes of the strategy. These are:

- Growth
- Gender
- Diversity
- Vibrancy

At this stage we are proposing broad allocations of money for each theme: around 105,000 euros for Vibrancy, 81,000 euros for Growth and the remainder split equally between Gender and Diversity.

The Vibrancy theme would cover things such as tailored support/mentoring, volunteering meetings, Roverway and work with WOSM.

More information and details can be found in the strategy document.



10. Income – Europe Contribution

The proposals for the Europe Contribution amounts that each Members Organisations is asked to make during the triennium are set out in a separate paper.

It will be seen that the total amount expected each year is 366,300 euros.

It will be noted that in the paper on 2014-16 financial performance that we are currently forecasting that Europe Contribution reserves will be 184,000 euros at the start of 2017. Therefore the total Europe Contribution amount available over the triennium, including brought forward reserves is expected to be 1,282,900 euros.

However, as has been stated in the paper on WAGGGS strategy at a Europe level, some of this should be set aside as a provision for Contributions that were agreed in previous years but have not been paid. The total unpaid at 31st March 2016 was 162,700 euro and it is proposed that 72,500 euro is set aside for this purpose; this is the amount that is unpaid from 2015 and earlier years.

This means that the expendable reserve brought forward at the start of the triennium would be 111,500 euros. It should be noted that, in the event that the historic debts reduces, so can the provision.

11. Income – External Grants

The Europe Region has been successful at generating additional funds to support the work of the Region. Details of external funding generated between 2014 and 2016 are provided in the paper on WAGGGS strategy at a Europe level.

It is not possible to provide precise figures for likely income from external grants in 2017-2019. However, it would be reasonable to assume that around 360,000 euros could be generated over the triennium through the Erasmus+ programme, the European Youth Foundation with the Council of Europe and grants from different Guiding and Scouting foundations to help deliver programme and support other members. This is less than the total amount generated in 2014-16, so it is a prudent estimate; in reality it may be higher.

12. Summary

Appendix A provides the proposed budgets for 2017, 2018 and 2019, based on the assumptions set out above.



For 2018 and 2019 we have assumed 2% inflation per year where there is a specific expenditure budget, but none on the hardship fund and the general allocations, where the split between years is only notional.

It will be noted that the reserves that will be carried forward at the end of the triennium will be 85,500 euro. This is consistent with the decision taken by a previous Conference to maintain that level of reserves, to cover the potential cost of closing the Europe Office in the event that the Europe Region decided there was no further need for it.

13. Monitoring and Reporting

It will be seen that there is still a degree of uncertainty about some of the costs that will be funded by the Europe Contribution and indeed about the amount of external funding that may be generated. This is partly due to changes that are in progress in WAGGGS at a global level and partly due to the inherent unpredictability of some types of expenditure, particularly when one considers the three-year timescale of the budget.

Therefore a structured approach to monitoring and reporting on actual costs and income will be essential to safeguarding the interests of Europe Region Member Organisations, in respect of the use of their additional Contributions.

Accordingly the Finance Team in the WAGGGS World Bureau will provide regular financial reports to the Europe Region Committee. Where appropriate these will include supporting information on, for example, the allocation of WAGGGS central overheads and apportionments of staff costs where employees have Europe and non-Europe responsibilities.

Once a year the Committee will publish an annual review that will provide information on the use of Europe Contribution income and reserves.

In the event that the actual costs are significantly less than the budget, the income significantly higher and/or it transpires that it is not necessary to retain the predicted level of reserves, the Regional Committee may give Member Organisations the option of reducing their contributions in the last year of the triennium.



APPENDIX A

WAGGGS Europe Region

Proposed budget for 2017-2019 (excluding WAGGGS general funds)

Item	2017 EUR	2018 EUR	2019 EUR	Total EUR
Staff costs	223,700	228,200	232,800	684,700
Governance				
- Regional Committee	12,000	12,200	12,500	36,700
- External relations	5,000	5,100	5,200	15,300
Office/entity costs:				
- External audit	5,600	5,700	5,800	17,100
- Accountancy service	36,000	36,700	37,400	110,100
- Legal costs (provision)	1,000	1,000	1,000	3,000
- Other office costs	35,000	35,700	36,400	107,100
- Contribution to WAGGGS overheads	10,000	10,000	10,000	30,000
Friends of Europe Region	3,000	-	-	3,000
Country visits	14,000	14,300	14,600	42,900
Hardship fund				
- Europe Contribution reductions	11,000	11,000	11,000	33,000
- Attendance grants	25,000	25,000	25,000	75,000
Projects				
- Growth	27,000	27,000	27,000	81,000
- Diversity	23,500	23,500	23,500	70,500
- Gender	23,500	23,500	23,500	70,500
- Vibrancy	35,000	35,000	35,000	105,000
TOTAL EXPENDITURE	490,300	493,900	500,700	1,484,900
FUNDED FROM:				
External Funds	120,000	120,000	120,000	360,000
Europe Contribution (in-year)	366,300	366,300	366,300	1,098,900



TOTAL FUNDS RECEIVED	486,300	486,300	486,300	1,458,900
SURPLUS/DEFICIT	-4,000	-7,600	-14,400	-26,000
Reserves brought forward (net of provision for unpaid Europe Contribution)	111,500	107,500	99,900	111,500
Reserves carried forward	107,500	99,900	85,500	85,500