



International Oil Pollution
Compensation Funds

Agenda Item 9	IOPC/NOV23/9/1/1	
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Original	English	
1992 Fund Assembly	92A28	●
1992 Fund Executive Committee	92EC81	
Supplementary Fund Assembly	SA20	

BUDGET FOR 2024 AND ASSESSMENT OF CONTRIBUTIONS TO THE GENERAL FUND

1992 FUND

Note by the Director

Summary:

The draft budget for running the joint Secretariat for 2024 totals £5 382 018 (2023 – £5 093 705) and expenditure on the external audit fee, relating only to the 1992 Fund, is £74 290 (2023 – £54 940). An assessment is made of the likely compensation payments and other incident-related expenses.

In the Director's view, the resulting need for 2023 contributions, payable by 1 March 2024 to the General Fund, is £10 million.

Action to be taken:

1992 Fund Assembly

- (a) Decide whether to renew the authorisation given to the Director to create additional posts in the General Service category as required (paragraph 4.1);
- (b) decide whether to renew the authorisation given to the Director to create a Professional post at the P3 level subject to need and budget availability (paragraph 4.2);
- (c) adopt the draft budget for 2024 for the 1992 Fund joint Secretariat administrative expenses of £5 382 018 (Annex I, Chapters I–VI) (2023 – £5 093 705) and the 1992 Fund's external audit fee of £74 290 (Annex I, Chapter VII);
- (d) approve the management fee payable by the Supplementary Fund to the 1992 Fund of £42 000 (section 6);
- (e) approve the Director's estimate of the expenses to be incurred in 2024 in respect of the preparation for the entry into force of the HNS Convention of £424 000 (paragraph 8.3.4);
- (f) decide whether to maintain the working capital at £15 million in the budget year 2024 (paragraph 8.4.3); and
- (g) decide whether to authorise the Director to levy 2023 contributions of £10 million, payable by 1 March 2024 (section 10).

1 Introduction

- 1.1 Article 18.5 of the 1992 Fund Convention requires the Assembly of the 1992 Fund to adopt the annual budget of the organisation.
- 1.2 Article 12 of the 1992 Fund Convention provides that the 1992 Fund Assembly shall determine the amount of contributions to be levied, if any. For this purpose, the 1992 Fund Assembly shall make an estimate in the form of a budget of the 1992 Fund's expenditure and income for each calendar year, taking into account the need to maintain sufficient liquid funds.
- 1.3 The 1992 Fund's expenditure consists of:
 - (a) costs and expenses of the administration of the 1992 Fund, and any deficit from preceding years;
 - (b) payments of claims and claims-related expenses up to SDR 4 million^{<1>} per incident (minor claims); and
 - (c) payments of claims and claims-related expenses to the extent that the aggregate amount of the payments in respect of any one incident is in excess of SDR 4 million (major claims).
- 1.4 Expenses mentioned in subparagraphs (a) and (b) of paragraph 1.3 above have to be met from the General Fund (Financial Regulation 7.1(c)), and expenses with respect to major claims as defined in subparagraph (c) above have to be met from Major Claims Funds (Financial Regulation 7.2(d)).
- 1.5 This document incorporates in the draft budget the assessment of contributions to the General Fund in accordance with Article 12.2(a) of the 1992 Fund Convention. The assessment of contributions to Major Claims Funds is dealt with in a separate document (document IOPC/NOV23/9/2/1).
- 1.6 As for the individual incidents covered in this document, reference is made to the information contained in the Director's comments and Notes to the 2022 Financial Statements (document IOPC/NOV23/5/7/1, Section One and Section Three.)
- 1.7 It should be noted that in this document any estimate of amounts to be paid by the 1992 Fund in compensation has been made solely for the purpose of the assessment of the balance on the General Fund as at 31 December 2023. This document does not take into account the position of the 1992 Fund in respect of the admissibility of claims arising from incidents.

2 Adoption of International Public Sector Accounting Standards

- 2.1 Despite the adoption of the International Public Sector Accounting Standards (IPSAS) from 1 January 2010, the 1992 Fund's budget continues to be prepared on a modified cash basis.
- 2.2 The adoption of IPSAS has some impact on the estimated General Fund balance for the purposes of levying contributions, namely for the following items:

^{<1>} The SDR (Special Drawing Right) which is the unit of account used in the Conventions is valued on the basis of a basket of key international currencies and serves as the unit of account of the International Monetary Fund (IMF) and a number of other intergovernmental organisations.

- (a) Fixed assets, which have a useful life of more than one year, will be shown on the balance sheet when they are purchased and only a portion (a charge for depreciation) of the purchase price of the assets will be reported in the expenditure statement, effectively spreading the cost of the assets over their useful life. As the budget is a cash budget, it will continue to show cyclical increases to show assets that are to be purchased as a result of replacing fully depreciated assets or the purchase of new assets as required. Reconciliation between the fixed assets cost presented in the Financial Statements and the budget for the year is provided in the Financial Statements for that year.
- (b) All costs of employing staff during the course of the year need to be accounted for, whether these costs are borne in the year or later. These costs include liabilities such as accrued annual leave and repatriation costs for existing staff. This liability is required to be fully provided for in the Financial Statements, and this will have the direct impact of reducing the General Fund balance. A provision has therefore been made for this liability when making an estimate of the balance of the General Fund as at 31 December 2023, and is shown in the table in paragraph 9.1.

3 Joint Secretariat

- 3.1 The 1992 Fund Assembly and the Supplementary Fund Assembly agreed that the 1992 Fund Secretariat should also administer the Supplementary Fund (documents 92FUND/A/ES.9/28, paragraph 7.3 and SUPPFUND/A.1/39, paragraphs 11.2 and 11.3).
- 3.2 As set out in section 6 below, the Director proposes that, in accordance with the approach taken by the governing bodies, the Supplementary Fund should pay a management fee to the 1992 Fund for the period 1 January to 31 December 2024 in respect of the costs of running the joint Secretariat.

4 Additional posts

- 4.1 At its October 2001 session, the 1992 Fund Assembly authorised the Director to create positions in the General Service category as required, provided that the resulting cost would not exceed 10% of the figure for salaries in the budget (document 92FUND/A.6/28, paragraph 17.5). Since this authority was provided to the Director by the 1992 Fund Assembly in October 2001, four posts have been created; one in 2004, one in 2008 and two in 2011. The Director considers that the authority to create additional posts in the General Service category has proven to be valuable and allows certain flexibility in the management of the Secretariat. The 1992 Fund Assembly may wish to consider whether to renew the corresponding authority for 2024 (i.e. up to £264 000 based on the draft 2024 budget).
- 4.2 At its October 2010 session, the 1992 Fund Administrative Council, acting on behalf of the 1992 Fund Assembly, gave the Director the authority to create one additional unspecified post in the Professional category at the P3 level in the 2011 budget. This authority has been renewed each year by the 1992 Fund Assembly and was utilised in 2020 when the Director created the post of Policy Officer in the Director's Office, which was filled in July 2021 (document IOPC/NOV20/7/1, paragraph 2.1.8). The Director also utilised this authority to create the post of HNS Project Officer in 2023, which was filled in June 2023 (document IOPC/NOV23/7/1, paragraph 2.1.8). The Director maintains that having this flexibility will assist in the management of the Secretariat. As in previous years, the Director has not included the unspecified P3 post within the 2024 budget (Chapter I – Personnel) but instead proposes that the Assembly renew the authority to create a Professional post at the P3 level (i.e. £108 000), subject to budget availability.

5 **1992 Fund draft budget for administrative expenditure in 2024**

- 5.1 Financial Regulation 3 of the 1992 Fund provides that the financial period shall be the calendar year. The draft budget proposed by the Director, therefore, covers the period 1 January to 31 December 2024.
- 5.2 The presentation of the joint Secretariat budget follows the requirements of Financial Regulations 5.2 and 5.3. Comparative figures of the joint Secretariat's administrative expenses for 2022 (actual expenditure and budget appropriations) and 2023 (budget appropriations) are also given at Annex I.
- 5.3 The Director submits for consideration by the 1992 Fund Assembly an administrative budget for the 1992 Fund, which covers the expenses for 2024 of running the joint Secretariat (Chapters I–VI) and expenditures under Chapter VII – External audit fee to be borne by the 1992 Fund only. The draft administrative budget for the 1992 Fund is at Annex I.
- 5.4 The draft joint Secretariat budget (Chapters I–VI) totals £5 382 018 (2023 – £5 093 705). This budget figure is 5.7% (£288 313) more than the 2023 budget. The draft budget for 2024 is broken down as follows:

Chapter	Proposed 2024 budget £	% of 2024 budget	2023 budget £	% Increase/(decrease) on 2023 budget
I Personnel	3 813 519	70.9	3 483 528	9.5
II General services	839 499	15.6	843 177	(0.4)
III Meetings	112 000	2.1	122 000	(8.2)
IV Travel	150 000	2.8	150 000	0.0
V Other expenditure	407 000	7.6	435 000	(6.4)
VI Unforeseen expenditure	60 000	1.1	60 000	0.0
Total expenditure Chapters I–VI	5 382 018		5 093 705	5.7

- 5.5 At its October 2022 session, the governing bodies approved the re-appointment of the External Auditor (BDO International LLP) to audit the IOPC Funds' Financial Statements for a further two years, i.e. for the financial years 2024–2025 (document IOPC/OCT22/11/1, paragraph 6.3.23). The budget for the audit of the 2024 Financial Statements is proposed as £74 290 (2023 – £54 940) and is set out under Chapter VII in the draft administrative budget.
- 5.6 Notes on the individual appropriations for the joint Secretariat administrative budget are set out in Annex II. A summary of the key changes to the 2024 budget compared to 2023 is set out by Chapter in paragraphs 5.7–5.12.

5.7 Chapter I – Personnel (70.9% of the 2024 proposed budget)

Increase/(decrease) on 2023 budget appropriation: 9.5% increase

5.7.1 The Chapter consists of:

Expenditure type	2024 appropriation £	2023 appropriation £
Salaries	2 636 425	2 333 382
Separation and recruitment	120 000	135 000
Staff benefits, allowances and training	1 055 844	1 014 747
Conscious rewarding scheme	1 250	400
Total	3 813 519	3 483 529

5.7.2 As set out in document IOPC/NOV23/7/1, the Secretariat has 36 established posts, of which 24 posts are filled, as at 1 September 2023. Of the 12 vacancies, there are six posts in the Professional category and six posts in the General Service category. The posts of Oil Reporting/Data Administrator and External Relations & Conference Coordinator (General Service category), and Information Officer (Professional category) are expected to be filled in 2023, and the post of Claims Manager (Professional category) is expected to be filled in 2024, so they have all been included in the 2024 budget. No other vacant posts have been included in the budget for 2024. The salaries, allowances and grants follow the United Nations (UN) common system as applied by the International Maritime Organization (IMO). An increase of 3.0% has been included for staff in the Professional and higher categories and 3.0% for staff in the General Service category, to account for changes to the UN common system in 2024 (Annex II, section 2 of this document).

5.8 Chapter II – General services (15.6% of the 2024 proposed budget)

Increase/(decrease) on 2023 budget appropriation: 0.4% decrease

5.8.1 This Chapter consists of:

Expenditure type	2024 appropriation £	2023 appropriation £
Rent of office accommodation (including service charges and rates)	205 999	184 177
IT (hardware, software, maintenance and connectivity)	457 500	457 000
Furniture and other office equipment	20 500	36 000
Office stationery and supplies	6 000	7 000
Communications (courier, telephone, postage)	19 500	21 000
Other supplies and services	22 000	22 000
Representation (hospitality)	15 000	20 000
Public information	93 000	96 000
Total	839 499	843 177

5.8.2 As set out in section 3 of Annex II of this document, the accommodation costs (rent, service charges, etc.) under this Chapter reflect amounts payable to IMO in accordance with the underlease agreement signed in February 2016. This agreement has a break clause at 31 October 2024 and a re-negotiation of terms for the period starting 1 November 2024 is expected.

5.9 Chapter III – Meetings (2.1% of the 2024 proposed budget)

Increase/(decrease) on 2023 budget appropriation: 8.2% decrease

In line with the decision of the 1992 Fund Administrative Council at its session in June 2009, two meetings of the governing bodies have been held per year since 2012, except in 2021 when three meetings were held (document 92FUND/AC.5/A/ES.14/9, paragraphs 4.4 and 4.5). The costs of holding these meetings are difficult to predict due to varying length of meetings, the volume of documents and whether meetings are to be held in person, virtually or using a hybrid solution. The 2024 appropriation has therefore been reduced by £10 000 (Annex II, section 4 of this document).

5.10 Chapter IV – Travel (2.8% of the 2024 proposed budget)

Increase/(decrease) on 2023 budget appropriation: no change

- 5.10.1 This appropriation covers the costs of travel on missions, outreach activities such as the delivery of seminars and workshops, and international conferences and exhibitions. Where possible, this travel is combined with travel in relation to the various incidents handled by the IOPC Funds, and the costs are apportioned between travel and the incident in question. After reduced travel during the years 2020 and 2021 due to the global COVID-19 pandemic, overseas missions and international conferences returned to normal levels during 2022. This has been maintained through 2023 and is expected to continue through 2024, so the appropriation has been maintained at £150 000 (Annex II, section 5 of this document).

5.11 Chapter V – Other expenditure (7.6% of the 2024 proposed budget)

Increase/(decrease) on 2023 budget appropriation: 6.4% decrease

5.11.1 This Chapter consists of:

Expenditure type	2024 appropriation £	2023 appropriation £
Consultants' and other fees	100 000	100 000
Audit Body	210 000	245 000
Investment Advisory Body	97 000	90 000
Total	407 000	435 000

- 5.11.2 As set out at section 6 of Annex II to this document, the budget for Consultants' and other fees has been maintained at the same level as 2023. The Investment Advisory Body (IAB) budget for 2024 includes an increase in line with UK inflation measured by the Consumer Price Index for June 2023 of 7.9%. The appropriation for the Audit Body is based on the composition of a new Audit Body to be elected at the November 2023 sessions, consisting of its full complement of six members plus the 'external expert'. This appropriation includes an increase in line with UK inflation, as for the IAB, of 7.9% for the honorarium payable to the members and fees payable to the external expert, plus estimated travel costs for face-to-face meetings in 2024.

5.12 Chapter VI – Unforeseen expenditure (1.1% of the 2024 proposed budget)

Increase/(decrease) on 2023 budget appropriation: no change

This budget appropriation covers costs not anticipated at the time of preparation of the budget. The appropriation has been retained at the same level as in previous years at £60 000.

6 **Management fee paid by the Supplementary Fund**

- 6.1 The table below summarises the management fee approved by the governing bodies to be paid to the 1992 Fund by the Supplementary Fund for administering the joint Secretariat since the financial year 2006.

Management fee paid by the Supplementary Fund		
Financial year	Number of working days	Management fee £
2006	5	70 000
2007	5	70 000
2008	3.5	50 000
2009	3.5	50 000
2010	3.5	52 500
2011	3.5	56 000
2012	3.5	59 500
2013	2	33 000
2014	2	32 000
2015	2	33 000
2016	2	34 000
2017	2	34 000
2018	2	34 000
2019	2	36 000
2020	2	38 000
2021	2	36 000
2022	2	38 000
2023	2	40 000
2024	2	42 000

- 6.2 As in recent years, the Director proposes that the management fee for 2024 be calculated on an estimate of two working days, which the staff as a whole during 2024 would devote to tasks relating to the Supplementary Fund. The work relating to the Supplementary Fund (provided it is not involved in any incident) will be limited to administrative tasks, such as those connected with the Supplementary Fund Assembly. Should a major incident occur that does involve the Supplementary Fund, the governing bodies may wish to reassess the apportionment.
- 6.3 On the basis set out above, the Director has calculated the total costs per working day for the entire Secretariat, based on the joint Secretariat administrative budget for 2024, totalling £5 382 018 (2023 – £5 093 705) and 261 working days during the year. The daily costs of running the joint Secretariat would then be some £20 621 (2023 – £19 516). Rounding the daily cost up to £21 000, the Supplementary Fund should pay a management fee of £42 000 (2 x £21 000).

7 **Estimated 1992 Fund General Fund balance as at 31 December 2023**

7.1 **Estimated balance**

The balance on the General Fund at 31 December 2023 is estimated at £10 544 716 as shown in the table below:

	£	£
<i>Balance b/f at 1 January 2023:</i>		
Working capital	15 000 000	
Surplus/(deficit)	4 403 395	
		19 403 395
<i>Add back:</i>		
Provision for employee benefits (from 2022 Financial Statements IOPC/NOV23/5/7/1)	647 000	
Depreciation which exceeds the cost of fixed assets purchased (Note 7 to 2022 Financial Statements document IOPC/NOV23/5/7/1)	(10 103)	
Provision for General Fund compensation (Note 10 to 2022 Financial Statements document IOPC/NOV23/5/7/1)	773 605	
		1 410 502
<i>Plus:</i>		
2022 General Fund contributions receivable in 2023	5 425 167	
Previous years' General Fund contributions receivable in 2023	727 894	
Interest to be earned in 2023 (estimate)	750 000	
Management fee payable by Supplementary Fund for 2023	40 000	
		6 943 061
		27 756 958
<i>Less:</i>		
Estimated 2023 administrative expenditure of joint Secretariat (Chapter I–VI)	4 791 706	
External audit fee for 2023 (Chapter VII)	67 536	
Loans to HNS Fund	135 000	
Minor claims expenditure in 2023 (Annex III)	12 218 000	
		17 212 242
Estimated balance as at 31 December 2023		10 544 716

7.2 **Income**

Contributions

- 7.2.1 The 1992 Fund Assembly decided at its session in October 2022 that there should be a levy of 2022 contributions of £5.5 million for receipt by 1 March 2023 (document IOPC/OCT22/11/1, paragraph 9.1.17).

Interest to be earned in 2023

- 7.2.2 Interest received for the period 1 January to 30 June 2023 amounts to some £316 000. Based on the current interest rates applicable to the 1992 Fund investments, interest income for 2023 is estimated at £750 000 based on an average capital of £15 million and at an average interest rate of 5.0% per annum.

Management fee payable by the Supplementary Fund in 2023

- 7.2.3 The management fee payable to the 1992 Fund by the Supplementary Fund for 2023 was set by the governing bodies at £40 000 (document IOPC/OCT22/11/1, paragraph 9.1.14).

7.3 Expenditure

Administrative costs

- 7.3.1 The administrative budget of the joint Secretariat (Chapter I–VI) for 2023 was set at £5 093 705. Based on information as at 30 June 2023, the total expenditure for 2023 for the joint Secretariat is estimated to be some £4 791 706, which is 5.9% lower than the 2023 budget appropriation, as set out in the table below:

Chapter	2023 appropriation £	Expenditure to 30 June 2023 £	Projected total 2023 expenditure £	Projected total as % of 2023 appropriation
I Personnel	3 483 528	1 628 585	3 399 815	97.6
II General services	843 177	359 140	831 592	98.6
III Meetings	122 000	32 947	85 947	70.4
IV Travel	150 000	86 625	110 625	73.7
V Other expenditure	435 000	113 645	363 727	83.6
VI Unforeseen expenditure	60 000	-	-	-
Total expenditure Chapters I–VI	5 093 705	2 220 942	4 791 706	94.1

- 7.3.2 Expenditures which are borne by the 1992 Fund only are under Chapter VII (External audit fee) and these expenses are not considered when calculating the management fee payable by the Supplementary Fund.
- 7.3.3 Following a review by the Audit Body in 2019, the current External Auditor was reappointed by the 1992 Fund Assembly at its session in October 2019 to audit the 2020–2023 financial years. The external audit fee was set at £53 600 (Chapter VII) for the audit of the financial periods 2020–2023. Since 2022, the fee has increased in response to an increase in the scope of the audit to incorporate the International Standard on Auditing (ISA) (UK) 315, and a support charge has been added. The fee for the audit of the 2023 Financial Statements is expected to be £67 536 and is explained in more detail in document IOPC/NOV23/9/3.

Minor claims expenditure 2023

- 7.3.4 As can be seen from Annex III, it is expected that claims and claims-related expenses will be incurred during 2023 in respect of eight incidents involving the 1992 Fund. The total claims and claims-related expenses payable from the General Fund during 2023 is estimated at £12 218 000, which includes expenditure on the Incident in Israel, *Bow Jubail* and *Princess Empress* incidents up to the amount payable from the General Fund.

8 Income and expenditure estimates for 2024

8.1 Income

Interest to be earned in 2024

- 8.1.1 Interest income during 2024 from the 1992 Fund's investment of the assets of the General Fund is estimated at £750 000. This estimated yield is based on an average principal of approximately £15 million at an average interest rate of some 5.0%.

Management fee payable to the 1992 Fund

- 8.1.2 The Director has proposed that the management fee payable to the 1992 Fund by the Supplementary Fund for 2024 be set at £42 000 (2023 – £40 000) (see section 6). If a different apportionment of costs between the two organisations were to be decided, the draft budget would have to be revised accordingly.

8.2 Expenditure

- 8.2.1 The estimated joint Secretariat administrative expenditure for 2024 totals £5 382 018 (2023 – £5 093 705), (see section 5). A provision for employment benefit (accrued annual leave and repatriation grant) of £647 000 has been made. As set out in paragraph 5.5, the external audit fee for auditing the 2024 Financial Statements is expected to be £74 290.

Minor claims expenditure 2024

- 8.2.2 The incidents for which payments may have to be made from the General Fund during 2024 are listed at Annex IV.
- 8.2.3 It is estimated that the payments by the 1992 Fund from the General Fund in 2024 relating to eight incidents will total £45 000. This is net of any reimbursement receivable from the shipowner/P&I Club under the Small Tanker Oil Pollution Indemnification Agreement (STOPIA) 2006 with respect to the *Solar 1*, *Haekup Pacific*, *Bow Jubail* and *Princess Empress* incidents.
- 8.2.4 The estimate does not include any provision for the payment of claims and claims-related expenses in respect of incidents which may occur after the drafting of this document, for which payments may have to be made before the end of 2024. Such payments would have to be met from the working capital. This would also apply to payments which, although envisaged as not being due before 2024, have to be made earlier.

8.3 Loans to the Hazardous and Noxious Substances (HNS) Fund

8.3.1 At its sixth session held in October 2001, the 1992 Fund Assembly instructed the Director to develop a system in the form of a website or CD-ROM to assist States and potential contributors in the identification and reporting of contributing cargo under the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea, 2010 (2010 HNS Convention). The 1992 Fund Assembly granted an extra appropriation of £150 000 for this purpose, provided that the costs, including interest, would be reimbursed to the 1992 Fund by the HNS Fund when the 2010 HNS Convention entered into force. It was noted that these costs would be paid from the General Fund.

8.3.2 Since 2001, loans have been provided to the HNS Fund from the General Fund to continue administrative preparations for the setting up of the HNS Fund, and a summary of appropriations, loans and interest per financial year is set out below:

Year	Appropriation £	Loan £	Interest £
2002	150 000	26 182	611
2003	50 000	9 488	1 230
2004	50 000	14 920	1 754
2005	50 000	25 130	3 083
2006	50 000	27 808	4 331
2007	30 000	6 577	6 165
2008	30 000	36 342	6 542
2009	30 000	733	1 312
2010	80 000	8 214	1 123
2011	150 000	41 119	1 263
2012	150 000	22 494	1 570
2013	150 000	22 692	1 690
2014	50 000	18 866	1 861
2015	25 000	17 919	1 999
2016	35 000	26 656	1 877
2017	35 000	9 792	1 685
2018	35 000	22 959	2 765
2019	35 000	29 928	3 905
2020	35 000	32 947	2 047
2021	35 000	21 408	1 449
2022	35 000	29 302	7 502
2023 (expenses and interest to 30 June 2023)	135 000	26 316	9 468
Total	1 425 000	477 792	65 232

8.3.3 As at 30 June 2023, of the total appropriations over the years of £1 425 000, an amount of £543 024 (including interest) had been used. Under the budgetary principles applied by the 1992 Fund, any unused portion of an appropriation for a particular financial year may not be carried over to the following year. The balance on the appropriations for the period 2002–2023 relating to the preparations for setting up the HNS Fund can therefore not be used to cover payments during 2024.

- 8.3.4 An appropriation of £424 000 has been included in the 2024 budget to cover the costs for the preparations and other administrative tasks in respect of the HNS Fund. Document IOPC/NOV23/8/2/1 provides a detailed summary of the 2024 proposal for the HNS development budget. The breakdown is set out below:

Expenditure type	2024	2023
Staff costs	117 000	-
1992 Fund management fee (based on seven days)	147 000	-
System costs for online reporting – scoping and discovery	50 000	-
Development costs	110 000	135 000
Total	424 000	135 000
Estimated interest	26 000	15 000

- 8.3.5 All costs incurred by the 1992 Fund for the setting up of the HNS Fund will be reimbursed by the HNS Fund with interest.

8.4 Working capital

- 8.4.1 The working capital is needed to cover claims payments not included in the estimated expenses for minor claims, and to make loans to Major Claims Funds for the satisfaction of claims and claims-related expenses to the extent that sufficient money is not available in the Major Claims Fund in question, pending the levy of contributions to that Major Claims Fund.
- 8.4.2 The Director considers that the prompt payment of compensation is of crucial importance. The 1992 Fund should, in the Director's view, hold sufficient liquid funds to enable it to pay claims without having to wait for the next payment of contributions. In addition, the Director considers that the working capital should be sufficiently large so that bank loans are not required for the prompt payment of settled claims, at least not in normal circumstances.
- 8.4.3 At its session in April 2017, the 1992 Fund Administrative Council decided to reduce the working capital from £22 million to £15 million over the budget years 2018 to 2020 (document IOPC/APR17/9/1, paragraph 6.1.10). The Director proposes that the level of the working capital be maintained at £15 million in the budget year 2024.

9 Estimated 1992 Fund General Fund balance as at 31 December 2024

9.1 The estimates for the General Fund for 2024 are set out in the table below:

	£	£
<i>Estimated balance at 31 December 2023 (paragraph 7.1):</i>		10 544 716
Surplus/(deficit)		
<i>Plus estimated income:</i>		
Interest to be earned in 2024	750 000	
Management fee payable by Supplementary Fund for 2024	42 000	
Management fee payable by HNS Fund for 2024	147 000	
		939 000
		11 483 716
<i>Less estimated expenditure:</i>		
Joint Secretariat administrative expenditure 2024 (Annex I)	5 382 018	
Provision for employee benefit (accrued annual leave and repatriation grant as at 31 December 2024)	647 000	
External audit fee for 1992 Fund (paragraph 5.5)	74 290	
Minor claims expenditure 2024 (Annex IV)	45 000	
Loans to HNS Fund (paragraph 8.3.4)	424 000	
Working capital (paragraph 8.4.3)	15 000 000	
		21 572 308
<i>Estimated expenditure over income:</i>		10 088 592

9.2 The balance as at 31 December 2023 is estimated at £10 544 716, which is lower than the working capital of £15 million by £4 455 284. When assessing the need for levying contributions for payment in the following year (i.e. 2024) any estimated surplus or deficit brought forward in the General Fund is considered, thereby decreasing or increasing the amount that needs to be levied, i.e. any surplus/deficit is taken into account each year to determine the following year's requirements.

9.3 As shown from the estimates in the table above, contributions of £10 088 592 would be needed to balance the 2024 budget of the General Fund on the assumption that the 1992 Fund Assembly decides to maintain the working capital at £15 million as set out in paragraph 8.4.3.

10 Director's proposal on the assessment of 2023 contributions to the General Fund

Considering the estimates set out in paragraph 9.1 of the amount needed to balance the 2024 budget of the General Fund, there should be a levy of 2023 contributions to the General Fund of £10 million, payable by 1 March 2024.

11 Action to be taken

1992 Fund Assembly

The 1992 Fund Assembly is invited to:

- (a) decide whether to renew the authorisation given to the Director to create additional posts in the General Service category as required (paragraph 4.1);
- (b) decide whether to renew the authorisation given to the Director to create a Professional post at the P3 level subject to need and budget availability (paragraph 4.2);
- (c) adopt the draft budget for 2024 for the 1992 Fund joint Secretariat administrative expenses of £5 382 018 (Annex I, Chapters I–VI) (2023 – £5 093 705) and the 1992 Fund’s external audit fee of £74 290 (Annex I, Chapter VII);
- (d) approve the management fee payable by the Supplementary Fund to the 1992 Fund of £42 000 (section 6);
- (e) approve the Director’s estimate of the expenses to be incurred in 2024 in respect of the preparation for the entry into force of the HNS Convention of £424 000 (paragraph 8.3.4);
- (f) decide whether to maintain the working capital at £15 million in the budget year 2024 (paragraph 8.4.3); and
- (g) decide whether to authorise the Director to levy 2023 contributions of £10 million, payable by 1 March 2024 (section 10).

* * *

ANNEX I
Draft 2024 Administrative Budget for 1992 Fund

STATEMENT OF EXPENDITURE	Actual 2022 expenditure for 1992 Fund	2022 budget appropriations for 1992 Fund	2023 budget appropriations for 1992 Fund	2024 budget appropriations for 1992 Fund
	£	£	£	£
I Personnel				
(a) Salaries	2 160 427	2 241 908	2 333 382	2 636 425
(b) Separation and recruitment	197 020	120 000	135 000	120 000
(c) Staff benefits, allowances and training	850 797	913 968	1 014 746	1 055 844
(d) Service award	950	20 000	400	1 250
Sub-total	3 209 193	3 295 876	3 483 528	3 813 519
II General services				
(a) Rent of office accommodation (including service charges and rates)	180 002	192 902	184 177	205 999
(b) IT (hardware, software, maintenance and connectivity)	431 019	448 000	457 000	457 500
(c) Furniture and other office equipment	30 619	21 000	36 000	20 500
(d) Office stationery and supplies	3 216	9 000	7 000	6 000
(e) Communications (courier, telephone, postage)	9 387	28 000	21 000	19 500
(f) Other supplies and services	18 531	22 000	22 000	22 000
(g) Representation (hospitality)	26 451	20 000	20 000	15 000
(h) Public information	85 587	98 000	96 000	93 000
Sub-total	784 812	838 902	843 177	839 499
III Meetings				
Sessions of the 1992 Fund and Supplementary Fund governing bodies and intersessional Working Groups	73 897	130 000	122 000	112 000
IV Travel				
Conferences, seminars and missions	104 977	100 000	150 000	150 000
V Other expenditure				
(a) Consultants' and other fees	32 945	150 000	100 000	100 000
(b) Audit Body	200 326	200 000	245 000	210 000
(c) Investment Advisory Body	86 167	81 000	90 000	97 000
Sub-total	319 438	431 000	435 000	407 000
VI Unforeseen expenditure (such as consultants and lawyers' fees, cost of extra staff and cost of equipment)	-	60 000	60 000	60 000
Total joint Secretariat expenditure I–VI	4 492 318	4 855 778	5 093 705	5 382 018
VII External audit fee (1992 Fund only)	65 908	53 600	54 940	74 290
Total Expenditure I–VII	4 558 225	4 909 378	5 148 645	5 456 308

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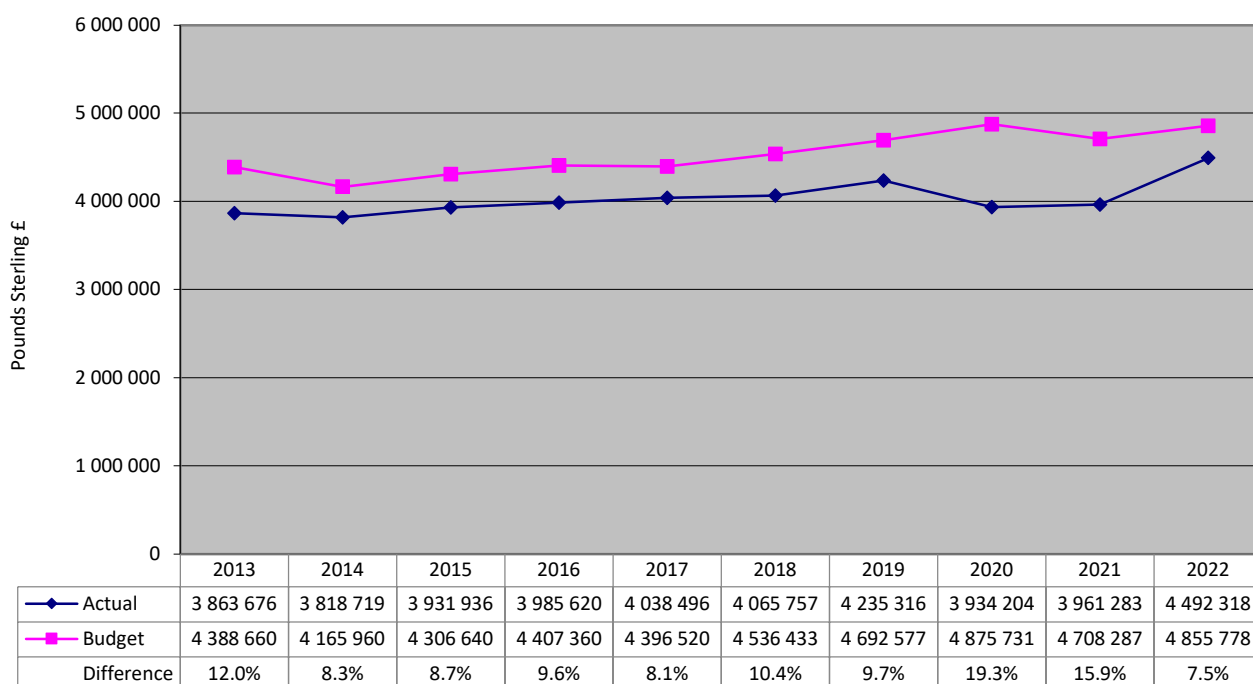
ANNEX II

NOTES ON THE INDIVIDUAL APPROPRIATIONS BY CHAPTER

1 Introduction

- 1.1 When assessing the need for levying contributions for payment in the following year, any estimated surplus or deficit brought forward in the General Fund is considered, thereby decreasing or increasing the amount that needs to be levied, i.e. any surplus/deficit is considered each year to determine the following year's requirements.
- 1.2 As set out in the graph below, over the 10-year period 2013–2022 there has been an underspend on the approved budget of the joint Secretariat Chapters I–VI ranging from 19.3% of the budget to 7.5% of the budget.

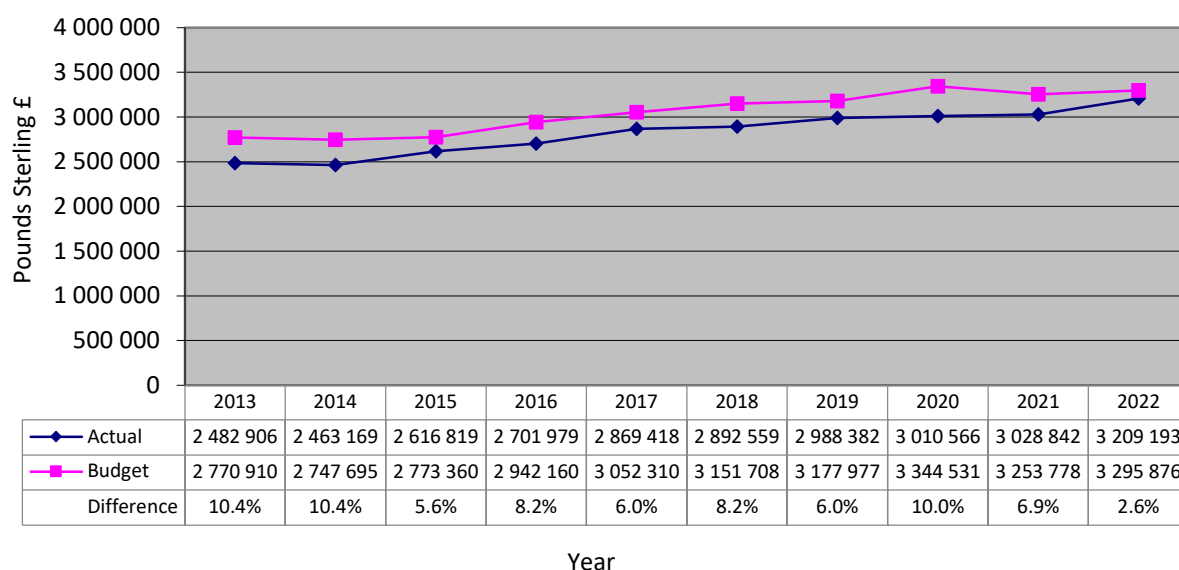
ACTUAL EXPENDITURE vs BUDGET APPROPRIATIONS FOR THE FINANCIAL YEARS 2013 - 2022



- 1.3 Certain assumptions have been made, as set out in this Annex, in arriving at the budget appropriations, which may or may not materialise. The joint Secretariat budget is broken down into six Chapters.
- 1.4 Separate budget headings for expenses only attributable to the 1992 Fund have also been included, namely an appropriation for the external audit fee (Chapter VII) for 2024.

2 Personnel (Chapter I)

Chapter I PERSONNEL



2024 Appropriation £	2023 Appropriation £	% Increase/(Decrease) on 2023 Appropriation
3 813 519	3 483 528	9.5%

Overview

- 2.1 The major part (70.9%) of the joint Secretariat draft budget for 2024 relates to Personnel costs and there is an increase of 9.5% under this Chapter compared to the 2023 budget. As indicated in the graph above, over the past 10 years, there has been an underspend on the approved budget ranging from 10.4% of the budget to 2.6% of the budget.
- 2.2 Staff Regulation 17 of the 1992 Fund provides that the emoluments of members of staff of the 1992 Fund should follow the United Nations (UN) common system as applied by the International Maritime Organization (IMO). The calculation of the appropriation for salaries is based, therefore, on the UN salary system as applied by IMO, including all grants, allowances, overtime, and other benefits. The factors affecting changes in the costs are either inflation led or arise from the recommendations of the International Civil Service Commission (ICSC), approved as necessary by the UN General Assembly for application throughout the UN common system.
- 2.3 The relevant salary scales, pensionable remuneration and changes to the Staff Rules are reproduced as Annexes to document IOPC/NOV23/7/1. The Provident Fund contributions are calculated in accordance with 1992 Fund Staff Rule VIII.5.
- 2.4 The basic emoluments of Professional category staff include the net base salary and post adjustment. The base salary is established in US dollars on a global scale for application to all Professional category staff in the common system, regardless of the duty station. The post adjustment is variable according to the duty station and is designed to maintain equality of purchasing power of a given salary at all duty stations by offsetting differences in the cost of living, taking account of changes in the rate of exchange between the US dollar and local currencies.

(a) Salaries

- 2.5 There is an increase of 12.0% in the 2024 appropriation (£2 636 425) compared to 2023 (£2 333 382).
- 2.6 Salaries comprise the cost of staff members and short-term assistance. To cover any increase in salaries which may be decided within the UN common system, it has been considered appropriate to include in the draft budget a provision of 3% for staff in the Professional and higher categories and 3% for staff in the General Service category. This is in addition to the annual increments which, in accordance with the Staff Regulations, are awarded to staff members (other than the Director) on satisfactory performance of duties (Staff Rule IV.1).
- 2.7 The number of established posts within the Secretariat as at 1 September 2023 stands at 36, of which 20 are in the Professional category and 16 are in the General Service category (see document IOPC/NOV23/7/1). Of these established posts, 24 are filled. Twelve established posts are vacant: six in the Professional category and six in the General Service category.
- 2.8 There are six vacant posts in the Professional category, four of which are not included in the 2024 budget: the External Relations Officer, two posts of in-house Translators (French and Spanish) and the Legal Counsel. The Director does not envisage filling any of these posts in the foreseeable future. Two other vacant posts have been included in the 2024 budget: Information Officer and Claims Manager. The Information Officer post is expected to be filled in 2023 and the Claims Manager post is expected to be filled in 2024.
- 2.9 There are six vacant posts in the General Service category. Four posts are not included in the 2024 budget: Claims Assistant (G4) in the Claims Department and Administrative/Claims Assistant (G4) in the Director's Office, and Administrative Assistant (G4) and Office Manager (G7), both in the Administration Department. The Director does not envisage filling these posts in the immediate future. Two further vacant General Service posts have been included in the 2024 budget: Oil Reporting/Data Administrator (G6) and External Relations & Conference Coordinator (G7). These posts are both expected to be filled in 2023.
- 2.10 Under the authority given to the Director by the Assembly in October 2001 to create positions in the General Service category, four posts were created between 2004 and 2011. No posts have been created since 2011.
- 2.11 The salaries budget in 2011 and 2012 included an appropriation for one unspecified P3 post. Since 2013 the Director has not included an appropriation for an unspecified P3 post in the budget, nor has he done so in the 2023 budget. As set out in section 4 of the main document, the authority to create a post in the Professional category provides the Director with the flexibility to manage the Secretariat, and the Director has also requested this authority for 2024. The establishment of a new post would only be made subject to a business need and budget availability. The Director made use of this authority in 2020 by establishing the post of Policy Officer, filled in July 2021, and again in 2023 by establishing the post of HNS Project Officer, filled in June 2023.
- 2.12 As laid out in document IOPC/NOV23/7/1 paragraphs 2.2.1—2.2.3, the position of HNS Project Officer has been filled by Mr Thomas Liebert, at the maintained personal grade of D.1. The Director will propose in document IOPC/NOV23/8/2/1 that the cost of filling the post at the established P3 level be charged to the HNS Fund. The additional cost related to maintaining Mr Liebert's personal grade will be charged to the 1992 Fund.
- 2.13 At its third session held in October 1998, the 1992 Fund Assembly decided to authorise the Director to determine the grades of individual posts in the General Service category and the Professional category up to grade P5 and decide on promotions for these categories (document 92FUND/A.3/27, paragraph 23.6).

- 2.14 It may be necessary to make continued use of temporary assistance. With a small Secretariat, assistance is needed not only when there is an additional workload but also to cover leave periods such as parental leave and fill any vacancies temporarily until new incumbents are appointed. The budget appropriation for salaries in the draft 2024 budget has been maintained at the 2023 budget of £30 000 to cover such requirements.

(b) Separation and recruitment

- 2.15 This budget appropriation covers expenses that would be incurred if recruitment is to be made to posts that fall vacant or to existing vacant posts. The budget appropriation has been decreased from 2023 by 11.1% to £120 000 to cover separation and recruitment costs envisaged in 2024.

(c) Staff benefits, allowances and training

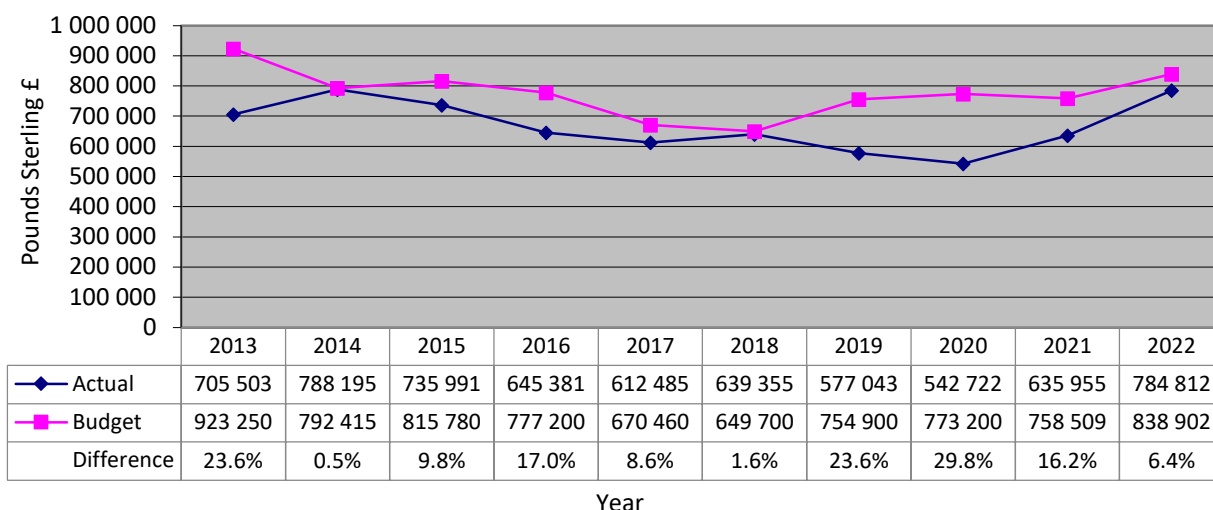
- 2.16 There is an increase of 6.1% in the 2024 appropriation (£1 055 844) compared to 2023 (£994 747) under this heading.
- 2.17 This appropriation covers mainly the 1992 Fund's contributions to the Provident Fund, education grants, home leave, insurance (accident, life and medical) and staff training.
- 2.18 The IOPC Funds also pay IMO a charge for medical services provided to staff members. The charge per staff member is set annually and is in accordance with the budgeted number of staff members (28 staff members budgeted for in 2024) and paid annually in arrears.

(d) Service award

- 2.19 From 1 January 2022, the Director introduced Service Awards to recognise an individual's loyalty and commitment to the IOPC Funds. They will be awarded to a staff member on their anniversary date with the IOPC Funds, from 10 years of service and again with every five years of service. The value of the award will increase with length of service.
- 2.20 One staff member will reach their 25th anniversary in 2024, earning a voucher worth £400. Another staff member will reach their 20th anniversary, earning a £350 voucher. Two staff members will reach 10 years with the Funds in 2024, and each will be awarded a £250 voucher.

3 General services (Chapter II)

Chapter II GENERAL SERVICES



2024 Appropriation £	2023 Appropriation £	% Increase/(Decrease) on 2023 Appropriation
839 499	843 177	(0.4%)

Overview

- 3.1 The appropriations under subsections (a) to (h) are for the general expenses of the joint Secretariat, including rent of the IOPC Funds' offices and related expenses, maintenance and replacement of office machines, office equipment, stationery, communications and public information. As set out in the graph above, over the years there has been an underspend on the approved budget ranging from 29.8% to 0.5% of the budget.

(a) Rent of office accommodation (including service charges and rates)

- 3.2 There is a increase of some 11.8% in the 2024 appropriation (£205 999) compared to 2023 (£184 177) under this heading. The appropriation under this heading accounts for 3.8% of the overall joint Secretariat budget for 2024.
- 3.3 The appropriation has been based on a calculation of 10 months rent in accordance with the underlease Agreement signed in February 2016 by the Director and the Secretary-General of IMO and calculated on the space occupied in the IMO building (600.4 m²). An additional amount has been added for November and December, pending re-negotiation of the terms of the lease for the period after the break clause at 31 October 2024.
- 3.4 The 2024 budget appropriations are in accordance with the underlease Agreement as follows:
- Rent fixed at £429.60/m²/year (i.e. £258 000) exclusive of service charges as described below, for the period between 1 September 2016 and the break point (i.e. 31 October 2024).

- The United Kingdom Government contributes 80% of the rent, i.e. £258 000 x 80% = £206 400 per annum for the period January to October 2024. This subsidy is expected to continue at 80% of the rent agreed for the period 1 November onwards. The net rent estimated to be payable by the 1992 Fund for 2024 is £54 272.
- Service charges are calculated in proportion to the area occupied, to cover common services provided by IMO as itemised in the Agreement and covers facilities and services to the IOPC Funds such as building insurance, utilities, water and sewerage, building maintenance and renovations, security service, local taxes (rates), use of conference rooms and the cafeteria, and one reserved car parking space for the Director.

3.5 All rent and service charges are calculated on a calendar-year basis and paid annually in arrears.

3.6 The table below shows a comparison between the costs relating to accommodation in 2024 and 2023:

Expense head	2024 appropriation £	2023 appropriation £
Rent	54 272	51 600
Service charges (including utilities, local rates etc.)	121 077	112 077
Outside storage space rent	7 000	8 000
Office contents insurance	6 500	6 000
Other maintenance	17 150	6 500
Total	205 999	184 177
Increase on 2023	11.8%	

(b) IT (hardware, software, maintenance and connectivity)

3.7 The 2024 budget appropriation (£457 500) compared to 2023 (£457 000) shows an increase of 0.1%, broken down as follows:

Expense head	2023 appropriation £	2023 appropriation £
Software	100 000	110 000
Purchase IT hardware and consumables (<£500)	1 500	2 000
IT maintenance and support	118 000	110 000
Software development	97 000	100 000
Hosting	40 000	40 000
Internet services	38 000	36 000
Cybersecurity	48 000	45 000
Computer equipment (>£500)	15 000	14 000
Total	457 500	457 000
Increase on 2023	0.1%	

3.8 Software (licensing), IT maintenance and support, and software development constitute some two-thirds of the appropriation. Software includes licensing costs falling under software as a service. IT maintenance and support includes public-facing software packages, such as the Claims Handling System (CHS), the Claims Submission System (CSS) and the Online Reporting System (ORS), all hosted in the cloud.

(c) Furniture and other office equipment

3.9 This appropriation has been decreased to £20 500 (2023 – £36 000) and includes the rental cost of photocopying/printing machines. The appropriation also includes office equipment (other than IT equipment) such as office furniture.

(d) Office stationery and supplies

3.10 This appropriation has been decreased to £6 000 (2023 – £7 000).

(e) Communications (courier, telephone, postage)

3.11 The appropriation has been decreased to £19 500 (2023 – £21 000) to reflect reduced telephone and courier costs.

(f) Other supplies and services

3.12 This item covers supplies and services not included under items (a) to (e) and miscellaneous expenditure such as bank charges and staff room supplies. The appropriation has been retained at £22 000 (2023 – £22 000).

(g) Representation (hospitality)

3.13 This appropriation relates to hospitality not covered by the Director's representation allowance, e.g. receptions given in connection with meetings of the IOPC Funds and official entertainment by the organisation. This appropriation has been increased to £22 000 (2023 – £20 000).

(h) Public information

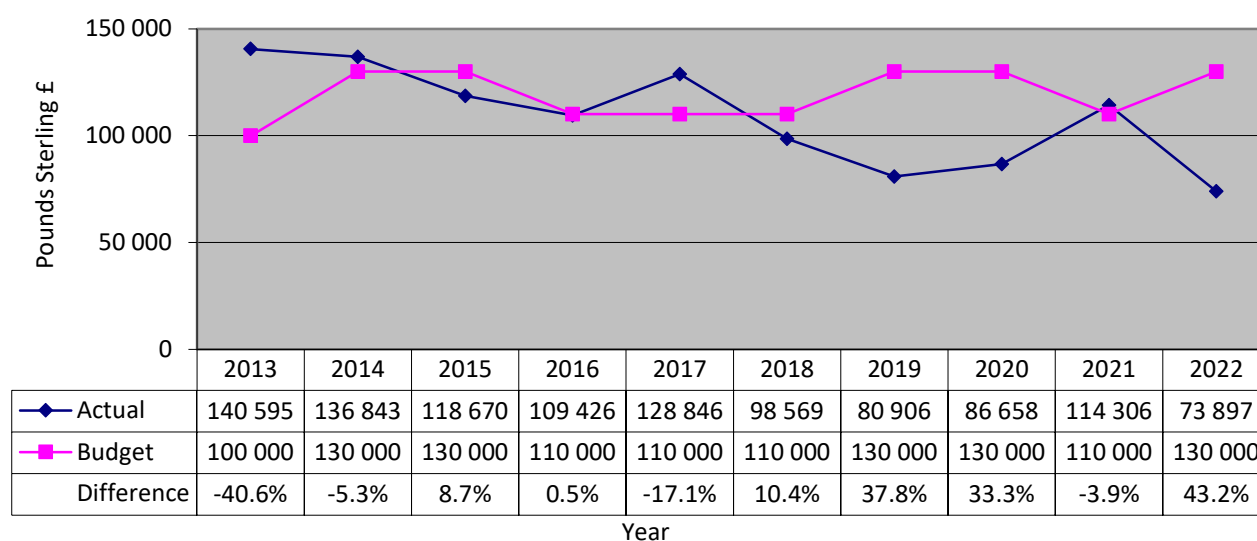
3.14 The appropriation is to cover costs for the following:

- (i) the cost of printing, publication and bulk mailings of the joint Annual Report of the IOPC Funds in the three working languages, and of other publications and documents (other than those prepared for the sessions of the Funds' governing bodies);
- (ii) the cost of public information services, e.g. uploading information/minor changes to the organisations' websites, as well as expenditure in relation to other public relations projects, e.g. induction meetings and the Annual Academy;
- (iii) subscriptions for periodicals, newspapers and books;
- (iv) the cost of participating in key international oil spill conferences, including updating the IOPC Funds' exhibition stand; and
- (v) updating the short film on the IOPC Funds.

3.15 The total appropriation under this heading has decreased slightly to £93 000 (2023 – £96 000).

4 Meetings (Chapter III)

Chapter III MEETINGS

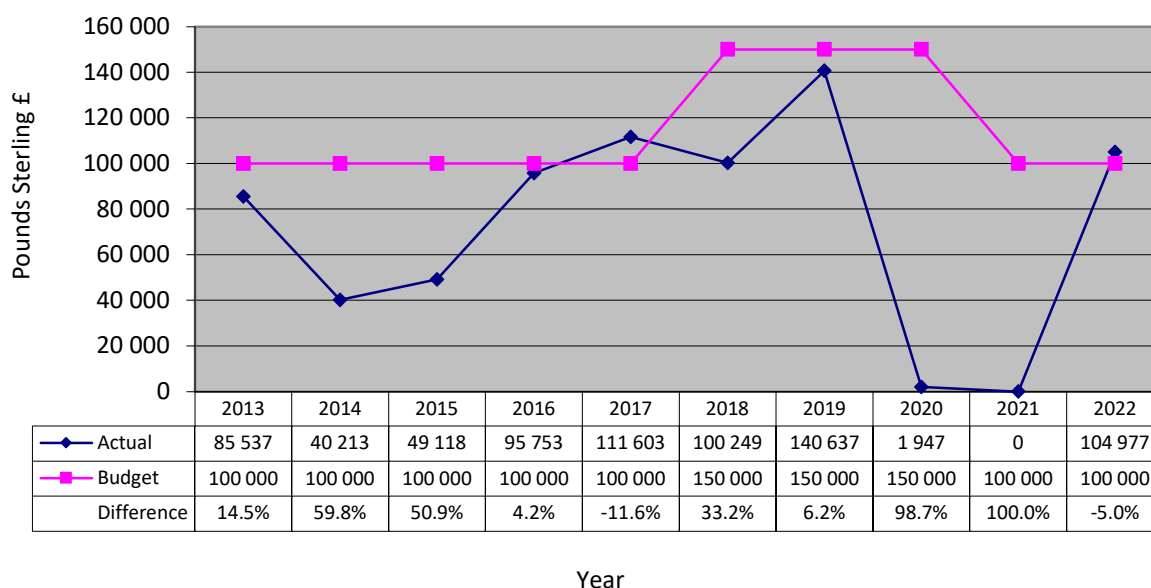


2024 appropriation £	2023 appropriation £	% Increase/(Decrease) on 2023 Appropriation
112 000	122 000	(8.2)%

- 4.1 The meetings of the IOPC Funds' governing bodies, as well as those of any intersessional Working Groups, are normally held in IMO conference rooms. As set out in the graph above, it can be seen that over the years there has been both an underspend and overspend on the approved budget ranging from an underspend of 43.2% of the budget to an overspend of 40.6% of the budget.
- 4.2 At its June 2009 session, the 1992 Fund Administrative Council, acting on behalf of the 1992 Fund Assembly, considered reducing the number of meetings. It was agreed that it would be preferable to book three meetings per year as usual and cancel one if it were not needed.
- 4.3 The 2024 appropriation has been decreased to £112 000 (2023 – £122 000). It is difficult to determine the costs within this Chapter as it will depend on the number of meeting days scheduled, the volume of documents and whether meetings are to be held in person, virtually or using a hybrid solution.

5 Travel (Chapter IV)

Chapter IV TRAVEL



2024 Appropriation £	2023 Appropriation £	% Increase/(Decrease) on 2023 Appropriation
150 000	150 000	0.0%

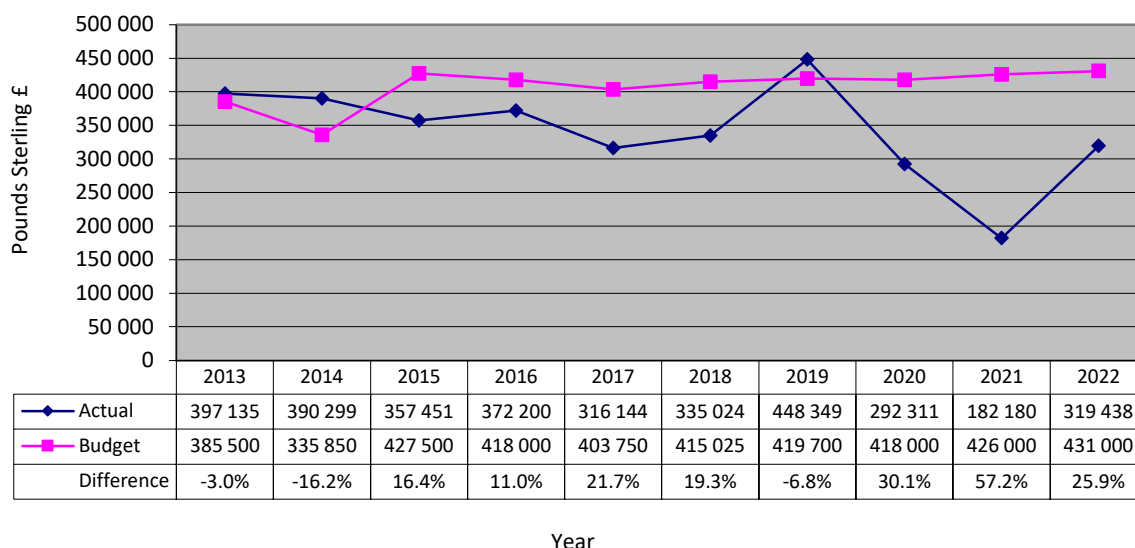
- 5.1 This appropriation covers the costs of travel on missions, for attendance at conferences and seminars, and for outreach activities. As set out in the graph above, there have been large fluctuations in expenditure on travel over the years, resulting in both underspends and overspends on the approved budget.
- 5.2 Outreach is defined as the activity of providing services to any stakeholders that might not otherwise have access to them. A key component of outreach is that the organisation delivers such services to stakeholders at their locations, either in person or by other means of communication.
- 5.3 The Secretariat of the IOPC Funds participates in outreach activities such as:
- seminars/workshops for the promotion of the international oil pollution liability and compensation regime;
 - training on claims and compensation matters;
 - support to Member States for the implementation of the Conventions into national law;
 - support to Member States to ensure a consistent application of the Conventions;
 - participation in conferences and other events to maintain/improve engagement with industry and other key stakeholders; and
 - delivery of lectures at academic events.
- 5.4 Since its inception, the Secretariat has been delivering such activities around the world, generally in response to requests from Member and non-Member States, or from IMO and other regional organisations interested in gaining expertise in the area of liability and compensation for oil pollution.

5.5 The Secretariat, where possible, has participated in various seminars and workshops remotely in cooperation with Member States and regional bodies.

5.6 The budget appropriation has been retained at £150 000 (2023 – £150 000).

6 **Other expenditure (Chapter V)**

Chapter V OTHER EXPENDITURE



2024 Appropriation £	2023 Appropriation £	% Increase/(Decrease) on 2023 Appropriation
407 000	435 000	(6.4%)

6.1 This appropriation covers the costs of consultants, the costs of the joint Audit Body and the costs of the joint Investment Advisory Body. As set out in the graph above, over the years there has been both an underspend and overspend on the approved budget ranging from an underspend of 57.2% of the budget to an overspend of 16.2% of the budget. The table below provides a breakdown of the budget appropriations for 2024, which shows a decrease on the 2023 budget and the breakdown by expense category.

Expenses	2024 appropriation £	2023 appropriation £	% Increase/(decrease) on 2023 appropriation
Consultants' and other fees	100 000	100 000	-
Audit Body	210 000	245 000	(14.3)
Investment Advisory Body	97 000	90 000	7.8
Total	407 000	435 000	(6.4%)

(a) Consultants' and other fees

6.2 The 2023 budget appropriation for consultants' fees has been maintained at £100 000 (2023 – £100 000).

6.3 It will be necessary to engage consultants/lawyers if work which cannot be undertaken by permanent staff members has to be carried out. The use of consultants might be required, for example, to undertake studies of a general nature which are not related to specific incidents. For example, consultants were engaged to assist the Secretariat with developing and implementing the new accounting and contributions management system (ERP) in 2019 and 2020. The appropriation is also used for work completed externally such as internal audit reviews to assist the Director in the review of key operational areas of the Secretariat.

6.4 The table below provides a summary of the use of the consultants' fees budget for the period 2018–2022.

Expenses £	2018	2019	2020	2021	2022
Legal/administrative costs	70 218	204 126	146 962	26 623	24 784
Human resources matters	-	266	-	3 600	260
Non-incident related studies	3 766	-	625	-	7 901
Total	73 984	204 392	147 587	30 223	32 945

6.5 It should be noted that fees for consultants/lawyers engaged in connection with individual incidents are charged against the respective incidents.

(b) Audit Body

6.6 As decided by the respective governing bodies, the Funds have a joint Audit Body consisting of six members nominated by Member States and one member not related to the organisations (the 'external expert') with expertise and experience in financial matters. The Audit Body normally holds three regular meetings per year.

6.7 At their November 2023 sessions, the governing bodies are expected to elect a new joint Audit Body for a three-year term until the regular session in 2026. The governing bodies appointed a new external expert at their November 2021 sessions, and they commenced on 1 January 2022 for an initial term of three years.

6.8 An appropriation of £210 000 is included in the draft 2024 budget (2023– £245 000) to cover the costs resulting from the operation of this Body, i.e. the travel and subsistence costs of the members, the fee for the external expert and an honorarium for the members nominated by Member States.

6.9 At its October 2009 session, the 1992 Fund Administrative Council set the level of annual honoraria/fees for the members of the Audit Body. It was also decided that all the honoraria/fees should be indexed annually using the United Kingdom Retail Price Index at the time of the preparation of the relevant budget (document IOPC/OCT09/11/1, paragraphs 6.2.8 and 6.2.9).

6.10 As set out in the 2015 budget document, the Retail Price Index is no longer classified as a 'national statistic' by the Office for National Statistics in the United Kingdom and therefore, from 2017, the United Kingdom Consumer Price Index (UK CPI) has been used for indexing (document IOPC/OCT15/9/1/1, Annex II, paragraph 5.11).

6.11 The June 2023 UK CPI Index of 7.9% has been used for preparing the 2024 budget appropriations resulting in the following honoraria payable for the period 1 November 2023 up to next year's regular session in 2024 for the six members elected by the Assembly:

- Chair £9 543 (2023 – £8 844)
- Vice-Chair £7 953 (2023 – £7 370)
- Members (four) £6 365 each – £25 460 for four members (2023 – £5 899 each)

- External expert £42 989 (2023 – £39 841) fee payable for the full calendar year 2024

6.12 Travel costs, including daily subsistence allowance to attend meetings, for the members have been estimated at £119 500.

6.13 An appropriation of £210 000 (2023 – £245 000) has been included for 2024 to also include an increase in honorarium at the regular session in 2024.

(c) Investment Advisory Body

6.14 As decided by the respective governing bodies, the Funds have a joint Investment Advisory Body (IAB), composed of three external experts with specific knowledge in financial matters.

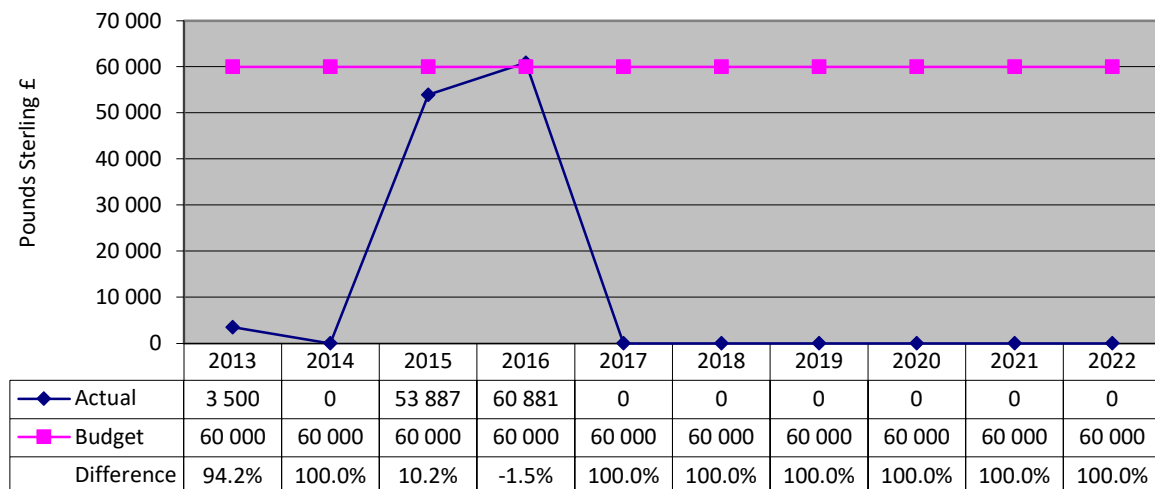
6.15 At its October 2009 session, the 1992 Fund Administrative Council decided to increase the remuneration for the members of the IAB to £20 000. It also decided that the fee should be indexed annually using the United Kingdom Retail Price Index at the time of the preparation of the relevant budget (document IOPC/OCT09/11/1, paragraphs 6.2.8 and 6.2.9). As explained in paragraph 6.11, the UK CPI is now used for indexing, and the June 2023 UK CPI of 7.9% has been used for preparing the 2024 budget appropriations.

6.16 The remuneration payable up to the next regular sessions of the governing bodies in 2024 for the three members will be £31 786 (2023 – £29 459) for the period 1 November 2023 to October 2024.

6.17 An appropriation of £97 000 has been included in the draft budget to cover any increase in fees from 1 November 2024.

7 Unforeseen expenditure (Chapter VI)

Chapter VI UNFORESEEN EXPENSES



2024 Appropriation £	2023 Appropriation £	% Increase/Decrease) on 2023 Appropriation
60 000	60 000	-

The appropriation under this Chapter is designed to cover expenditure that was not foreseen at the time of the adoption of the administrative budget, such as consultants' and lawyers' fees, cost of extra staff, cost of equipment and any other cost not foreseen. As set out in the graph above, over the years there has mainly been an underspend on the approved budget ranging from an underspend of 100%

to an overspend of 1.5% of the budget. This appropriation has been maintained at £60 000, representing some 1.1% of the draft budget.

8 External audit fee (1992 Fund only) (Chapter VII)

- 8.1 External audit fees are paid by the respective Fund and are not included as part of the management fee paid by the Supplementary Fund to the 1992 Fund. Chapter VII represents the audit fee payable by the 1992 Fund.
- 8.2 The External Auditor had advised on reappointment that the audit fee would be maintained for the audit of the IOPC Funds' Financial Statements for the financial periods 2020–2023, unless there was a change of scope within the audit. In 2022, the External Auditor charged an additional fee for a change to scope, to cover the introduction of International Standard on Auditing (ISA) (UK) 315. A support charge of 2.5% was also requested and approved by the Audit Body. These additions were also included in the 2023 audit fee which is expected to exceed the budget by more than 10%. Further details of the 2023 external audit fee are provided in document IOPC/NOV23/9/3.
- 8.3 At their October 2022 sessions, the governing bodies approved the re-appointment of the External Auditor (BDO International LLP) to audit the IOPC Funds' Financial Statements for a further two years, i.e. for the financial years 2024–2025 (document IOPC/OCT22/11/1, paragraph 6.3.23). The fees for this two-year period will be based on the 2023 fee plus an uplift for inflation. Therefore, the proposed budget for auditing the accounts of the 2024 financial period of the 1992 Fund is £74 290 (2023 – £54 940).

* * *

ANNEX III
Estimated General Fund claims expenditure in 2023
(Figures in Pounds Sterling)

Incident	Date	Maximum payable from General Fund: SDR 4 million	Expenditure up to 31/12/22		Receipt under STOPIA 2006** up to 31/12/22	Balance payable from General Fund at 31/12/22	2023 Expenditure				** Receipts/ receivables under STOPIA 2006 01/01/23– 31/12/23	Estimated General Fund expenditure in 2023	Estimated total General Fund expenditure up to 31/12/23	Estimated balance payable from General Fund at 31/12/23
			Compensation paid up to 31/12/22	Claims-related expenses paid up to 31/12/22			Compensation		Claims-related expenses					
							Paid 01/01/23– 30/06/23	Estimate 01/07/23– 31/12/23	Paid 01/01/23– 30/06/23	Estimate 01/07/23– 31/12/23				
Solar 1*	11/08/06	3 134 944	(8 096 211)	(393 009)	8 126 725	2 772 449	-	-	-	(15 000)	-	(15 000)	(378 000)	2 758 000
Redfferm	30/03/09	4 091 560	-	(92 691)		3 998 869	-	-	-	(5 000)	-	(5 000)	(97 000)	3 994 000
Haekup Pacific*	20/04/10	3 993 132	-	(34 146)	-	3 958 986	-	-	-	-	-	-	(34 000)	3 959 000
Nathan E. Stewart**	13/10/16	4 521 280	-	(17 760)	-	4 503 520	-	-	-	(5 000)	-	(5 000)	(22 000)	4 499 000
Bow Jubail***	25/05/23	4 305 760	-	(310 484)	-	3 995 276	-	(3 710 635)	(34 641)	(250 000)	-	(3 995 000)	(4 306 000)	-
MT Harcourt	02/11/20	4 368 880	-	(4 463)	-	4 364 417	-	-	-	-	-	-	(4 000)	4 365 000
Incident in Israel***	23/07/21	4 135 680	(26 589)	(216 933)	-	3 892 158	(775 637)	(2 858 847)	(47 674)	(210 000)	-	(3 892 000)	(4 135 000)	-
Princess Empress***	25/05/23	4 305 760	-	-	-	4 305 760	-	(2 950 904)	(154 856)	(1 200 000)	-	(4 306 000)	(4 306 000)	-
												(12 218 000)		

Figures in brackets show outflow.

* Under STOPIA 2006 compensation payments up to SDR 20 million will be reimbursed by the P&I Club within 14 days.

** Previously reported as Incident in Canada.

*** Date of authorisation of payments by Executive Committee.

* * *

ANNEX IV
Estimated General Fund claims expenditure in 2024
(Figures in Pounds Sterling)

Incident	Date	Maximum payable from General Fund: SDR 4 million	Estimated balance payable from General Fund at 31/12/2023	2024 Estimated Expenditure		Receivable under STOPIA 2006	Estimated General Fund expenditure in 2024	Estimated total General Fund Expenditure up to 31/12/24	Estimated balance payable from General Fund at 31/12/24
				Compensation	Claims-related expenses				
<i>Solar 1*</i>	11/08/06	3 134 944	2 758 000	-	(30 000)	-	(30 000)	(408 000)	2 728 000
<i>Redfferm</i>	30/03/09	4 091 560	3 994 000	-	(10 000)	-	(10 000)	(107 000)	3 984 000
<i>Haekup Pacific*</i>	20/04/10	3 993 132	3 959 000	-	-	-	-	(34 000)	3 959 000
<i>Nathan E. Stewart**</i>	13/10/16	4 521 280	4 499 000	-	(5 000)	-	(5 000)	(27 000)	4 494 000
<i>Bow Jubail ***</i>	25/05/23	4 305 760	-	-	-	-	-	(4 306 000)	-
<i>MT Harcourt</i>	02/11/20	4 368 880	4 365 000	-	-	-	-	(4 000)	4 365 000
Incident in Israel***	23/07/21	4 135 680	-	-	-	-	-	(4 135 000)	-
<i>Princess Empress***</i>	25/05/23	4 305 760	-	-	-	-	-	(4 306 000)	-
							(45 000)		

Figures in brackets show outflow.

* Under STOPIA 2006 compensation payments up to SDR 20 million will be reimbursed by the P&I Club within 14 days .

** Previously reported as Incident in Canada.

*** Date of authorisation of payments by Executive Committee.