



International Oil Pollution
Compensation Funds

Agenda Item 9	IOPC/NOV24/9/1/1	
Date	20 September 2024	
Original	English	
1992 Fund Assembly	92A29	●
1992 Fund Executive Committee	92EC83	
Supplementary Fund Assembly	SA21	

BUDGET FOR 2025 AND ASSESSMENT OF CONTRIBUTIONS TO THE GENERAL FUND

1992 FUND

Note by the Director

Summary:

The draft budget for running the joint Secretariat for 2025 totals £5 775 384 (2024 – £5 382 018) and expenditure on the external audit fee, relating only to the 1992 Fund, is £79 800 (2024 – £74 290). An assessment is made of the likely compensation payments and other incident-related expenses.

In the Director's view, the resulting need for 2024 contributions, payable by 1 March 2025 to the General Fund, is £13 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 2025 for the 1992 Fund joint Secretariat administrative expenses of £5 775 384 (Annex I, Chapters I–VI) (2024 – £5 382 018) and the 1992 Fund's external audit fee of £79 800 (Annex I, Chapter VII);
- (d) approve the management fee payable by the Supplementary Fund to the 1992 Fund of £44 000 (section 6);
- (e) approve the Director's estimate of the expenses to be incurred in 2025 in respect of the preparation for the entry into force of the HNS Convention of £799 000 (paragraph 8.3.4);
- (f) decide whether to maintain the working capital at £15 million in the budget year 2025 (paragraph 8.4.3); and
- (g) decide whether to authorise the Director to levy 2024 contributions of £13 million, payable by 1 March 2025 (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/NOV24/9/2/1).
- 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 2023 Financial Statements (document [IOPC/NOV24/5/7/1](#), Annex, 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 2025. 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 2025, 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 2025 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 2025 (i.e. up to £285 000 based on the draft 2025 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 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 also utilised this authority to create the post of Claims Manager in 2024, which will be filled in November 2024 (document [IOPC/NOV24/7/1](#), paragraph 2.1.7). 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 2025 budget (Chapter I – Personnel) but instead proposes that the Assembly renew the authority to create a Professional post at the P3 level (i.e. £113 000), subject to budget availability.

5 1992 Fund draft budget for administrative expenditure in 2025

- 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 2025.
- 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 2023 (actual expenditure and budget appropriations) and 2024 (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 2025 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 £5 775 384 (2024 – £5 382 018). This budget figure is 7.3% (£393 366) more than the 2024 budget. The draft budget for 2025 is broken down as follows:

Chapter	Proposed 2025 budget £	% of 2025 budget	2024 budget £	% Increase/(Decrease) on 2024 budget
I Personnel	4 088 420	70.8	3 813 519	7.2
II General services	920 464	15.9	839 499	9.6
III Meetings	126 000	2.2	112 000	12.5
IV Travel	150 000	2.6	150 000	0.0
V Other expenditure	430 500	7.5	407 000	5.8
VI Unforeseen expenditure	60 000	1.0	60 000	0.0
Total expenditure Chapters I–VI	5 775 384		5 382 018	7.3

- 5.5 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 budget for the audit of the 2025 Financial Statements is proposed as £79 800 (2024 – £74 290) 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 2025 budget compared to 2024 is set out by chapter in paragraphs 5.7–5.12.

5.7 Chapter I – Personnel (70.8% of the 2025 proposed budget)

Increase/(decrease) on 2024 budget appropriation: 7.2% increase

5.7.1 The Chapter consists of:

Expenditure type	2025 appropriation £	2024 appropriation £
Salaries	2 851 410	2 636 425
Separation and recruitment	130 000	120 000
Staff benefits, allowances and training	1 105 760	1 055 844
Service award	1 250	1 250
Total	4 088 420	3 813 519

5.7.2 As set out in document IOPC/NOV24/7/1, the Secretariat has 37 established posts, of which 25 posts are filled, as at 1 September 2024. 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 (General Service category), Claims Manager (Professional category) and HNS Project Manager (Professional category) are expected to be filled in 2024, and the post of Translation Coordinator (General Service category) is expected to be filled in 2025, so they have all been included in the 2025 budget. No other vacant posts have been included in the budget for 2025. 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 2025 (Annex II, section 2 of this document).

5.8 Chapter II – General services (15.9% of the 2025 proposed budget)

Increase/(decrease) on 2024 budget appropriation: 9.6% increase

5.8.1 This Chapter consists of:

Expenditure type	2025 appropriation £	2024 appropriation £
Rent of office accommodation (including service charges and rates)	284 464	205 999
IT (hardware, software, maintenance and connectivity)	435 000	457 500
Furniture and other office equipment	38 000	20 500
Office stationery and supplies	5 000	6 000
Communications (courier, telephone, postage)	23 000	19 500
Other supplies and services	24 000	22 000
Representation (hospitality)	18 000	15 000
Public information	93 000	93 000
Total	920 464	839 499

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 estimated amounts payable to IMO in 2025. An underlease agreement has been in place since February 2016, with a break clause at 31 October 2024. As at 10 September 2024, the terms of the lease are being re-negotiated.

5.9 Chapter III – Meetings (2.2% of the 2025 proposed budget)

Increase/(decrease) on 2024 budget appropriation: 12.5% increase

In line with the decision of the 1992 Fund Administrative Council, acting on behalf of the 1992 Fund Assembly, at its session in June 2009, two meetings of the governing bodies have been held per year, 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 prone to variation as they depend on the length of meetings, the volume of documents and whether meetings are to be held in person, virtually or using a hybrid solution. The 2025 appropriation has therefore been increased by £14 000 (Annex II, section 4 of this document).

5.10 Chapter IV – Travel (2.6% of the 2025 proposed budget)

Increase/(decrease) on 2024 budget appropriation: no change

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 2024 and is expected to continue through 2025, so the appropriation has been maintained at £150 000 (Annex II, section 5 of this document).

5.11 Chapter V – Other expenditure (7.5% of the 2025 proposed budget)

Increase/(decrease) on 2024 budget appropriation: 5.8% increase

5.11.1 This Chapter consists of:

Expenditure type	2025 appropriation £	2024 appropriation £
Consultants' and other fees	100 000	100 000
Audit Body	232 000	210 000
Investment Advisory Body	98 500	97 000
Total	430 500	407 000

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 2024. The Investment Advisory Body (IAB) budget for 2025 includes an increase in line with UK inflation, as measured by the Consumer Price Index for June 2024, of 2.8%. The appropriation for the Audit Body is based on the composition of a new Audit Body, elected at the November 2023 sessions and 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 2.8% for the honorarium payable to the members and fees payable to the external expert, plus estimated travel costs for face-to-face meetings in 2025.

5.12 Chapter VI – Unforeseen expenditure (1.0% of the 2025 proposed budget)

Increase/(decrease) on 2024 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
2025	2	44 000

6.2 As in recent years, the Director proposes that the management fee for 2025 be calculated on an estimate of two working days, which the staff as a whole during 2025 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 £5 775 384 (2024 – £5 382 018) and 261 working days during the year. The daily costs of running the joint Secretariat would then be some £22 128 (2024 – £20 621). Rounding the daily cost down to £22 000, the Supplementary Fund should pay a management fee of £44 000 (2 x £22 000).

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

7.1 Estimated balance

The balance on the General Fund at 31 December 2024 is estimated at £8 472 021 as shown in the table below:

	£	£
<i>Balance b/f at 1 January 2024:</i>		
Working capital	15 000 000	
Surplus/(deficit)	517 244	
		15 517 244
<i>Add back:</i>		
Provision for employee benefits (from 2023 Financial Statements document IOPC/NOV24/5/7/1)	662 566	
Depreciation which exceeds the cost of fixed assets purchased (Note 7 to 2023 Financial Statements document IOPC/NOV24/5/7/1)	(3 067)	
Provision for General Fund compensation (Note 10 to 2023 Financial Statements document IOPC/NOV24/5/7/1)	751 391	
		1 410 890
<i>Plus:</i>		
2023 General Fund contributions receivable in 2024	9 713 851	
Previous years' General Fund contributions receivable in 2024	859 605	
Transfer of remaining balance on <i>Hebei Spirit</i> Major Claims Fund	1 100 000	
Interest to be earned in 2024 (estimate)	800 000	
Management fee payable by Supplementary Fund for 2024	42 000	
		12 515 456
		29 443 590
<i>Less:</i>		
Estimated 2024 administrative expenditure of joint Secretariat (Chapters I–VI)	5 146 334	
External audit fee for 2024 (Chapter VII)	74 235	
Loans to HNS Fund	424 000	
Minor claims expenditure in 2024 (Annex III)	15 327 000	
		20 971 569
Estimated balance as at 31 December 2024		8 472 021

7.2 Income

Contributions

- 7.2.1 The 1992 Fund Assembly decided at its session in November 2023 that there should be a levy of 2023 contributions of £10 million for receipt by 1 March 2024 (document [IOPC/NOV23/11/1](#), paragraph 9.1.18).

Transfer of Hebei Spirit Major Claims Fund balance to General Fund

- 7.2.2 At its regular session in 2022, the 1992 Fund Administrative Council, acting on behalf of the 1992 Fund Assembly, approved the Director's proposal to make a reimbursement of £7.3 million to contributors to the *Hebei Spirit* Major Claims Fund (document [IOPC/OCT22/11/1](#), paragraph 9.2.8). It was estimated that this would leave a balance of around £200 000 in the Major Claims Fund once reimbursements and remaining costs had been processed, which would be transferred to the General Fund in accordance with Financial Regulation 7.2 (f).
- 7.2.3 In late 2023, oil reports relating to two contributors in receipt of oil in the Kingdom of the Netherlands in the years 2004—2009 were submitted to the 1992 Fund by the Government of the Netherlands. A late invoice was issued in November 2023 for levies based on oil received in those years, i.e. levies in respect of the General Fund, and *Hebei Spirit* and *Volgoneft 139* Major Claims Funds (document [IOPC/NOV24/5/7/1](#), Annex, Section Three, paragraph 17.2).
- 7.2.4 These late invoices resulted in unforeseen income for the *Hebei Spirit* Major Claims Fund, amounting to £826 057, leaving a balance in the *Hebei Spirit* Major Claims Fund of £1 122 315 at 31 December 2023 (document [IOPC/NOV24/5/7/1](#), Annex, Section Three, paragraph 25.6).
- 7.2.5 Contributions levied in respect of a closed Major Claims Fund are treated as General Fund income, which was the case for the *Volgoneft 139* levies. The *Hebei Spirit* Major Claims Fund will be closed during the financial year 2024.
- 7.2.6 The Director considers that there are two possible ways to manage the larger than expected *Hebei Spirit* Major Claims Fund balance: transfer it to the General Fund as planned; or propose a second reimbursement to contributors to this Major Claims Fund. The Director is of the view that it would be more pragmatic and practical to transfer the balance to the General Fund, in accordance with both past practice and with Financial Regulation 7.2(f). He has therefore included this income in the calculation of the 2024 General Fund levy.

Interest to be earned in 2024

- 7.2.7 Interest received for the period 1 January to 30 June 2024 amounts to some £211 000. Based on the current interest rates applicable to the 1992 Fund investments, interest income for 2024 is estimated at £800 000 based on an average capital of £20 million and at an average interest rate of 4.0% per annum.

Management fee payable by the Supplementary Fund in 2024

- 7.2.8 The management fee payable to the 1992 Fund by the Supplementary Fund for 2024 was set by the governing bodies at £42 000 (document [IOPC/NOV23/11/1](#), paragraph 9.1.15).

7.3 Expenditure

Administrative costs

- 7.3.1 The administrative budget of the joint Secretariat (Chapters I–VI) for 2024 was set at £5 382 018. Based on information as at 30 June 2024, the total expenditure for 2024 for the joint Secretariat is estimated to be some £5 146 334, which is 4.4% lower than the 2024 budget appropriation, as set out in the table below:

Chapter	2024 appropriation £	Expenditure to 30 June 2024 £	Projected total 2024 expenditure £	Projected total as % of 2024 appropriation
I Personnel	3 813 519	1 831 130	3 780 658	99.1
II General services	839 499	371 114	812 496	96.8
III Meetings	112 000	38 052	111 052	99.2
IV Travel	150 000	49 229	71 229	47.5
V Other expenditure	407 000	142 899	370 899	91.1
VI Unforeseen expenditure	60 000	-	-	-
Total expenditure Chapters I–VI	5 382 018	2 432 424	5 146 334	95.6

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 Since 2022, the external audit fee has increased in response to an increase in the scope of the audit to incorporate the International Standard on Auditing (ISA) (UK) 315, the addition of a support charge and high rates of inflation. The fee for the audit of the 2024 Financial Statements is expected to be £74 235.

Minor claims expenditure 2024

7.3.4 Annex III estimates claims and claims-related expenditure to be incurred during 2024 in respect of eleven incidents involving the 1992 Fund. The total claims and claims-related expenses payable from the General Fund during 2024 is estimated at £15 327 000, which includes expenditure on the Incident in Israel, as well as the *Bow Jubail*, *Princess Empress*, *Gulfstream* and *Marine Honour* incidents up to the amount payable from the General Fund.

8 Income and expenditure estimates for 2025

8.1 Income

Interest to be earned in 2025

8.1.1 Interest income during 2025 from the 1992 Fund's investment of the assets of the General Fund is estimated at £600 000. This estimated yield is based on an average principal of approximately £20 million at an average interest rate of some 3.0%.

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 2025 be set at £44 000 (2024 – £42 000) (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 2025 totals £5 775 384 (2024 – £5 382 018), (see section 5). A provision for employment benefits (accrued annual leave and repatriation grant) of £662 566 has been made. As set out in paragraph 5.5, the external audit fee for auditing the 2025 Financial Statements is expected to be £79 800.

Minor claims expenditure 2025

8.2.2 The incidents for which payments may have to be made from the General Fund during 2025 are listed at Annex IV.

8.2.3 It is estimated that the payments by the 1992 Fund from the General Fund in 2025 relating to eleven incidents will total £106 000. This is net of any reimbursement receivable from the relevant shipowner/P&I Club under the Small Tanker Oil Pollution Indemnification Agreement (STOPIA) 2006 with respect to the *Solar 1* and *Haekup Pacific* incidents, and STOPIA 2006 (as amended 2017) with respect to the *Bow Jubail*, *Princess Empress* and *Terra Nova* 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 2025. 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 2025, 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 2002, 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	135 000	101 284	22 571
2024 (expenses and interest to 30 June 2024)	424 000	146 960	15 878
Total	1 849 000	699 720	94 213

8.3.3 As at 30 June 2024, of the total appropriations over the years of £1 849 000, an amount of £793 933 (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 2002–2024 relating to the preparations for setting up the HNS Fund can therefore not be used to cover payments during 2025.

8.3.4 An appropriation of £689 000 has been included in the 2025 budget to cover the costs for the preparations and other administrative tasks in respect of the HNS Fund. Document IOPC/NOV24/8/2/1 provides a detailed summary of the 2025 proposal for the HNS development budget. The breakdown is set out below:

Expenditure type	2025	2024
Staff costs	125 000	117 000
1992 Fund management fee (based on twelve days)	264 000	147 000
System costs for online reporting – scoping and discovery	300 000	50 000
Development costs	110 000	110 000
Total	799 000	424 000
Estimated interest	35 000	26 000

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, acting on behalf of the 1992 Fund Assembly, 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 2025.

9 Estimated 1992 Fund General Fund balance as at 31 December 2025

- 9.1 The estimates for the General Fund for 2025 are set out in the table below:

	£	£
<i>Estimated balance at 31 December 2024 (paragraph 7.1):</i>		8 472 021
<i>Surplus/(deficit)</i>		
<i>Plus estimated income:</i>		
Interest to be earned in 2025	600 000	
Management fee payable by Supplementary Fund for 2025	44 000	
		644 000
		9 116 021
<i>Less estimated expenditure:</i>		
Joint Secretariat administrative expenditure 2025 (Annex I)	5 775 384	
Provision for employee benefit (accrued annual leave and repatriation grant as at 31 December 2025)	662 566	
External audit fee for 1992 Fund (paragraph 5.5)	79 800	
Estimated General Fund claims expenditure in 2025 (Annex IV)	106 000	
Loans to HNS Fund (paragraph 8.3.4)	799 000	
Working capital (paragraph 8.4.3)	15 000 000	
		22 422 750
<i>Estimated expenditure over income:</i>		13 306 729

- 9.2 The balance as at 31 December 2024 is estimated at £8 472 021, which is lower than the working capital of £15 million by £6 527 979. When assessing the need for levying contributions for payment in the following year (i.e. 2025) 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 £13 306 729 would be needed to balance the 2025 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 2024 contributions to the General Fund

Considering the estimates set out in paragraph 9.1 of the amount needed to balance the 2025 budget of the General Fund, there should be a levy of 2024 contributions to the General Fund of £13 million, payable by 1 March 2025.

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 2025 for the 1992 Fund joint Secretariat administrative expenses of £5 775 384 (Annex I, Chapters I–VI) (2024 – £5 382 018) and the 1992 Fund's external audit fee of £79 800 (Annex I, Chapter VII);
- (d) approve the management fee payable by the Supplementary Fund to the 1992 Fund of £44 000 (section 6);
- (e) approve the Director's estimate of the expenses to be incurred in 2025 in respect of the preparation for the entry into force of the HNS Convention of £799 000 (paragraph 8.3.4);
- (f) decide whether to maintain the working capital at £15 million in the budget year 2025 (paragraph 8.4.3); and
- (g) decide whether to authorise the Director to levy 2024 contributions of £13 million, payable by 1 March 2025 (section 10).

* * *

ANNEX I
Draft 2025 Administrative Budget for 1992 Fund

STATEMENT OF EXPENDITURE	Actual 2023 expenditure for 1992 Fund	2023 budget appropriations for 1992 Fund	2024 budget appropriations for 1992 Fund	2025 budget appropriations for 1992 Fund
	£	£	£	£
I Personnel				
(a) Salaries	2 376 990	2 333 382	2 636 425	2 851 410
(b) Separation and recruitment	1 238	135 000	120 000	130 000
(c) Staff benefits, allowances and training	925 186	1 014 746	1 055 844	1 105 760
(d) Service award	400	400	1 250	1 250
Sub-total	3 303 814	3 483 528	3 813 519	4 088 420
II General services				
(a) Rent of office accommodation (including service charges and rates)	215 506	184 177	205 999	284 464
(b) IT (hardware, software, maintenance and connectivity)	417 473	457 000	457 500	435 000
(c) Furniture and other office equipment	43 138	36 000	20 500	38 000
(d) Office stationery and supplies	4 892	7 000	6 000	5 000
(e) Communications (courier, telephone, postage)	17 983	21 000	19 500	23 000
(f) Other supplies and services	17 399	22 000	22 000	24 000
(g) Representation (hospitality)	23 898	20 000	15 000	18 000
(h) Public information	80 475	96 000	93 000	93 000
Sub-total	820 764	843 177	839 499	920 464
III Meetings Sessions of the 1992 Fund and Supplementary Fund governing bodies and intersessional Working Groups	108 826	122 000	112 000	126 000
IV Travel Conferences, seminars and missions	110 476	150 000	150 000	150 000
V Other expenditure				
(a) Consultants' and other fees	18 500	100 000	100 000	100 000
(b) Audit Body	177 769	245 000	210 000	232 000
(c) Investment Advisory Body	89 541	90 000	97 000	98 500
Sub-total	285 810	435 000	407 000	430 500
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	4 629 690	5 093 705	5 382 018	5 775 384
VII External audit fee (1992 Fund only)	67 515	54 940	74 290	79 800
Total Expenditure I-VII	4 697 205	5 148 645	5 456 308	5 855 184

* * *

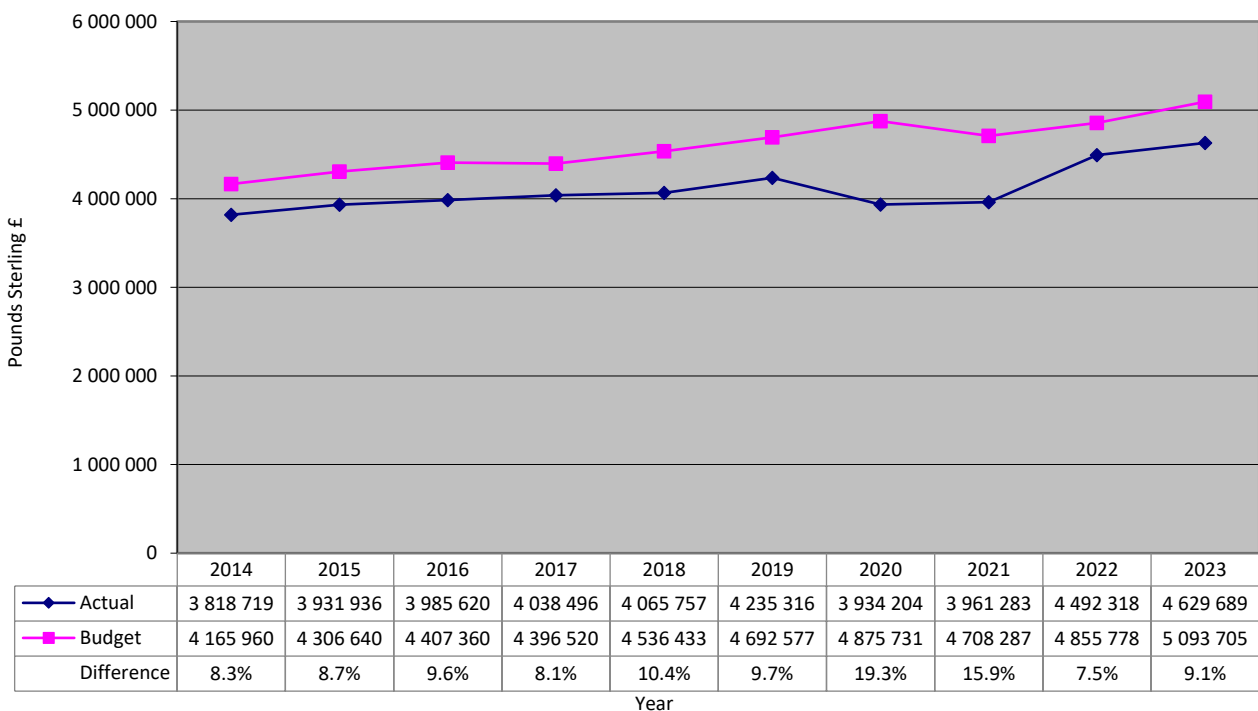
ANNEX II

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 2014–2023 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.

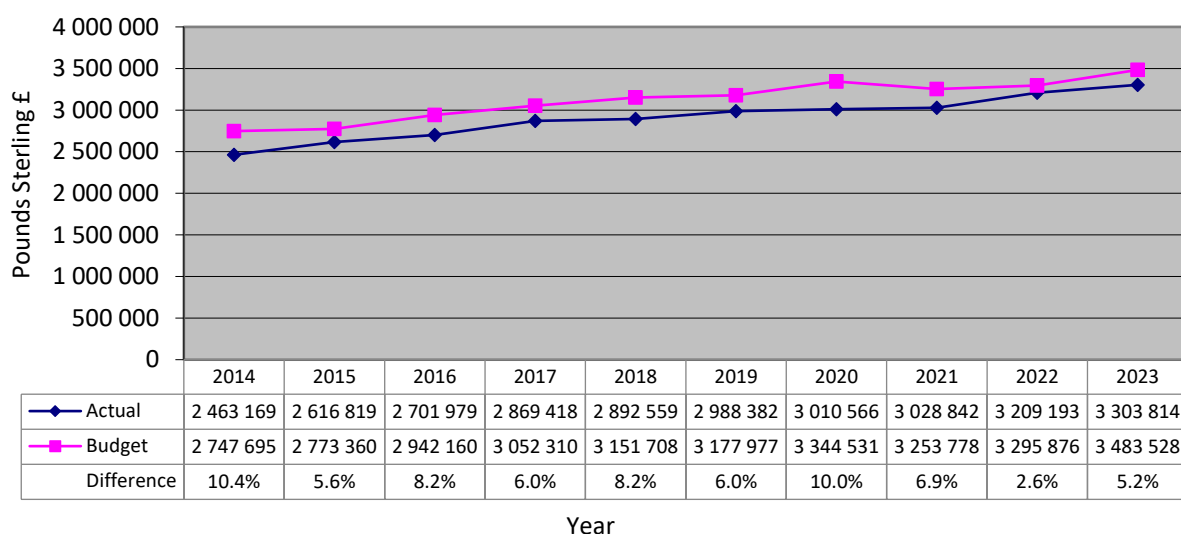
ACTUAL EXPENDITURE vs BUDGET APPROPRIATIONS FOR THE FINANCIAL YEARS 2014 - 2023



- 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 2025.

2 Personnel (Chapter I)

Chapter I PERSONNEL



2025 Appropriation £	2024 Appropriation £	% Increase/(Decrease) on 2024 Appropriation
4 088 420	3 813 519	7.2%

Overview

- 2.1 The major part (70.8%) of the joint Secretariat draft budget for 2025 relates to Personnel costs and there is an increase of 7.2% under this Chapter compared to the 2024 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/NOV24/7/1. 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 8.2% in the 2025 appropriation (£2 851 410) compared to 2024 (£2 636 425).
- 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 2024 stands at 37, of which 21 are in the Professional category and 16 are in the General Service category (see document IOPC/NOV24/7/1). Of these established posts, 25 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 2025 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 2025 budget: HNS Project Manager and Claims Manager. The HNS Project Manager and the Claims Manager posts are 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 2025 budget: Claims Assistant (G4) in the Claims Department, 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 2025 budget: Oil Reporting/Data Administrator (G6), expected to be filled in 2024 and Translation Coordinator (G7), which will be filled in 2025.
- 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 again requested this authority for 2025. 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, in 2023 by establishing the post of HNS Project Officer, filled in June 2023, and again in 2024 by establishing the post of Claims Manager to be filled in 2024.
- 2.12 As laid out in document IOPC/NOV24/7/1, paragraph 2.1.7, the position of Senior Claims Manager (P5) became vacant in July 2024. The Director decided to amend the job description to utilise this established post for an HNS Project Manager (P5). In addition, the Director decided to create a new Claims Manager (P3) post. Following a recruitment process, the Claims Manager (P3) post will be filled in November 2024 and the cost has been included in the Secretariat's budget for 2025. The HNS Project Manager (P5) will be filled in December 2024 and the cost has been included in the Secretariat's budget for 2025, although a proportion of this cost will be recouped through the HNS Fund management fee.

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 2025 budget has been increased to £50 000, up from £30 000 in the 2024 budget, 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 increased from 2024 by 8.3% to £130 000 to cover separation and recruitment costs envisaged in 2025.

(c) Staff benefits, allowances and training

2.16 There is an increase of 4.7% in the 2025 appropriation (£1 105 760) compared to 2024 (£1 055 844) 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 (29 staff members budgeted for in 2025) and paid annually in arrears.

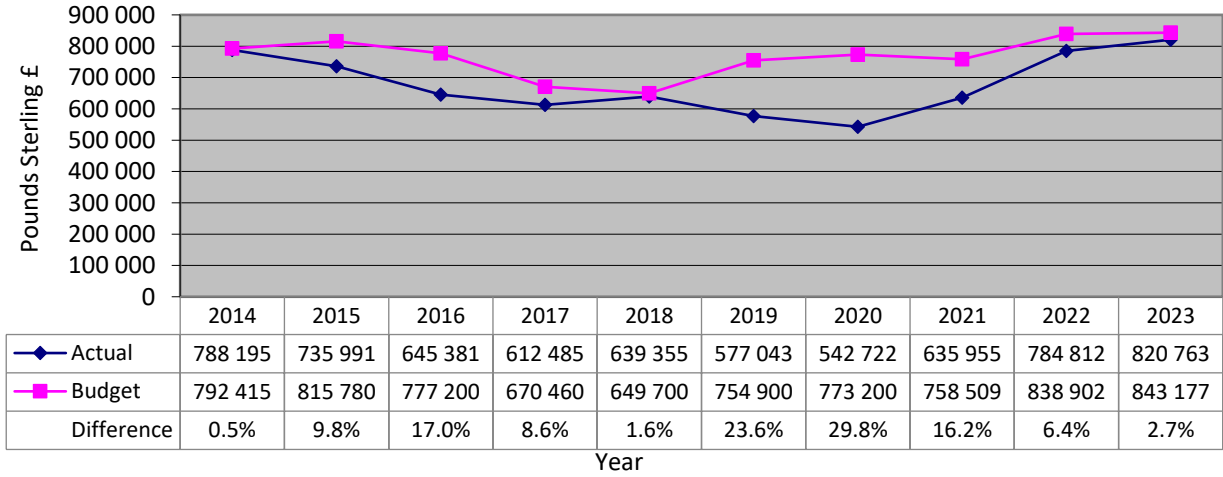
(d) Service award

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 2025, earning a voucher worth £400. Another two staff members will reach their 15th anniversary, each earning a £300 voucher. One staff member will reach 10 years with the Funds in 2025, and will be awarded a £250 voucher.

3 General services (Chapter II)

Chapter II GENERAL SERVICES



2025 Appropriation £	2024 Appropriation £	% Increase/(Decrease) on 2024 Appropriation
920 464	839 499	9.6%

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 an increase of some 38.1% in the 2025 appropriation (£284 464) compared to 2024 (£205 999) under this heading. The appropriation under this heading accounts for 4.9% of the overall joint Secretariat budget for 2025.

3.3 The appropriation has been calculated on the space occupied in the IMO building (600.4 m²). The current lease agreement, signed in February 2016, has a break clause at 31 October 2024. Negotiations with IMO on the terms of the lease are ongoing.

3.4 The 2025 budget appropriations have been prepared in line with IMO’s estimate as follows:

- Rent estimated at £338 148 (i.e. £563.20/m²/year), excluding service charges as described below, for the period starting from 1 November 2024.
- The United Kingdom Government currently contributes 80% of the rent, a subsidy which is expected to continue, i.e. £338 148 x 80% = £270 518 per annum for the period January to December 2025. The net rent estimated to be payable by the 1992 Fund for 2025 is £67 630.

- Service charges are calculated in proportion to the area occupied and cover 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 budget for other maintenance has risen to £70 000 for 2025 (2024: £17 150) due to planned work to meeting rooms in the Secretariat office and subsequent redecoration.

3.7 The table below shows a comparison between the costs relating to accommodation in 2025 and 2024:

Expense head	2025 appropriation £	2024 appropriation £
Rent	67 630	54 272
Service charges (including utilities, local rates etc.)	133 034	121 077
Outside storage space rent	7 000	7 000
Office contents insurance	6 800	6 500
Other maintenance	70 000	17 150
Total	284 464	205 999
Increase on 2024	38.1%	

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

3.8 The 2025 budget appropriation (£435 000) compared to 2024 (£457 500) shows a decrease of 4.9%, broken down as follows:

Expense head	2025 appropriation £	2024 appropriation £
Software	110 000	100 000
Purchase IT hardware and consumables (<£500)	2 000	1 500
IT maintenance and support	140 000	118 000
Software development	80 000	97 000
Hosting	30 000	40 000
Internet services	38 000	38 000
Cybersecurity	20 000	48 000
Computer equipment (>£500)	15 000	15 000
Total	435 000	457 500
Decrease on 2024	(4.9%)	

3.9 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.

3.10 Development and maintenance work on the CHS and CSS which are directly attributable to incidents will be recharged to claims-related expenditure, creating a small decrease in administrative IT costs.

(c) Furniture and other office equipment

3.11 This appropriation has been increased to £38 000 (2024 – £20 500) 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

3.12 This appropriation has been decreased to £5 000 (2024 – £6 000).

(e) Communications (courier, telephone, postage)

3.13 The appropriation has been increased to £23 000 (2024 – £19 500) to reflect increased telephone costs.

(f) Other supplies and services

3.14 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 increased to £24 000 (2024 – £22 000).

(g) Representation (hospitality)

3.15 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 £18 000 (2024 – £15 000).

(h) Public information

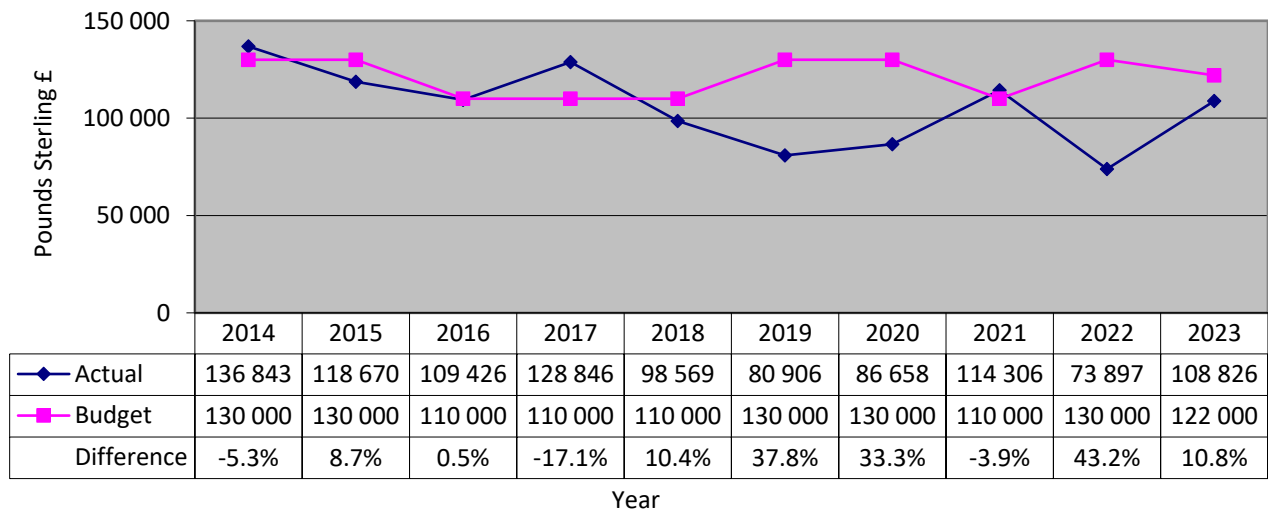
3.16 The appropriation is to cover costs for the following:

- (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.

3.17 The total appropriation under this heading has been retained at £93 000 (2024 – £93 000).

4 **Meetings (Chapter III)**

Chapter III MEETINGS

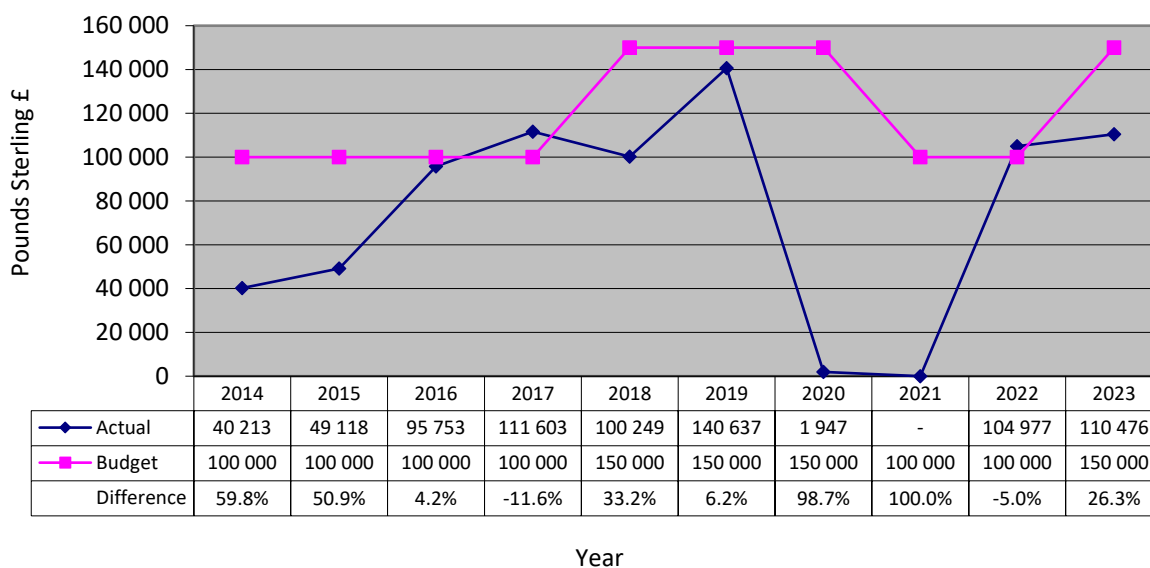


2025 appropriation £	2024 appropriation £	% Increase/(Decrease) on 2024 Appropriation
126 000	112 000	12.5%

- 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 17.1% 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 2025 appropriation has been increased to £126 000 (2024 – £112 000). Costs within this Chapter are prone to variation as they 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



2025 Appropriation £	2024 Appropriation £	% Increase/(Decrease) on 2024 Appropriation
150 000	150 000	0.0%

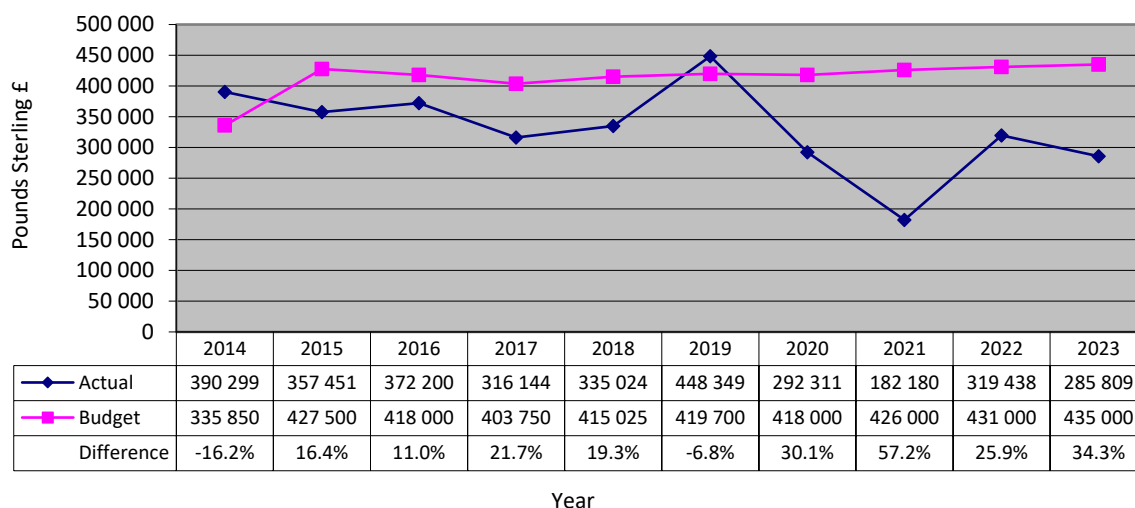
- 5.1 This appropriation covers the costs of travel on missions, for attendance at conferences and seminars, and for outreach activities. As set out in the graph above, there have been large fluctuations in expenditure on travel over the years, resulting in both underspends and overspends on the approved 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 the Funds’ 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 or regional organisations interested in gaining expertise in the area of liability and compensation for oil pollution.

5.5 The Secretariat has also participated in online seminars and workshops in cooperation with Member States and regional bodies.

5.6 The budget appropriation has been retained at £150 000 (2024 – £150 000).

6 Other expenditure (Chapter V)

Chapter V OTHER EXPENDITURE



2025 Appropriation £	2024 Appropriation £	% Increase/(Decrease) on 2024 Appropriation
430 500	407 000	5.8%

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 2025, which shows an increase compared to the 2024 budget, and the breakdown by expense category.

Expenses	2025 appropriation £	2024 appropriation £	% Increase/(Decrease) on 2024 appropriation
Consultants' and other fees	100 000	100 000	-
Audit Body	232 000	210 000	10.5
Investment Advisory Body	98 500	97 000	1.5
Total	430 500	407 000	5.8

(a) Consultants' and other fees

6.2 The 2025 budget appropriation for consultants' fees has been maintained at £100 000 (2024 – £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 2019–2023.

Expenses £	2019	2020	2021	2022	2023
Legal/administrative costs	204 126	146 962	26 623	24 784	18 500
Human resources matters	266	-	3 600	260	-
Non-incident related studies	-	625	-	7 901	-
Total	204 392	147 587	30 223	32 945	18 500

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 elected a new joint Audit Body for a three-year term until the regular sessions of the governing bodies 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 £232 000 is included in the draft 2025 budget (2024 – £210 000) 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, acting on behalf of the 1992 Fund Assembly, 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, since 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 2024 UK CPI of 2.8% has been used for preparing the 2024 budget appropriations, resulting in the following honoraria payable for the period 1 November 2024 up to next year's regular sessions of the governing bodies in 2025 for the six members elected by the Assembly:

- Chair £9 810 (2024 – £9 543)
- Vice-Chair £8 175 (2024 – £7 953)
- Members (four) £6 543 each – £26 172 for four members (2024 – £6 365 each)
- External expert £44 192 (2024 – £42 989) fee payable for the full calendar year 2025

6.12 Travel costs, including daily subsistence allowance to attend meetings, for the members have been estimated at £114 000.

6.13 An appropriation of £232 000 (2024 – £210 000) has been included for 2025 to also include an increase in honorarium at the regular session in 2025.

(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.

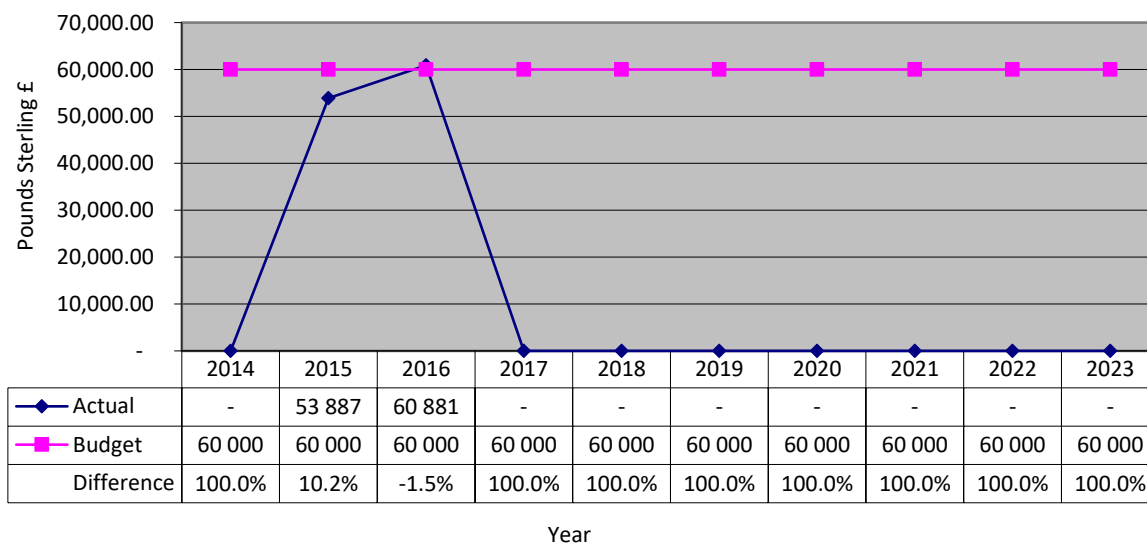
6.15 At its October 2009 session, the 1992 Fund Administrative Council, acting on behalf of the 1992 Fund Assembly, decided to increase the remuneration for the members of the IAB to £20 000. It also decided that the fee should be indexed annually using the United Kingdom Retail Price Index at the time of the preparation of the relevant budget (document [IOPC/OCT09/11/1](#), paragraphs 6.2.8 and 6.2.9). As explained in paragraph 6.10, the UK CPI is now used for indexing, and the June 2024 UK CPI of 2.8% has been used for preparing the 2025 budget appropriations.

6.16 The total remuneration payable up to the next regular sessions of the governing bodies in 2025 for the three members will be £32 676 (2024 – £31 789) for the period 1 November 2024 to October 2025.

6.17 An appropriation of £98 500 has been included in the draft budget to cover any increase in fees from 1 November 2025.

7 Unforeseen expenditure (Chapter VI)

Chapter VI UNFORESEEN EXPENSES



2025 Appropriation £	2024 Appropriation £	% Increase/(Decrease) on 2024 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 1.0% 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 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 were based on the 2023 fee plus an annual uplift for inflation.
- 8.3 The proposed budget for auditing the accounts of the 2025 financial period of the 1992 Fund is £79 800 (2024 – £74 290).

* * *

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

Incident	Date of incident	Maximum payable from General Fund: SDR 4 million ^{<2>}	Expenditure up to 31/12/23		Receipt under STOPIA ^{<1>} up to 31/12/23	Balance payable from General Fund at 31/12/23	2024 Expenditure				Receipts/receivables under STOPIA ^{<1>} 01/01/24–31/12/24	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 paid up to 31/12/23	Claims-related expenses paid up to 31/12/23			Compensation		Claims-related expenses					
							Paid 01/01/24–30/06/24	Estimate 01/07/24–31/12/24	Paid 01/01/24–30/06/24	Estimate 01/07/24–31/12/24				
<i>Solar 1</i> ^{<1>}	11/08/06	3 134 944	(8 096 211)	(417 023)	8 126 725	2 748 435	-	-	-	(60 000)	-	(60 000)	(447 000)	2 689 000
<i>Redfferm</i>	30/03/09	4 091 560	-	(96 941)	-	3 994 619	-	-	-	(5 000)	-	(5 000)	(102 000)	3 990 000
<i>Haekup Pacific</i> ^{<1>}	20/04/10	3 993 132	-	(34 925)	-	3 958 207	-	-	-	-	-	-	(35 000)	3 959 000
<i>Nathan E. Stewart</i>	13/10/16	4 521 280	-	(18 179)	-	4 503 101	-	-	-	(1 000)	-	(1 000)	(20 000)	4 503 000
<i>Bow Jubail</i> ^{<1><3>}	23/06/18	4 305 760	-	(380 616)	-	3 925 144	-	(3 627 360)	(22 784)	(275 000)	-	(3 925 000)	(4 306 000)	-
<i>MT Harcourt</i>	02/11/20	4 368 880	-	(4 463)	-	4 364 417	-	-	-	-	-	-	(5 000)	4 365 000
Incident in Israel ^{<3>}	01/02/21	4 135 680	(910 322)	(349 935)	-	2 875 423	(831 458)	(1 867 558)	(76 407)	(100 000)	-	(2 875 000)	(4 136 000)	-
<i>Princess Empress</i> ^{<1><3>}	28/02/23	4 305 760	(12 158 179)	(821 436)	8 738 633	64 778	-	-	(64 778)	-	-	(65 000)	(4 306 000)	-
<i>Gulfstream</i> ^{<3>}	05/02/24	4 212 760	-	-	-	4 212 760	-	(2 857 904)	(154 856)	(1 200 000)	-	(4 213 000)	(4 213 000)	-
<i>Marine Honour</i>	14/06/24	4 148 160	-	-	-	4 148 160	-	(2 793 304)	(154 856)	(1 200 000)	-	(4 148 000)	(4 148 000)	-
<i>Terra Nova</i> ^{<1>}	25/07/24	4 127 840	-	-	-	4 127 840	-	-	-	(35 000)	-	(35 000)	(35 000)	4 092 000
												(15 327 000)		

Figures in brackets show outflow.

^{<1>} Under STOPIA 2006 and STOPIA 2006 (as amended 2017), compensation payments up to SDR 20 million will be reimbursed by the P&I Club within 14 days.

^{<2>} Liabilities converted from SDR on the date of the incident, unless otherwise specified by ^{<3>}.

^{<3>} Liabilities converted from SDR on the date of authorisation of payments by the 1992 Fund Executive Committee.

* * *

ANNEX IV
Estimated General Fund claims expenditure in 2025
(Figures in Pounds Sterling)

Incident	Date of incident	Maximum payable from General Fund: SDR 4 million ^{<2>}	Estimated balance payable from General Fund at 31/12/2024	2025 Estimated expenditure		Receivable under STOPIA ^{<1>}	Estimated General Fund expenditure in 2025	Estimated total General Fund Expenditure up to 31/12/25	Estimated balance payable from General Fund at 31/12/25
				Compensation	Claims-related expenses				
<i>Solar 1</i> ^{<1>}	11/08/06	3 134 944	2 689 000	-	(25 000)	-	(25 000)	(472 000)	2 664 000
<i>Redferm</i>	30/03/09	4 091 560	3 990 000	-	(10 000)	-	(10 000)	(112 000)	3 980 000
<i>Haekup Pacific</i> ^{<1>}	20/04/10	3 993 132	3 959 000	-	-	-	-	(35 000)	3 959 000
<i>Nathan E. Stewart</i>	13/10/16	4 521 280	4 503 000	-	(1 000)	-	(1 000)	(21 000)	4 502 000
<i>Bow Jubail</i> ^{<1> <3>}	23/06/18	4 305 760	-	-	-	-	-	(4 306 000)	-
<i>MT Harcourt</i>	02/11/20	4 368 880	4 365 000	-	-	-	-	(5 000)	4 365 000
Incident in Israel ^{<3>}	01/02/21	4 135 680	-	-	-	-	-	(4 136 000)	-
<i>Princess Empress</i> ^{<1> <3>}	28/02/23	4 305 760	-	-	-	-	-	(4 306 000)	-
<i>Gulfstream</i> ^{<3>}	05/02/24	4 212 760	-	-	-	-	-	(4 213 000)	-
<i>Marine Honour</i>	14/06/24	4 148 160	-	-	-	-	-	(4 148 000)	-
<i>Terra Nova</i> ^{<1>}	25/07/24	4 127 840	4 092 000	-	(70 000)	-	(70 000)	(105 000)	4 022 000
							(106 000)		

Figures in brackets show outflow.

^{<1>} Under STOPIA 2006 and STOPIA 2006 (as amended 2017), compensation payments up to SDR 20 million will be reimbursed by the P&I Club within 14 days.

^{<2>} Liabilities converted from SDR on the date of the incident, unless otherwise specified by ^{<3>}.

^{<3>} Liabilities converted from SDR on the date of authorisation of payments by the 1992 Fund Executive Committee.