



The  
Geological  
Society

# **FINANCIAL STRATEGY 2015 – 2017**

Issue 1 – June 2015

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

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## Executive summary

This document sets out the Society's Financial Strategy for 2015 to 2017. Its purpose is:

- (a) to ensure that the Society is financed in such a way that its long-term financial health is secured; and thereby
- (b) to ensure that all resources are directed towards achievement of the Society's charitable objectives whilst recognizing the context in which the Society operates.

Currently the Society has three main income streams: conferences and events; publications; and fellowship income. Its key financial risks are its size (less than £6m annual turnover) and reliance upon these three sources of revenue, as evidenced by the negative effects of the oil industry downturn on 2015 income expectations.

Within this context, and in order to mitigate the risks of sustained financial downturn in one or more areas, two key strategies are identified:

- (a) ***diversifying its income streams to mitigate longer-term risk;*** and
- (b) ***bolstering existing reserves to provide short-term resilience.***

These are expressed through three core principles and thirteen priorities which are summarized below and detailed in section 3:

### Financial principles

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

### Financial priorities

|    |   |
|----|---|
| A. | <i>Growing and diversifying income-generating activities in a sustainable manner.</i> |
| B. | <i>Building and maintaining a sufficient level of contingency reserves.</i>           |
| C. | <i>Exercising rigorous control of Society budgets.</i>                                |
| D. | <i>Ensuring that Society cash balances are appropriately controlled.</i>              |
| E. | <i>Developing best-practice financial procedures, systems and controls.</i>           |
| F. | <i>Ensuring adequate independent scrutiny of our financial affairs.</i>               |
| G. | <i>Ensuring adequate financial risk management is in place.</i>                       |
| H. | <i>Setting fees and charges that, where appropriate, cover full economic cost.</i>    |
| I. | <i>Making appropriate use of available assets to generate supplementary income.</i>   |
| J. | <i>Maintaining investment in core, primary purpose activities.</i>                    |
| K. | <i>Maintaining and developing an expert and professional staff.</i>                   |
| L. | <i>Reviewing the Society's use of facilities.</i>                                     |
| M. | <i>Ensuring value for money in the management of operational costs.</i>               |

## 1. Introduction

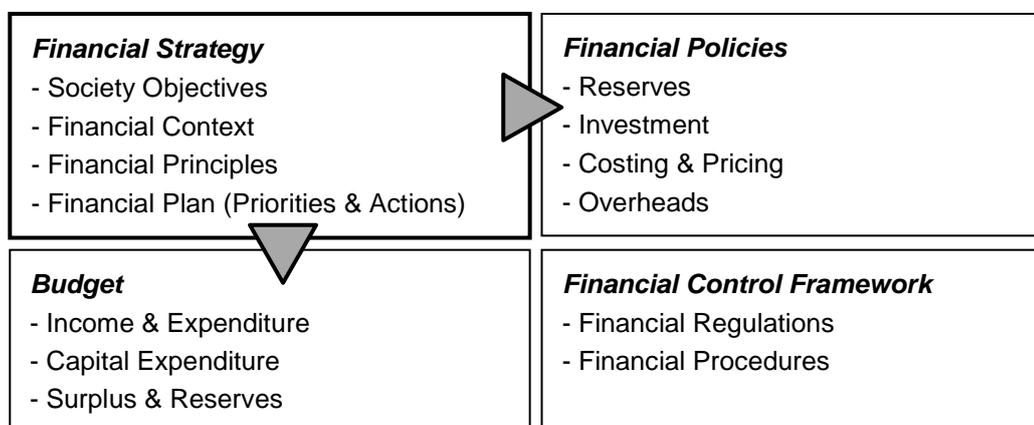
### 1.1 Purpose and scope

1.1.1 This document sets out the Society's Financial Strategy for 2015 to 2017: a timescale coinciding with the remaining period of its 10-year general Strategy, approved by Council in January 2007 and published on the Society's website.<sup>1</sup> This Financial Strategy was approved by Council on 17 June 2015.

1.1.2 The purpose of the Financial Strategy is twofold:

- (a) to ensure that the Society is financed in such a way that its long-term financial health is secured; and thereby
- (b) to ensure that all resources are directed towards achievement of the Society's charitable objectives whilst recognizing the context in which the Society operates, i.e.:
  - the legal and regulatory framework;
  - the Society's stated charitable objectives and priorities;
  - applicable financial principles;
  - current economic effects and outlook;
  - the Society's current financial health.

1.1.3 As part of the Society's Financial Planning and Control Framework, the Financial Strategy informs the annual Budget and sets parameters for the Society's Financial Policies, Financial Regulations and Financial Procedures:



1.1.4 The Finance and Planning Committee will actively ensure that the Financial Strategy is reflected and considered as part of financial activity across the whole Society. In addition, FPC will review this document on at least an annual basis, as part of the preliminary stage of the budget cycle, to ensure that it remains relevant to its stated purpose and takes account of any changes in context. Proposed changes arising from this review will be referred to Council for approval.

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<sup>1</sup> Appendix 'A' provides details of where to obtain governing and other strategy documents.

## 2. The strategic framework

### 2.1 Summary financial context

2.1.1 The Society currently has three main income streams: conferences and events; publications; and fellowship income.<sup>2</sup> No income is received from government. Its annual turnover is in the region of £5.5m and from this it must cover its main outgoings, primarily: staff costs; publishing costs; and the costs of maintaining its facilities. Year on year it plans to make a small surplus which is currently applied to the continued acquisition of library materials and building up reserves.

2.1.2 The Society's key financial risks are its size and current reliance on only three main sources of revenue. Against this it has a free reserve that does not yet cover a full 12 months of operational costs – the benchmark set by the Charity Commission for good practice. Within this context income is currently reduced as a direct consequence of the petroleum industry downturn; uncertainty also exists around publishing income and costs and the long-term affordability of remaining in Burlington House.

### 2.2 Legislative and regulatory framework

2.2.1 The Society's activities as a charity are governed primarily by the Charities Acts 2006 and 2011, and by guidance issued by the Charity Commission. Essentially this requires that the Society:

- (a) fulfils a defined charitable purpose; and
- (b) undertakes activities that are solely for the public benefit.

2.2.2 The Society is also subject to the general legislative framework binding all individuals and bodies within the UK and the specific accounting requirements of the Charities SORP (Statement Of Recommended Practice). The 2015 SORP, which applies from 1<sup>st</sup> January, incorporates international financial reporting standards and determines the manner in which statutory accounts must be prepared.

2.2.3 In order to maintain its charitable status and the benefits this brings<sup>3</sup> it is imperative that the Society comply with these legislative and regulatory requirements.

### 2.3 Charitable object

2.3.1 The Object of the Society, as set out in its Charter, is: "*to investigate the mineral structure of the Earth*". This is interpreted to mean:

- (a) *improving knowledge and understanding* of the history, structure, constitution and dynamics of the Earth and its processes;
- (b) *promoting all forms of education*, awareness and understanding of the Earth and their practical applications for the benefit of the public globally; and
- (c) *promoting professional excellence* and ethical standards in the Earth sciences for the public good.

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<sup>2</sup> There are also secondary streams from trading activity and investment income, as set out in section 3.4.

<sup>3</sup> E.g. Corporation Tax relief on annual surpluses; rates reliefs, etc.

2.3.2 In meeting this Object the Society provides public benefit through advancing Earth sciences education at all levels, promoting wider knowledge of the Earth, and promoting professional standards that advance environmental protection, further the improvement of human health, and guard against natural hazards.

## 2.4 Aims and objectives

2.4.1 In 2007 the Society set out a 10 year strategy for serving science and the profession. This included seven aims through which its charitable objects are expressed, summarized below but provided in full on the website:

- (a) to be the respected public voice of geosciences in the UK;
- (b) to provide lifelong professional support to geoscientists;
- (c) to recognize and foster innovation in the geosciences;
- (d) to show leadership in the geosciences community nationally and internationally;
- (e) to promote geoscience education;
- (f) to communicate geoscience research and practice;
- (g) to assure high professional standards for the benefit of society.

2.4.2 In addition seven financial priorities were also identified:

- *diversifying income streams;*
- *protecting and developing existing income streams;*
- *generating strategies to mitigate financial risk;*
- *maintaining and developing an expert and professional staff;*
- *ensuring the continuing involvement of Fellows in the running of the Society;*
- *growing Fellowship and promoting the Society throughout academia and industry;*
- *effectively and responsibly managing the resourcing of strategic objectives.*

2.4.3 In seeking to fulfil these objectives and provide broad public benefit, the Society undertakes three main areas of activity:

- (a) *Science and education* – development of scientific policy and advice to public and private bodies in respect of Earth science; provision of specialist and public conferences and events on aspects of Earth science; working with schools and universities to provide educational outreach support; provision of public information on geoscience matters via the website, blogs and tweets.
- (b) *Professional and academic standards* – promotion of academic, professional and ethical standards, both throughout the Society’s membership (individual and corporate) and more widely, through accreditation of geoscience teaching and training.
- (c) *Publications and information* – publication of a range of geoscience articles, books and journals, both electronically and in printed form; promotion of open access route publishing; maintenance of an archive of historical books, maps, prints and journals, available via the Society’s library at Burlington House and increasingly online.

### 3. Financial Strategy

#### 3.1 Introduction

3.1.1 The Society's core strategic goals, as summarized in section 2, relate primarily to its impact upon and engagement with wider Society as a means of bringing public benefit. They focus upon setting the agenda for geoscience through:

- (a) quality of science and professionalism;
- (b) breadth and depth of outreach and engagement;
- (c) collaboration - with partners, Fellows, bodies and individuals who have like goals;
- (d) employing technological development to achieve this.

3.1.2 The purpose of the Financial Strategy is to provide a financial framework for the achievement of these strategic goals. This is presented as:

- (a) a set of over-arching financial principles applying to all aspects of the Society's financial activities; and
- (b) a series of strategic financial objectives and priorities that define how, in financial terms, the Society will enable and support achievement of its core strategic goals.

3.1.3 In setting the overarching framework, the Financial Strategy also takes into account how the Society's specific, approved strategies will be supported, namely:

- (a) Science and Education;
- (b) Fellowship and Corporate Affiliation;
- (c) Publishing; and
- (d) the Library.

Links to each of these documents are provided at Appendix 'A'.

## 3.2 Financial principles

The Society has three fundamental principles to ensure that its resources are directed towards continued achievement of its charitable objectives.

***I. The Society will operate in a financially sustainable manner to ensure its long-term ability to serve future generations.***

*This means:*

- the balance of Society income and expenditure must be kept under control and unsustainable losses avoided
  - the Society's finances are not substantial and could be quickly undermined as the result of a series of poor decisions with negative financial consequences
  - whilst this does not rule out loss-making or unfunded activities, there must be a sound and agreed scientific, charitable or related reason for undertaking such an activity and, on balance, a sufficient number of other surplus-generating activities to offset losses made
  - in general, the Society will not set deficit budgets
  - in general, the costs of service provision (for Fellows, events, etc.) must be met by fees charged

***II. The Society will use its financial resources solely for the furtherance of its proper charitable purposes.***

*This means:*

- the Society will only engage in financial activities that support achievement of its charitable goals
  - this includes both primary purpose activities (e.g. publication of geoscientific journals, books and other materials; the hosting of academic, professional and public conferences and events; services to Fellows, etc.) and those support activities which further or enable the Society's aims (e.g. investment of cash balances; room hire, etc.)
  - whilst not ruling out commercial endeavours for the purpose of generating income to use for charitable ends, such activities cannot become the main focus of the Society or negatively affect its ability to deliver its primary purpose.

***III. The Society will account for and record its financial transactions in accordance with best practice as well as the requirements of the regulatory framework.***

*This means:*

- the Society's finances will operate at all times within the regulatory framework and will strive, where possible, to ensure that it meets the standards of best practice for control, management and reporting
  - the Society's finances will be operated in accordance with applicable legislation, including criminal law, taxation and charity law
  - the Society's annual financial report and accounting statements will be presented in accordance with the Charity Commission's SORP (Statement Of Recommended Practice)
  - consideration will be given to financial control, management and reporting in similar organizations, with a view to adopting best practice where possible

### 3.3 Risk and financial control

#### *Current financial and economic risks*

- 3.3.1 Upheaval in the petroleum sector in the last twelve months and the effect that this has had on revenue streams to the Society (reduction in sponsorship, fee income, and corporate affiliate income) illustrates starkly that we are not immune to rises and falls in the wider global economy. Publishing also continues to be a risky business, with uncertainty arising from continued migration from print to electronic publications, the need to maintain investment in technology to support this, and the long-term effects of Open Access on revenue models. Current uncertainty over long-term affordability may also require the Society to review its occupation of Burlington House before the end of the current 10-year lease period.
- 3.3.2 Within this context and with a relatively modest annual turnover of less than £6m, the Society's resilience is currently dependent upon a small number of income streams. In order to mitigate the risks of sustained financial downturn in one or more areas, therefore, two core strategies are identified as a key priority:
- (a) *diversifying its income streams to mitigate longer-term risk*; and
  - (b) *bolstering existing reserves to provide short-term resilience*.
- 3.3.3 The UK economy, as measured by GDP (Gross Domestic Product) has grown by 0.4% - 0.9% per quarter since the beginning of 2013<sup>4</sup>. This marks a modest but stable recovery from the recent recessionary period and, by comparison, currently outperforms the majority of other G20 developed economies<sup>5</sup>. Generally this should lead to more money and confidence across the UK during 2015 and the Society might normally expect to benefit both directly and indirectly from this. Significant falls in oil prices<sup>6</sup>, however, are having a devastating effect on the Petroleum sector and this is currently affecting sponsorship and fee income to the Society and is likely to continue to do so for at least another 12 months. As a result, some income assumptions made in the Society's baseline 2015 Budget may prove unachievable and unless associated expenditure is also controlled then this might result in a deficit outturn at the end of the current financial year.
- 3.3.4 On a more positive note, Consumer Price Index inflation, or CPI, has remained low for the whole of 2014 (less than 2.0%) and has dropped to 0.0% in the year to February 2015. This would tend to indicate that the prices of goods and services generally consumed by the Society will not be subject to significant increases for the foreseeable future and that wage inflation will remain at a similar, low level.
- 3.3.5 Exchange rates have been more volatile, reflecting continuing uncertainties over the general health of the Eurozone economies and global growth. Between 1 January and 31 December 2014, Sterling value against the Dollar fell by 5.9% and rose against the

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<sup>4</sup> 2013 Q1: 0.6%; 2013 Q2: 0.6%; 2013 Q3 0.7%; 2013 Q4: 0.4%; 2014 Q1: 0.9%; 2014 Q2: 0.8%; 2014 Q3: 0.6%; 2014 Q4: 0.6%. *Source – Office for National Statistics, as at 31 Mar 2015.*

<sup>5</sup> Being: Argentina, Australia, Brazil, Canada, China, European Union, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, and United States.

<sup>6</sup> As at 10 Apr 2015 for May 2015 contracts, trading at \$50.39 a barrel for WTI (down from \$107.73 in June 2014) and \$56.46 for Brent crude (down from \$115.71 in June 2014). *Source – Bloomberg.*

Euro by 6.9%; for the 12 months to the end of March 2015 the equivalent changes are a fall against the Dollar of 10.9% and a rise against the Euro of 14.2%.<sup>7</sup>

- 3.3.6 Bank of England base rates, which govern the cost of borrowing, have remained at 0.5% since March 2009 and appear unlikely to rise in the immediate future. Whilst the Society currently has no significant loan borrowings, its cash investments are affected by the state of the markets. Returns on long-term bonds reflect the view that interest rates will remain historically low; as a result, UBS<sup>8</sup> continue to advise the Society to expect lower returns in 2015 and to move away from bonds and into stocks.

***Generating strategies to mitigate financial risk***

- 3.3.7 The Society will continue to operate and develop systems, controls and processes that ensure proper financial and budgetary control, in order to mitigate any risks to long-term sustainability and/or durability. We will do this through:

***A. Growing and diversifying income-generating activities in a sustainable manner***

*This means that:*

- the Society will seek to grow and diversify its income-streams, identifying and developing new areas so that it is not overly reliant upon its existing core revenues.  
To support this FPC will encourage new ideas for income generation (which might include new forms of corporate sponsorship, fund-raising for specific activities, and other external funding sources) and consider ideas put forward and how they support core strategic goals, before making any recommendation on further development or support to Council.
- for existing core revenue streams – conferences and events, fellowship, and publications – the Society will guard against over-reliance on any one area.  
To support this FPC will keep these activities under constant review to ensure that balance is maintained and, where a single area of core activity looks likely to generate in excess of 40% of all charitable income on an ongoing basis, it will devise plans for restoring balance and advise Council accordingly.
- the Society will ensure that its existing assets are fully and appropriately used in generating supplementary income to support its charitable activities.

***B. Building and maintaining a sufficient level of contingency reserves***

*This means that:*

- the Society will aim to build and maintain a free reserve (i.e. unrestricted funds, not including fixed assets) sufficient to cover at least 12 months (but no more than 24 months) of core operational expenditure  
Core operational expenditure is defined as the full costs of charitable expenditure, including support and administration, as identified on the annual Statement of Financial Activity. It will vary from year to year but, as at 31 December 2014 the level of free reserves identified in this manner stands at circa 72% of costs.
- the Society will aim, where possible and appropriate, to hold its reserves as General Funds, and will only designate funds for specific purposes where this is consistent with the achievement of key priorities and it is necessary to ring-fence the associated expenditure.
- the Society will not use borrowing as a means of funding development plans, in order to avoid the risk of debt-servicing undermining long-term, sustainability.

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<sup>7</sup> Source – XE.com.

<sup>8</sup> The Society's investment advisors and managers of its investment portfolio.

***C. Exercising rigorous control of Society budgets***

*This means that:*

- annual budgets will be compiled, reviewed by FPC and approved by Council in accordance with a set timetable by no later than the meeting of Council in November of each year.
- budgets will be balanced such that expenditure generally is constrained within means, as estimated by agreed income forecasts.
- regular monthly updates on progress against budget and forecasts for the remainder of the year will be made as part of the production of the Society's Management Accounts.
- budget-holders are responsible for ensuring that income and expenditure targets, as defined by the Annual Budget, are adhered to and, where this is not possible, plans are made to control further expenditure accordingly within limits agreed by FPC for the remainder of the financial year.
- the Finance Director and/or FPC may require budget-holders to explain variances.
- FPC will be responsible for monitoring the Society's budget surplus/deficit as it develops during the year and, where appropriate, amending the Annual Budget to include appropriate new activity where surpluses allow, or to restrict existing activity where deficits arise – such changes to be reported to Council for information.

***D. Ensuring that Society cash balances are appropriately controlled***

*This means that:*

- monthly reconciliation and review will be carried out of all Society bank accounts and cash balances to ensure that there are sufficient funds to meet commitments and that excess funds are most appropriately placed (as per priority I below).
- the Society will move towards consolidating its various existing bank accounts, including the separate accounts held by Specialist and Regional Groups.

***E. Developing best-practice financial procedures, systems and controls***

*This means that:*

- the Society's Financial Planning and Control Framework (including its Financial Strategy, Budget, Financial Policies, Financial Regulations and Financial Procedures) will all be fully documented and transparently aligned with both regulatory requirements and the principles of best practice.
- the existing Sage Financial System will be replaced, together with the Society's CRM system, to provide a fully-integrated electronic record of its financial affairs that is fit for purpose.
- all financial transactions will be properly recorded on the Society's finance system in accordance with Financial Regulations and Financial Procedures.
- all financial statements will be readily reconcilable back to the Society's finance system and supporting documentation.
- all regulatory returns (including taxation, payroll, Charity Commission, etc.) will be produced accurately in the required form and in advance of the deadline for submission.

***F. Ensuring adequate independent scrutiny of our financial affairs***

*This means that:*

- the Society's Audit Committee will oversee arrangements for scrutiny of the accounts and of risk management.
- an independent, external auditor will be appointed by the Audit Committee to undertake annual, statutory audit reviews of the Society's financial accounts and to report back their findings to that Committee prior to approval of the accounts by Council.
- approved annual accounts will be published publicly via the Society's website no later than 6 months after the end of the financial year to which they relate.
- controls will be included (as part of priority K above) to guard against the risks of fraud and error.

**G. Ensuring adequate financial risk management is in place**

*This means that:*

- the Society will carry out a fresh risk assessment during 2015 and continue to perform regular reviews of its risk register via FPC and the Audit Committee.
- insurance will continue to be used, where appropriate, as a means of mitigating certain financial risks, including: employer's liability, property damage and loss, travel, cyber-crime, etc.

### 3.4 Income streams and funding

#### *Context and current position*

3.4.1 The Society's annual turnover (total income received) is summarized in its annual financial statements as follows:

| Activity                       | 2011         |  | 2012         |              | 2013         |              | 2014         |              |
|--------------------------------|--------------|--|--------------|--------------|--------------|--------------|--------------|--------------|
|                                | £,000        |  | £,000        | %+/-         | £,000        | %+/-         | £,000        | %+/-         |
| Conferences & Events           | 785          |  | 623          | -20.6        | 902          | +44.8        | 882          | -2.2         |
| Fellowship Income              | 1,392        |  | 1,473        | +5.8         | 1,536        | +4.3         | 1,689        | +9.9         |
| Publications & Information     | 2,065        |  | 2,139        | +3.6         | 2,318        | +8.4         | 2,087        | -9.9         |
| <b>Total charitable income</b> | <b>4,242</b> |  | <b>4,235</b> | <b>-0.1</b>  | <b>4,756</b> | <b>+12.3</b> | <b>4,658</b> | <b>-2.1</b>  |
| Trading activity               | 250          |  | 265          | +6.0         | 227          | -14.3        | 291          | +28.2        |
| Investment income              | 220          |  | 267          | +21.4        | 270          | +1.1         | 267          | -1.1         |
| Voluntary income               | 11           |  | 8            | -18.2        | 218          | NA           | 2            | NA           |
| <b>Total other income</b>      | <b>481</b>   |  | <b>538</b>   | <b>+11.9</b> | <b>715</b>   | <b>+32.9</b> | <b>560</b>   | <b>-21.7</b> |
| <b>Total all income</b>        | <b>4,723</b> |  | <b>4,775</b> | <b>+1.1</b>  | <b>5,471</b> | <b>+14.6</b> | <b>5,218</b> | <b>-4.6</b>  |

*Note: regular income for 2013 is distorted by £213k of legacies received against the Voluntary income line. If this is removed, total income for 2013 is £5,258k (+10.1% increase on 2012); and in 2014 the percentage reduction in total income is reduced to -0.8%.*

3.4.2 A significant proportion of income relates to annual fees and subscriptions which are generally paid in advance or towards the beginning of the financial/fee year. This provides the Society with high cash inflows during the renewals period (September through to about March) and also allows for a higher degree of certainty when forecasting fee income within the financial year, as a significant proportion has already been collected and brought forward.

3.4.3 Based upon current levels of activity and taking into account natural fluctuations, the Society can reasonably expect a total income of £4.7M - £5.4M. The 2015 Budget has sets a target income of £5.6M, equivalent to just under 4% growth.

#### ***Protecting and developing income streams***

3.4.4 A cornerstone of ensuring the sustainability and durability of the Society, so that it may continue in the long-term to achieve its core strategic goals, is successful management of its existing income streams. In addition to the priorities set out above, we will do this through:

**H. Setting fees and charges that, where appropriate, cover full economic cost**

*This means that:*

- fees and charges will be set at levels to ensure that, where possible and appropriate, full economic cost is covered, including a fair share of overheads.
- an overhead costing and allocation model will be developed before the end of 2017 that enables consistent and transparent attribution of support costs to front-line activities.
- the Society will seek to improve how it communicates the value of services provided in return for fees charged, especially to its Fellowship, so that individuals may better understand the level of fees set.

**I. Making appropriate use of available assets to generate supplementary income**

*This means that:*

- cash balances surplus to expenditure commitments will, subject to the approval of the Treasurer and Investment Committee, be placed on terms that maximize returns for the Society whilst balancing any associated risks and requirements of the Society's Investment Policy.
- unused, or under-used assets (e.g. meeting rooms at Burlington House) will be marketed for hire by the Conference Office, subject to the caveat that primary purpose activities must not be displaced by such activity and, in accordance with H above, costs must not outweigh income.

### 3.5 Expenditure and use of resources

*Context and current position*

3.5.1 The Society's annual expenditure is summarized in its annual financial statements as follows:

| Activity                       | 2011         |  | 2012         |             | 2013         |              | 2014         |              |
|--------------------------------|--------------|--|--------------|-------------|--------------|--------------|--------------|--------------|
|                                | £,000        |  | £,000        | %+/-        | £,000        | %+/-         | £,000        | %+/-         |
| Conferences & Events           | 917          |  | 860          | -6.2        | 1,218        | +41.6        | 929          | -23.7        |
| Fellowship services            | 1,675        |  | 1,703        | +1.7        | 1,821        | +6.9         | 1,817        | -0.2         |
| Publications & Information     | 1,554        |  | 1,641        | +5.6        | 1,699        | +3.5         | 1,695        | -0.2         |
| <b>Total charitable income</b> | <b>4,146</b> |  | <b>4,204</b> | <b>+1.4</b> | <b>4,738</b> | <b>+12.7</b> | <b>4,441</b> | <b>-6.3</b>  |
| Trading activity               | 141          |  | 145          | +2.8        | 122          | -15.9        | 165          | +35.2        |
| Investment costs               | 20           |  | 33           | +65.0       | 27           | -18.2        | 24           | -11.1        |
| Other costs                    | 44           |  | 35           | -20.5       | 38           | +8.6         | 45           | +18.4        |
| <b>Total other income</b>      | <b>205</b>   |  | <b>213</b>   | <b>+3.9</b> | <b>188</b>   | <b>-11.7</b> | <b>233</b>   | <b>+23.9</b> |
| <b>Total all income</b>        | <b>4,351</b> |  | <b>4,417</b> | <b>+1.5</b> | <b>4,925</b> | <b>+11.5</b> | <b>4,675</b> | <b>-5.1</b>  |

This is more volatile and subject to a wider degree of fluctuation. The 2014 figures include release of a number of accruals (i.e. reduction in expenditure) made in previous years. Based upon current levels of activity, this analysis would suggest that the Society can reasonably expect to see annual expenditure in the range of £4.3M - £4.9M. The 2015 Budget, in setting a target growth in income of around 4%, also anticipates a similar rise in expenditure, so sets an expected total expenditure figure of £5.1M.

3.5.2 Use of net surplus before gains on investment income is set out as follows:

| Activity                        | 2011<br>£,000 | 2012<br>£,000 | 2013<br>£,000 | 2014<br>£,000 |
|---------------------------------|---------------|---------------|---------------|---------------|
| Total income                    | 4,723         | 4,775         | 5,471         | 5,218         |
| Total expenditure               | 4,351         | 4,417         | 4,925         | 4,675         |
| <b>Net surplus before gains</b> | <b>372</b>    | <b>358</b>    | <b>546</b>    | <b>543</b>    |
| Library acquisitions            | 121           | 105           | 120           | 103           |
| Increases in reserves           | 330           | 110           | 140           | 391           |
| Legacy funds received           | -             | -             | 214           | -             |
| <b>Total applied resources</b>  | <b>451</b>    | <b>215</b>    | <b>474</b>    | <b>494</b>    |
| <b>Net surplus / (deficit)</b>  | <b>(79)</b>   | <b>143</b>    | <b>72</b>     | <b>49</b>     |

There is an ongoing need to ensure that the capital purchase cost of new library material (ranging from £103k - £120k per annum) is set aside from revenue surpluses generated. Although the library holding is treated as a heritage asset and, as such, there is currently no charge to income and expenditure, the Society must still provide the cash necessary for purchases.

Reserves have been increased year on year to meet the targets set by the Society's Reserves Policy (see priority B above), as well as to provide a contingency fund against the costs of maintenance and redecoration of Burlington House.

3.5.3 At current levels of activity, it appears reasonable to expect that the Society can hold expenditure within its annual income and generate a surplus of £350k - £550k in order to fund library acquisitions and build reserves.

#### ***Managing the resourcing of strategic objectives***

3.5.4 The effective and responsible management of the Society's resources is a second cornerstone to ensuring sustainability and the durability. We will do this through:

#### ***J. Maintaining investment in core, primary purpose activities***

*This means that:*

- the Society will invest sufficient levels of expenditure in front-line services to ensure continued delivery of its primary purpose activities and delivery of its core strategic objectives. Specifically:
  - Conferences and events* – ensuring that events are sufficiently planned and resourced to meet the objectives of scientific / professional quality, outreach, relevance, etc.; that sufficient budget is allowed for marketing and venue hire (where appropriate), materials, etc.; that sufficient, suitably experienced staff are assigned to the organization and running of each event.
  - Fellowship* – provision of a high-quality Fellowship Services team with sufficient skill and capacity to support renewals, queries from Fellows on membership, use of the website, available services, etc.
  - Publications and information* – provision of sufficient investment in publishing activities to support continuous development of the function within a competitive market-place; re-investment of publishing surpluses to allow for upgrades in technology, process, etc.; continued investment in library acquisitions and digitization of the collection (including maps).
- the Society will invest sufficient levels of expenditure in support services to ensure that its primary purpose activities can continue to be delivered in an efficient and effective manner. Specifically:
  - IT and communications* – the Society will ensure that its desktop systems, servers, and IT networks are kept up to date through annual investment in upgrades and replacements, in order to ensure a satisfactory level of IT availability and usage both to staff and visitors.

*Library systems* - investment will be made to upgrade the database and support systems used by the library in order to enhance service provision to Fellows.

- the Society will aim to make better use of its available facilities – whilst Burlington House is considered a major asset to the Society, it is accepted that we may not use it to its best advantage (in terms of space and the image it presents to visitors); a review into the most effective usage of available space and facilities will be undertaken before the end of 2017.

#### ***K. Maintaining and developing an expert and professional staff***

*This means that:*

- an appropriate number of suitably-qualified staff will be maintained on the Society's payroll in order to carry out its front-line and support activities, and specifically:
  - Finance staff* – the Society will ensure that its Finance Team (currently 4 staff including the Director of Finance) is suitably qualified and experienced to provide a high-quality finance service to its other staff and officers.
- staff pay will be set at a reasonable but competitive level annually, with reference to CPI and, in respect of bonuses, agreed levels of performance during the year.
- other staff benefits, including access to the Society's stakeholder pension scheme and employee assistance programme will be available equally to all staff who meet qualifying criteria.
- annual budgets will include amounts to cover the costs of appropriate additional training for staff.
- the Treasurer will review cases for additional temporary or permanent staff and recommend approval or otherwise to FPC, taking into account the other key points of this strategy for expenditure on appropriate activities and financial control.

#### ***L. Reviewing the Society's use of facilities***

*This means that:*

- the Society will review how it currently uses its facilities at Burlington House in London and its Publishing House in Bath with a view to ensuring that it makes best use of the available space, specifically:
  - Conference and event space* – provision of lecture theatre and break-out space for holding Society-funded events; adequacy of space for letting to external events given the context of other similar facilities within the immediate vicinity of Burlington House and Piccadilly.
  - Library* – how best to continue to provide an efficient and effective means of accessing the library's resources within the space available to house it.
  - Space for Fellows' usage* – how to continue to provide a space that may be used by Fellows and for general Society purposes, including committee meetings, that remains relevant to changing demands.
  - Storage* – in respect of both the Publishing House and Library, how best to store materials that are produced or held, given competing demands for alternative use of space.
  - Space for staff* – to ensure that the accommodation provided for Society staff is sufficient and adequate to enable work to be undertaken efficiently and effectively, and in an atmosphere conducive to good morale and service provision.
- within the context of lease negotiation and renewal, the Society will consider the long-term sustainability of remaining at Burlington House and, if appropriate, alternative arrangements.

#### ***M. Ensuring value for money in the management of operational costs***

*This means that:*

- the Society will continue to develop and improve efficiencies in the purchasing and acquisition of goods and services to ensure that it obtains value for money, including an assessment of whether better value may be obtained through joining one or more appropriate purchasing consortia.

## **Appendix ‘A’ – Sources of further information**

The Society’s governing documents are its Charter, Bye-laws and Regulations, available as follows:

|                     |   |
|---------------------|---|
| Society Charter     | <a href="http://www.geolsoc.org.uk/About/Governance/Charter">http://www.geolsoc.org.uk/About/Governance/Charter</a> |
| Society Bye-laws    | <a href="http://www.geolsoc.org.uk/byelaws">http://www.geolsoc.org.uk/byelaws</a>                                   |
| Society Regulations | <a href="http://www.geolsoc.org.uk/regulations">http://www.geolsoc.org.uk/regulations</a>                           |
|                     |   |

Further information on the Society’s other strategies is available as follows:

|                                       |   |
|---------------------------------------|---|
| General Strategy                      | <a href="http://www.geolsoc.org.uk/strategy">http://www.geolsoc.org.uk/strategy</a>               |
| Science Strategy: 2014                | <a href="http://www.geolsoc.org.uk/ScienceStrategy">http://www.geolsoc.org.uk/ScienceStrategy</a> |
| Library Strategy: 2015 – 2019         | <a href="http://www.geolsoc.org.uk/LibraryStrategy">http://www.geolsoc.org.uk/LibraryStrategy</a> |
| Fellowship Development Strategy: 2014 | TBA   |