

Notes to the draft budget 2022

For decision:

The Committee proposes to the 34th EGP Council to adopt the draft budget 2022.

This includes:

- withdrawing 225.000 EUR from the Congress Fund and 8.000 EUR from the Operational Reserve
- putting 100.000 EUR into the Campaign Fund
- adopting the draft membership fees 2022 as proposed.

1. Background

The two main factors shaping our 2022 budget are the ongoing financial impact of the Covid pandemic on our activities and budget and the fact that the EP grant has been continually increasing over the past few years.

The impact of the Covid pandemic

We have been operating in pandemic conditions for almost two years now. As previously most of our activities involved physical meetings, the restrictions have had a considerable impact. As a consequence, the carry-over from 2020 to 2021 was 1,54 Mio EUR. We are now expecting a total surplus ("profit" in budget terms) of at least 2,1 Mio EUR at the end of 2021, which will be carried over to 2022. This means that we have made progress in diversifying our activities: the projected total expenditure 2021 would be approx. 40 % higher than the actual expenditure in 2020. The budget 2022 is based on being able to operate in non-pandemic conditions again (fingers crossed!).

The EP grant

In terms of income, over 5 years (2016-2020) the grant roughly doubled from nearly 2 Mio EUR to just under 4 Mio EUR and has continued to increase.

The budget 2022

According to the rules for EP grant applications we again had to split the total budget (which it is for us) into the "EP" budget for the EP grant 2022 only and a "carry-over" budget for the 2021 surplus including provision to co-fund this from own resources (see separate columns in the budget 2022 document). This is the same as we did for the 2021 budget. We are presenting the budget to Council in this format again also for internal transparency reasons. Council has to be able to see the dynamics and will vote on the whole package. The budget is balanced with a total of 7.472.934 EUR income and expenditure.

2. Outcome

Expenditure

The total budgeted expenditure in 2022 is 7,47 Mio EUR (2021: 6,53 Mio EUR), of which 5,14 Mio EUR is the EP budget and 2,33 the carry-over budget. Total reimbursable expenditure is 7,31 Mio EUR and non-reimbursable expenditure is 163.000 EUR.

Income

The total grant made available to European political parties in 2022 is again at 46 Mio EUR (as in 2021). 59 MEPs signed up to the EGP (more than ever before). The maximum possible grant for the EGP, which we have applied for, increases from 4,36 Mio EUR in 2021 to 4,47 Mio EUR in 2022. The carry-over from 2021 is 2,1 Mio EUR.

In order to raise the required 10 % own resources to fund this grant, in addition to membership fees, donations and participation fees we need to withdraw 233.000 EUR from our funds, of which 225.000 EUR would be from the Congress Fund and 8.000 EUR from Operational Reserves.

3. Technical notes

a) Expenditure

Category 1: Personnel costs

The total budget is just over 3 Mio EUR (2021: 2,59 Mio EUR). The steady increase in the grant over the past years has enabled us to expand our activities and employ more staff even in years without an election campaign. Quick growth is a challenging process even without pandemic conditions. Thanks are due to all staff in the EGP office for their professionalism and team-building in such difficult circumstances. In a phase of consolidation in organisational development we are proposing a small increase in staff of 2.5 full-time equivalents (FTE) in order to run current operations more smoothly and efficiently: a dedicated press officer (1 FTE), additional financial admin support for the Admin Team (0.5 FTE) and 1 FTE in the Program Unit to deliver on agreed projects including the Congress. In addition, there is full-year provision for the social media team, which was recruited between April and July 2021, as well as some amendments to seniority levels foreseen in the salary grid.

Category 2: Infrastructure

Office rent and operating costs are largely predictable and remain at similar levels compared to 2021. There is an increase in 2.1.3 Other maintenance costs (total: 50.000 EUR) as some works/repairs are required in the office.

The difference of the total in this category between 525.000 EUR in 2022 and 613.00 EUR in 2021 is mainly due to a decrease in budget line 2.6.1 Translations. This has been done solely for technical/accounting reasons: the cost of translations and interpreting is now included in the respective project budgets so that full oversight for all project-related expenditure is with the staff member responsible for the budget. We are not spending less on translations and interpreting than previously – on the contrary.

Category 3: Administration

At 366.000 EUR, this is also at similar levels compared to 2021 (346.500 EUR).

Category 4: Meetings

A lot of our activities, as outlined in the Activity Plan, are financially covered in this category. The total expenditure is 2,72 Mio EUR (2021: 2,41 Mio EUR). The main differences are:

4.1.5 EGP priority projects – 871.210 EUR: the decrease compared to 2021 (1,27 Mio EUR) is due to accounting reasons. Some projects have developed and been re-classified as ongoing activities in Category 5 (see there). This does not reflect changes in priorities or activities.

4.1.6 Networks and 4.1.12 Green Cities/Local Councillors projects have both been increased because of expected higher activities.

4.1.8 TILT – all TILT-related costs are now covered in 5.4.3 and no longer split over two budget lines (a technical matter to facilitate budget oversight).

4.1.9 Party Leaders meetings: reduced to 5.000 EUR as these are no longer planned as physical meetings.

4.1.11 Committee mission travel costs incl. FFM: increased to 80.000 EUR in view of the backlog of fact-finding missions due to the Corona travel restrictions.

4.5.2 CO2 compensation – 10.000 EUR: following a change in the EP funding rules CO2 compensation payments are considered eligible expenditure again.

4.6.3 6th EGP Congress 2022 – 900.000 EUR: the funds available in 2022 will enable us to organise a more elaborate congress than would otherwise be the case.

Category 5: Information

The total increased from 445.000 EUR in 2021 to 615.000 EUR in 2022. This is mainly due to the re-classification of expenditure from 4.1.5 priority projects for better project oversight and also increased transparency. As we have substantially increased the social media staff and digital campaigning, it makes sense to reflect this in the presentation of activity expenditure.

5.3.4 TILT (110.000 EUR) and 5.3.5 Climate Campaigning (200.000 EUR) now have their own budget lines.

5.3.3 Social media general costs (120.000 EUR) is now solely for general social media activities.

b) Income

Membership fees: the expected income is minimally higher (485.000 EUR) than budgeted in 2021 (481.000 EUR; the supplementary voluntary provision of 33.000 EUR was not implemented). The current membership fee structure is working well overall; there are, however, uncertainties over some state funding for parties. See separate tables with details for each member party.

Participation fees are an integral part of raising own resources to co-fund the grant. These are set at current levels for both Spring Council 2022 and the Congress 2022 (see bottom of budget paper). Because of the Congress, the income from participation fees (110.000 EUR) is therefore higher than it would be with 2 council meetings.

Donations: we are implementing our fundraising strategy. The expected income from donations (20.000 EUR) needs to reflect a realistic assessment of what is actually achievable outside election campaigns.

c) Development of Funds

There is a provision of 100.000 EUR to the Campaign Fund as an agreed priority.

In order to achieve a balanced budget, we need to dissolve a total of 233.000 EUR from our funds. This consists of 225.000 EUR from the Congress Fund (new total: 0 EUR) and 8.000 EUR from the Operational Reserve (new total: 165.482 EUR).

Mid-term planning: In 2023 and 2024 we expect to dissolve the Campaign Fund for the 2024 European election.

Ute Michel, Treasurer
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