P3 Financial Plan 2022-2023

Proposer: FYEG
Agenda item: 2. Plans

Plan text

FYEG - Financial Plan 2022 - 2023

Note: This is the written financial plan for the budgets of 2022 and 2023. They run from:

- **January 2022 - December 2022**
- **January 2023 - December 2023**

1. **Summary**

FYEG’s Executive Committee and Secretariat planned the activities for 2022 after a lot of thoughtful and strategic consideration but also under very uncertain and stressful financial circumstances.

One of FYEG’s biggest administrative grants is the Erasmus+ grant of the European Commission. As explained in detail in various other reports presented, because of the political decisions of the European Commission, the fundings the youth organisations receive are more precarious and unstable than ever. Thanks to the hard work and the expertise of the FYEG Secretariat, FYEG was able to receive an increased administrative grant from the European Commission for the year of 2022. However, among 130 organisations that applied, only 30 received this grant. Only 8 out of 20 members of the European Youth Forum have received the grant. First, FYEG has no guarantee of receiving the grant for 2023 as the grant format will change again and the assessments can vary a lot from a year to the next. Moreover, because of the high number of European youth organisations that did not receive the grant, the Commission is considering decreasing the annual grants starting from next year.

FYEG’s 2022 budget plan shows the growth and strength of the organisation. With its increased revenues for 2022, FYEG will have more capacities and organise more activities, especially this fall. However, because of the reasons explained above and inflation rates, FYEG’s financial stability is far from solid and the same challenges will also affect 2023 planning. This means FYEG Secretariat and

Executive Committee will have to focus a lot of their capacities on fundraising in 2022, in order to provide more stability and sustainable incomes to the organisation.

FYEG's financial plans for 2022 and 2023 are presented below. In order to increase the accessibility of the information the 2022 budget plan is first presented through a simplified version with a few important comments and then through a detailed version with both a narrative breakdown and the full budget plan in Annex. This financial plan also includes a section on gender budgeting and the new participation fee system. The 2023 budget plan annotated is presented in Annex.

2. **2022 Budget plan**

    1. ## Simplified version

Below you will find a simplified version of FYEG 2022 budget plan annotated to briefly explain the difference between the provisional budget voted by the General Assembly in 2021 and the updated budget.

Explanation of the difference between the budget voted and the budget report:

1. **FYEG increased salaries and working hours in the administrative unit**

2. **Administrative expenditures will be higher because FYEG plans to open an additional bank account and budget slightly more for extraordinary costs to allow more flexibility**

3. **Expenses will increase towards training, support for CDN and representation at partners meetings, in line with the Activity Plan**

4. **Expenses will increase as FYEG will organise more ad hoc activities (see details below)**

5. **Allocation to the payroll safety fund will increase to reflect the raise in salary and the Erasmus+ operational grant situation**

6. **Revenues from this category will increase due to the carry over from joint activities with EGP and the raise in the Erasmus+ operating grant**

7. **Revenues from this category are lower as they are not needed to organise FYEG's activities this year, given the increase in other funding sources**

8. ## Detailed version

Annexed to this plan you will find a table with the detailed budget plan for 2022. The difference between the budget voted at the GA 2021 and the updated budget plan is briefly explained in the 'Comment' column, only when it diverges by more than 10%. Below is the detailed narrative version.

Expenditures - Category 1: Personnel costs

This budget category includes all the personnel costs for FYEG: salaries, benefits, social security and other employment tax contributions, payroll service fee, worker's insurance, etc.

The total personnel costs for 2022 will see a raise compared to 2021. Thanks to the increase in the Erasmus+ operational grant FYEG will be able to: (1) raise the salaries of all employees to be closer to the wages in the non-profit sector in Belgium (the raise in gross monthly revenue will be between 11 and 23%); (2) raise the working hours for it's Administrative Assistant to 65% (from 50%); and temporarily raise the working hours for it's Office Manager to 80% (from 70%) until the end of the year. The raise in working hours will allow the FYEG Secretariat to better manage the workload and tasks for the year, especially toward fundraising and organisational growth.

Please note that under Belgian regulation, salaries are automatically indexed to follow inflation. The salary raise and the total personnel costs for 2022 were calculated to take this into account, with an estimated 8% indexation compared to January 2022 as basis, in line with the current inflation rate in Belgium and official projections. These calculations and the proposed budget for 2022 might however need to be adapted following the evolution of the inflation rate.

Expenditures - Category 2: Infrastructure and operating costs

This budget category includes all office-related expenses: rent, office meetings and retreats, staff training, softwares and equipment, office supplies, postal charges and utilities, etc.

The total infrastructure and operating costs for 2022 will marginally increase, mainly because of an increase in the IT budget to cover the costs of new digital tools such as an accounting software, a password manager and a CRM tool. The addition of these new tools will help streamline and improve the work of the Secretariat, thereby increasing efficiency and reducing the workload. In addition and following the recommendation of the FCAC, the Staff Training budget line will no longer include the consultancy budget (moved to the Ad-hoc project budget line) and will only be dedicated to training. Through this budget line, the Secretariat will get training on the new accounting software and will get the opportunity to receive training to improve specific competences related to their job position.

Expenditures - Category 3: Administrative expenditure

This budget category includes all FYEG’s general administrative expenses: extraordinary administrative costs (such as work-permit costs, costs related to the internships, etc.), external accountant, official registration of newly elected Executive Committee members, bank account fees and insurances.

The total administrative expenditures for 2022 are expected to be relatively stable compared to 2021. FYEG plans to open a second bank account to get better services and have a safety net, given the shrinking financial services offered to small nonprofits in Belgium. A bit more budget was also allocated to extraordinary costs to allow more flexibility.

Expenditures - Category 4: Meeting and representation costs

This budget category includes all expenses related to the meetings of FYEG’s network and bodies, as well as representation in partners meetings: Executive Committee meetings and allowances, the General Assembly, Member Organisations training, Young Greens Forum, FCAC meeting, membership fee to EYF, contribution to CDN, visits to Member Organisations and representation to meeting of the European Green Party, the Greens/EFA Group in the European Parliament and other partners.

The total meeting and representation costs for 2022 will be higher than previously planned for three main reasons: (1) the implementation of the new Young Greens Decentralised Training (see Activity Plan for details); (2) the increase of FYEG’s contribution to CDN for 2022, permitted by the increase in membership fee and other administrative revenues; (3) the implementation of bigger youth events during the European Green Party’s Councils held this year in Riga and Copenhagen. These changes are respectively in line with FYEG’s new strategic objectives and focuses towards capacity building, strengthening its network and membership coordination and bringing forward the youth perspective.

Expenditures - Category 5: Direct Costs: projects and campaigns

This budget category includes all expenses related to projects and campaigns: the Annual EYF work plan, the Spring Conference organised together with the General Assembly, the activities organised around COP, Study Session organised with the Council of Europe’s Youth Department, Campaigns, Ad Hoc projects and working group projects.

The total direct costs for projects and campaigns in 2022 will be higher than originally planned because of the higher costs of ad hoc projects in this year’s budget.

Expenses for seminars and conferences will be overall lower than expected,

mainly because COP will happen outside of Europe in 2022 and FYEG will only send a delegation and not organise an AlterCOP event.

Ad hoc expenses will be very high this year as a lot of activities specific to 2022 will take place: (1) Consultancy for the renewal of FYEG Strategy; (2) through the Erasmus+ operational grant FYEG will organise activities for the European Year of Youth, including a big event in the fall; (3) FYEG will update its website; (4) FYEG will organise small ad hoc projects with GEF and EGP.

In addition, following the Activity Plan, Working Group projects for 2022 have been integrated as part of educational activities and this is also reflected in the budget plan.

Expenditures - Category 6: Allocations to the next year and reserves

This budget category includes allocations and reserves for next years. As of 2022 FYEG only has two strategic reserves: a campaign fund for the 2024 EU elections and a payroll safety fund as a safety net for salaries in case of a decrease in administrative grants.

The allocations and reserves for 2022 are much higher than the budget plan adopted at the 2021 GA. Indeed, FYEG will continue to allocate an additional 5 000 EUR yearly to its Campaign Fund, on track to collect the 20 000 EUR planned for 2024. But FYEG will also increase its payroll safety fund to reflect the raise in salary and the continued uncertainties related to the transformation of the Erasmus+ operational grant.

Revenues - Category 1: Administrative Income

This budget category includes all of FYEG’s administrative grants and revenues as well as the funds available for joint activities with EGP. The total of this category for 2022 is significantly higher than previously planned, mainly because of the increase of the Erasmus+ operational grant.

The application process for the 2022 Erasmus+ operational grant has drastically changed last year and has been one of the Secretariat’s biggest challenges ever since. For 2022, the grant amount has more than doubled but the application process now covers only 1 year instead of 4, the work needed to apply also more than doubled with shorter deadlines and longer waiting periods for the results which were announced only at the end of April 2022. In addition it looks like the application process will again change completely for 2023. This puts FYEG and other European youth organisations in a very complicated and uncertain position. Nevertheless, for 2022 this will allow a significant increase in FYEG’s capacities through raises in salaries, working hours, infrastructure and operating expenses, as well as additional autonomy in funding activities.

In addition, FYEG was able to carry over the funds available for joint activities with EGP that were not used in 2021, this explains the difference with the budget plan voted by the GA in 2021. FYEG also expects an increase in the membership fee collected for 2022, following the trends from the past few years.

Finally, in order to improve transparency and compliance with accounting requirements, FYEG will delete budget line 7.3.5 (Allocations from previous years) from the revenue section of its budget. In the past, this budget line was used to indicate the amount of savings used to balance budget plans and be able to present a budget plan with a zero balance (profit or loss). FYEG will from now on present its budget plan with a negative or positive balance when applicable, the result of the year's balance will then be reflected in the allocation and reserve section at the end of the budget, under section 6.4.

Revenues - Category 2: Projects & Campaigns income

This budget category includes all of FYEG's projects grants and revenues as well as the funds available for cooperation with the Greens/EFA Group in the European Parliament. The total of this category for 2022 is lower than previously planned, mainly because the increase in the budget available for joint activities with EGP means FYEG can reduce the number of funding sources needed to organise its activities, thereby also reducing the workload needed to organise said activities. FYEG will nevertheless continue its cooperation with the Greens/EFA Group and GEF, especially in organising its annual EYF work plan on Mental Health.

3. **Gender budgeting**

As a feminist organisation, FYEG believes it is important to realise its budget from a Gender perspective. Through its quota systems and attention to balanced representation within all its bodies FYEG already has the essentials in place for gender budgeting. For 2022 FYEG will also continue to plan its activities and work through the gender budgeting lense by implementing the following measures:

- **Ensure the basis elements of a safe space when budgeting and planning for activities;**
- **Improve the working conditions and workload for all its employees;**
- **Improve the conditions and workloads for its volunteers, especially amongst volunteers in elected positions;**
- **Review the use of the gender budgeting and reporting framework to better fit the needs and vision of FYEG and its member organisations.**

4. Participation fee system

In order to increase the transparency and fairness of its participation fees, FYEG will experiment with a new participation fee format for its educational activities in 2022.

In previous years, the participation fee system for educational activities was twofold. On one hand, FYEG collected payment of a fee and participants residing in EU/EEA countries paid a bit more than those residing in non-EU/EEA countries. On the other hand, FYEG collected a percentage of travel costs through lower reimbursement rates and residents from EU/EEA countries got reimbursed 70% of their travel expenses while non-EU/EEA residents were reimbursed 90%. This system was very complicated to implement, it often resulted in misunderstandings with participants who could not easily estimate their participation fee in advance and made budgeting difficult for FYEG. It was also sometimes unfair as the percentage collected on travel expenses put more burden on participants travelling from further away, independently of their socio-economic circumstances.

To solve these issues FYEG will implement a new system in 2022. It will no longer be based on travel expenses and will just have one single component, the payment of a fee. The new participation fee will have 3 category to reflect the socio-economic diversity within Europe:

- **Category 1: for Northern and Western European countries resident;**
- **Category 2: for Central and Southern European countries resident;**
- **Category 3: for Eastern European countries resident.**

For each category participants will be able to select between a basic fee and a solidarity fee. The basic fee will be calculated as the minimum needed for the funding of the activity and the solidarity fee will allow FYEG to offer a fee’s reduction for participants who can not afford to pay.

On average this new system will not change the amount participants contribute to the activity but it will be more transparent from the start and outlined in the call for participants. This will increase the fairness of participants' contributions and create a solidarity mechanism between participants and member organisations. The new system will be evaluated when closing the financial year and adapted for 2023 accordingly.

5. 2023 Budget Plan

In Annex to this plan you will find a table with the detailed budget plan for 2023. Given the uncertainty linked to FYEG’s administrative funding for 2023,

this provisional budget plan is based on a scenario. In this pessimistic scenario, FYEG is only able to secure the Erasmus+ operational grant for 2023 and the amount of the grant is reduced by the Commission. If this scenario comes true and as shown in the budget plan, FYEG will still be able to function by limiting its expenses and carefully using around 25 000 EUR of its savings to mitigate the loss in administrative funding. The Executive Committee and Secretariat will be working on securing additional funding for 2023 and will hopefully be able to present an improved budget plan at the next General Assembly.

Explanation

Tables and annexe mentioned can be found here: https://fyeg.org/sites/fyeg.org/files/plan_Financial_GA22.pdf