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RESOURCE MANAGEMENT

(e) Budget considerations for 2018

Note by the Secretary-General

SUMMARY

Executive summary:	This document provides an assessment of the budget prospects for 2018, taking into account a review of the budgetary assumptions made and the expenditure incurred during the period 1 January to 30 April 2018
Strategic direction, if applicable:	7
Output:	Not applicable
Action to be taken:	Paragraph 28
Related documents:	C/ES.29/5; A 30/16(c), A 30/16(c)/Add.1 and resolution A.1112(30)

Introduction

1 The Council will recall that, through resolution A.1112(30), the Assembly at its thirtieth regular session approved the total budget of £47.98 million for 2018, which included appropriations for the regular budget and other budgetary funds of the Organization. By means of the same resolution, the Assembly authorized the Council to review the approved budget and, if necessary, to approve any transfers between strategic results; and requested the Secretary-General to ensure proper application of the approved budget. The appropriations approved for each Fund are shown in table 1.

Table 1
Approved budgets for the 2018 -2019 biennium

	Approved Budgets (£'000)	
	2018	**2019**
Regular budget	34,141	35,429
Trading Fund	6,576	6,729
Headquarters Capital Fund	1,144	1,167
Termination Benefit Fund	859	859
Training and Development Fund	115	115
Technical Cooperation Fund	5,150	4,850
Total Annual Budget	**47,985**	**49,149**
Biennial Total		**97,134**

2 This document updates the Council on the current status with respect to budgetary assumptions made, briefly summarizes the actual budget expenditure position up to 30 April 2018, and provides an updated forecast for the year based on information available to date.

Review of key budget assumptions and risks

3 The Council will recall that the key assumptions underpinning the 2018 budget were summarized in table 2 of document C/ES.29/5. Further, paragraphs 25 to 28 of that document summarized the key risks in managing within the approved budget.

4 Table 2 below briefly summarizes the actual situation up to 30 April 2018 with respect to those budgetary assumptions, along with the projected impact of any changes on the regular budget expenditure outlook for 2018.

Table 2
Review of the key budget assumptions with external factors

External factor	Assumed Rate / Measure	Comments	Current position
Statutory increments and take-home pay rises for Professional staff and above	2%	Changes in the costs of Professional staff can arise through changes in the post adjustment, which assesses the cost of living at the duty station, or less frequent changes in the salary scale itself, all of which are determined centrally by the ICSC. This assumption incorporates any results of the periodic place-to-place survey.	Further to the ICSC's review of the post adjustment classification review circulated in February 2018, the results of the review concluded no change is required in the salary for United Kingdom. The overall impact is an anticipated reduction in staff costs for the year of £300,000 from the budgeted figure.
Statutory increments and take-home pay rises for General Service staff	3.5%	General Service salary scales are updated annually to reflect local indices, and are periodically reviewed using a salary survey, all determined centrally by the ICSC.	The ICSC results were pending at 30 April 2018, and so no impact on the budget is incorporated in the forecasts at this time.
Inflation for other benefits	2%	Other changes to "non-salary" benefits arising under ICSC rules.	The April Inflation rate of 2.5% was published by the UK Office of National Statistics showing a downward trend from 3% in January. The majority of the other benefits for international staff including home leave travel is incurred in the last quarter of the year, therefore this risk requires ongoing monitoring.

External factor	Assumed Rate / Measure	Comments	Current position
Exchange rate	$1.35	The GBP: USD exchange rate impacts the cost of all USD-based expenditure from the regular budget, most notably the Organization's payments to the UN Joint Staff Pension Fund (UNJSPF) and Daily Subsistence Allowance for travel.	Based on the Organization's reference point, the UN Operational Rate of Exchange (UNORE), the average rate for the first four months has been $1.389: £1, slightly above the budget rate of $1.35:£1. To date this has resulted in a small reduction in staff costs, and the Working Capital Fund remains fully replenished.
General inflation factors	2 – 4%	Based on a range of different cost categories including other personnel, interpretation, translator costs, building-related business rates, utilities, communication and IT-related costs, local transport, Maritime Knowledge Centre costs etc.	The most recent UK inflation rate of 2.5% remains within the budgeted range and no specific impact is included in the forecast figures.

5 The Council will further recall that paragraphs 25 to 28 of document C/ES.29/5 set out some foreseeable risks in delivering within budget, particularly taking into account the vacancy levels with which the Secretariat would begin the biennium. During 2018 to date, the pace of recruitment has been broadly in line with the plan with a small number of exceptions, for example where re-advertisement of a post has been necessary. However, the level of internal recruitment, currently at 61% for 2018, has been higher than had been anticipated. In addition, while the increase in the mandatory retirement age from 62 to 65 meant that forecast separations were significantly lower than usual, the rate of separation is now expected to be comparable to that of previous years. Finally, the outcome of the reclassification exercise underway at the time of budget preparation and approval in 2017 led to a lower level of upward reclassification than had been included in the budgetary assumptions.

6 The Council will recall that the approved budget for 2018 included, as an exceptional matter, a "staff turnover" reduction of £1,200,000. The aggregate impact of the factors set out in table 2 and paragraph 5 now means that staff costs in the regular budget are forecast to be £1,300,000 lower than had been anticipated. In particular, the higher than expected level of staff separations have resulted in a reduction in forecast staff costs in the regular budget but an increase in forecast costs in the Termination Benefit Fund.

7 The Fund by Fund expenditure status and forecast is set out in the following paragraphs.

Overview of the expenditure and forecast position of the regular budget for 2018

8 Table 3 sets out the expenditure status for the regular budget as at 30 April 2018, along with a forecast for 2018 as a whole. Overall, forecast expenditure is now expected to be £32,338,000, with the primary reason for the difference from the budgeted figure being the adjustments to actual and forecast staff costs explained in paragraphs 5 and 6 above. A more refined forecast will be provided to the Council at its 121st session, but as a minimum, resources will be available within the regular budget to meet the additional and related needs of the Termination Benefit Fund set out in paragraph 18 below.

Table 3:
Forecast of the regular budget outturn by expenditure group as at 30 April 2018

2017 Outturn (£'000)	Objects of expenditure	2018 Appropriations (£'000)	2018 Expenditure (£ '000) Actual (Jan-Apr)	Forecast (May-Dec)	Total (Jan-Dec)
23,036	Staff costs* (note 1)	25,944	7,552	17,089	24,641
2,068	Other personnel**	1,800	373	997	1,370
441	Official missions	597	109	422	531
4,884	General operating expenses	4,890	1,607	3,279	4,886
880	Funds replenishment	910	0	910	910
31,309	**Total**	**34,141**	**9,641**	**22,697**	**32,338**

** These reflect staff turnover of £1,200,000 for the 2018 budget*

*** This includes overtime, temporary assistance, consultancy and meetings personnel (interpreters and external translators)*

Staff complement and post management

9 Of the vacant positions on the regular budget as at 30 April 2018, 57% are covered by temporary staff as a short-term measure, while over 80% of them are actively under recruitment. In recruiting these vacancies, the Secretary-General will have in mind both the work being undertaken on the Functional Review and any potential impact this may have on staffing.

Other personnel

10 The budget for other personnel in table 3 includes the costs of meetings personnel (translators and interpreters), temporary assistance, overtime and consultancy costs. As at 30 April 2018, 6.6 of the year's 16.6 meeting weeks had been concluded. There are ongoing discussions and a review of the interpretation rates at a United Nations system level, the result of which could impact the forecast expenditure figure, although any impact would be contained within the approved budget. The remaining budget relates to temporary assistance, overtime and consultancy, all of which are carefully managed to ensure that resources are used effectively.

Official mission travel

11 Official mission travel enables the Organization to engage with external bodies to leverage and contribute effectively in global initiatives on relevant issues. The projection for 2018 includes the auditors' travel under the Mandatory Member State Audit Scheme, which is projected to increase to £300,000 for 2018, incorporating 21 scheduled audits for 2018. For other official mission travel, strengthened economy measures have been undertaken, resources are managed carefully, with use of restricted and economy tickets where practicable, and increased use of videoconferencing technologies such as Skype for Business have been implemented in 2017 and 2018.

General operating expenses

12 General operating expenses include expenditure on the Headquarters premises (rents, rates, utilities and maintenance), office consumables and services (communications, minor equipment, IT maintenance, medical, Maritime Knowledge Centre, meetings and general expenses) as well as ancillary provisions (public information, shared costs for jointly financed United Nations bodies, etc.). Table 3 indicates that expenditure on this component will remain within the approved appropriation.

Funds replenishment

13 The budgetary provision of £910,000 in the regular budget for replenishment of other funds will be completed during May 2018.

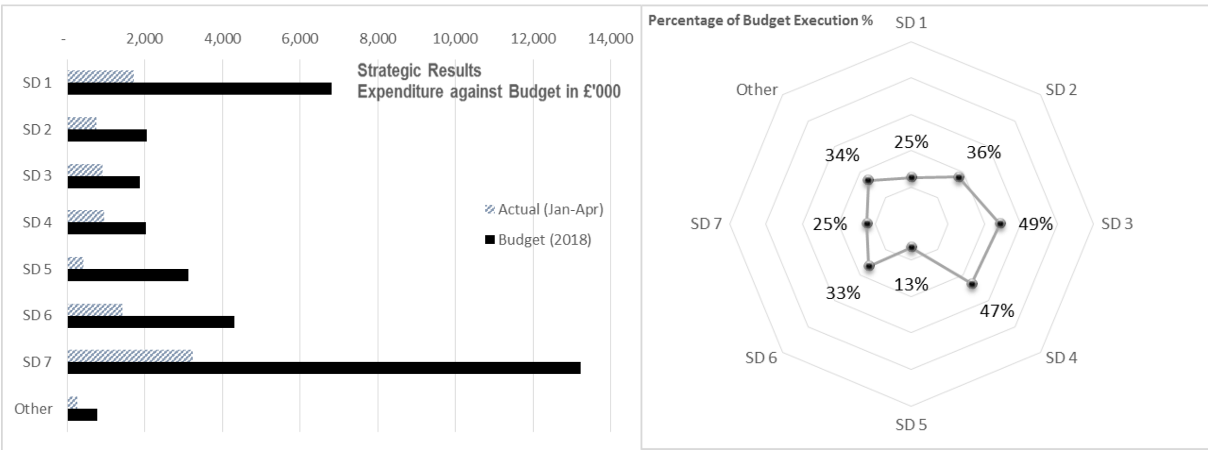
Expenditure details by Strategic Direction (SD)

14 A summary of expenditure for each strategic direction, which is set out in table 4, shows that total expenditure to 30 April 2018 amounted to £9.64 million, representing 28% of the approved budget for 2018. As can be seen in chart 1, which illustrates the comparison of expenditure with the approved budget for each strategic result, most strategic results show a budget execution rate greater than 24%, with the exception of SD 5, the pattern largely being driven by the progress of the meetings scheduled.

Table 4:
Expenditure details of each Strategic Direction as at 30 April 2018

Strategic Direction		Approved budget (£'000)	Expenditure (£'000)		Balance
		2018 (a)	Jan - Apr (b)	% (b/a)	(a) - (b)
SD 1	Improve implementation	6,799	1,721	25%	5,078
SD 2	Integrate new technologies in to the regulatory framework	2,046	744	36%	1,302
SD 3	Respond to climate change	1,861	903	49%	958
SD 4	Engage in ocean governance	2,017	944	47%	1,073
SD 5	Enhance global facilitation of international trade	3,111	403	13%	2,708
SD 6	Ensure regulatory effectiveness	4,310	1,425	33%	2,885
SD 7	Ensure organizational effectiveness	13,222	3,240	25%	9,982
Other	Other	775	261	34%	514
Total		**34,141**	**9,641**	**28%**	**24,500**

Chart 1:
Comparison of expenditure with the approved budget for each Strategic Result



Status of the Trading Fund for 2018

15 As at 30 April 2018, income generated under the Trading Fund amounted to £5.97 million, which comprised £5.6 million from publications sales and £0.37 million from catering and other miscellaneous income, as set out in table 5. For the period to 30 April, the titles with the greatest contribution to sales revenue were the GMDSS Manual, STCW, IMDG Code and the new MARPOL consolidated edition. Publications planned for release during the remainder of the year include SOLAS and IAMSAR which are expected to contribute further to the publishing income. For catering sales, the forecast is based on existing bookings of function arrangements, with levels forecast to be higher than had been budgeted, although lower than the Assembly year of 2017.

Table 5:
Status of the Trading Fund for 2018

2017 Outturn (£'000)	Statement	2018 Appropriations (£'000)	Prospective status for 2018 (£'000)		
			Actual (Jan-Apr)	Forecast (May-Dec)	Total (Jan-Dec)
11,475	Publication sales	11,168	5,611	5,334	10,945
1,062	Catering	600	197	492	689
323	Interest earnings/ miscellaneous income	306	157	185	342
12,860	**Income (a)**	**12,074**	**5,965**	**6,011**	**11,976**
1,560	Publishing personnel	2,249	551	1,400	1,951
2,091	Publishing operating expenses	2,246	700	1,942	2,642
494	Reimbursement/support costs	591	163	444	607
4,145	**Publication costs subtotal**	**5,086**	**1,414**	**3,786**	**5,200**
554	Catering personnel	542	157	319	476
745	Catering operating expenses	782	572	36	608
169	Reimbursement/support costs	166	95	49	144
1,468	**Catering costs subtotal**	**1,490**	**824**	**404**	**1,228**
5,613	**Expenditure (b)**	**6,576**	**2,238**	**4,190**	**6,428**
7,247	**Net income for the year (c=a-b)**	**5,498**	**3,727**	**1,821**	**5,548**

16 In respect of Trading Fund expenditure, total expenditure is projected at £6.4 million for 2018, which represents 54% of total forecast income, resulting in an in-year surplus of £5.55 million, slightly higher than had been budgeted. The 2017 and 2018 surpluses will be distributed, as shown in table 6, in accordance with the distribution formula in resolution A.1100(29) for 2017 and A.1112(30) for 2018.

Table 6
Distribution of Trading Fund surpluses

	In-year surplus amount	Technical Cooperation Fund*	Headquarters Capital Fund	Training and Development Fund	Termination Benefit Fund	Support to the regular budget
Actual distribution of 2017 surplus	**£7,247,000**	**£5,797,600**	**£905,875**	**£108,705**	**£72,470**	**£362,350**
Prospective distribution of 2018 surplus	£5,548,000	£4,216,480	£693,500	£83,220	£55,480	£499,320

** For 2017 in line with RES.1100(29) 5% of the Technical Cooperation Fund has been ring-fenced to support the World Maritime University amounting to £289,560*

Status of the Headquarters Capital Fund for 2018

17 There are three major components to the Organization's capital investments – building management; IT and IS infrastructure and applications; and SAP, the Organization's ERP system. The Organization has a major work plan for the building agreed in conjunction with the host country, who fund 80% of that work. The most significant components of the work planned for 2018 include the upgrade of the generators to provide resilience and capacity in

the event of power outages, a number of remedial works to maintain health and safety standards and repairs to the roof. The Organization's investment in Information Technology and Information Systems (IT/IS) continues, with work now commenced to refresh IT hardware in line with the replacement policy set out in the IT strategy. In addition, the work to upgrade the telecommunications to unified communications using the Microsoft Skype for Business software, which combines video and voice communications using voice-over-internet technology (VOIP), is near completion. As part of the SAP systems roadmap, work is being planned to enhance remote access to the system and simplify the user interface. Overall it is projected that the expenditure for this Fund can be managed within the set appropriations for 2018, as shown in table 7.

Table 7:
Status of the Headquarters Capital Fund as at 30 April 2018

2017 Outturn £'000	Expenditure statement	2018 Appropriation £'000	Prospective status for 2018 (£'000)		
			Actual (Jan-Apr)	Forecast (May-Dec)	Total (Jan-Dec)
207	Major building repairs	306	36	268	304
6	Equipment/furniture/vehicles	20	-	15	15
363	IT/IS	468	82	380	462
248	SAP system	350	-	335	335
824	**Expenditure total**	**1,144**	**118**	**998**	**1,116**

Status of the Termination Benefit Fund for 2018

18 Table 8 shows the status of the Termination Benefit Fund as at 30 April 2018. As mentioned in paragraph 5, it had been assumed that separations would be significantly lower than usual in light of the increase in the mandatory retirement age from 62 to 65. In practice however, during the period to date, separations continue to occur at a similar level to previous years. While this contributes to lower staff costs than expected on the regular budget, it also increases separation costs and increases the number of retirees, thereby increasing After Service Health Insurance (ASHI) costs beyond the levels anticipated when the budget was prepared.

Table 8:
Status of the Termination Benefit Fund as at 30 April 2018

2017 Outturn £'000	Expenditure statement	2018 Appropriation £'000	Prospective status for 2018 (£'000)		
			Actual (Jan-Apr)	Forecast (May-Dec)	Total (Jan-Dec)
783	Termination and repatriation	207	35	320	355
756	After-service health insurance (ASHI)	623	298	463	761
2	Replacement of long-term sick leave	29	-	6	6
1,541	**Expenditure total**	**859**	**333**	**789**	**1,122**

19 As a result of the factors described in paragraph 18, the current forecast indicates that expenditure within the Termination Benefit Fund budget will exceed the approved budget by £263,000 for 2018. In view of the remaining uncertainty around separation rates in particular, the Secretary-General proposes to revise the budget for the Termination Benefit Fund as shown in table 9 below, the additional funds to be drawn from the resources available in the regular budget, and noting that while the revised budget is higher than had been anticipated, it remains lower than that for previous years. The difference between assumed separation rates and actual separation rates will also be taken into account when preparing the 2020-2021 budget submissions.

Table 9:
Proposed supplement of the Termination Benefit Fund from the Regular Budget

(All amounts in £'000)	Approved 2018 (a)	Revised Proposal 2018 (c)	Change (b-a)
Termination and repatriation	207	600	393
After-service health insurance (ASHI)	623	800	177
Replacement of long-term sick leave	29	29	0
Expenditure total	**859**	**1,429**	**570**

Status of the Training and Development Fund for 2018

20 Following a learning and development needs assessment, implementation of the training and development plan is in progress. Various training programmes for leadership, personal development and ICT proficiency will be undertaken through a special arrangement with commercial training providers, while other needs will be met through the use of in-house expertise. The language training and induction programme for translators is planned as usual for delivery towards the end of the year. Overall the budget is being closely monitored to manage within the approved appropriation, as shown in table 10.

Table 10:
Status of the Training and Development Fund as at 30 April 2018

2017 Outturn £'000	Expenditure statement	2018 Appropriation £'000	Prospective status for 2018 (£'000) Actual (Jan-Apr)	Forecast (May-Dec)	Total (Jan-Dec)
50	Performance/HR Management	70	3	67	70
39	Language training	37	16	21	37
1	Induction programme for translators	8	-	5	5
90	**Expenditure total**	**115**	**19**	**93**	**112**

Status of the Technical Cooperation Fund for 2018

21 The Technical Cooperation Fund budgets for the current biennium are split by geographical regions and were approved in GBP by the Assembly in resolution A.1112(30), to comply with IPSAS reporting requirements. As shown in table 11, the Fund's actual outturn to 30 April 2018, in support of the Organization's Integrated Technical Cooperation Programme (ITCP) appears low – however the Organization's policy in line with International Public Sector Accounting Standards (IPSAS) is to recognize expenditure only when services are delivered not at the point at which they are contracted. Therefore, taking into account the preparations needed to ensure implementation of ITCP activities and the commitments incurred to date, along with the impact of exchange rate movements, delivery is forecast to reach £4.4 million by the end of the year.

Table 11:
Status of the Technical Cooperation Fund for 2018

2017 Outturn £'000	Expenditure region	2018 Appropriation £'000	2018 Actual (Jan-Apr)	2018 Forecast (May-Dec)	2018 Total (Jan-Dec)
952	Africa	1,287	108	902	1,010
117	Arab States/Mediterranean	360	15	109	124
244	Asia	460	37	353	390
232	Pacific Islands	210	3	177	180
31	Eastern Europe	69	1	63	64
304	Latin America	377	8	332	340
264	Caribbean	343	44	266	310
2,192	Global programmes	2,044	132	1,851	1,983
4,336	**Expenditure total**	**5,150**	**348**	**4,053**	**4,401**

Status of extrabudgetary programmes

22 The extrabudgetary activities and resources are a vital part of delivering the strategic objectives of the Organization as well as the successful implementation of IMO's treaties and technical instruments by Member States. A number of major projects / programmes are underway, with numerous major milestones being achieved, including:

- Capacity-Building for Climate Mitigation in the Maritime Shipping Industry via the network of Regional Maritime Technology Cooperation Centres (MTCCs) or the Global MTCC Network (GMN) Project in short. The project is funded (Euro 10 million) by the European Union and is implemented by IMO. As at May 2018, all five MTCCs have become fully operational. The utility of this global network to support the Initial IMO Strategy on reduction of GHG emissions from ships through capacity-building, technical cooperation and R&D was recognized by MEPC and their potential role in such supportive measures is incorporated within the Initial IMO Strategy. The GMN project is expected to conclude in December 2019, although the Network is currently exploring strategies for sustaining the momentum precipitated by this global initiative.

- Transforming the Global Maritime Transport Industry towards a Low Carbon Future through Improved Energy Efficiency (GloMEEP). The GloMEEP Project, being executed by IMO in partnership with UNDP, is mainly funded ($2 million) by the Global Environment Facility (GEF). The overall goal of the Project is to strengthen the national capabilities for countries to become party to and effectively implement MARPOL Annex VI. The GloMEEP Project has implemented, during the reporting period, a number of activities at global, regional and national levels and initiated several activities under the Global Industry Alliance to Support Low Carbon Shipping (GIA). The GloMEEP Project is expected to terminate in December 2018 and the IMO Secretariat is currently exploring new sources of funding to extend and scale-up the Project.

- Marine Environment Protection for Southeast Asian Seas (MEPSEAS). The MEPSEAS project, being funded ($2 million) by the Norwegian Agency for Development Cooperation (Norad) and implemented by IMO, is a follow-up project to the IMO-Norad foundation project delivered during 2012-2017 that provided assistance to six east Asian countries in ratifying and implementing IMO instruments for the protection of the marine environment. The MEPSEAS project (2018-2021) is expected to provide a programmatic framework for the continuation of activities initiated under the foundation project, however, with a focus on implementation of IMO conventions and protocols.

- Safe and Environmentally Sound Ship-recycling in Bangladesh – Phase II – Capacity-Building (SENSREC Phase II). Following the completion of the SENSREC Phase I project, IMO is implementing a follow-up project in Bangladesh with funding ($1.1 million) from the Norwegian Ministry of Foreign Affairs which will mainly focus on capacity-building and training. The two-year, Phase II project will continue to support Bangladesh to comply with international requirements and guide Bangladesh towards accession to the Hong Kong Convention. Also, under the project, a variety of stakeholders will be trained to lay the foundation for an effective and sustainable training programme within the ship recycling sector in Bangladesh.

- Building Partnerships to Assist Developing Countries to Minimize the Impacts from Aquatic Biofouling (GEF-UNDP-IMO GloFouling Partnerships). This Project was initiated based on the requests made by IMO Member States to build capacity in developing countries for implementing the 2011 IMO Biofouling Guidelines. The Project (2018-2022) is funded by the GEF with a $6.98 million grant and with an additional $33 million in co-financing (mostly in-kind) from all participating countries and stakeholders.

Table 12:
Status of extrabudgetary programmes for 2018

2017 Outturn US$'000	Expenditure region	2018 Budget* US$'000	2018 Actual (Jan-Apr)	Forecast (May-Dec)	Total (Jan-Dec)
347	Africa	54	-	186	186
889	Arab States/Mediterranean	700	233	482	715
377	Asia	529	-	380	380
7,530	Global programmes	1,844	421	1,423	1,844
9,143	**Expenditure total**	**3,127**	**654**	**2,471**	**3,125**

** The expenditure budget for 2018 is based on the Programme Implementation Documents (PIDs) formulated / revised by 30 April 2018*

Budgetary transfers in 2018

23 On the basis of the review of the status of the regular budget for 2018 it is assessed that significant budget transfers between strategic directions (including "Other work") will not be necessary at this stage. Nevertheless, in order to be prepared for unforeseen circumstances, the Secretary-General seeks the Council's authorization, in accordance with the Organization's Financial Regulations and Financial Rules, to make, whenever necessary, timely transfers between strategic directions (including "Other work") to the extent that balances are available to cover or reduce deficits in each strategic directions' (including "Other work") appropriation balance.

24 As described in paragraph 19, the Termination Benefit Fund will require replenishment to meet the demands placed on it as a result of the higher than expected levels of separations, with that replenishment being proposed from the resources forecast to be available in the regular budget. The proposed revised Termination Benefit Fund budget is shown in table 9.

25 The Council may wish to note that the outstanding commitments on goods and services contracted for in 2017 which had not yet been delivered at the end of that year amounted to £1.52 million for all of the IMO Funds, as shown in Note 7 of the Organization's financial accounts for 2017 (document C 120/4(b)). Expenditure will be charged for these items when the goods or services are delivered during the course of 2018, in accordance with the International Public Sector Accounting Standards (IPSAS), the committed funds from the 2017 budget remaining available to meet that expenditure in line with Financial Regulations 4.3 and 4.4.

Summary

26 Table 13 summarizes the forecast expenditure status of all budgetary funds (other than donor/trust funds) for 2018, showing that total expenditure is forecast to be £45.2 million by the end of the year, an increase of 3.5% on the 2017 outturn of £43.7 million.

Table 13:
Summary of budget prospects for 2018

	2017	2018		
	Expenditure outturn	**Budget (a)**	**Projection (b)**	**Balance (c) (a) - (b)**
Regular budget	31,309	34,141	32,338	1,803
Trading Fund	5,613	6,576	6,428	148
Headquarters Capital Fund	824	1,144	1,116	28
Termination Benefit Fund	1,541	859	1,122	(263)
Training and Development Fund	90	115	112	3
Technical Cooperation Fund	4,336	5,150	4,401	749
Total	**43,713**	**47,985**	**45,517**	**2,468**

27 In the absence of any further unforeseen expenditure, the Secretary-General is confident that the expenditure for 2018 is attainable within the overall approved appropriation of the regular budget and other budgetary funds. Nevertheless, he will continue to closely monitor budgetary status, implementation of efficiency measures and any potential to generate further savings in the various budgets, without thereby compromising the ability to deliver on the Organization's planned programme of work. The Secretary-General's updated review of the prospective status of the budgets for 2018 will be presented to the Council at its one 121st session in November 2018, taking into account any changes and developments in the prevailing economic and financial circumstances.

Action requested of the Council

28 The Council is invited to:

.1 note the review of the key budget assumptions and risks (paragraphs 3 to 6 and table 2);

.2 note the forecast level of the regular budget expenditure for 2018, expected to be kept within the approved appropriation (paragraphs 8 to 14, tables 3 and 4 and chart 1);

.3 note the income and expenditure and forecast in the Trading Fund and the consequential in-year surplus distribution (paragraphs 15 and 16 and tables 5 and 6);

.4 note the expenditure status of the Headquarters Capital Fund (paragraph 17 and table 7) the Training and Development Fund (paragraph 20 and table 10) and the Technical Cooperation Fund (paragraph 21 and table 11);

.5 note the expenditure status of the Termination Benefit Fund (paragraph 18 and 19 and table 8) and approve the proposed revised budget for that Fund presented in table 9 to be funded from the resources available in the regular budget;

.6 note the funding and delivery of the Organization's extrabudgetary programmes (paragraph 22 and table 12);

.7 authorize the Secretary-General to make, as and when necessary, timely transfers between strategic directions (including "Other work") to the extent that balances are available to cover or reduce deficits in strategic directions (including "Other work") appropriation balances, in accordance with the Organization's Financial Regulations and Financial Rules (paragraph 23);

.8 note that a total of £1.52 million across all of the Organization's funds was contractually committed in 2017 for goods and services which were not delivered by the end of that year, and that this expenditure will be recognized on delivery during the course of 2018 in accordance with IPSAS, with committed funds from the 2017 budget remaining available to meet that expenditure in accordance with Financial Regulations 4.3 and 4.4; (paragraph 25); and

.9 note the summary and the Secretary-General's conclusion that as a whole expenditure for 2018 can be contained within the budgets approved for all funds, and his intention to present an updated review of budgetary prospects to the next session of the Council (paragraphs 26 to 27 and table 13).

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