



**BIENNIAL CONFERENCE 2020**

**TREASURERS REPORT**

## **1. INTRODUCTION**

FÓRSA Trade union was formed on 2nd of January 2018. Since then, we have made considerable progress in the integration of the financial and administrative structures of the three former unions.

We have also managed the consolidation of the assets and liabilities of the former entities and produced a single unified FÓRSA budget for 2018 and again for 2019. Both Budgets were approved by the NEC. Likewise we produced integrated Annual Accounts for 2018 and for 2019 which have been audited by our external auditors, Grant Thornton. These detailed Annual Audit Reports, from Grant Thornton, have been circulated and approved by the NEC, in accordance with Rule, and core extracts are also included in the Biennial Report pages 99 – 106.

This process has involved moving to a single, IT based, accounting system with consequent restructuring of our finance unit and has resulted in considerable savings as we ceased using the external financial accountancy service contracted by the former CPSU.

The headline figures from our first two years are impressive, notwithstanding the initial costs associated with the setting up of the new organisation. We end 2020 in a much stronger and better position than when we started our journey in January 2018.

The new union had considerable financial resources at its launch and the protection and growth of those resources has been a primary task for the Treasurer working with the Finance Team, the Officers and the NEC.

During the past, year the Finance Manager Anna Leonard retired and was replaced by Margaret Hughes. Anna's contribution to IMPACT over the years and her work on the Fórsa amalgamation project is worthy of special mention.

Likewise the Trustees fulfil a very important role in our Union and I wish to thank them for their dedicated service. In particular I wish to thank Alice Hennessy who is standing down this year. Alice has given sterling service over the years to the former IMPACT union and to FÓRSA.

This Report sets out some of the main highlights and challenges of the years 2018 and 2019 as reported in the audited accounts for those years.

## **2. MEMBERSHIP AND SUBSCRIPTIONS**

The subscriptions paid by our members are the critical source of income which sustains our organisation and its activities. From the outset, Fórsa has placed huge significance on maintaining and increasing our membership.

The instrument of amalgamation set the Fórsa subscription rate at 0.8% of salary up to a current maximum subscription of €387.60. A 1% deduction rate applies to all new and current Clerical Officers and related grades in the Civil Service and some Services & Enterprises employments which enables the funding of a Benefit Scheme for those members. Some branches operate a levy in addition to the basic union subscription.

At the launch of the union in January 2018 we had a membership of 76,803. This grew by just under 1% to 77,362 in 2018 and at the end of 2019 membership had increased, by over 3.5%, to 80,100.

The increase in membership is reflected in the increase in Gross Subscription Income for the years 2018 and 2019 with subscriptions up by 0.56% in 2018 and just under 3.28% in 2019.

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Gross Subscriptions	€22,394,629	€21,684,396	€21,562,928

Fórsa's subscription income, net of branch transfers and levies, is applied as follows:

General Fund	92%
Contingency Fund	5%
Developing World Fund	3%

Union Branches are funded in accordance with the provisions of the Rules through a combination of branch refunds, capitation and grants.

### **3. GOVERNANCE**

All the Union's assets are, under Rule, held in the name of the Trustees and they appoint the external Auditors charged with carrying out the Annual Audit. The Trustees are appointed by the Biennial Union Conference.

The General Secretary is responsible to the Union Officers and the NEC for the financial administration of the Union.

The Treasurer is the Officer, under rule, with primary responsibility for financial matters.

The Treasurer and the Finance team produce an Annual Budget each year which is approved by the Finance & Risk Committee and the NEC. In addition, a monthly report on the General Fund is presented to the NEC for review and approval.

The performance of the union’s investment portfolio is overseen by the Asset Management Committee advised by Cantor Fitzgerald. The committee reports quarterly to the NEC and advises on investment strategy.

The Annual Accounts of the union are audited by external auditors who present their report to the NEC for approval, as required under rule. The Annual accounts are returned to the Registrar of Friendly Societies.

**4. FÓRSA EXPENDITURE 2018 & 2019**

**(i) General Fund**

The day to day expenditure of the union is recorded and managed through the General Fund. It is allocated 92% of subscription income, net of branch transfers and levies. The management of the Fund is administered by the Finance Team in Head Office. The Headline figures for the Fund for the years 2018 and 2019 are as follows:

	<b>2019</b>	<b>2018</b>
Allocated Subs Income	€ 17.29 m	€ 16.69 m
Expenditure	€ 17.82 m	€ 16.24 m
Deficit after tax	(€573.312)	(€355.498)

The Transitional Agreement recognised that the amalgamation of the three unions will take time and will involve significant cost. The budget adopted by BDC in 2018, which marked the launch of the union, agreed an initial financial plan that would see a budget deficit, on the General Fund, of €661,000. This was in recognition of the additional costs associated with the creation of a single union and covered such items as special Divisional Conferences, some staffing overlaps, integration, re-organisation and restructuring costs and the expansion of the Critical Illness Scheme which was a significant burden to undertake.

In 2019, the NEC approved budget anticipated a deficit of € 672,000. In both years the resultant deficit was less than anticipated although the union had spent significant resources in expanding and developing operational capacity across all Divisions and in the Regional and HQ Offices. The elimination of a budget deficit must be a major priority in the short term.

A breakdown of key areas of general expenditure follows:

<b>Headline General Fund Expenditures:</b>	<b>2019</b>	<b>2018</b>
Affiliation Fees (ICTU, EPSU etc.)	€ 484,974	€ 484,006
Divisional Meetings	€ 360,116	€ 281,008
Union Conferences	€ 578,181	€ 764,905
Fórsa Publications	€ 251,000	€ 247,000
Promotional Material	€ 55,266	€ 73,646
ICT (hardware, software, licences)	€ 583,740	€ 604,054
Membership Database	€ 68,421	€ 90,270
Communications, post, telephony, etc.	€ 367,723	€ 339,609
Fees incl. legal	€ 220,859	€ 317,907
Organising, Training & Development	€ 118,452	€ 116,182
Premises incl. light, heat, rates etc.	€ 893,218	€ 870.892
Critical Illness Cover	€ 1.85 m	€ 1.86 m
Staff Costs incl. pension, PRSI etc.	€ 10.1 m	€ 8.38 m

## **(ii) Contingency Fund**

The Contingency Fund is derives from 5% of subscription income, net of branch transfers and levies, as provided for in Rule. It also receives income from our investment portfolios and property rental receipts. Expenditure includes dispute payments, legal costs associated with workplace disputes, property depreciation charges etc.

	<b>2019</b>	<b>2018</b>
Total Income incl. investments	€ 6.07 m	€ (236,280)
Surplus (after tax & revaluation)	€ 5.88 m	€ (1.05 m)
Expenditure	€ 738,052	€ 620,742

## **(iii) Developing World Fund**

The Developing World Fund is a unique fund which reflects our union's commitment to Global Solidarity by supporting development projects throughout the world. We can justifiably be proud of this initiative which has gained international recognition for the union. We work in conjunction with development agencies and in particular with Public Services International. The fund is allocated 3% of subscription income, net of branch transfers and levies.

	<b>2019</b>	<b>2018</b>
Allocation of Subscriptions Income	€ 642,765	€621,894
Project Funding	€ 633,119	€519,952

## **5. BRANCH FUNDING**

The default Branch management funding model is 10% of members' subscriptions in each branch plus a scaled capitation grant based on branch membership.

A legacy funding arrangement, for the transition period, for Clerical Officer Branches continues to operate in the Civil Service and certain Branches in the Services and Enterprises Division. This arrangement provides for a funding rate of 5% with a balance of 5% administered by HQ to facilitate Branch representatives attending National Departmental Committee meetings etc. These branches do not receive the capitation payment.

Block grants are also provided to Vocational Groups and to facilitate the Equivalent Grades Committees.

	<b>2019</b>	<b>2018</b>
Branch Allocations	€ 2.04 m	€ 1.97 m
Capitation Grants	€ 381,730	€ 415,000
CO Benefit Fund (Levy) 1% subs rate*	€ 521,337	€ 524,993
Branch Levies collected & transferred	€ 411,294	€ 424,959

\*This legacy Benefits Fund of the former CPSU made payments of €397,335 in 2019 and €399,583 in 2018 running a surplus of €51,773 in 2019 and €51.494 in 2018.

## **6. PROPERTY PORTFOLIO**

The Union has a substantial portfolio of office property throughout the country. Over the past two years, the union has made significant investment in upgrading our premises in Galway, Limerick and in our Dublin offices in Nerney's Court and Adelaide Road. In addition we have also acquired new premises at Woodford in Santry. Further plans are under consideration by the Officers and the NEC for our Limerick and Cork offices. In many locations, other unions will relocate into our offices as part of the 'ONE' ICTU initiative for Trade Union Centres. The value of these assets is assigned to the Contingency Fund as well as any rental income secured.

<b>Portfolio Value</b>	<b>2019</b>	<b>2018</b>
Land & Buildings	€ 23.1 m	€ 24 m
Investment property	€ 8.8 m	€ 5.3 m

## **7. INVESTMENT PORTFOLIO**

These assets are primarily held in the Contingency Fund and are actively managed by the Asset Management sub-committee on behalf of the NEC. Professional advisers Cantor Fitzgerald are engaged to provide advice on the management of the portfolio. We operate an ethical investment policy with a conservative strategy designed to protect the union's assets. The portfolio is currently divided into Equities (45%) and Bonds & Cash-Fixed Interest investments (55%).

<b>Portfolio Value*</b>	<b>2019</b>	<b>2018</b>
	€ 42.1 m	€ 40.0 m

\*includes a legacy Bond investment of €3.161m held in the General Fund Balance Sheet.

## **8 CONSOLIDATED BALANCE SHEET**

The net worth of the union is set out in the Consolidated Balance Sheet (General, Developing World, Contingency & Legacy CO Benefit Funds).

In 2019 this amounted to € 103.7 m up from € 97.3 m in 2018.

These assets are held in the various funds as follows :

	<b>2019</b>	<b>2018</b>
<b>Total Net Assets</b>	€ 103.7 m	€ 97.3 m
<b>General Fund</b>	€ 36.3 m	€ 35.8 m
<b>Contingency Fund</b>	€ 64.6 m	€ 58.7 m
<b>Developing World Fund</b>	€ 161,238	€ 151,592
<b>CO Benefits Fund</b>	€ 2.7 m	€ 2.6 m
<b>Cash &amp; Equivalents</b>	€ 23.3 m	€ 21.6 m

This does not include the funds held by Branches as these are currently reported on separately in the annual AR21 return to the Registrar of Friendly Societies.

These results represent a strong performance by Fórsa over the first two years since the amalgamation and are a result of sound financial management and a prudent investment strategy.

These results are also a testament to the great work being done by the Finance Unit and I wish to record my gratitude and appreciation for their dedication and hard work.

While we are well resourced to face into the challenges of the future, there is no room for complacency. The advent of Covid-19 has meant that the world of home and work has changed completely and this will present enormous personal and organisational challenges for the future. This will also have financial implications for the union but I am confident that we have the procedures and policies in place and the talented and dedicated staff to meet these challenges.

I would also like to thank Eoin Ronayne, DGS for his assistance in producing this report.

**Kevin O'Malley**  
**FÓRSA Honorary Treasurer**