

Paper G1

Budget for 2020

Finance committee

Basic information

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Action required	Decision.
Draft resolution(s)	Mission Council adopts the 2020 budget as set out in the Appendix to paper G1 for November 2019 Mission Council.

Summary of content

Subject and aim(s)	The paper presents a 2020 budget for decision and financial projections for 2021 and 2022 for information.
Main points	<p>M&M giving is forecast to be less than 1% lower than the 2019 budget figure while the response from most synods to the plea for pension fund support has exceeded expectations.</p> <p>Overall expenditure is expected to be around £80,000 more than the 2019 budget figure, entirely due to one-off or temporary increases being forecast by several departments.</p> <p>This results in a forecast deficit of £70,110 for 2020.</p> <p>The projections for 2021 and 2022 assume no major changes, although some are likely. The URC faces serious pension issues which could have a significant impact on pension costs and/or investment income from 2021 onwards. A consultation process about these issues is getting underway (see separate paper G3). It is hoped that some indication of the way forward will be available in time for consideration of next year's budget.</p> <p>Otherwise, the projections are potentially manageable at this stage.</p>
Previous documents	Paper G1 for November 2018 Mission Council.
Consultation has taken place with...	Budget holders and the URC Trust.

Summary of impact

Financial	
External (e.g. ecumenical)	None.

1. Column three of the attached Appendix sets out the draft budget for 2020 which the finance committee presents to Mission Council. This budget has been reviewed by the URC Trustees and has their support.

Income

2. Over 90% of the income comes from local churches through their contributions to the Ministry and Mission Fund ('M&M'). Estimates for 2020 received from synods over the summer suggest that total giving next year will be less than 1% down on the budget figure for 2019. The continuing decline in URC membership means that this once again represents an increase in average giving per member to the M&M fund.
3. During the first six months of 2019 synods provided additional pension funding which already exceeds the budget estimate for the year. Accordingly, we have increased our budget forecast for 2020 to £300,000.
4. Now that the remedial work on Church House is behind us, the committee anticipates the third-floor flat being let throughout 2020.

Stipends and ministers

5. More than two-thirds of our expenditure relates to paying stipends and directly related costs of ministers of Word and Sacrament and Church Related Community Workers in local settings.
6. Mission Council has delegated the task of setting the stipend to the finance committee in conjunction with the URC Trustees. The recommended rise for 2020, which is built into this budget, is 2.7%. This increase has been calculated using a formula applied consistently for a number of years based on the consumer price index and average weekly earnings movements at consistent annual rests. Such a rise would increase the stipend by £720 to £27,600.
7. The 2020 budget assumes a net decrease of three ministers in the year, with retirements slightly exceeding the expected ten ordinations and four ministers of other denominations being given Certificates of Eligibility to enable them to transfer permanently to the URC roll of ministers. The total cost of ministry is quite a bit higher than the expected actual cost in 2019, but is almost £25,000 below the 2019 budget.

Other expenditure

8. The education and learning budget is forecast to reduce by £140,000. This is mainly due to the expected reduction in student numbers and related grant costs.

9. However, the children and youth work budget is expected to increase by £34,000. Of this sum, £18,000* represents half the costs of an 18 month-long Messy Church project which the department wishes to undertake during 2020 and 2021. Another £8,000 is a sum which the department would like to be able to call on should it become necessary for safeguarding reasons to hire the whole of the venue where the Youth Assembly will take place in 2020.
10. The safeguarding budget has been increased by around £74,000. £47,000* of this represents the costs of engaging two people on temporary contracts to provide additional resource at a time when the Safeguarding Officer will be heavily involved in the Independent Enquiry into Child Sexual Abuse, which is now turning attention to the URC, among other denominations and faith groups, and to provide training to synods and local churches. Another £40,000 increase is the current estimate of extra resources that may be required in each of the next three years to support synods in delivering the safeguarding policy. Against this, the cost of digitising ministerial records is not required next year.
11. The total mission budget has increased by £29,000, £24,000 of this reflects the decision at May Mission Council to provide continued support of that amount for Greenbelt. (In 2019 this sum was within the central secretariat budget.)
12. The finance department is budgeting £10,000* for a one-off payroll system upgrade following news that support for the current version is stopping next year and another £10,000* for a much-needed in-depth VAT review.
13. Communications hope to recruit a Digital Content Officer in place of a graphics assistant. The human resources advisory group has yet to discuss this proposal but we have included a net increase of £28,000 in the budget as a precaution. Communications also expects to spend an additional £10,000* in 2020 on improving iChurch in what is seen as a make or break year for the product. It is hoped this will improve the appeal of iChurch within and beyond the URC.
14. The amounts stated above marked with asterisks are those which the committee regards as temporary or one-off expenditure increases. They total £95,000. Without such one-off items the budget would show a small surplus instead of a deficit of £70,110.

Resolution

15. Subject to the need to amend the draft budget as a result of the ongoing safeguarding discussions, the committee proposes the resolution set out above.

Projections for 2021 and 2022

16. The project for tackling the URC's various pension schemes issues is the subject of a separate paper to Mission Council (paper G3). The project's outcomes are currently uncertain, but are likely to involve increased pension costs and/or a reduction of investment income for the URC Trust (and perhaps some of the synods) as a result of capital being re-allocated to the pension funds. But we do not yet know how in practice the URC family will decide to address these challenges. It is hoped to reach agreement in principle about this by the summer of 2020. This would enable the 2021 budget to be prepared on a better-informed

basis than is possible at present. In the meantime the projections for 2021 and 2022 take no account of any such possibilities.

17. The projections for these years are shown in the final two columns in the Appendix. These are not based on detailed discussions with every budget holder but incorporate estimated adjustment for likely changes within major budget categories. Accordingly, these figures should at best be regarded as very rough approximations only.
18. In both years we have projected a drop of 1% in M&M giving and 2.5% increases in stipends and staff salaries. "*Walking the Way*" will no longer be funded from CWM in 2021; for the moment we have put the programme officer costs in the projected funding for that year, should the URC decide it will fund the post itself. General Assembly costs for 2021 reflect the decisions taken at the 2018 General Assembly but Mission Council costs are at present based on the current pattern.
19. Subject to what is said in paragraph 16 above, the projections are potentially manageable at present.

Appendix

THE UNITED REFORMED CHURCH
Ministry & Mission Fund
Summary Budget and Projections 2020 to 2022

Department/ Project	2018	2019	2020	2021	2022
	Actual	Budget	Budget	Projection	Projection
	£	£	£	£	£
Income					
Ministry and Mission contributions	(19,016,107)	(18,651,000)	(18,476,500)	(18,292,000)	(18,109,000)
Pensions - additional funding	0	(200,000)	(300,000)	(300,000)	(300,000)
Investment and other income					
Dividends	(920,122)	(895,000)	(925,000)	(934,000)	(943,000)
Donations	(6,595)	0	0	0	0
Specific legacies	(431)	0	0	0	0
Grants/Income - Memorial Hall Trust/Fu	(286,945)	(260,000)	(288,000)	(291,000)	(294,000)
Net other interest & bank charges	(7,291)	(6,000)	(8,000)	(8,000)	(8,000)
Other income, including property rentals	(126,368)	(139,000)	(162,400)	(163,000)	(163,000)
	(1,347,752)	(1,300,000)	(1,383,400)	(1,396,000)	(1,408,000)
Total income	(20,363,859)	(20,151,000)	(20,159,900)	(19,988,000)	(19,817,000)
Expenditure					
Discipleship Dept.					
Ministry					
Local and special ministries and CRCWs	13,495,559	13,755,700	13,698,000	13,468,000	13,187,000
Synod Moderators - stipends and expens	669,632	718,000	739,000	748,000	761,000
Ministries department	335,911	323,200	334,600	340,600	352,600
Pastoral & welfare	846	2,000	2,000	2,000	2,000
	14,501,948	14,798,900	14,773,600	14,558,600	14,302,600
Education & Learning					
Initial training for ministry	599,467	710,500	547,570	547,570	547,570
Continuing training for ministry	75,474	106,000	95,500	95,500	95,500
Resource Centres support	614,948	619,000	638,640	655,000	671,000
	1,289,889	1,435,500	1,281,710	1,298,070	1,314,070
TLS/Stepwise	107,189	113,000	121,600	103,000	107,000
Lay preachers support	4,650	7,000	7,000	7,000	7,000
On-line learning	52,859	61,000	60,000	61,000	63,000
Lay Development	1,443	20,000	25,000	25,000	25,000
Education & Learning department	181,740	170,000	168,000	172,000	180,000
	1,637,770	1,806,500	1,663,310	1,666,070	1,696,070
Children's and Youth Work					
Staff costs	193,487	214,000	216,500	221,500	231,500
Management, resources and programme	69,768	80,200	111,200	111,200	93,200
	263,255	294,200	327,700	332,700	324,700
Safeguarding					
Safeguarding policy and practice	148,525	104,000	179,500	166,500	168,300
Discipleship Secretariat					
Deputy General Secretary - Discipleship	67,052	80,000	83,600	85,600	89,600
Mission Dept.					
Mission dept staff and core costs	448,781	530,500	529,200	540,200	562,200
Mission programmes and memberships	164,292	220,000	250,200	318,800	316,800
	613,073	750,500	779,400	859,000	879,000
National Ecumenical Officers	20,335	36,500	36,500	38,500	42,500
	633,408	787,000	815,900	897,500	921,500
Administration & Resources Dept.			28,900		
Central Secretariat	241,695	283,000	270,500	273,500	283,500
Facilities	438,811	348,000	385,000	389,000	397,000
Human Resources	80,503	82,500	89,000	91,000	95,000
IT Services	201,949	226,200	237,700	240,700	246,700
Finance	425,741	395,862	405,400	393,400	401,400
Communications	374,641	431,000	464,800	462,800	484,800
	1,763,340	1,766,562	1,852,400	1,850,400	1,908,400
Governance					
General Assembly	120,537	100,000	100,000	100,000	100,000
Mission Council	70,020	55,500	63,000	58,000	58,000
Professional fees	72,342	94,000	100,000	95,000	95,000
Other	73,248	70,000	76,000	73,000	73,000
	336,146	319,500	339,000	326,000	326,000
Apprenticeship levy	46,095	54,000	55,000	55,000	55,000
Irrecoverable VAT	110,768	140,000	140,000	140,000	140,000
Total expenditure	19,508,307	20,150,662	20,230,010	20,078,370	19,932,170
NET SURPLUS/(DEFICIT)	855,553	338	(70,110)	(90,370)	(115,170)