

Paper G1

General Report 2020 to 2021

Finance Committee

Basic information

Contact name and email address	Ian Hardie, Treasurer: ianzhardie@googlemail.com John Piper, Deputy Treasurer: john.piper30@ntlworld.com
Action required	For information.
Draft resolution(s)	None.

Summary of content

Subject and aim(s)	To report on the central budgets and other finance related areas of work over the past year.
Main points	<ol style="list-style-type: none">1. Despite the pandemic, central budgeted funds were in financial surplus in 2020;2. We continue to monitor the impact of coronavirus restrictions on our finances at all levels of the church, expecting it to be some time before we are able to assess what the Church's future financial state will be;3. We are monitoring renewed negotiation with our contractors over costs related to rectifying additional problems following the refurbishment of Church House; and4. The financial support given by the Legacy and Church Building funds during 2020 is reported. <p>Separate papers cover:</p> <ul style="list-style-type: none">• presentation of the URC Trust Report and Financial Statements for 2020• the future of both the Ministers' Pension Fund and the final salary staff pension scheme• progress in discussions about tackling the deficit in the URC Ministers' Pension Fund.
Previous relevant documents	Finance Committee papers for General Assembly 2020.
Consultation has taken place with...	Synod Treasurers; The Pension Committee; DGS (Administration and Resources).

Summary of impact

Financial	Nothing new in the report itself.
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External (e.g. ecumenical)	
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Financial results

The appendix to this paper sets out the 2020 income and expenditure account of the URC central fund – the Ministry and Mission (M&M) fund – and the 2021 budget agreed at the November 2020 Mission Council.

At the time of writing last year's report to General Assembly we were uncertain of the extent to which measures to counter the coronavirus would limit the ability of churches to support the M&M fund to the extent they had pledged. Accordingly, we asked committee convenors and Church House budget holders to look for ways of deferring or reducing expenditure.

In fact, as a result of the resilience of patterns of giving to local churches, the determination of most congregations to support the central fund, and the financial support which a number of synods were able to offer their churches and / or the fund, M&M contributions were a little more than £0.5million down on our £18.5 million budget expectations, with our total income being reduced by just a little under £750,000 compared to the budget. At the same time, our budgeted expenditure was cut by over £900,000, leaving the fund as a whole with a small surplus of almost £95,000. The Finance Committee has written letters of thanks to church congregations, church treasurers, synod officials and committee convenors / budget holders to congratulate all of them on the part they have played in helping us through this unprecedented year in such a manner.

In view of the ongoing financial uncertainties facing the church at all levels, it was extremely difficult for the Finance Committee to have confidence in its budget projections for 2021. Nonetheless, we persuaded Mission Council to adopt the budget as set out in the final column of the appendix, despite the uncertainties about future income. The projected outcome is a deficit in the year of £358,000, which will be met from the URC Trust's reserves.

Last year, the pandemic led to delays in completing the audit of the 2019 accounts which, in the event, were only signed off by the URC Trust in September 2020. A separate paper for this General Assembly describes the position re the 2020 trustees' report and financial statements.

Church House refurbishment

We were pleased to be able to report last year that a satisfactory settlement had been achieved with the construction firm to recover costs arising from damp in the lower ground floor of the building following the work undertaken in 2017. Unfortunately, another area of damp has been found and discussions with the construction firm have been renewed. The Finance Committee receives regular reports on the progress of those discussions.

Legacy Fund

Bequests to the United Reformed Church which are not specifically earmarked for other purposes are placed in the legacy fund, administered by the Finance Committee but with the involvement of the Deputy General Secretary (Mission). Currently, the fund is in a position to award grants totaling around £150,000 a year, though less than £20,000 was

disbursed during 2020 – no doubt in part because many innovative mission projects were put on hold following the pandemic.

Church Building Fund

Similarly, grants made from the church building fund via the inter-synod resource sharing process were down to £53,000 although the fund had around £140,000 to disburse in support of churches undertaking certain types of building development.

Ministers' Pension Fund (MPF)

The Finance Committee has no role in overseeing the MPF, which is under the trusteeship of a separate URC trust company. We do, however, have a fundamental interest in how it is performing, since the Church is the 'sponsor' in relation to the scheme 'employees' and is responsible for making good any deficit of scheme assets in relation to its liabilities. The latest triennial valuation of the scheme took place as at 1 January 2021. The final outcome is not yet known, but it looks as if the size of the deficit is not quite as large as we had expected but still very substantial. A separate paper outlines the state of discussions to address this and subsequent deficits.

The URC Pension Committee

The Pension Committee is a sub-committee of Finance Committee. It oversees on behalf of the URC the Final Salary Pension Scheme, mostly for lay staff, which is under the trusteeship of an external trust company. It also monitors on behalf of the church the actions of the trustees of the MPF.

For the reasons given in a separate paper prepared for this General Assembly, the Pensions Committee and the Finance Committee are jointly recommending that General Assembly takes a decision in principle to close both current URC pensions schemes and to work on finalising good alternative schemes for both our ministers and employees, with the hope of introducing changes from 1 January 2023.

Appendix

THE UNITED REFORMED CHURCH Ministry & Mission Fund¹

Draft Income and Expenditure account to 31 December 2020

	2019	2020		2021	
	Actual	Actual	Budget	Variance	Budget
	£	£	£	£	£
Income					
Ministry and Mission contributions	(18,816,761)	(17,908,087)	(18,476,500)	(568,413)	(17,442,285)
Pensions - additional funding	(537,976)	(88,031)	(300,000)	(211,969)	(300,000)
Investment and other income					
Dividends	(931,795)	(946,774)	(925,000)	21,774	(925,000)
Donations	(8,908)	(8,824)	0	8,824	0
Specific legacies	(5,000)	(20,000)	0	20,000	0
Grants/Income - Memorial Hall Trust/Fund	(290,742)	(299,823)	(288,000)	11,823	(288,000)
Net other interest & bank charges	(10,983)	(5,729)	(8,000)	(2,271)	0
Other income, including property rentals	(146,413)	(155,972)	(162,400)	(6,428)	(167,300)
	(1,393,839)	(1,437,122)	(1,383,400)	53,722	(1,380,300)
Total income	(20,748,577)	(19,433,241)	(20,159,900)	(726,659)	(19,122,585)
Expenditure					
Discipleship Dept.					
Ministry					
Local and special ministries and CRCWs	13,253,105	13,482,999	13,698,000	215,001	12,910,700
Synod Moderators - stipends and expenses	670,888	534,604	739,000	204,396	759,500
Ministries department	349,127	266,320	334,600	68,280	431,300
Pastoral & welfare	1,232	499	2,000	1,501	2,000
	14,274,351	14,284,423	14,773,600	489,177	14,103,500
Education & Learning					
Initial training for ministry	678,150	535,346	547,570	12,224	479,985
Continuing training for ministry	120,067	51,567	95,500	43,933	116,500
Resource Centres support	627,919	738,683	638,640	(100,043)	699,000
	1,426,136	1,325,596	1,281,710	(43,886)	1,295,485
TLS/Stepwise	130,826	97,526	121,600	24,074	119,000
Lay preachers support	5,708	3,335	7,000	3,665	7,000
On-line learning	57,814	52,356	60,000	7,644	58,700
Lay Development Fund	0	20,400	25,000	4,600	2,500
Education & Learning department	167,124	157,298	168,000	10,702	148,100
	1,787,607	1,656,511	1,663,310	6,799	1,630,785
Children's and Youth Work					
Staff costs	210,139	207,231	216,500	9,269	206,600
Management, resources and programmes	62,307	35,414	111,200	75,786	111,200
	272,446	242,644	327,700	85,056	317,800
Safeguarding					
Safeguarding policy and practice	156,526	169,851	199,500	29,649	197,800
Discipleship Secretariat					
Deputy General Secretary - Discipleship costs	66,051	64,103	83,600	19,497	10,125

Mission Dept.					
Mission dept staff and core costs	505,459	502,777	529,200	26,423	509,900
Mission programmes and memberships (net)	186,651	185,705	250,200	64,495	260,050
	692,110	688,482	779,400	90,918	769,950
National Ecumenical Officers	33,435	36,442	36,500	58	36,700
	725,545	724,924	815,900	90,976	806,650
Administration & Resources Dept.					
Central Secretariat	284,655	295,053	270,500	(24,553)	291,700
Facilities	374,714	318,220	385,000	66,780	357,700
Human Resources	82,001	72,313	89,000	16,687	86,800
IT Services	214,795	208,479	237,700	29,221	232,000
Finance	415,087	372,614	385,400	12,786	377,900
Communications	464,739	446,827	464,800	17,973	475,200
	1,835,990	1,713,506	1,832,400	118,894	1,821,300
Governance					
General Assembly	100,000	63,527	100,000	36,473	123,000
Mission Council	67,058	36,499	63,000	26,501	65,500
Professional fees	105,573	135,055	100,000	(35,055)	120,000
Other	72,934	68,009	76,000	7,991	94,100
	345,566	303,090	339,000	35,910	402,600
Apprenticeship levy	45,754	56,471	55,000	(1,471)	50,000
Irrecoverable VAT	141,374	114,227	140,000	25,773	140,000
Total expenditure	19,591,085	19,329,750	20,230,010	900,260	19,480,560
NET SURPLUS/(DEFICIT)	1,157,491	103,491	(70,110)	173,601	(357,975)