

# Paper G1

## Financial outcome 2018

### Finance committee

#### Basic information

<b>Contact name and email address</b>	Ian Hardie <a href="mailto:ianzhardie@googlemail.com">ianzhardie@googlemail.com</a>
<b>Action required</b>	For information.
<b>Draft resolution(s)</b>	<b>None.</b>

#### Summary of content

<b>Subject and aim(s)</b>	To report the financial outcome relative to budget for 2018.
<b>Main points</b>	
<b>Previous relevant documents</b>	Budget paper G1 at November 2017 Mission Council.
<b>Consultation has taken place with...</b>	

#### Summary of impact

<b>Financial</b>	Reserves at the start of 2019 are substantially greater than expected.
<b>External (e.g. ecumenical)</b>	

### Introduction

1. The draft formal 'Trustees' Report and Financial Statements for 2018' are to be considered at the United Reformed Church ('URC') Trust board meeting on 21 May 2019. Provided the trustees are content with the draft and agree to the documents being signed off, all of the material will be made available on the URC website shortly thereafter. Anyone who requires a hard copy should contact the finance department at Church House to request it.
2. As well as presenting information about the finances of Westminster College, the URC Ministers Pension Trust and the URC Retired Ministers' Housing Society, the audited Financial Statements report on all aspects of the finances of the URC Trust. These go wider than the ministry and mission ('M&M') Fund, although the income and expenditure on this fund represents (virtually) all the ordinary activities of the central URC.

3. Accordingly, the attached table summarises the outturn against budget for items covered by the M&M Fund budget approved by Mission Council in November 2017.

## Income

4. M&M giving was higher than budgeted, showing a welcome reduction in the rate of decline of such giving in recent years.
5. Although the summary results show no additional funding for pensions in the year, that is because the £389,407 actually given by synods was paid directly into the URC Ministers' Pension Fund as additional contributions. We warmly thank those synods which provided this additional pension funding support.
6. Overall, M&M Fund income was £90k above budget.

## Expenditure

7. Because the URC issued fewer Certificates of Eligibility than had been anticipated and also because the number of active URC ministers proved to be lower than expected (mainly due to retirements), the cost of local and special ministries and CRCWs was almost £0.5 million below budget (equivalent to around 17 ministers).
8. 2018 turned out to be a year of protracted vacancies and delayed appointments elsewhere, notably in the education and learning, children's and youth, mission and communications departments.
9. The level of depreciation of the costs of refurbishing Church House was more than originally anticipated – because of a different view taken by our new auditor. The level of irrecoverable VAT was around £30k below budget.
10. As a result, overall expenditure was £766k below budget.

## Overall position

11. A budgeted 'break even' position turned into a substantial financial surplus of almost £856k in the year. Much of this was attributable to the vacancies carried by a number of departments for considerable parts of the year and to the reduction in numbers of active ministers being much greater than expected. Finance committee simply observes that, although we often hear the URC cannot afford more ministers, the reality over the past few years is that we could have afforded more ministers if they had been available. The number of students accepted for ministerial training in the URC has never been constrained by financial considerations.

12. The boost to our reserves as a result of the 2018 outcome is timely, since we expect that the URC family will have to consider action to provide further substantial support to the pension funds for both lay staff and ministers in the relatively near future.

**THE UNITED REFORMED CHURCH**  
**Ministry & Mission Fund<sup>1</sup>**  
Income and Expenditure account to Dec 2018

	2017	2018			2019
	Actual £	Actual £	Budget £	Variance £	Budget £
<b>Income</b>					
<b>Ministry and Mission contributions</b>	<b>(19,104,058)</b>	<b>(19,016,107)</b>	<b>(18,962,000)</b>	<b>54,107</b>	<b>(18,651,000)</b>
<b>Pensions - additional funding<sup>2</sup></b>	<b>(100,349)</b>	<b>0</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>(200,000)</b>
<b>Investment and other income</b>					
Dividends	(893,566)	(920,122)	(854,000)	66,122	(895,000)
Donations	(3,272)	(6,595)	0	6,595	0
Specific legacies	(3,929)	(431)	0	431	0
Grants/Income - Memorial Hall Trust/Fund	(268,622)	(286,945)	(260,000)	26,945	(260,000)
Net other interest & bank charges	(12,450)	(7,291)	(10,700)	(3,409)	(6,000)
Other income, including property rentals	(57,025)	(126,368)	(137,000)	(10,632)	(139,000)
	<b>(1,238,865)</b>	<b>(1,347,752)</b>	<b>(1,261,700)</b>	<b>86,052</b>	<b>(1,300,000)</b>
<b>Total income</b>	<b>(20,443,272)</b>	<b>(20,363,859)</b>	<b>(20,273,700)</b>	<b>90,159</b>	<b>(20,151,000)</b>
<b>Expenditure</b>					
<b>Discipleship Dept.</b>					
<b>Ministry</b>					
Local and special ministries and CRCWs	13,724,030	13,495,559	13,992,727	497,168	13,755,700
Synod Moderators - stipends and expenses	646,923	669,632	690,000	20,368	718,000
Ministries department	312,124	335,911	314,300	(21,611)	323,200
Pastoral & welfare	1,230	846	2,000	1,154	2,000
	<b>14,684,306</b>	<b>14,501,948</b>	<b>14,999,027</b>	<b>497,079</b>	<b>14,798,900</b>
<b>Education &amp; Learning</b>					
Initial training for ministry	755,702	599,467	673,000	73,533	710,500
Continuing training for ministry	62,505	75,474	107,500	32,026	106,000
Resource Centres support	593,718	614,948	611,000	(3,948)	619,000
	<b>1,411,926</b>	<b>1,289,889</b>	<b>1,391,500</b>	<b>101,611</b>	<b>1,435,500</b>
Windermere RCL - net support	99,279	0	0	0	0
TLS/Stepwise	89,460	107,189	159,350	52,161	113,000
Lay preachers support	4,574	4,650	7,000	2,350	7,000
On-line learning	1,005	52,859	57,600	4,741	61,000
Lay Development Fund	0	1,443	20,000	18,557	20,000
Education & Learning department	167,290	181,740	175,700	(6,040)	170,000
	<b>1,773,535</b>	<b>1,637,770</b>	<b>1,811,150</b>	<b>173,380</b>	<b>1,806,500</b>
<b>Children's and Youth Work</b>					
Staff costs	164,842	193,487	203,500	10,013	214,000
Management, resources and programmes	69,102	69,768	81,700	11,932	80,200
	<b>233,944</b>	<b>263,255</b>	<b>285,200</b>	<b>21,945</b>	<b>294,200</b>
<b>Safeguarding</b>					
Safeguarding policy and practice	90,500	148,525	95,700	(52,825)	104,000
<b>Discipleship Secretariat</b>					
Deputy General Secretary - Discipleship costs	53,182	67,052	51,000	(16,052)	80,000
<b>Mission Dept.</b>					
Mission dept staff and core costs	426,952	448,781	524,200	75,419	530,500
Mission programmes and memberships (net)	157,375	164,292	198,500	34,208	220,000
	<b>584,327</b>	<b>613,073</b>	<b>722,700</b>	<b>109,627</b>	<b>750,500</b>
National Ecumenical Officers	29,389	20,335	35,800	15,465	36,500
	<b>613,715</b>	<b>633,408</b>	<b>758,500</b>	<b>125,092</b>	<b>787,000</b>
<b>Administration &amp; Resources Dept.</b>					
Central Secretariat	232,996	241,695	237,200	(4,495)	283,000
Facilities	264,946	438,811	417,400	(21,411)	348,000
Human Resources	80,093	80,503	79,500	(1,003)	82,500
IT Services	193,917	201,949	217,000	15,051	226,200
Finance	409,455	425,741	408,500	(17,241)	395,862
Communications	385,257	374,641	414,260	39,619	431,000
	<b>1,566,663</b>	<b>1,763,340</b>	<b>1,773,860</b>	<b>10,520</b>	<b>1,766,562</b>
<b>Governance</b>					
General Assembly	115,000	120,537	115,000	(5,537)	100,000
Mission Council	56,071	70,020	46,000	(24,020)	55,500
Professional fees	158,237	72,342	90,000	17,658	94,000
Other	90,338	73,248	59,000	(14,248)	70,000
	<b>419,646</b>	<b>336,146</b>	<b>310,000</b>	<b>(26,146)</b>	<b>319,500</b>
Apprenticeship levy	44,337	46,095	50,000	3,905	54,000
Irrecoverable VAT	92,743	110,768	140,000	29,232	140,000
<b>Total expenditure</b>	<b>19,572,572</b>	<b>19,508,307</b>	<b>20,274,437</b>	<b>766,131</b>	<b>20,150,662</b>
<b>NET (SURPLUS)/DEFICIT</b>	<b>(870,700)</b>	<b>(855,552)</b>	<b>737</b>	<b>856,290</b>	<b>(338)</b>

<sup>1</sup>Includes the Ministerial training Fund and the Maintenance of Ministries Fund

<sup>2</sup> An amount of £389,407 was given by the synods to be paid directly into the URC Ministers' Pension Fund