

Paper G1

Finance Committee
Financial Outcome 2016



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Basic Information

Contact name and email address	John Ellis Treasurer john.ellis@urc.org.uk
Action required	For information
Draft resolution(s)	None

Summary of Content

Subject and aim(s)	To report on the financial outcome relative to budget for 2016.
Main points	<ul style="list-style-type: none"> • M&M income was below both budget and 2015 • Expenditure was below budget, mainly due to fewer than expected stipendiary ministers • Overall there was a small surplus
Previous relevant documents	Budget Paper G1 at November 2015 Mission Council. Emergency Resolution Paper D2 at October 2016 Mission Council.
Consultation has taken place with...	

Summary of Impact

Financial	Reserves start 2017 at the satisfactory level expected.
External (e.g. ecumenical)	No direct impact.

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Introduction

1. It is hoped that the URC Trust's formal and audited Report and Financial Statements for 2016 will be available for perusal on the URC website by the time Mission Council meets. Hard copies will be available on request.
2. The attached table summarises the outturn against budget for the items covered by the budget approved in November 2015 by Mission Council.

Income

3. The encouragement from the 2014 General Assembly for local churches to keep their Ministry and Mission (M&M) Fund giving on a gently upwards trajectory, instead of a gently downwards one, appeared to have some impact in 2015 but the effect seems now to have worn off. In 2016 total M&M giving fell again by just over 1% in cash terms, or around 3% in real terms (ie after adjusting for inflation). While Mission Council will be very grateful for all the hard work that lies behind a total M&M income last year of almost £19.3m, this figure is below budget.
4. Overall income was £24k short of budget.

Expenditure

5. The average number of stipendiary ministers in 2016 was significantly lower than expected at the time the budget was prepared. While this made more acute some deployment challenges, from a purely financial point of view it meant expenditure in direct support of ministers was over £400k below budget.
6. Mission Council was warned that net expenditure in support of the Windermere Centre would be well over budget. In the event it was 34% over budget at £179k, drawing down £29k of the emergency funding agreed at the October 2016 Council meeting.
7. The financial support necessary for *Reform* threatened to exceed the limit set by Mission Council of £90k, but some additional advertising income secured late in 2016 kept the net cost to £88k. A cover price rise and some cost reductions have been implemented for 2017.
8. Overall expenditure was £286k below budget.

Overall Position

9. Mainly because of the lower stipendiary minister numbers, the overall position for 2016 was a swing from a modest budgeted deficit to a modest surplus of £152k, equivalent to less than 1% of income.
10. With 2016 effectively in balance, the Finance Committee believes the Church's level of free financial reserves is satisfactory.

THE UNITED REFORMED CHURCH

Draft Income and Expenditure account to Dec 2016

Department/ Project	2015	2016 (Jan-Dec)			2017
	Actual	Actual	Budget	Variance	Budget
	£	£	£	£	£
Income					
34 Ministry and Mission contributions	(19,483,157)	(19,260,087)	(19,340,000)	(79,913)	(19,153,000)
35 Pensions - additional funding	(386,447)	(20,634)	0	20,634	0
31 Investment and other income					
Dividends	(846,074)	(848,128)	(827,000)	21,128	(827,000)
Donations	(785)	(12,403)	0	12,403	0
Specific legacies	(459)	0	0	0	0
Grants/Income - Memorial Hall Trust/Fund	(253,977)	(257,416)	(250,000)	7,416	(250,000)
Net other interest	(19,121)	(10,962)	(40,000)	(29,038)	(15,000)
Other income, including property rentals	(14,438)	(42,941)	(20,000)	22,941	(5,000)
	(1,134,854)	(1,171,850)	(1,137,000)	34,850	(1,097,000)
Total income	(21,004,458)	(20,452,571)	(20,477,000)	(24,429)	(20,250,000)
Expenditure					
A Discipleship Dept.					
A1 Ministry					
01 Local and special ministries and CRCWs	14,804,768	14,274,885	14,688,200	413,315	14,057,800
02 Synod Moderators - stipends and expenses	718,356	703,057	663,500	(39,557)	678,960
03 Ministries department	302,189	306,100	295,800	(10,300)	300,275
03P Pastoral & welfare	816	559	2,000	1,441	2,000
	15,826,129	15,284,600	15,649,500	364,900	15,039,035
A2 Education & Learning					
04 Initial training for ministry	720,025	646,013	641,500	(4,513)	730,000
04 Continuing training for ministry	108,577	103,423	107,500	4,077	107,500
04 Resource Centres support	574,953	604,942	571,000	(33,942)	606,500
	1,403,555	1,354,377	1,320,000	(34,377)	1,444,000
W Windermere RCL - net support	123,192	179,317	133,900	(45,417)	121,100
04L Training for Learning & Serving - net support	102,660	96,848	92,900	(3,948)	86,900
04P Lay preachers support	12,077	6,435	10,000	3,565	10,000
04T Education & Learning department	166,514	145,137	148,300	3,163	148,700
	1,807,997	1,782,115	1,705,100	(77,015)	1,810,700
A3 Children's and Youth Work					
06 Staff costs	195,702	200,717	206,600	5,883	207,517
06 Management, resources and programmes	63,944	59,560	86,130	26,570	78,700
	259,646	260,277	292,730	32,453	286,217
A4 Safeguarding					
07 Safeguarding policy and practice	68,563	101,256	78,800	(22,456)	123,083
Discipleship Secretariat					
Deputy General Secretary - Discipleship costs	0	0	0	0	51,000
B Mission Dept.					
10A-B Mission dept staff and core costs	436,095	467,720	483,800	16,080	501,400
10C-E Mission programmes and memberships	245,438	188,758	235,500	46,742	219,732
	681,533	656,478	719,300	62,822	721,132
11 National Ecumenical Officers	33,046	35,908	35,000	(908)	35,400
	714,579	692,386	754,300	61,914	756,532
C Administration & Resources Dept.					
20 Central Secretariat	323,329	315,872	309,800	(6,072)	241,100
24 Church House costs	334,712	301,316	336,000	34,684	276,900
24A Human Resources	66,755	68,684	78,800	10,116	113,000
23 IT Services	156,663	182,973	165,100	(17,873)	178,000
21 Finance	413,653	434,684	403,900	(30,784)	402,000
22 Communications	383,922	376,010	386,800	10,790	404,000
	1,679,033	1,679,539	1,680,400	861	1,615,000
D Governance					
29 General Assembly	130,952	96,085	100,000	3,915	115,000
27 Mission Council	46,879	48,894	44,000	(4,894)	42,000
28 Professional fees	88,015	122,583	103,000	(19,583)	98,000
25 Other	81,422	86,432	59,000	(27,432)	58,000
	347,267	353,993	306,000	(47,993)	313,000
Apprenticeship levy	0	0	0	0	37,500
Irrecoverable VAT	142,145	146,339	120,000	(26,339)	140,000
Total expenditure	20,845,361	20,300,506	20,586,830	286,324	20,172,067
NET (SURPLUS)/DEFICIT	(159,097)	(152,065)	109,830	261,895	(77,933)

Note: Variances are (adverse)/favourable