

# Paper G1

Finance Committee  
2016 Budget

United Church 2015  
Church 2015  
Reformed Church 2015  
Church 2015



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## Finance Committee

### 2016 Budget

#### Basic Information

<b>Contact name and email address</b>	John Ellis, treasurer: <a href="mailto:john.ellis@urc.org.uk">john.ellis@urc.org.uk</a>
<b>Action required</b>	Decision
<b>Draft resolution</b>	<b>Mission Council adopts the budget for 2016 set out in the Appendix.</b>

#### Summary of Content

<b>Subject and aim(s)</b>	The paper presents a budget for 2016 for decision and financial projections for 2017-18 for information.
<b>Main points</b>	<ul style="list-style-type: none"> <li>• M&amp;M giving in 2016 is likely to be similar to the budget in 2015.</li> <li>• The 2016 budget shows a small deficit of 0.5%.</li> <li>• Projections suggest broadly balanced budgets for 2017-18.</li> </ul>
<b>Previous relevant documents</b>	None
<b>Consultation has taken place with...</b>	Budget holders in Church House; the Windermere Management committee; the URC Trust.

#### Summary of Impact

<b>Financial</b>	
<b>External (e.g. ecumenical)</b>	None

# 2016 Budget

1. Attached in the Appendix column 3 is the draft budget for 2016 which the Finance committee presents to Mission Council. The budget has been reviewed by the URC Trustees and has their support.

## Income

2. Ministry and Mission Fund (M&M) giving from local churches via the synods is the principal source of income for the central budget. This has been falling at a rate of 1% per year for an extended period. The budget number for 2015 assumed this trend continued. In fact it seems likely that 2015 M&M giving will be above budget by at least £100k (0.5%). This may be partly a response to the encouragement given by the 2014 General Assembly to congregations to consider increasing their M&M giving by 1% above their previous plan.
3. For 2016 the latest information from synods suggests that total M&M giving will fall from 2015 levels, but again by less than the traditional 1%. This is immensely helpful for constructing the 2016 budget and provides a stronger financial base than would otherwise be the case for the medium term. More congregations responding to the Assembly's resolution would increase our options in the future.

## Stipends, Pensions and Ministry

4. The largest part of the expenditure side of the budget is the funding for stipends of ministers of Word and Sacraments and Church-related Community Workers.
5. The current stipend is £24,996. Mission Council has delegated the task of setting the stipend to the Finance committee in conjunction with the URC trustees. The Finance committee recommended a rise of 1% for 2016 which the trustees agreed. As usual the principal factors behind this figure were the rate of price inflation, currently very low, and the rate at which average earnings are rising in the economy, which has increased since a year ago. A 1% rise takes the stipend to £25,248 and adds around £150k to the overall budget expenditure.
6. During 2015 the work on the triennial valuation of the URC Ministers' Pensions Fund has been completed. This involves creating estimates of the likely eventual liabilities of the Pension Fund into the distant future and comparing them with the assets in the Fund now and the flow of new contributions going into the Fund. These contributions are partly from serving ministers but mostly from the Church as 'employer'. Not all the developments in the wider economy since the previous valuation have worked in our favour. Nevertheless with the change of the pension scheme benefits agreed to take effect from 2013, the current and expected assets of the Fund were calculated on the most plausible set of assumptions to cover 96% of its likely liabilities.
7. The good news from that calculation is that there is no pressure for a further review of benefits and neither will it be necessary to put markedly more Church money into the Pension Fund over the next three years than has been the pattern over the past three years. The budget allowed for £2.46m to be invested in the Pension Fund in 2015 and provides for £2.50m to be invested in 2016.

8. The number of stipendiary ministers retiring in 2015 was below trend and is expected to be so again in 2016. However the high number of ordinations (16) in 2015 will not be matched in 2016 so the total number of ministers will fall again.
9. Taking the reduction in the number of ministers, the stipend increase and the pension obligations into account, the budget provides for £15.35m for stipends and related payments. As in recent other years, this means that three-quarters of the total budget is directly supporting ministers.

## The Windermere Centre

10. The Windermere Centre has been a particular focus of discussion in the preparation of this year's budget in conjunction with the Education & Learning committee and representatives of the Windermere Management committee.
11. The background is that the Centre has been periodically affirmed as one of the four Resource Centres for Learning (RCL) supported by the United Reformed Church. However, whatever its other strengths, it has struggled to stay within its agreed budget, with its income regularly below target. Over the five years 2010-4, total income was just over £1.1m, 15% short of the agreed target of almost £1.3m. Support from the central budget in 2010-14 totalled £0.7m.
12. By the beginning of 2014, the Windermere Management committee detected signs that the financial position was in danger of deteriorating further and rapidly. In discussion with the Finance committee it was agreed to fund, outside the regular budget, a full-time marketing post for two years. The hope was that with this extra resource and several new initiatives some financial stability could be achieved. A condition of the funding was that a report on progress should be made to the Finance committee in September 2015.
13. This report showed that the initiatives had made a positive impact, notably the move to a 'Pay What You Can' charging policy and the emphasis on 'It's Your Space' as a way of encouraging activities tailored to the specific needs of user groups.
14. Everyone agrees that an RCL is always more than just a business. Nonetheless it was helpful that the report to the Finance committee included a thoroughly researched and detailed Business Plan for the period 2015-18. While the future is always unpredictable, this showed that the recent changes in direction at Windermere did hold out a good prospect of one result being a much more secure financial footing.
15. It is for the Education and Learning committee to advise Mission Council on the long term for each RCL, but the Finance committee is glad to report that in its view the number in the Business Plan for the level of net support Windermere will need from central funds in 2016 of £134k is plausible. This has been put in the budget attached. If the Church wishes the Windermere Centre to continue, it is the view of the Finance committee that there is now no reason to suppose that its finances will deteriorate sharply in the medium term.

## Other Expenditure

16. Expenditure on other programmes and infrastructure increases in aggregate by just over 2% in the 2016 budget relative to the 2015 one. This can be accommodated this year because of the stronger income from M&M but the Finance committee welcomes the commitment of the new General Secretariat to ensure that these costs do not start to creep up habitually.
17. In accord with recent practice, the costs of the biennial General Assembly have been placed equally in the Assembly and non-Assembly years so the £100k in the 2015 budget is 50% of the budget for the 2016 Assembly. The costs of the recalled Assembly meeting in June 2015 are outside the 2015 budget but were around £30k, less than the estimate given to Mission Council when it approved that meeting taking place.

## Overall 2016 Position

18. The 2016 budget shows a likely deficit of £110k, or the equivalent of just 0.5% of total expenditure. The Finance committee believes that this is acceptable.

## Resolution

19. **Mission Council adopts the budget for 2016 set out in the Appendix.**

## Projections for 2017-18

20. The final two columns in the Appendix table show projections for 2017 and 2018. These are not based on detailed discussions with every budget holder but incorporate estimates of major items and known changes elsewhere. As projections the figures need to be treated as highly approximate.
21. On the income side, these projections have been deliberately cautious. Anecdotal evidence does not necessarily imply that the slower reduction in M&M aggregate giving seen in 2015 will become a new trend. Pending more robust evidence, the projections allow for the possibility that the historic 1% fall each year returns.
22. On the expenditure side, the amount allowed for stipends and related costs falls significantly from £15.7m in 2015 to £14.7m in 2018 due to the continuing expected reduction in the number of serving ministers.
23. Overall the best projections currently possible suggest the budget should remain broadly in balance for 2017 and 2018.

## THE UNITED REFORMED CHURCH

## SUMMARY BUDGET ESTIMATES 2016-2018

Item 5(b)

Department/ Project	2014 Actual £	2015 Budget £	2016 Draft Budget £	2017 Projection £	2018 Projection £	Comments
<b>Income</b>						
34 Ministry and Mission contributions	(19,642,770)	(19,360,000)	(19,340,000)	(19,150,000)	(18,960,000)	2015 est. £19,490k
35 Pensions - additional funding	(302,476)	(300,000)	0	0	0	
31 Investment and other income						
Dividends	(750,557)	(725,000)	(827,000)	(842,000)	(860,000)	
Donations	(6,162)	(1,000)	0	0	0	
Specific legacies	(1,829)	0	0	0	0	
Grants/Income - Memorial Hall Trust/Fund	(242,983)	(235,000)	(250,000)	(255,000)	(260,000)	
Net other interest	(20,886)	(50,000)	(40,000)	(40,000)	(40,000)	
Other income, including property rentals	(6,893)	(20,000)	(20,000)	(20,000)	(20,000)	
	(1,029,310)	(1,031,000)	(1,137,000)	(1,157,000)	(1,180,000)	
<b>Total income</b>	<b>(20,974,555)</b>	<b>(20,691,000)</b>	<b>(20,477,000)</b>	<b>(20,307,000)</b>	<b>(20,140,000)</b>	
<b>Expenditure</b>			Stipends +1% Salaries +1.5%	Stipends +1.5% Salaries +1.5%	Stipends +1.5% Salaries +1.5%	Programmes flat unless known otherwise
<b>A Discipleship Dept.</b>						
<b>A1 Ministry</b>						
01 Local and special ministries and CRCWs	14,987,072	15,060,500	14,688,200	14,292,800	14,020,800	2015 est £14,808k
02 Synod Moderators - stipends and expenses	653,125	651,400	663,500	660,000	667,000	
03 Ministries department	266,792	264,800	277,800	280,700	283,700	
03P Pastoral & welfare	3,287	2,000	2,000	2,000	2,000	
	15,910,275	15,978,700	15,631,500	15,235,500	14,973,500	
<b>A2 Education &amp; Learning</b>						
04 Initial training for ministry	677,561	635,000	641,500	641,500	621,500	
04 Continuing training for ministry	104,874	105,000	107,500	107,500	107,500	
04 Resource Centres support	443,620	555,000	571,000	580,000	588,000	
	1,226,055	1,295,000	1,320,000	1,329,000	1,317,000	
W Windermere RCL - net support	146,998	114,500	133,900	128,500	121,000	
04L Training for Learning & Serving - net support	110,811	102,000	92,900	92,900	92,900	
04P Lay preachers support	7,094	10,000	10,000	10,000	10,000	
04T Education & Learning department	179,277	176,300	148,300	150,100	152,000	
	1,670,236	1,697,800	1,705,100	1,710,500	1,692,900	
<b>A3 Children's and Youth Work</b>						
06 Staff costs	192,041	202,600	206,600	209,500	212,500	
06 Management, resources and programmes	68,534	99,890	86,130	86,130	86,130	
	260,575	302,490	292,730	295,630	298,630	
<b>A4 Safeguarding</b>						
07 Safeguarding policy and practice	57,542	47,600	78,800	90,000	100,000	
<b>B Mission Dept.</b>						
10A-B Mission dept staff and core costs	431,735	417,900	457,800	463,900	485,150	
10C-E Mission programmes and memberships	213,982	281,500	261,500	261,500	261,500	
	645,717	699,400	719,300	725,400	746,650	
11 National Ecumenical Officers	33,460	35,000	35,000	35,500	36,000	
	679,177	734,400	754,300	760,900	782,650	
<b>C Administration &amp; Resources Dept.</b>						
20 Central Secretariat	273,657	305,300	309,800	314,200	318,100	
24 Church House costs	337,232	340,600	336,000	338,300	340,500	
24A Human Resources	75,810	85,400	78,800	78,800	78,800	
23 IT Services	145,348	152,600	165,100	165,100	165,100	
21 Finance	481,064	505,500	523,900	515,500	530,500	
22 Communications & Editorial	352,649	366,900	404,800	409,500	415,700	
	1,665,760	1,756,300	1,818,400	1,821,400	1,848,700	
<b>D Governance</b>						
29 General Assembly	77,889	100,000	100,000	100,000	100,000	
27 Mission Council	56,341	44,000	44,000	44,000	44,000	
28 Professional fees	84,984	103,000	103,000	103,000	103,000	
25 Other	70,720	65,000	59,000	59,000	59,000	
	289,934	312,000	306,000	306,000	306,000	
<b>Total expenditure</b>	<b>20,533,499</b>	<b>20,829,290</b>	<b>20,586,830</b>	<b>20,219,930</b>	<b>20,002,380</b>	
<b>NET (SURPLUS)/DEFICIT</b>	<b>(441,057)</b>	<b>138,290</b>	<b>109,830</b>	<b>(87,070)</b>	<b>(137,620)</b>	