

Paper G1

Finance committee

Budget for 2019

United Church 2018
Church 2018
Reformed Church 2018
Church 2018

Paper G1

Finance committee

Budget 2019

Basic information

Contact name and email address	Ian Hardie ianzhardie@googlemail.com
Action required	Decision.
Draft resolution(s)	Mission Council adopts the budget for 2019 as set out in the Appendix to paper G1 for November 2018 Mission Council.

Summary of content

Subject and aim(s)	The paper presents a budget for 2019 for decision and financial projections for 2020 and 2021 for information.
Main points	<p>M&M giving for 2019 is forecast to be around 1.6% lower than the 2018 budget figure.</p> <p>Overall expenditure is expected to be marginally less than in 2018, largely as a result of a reduction in the costs of ministry.</p> <p>The budget only achieves balance by assuming additional funding for ministerial pension costs will come from synods. Otherwise there will be a deficit in 2019, which Mission Council was advised in March finance committee did not intend to address for that one year.</p> <p>The position for 2020 is reasonably satisfactory at this stage. M&M giving is expected to further reduce. There will be some additional costs in 2021 but we have time to focus on those issues in the coming years.</p>
Previous relevant documents	Paper G1 for March 2018 Mission Council.
Consultation has taken place with...	Budget holders in Church House and the URC Trust.

Summary of impact

Financial	
External (e.g. ecumenical)	None.

Budget 2019

1. Attached in column three of the Appendix is the draft budget for 2019 which the finance committee presents to Mission Council. This budget has been reviewed by the URC Trustees and has their support.

Income

2. Our income comes predominately from local churches through their Ministry and Mission Fund ('M&M') contributions. Estimates supplied by the synods over the summer suggest around a 1.6% reduction in giving compared with the 2018 budget figure. The ongoing decline in URC membership means that this still represents an increase in average giving to M&M per member.
3. The budget projects only a small increase in rental income in the year because of the delay in letting the third floor flat while staff are displaced from the lower basement of Church House.
4. It is also anticipated that an additional contribution towards the cost of ministers' pensions will come from a number of synods during the year. This is discussed more fully in a separate paper G2.

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 2019, which is built into this budget, is 2.65%. 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 £696 to £26,880.
7. The 2019 budget assumes seven ministers of other denominations will be given Certificates of Eligibility to enable them to transfer permanently to the URC roll of ministers. Even with these additional ministers and the stipend increase suggested above, the reduction in the forecast overall number of available ministers means that total spend on costs of ministry shows a reduction of more than £230,000.

Other expenditure

8. The education and learning department budget is slightly down on 2018 which contained the (one-off) costs associated with the ending of the TLS programme and the start of the successor *Stepwise* programme, although some provision has been made in 2019 for the costs of those still completing TLS work already started. Most

other parts of the discipleship department budget have modest uplifts on 2018 other than safeguarding where a one off exercise to digitise records is planned for 2019.

9. The mission department budget is broadly maintained at current levels apart from a reduction in CWM support for funding *Fresh Expressions*.
10. The administration and resources department budget is at approximately the same level as in 2018 though it now includes for the first time costs of projects which cross departmental boundaries and also recharges a portion of the Chief Finance Officer's costs to RMHS and URC ministers' pension fund (also for the first time). The admin budget in 2019 is flattered in comparison with 2018 because of advice from the auditors that we did not need to depreciate the costs of the Church House refurbishment.

Overall 2019 position

11. As a result of all of this, the 2019 budget projects a virtually 'break-even' position. Should Mission Council be minded not to accept the finance committee recommendation to invite additional financial support from synods to help meet the increased costs of contributions to the ministers' pension fund there might be a deficit of up to £200,000. Finance committee indicated to Mission Council that it would not seek to address such a budget shortfall for 2019 but would be prepared to reduce our reserves until the actual position became clearer during that year itself.

Resolution

12. **Mission Council adopts the budget for 2019 as set out in the Appendix to paper G1 for November 2018 Mission Council.**

Projections for 2020 and 2021

13. The final two columns in the Appendix show projections for 2020 and 2021. These are not based on detailed discussions with every budget holder but incorporate estimated adjustments for likely changes within major budget categories. Accordingly, these figures should be regarded as very rough approximations only.
14. In both years we have projected a 1.5% drop in M&M giving and 2.5% increases in stipends. It would be good if our assumption about donations from local churches and synods proved pessimistic.
15. '*Walking the Way*' will no longer be funded from CWM in 2021 and decisions will need to be taken about its funding in that year. For the moment we have assumed the costs remain at levels similar to the present. Similarly, we have increase the General Assembly costs for 2021 in line with 2018 Assembly decisions but have not made any adjustment to Mission Council costs at present.
16. The position in 2021 in particular may prove challenging but, bearing in mind the caution that the figures should be regarded as rough approximations only, we believe that we will have time to consider the position further and respond to issues arising in practice over the next year or two. Consequently we are relatively comfortable with these initial projections; particularly for 2020.

G1: Appendix

THE UNITED REFORMED CHURCH

SUMMARY BUDGET & PROJECTIONS 2019 -2021

Department/ Project	2017	2018	2019	2020	2021
	Actual	Budget	Budget	Projection	Projection
	£	£	£	£	£
Income					
34 Ministry and Mission contributions	(19,104,058)	(18,962,000)	(18,651,000)	(18,371,235)	(18,095,666)
35 Pensions - additional funding	(100,349)	(50,000)	(200,000)	(200,000)	(200,000)
31 Investment and other income					
Dividends	(893,566)	(854,000)	(895,000)	(895,000)	(895,000)
Donations	(3,272)	0	0	0	0
Specific legacies	(3,929)	0	0	0	0
Grants/Income - Memorial Hall Trust/Fund	(268,622)	(260,000)	(260,000)	(260,000)	(260,000)
Net other interest & bank charges	(12,450)	(10,700)	(6,000)	(4,000)	(2,000)
Other income, including property rentals	(57,025)	(137,000)	(139,000)	(151,000)	(151,000)
	(1,238,865)	(1,261,700)	(1,300,000)	(1,310,000)	(1,308,000)
Total income	(20,443,272)	(20,273,700)	(20,151,000)	(19,881,235)	(19,603,666)
Expenditure					
A Discipleship Dept.					
A1 Ministry					
01 Local and special ministries and CRCWs	13,724,030	13,992,727	13,757,000	13,570,326	13,429,059
02 Synod Moderators - stipends and expenses	646,923	690,000	718,000	736,000	754,000
03 Ministries department	312,124	314,300	321,900	325,900	329,900
03P Pastoral & welfare	1,230	2,000	2,000	2,000	2,000
	14,684,306	14,999,027	14,798,900	14,634,226	14,514,959
A2 Education & Learning					
04 Initial training for ministry	755,702	673,000	710,500	710,500	710,500
04 Continuing training for ministry	62,505	107,500	106,000	106,000	106,000
04 Resource Centres support	593,718	611,000	619,000	639,000	659,000
	1,411,926	1,391,500	1,435,500	1,455,500	1,475,500
W Windermere RCL - net support	99,279	0	0	0	0
04L TLS/Stepwise	89,460	159,350	113,000	115,000	117,000
04P Lay preachers support	4,574	7,000	7,000	7,000	7,000
On-line learning	1,005	57,600	61,000	62,000	63,000
Lay Development Fund	0	20,000	20,000	20,000	20,000
04T Education & Learning department	167,290	175,700	170,000	174,000	178,000
	1,773,535	1,811,150	1,806,500	1,833,500	1,860,500
A3 Children's and Youth Work					
06 Staff costs	164,842	203,500	212,500	217,500	222,500
06 Management, resources and programmes	69,102	81,700	81,700	81,700	81,700
	233,944	285,200	294,200	299,200	304,200
A4 Safeguarding					
07 Safeguarding policy and practice	90,500	95,700	104,000	106,000	108,000
Discipleship Secretariat					
Deputy General Secretary - Discipleship costs	53,182	51,000	80,000	82,000	84,000
B Mission Dept.					
10A-B Mission dept staff and core costs	448,486	524,200	530,500	541,500	553,500
10C-E Mission programmes and memberships (net)	135,841	198,500	220,000	220,000	298,000
	584,327	722,700	750,500	761,500	851,500
11 National Ecumenical Officers	29,389	35,800	36,500	38,500	40,500
	613,715	758,500	787,000	800,000	892,000
C Administration & Resources Dept.					
20 Central Secretariat	232,996	238,200	283,000	288,000	293,000
24 Facilities	264,946	380,200	348,000	352,000	356,000
24A Human Resources	80,093	115,700	82,500	84,500	86,500
23 IT Services	193,917	217,000	226,200	229,200	232,200
21 Finance	409,455	408,500	395,862	403,862	412,862
22 Communications	385,257	414,260	431,000	438,000	446,000
	1,566,663	1,773,860	1,766,562	1,795,562	1,826,562
D Governance					
29 General Assembly	115,000	115,000	100,000	100,000	135,000
27 Mission Council	56,071	46,000	55,500	55,500	55,500
28 Professional fees	158,237	90,000	94,000	94,000	94,000
25 Other	90,338	59,000	70,000	70,000	70,000
	419,646	310,000	319,500	319,500	354,500
Apprenticeship levy	44,337	50,000	54,000	54,000	54,000
Irrecoverable VAT	92,743	140,000	140,000	140,000	140,000
Total expenditure	19,572,572	20,274,437	20,150,662	20,063,989	20,138,722
NET (SURPLUS)/DEFICIT	(870,700)	737	(338)	182,754	535,055