

Finance & Support Services Committee Meeting – 2nd October 2021

Held on Zoom

Present

Mark Tucker
Gerry Simonis
Marion Kerr
Sue McFarlane
Michael Hockaday
Susan Austin
Tim Bateman
Jennie Blake
Nicola White
Barbara Bridges

Representing

Chair of Meeting
CF in Scotland
CF in Scotland
CF in Wales
East Midlands
North East
North West Midlands
South East
South West
South West Midlands

Participant Observers

Gary Baker
Philip Stainer
Yvonne Campbell

Financial Controller
Property Manager/Finance Officer
General Secretary

Apologies

Peter Butler
Sonia James
Jim Lyon
John Bentham
Mark Taylor

Chair
CF in Wales
Chair of Council

1. Welcome

(Paper A)

The welcome was given by Mark Tucker who was acting Chair for the meeting in the absence of Peter Butler and the committee agreed he should continue to Chair the meeting.

2. Opening Devotion

Devotions were led by Chair, including a reading from Psalm 104:10 -15.

3. Apologies

Apologies were noted and are recorded above.

4. Declarations of Interest

Barbara Bridges and Sue Austin declared an interest in Congregational Memorial Hall Trust.

5. Minutes of Previous Meeting – 17th April 2021

(Paper B)

The minutes were agreed by the Committee and signed by the Chair as a correct record.

6. Matters Arising not elsewhere on the Agenda

GB reported that the Clerk to the Congregational Memorial Hall Trust confirmed to him by email that they will soon be paying the grants of just under £30,000 that CF receives every year for general purposes. However, they also alerted him to the fact that the Dr Williams Library, another recipient of grants from Memorial Hall Trust, is requiring a significant amount of work on their building in London (not one of Memorial Hall Trust's assets), costing substantially more than £2-3m. He has advised that this is putting into doubt, certainly in the short term at least, this grant and could affect CF significantly. The Clerk advised that a decision is yet to be made as to the level of financial support that the Memorial Hall Trust will be giving towards the necessary work on the library building.

The Financial Controller felt this may be a good opportunity for FSSC to send a message to Council or Memorial Hall with thoughts on the matter to help them deliberate when meeting to discuss this in the coming months.

Barbara Bridges reported that the Trustees of the Memorial Hall Trust had discussed this matter at their recent AGM. A report will be filed with the Charity Commission and therefore accessible for information. She emphasised that the principal objectives of the Trust are to provide grant funding to its constituent bodies in their activities and to maintain the Congregational library. She added that the library is a collection of books and papers rather than a physical building and, although the library building is closed at the present time, the books and papers are in storage and available on request via a website. Last year the Trust made grants amounting to £148,500 of which CF would have received 20%, as CF always receives 20% of whatever is given (the URC receives 80% of the grant). The library running costs for last year were £153,500, paid to the Dr Williams Library, part of which would be spent on looking after the books and part is a share in paying the Librarian. The Trust has considerable assets of nearly £10m, so there is confidence that the Memorial Hall Trust will keep going. A decision is made every year about how much will be given away as grants and this may already differ from year to year. Talks are ongoing as to whether it is feasible to repair the building, which is a listed building, and what is going to happen to where the library is kept. It will not be a quick decision as the next meeting is in March 2022 and the Trustees only meet twice a year. The Trustees of the charity are keen to carry out both of its objectives, not just to look after the library. Barbara concluded with saying that, although she cannot guarantee how much the CF grants will be, not to worry in the short term. She added that the Terms of the Trust state that the charity is to look after the library but does not have a responsibility to maintain the building.

The Chair thanked Barbara for her analysis. He felt that the Committee, once updated on the decision, might wish to engage with the other beneficiaries, to have a common voice. There were no questions or comments from other members of the committee.

Action:

The Financial Controller to respond to Memorial Hall Trust, state concern and asked to be sent updates.

7. Investment Trust & Trading Board

Mark Tucker

a. Minutes of meeting – 28th July 2021

(Paper C)

The Chair highlighted to the Committee that a sub working group of the ITTB had met to work on a review of the Ethical Policy and there had been an in-depth discussion held at the Investment Board meeting, which is itemised on page 3 of the Minutes, item 5B. This was an important and timely review.

Michael Hockaday drew attention to a couple of typos on page 6 of the Minutes. The Chair suggested that the Finance Team are advised of typos in advance of the next ITTB meeting.

Apart from the typos the Committee accepted the minutes.

Gerry Simonis asked whether anything in the Ethical Policy would affect the CF banking arrangements. The Chair clarified that this review was purely regarding investments and the investment policy. He felt that a sensible and pragmatic approach should be taken due to the way CF is structured now, and the number of accounts and payments being made; it would be a mammoth task to change bank. This view was endorsed by the Financial Controller, who added that it was deemed important to have a good, strong ethical policy for the £10m of investments held with Brewin Dolphin. Although there was very little money held in the actual bank accounts, they are used for significantly for various types of payments in and out. The General Secretary commented that the review of the Ethical Policy came about by looking at ethical banking and realising that it would be too complicated to change banking arrangements.

8. CF Accounts Jan – June 2021, Forecasts 2021/Forecasts 2022 (Papers D, D1, D2)

2021 Actuals

The Financial Controller submitted the finance report and highlighted the following points.

The finances currently seem to be stable; expenditure for the second year running seems to be considerably reduced; Heaton Park has been sold and there could be quite a nice surplus this year. There is money in from closed churches and significant gains on investments. Drawing particular attention to the detail in the last paragraph of the finance report, he added that, when all this detail is taken into account, the finances are probably looking the healthiest they have ever been. Total asset funds stand at £15.2m. However, he emphasised that only a couple of years ago there was a big deficit and future gains or losses in the money markets could be quite significant. He gave the example that a 10% change on the £10m investments held would be £1m but added that these are long term investments. He also emphasised that everything is finely balanced and there is a need to understand the total returns concept of the investments. When considering budget deficits, average long-term investment gains must be taken into account, and at the moment we only need around 2% to equalise our funds. Substantial grants have been made during the year to various churches. It is hoped that the trading activities will improve now that things are getting back to normal.

Barbara Bridges commented that a glossary would be helpful to understand the abbreviations.

Papers D, D1, D2, were accepted.

e) Unpaid Affiliation Fees

(Paper D3)

Referring to paper D3 the Property Manager/Finance Officer drew attention to the outstanding Affiliation Fees of £3,300.75 for 2020 and £966.50 for 2021, giving a total of £4,267.25. He recommended that this should be written off and stated that work had been done to get this figure down as low as possible. He anticipated that a significant number of churches will have difficulty in paying the 2022 Affiliation Fees with a potential for more to be written off., therefore,

Chair Approved

he had increased the 2022 Forecast for the Unpaid Affiliation Fees. He suggested that the Gift of Grace Fund be made available again in 2022 as a further waiver, thereby avoiding another large write-off. He also suggested attaching a letter to the invoice when the Finance department sends the bills out in March, making each church aware of the further waiver available to them if they are not able to pay the fee.

The recommendations were discussed. The Financial Controller confirmed that there was still around £21,000 available in the Gift of Grace Fund. It was hoped that individual churches would morally make the right decision to apply for the waiver if they are genuinely struggling financially. A discussion also took place regarding the involvement of Areas and the Federation of Scotland in helping the churches.

Paper D3 was accepted.

Proposal

Write-off unpaid 2020 & 2021 Affiliation Fees

Agreed: Unanimous

Action: Decision to Council.

Timescale: November 2021

Proposal

The balance of the Gift of Grace to be rolled over into 2022, with the Finance team communicating to the churches when they send out the 2022 Affiliation Fees.

Agreed: Unanimous

Action: Decision to Council.

Timescale: November 2021

f) Schedule of Charges - 2023

(Paper D4)

The Financial Controller reported on Paper D4 and said there was a need to set parameters for the Spring Meeting in 2022 when the 2023 Budgets would be presented. The figures on Paper D4 were for information, and comments were invited. Decisions needed to be discussed regarding the remaining items, these were highlighted below:

Refresh Magazine – the cost would increase from £20 to £30 due to there being 3 copies in 2022. The cost would remain at £10 per edition.

Chair Approved

Personal/Associate Membership Fee and Church Affiliation Fee – considering the increases over the last few years and the Gift of Grace, the Financial Controller recommended a freeze of the fees from 2023 at the 2022 level. The 2022 Affiliation Fee had already been agreed at the Assembly this year and therefore this had already been set.

This was discussed and a suggestion was made to freeze the Church Affiliation Fee but increase the fee per member by 25p to £8.75 as a small progression and for the Personal/Associate Membership Fee to increase by the same progression, increasing by £1 to £43.00.

Paper D4 was accepted.

Proposal

To freeze the Church Affiliation Fee for 2023 at £160.00, with the Member Fee increasing from £8.50 to £8.75 and the Personal/Associate Membership Fee increasing from £42.00 to £43.00.

Agreed: *Unanimous*

Action: *Decision to Council.*

Timescale: *November 2021*

g) Capital Expenditure

(Paper D5)

The Financial Controller reported that Paper D5 was mainly for information.

The General Secretary queried the date of purchase of the company car. The Financial Controller investigated this and found that the car was purchased in August 2018 but was already a year old. The report will therefore be amended to reflect this. The type of new car, i.e., electric, hybrid etc will be considered nearer to the time of purchase in 2022.

The Chair further clarified that the car would normally be purchased at a year old due to the depreciation in the first year and be replaced at 4 years old. The General Secretary's current car had been kept for an extra year because of the low mileage.

Paper D5 was accepted.

9. FSSC Chair

The Chair reported that the term of the current Chair of the FSSC (Peter Butler) is due to end in Spring 2022, with a new Chair taking over in October 2022. He referred to the Terms of Reference, in particular that the Chair is to be nominated and elected by members of the FSSC subject to confirmation by Council and ratification by Assembly. He invited nominations or for anyone to put themselves forward.

Chair Approved

Sue Austin said she would consider the position but, due to personal commitments, was concerned about whether she would be able to commit to the amount of time required by the role and requested to decide nearer the time.

A discussion took place regarding the type of commitments involved. It was suggested that the current Chair be requested to put a realistic guide together regarding the time commitments and other requirements of the role. The Chair recommended that Sue be given a few weeks to consider the role.

Sue Austin also suggested having a nominated Deputy Chair. The Chair requested this to be noted in view of a possible review of the Terms of Reference for Committees over the coming months.

Proposal

Sue Austin has expressed an interest - would the Committee be willing to support Sue if she goes forward as the next Chair of FSSC, subject to Council agreeing and Sue having time to think it through further.

Agreed: Unanimous

Action: Decision to Council.

Timescale: November 2021

10. Yearbook 2022

(Paper E)

The Property Manager/Finance Officer reported that Paper E was for information, highlighting the caveat for the stipend.

Barbara Bridges raised the question of whether the registration rules for Charitable Status are different for united churches. The Chair requested further information outside of the meeting and will investigate.

The General Secretary referred to a paragraph regarding the Congregational Federation Limited which had been prepared for the 2021 Yearbook and was omitted in error. The Chair confirmed that this section would be included in the 2022 Yearbook.

Paper E was accepted.

11. Finance Strategy and Operating Deficits

(Paper F)

The Financial Controller reported on Paper F and gave a summary of the Paper and the graphs. He highlighted the following:

- The Three-year strategy had been agreed by Council in April 2021, subject to any decisions Council make as they consider the overall governance etc.
- The importance of monitoring the Key Performance Indicators to identify trends and the long-term average which will help to avoid knee-jerk reactions to short term situations.
- The total net assets (graph 1) have increased since the year end and have never been as high but need careful monitoring to keep them at a suitable level. Since 2006 they have increased from £5m to £15m.
- Protected Programme Fund (graph 2) had risen from zero to over £5m and is expected to increase. It is anticipated that around £1m may be received from closed churches over the next couple of years.
- Deficits are currently very reduced.
- The Core Operations Deficits (graph 3) have been reduced and are probably currently at an unnatural level. The future regarding this aspect is unknown. It has not been a conscious decision to cut costs for any particular reason and everything has been operating accordingly.
- Finances for 2021 are in a healthy position for various reasons as stated.
- He emphasised that the three-year strategies and the KPIs are to offer stability within the organisation. Next year the information gained from monitoring the KPIs will assist in setting the budgets for 2024-2027.

The Chair thanked the Financial Controller for the very useful information. He reiterated that the financial position was healthy with no need to make any sudden changes and that due to good housekeeping over several years the operational deficit is at a manageable level. He felt that the FSSC and Council can have confidence in noting this.

Sue McFarlane raised the question of how much had been saved due to holding meetings online. The exact figure wasn't known but examples were given by the General Secretary and Financial Controller. A discussion followed and several members of the committee highlighted the benefits of Zoom meetings: not only the financial savings on travel and accommodation costs but the saving in time. It was also thought that it may encourage more people to put themselves forward as representatives if assurances are given that they would not have to travel to attend meetings. However, the benefits of meeting face to face from time to time were also considered to be important for fellowship and the building up of relationships.

12. Terms of Reference Review

It is to be noted that the current Terms of Reference is dated October 2015 and it should be reviewed as part of the wider review that Council intends to carry out of all Terms of Reference and role descriptions. The Financial Controller is to meet with the Operations Manager, General Secretary and Chair of Council regarding this.

13. CFL - Accounts Jan – June 2021 (Papers G, G1, G2)

Papers G, G1 and G2 were received noted for information and the New College Accounts etc will go to the CFL meeting for approval.

14. CF Area Grants (England & Wales) (Paper H)

The Financial Controller referred to Paper H and confirmed that this had been presented to the Investment Board meeting in July; the Board discusses, monitors, and authorises the grants.

The Financial Controller reported that the funds available as at 30th June 2021 were almost within the KPI limits of £30k - £60k. He drew attention to following highlighted Areas which still need to apply for grants and said he understood that The General Secretary is writing to churches or Areas to remind them that the money is available:

- South West Midlands Area - The Financial Controller confirmed he was in the process of releasing and moving some of their endowed capital which will change the figure from a minus to a positive figure. This will be done before the next ITTB Meeting.
- North West Midlands Area grants still need to be made. This money can be used for a wide range of costs. Examples where the money can be used: Affiliation Fees, training, buildings insurance, Ministers' wages.
- South East Church Extension – this money is more limited but can be used for anything to do with the buildings, including heating and lighting.

He gave the reminder that the money is for the benefit of churches and, as good stewards, we need to encourage the churches to apply for the money, especially as some churches are still struggling financially.

Jennie Blake confirmed that she is trying to encourage the churches in the South East to use the money, but no-one is applying for grants.

Tim Bateman advised that the North West Midlands Area would be meeting in two weeks. He was aware that a couple of requests were awaiting Area approval and would be discussed at that meeting, together with requests for training costs.

Chair Approved

15. New church applications to join CF – from the Law Congregational Church

The Financial Controller asked whether there was any feedback since recommendations were made to Council by Finance regarding Law’s application. The General Secretary reported on the current position.

Council is dealing with the whole matter - Council is reviewing the process and the mechanism for new church applications in consultation with the Areas and dealing with the application from Law.

16. Date of next meetings

A discussed took place regarding the ideal time for the meetings and whether meetings could be hybrid meetings. It was agreed to start FSSC and ITTB meetings at 10.30 am when being held on Zoom. A later start time would be necessary for face-to-face meetings to allow for travel.

An Area Treasurer Training Day will be considered for the Friday 30th September, prior to the face-to-face meeting on 1st October 2022.

The Chair felt that the necessary technology wasn’t currently available to facilitate hybrid meetings but agreed to The Financial Controller making enquiries with the IT consultants as to the cost of such meetings, and to investigate the necessary human resources required.

Date of next meetings: **10:30 on 23rd April 2022 (Zoom)**
12:30 on 1st October 2022 (face-to-face)

17. Closing Prayer

The Chair thanked everyone for attending and their participation. Barbara Bridges closed the meeting in prayer.

Signed:

Dated: