

## The Deficit – a challenge to us all

*Edwin Godfrey on behalf of the Finance Committee*

To anyone who has recently been reading about the huge deficit in government finances, the financial challenges facing All Saints may seem like very small beer. However, we too have a deficit to tackle – we finished the year 2012 with a shortfall of over £5,000 in income compared with expenditure (before repairs, which cost a further £6,000), and 2013 seems likely to be much worse, perhaps a shortfall of £8,000 or £9,000. Although it may be acceptable to run a small temporary deficit to cover an emergency, it is clear that we cannot carry on like this for very long without running through all of our reserves and reaching a point where All Saints as we know it cannot continue.

There are only two ways to eliminate a deficit – one is to cut spending, and the other is to increase income. So what are the possibilities open to us in these areas?

### Spending

There are only four items of expenditure by the church which are substantial, and none of them can really be described as inessential.

- The **diocesan contribution** is the largest item (£60,000). The rate of increase has been very modest over the years, and very little of this money is used for purposes other than paying the costs of the ministry.

Essentially it is the mechanism by which the Church of England spreads the cost of the stipends and pensions of the ordained ministry across all the parishes in Hertfordshire and Bedfordshire. It is thus indirectly the reason why we have the services of an ordained priest at All Saints, and if we failed to pay our share we would definitely be failing to pull our weight in return for this.

- **Music** is also a substantial item (£10,000), including the cost of

paying organists, the choir etc. The high standard of our music is an important part of the All Saints tradition, and it is very hard to see any scope for cuts without making All Saints a very dull place indeed!

- **Insurance** is a significant cost (£5,000), but it also seems inevitable. We cannot contemplate a situation where, for example, we suffered a major fire, and would not be able to rebuild for lack of money. We all benefit today from the generosity of the people who paid for the building of All Saints in the first place, and sadly it seems unlikely that this achievement could be repeated now.
- **Heating** is the most difficult problem. The cost of keeping such a large building warm is not only substantial (£20,000), but has been rising steeply over the last few years, and everyone will understand from their own experience with domestic gas bills why this should be so.

We are lucky enough to have a small fund to help with this, bequeathed by the generosity of the late Reginald Cull. We are also trying to reduce costs, both by participating in an energy buying pool with a large number of other parishes and by looking at possible ways of improving the efficiency of the heating system itself.

Unfortunately, all these contributions could be described as marginal at best, and we are still left with substantial and rising bills, which are the biggest reason for driving us into deficit. We could of course try turning off the heating for services, but once our congregation had experienced this during a harsh winter they might well never return!

So if we cannot reduce our spending without unacceptable sacrifices, what about the income side?

### **Income**

To help us to cope with our annual budget, which now exceeds £100,000, the church does generate a certain amount of income of its own. For example, there are fees for Baptisms, Weddings and Funerals, and the hire of St. John's Hall and of the church itself also makes a useful contribution. We also hold fundraising events, and a Christmas tree festival and an auction of promises are planned, as well as our regular coffee mornings. However, although such contributions are welcome, and certainly help to foster our team spirit, they can only make a limited difference to our overall financial position.

Inevitably, therefore, by far the bulk of the cost of keeping the church going has to come from direct giving by the members of the congregation. Contrary to some popular myths, there is no great pot of money sitting in St. Albans or Canterbury which could bail us out – it really is down to us!

Some members of the congregation do indeed contribute generously, but this is not always the case, and there may be a tendency in some quarters to assume without thinking that someone else will pick up the bills. Another factor is that people seem to be much more willing to contribute to a specific and visible project – for example, when it was necessary to repair our fine East Window, the money was found remarkably quickly, but contributing on a regular basis to something like heating seems much less popular.

Allowing for the other sources of income mentioned above, we need regular giving (including tax relief) to total roughly £80,000 per annum – and bear in mind that this is just to keep our heads above water, without doing anything to develop further the mission of the church in Hertford.

In order to have a reasonable chance of financial health over the next few years, we need to increase regular giving by around £20,000 a year, and it is this that I would like to focus on.

### **Regular Giving**

The amounts given by particular people are of course kept strictly confidential by Judy and Malcolm Oughton, who do a great job in administering donations and obtaining the tax relief on them, and not even Colin Bird or I know the specific details. However, there are a few general statistics which can be shared.

In the year to April 2013, there were a total of 72 regular givers (families or individuals). The average amount given was £614, or £11.81 per week, but this conceals a very wide variation in the individual amounts given. Only a few people are giving substantial amounts, and about two thirds are giving less than £10 a week.

It is true that the financial resources of people in the congregation vary considerably – nevertheless, if you compare £10 a week with the weekly cost of a daily cup of coffee or a newspaper, it does seem far from generous. There are also some who contribute only in those weeks when they actually attend – to make ends meet, we need regular rather than occasional contributions.

The overall conclusion is that if just three families were to leave the church or move away, we would be in serious financial trouble. We hope that those same families will maintain and even increase their valued contributions, but to maintain a viable church we do need to spread the load more widely.

We do not think it appropriate to suggest tithing, or to ask people to contribute a specific share of their incomes, which is the approach in some churches (although the diocese suggests 5%), but we all need to consider whether we are responding to God's generous love and pulling our weight.

### Food for Thought

During our services in the month of October, Jo Loveridge will be launching a stewardship campaign to encourage more and better giving to the church. In the meantime, I would urge everyone to think about the following points:

- Do you give on a regular basis?
- Do you use a standing order?
- Do you make sure that the church can claim tax relief on your gifts?
- When did you last increase your giving, and has it kept up with costs elsewhere?
- Do you want to be warm in church this winter?
- How would you feel if All Saints had to sell the Hall and have it turned into flats?
- How much a week can you spare to prevent such a thing happening?