

# Financing the future at Most Precious Blood - A statement from the Parish Finance Council

## Background

On 7<sup>th</sup> January 2013 the Parish was placed under the care of the Personal Ordinariate of Our Lady of Walsingham and Fr Christopher Pearson appointed as Priest in Charge.

The Church building was not in good repair with the heating and electrical systems giving particular cause for concern but also the bells were not working, and the sacristy and security arrangements assumed that the Church would only be open during service times. The Presbytery had been divided into many small rooms to house the students and members of the Salvatorian community who had run the parish for 30 years. Even that most essential tool for ministry, the photocopier, was unusable. The finances were in a sorry state. £8,000 in the bank and a £6,000 unpaid gas bill. Although not in debt, there were no reserves and there were several years' worth of Diocesan contributions unpaid. The Ordinary receipts for the Parish in 2012 were £19,844.

The current challenge is to finance major works of a capital nature. Our cash flow is good and growing, the congregation has responded very well to appeals and their routine giving is relatively high. We believe that we could comfortably finance the repayments on a loan of £175,000 and the reasoning behind this is given below.

## Income

From the outset it was clear that major restoration work would have to wait. However, the icebox conditions and totally ineffective heating system was replaced with an underfloor system thanks to a very generous (£40,000) donation from a member of the Ordinariate. A number of other essential "small" projects were identified with the hope that we could do these over a 5 year period whilst also launching a capital appeal for the major items.

A vigorous effort to both increase the financial giving and to promote regular, planned giving has resulted in a considerable, and sustained, rise in income. We have moved away from the weekly envelope boxes and largely converted the congregation to using Standing Orders and Gift Aid wherever possible. Monthly Standing Orders range in value from £400 per month to £10 per month. We have 55 people giving by monthly standing order. A supply of "one-off" Gift Aid envelopes is available for anyone who is able to use the Gift Aid scheme.

The Financial Return to the Diocese for the year ended 2017 showed an income of £88,913.33.

| 2012       | 2013       | 2014       | 2015       | 2016       | 2017       |
|------------|------------|------------|------------|------------|------------|
| Actual     | Actual     | Actual     | Actual     | Actual     | Actual     |
| £19,844.64 | £29,027.80 | £43,100.39 | £67,207.88 | £61,918.46 | £88,919.33 |

(It is also worth noting that there is a separate income stream largely from members of the Ordinariate which goes through the local Ordinariate Group accounts and the Ordinariate Charity amounting to an income of £26,500 per annum which covers clergy costs and contributions to the central running costs of the Ordinariate. A little over **£8,000** of this is derived from weekday Mass collections and this amount could be redirected to loan repayments).

Forecasting future receipts is very difficult; we are not anticipating such a dramatic growth in the next 5-10 years as there has been in the past 5 years. The *likely* rate of growth in Ordinary income is 10-15% per annum but we have taken a *conservative* view in the forecasts and assumed 5% growth per annum for the next five years. Our Financial Giving team are confident that this can be achieved because of changes in the demographic, a more serious approach to regular giving among the existing congregation and possibly even growth in numbers when the building is restored and looks more inviting. Using a 5% growth figure makes the forecast income figures for the next 5 years look like this:

| 2018       | 2019       | 2020       | 2021       | 2022        |
|------------|------------|------------|------------|-------------|
| Forecast   | Forecast   | Forecast   | Forecast   | Forecast    |
| £91,142.31 | £93,420.87 | £95,756.39 | £98,150.30 | £100,604.06 |

## Extraordinary income

On the income side there have also been a regular flow of grants and special donations which form the Extraordinary receipts. For example, in 2017 the Lent appeal raised over £35,000 for the flooring. However, we feel it is prudent to make no assumptions about any such income and not to rely on it in the future and to see any such “windfalls” as providing an additional financial cushion and possibly the opportunity to repay the loan earlier. Nonetheless, the Extraordinary Income figures for the past 4 years have been:

| 2014       | 2015       | 2016       | 2017       |
|------------|------------|------------|------------|
| Actual     | Actual     | Actual     | Actual     |
| £11,869.04 | £46,894.41 | £21,185.84 | £35,582.05 |

## Expenditure

Throughout the past 5 years there has been a steady stream of urgent works necessary particularly in relation to the electrical supply. In 2016 we had an exceptional cost of **£8,000** in relation to setting up a Junior Choir, buying music books and hiring the services of a singing teacher to get the project going. The choir is now self-sustaining.

In 2017 the phased programme of upgrading the infrastructure to modern standards was completed. In total **£25,000** has been spent during the year on modernising the entire electrical infrastructure, completing the repainting of the exterior and to improving security after a robbery and the London Bridge Terror attacks.

| 2014       | 2015       | 2016       | 2017       |
|------------|------------|------------|------------|
| Actual     | Actual     | Actual     | Actual     |
| £40,183.40 | £59,620.73 | £60,103.71 | £85,371.71 |

Going forward into 2018 there are no more of these significant matters to address and we can revert to a more modest repairs and maintenance budget. We have allocated £8,000 for Presbytery/Church repairs and maintenance for 2018, somewhat less than the £25,000 spent on such matters in 2017.

The budget for 2018 anticipates total spending of £61,250. The Finance Committee will need to be vigilant at its monthly meetings to ensure that spending remains within the budget. Allowing for a 3% increase in general running costs over the next five years we forecast that the outgoings will be constrained within the totals below:

| 2018       | 2019       | 2020       | 2021       | 2022       |
|------------|------------|------------|------------|------------|
| £61,250.00 | £63,087.50 | £64,980.13 | £66,929.53 | £68,937.41 |

We recognise that the first year or two of repayments on a straight-line basis on a loan of £175,000 over 10 years would leave little by way of reserve. The surplus from 2018 and 2019 will allow the accumulation of a suitable contingency fund. We therefore propose to begin the repayment in the year 2020 making 8 payments of £21,875 up to 2028. We expect that from 2022 onwards it may be possible to accelerate the rate of repayments, particularly if there is some extraordinary income which could be applied to the task.

The table below shows that the repayments are indeed affordable without having to include any extraordinary receipts or drawing on the Ordinarate income.

|                             | 2016             | 2017             | 2018              | 2019              | 2020             | 2021             | 2022             |
|-----------------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|------------------|
|                             | Actual           | Actual           | Forecast          | Forecast          | Forecast         | Forecast         | Forecast         |
| INCOME                      | £61,918.46       | £88,919.33       | £91,142.31        | £93,420.87        | £95,756.39       | £98,150.30       | £100,604.06      |
| EXPENDITURE                 | £60,103.71       | £85,371.71       | £61,250.00        | £63,087.50        | £64,980.13       | £66,929.53       | £68,937.41       |
| LOAN REPAYMENT              |                  |                  |                   |                   | £21,875.00       | £21,875.00       | £21,875.00       |
| <b>SURPLUS for the Year</b> | <b>£1,814.75</b> | <b>£3,547.62</b> | <b>£29,892.31</b> | <b>£30,333.37</b> | <b>£8,901.27</b> | <b>£9,345.77</b> | <b>£9,791.65</b> |