

WORLD CHURCH BACKGROUND PAPER: FINANCIAL TRENDS

Current Arrangements

1 The funding for the nurturing and promotion of our World Church partnerships comes mainly from the World Mission Fund (WMF). Grants and the costs of personnel supported in other countries come from this Fund. A charge on the income to the Fund covers the direct costs of the World Church Relationships (WCR) staff within the Connexional Team, with the total charge currently set by Conference at 15%.

Out-turn for 2007-08

2 It was not possible to report definite WMF figures for the Connexional year 2007-08 to the 2009 Conference. For the record, the total income in that year was £5.0m and grants and other disbursements totalled £6.6m. The excess of expenditure over income was in line with the current policy of reducing the reserves held in the Fund. In addition the fall in the Stock Markets affected adversely the reserves and reduced the balance in the Fund by a further £0.7m. As a result the Fund balance, as reported in the Council's accounts, was £6.6m at the end of the year.

Recent Trends

(i) Income

3 Income to the WMF is made up from direct donations to general WMF; specific 'conduit' funding through WMF; small number of grants; investments; legacies. Most of these sources of income reveal a small but consistent and significant overall decrease over a period of the last four years; but within those overall figures income has increased for specific project funding compared with general giving.

(ii) Expenditure

4 From 2002-03 to 2007-08 the Team worked on three principles:

- i. reducing the overall level of WMF Reserves to be more in line with the then Reserves Policy of the general Methodist Church Fund (one year's expenditure).
- ii. by 2007-08 having a balanced income/expenditure budget for WMF
- iii. maintaining programmes specifically asked for by Partner Churches, but attempting to do less within those programmes in order to decrease 'dependency' issues.

5 This plan was scrutinised annually but income often proved better than anticipated eg by the donation income component sometimes being maintained rather than reducing significantly year on year; by investment income increasing until the last 18 months; and by the occasional large legacy. The net result was that Reserves did not diminish as quickly as originally planned for in 2002.

(iii) 2008-9

6 Income was £4.8m, a reduction of around 4% on the previous year but not as large a fall as had been feared given the general economic climate. Expenditure was below budget at £4.3m, partly due to timing issues. Some major matters have emerged with the way the Fund reserves have been calculated in the past and the restated reserves as at 31 August 2009 will probably be around £11m, although some of this is tied up in illiquid assets. The total excludes firm commitments of £6.5m made for grants to be disbursed in future years.

(iv) 2009-10

7 The budget for the current year assumes a total income of around £4.0m resulting in available income after the 15% charge of £3.4m. The figures now available for 2008-9 suggest this may prove a significant underestimate.

8 Approved expenditure, continuing the policy of drawing down reserves, comprises:

Grants for general support of Partner Churches	£2.1m
Grants for specific projects in Partner Churches	£0.1m
Mission Partners	£1.7m
Scholarships and Leadership Training (SALT)	£0.4m
Nationals in Mission Appointments (NMA)	£0.5m
Mission Studies	£0.2m
All Partners Consultation	£0.3m
Total	£5.2m

Looking Ahead

9 Reserves are this year funding around one third of total planned WMF expenditure. However, at the current budgeted rate of drawing down reserves, there will be no free reserves left in the WMF in five years. Therefore as part of the fresh thinking about how partnerships are expressed, there is a financial element: unless the reshaping of partnership stimulates additional income to the WMF, the financial dimension of what the British Church contributes to the worldwide partnerships will have to be reduced markedly within the first half of this decade.

10 One issue is whether the trend decline in giving to WMF can be reversed. Some points include:

- i. The older generation are amongst the most loyal world mission supporters.
- ii. Giving to charitable funds goes down during a recession.
- iii. Giving to more general 'development' organisations is more acceptable socially than giving to a faith-based body.
- iv. The 'donor base' in Britain has not been nurtured or informed sufficiently in recent years, resulting in people losing the giving habit.
- v. The fund-raiser in the Team, David Bennett, is working on a strategy to reverse the decline in giving to all the major Funds.

11 With all these factors in mind, the Team suggest that for 2010-11 a budget is prepared that does not move immediately to a balanced budget but assumes a drawdown from free reserves of £1m. This might be replicated in the budgets for the following two years before changing to a balanced budget thereafter but much will depend on the All Partners Consultation and discussions there in June 2010. The British Church will need to take a steer from what is being asked by and from our Partners.