

Mind the Gap: drawing financial conclusions

The financial conclusions in Section 4 of the case statement helps start and summarise a conversation about the data produced in the financial analysis. This paper offers guidance on drawing out the key financial conclusions from the data.



Gathering the data and generating the charts in Section 3 of the case statement is usually done by one person on behalf of the planning group. The financial conclusions, Section 4, invites the planning group to do some hard thinking, review the data, summarise issues and suggest action.

Drawing financial conclusions

The task is to identify the key issues and possible strategies. Give the data a 'hard stare' worthy of Paddington Bear. The data will shed light on the current financial situation. It will identify some trends, some areas of concern and risk to the financial (and therefore the missional) health of the church. It will identify areas of potential growth and actions to be taken, from joining the all important *Parish Giving Scheme* and growing our digital giving to creative new income streams.

This planning group conversation and the overflow into leadership discussions via the *Consultation* (Section 7 of the case statement) help us to 'mind the gap' between where we are now and how we would like things to look in the future. Our first step to a new future starts with knowing where we stand today.

Scarcity and abundance

We need to understand our finances. We need to take action. But leaders also have a deeper responsibility. Our congregations may not know much about church finances but most sense how the church is doing moneywise. A persistent drip of bad news, understood or anxiously felt, has a corrosive effect on congregations. It can undermine morale and diminish hope. It can make the challenge feel just too big to address.

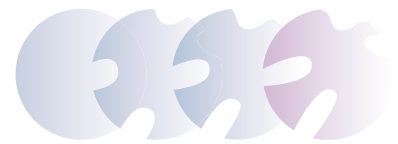
When the fear is around scarcity and the talk is of survival, church leaders, including the treasurers who feel the heat of battle, must tell a story of God's promise and provision.

Generosity offered, promise renewed

Abraham met three visitors in the doorway of his bedouin tent. It was a threshold, a liminal place physically and spiritually. Abraham offered traditional hospitality, generosity. The visitors renewed the story of God's promise and abundance. Abraham and Sarah with a shared experience of unrealised promise, of loss, of scarcity, learned afresh to trust and hope.

We must face up honestly but not hopelessly to financial reality and trust in a God of abundance. This may not be easy given where we are. But the planning group and their case statement and the church leaders who affirm it must know and tell a story of abundance and promise.

The following paragraphs relate to the three elements of the financial conclusions in Section 4 of the case statement.



1. The situation we currently face

In this section briefly describe the headline pressures, issues and opportunities. For example: a persistent shortfall of income against expenditure; a history of not gifting parish share in full; an inability to seize opportunities for mission or the resources for ministry.

Keep this first section descriptive; avoid drawing conclusions at this stage. Include any reflections on stewardship practice in the church (Section 2 of the case) that add to the story. For example: a nervousness about preaching generous giving or encouraging legacy giving.

2. From our financial analysis

This section digs into the details of the financial analysis in Section 3 of the case statement. Start by writing just two or three lines by way of a summary of the situation which the data shows. Keeping it short will crisp your thinking. Summarise action to be taken.

It helps to ask the, 'so what?' question. For example, our free reserves are depleted - so what? Well, we can no longer subsidise our shortfall of income, we have a duty of care to hold reasonable reserves and we have spent on day to day operations the money designated for improving the sound system in the church.

- Income and expenditure (Section 3a): what is the overall picture, the trends of recent years?
- Use of reserves (Section 3b): are free reserves adequate for contingencies, emergencies? How have they been used in recent years? What is the status of our restricted funds?
- Planned giving profile (Section 3c): does the data highlight dependency on too few givers? Are average levels of giving unrealistic or unreflective of our community? What is the median gift - and does it challenge us to raise the bar for many of our givers?
- The Parish Giving Scheme (or standing orders where the PGS is not possible) is best practice: are we promoting it creatively and well?
- Digital giving: do we offer contactless and online giving? Is our website accessible? Do we use social media to tell our story and invite generous giving?
- Open plate giving: what percentage of giving is from open plate gifts? How has the pandemic impacted? Are we over-reliant on this very vulnerable way of giving?
- Gift Aid and GASDS: do we effectively promote Gift Aid, especially through the Parish Giving Scheme? Do we maximise the Small Donations Scheme?

- Mission giving: Do we model the generosity we invite of our church members?
- Other income streams: Giving in Grace is mostly about regular planned giving but good stewardship will maximise all income streams: gifts in wills; trading income; Friends groups and more.



The financial challenge

Before completing this final section you must have to completed the *budget plan* in Section 5 of the Case. It simply identifies the weekly cost of running the church. Usually use weekly figures. Many can take fright at annual or even monthly amounts.

- Weekly expenditure: from the budget for the coming year enter the calculated weekly expenditure figure.
- Weekly income: do the same with the calculated estimated weekly income (this excludes any projected increase in giving).
- Increase in giving: this figure will be identified as 'target for gift array' on the budget sheet.
- Other income streams: where relevant, calculate this by dividing the 'additional income' total in the budget by 52 to calculate a weekly amount.

A final draft

Conversation around the financial conclusions may happen more than once. Capture the conversation in Section 4 of the case statement in note form as you discuss. Eventually someone will write a final draft, summarising the discussions to be amended and signed off by the planning group.

That final planning group draft is *shared with the church leadership* for comment, reflection, input and ultimately ownership and leadership advocacy to the congregation.