



UCAN seminar: Financial Risks Management in 2021

January 2021

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What are your main risks?

1. Do you know what are your main risks?

- Most churches don't!

Or

- They may have done 3 years ago

2. Not a 'one size fits all'

- Every church is different
- Every church changes as it grows
- But even more so if it gets smaller!

ACTION POINT  **look afresh and keep looking at it**



Category of risks

- **Macroeconomic**

- Government policy, wider national economics, etc
- Impact on donors, local community, taxation, regulation
- Usually slow burn and longer term (but not with Covid!)

- **Microeconomic**

- Personal to your church/charity
- Loss of donor, tenant, debt, property value
- Tend to have a more immediate impact



What do you do about your risk factors?

- Link between 'high financial risk' and 'poor financial health'
 - *Affects environment in which transactions occur*
 - *Stewardship 'financial health-check' (free)*

<https://www.stewardship.org.uk/support-services/financial-health-check-for-churches>

- "AAA" rating (2 Corinthians 8 & 9)

<https://www.stewardship.org.uk/downloads/briefingpapers/raising-the-standard-with-aaa.pdf>

- *Attitude (A1)*
- *Accountability (A2)*
- *Administration (A3)*

ACTION POINT ➔ **invest in good 'financial health'**



What are the main problems we see?

1. Supporters and vision -- communication (lack of) A1/A2
2. Contract (ignorance) -- especially leases and property A3
3. Loss of income (Excess fixed costs: mortgage, lease, staff. NB: Holy cows?) A1/A3
4. Financial control -- especially internal misuse A1/A2/A3
 - But cyber fraud increasing
5. Reserves planning (or lack of) – what is the place of “faith”? A3
6. Employment (mis)management A1/A3
7. Gift Aid/ Employment taxes and admin A1/A3
8. Overseas giving/payments – increasing risk since 2015 A3
9. Banking issues - increasing (NB:those working overseas) A3
10. Your own unique quirks! (reputation, regulation, balance)

ACTION POINT



look afresh (sometimes fresh eyes helps)



Quick win: Budgets and monitoring

- Is your budget agreed (meaningfully)?
- Is it used (by the relevant people)?
- Is it acted upon (at the right time)?

ACTION POINT 

Where is your 'quick win'?



2020: everything changed!

"Coronavirus has changed the world. We don't know how yet, but it has and we will find out 'how' and 'how much' sooner and later!"

What does this mean for my church/charity?

1. Don't assume things will be the same soon (they won't!)
2. Plan for alternatives (and not just once!)
3. Cash is king
4. Communicate
5. Be responsible

ACTION POINT  **We are in uncharted waters.**

Act differently.



Plan and re-plan!

- Don't assume things will be the same soon
- Re-plan and expect to re-plan again
- Plan for alternatives:
 - Plan A ("Expected" outcome)
 - Plan B ("Bad" outcome)
 - Plan C ("Very bad" outcome)
- Know when you should take action (*"if this, then that"*)

Painful decisions are doubly painful when needed in a hurry!

ACTION POINT  **Talk now to help decisions when they're needed.**



Plan and re-plan (2)

- Plan for people changes
 - Work change
 - Location change
 - Illness or death!
- For what?
 - Payment/banking
 - Book-keeping
 - Accountability

ACTION POINT 

The unthinkable happens!



“Cash is king!”

*“Cash” are you bank balances and easily available savings and investments.

“You can have all the assets in the world but if you cant pay your bills then you are in trouble!”

Conserve cash!

1. Pay when you need to but not when you don't
2. Claim Gift Aid often
3. Plan (for the possibility) of borrowing/having to sell things
4. Stay flexible (avoid long term commitments)

ACTION POINT 

Keep your eyes on the cash you have!



Communicate! (part 1)

Remember The Apostle Paul (2 Corinthians 8 and 9)

Ask for support well!

1. Remember the “Macedonian equation”! (8 v1-4)
2. Remember these are gospel partners not wallets
3. Share ‘Vision’ (not ‘pressure’ or just ‘facts’)
 - HOW others benefit
 - WHY people should want to partner with you
 - WHAT you will do with the support



ACTION POINT ➔ **Engage with gospel partners**



Communicate! (part 2)

Internal communication among decision makers

- Key decision makers
 - What information?
 - How communicated?
 - When communicated?

- What do we need to do?
 - Alert
 - Amend
 - Act

ACTION POINT  **Engage decision makers effectively**

If risks are 'HIGH' -- Be responsible!

- Think about the unthinkable:
 - You may be unable to pay people
 - You may have to stop altogether
- Know when you need to take action
 - 1 month, 3 months or longer?
 - What do you need to do?
 - Who do you need to consult? (lawyers, insolvency experts, Charity Commission?)



ACTION POINT  **Prevarication hurts others!**

your own experience and
questions?





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