

## Treasurer's Report to the APCM 12<sup>th</sup> May 2024

The full Annual Report and Accounts is available on the Beacon Website. The following is a shortened extract of the financial report.

**The Parish posted another material operating deficit in 2023, although there was some comfort to be derived from a reduction in the deficit compared to last year.** The headline deficit reduced from £80,379 in 2022 to £58,480 in 2023, due in large part to the tailing-off in expenditure related to our major works at Streat Church. 2022 had also seen a number of required material investments in all of our churches, which were not repeated in 2023. However, some of this benefit was offset by double-digit increases in the costs of running the church office and buildings – like many organisations, the Parish has been affected by inflation in all of its input costs, including staff, materials and service costs.

**Income:** Our Planned Giving stabilised in 2023 and an increase in Unplanned Giving was offset by reductions in collections at services and lower grant receipts, resulting in an **overall 17% reduction in voluntary income.** With dividends reducing as a result of a run-down in our investments and a fall-off in income from church activities (including weddings and funerals), overall incoming resources suffered a reduction of some 13%.

**Costs:** These are dominated by 3 line items, together accounting for over 70% of total resources expended. The most material item, the **Parish Share**, saw only a modest increase; as indicated above, **Major Works and Purchases** reduced as the Streat works drew to a close; and, whilst our **Youth Worker (YW)** costs rose, this was only to be expected in the inflationary environment we saw in 2023. It should be noted that 50% of the YW costs are borne by our neighbouring Parish of Clayton with Keymer and their contribution appears under 'Sundry Income' (note 2e). This cost-sharing agreement came to an end on 31<sup>st</sup> March 2024, after which our YW is employed on a new contract with the Beacon Parish for 4 months, while we identify other sources of potential funding..

**Net Assets:** The overall net assets of the PCC decreased by £11,392, from £481,593 to £470,561. The great bulk of these funds (£338,936 are in Restricted or Endowment Funds reserved for the use for which the original endowments and donations were made. The largest parts of these Funds relate to Streat Church and St Martin's Westmeston and the dividend income can be used to fund major works. The Friends of St Margaret's fund holds significant reserves committed to the fabric of St Margaret's. We are thus fortunate that the current underlying situation in relation to the preservation and maintenance of our three ancient and historic buildings remains reasonably sound. Unrestricted and Designated Funds now stand at £131,625, a reduction of £46,733. Expenditure on Streat Church and the funding of operating deficits continued to run down these funds, thus reducing future income generation. **The cushion used to fund our ongoing underlying deficits therefore continues to deplete.** Whilst welcome, the recovery in market conditions cannot be relied on in every year and the aim remains to return to a position where the Parish operates in

day-to-day surplus, using its investments to fund only major works and purchases.

**Outlook:** Whilst the Parish has been able to reduce the operating loss this year, the financial position remains unsustainable, as investments are being run down to meet ongoing costs. With this in mind, the PCC has made the following decisions, which will impact on the 2024 financial performance:

- **Parish Share:** we have made the difficult decision to reduce our payment to the Diocese by c £30,000 p.a. This action has not been undertaken lightly, as we are very conscious that the Diocese faces financial challenges of its own. However, we very much hope that this will be a temporary action, to give us time to develop other sources of sustainable income (see below).
- **Youth Worker:** Clayton with Keymer Parish has taken the decision to discontinue its funding of its costs and our YW is, at the time of writing, on a part-time short term fixed contract which expires in August 2024. We are searching for other sources of funding to maintain the status quo, as our YW is a key part of the Ministry and will help ensure the long-term sustainability of the Parish by encouraging young people to follow the Gospel.
- **Major Works & Purchases:** we do not anticipate any expenditure of the scale of Streat Church for the foreseeable future. However, as discussed in last year's report and above, the sagging floor in St Martin's Church will be addressed in 2024, incurring expenditure, which will be covered by utilising dedicated endowment funds. Expenditure on St Margaret's should be manageable.
- **Fundraising campaign:** recognising the need to put the Parish on a more sustainable footing and to restore our ability to pay the full Parish Share in the future, as announced on Sunday 28<sup>th</sup> April the PCC has made a decision to reach out to the wider community in the Parish for financial support. The Appeal has been launched and will be supported by material in all three churches illustrating the contribution of the churches to the wider community.
- **Outlook for 2024:** the current budget for 2024 shows a deficit of some £25,000 even after the PCC decision to reduce our allocated Parish Share contribution by some £30,000 over the year but before taking into account any positive outcome from the Appeal.