

## **Second Version of the Report on a Survey on the Impact of Covid19 on Baptist Church Finances 2/7/2020**

On 28/5/2020 I posted a simple anonymous Google Forms survey in the Baptist Ministers in the UK Facebook Group. To gather additional responses on 22/6/2020 I posted it also on the Baptist Collaboration Facebook Group. Further responses will continue to improve the accuracy so the survey will remain live online at <https://forms.gle/tbpwoWUR9FnWG1j56>

This second report increases the statistical reliability of the responses although the results have not changed very much. Please note that the survey relates specifically to churches which have full or part-time Accredited ministers, not to all churches and not to churches with ministers but where none are Accredited (some of which churches might be more vulnerable financially).

The number of responses was **41** which, representing a population estimated at 1000 churches with Accredited ministers, yields a margin of error of less than 13% (at confidence level of 90%). So the observed results will be reported as “sample” and where relevant the least favourable outcomes will also be reported as the “minimum” incidence in the whole population according to the margin of error. Where reported in that way it is very likely that the actual proportion of churches in a particular category is higher than the “minimum”.

My summary and brief commentary on the major results is followed by the full analysis of responses generated by Google Forms. I am very happy to discuss the survey on Facebook or by email at [peter@pbthomas.com](mailto:peter@pbthomas.com)

### **Additional Comments Following The Reopening Guidelines For 4<sup>th</sup> July.**

The Government’s Guidelines on reopening places of worship from 4/7/2020 have had two major impacts. Firstly, very many churches are now delaying further their planning to reopen their buildings for worship. Secondly, the constraints within the guidelines will delay further the restarting of many rentals and many fund-generating activities on church premises. At the same time, we have seen the first of doubtless many “local lockdowns” and most experts now consider the likelihood of a “second spike” lockdown to be very high. All these issues will prolong the impact of Covid19 on the finances of many churches, for longer than many would have anticipated when they completed this survey some weeks ago. So Covid19 is likely to have a greater negative impact on the finances of churches than these survey results suggest.

Rev Peter Thomas – Minister of North Springfield Baptist Church

### **SUMMARY AND COMMENTARY**

1. Assuming lockdown restrictions continue to be lifted and regulations allow, and there is no "second spike" of Covid19 cases, when do you imagine your church worship services might resume?

76% (of sample) of Churches anticipate starting their worship services between September and November 2020. Just 12% anticipate before September.

2. Assuming lockdown restrictions continue to be lifted and regulations allow, and there is no "second spike" of Covid19 cases, by when do you imagine the majority of your regular church activities other than your worship services might have resumed?

42% (of sample) anticipate between September and November.

27% (of sample) anticipate sometime in December or January.

24% (of sample) anticipate sometime after January 2021, or never.

3. Most churches will have experienced a reduction in income during lockdown, due e.g. to reduced offerings or to a loss of rental income or trading income (e.g. from a cafe). Compared to a year ago, has your church income changed?

47% (of sample) report that their monthly income has dropped by more than £1,000. The minimum proportion of all churches in this position would be 42%.

12% (of sample) report a drop of £500-1000 a month and 17% (of sample) a drop of up to £500 during the lockdown

**Comments: these proportions are high. Many more churches than I anticipated are suffering reduced income at a higher level – with approaching half of churches losing more than £1,000 a month.**

4. Some churches could hope that their income will return to previous levels when lockdown is lifted and their activities can all resume. Others may recognise that their income may never return to previous levels (e.g. because rental income may not return, or some income-generating activities may never resume, or bereavements in the church will reduce income). What are your church's expectations when life returns to "the new normal"?

24% (of sample) expect that their income will be lower in the long term and that will have a significant impact on their budgets. Minimum proportion 8 % likely proportion 25%.

Another 34% (of sample) expect that their income will be a little lower.

**Comments: very many churches will be needing to rethink their budgets, with a quarter potentially facing difficult decision.**

5. For this question please assume lockdown restrictions continue to be lifted and that there is no "second spike" of Covid19 cases, Many churches will have been using up some of their reserves during the period of lockdown. Each church will have its own Reserves Policy as the lower limit of reserves it need to maintain. If your church has been using up reserves during lockdown and continues to do so, in the light of your answers to the previous questions, how long do you estimate your reserves will last before you get down to the Reserves Policy buffer?

42% (of sample) of churches expect to hit their Reserves Policy buffers during 2020. Minimum proportion will be 38%.

A further 18% (of sample) expect to drop to their Reserves Policy limit in the first half of 2021. That has a minimum of 16%.

**Comments: more than half of churches are likely to hit their reserves policies buffers within the next year and approaching half of all churches this side of Christmas. This is serious because at that point charity law (and commonsense) requires the Trustees to begin to consider ways of reducing expenditure. See the comments under recommendations below.**

6. For this question please consider the possibility that some time in the next 12 months a "second spike" of Covid19 occurs which leads to a lockdown of essentially the same pattern as this one. Using the previous questions as a guide, please consider the impact which a second lockdown might have on your church's finances. Do you think that a second lockdown would have a serious impact on your church finances?

27% of churches (of sample) say their church finances will hit a crisis if there is a second lockdown. Minimum proportion would be 24%.

A further 27% (of sample) say their finances would be stretched. Minimum 24%.

**Comments: a second spike second lockdown will have devastating impacts on hundreds of churches, although many of those will already have been hit anyway (see question 5). We have now seen the first doubtless of many local lockdowns and most experts view the likelihood of a second spike lockdown sometime in the autumn or winter as very high.**

7. In the light of the questions above, how likely do you think it is that your church will need the support of a Home Mission Grant in the next few years?

10% (of sample) report that they have applied for a grant for 2021 but are likely to need a significantly higher grant.

A further 15% report that they had not applied for a grant for 2021 but think they may now need to do so.

**Comments: the needs for Home Mission Grants will be greater than ever in 2021.**

**The position of churches already in receipt of a HM grant will be especially precarious. Grant Application rules require that their reserves are not higher than their Reserves Policy would require and equally that they are only operating a balanced budget. So any churches receiving grants which have lost significant income during the Covid lockdown will already be in crisis.**

**At the same time there is no indication that Associations are going to open the Grant Applications processes to churches who find themselves needing grants for 2021 but are not in the process already. Such churches will be relying on the grant and loan schemes being provided by BU.**

## **RECOMMENDATIONS**

The Covid19 epidemic will have significant impacts on all churches. However the finances of some churches will be affected to an extent which will jeopardise the future of ministry in those churches. This survey suggests that a couple of hundred churches could be affected in that way, and even

more if there is a second Covid19 lockdown. This is likely to have the greatest impact on smaller churches, and churches which are already receiving support from Home Mission grants.

1. We should all be praying for this situation
2. We should be exploring ways to support churches and ministerial colleagues in these times and beyond.
3. Associations should be encouraging all churches to consider their financial situations closely, identifying situations where ongoing stipended ministry may not be viable, and supporting those churches and their ministers closely through the difficult months ahead.

Very many churches have found that their income has dropped during the Covid19 lockdown. Some have found that they have been using up their Reserves for the first time, or at a faster rate than previously. In some churches their Reserves have already fallen below the amount specified by their Reserves Policy, and many more are expecting to reach that point in the near future. This should not cause panic – a church holds Reserves precisely to help them keep going in unusual circumstances like this. When the church hits their Reserves Policy figure, that is simply an indication that they may need to consider ways of reducing their costs and/or increasing their income.

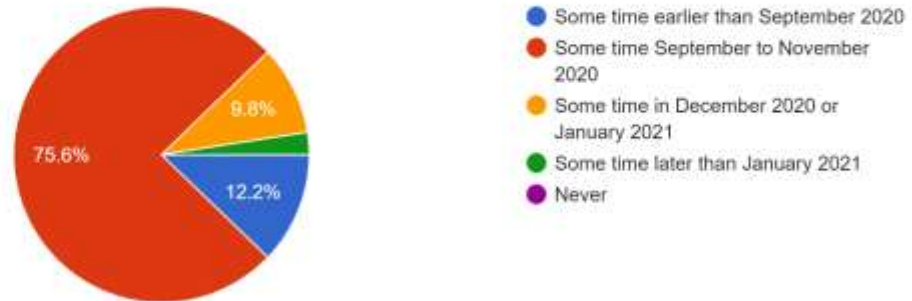
If a church's income has dropped significantly during this time, two things will be unclear. How long will income remain at the current lower level, and will the income remain lower in the long-term or will it return to previous levels? The Reserves Policy figure will indicate when a church should carefully reconsider its budget, but there will be another much lower number which the church will need to be aware of, which would trigger more urgent action. There will usually be a minimum amount you would want to keep in hand to cover cashflow variations or an unexpected expense.

How long Reserves will last will vary from church to church depending on how quickly the Reserves are being eroded. For example, a church with reserves of £12,000 could cope with using up those reserves at £500 every month for more than a year. But if the excess of expenditure over income is £1,000 every month, then £12,000 would last much less than a year before the church finances would hit a crisis. So it is important for every church to review its finances, to consider what the future may hold.

**FULL RESULTS OF THE SURVEY AT 2/7/2020 as reported and analysed by Google Forms.**

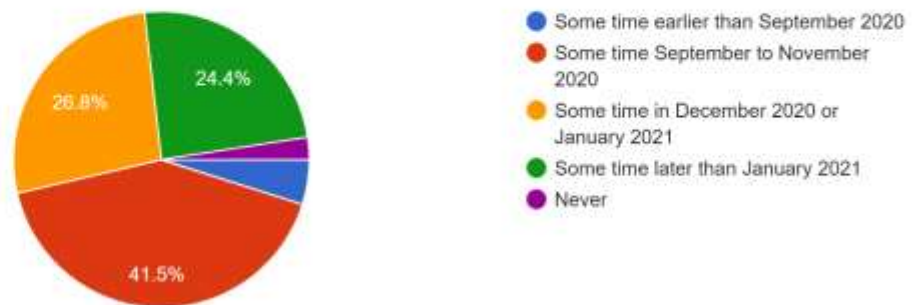
1. Assuming lockdown restrictions continue to be lifted and regulations allow, and there is no "second spike" of Covid19 cases, when do you imagine your church worship services might resume?

41 responses



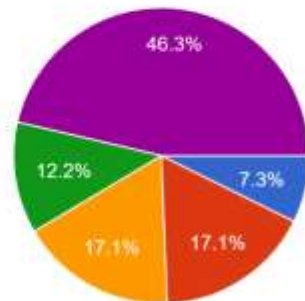
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41 responses



3. Most churches will have experienced a reduction in income during lockdown, due e.g. to reduced offerings or to a loss of rental income or...ed to a year ago, has your church income changed?

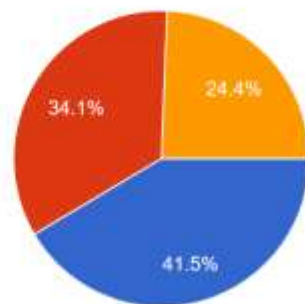
41 responses



- Income higher than usual.
- Income essentially unchanged
- Income dropped by up to £500 a month during the lockdown
- Income dropped by between £500 and £1,000 a month during the lockdown
- Income dropped by more than £1,000 a month during the lockdown.

4. Some churches could hope that their income will return to previous levels when lockdown is lifted and their activities can all resume. Others ...expectations when life returns to "the new normal"?

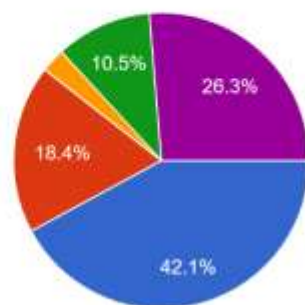
41 responses



- We hope that income will return to previous typical levels.
- We expect that our income will be a little lower than previous typical levels.
- We expect that our income will be lower and that will have a significant impact on our budget.

5. For this question please assume lockdown restrictions continue to be lifted and that there is no "second spike" of Covid19 cases, Many churches wi...fore you get down to the Reserves Policy buffer?

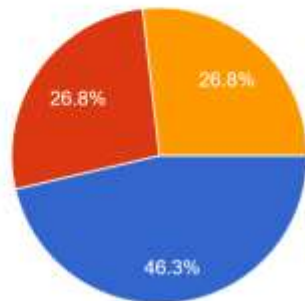
38 responses



- We will reach our Reserves Policy amount during 2020.
- We will reach our Reserves Policy amount in the first half of 2021
- We will reach our Reserves Policy amount in the second half of 2021
- We may reach our Reserves Policy amount in 2022 or later
- We do not expect to reach our Reserves Policy amount.

6. For this question please consider the possibility that some time in the next 12 months a "second spike" of Covid19 occurs which leads to a lockdown...d have a serious impact on your church finances?

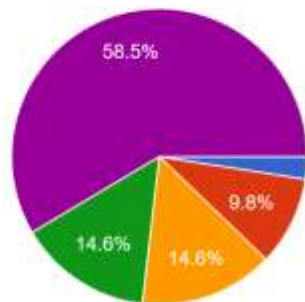
41 responses



- Our church finances would cope through a second lockdown.
- Our church finances would be stretched if there was a second lockdown.
- Our church finances would hit a crisis if there was a second lockdown.

7. In the light of the questions above, how likely do you think it is that your church will need the support of a Home Mission Grant in the next few years.

41 responses



- We have already applied for a HM Grant for 2021 and that level of Grant is likely to be sufficient.
- We have already applied for a HM Grant for 2021 but we are likely to need a similar grant in the next few years.
- We have not previously applied for a HM Grant for 2021 but we may now need to apply for one.
- We do not think we will need a HM Grant for 2021 but it is possible that we will need to apply for one in the next few years.
- Our church finances are such that we do not expect we will need to apply for a HM Grant in the next few years.