Thank you Mark.

First, Thank you all for your time. As Peter has already said, we appreciate you have all given up a Sunday morning to discuss the 2017 budget but we hadn't anticipated, when we decided to rework the accounts in a late HHD year, quite what would be required of the participants in the process and how long and detailed a process it would be.

Our management accounts are based on the layout of historic statutory accounts but the statutory accounts have grown more complex, for example overheads are not split by department but by whether they are expended for revenue generation or charitable activities and support costs need to be allocated to departments by floor space or people or time or number of transactions.

As a result, over time we have reached a situation where our community has grown organically and the management accounts have been left in the past. At a time when we now do so much more than we used to and when resources are limited it is vital that we are better able to manage our costs. In addition as a Charity the Trustees need to be sure that we are able to make informed decisions about whether spending X amount of money to benefit Y number of people is the best use of those resources and whether or when we should draw a line under certain activities.

If we want our department heads to manage their own budgets we need to give them the right information and that is what we have tried to do here. This is only the start but we intend to break our costs into many more projects so that the Rabbis, Lynette, Katie, Sam, Cindy and Adam can see what is happening at the level they need. That is why there are lines in the document that appear unpopulated – either the historic data is combined and is still being separated out or they highlight future coding desires. We have also moved some lines around from one department to another to reflect not just the intention of that expenditure but who controls it and we have changed how some expenses are displayed or narrated.

Before I take you through the document in front of you I'm afraid there has been one late change.

Last weekend Noeleen and I went to the Council Meeting of the Movement where the only items on the agenda were in relation to agreeing their budget for 2017.

I have to tell you I was amazed that their budget presentation for a business with £2.8m of income and expenses was 7 lines long. I asked for the detail to be supplied to me and was told it would be but I am still waiting. The reason this is so important is because there are serious implications for us both in the short term of 2017 and the longer time horizon.

Each year, our three greatest costs in bulk are salaries, the cost of the High Holy Days and the levy we pay to MRJ – effectively the subscription cost we pay to MRJ for belonging to the movement. The levy is calculated as a percentage of subscription income received PLUS gift aid PLUS the higher rate tax donation and is charged annually in arrears. The percentage is 16.5% if we open our membership lists up to MRJ and 19% if we don't. These rates were previously higher but were reduced in 2012 when the levy was first capped at £125k. Last year the levy was capped at £128k which is the figure that we put into the budget but at the Council meeting last Sunday the budget was approved with an increase in the cap to £131,200 . As a result we have had to put that into the budget immediately and the effect is that our overall deficit increases from £14k to £16,875.

Of more concern is the discussion that took place regarding the proposal to remove the cap altogether. The cap as it stands applies to the largest communities in the Movement – ourselves, West London and the new EDRS-Hendon merged community. Two communities (in the size band below us) have objected to the cap, asking for it to be removed. It was agreed that the cap would remain in place this year, but that a group would be convened to look at the longer term issues around keeping/removing the cap. The impact of the cap being removed would take our total contribution to MRJ to more than £160k a year. This community has always been a major supporter of MRJ, through payment of our subscription and provision of a large number of patrons and leaders , as well as supporting our rabbis in the work that they do in the Assembly of Rabbis, editing new prayer books and working on key areas of Movement business. We fully support the aims and work of the Movement and are determined to support smaller communities to be strengthened and see the development of Progressive Jewry but we intend to work with the Movement to ensure an affordable level of subscription payment to them. We need to be aware of the ongoing situation at this early stage and start to consider how we might deal with an additional expense of that size when we have development needs of our own to consider.

For 2017, Executive and Council are presenting to you, the members, a budget with a deficit of £14k but as I already mentioned, that should now be read as 17.

Council believes that it is right for the members to be told that running the community the way we do, providing the range and breadth of activities that we do, meeting the needs of the community in the way that we do costs money and in the past we have presented a balanced budget by targeting a level of fundraising that would enable us to show a balanced budget.

At a time when we are about to embark on a major fundraising effort to raise money for our building project, we believe it is important for the community to understand that fundraising is an inherent requirement, for our members to acknowledge that resources and funds in the balance sheet don't last forever and to be comfortable with the reasons for fundraising when we have available funds in the balance sheet. Executive and Council agreed that this reflects our reality.

I will now explain the assumptions that underlie the 2017 budget by turning to the detail, and start with subscription income.

As in previous years we have undertaken a lot of analysis in order to validate the subscription income figures. Although the figure is the largest single element of the budget, unfortunately increasing subscription income does not make as large a difference to our overall position as we would wish. As at September 2016 we had 1,250 billing units, plus another 210 people either on A-List or JJBS only. Of the 1,250 significant billing units only 763 pay the full fees. This is not an uncommon proportion across other communities.

Depending on the final resignations post HHD we will likely end the year with 20 more billing units than in January, 762 As and Bs compared to 747. Indeed, we are increasing membership year on year but this year we have seen a change in the mix, reflecting more standard rate taxpayers this year than last. However we are talking about changes of less than 3% and can therefore be considered to be within the statistical margin of error. This is something we need to track but without detailed historical analysis it could simply be a one off and should not, for the moment, be an element of concern.

Overall, A 1% increase in subs costs a net taxpayer an additional £11.11 per year and generates just £7,595 of additional funds whilst a 2% increase in subs effectively covers a 2% increase in payroll costs.

So in order to maintain our income to expenses ratio, we need to raise additional income. This year we propose to increase subscription income by 2%, the same as RPI.

Immediately below subscription income we show the levy we pay to MRJ which I have already detailed.

The JJBS costs of £107k are added to subscriptions and paid over without hitting our income or expenses except where we delay resigning members and end up paying for them. The Board of Deputies cost is the delegate fee for 5 delegates.

The forecast figure for interest is low as it was based on an early report. In fact, as at 30 November we had received £11k of annual net dividends and had seen an increase in portfolio value of 6% since January 2016. This is not recognised in the profit and loss budget for next year due to the unpredictable nature of shares.

Marriage fees and hire of hall are as this year but we will need to be cognisant of the fact that when building works commence in 2018 much of this income from hiring out our facilities will fall away.

The £30k shown in Fundraising is derived from late payment penalties and general unsolicited donations, grants secured by Sarah and donations from standard rate taxpayers (9k each). I see no reason why they shouldn't continue into 2017 but to be prudent we have reduced the forecast by 25%.

Donations of Higher Rate Tax Relief are exactly that. We are extremely grateful to all our members who donate additional monies to us and in particular those donating an additional £250 each. The budget assumes no change from the current, reduced forecast.

We have introduced a small sum for income from bequests – as we have discussed in the past, we intend to formulate a policy to discuss this with our community, particularly those who may be asset rich but cash poor and on reduced subscriptions, and history shows there are usually a couple of bequests even without further discussion.

This year we made a conscious decision not to approach the existing pledged funders as we entered a capital project funding stage but we recognise that there are people who wish to fund programming and not just capital schemes, so we are recognising £25k of that income and intend to now approach those funders.

Finishing off the income is transfers from specific funds where we know that there is money to be used for specific purposes such as paying for welfare or education salaries and rather than show the costs net we recognise the full figure and offset it with the transfers.

Our total income is over a million pounds – we are not a small organisation and do not have small aims or unfortunately a small cost base.

As far as the expenditure is concerned I don't want to go through it line by line but rather pick out some specific items and then allow the opportunity for questions about anything else I have missed.

Clergy costs look to have significantly increased. This is not an increase in costs, but in how we show the expenditure. If you consider salary and Clergy Cover together you can see the increase is £22k in the current year. We feel that rather than Maurice and Colin being shown as cover, as they have been longer term support in the absence of a third clergy team member, it is more appropriate for their costs to be shown within salaries – which is what we have done and is the reason for the higher figure. We have allowed for Colin up to the end of September 2017 to include the HHDs and for Maurice to continue one day a month to assist Lynette with welfare needs up until the Summer of 2017. Current Student Rabbi Hannah Kingston joins us in September when she will be fully ordained.

HHD expenditure has fallen from the 2015 figure because that included some late costs that were not properly accrued at the end of 2014.

In music we have combined the accompanists with Katie’s salary and we are next going to try and work out the costs of running each separate choir.

The Youth and education team no longer incudes the BM teachers as they are managed by Lynette, hence the reason the forecast is lower than budget. The 2015 full year was light as there were a number of staff positions unfilled 2 years ago. Sam has done an enormous amount of work on her project costing and you can begin to see the fruit of that in the number of new lines we have for her to manage. Materially, the costs are much the same as 2016. With a full team in the Youth and Education Hub, they take on much of the teaching and running the programmes. As they continue to do this, the need for sessional staff is reduced which helps keep costs in check.

The Kindergarten has been rationalised by Cindy and her team. They resource teachers only when they need them using more sessional staff instead of employing permanent full time employees. That, in addition, a full kindergarten means that in 2017 they expect to generate a surplus. There is clearly a posting error in the current year as all security costs are reclaimed in full from CST but Mark has also identified another £5k of deposits in the balance sheet that should be released to the P&L in the current year.

Lynette has worked with Ruth Smilg to identify and track her various projects and even within the lines you see here, she is tracking a number of different expenses such as shalom suppers, bayit cham lunches and many more. Each of those is being evaluated and reviewed on a regular basis. As mentioned, the BM teaching has been moved into Life Cycle which is why there is a large jump in salary costs from 2015.

Overall premises costs remain roughly the same but we recognise that more needs to be spent on cleaning while maintenance costs are reduced in 2017 to reflect the fact that we hopefully won't have another big leak or need to do more work on the boiler. It appears that the new power contracts agreed in 2014 are finally having a beneficial effect but we have left utility costs as per last year for prudence.

Office administration costs have risen, primarily because of the additional communications cost introduced in 2017. If we want to be effective we have to communicate, keep the website updated and developed and be prepared to invest in marketing and publicity as well as our new database.

In summary, we are confident that income and expenditure are both accurately reflected and that it is appropriate to ask the members to agree the amended budget that shows a deficit of £17k as opposed to the one in front of you.

Thank you for listening patiently, As time is speeding by we will take a few questions at a time so we can get as many in as possible but we do need to draw proceedings to a close at some point.

Over to Peter.