**MSH Financial Update**

**Richard Miller speech –20th October 2020**

Good morning,

For those of you I haven’t yet had the pleasure of meeting in person, my name is Richard and I am Head of Finance and Services at Mothers’ Union, meaning I have the privilege of helping steer Mothers Union in all matters financial.

I’ve been given the opportunity today to provide a brief 10 minute financial update as we come towards the end of what has been a pretty tumultuous year for all of us. But before we start talking about the many challenges of this year, I wanted to begin by providing some historic context. As, in a year in which we have had to make an emergency ask for assistance, it would be understandable if some of you were beginning to fear that this movement you do so much to support had become something of a financial basket case. So I’m both pleased and somewhat relieved to be able to report to you that this is absolutely not the case.

Mothers’ Union continues to be a movement both intent on, and demonstrably capable of, living within its means in the face of a range of foreseeable challenges. This is clearly evidenced within our latest set of audited accounts for 2019 which are now available on the website. As in 2018, these 2019 figures show a small operational surplus meaning, excluding investment gains or losses, the income generated by the charity slightly exceeded its expenditure. This positive 2019 outcome was achieved despite some significant negative shocks to our income generation, necessitating some painful amendments to our operational and spending plans. But the charity rose to these challenges. The point I’m trying to stress here is this; Mothers’ Union is prudent in its financial planning and has a strong recent track record of flexing operations and spending to live within its means when things don’t quite go according to plan.

The only aspect of Mothers’ Union’s finances that would have given us any significant concern coming into this year was a shortfall in free reserves, compared to our longstanding target policy of holding between six and nine months general expenditure in reserve. We entered the New Year instead with free reserves equivalent to less than two months general expenditure. However, operating with such a reserves shortfall has been an issue for much of the last decade, with successive Boards and management teams opting to prioritise investing in projects to strengthen MU for the long term ahead of short term rebuilding of cash reserves.

The current Board had previously committed to a gradual rebuilding of reserves over the mid-term. A relevant factor underpinning this approach was that Mothers’ Union has, by the standards of most charities, very well diversified income generation. We receive income from subscriptions, donations, grants and from three distinct types of trading activity. Income also comes in from a variety of locations around the world. It was previously almost impossible to envisage a set of circumstances arising that would impact all sources of income simultaneously to the extent that a lower than ideal level of free reserves would become a serious issue.

Another key reason successive Boards and management teams have been comfortable running with lower than ideal free reserves is because of the continual generosity and commitment of Members from right around the world. In simple terms it was trusted that should a moment of extreme and unforeseeable financial distress arrive, that those of you who hold Mothers’ Union and its calling dearest would come to its aid. Now this clearly wasn’t a belief we ever intended or expected to put to the test, but my goodness how you delivered for us in our hour of need!

Which brings us neatly into 2020. The wider events of this year need no introduction and have resulted in calamitous declines in income for organisations of all types and sizes. Plunging, in the space of a matter of weeks, many previously robust and well run organisations into acute financial peril, with Mothers’ Union very much amongst that number. Fortunately, the issues the pandemic was likely to cause Mothers’ Union were identified early and were immediately deemed to be critical in scale, well beyond the capacity of our reserves to absorb. As a result an action plan was created in good time. Reluctantly, as a last resort, it was deemed necessary for the plan to include an emergency appeal to the Members and wider movement. This emergency appeal was planned with the aim of sustaining core operations for a short time and buying sufficient breathing space to massively amend operations and spending, to enable us to return to a position of ongoing sustainability, in the face of what was judged likely to be a medium term shock to income levels. As already noted, the results of our Emergency Appeal have been nothing short of humbling to witness. The call for help was met not with judgement or chastisement but instead with unbridled generosity, and total appeal proceeds currently stand in excess of £850,000. It is difficult to sufficiently express the importance of this response, or indeed our gratitude to members and our affiliate bodies for the way in which they rose to the moment.

Without an emergency appeal our income would have been almost £4million (or significantly more than 50%) down compared to our original budget. For the avoidance of doubt, this is of a magnitude no realistic level of free reserves would have fully insulated us from. The threat posed by the pandemic would very genuinely have placed the continuation of the central charity in question. As it is, the Emergency Appeal has helped reduce our income shortfall to nearer £1m, a residual gap we have been able to address by making use of Government support programmes and, importantly, by revising operational and spending plans with activity levels set to suit both the available resources and global restrictions.

These have not been easy actions. Projects and programmes with the potential to be transformative have been delayed, support to the global movement has been reduced at a moment of acute global need and in-house capacity has been significantly degraded.

Amongst the greatest sadness’s has been the need to reduce our staff headcount by approximately a third. This will see us parting ways with some incredibly committed, capable and in many cases exceptionally long serving team members over the coming weeks. Their departures will be a significant loss, both professionally and personally. Staff not affected by redundancy have also made a significant contribution to helping us address our financial challenges, with all voluntarily entering into temporary salary sacrifice arrangements.

With these genuinely tough calls made, it has given us an opportunity to return to operating sustainably for the remainder of this year. We currently anticipate that we will break even or return a small operational surplus for the year. The decisions taken also leave us well placed to maintain sustainable operation for the periods that follow, even in the face of ongoing income disruption.

None of this means I can promise you that Mothers’ Union will never again have need to make an emergency ask for funds. The future remains extraordinarily uncertain at the current moment. But I can absolutely commit that the central charity will cut our cloth to fit our circumstances and that we will seek to operate with larger margins in the coming year, to begin rebuilding reserves at a more rapid rate than previously intended, improving our ability to absorb shocks when they arise.

This concludes my brief section for today. I very much hope you have found it of interest. For those who would like to hear more on these matters, on our website you can access a more in depth financial update I provided to Diocesan Presidents earlier in the year. The 2019 accounts also provide added detail so please do give them a read.

Finally, please do also feel free to relay any comments or concerns you may have to your Diocesan President. Rest assured we will attempt to collect and address any common themes that emerge via our main communication channels.

God bless you all and I very much hope you enjoy the rest our programme today.