

## ***The Newman Association***

### ***Interim Report of the Finance Working Group June 2016***

#### ***Background***

At the Newman Assembly in October 2015 the issue of finance was raised by some delegates. . It was agreed to set up a working group, comprising Circle members and Council representatives to propose what further might be done, with the aim of making a report to the 2016 AGM, keeping Council abreast of progress meanwhile.

#### ***Members of the Group***

Responding to an appeal from the President, the following Circle members volunteered: Peter Firth, David Giles and John Smith from its membership; Council asked Kevin Ryan (the National Treasurer) and Kevin Lambert to join the group.

Our discussions have been conducted largely by email, with one face to face meeting involving three members. We raised several contentious issues which we still have not resolved. It would be fair to say that unanimity was not achieved on various issues; this may well accord with the views of the wider association. Nevertheless, this report will attempt to reflect the divergent positions.

#### ***Circle Finances***

These are discussed and reviewed annually by Council. In 2016-17, all active circles will receive an allocation of £350. On the whole larger circles subsidise smaller circles and unattached members subsidise all of us. Does this arbitrary figure reflect value for money, as this standard sum will have a different impact on individual Circles? Going forward, this raises several issues:

- Should the allocation be increased?
- Should it be increased to all circles or just those who have a small bank balance or who have no means of raising their own funds?
- Should larger circles have an increased allocation?
- Should circles with a higher level of activity have an increased allocation?
- Should membership of national and international bodies be discontinued?

There is a divided opinion amongst group members as to which of these options should be adopted, ranging from increased subscriptions to “living within our means without necessarily relying on increasing subscriptions”.

Separate from these considerations, it should be noted that some circles have various fund raising strategies, whereas others are almost entirely dependent on the circle allocation. Consideration should be given to charging entrances fees e.g. £1 for members, £2 for non-members, so as to achieve at least equilibrium. This should be optional for Circles, not mandatory.

On a separate issue, Circle bank accounts total almost £17,000, some 14% of the cash managed by Council.

## ***“Central” Finances***

The Newman Association is a registered charity and a limited company and is governed by charity and company law. This entails the directors/trustees/members of Council meeting from time to time to transact the business of the company and produce a report for the AGM.

On the assumption that a smaller Council is able to maintain the current level business activity, it is estimated that just over £4000 would be needed to cover insurance, registered office services, chaplain, independent examiner, postage and the AGM. This figure is equivalent to 28% of subscription income before gift aid. Within this estimate is a halving of travel costs, achievable by a combination of fewer meetings and/or meetings taking place regionally rather than always in London and/or a reduction in the number of Council members.

Taking a slightly more generous view of the activities of Council, producing a journal twice a year and having alternate Manchester and London Newman lectures, this would cost about £9000. However, there is a strong feeling amongst some group members that a reduction in journal issues would be counter-productive. If anything, consideration to increasing issues could be far more relevant. The journal is evidence of the vibrancy of the Association and is one of the most tangible aspects of the Association. However, based on historical accounts, it is noted that the distribution costs amount to 50% of printing, an almost unbelievable percentage which flies in the face of efficiency. More cost-effective means can surely be found. Few members are likely to adopt an online copy (although this should be encouraged). However, significant savings must be possible by mailing relevant copies in bulk to Circle secretaries who would then pass them on – probably by hand – to members.

The cost of maintaining the website is felt to be proportionate. The cost of this, together with producing a journal three times a year (even without savings on distribution) and having separate Manchester and London Newman lectures and nationally representative Council, including the AGM, would cost about £12000. Membership of *Pax Romana* and other bodies would increase the total cost to some £13500.

In passing, much debate took place regarding the London/Manchester lectures. (See below for the importance of preserving legacy requirements.) These should be prestige events, with as high a profile as possible, so as to maximise publicity to the benefit of the Association. It should ideally self-finance, and not just another lecture for Circle members. The candidate for 2017 could not be a better choice. However, when restrictions are insisted upon by speakers, e.g. as to the use of content (as has happened), the loss of the opportunity in raising the Association’s profile must be questioned. Consideration should also be given for a national lecture, located regionally, e.g. in trying to open a new Circle in an area without representation. Aside from legacy considerations, national lectures with high quality speakers could be considered as a way of using reserves because of the potential to attract new Circles/members.

This, then, raises the question as to what our reserves are there for. The AGM Financial review states that trustees confirm the 2008 decision to hold £80,000 to make grants for conferences and working capital needs to cover fluctuation in income and expenditure. Should this decision be revisited and be more specific in its intentions/categorisation?

### ***Bequests and the Newman Centre Trust Funds***

These represent the biggest part of our total reserves and several members of our group thought they should be preserved to further the mission of the Association. There was general agreement that some bequest monies might have been better targeted. Originally the London Newman Lecture was the result of a bequest and Council agreed to its continuation when the bequest monies were spent. Also the Manchester Newman Lecture is funded by the Brogan bequest (former members of the Manchester Circle), although there is no direct instruction for this purpose.

When the Newman Centre Trust was dissolved the bulk of its funds went to the Association and Council decided to try and keep these funds separate making grants to various bodies, including the Newman, out of the interest gained on the NCT capital. In the current financial situation, with interest rates so low, any grants currently being made largely come out of capital. With one exception, all bequests have, so far, been made to the Association and not individual circles and Council has tried to follow the wishes of the benefactors, as far as these are known. It would be a self-inflicted damage for the Association to seem to be in disagreement on its policy on bequests which would deter members from making bequests in future.

### ***The Present Financial Situation***

The Association is currently in a position where it is losing about £4000 a year on its normal business and, this year, it has a loss of £11,000, when exceptional items are included. Individual approaches for future exceptional items can be made to Council, such as from the Margaret Beaufort Institute, but it should not be assumed that there will be automatic agreement. Each proposal should be the subject of a cost/benefit analysis (not always possible purely in financial terms e.g. the importance of publicity) and an evaluation procedure to determine whether expected outcomes have been achieved.

Various models of “central expenditure” are suggested above, as are questions about the future funding of circles. These issues must be agreed upon, otherwise the Association will continue to fall back on its reserves.

It is four years since subscriptions were increased and whilst inflation is generally low, items like postage and rail fares are rising above inflation. One obvious solution would be to increase the subscription by about £5 (strongly supported by two group members, rejected by the other three) and drastically cut exceptional expenditure, but what would be the effect on our membership of increasing subscriptions? Concerning this, there are a variety of views amongst committee members, least of all reflected in the following:

- It would be harder to recruit new members and existing members might resign.
- They would be paying an increase in subscriptions solely to preserve the money in the bank.

## ***Development Working Group***

It was agreed that the Development Working Group proposals would be crucial to our discussions. In their interim report, the Development Working Group made several recommendations but assumed that the Association's financial state would be roughly neutral and that the membership fee would cover all normal expenditure. Reserves would then be available to undertake local and national initiatives on a case by case basis, subject to an evaluation of expected outcomes.

## ***Interim Proposals***

- First and foremost, Council should have an annual budget for all expenditure presented to an AGM for approval.
- In the short term Council should take measures to reduce "central" spending and review the system of circle allocations.
- Council should try to limit exceptional expenditure as far as possible.
- A review of Council composition should take place in order to determine best effective control of the association

## ***A Personal View***

I see, as central to the problem, the reluctance of some people to actually join the Newman Association when they get the benefit of attending Circle talks either free or at a small charge. Their reluctance would be confirmed by the fact that the Circle receives, on average, only about half of their subscription. Presumably they have no concept that they are joining a national or international organisation. Whilst recognising that the life blood of the organisation lies within the Circles, it is also important to acknowledge that the Association would not survive without an efficient Central function.

Council is spending its bequests/reserves because it has not increased its subscription to keep up with inflation because it has these reserves. Currently Council plays an important/essential role within the Association and offers a great deal to its members.

Any change in the subscription rate and *Pax Romana* membership would have to be approved by an AGM so that no changes could be made until 2017, as it is part of the Association's Constitution.

Kevin Lambert