

How to... write a Finance Strategy and Action Plan

The big question – why might we need to do this?

We may not think of it in this way, but churches have a charitable status and as such have to generate most, if not all, of their own income. We might naturally consider our income to come from the following sources:

- Regular donations by members of the church congregation
- One off donations, perhaps by visitors to the church
- Fees from occasional offices
- Fundraising activities like a church fete or coffee morning

However, many of us might admit that relying on these income sources rarely enables us to cover our day-to-day costs, let alone the things that we might really like to do as a church, or the unexpected costs that come in like maintenance to our buildings.

In the wider charitable sector, the use of a finance or fundraising strategy has proved invaluable in being able to identify other income streams that might suit the organisation's mission, goals and funding requirements. So, the question is why can't the church learn from this experience and use a similar tool to help address our financial challenges and to plan for the future with greater hope?

Step One – Developing your church's finance strategy

The Finance Strategy has a number of different sections which are set out below. The key to this being a useful document is to be as honest as possible, to take time to create it, and to set a realistic timescale for implementing it.

1. Introduction

- A chance to tell your story.
- What has the approach of the church been towards money in the past?
- What key projects have been carried out and how were they funded?
- What is your current financial position, and how might it look in a year?
- What is your plan to address these things (in one paragraph!)

2. Aim

- What is your aim as a church with regards to your finances?
- What is your vision, mission and values as a church?
- What are your hopes for the future in terms of your mission and ministry?
- Do you have a plan to become sustainable in a period of time?
- Do you have a plan to establish a contingency in a period of time?

3. Key factors for consideration

- What do you already know that you need to do?
- Think about what you already have in place and how you can develop this.
- Are all of your financial policies in place? Eg. Legacies, risk management, reserves, safeguarding.
- What do you not have in place yet that could be helpful?
- Who is going to take ownership of this strategy and accompanying action plan (see Step 2)

4. The Plan

- Identify no more than four headline tasks to complete.
- These might include developing a mission statement/case for support, developing an action plan to ensure that the strategy is put in place, and ensuring that the plan is monitored and evaluated.
- It may be worth noting in this section that while actions have been completed, it may be some time before the impact is seen.

5. Possible sources of income available

- List the sources of income that you already have in place.
- Consider others that you might not have in place yet and think about how they could be used.
- Look at both online and offline options that might be available to you.

6. Risks

- Identify any risks that you are aware of with regards to your income and expenditure.

7. Conclusions

- Be honest about where you have come from, and where you hope to get to.
- Summarise what you already know.

8. Next steps:

- What happens next to put this strategy into practice
- Who will take responsibility for monitoring and evaluating it and ensuring that it stays relevant to what you want to see happen. How will this delegation take place and when?

Step Two – developing an action plan

The Finance Strategy is a really helpful document in terms of identifying what you know and what you want to try to do. But it won't help you to do it! That's where the action plan comes in, and again it is really important to take time in developing it. There are a number of sections to complete in your action plan.

1. Action

- In this column, write the headline actions that you have identified. They should be no longer than a sentence each.

2. Activity involved

- In this column, include a more detailed set of actions that need to be done in order to complete the action identified in column 1.

3. Who is responsible

- In this column, allocate each of the activities in column 2 to an individual.
- This is a good opportunity to ensure that tasks are spread out across a number of people rather than just the usual willing volunteers!

4. Cost and resources

- In this column, identify any costs associated with each of the activities in column 2, even if the answer is none.
 - Consider more than just financial costs. What about time of people involved?
5. When does it need to be achieved by?
- In this column, try to identify a timescale by which each of the activities in column 2 will be completed.
 - Doing this for the whole document will help you to see if your timescales are realistic. For example, if everything has a timescale of 1 month to be completed you probably won't be able to do it!
6. What is the measure of success?
- In this column, try to identify some ways in which you will be able to tell if the action in column 1 has been successful or not.
 - Some of these may be immediate, and others may take some time to be seen.

The key to this being an effective tool is to evaluate it regularly. The action plan is meant to be a rolling document, so if you are planning a new fundraising event, add it on and carry out the steps above. It may help you to see if it has been an effective event.

Mark the document in a colour code so that you can see what you have done. You could use yellow for activities that have been started but are ongoing. You could use green for activities that have been completed.

An example finance strategy and action plan are included in this how to guide. The best plans are a bit of trial and error. If something doesn't work, it isn't a failure, it is a way of developing a plan that works for you where you are.