

# 4. Fees and Budgets

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## Introduction

An organist may deal with money in three ways:

- his own fees;
- choir budget; and
- handling income and expenditure.

An organist must show the highest ethical standards of handling money in terms of:

- honesty; and
- accountability.

## Organist's fee

### Amount of fee

An organist may be paid:

- a salary;
- an honorarium;
- a stipend;
- fees; or
- expenses

or a combination of them.

A salary is reward for labour, typically quoted as so much per year but paid monthly in arrears. An honorarium is a sum paid in appreciation for the work, even though there is no legal obligation to do so. A stipend is a fee for a person not to work, so as to be available for pastoral duties. A fee is an amount for a specific task, such as playing for a single service. An expense payment is reimbursement for costs, such as travel.

The organist should be clear which he is being paid. In practice there is little difference; the tax position is the generally same for all of them.

The amount an organist is paid is a matter of contractual negotiation between the organist and church authorities. They may agree any amount they like, however large or small, and that is legally binding on both of them. This derives from the law of contract, as explained in chapter 3. The organist may agree to work for no fee at all.

A scale of fees is produced annually by the Incorporated Society of Musicians with the agreement of the Guild of Church Musicians, the Royal College of Organists and the Royal School of Church Music. These figures are widely used,

even though they are advisory. Under contract law, an organist has no right to demand the ISM rate (or any other rate) unless this is agreed in advance. These fees are revised every year with effect from 1 September. Current rates can be found on the ISM website at <https://www.ism.org/advice-centre/fees>.

It is ideal for the organist to be paid the rate set annually by ISM. The contract must specify exactly which rate applies to the organist. This is a good idea as it ensures that the rate will be increased annually without the organist having to negotiate pay rises.

### Some Christian principles

There are several scriptural teachings about wages:

- the labourer is worthy of his hire (Luke 10:7);
- paying wages is settling a debt, not bestowing a favour (Romans 4:4);
- working for wages is righteous (John 4:36);
- wages should be paid promptly (Leviticus 19:13); and
- the wages of one employee are not the concern of another (Matthew 20:1-16).

It is as important to follow scripture in this area as in any other.

The Church also has a tradition of workers paying their own way. In biblical times, it was considered normal for a person to engage in remunerative work to support themselves in their ministry. In Acts 18:1-3, we learn that St Paul was a tent-maker. Some ministers and Christians practise this arrangement to this day.

By about 1000 AD, ministers were largely self-taught and itinerant. A minister would find a church which needed his services for which the lord of the manor would pay him. Much of this payment was "in kind", which means that most of it was in the form of food and shelter rather than cash. Even now, over half of a clergyman's remuneration may be paid in kind.

Organists are the last church workers for whom these "self-taught" arrangements still apply. Organists are self-selected, and pay for their own training and music. They are paid for the services they can provide.

The principle of a fair wage is well-established doctrine. For example, in the Roman Catholic church, the papal encyclical *Rerum Novarum* 1891 required wages to be sufficient to support workers in an adequate lifestyle. This Church's catechism of 1994 includes section 2434 on wages. "A just wage is the legitimate fruit of work. To refuse or withhold it can be a grave injustice.... Agreement between the parties is not sufficient to justify the amount to be received in wages."

### Should the organist be paid at all?

This a question which should properly be answered by the organist alone.

The scriptural principle of the labourer being worthy of his hire means that there can be no scriptural or moral reason against paying the organist. A minister who

objects should be quietly reminded that he is paid for exercising his ministry. Many organists are professional musicians for whom organ fees are a significant element in their income.

Some organists may be prepared to work for no fee, such as when they already have adequate income from other work. There is a Christian principle of stewardship in which churchgoers should offer part of their wealth, time and talents to God as an acknowledgment of all that God has given us. The organist may offer his time and talents on the same basis as many other church workers, such as Sunday School teachers, cleaners, flower arrangers, sidesmen, magazine distributors and others.

A fundamental principle of all stewardship policy is that it must be voluntary and willing. This principle is clearly expressed in 2 Corinthians 9:7: "Each person should give as he has decided for himself; there should be no reluctance, no sense of compulsion; God loves a cheerful giver". A church can never justify not paying a fee on the basis that the recipient should be a willing giver. If he has no choice in the matter, he is neither willing nor a giver, and the arrangement is not stewardship at all.

Ministers who expect organists to work unpaid should reflect on Jeremiah 22:13, "woe betide him who builds his palace on unfairness and completes its roof-chambers with injustice, compelling his countrymen to work without payment, giving them no wage for their labour!"

### **Including unpaid fee in the accounts**

When an organist waives his right to receive any fee, it is sometimes suggested that the accounts should still show the fee so that the principle of payment is established for the benefit of any future organist, and that parishioners know the value of the benefit they are receiving.

While acknowledging the admirable sentiments behind such a view, it is wrong.

A church produces accounts which must accurately reflect actual income and expenditure during the year. To include an item of expenditure which has not been incurred is false accounting.

An organist is just one job of many in the church which are sometimes paid positions and sometimes unpaid. Other such jobs include church cleaning, secretarial duties, grounds maintenance, youth worker, flower arranging and auditing. It is acknowledged that most churches could not survive financially without the generous stewardship of many volunteers. It is arbitrary to include some and not others, and would produce meaningless accounts, probably showing a massive deficit.

### **Giving the fees back**

It is sometimes suggested that the organist should take the fee and then give it back to the church. This can be beneficial to the church if the giving back is done under Gift Aid, as the church can then also reclaim a sum equal to the tax on the amount, provided the organist has sufficient other income on which tax has been paid.

Such an arrangement is legal, but care must be taken in how it is set up.

If it is agreed that the organist will receive a fee on condition that he gives it back, Gift Aid must not be used. The gift is not voluntary and therefore is outside the scope of Gift Aid. To claim the tax back under such circumstances is an offence under tax law. The benefit of Gift Aid only works if the church agrees to pay the fee to the organist who is free to do what he likes with the money.

Sometimes an organist may be prepared to give the fee back provided it is applied only for musical purposes. Gift Aid may be used here, provided the giving back is genuinely voluntary. Church accounts must distinguish between restricted funds and unrestricted funds, where the former may only be used for a stated purpose, such as maintaining the organ or developing the music.

A restricted fund will often be held in a deposit account which earns interest. That interest may be applied to unrestricted funds. Suppose a music fund contains £5,000 and earns £200 a year in interest. Unless arrangements are made to the contrary, the fund will keep its £5,000 whose value slowly reduces through inflation, while the church's general funds benefit by £200 a year. If you believe this is inappropriate, you should raise the issue with the church treasurer or church council.

An organist should consider whether he really wants to donate back his fees to a restricted fund. If he provides £2,500 a year for ten years, the organ fund could contain £25,000 for work which is not needed when the church is obliged to go fund-raising to pay for a new boiler. Once the money is in a restricted fund, it may only be used for that purpose, even if the original donor is agreeable to changing its use. A church is legally obliged to maintain the organ anyway.

### **When clergy begrudge organist's fees**

We have heard reports of clergy begrudging organists their fees on the grounds that an organist should not be paid more than a clergyman.

There are many possible responses to such an attitude, such as noting the considerable skill, practice and expense in becoming an organist. To become a competent organist can cost £3,500 in organ lessons alone (at 2005 rates).

It is perhaps worth noting that a clergyman's total remuneration package is much greater than the amount paid in cash.

In the Church of England, a clergyman receives a stipend of around £19,000 a year (2004 rate). To this should be added a non-contributory pension scheme (worth about £5,000), council tax, water rates, travel expenses, and house insurance. These last four items must be paid by other workers out of net pay after tax, so to make a proper comparison with secular remuneration packages, they should be grossed up. This brings the total to over £30,000 before the value of the parsonage itself is considered. Few four-bedroom detached houses can be rented for less than £1,000 a month. This can easily create a remuneration package of £40,000 or even £50,000 a year. (This is not an entirely fair comparison as clergy must fund their retirement home, and if a minister already owns his own property, the parsonage can be seen as just additional expense rather than an asset.)

Nevertheless, a vicar who could be receiving up to £1,000 a week should not begrudge an organist £50 a week.

# Choir Budget

## Church funds

The church funds are owned by the PCC in the Church of England, and usually by similar bodies in other denominations. It is that body which decides how funds may be spent. The administration is handled by the treasurer.

There is a common exception for legacies where the deceased's will names who has authority to decide how the money is to be spent. It is common for the vicar and churchwardens to be named. In such cases only they have the authority to decide how to spend these funds. In most cases, the PCC will be invited to comment, but there is no compulsion to do so, and the vicar and churchwardens are not obliged to follow any suggestions made.

It is possible but undesirable for other sums of money to be held in small funds, such as by the organist, flower arrangers or catering team. As none of these bodies has any legal status allowing them to hold funds, such amounts are usually church funds which the officer holds on trust for the PCC and to whom the fund holder is accountable. It is not good practice for large amounts to be held other than by the treasurer.

If you do have a choir fund independent of the church accounts, there must be no doubt as to:

- who legally owns the funds;
- the purpose for which the funds are held; and
- who decides whether something is within the scope of that purpose.

There is no objection to choir members pooling their own money for whatever objective they wish, such as to pay for a dinner or outing. As such, the members have created a simple trust fund. This point is worth noting as any dissent over who owns the money or how it may be spent can cause considerable ill will, even when the amount is small.

## Funding music

In the Church of England the Parochial Church Council (PCC) is responsible for funding the worship of the church, even though the PCC has very limited authority over the content of the worship. It has been suggested that this means the vicar can simply incur expenditure on worship, including music, and demand that the PCC pays the bills. In other churches, it depends on the church's constitution or trust deed.

There is no legal basis for a PCC to demand that the choir must raise funds to support itself, such as by concerts or fund-raising exercises. There is nothing to stop an organist or choir engaging in fund-raising activities if it wishes, but it cannot be compelled to do so. There are many imaginative ways a choir can raise funds, such as by asking congregation members to sponsor an anthem. Singing the entire hymnbook is not recommended as it puts great strain on the voice, and who really wants to listen to it?

The organ is as much part of the church property as the pulpit and the boiler. As such it is legally owned by the churchwardens (or equivalent authority outside the Church of England) who have a duty to maintain it. In practice, this function is usually delegated to the organist who liaises with the organ tuner. However an organist only does this as agent for the churchwardens, and should always inform the churchwardens of what is happening.

The PCC and churchwardens cannot demand that the organist must be responsible for finding the funds for organ maintenance, such as by giving recitals. The organist may do so if he wishes, but that does not discharge the parish from its legal duty to maintain the organ.

## Fund raising for the organ

The responsibility for raising funds to replace, expand or maintain the organ is not a function of the organist. However, the organist should be willing to be involved, such as by being a member of the fund-raising committee. Fund-raising for the organ is likely to be hampered if the organist is seen not be interested.

Excellent advice on fund-raising is given in the booklet Fund-raising for your church building (Church House Publishing) which includes specific provisions for organs. More general advice is in The UK Church Fundraising Handbook by Maggie Durran (Canterbury Press). For example, received wisdom is that fund-raising should only go public when about 60% of the funds have been raised.

Individuals give more readily to tangible projects such as organs, which can also be attractive to musicians and heritage bodies outside the church.

There are several funds which will consider grants towards organ fund-raising. A leaflet on sources of funds is produced by the British Institute of Organ Studies, and is available direct from them (address in appendix 1) or on their website [www.bios.org.uk](http://www.bios.org.uk). The leaflet also explains how to prepare an organ appeal.

General guidance on finding grant-making trusts is contained in Directory of Grant Making Trusts available from Charities Aid Foundation, King's Hill, West Mailing, Kent ME19 4TA. This is also available on CD-ROM.

Bodies that will consider grants towards organ fund-raising

Arts Council Arts Lottery Fund (see below)

Council for the Care of Churches, Church House, Great Smith Street, London SW1P 3NZ. 020 7898 1885

Foundation for Sport and the Arts, PO Box 20, Liverpool L1 1HB. 0151 259 5505

Manifold Trust, Society of Antiquaries, Burlington House, Piccadilly, London W1V 0HS. 020 7734 0193

O N Organ Fund, 36 Strode Road, Forest Gate, London E7 0DU. 020 8555 4931

Ouseley Trust, 127 Coleherne Court, Old Brompton Road, London SW5 0EB. 020 7373 1950

Pilling Trust, Waterworths, Central Buildings, Richmond Terrace, Blackburn, Lancashire BB1 7AP

The Arts Lottery Fund is administered by the Arts Council using funds collected from the National Lottery. Its address is Arts Council of England, Lottery Department, 14 Great Peter Street, London SW1P 3NQ. 020 7312 0123. Website: [www.artscouncil.org.uk](http://www.artscouncil.org.uk). It gives grants for improving cultural facilities, and accepts applications for major organ projects to be used for concerts.

Applications for the conservation of historic organs may be made to Heritage Lottery Fund, 7 Holbein Place, London SW1H 8NR, 020 7591 6042.

Some churches may object to using lottery funds on moral grounds. The Church of England's official position is in a House of Bishops' statement that lottery funds are appropriate to maintain heritage responsibilities, but not for worship, witness, evangelism and pastoral care.

Grants may also be available from Entrust (from landfill tax credit scheme), the diocese (or other church parent body) or the local council.

A listed building may benefit from the Listed Places of Worship Grant Scheme. This in effect reduces the rate of VAT from 17.5% to zero for work between 1 April 2004 and 31 March 2006, and to 5% for work between 1 April 2001 and 31 March 2004. Details are available from the scheme at PO Box 609, Newport NP10 8QD. Telephone: 0845 601 5945. Website: [www.lpwscheme.org.uk](http://www.lpwscheme.org.uk). The church pays VAT at the full rate of 17.5% and claims it back as a grant. Usually, the building must be used for worship at least six times a year. However, the Historic Environment Designation Branch of the Department of Culture, Media and Sport has told the authors that "organs, no matter how built in to the fabric of a church, are excluded from the eligibility criteria for this scheme." (Letter dated 3 February 2003.)

### Choir budget

In accounting terms, a budget is an allocation of funds whereas a forecast is an expectation of a financial position, though these terms tend to be used interchangeably. Strictly, a budget therefore is an order as to the amount which must be earned or may be spent. So a treasurer may say that the budget for the choir is £1,000 — that is how much of the funds were allocated for the choir — whereas the forecast is £900. In other words, he expects the choir to underspend by £100.

A choirmaster should run his budget by:

- deducting the expenses which he knows will be incurred anyway, such as choir pay and organ maintenance (if within the choir budget);
- divide the balance by 12 to give a monthly figure, or by three to give a termly figure on how much you can spend every month or every term;
- keep a running balance as you go during the year.

Always account for the money you handle. If you put on a concert, account for the ticket sales and expenses. If you prepare the children's choir pay, keep a record of how much you paid each child and how you calculated this figure. Keep a copy yourself and pass one to the treasurer with the cash or the bill as appropriate. Always be scrupulous and careful with money. If you find this particularly difficult, see if you can delegate the job, perhaps to an adult in the choir.

The issue of whether and when choir members are paid is a policy matter for the church council to decide. Outside cathedrals and colleges, it is unusual for adults to be paid unless the church has, exceptionally, decided to maintain a professional choir. It is more common for children to be paid for services, weddings and choir practices. The amount is usually fairly nominal, perhaps between 20p and 30p for each service and practice, with a few pounds for a wedding. However it means much to a child; as earned money it is worth more than pocket money. You should remember that children do not see such matters in the same way as adults.

### Concert budgets

Sometimes an organist may organise a concert, publication or recording which requires its own budget.

The important principles are:

- always plan to make a surplus;
- know how any loss will be underwritten; and
- know to whom any surplus will be given.

A budget should identify all sources of income and expenditure. For a concert, these may include:

Income Expenditure

Ticket sales Hire of musicians

Programme sales Hire of premises

Refreshment sales Hire of music and equipment

Advertisements in programmes Printing programmes

Sponsorship Copyright fees

Grants Printing tickets

Commission for selling tickets

Security

Hire of rehearsal premises

Refreshments for performers

Advertising the concert

Additional staff overtime

In preparing the budget, under-estimate income and over-estimate expenditure. When large sums are involved, it is also advisable to add to expenses a contingency of 10% of other expenditure to cover unforeseen expenses.

If booking a hall, read the agreement very carefully. You can find yourself liable for all sorts of "extras", such as use of chairs, use of piano, use of kitchen, display of promotional material, and commission on ticket sales. A particularly large expense can be the cost of the hall's own staff. It has been known for an

organisation to be charged additional staff hours to have someone just to switch the lights on and off.

Even if your concert aims just to break-even rather than make a surplus, always budget for a surplus. Concerts have a habit of generating less income and more expenditure than expected.

Separate elements of concerts, such as programmes and refreshments, should be priced to ensure that they cover their own costs.

Even well run and properly budgeted concerts can make a loss, so know who will underwrite such a loss. This may be the church, the choir budget, a sponsoring body, a sympathetic individual or yourself.

Conversely, establish to whom any surplus belongs. You do not want competing claims for the surplus afterwards.

Many items of expenditure can be minimised. Advertisements and programmes may be inexpensively produced on modern computers and photocopiers. A4-size advertisements can be displayed free in shops, libraries, pubs and surgeries with permission. Local authorities often agree to allow local bodies to display notices on their noticeboards. Local newspapers are often happy to print details as a short story, but give them a month's notice.

Do not be tempted to indulge in flyposting on telegraph poles, lamp-posts and vacant premises. This is an offence under one or more of:

- Town and Country Planning Act 1990 ss224-225;
- Highways Act 1980 s132; and
- Town and Country Planning (Control of Advertisements) Regulations 1992 (amended in 1994 and 1999).

This can lead to a fine of £1,000, plus £100 a day thereafter.

## Recording budget

If making a recording, you must first check your obligations under copyright law. The cost of recording a concert has two elements:

- the cost of recording; and
- the cost of copying each CD or cassette.

Companies offering this service instead tend to give you a single figure for so many CDs, because this looks cheaper. For example, in 2004 one company quoted £2.25 (plus VAT) for each CD provided you buy 200 copies, or £3.20 for 100 copies. These figures look excellent value for money when you can sell a CD for anything between £5 and £15. However it is very difficult to sell 200 local CDs even if you sell 500 tickets to the concert.

The two cost elements can be calculated as:

200 CDs total cost £450

less 100 CDs total cost £320

100 CDs unit cost £130

So each CD costs £1.30 to produce once the recording is made. The cost of the recording is:

100 CDs total cost £320

less 100 CDs unit cost £130

Recording cost £190

In other words, it costs £190 to record the concert and £1.30 for each CD produced. As 17½% VAT must be added, these costs are really £223.25 and £1.53 respectively.

Suppose you sell the CD for £10. The marginal cost of each CD is £1.53, so each CD sold makes a contribution of £8.47 towards the fixed cost of £223.25. This means that you must sell 27 CDs to break even.

$£223.25 \text{ divided by } £8.47 = 26.4.$

This is provided that the company agrees to sell you only 27 CDs at these prices, and the contract does not commit you to buying 100 CDs.

You should also check whether the price for CDs includes travelling expenses for the engineer, and sleeves and labels for the CDs. Again, read any contract or agreement to look for "extras".

In practice, it is usually sufficient to pay just for the recording and make you own copies as required. This can easily be done on modern personal computers.