Paper G2

The U

The U

Consultation has taken place with...	The URC Trust and the General Secretariat.

Summary of impact

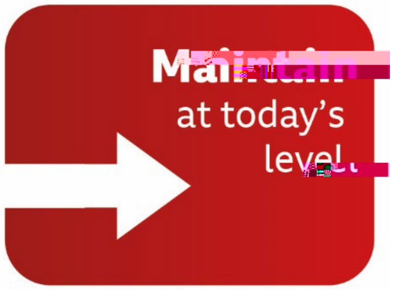
Financial	Dependent upon the option decided upon by Assembly Executive.
External (e.g. ecumenical)	The Pension Regulator and the Charity Commission 98.35TT0 1

- **Increasing revenue**. There are two main streams of revenue: M&M and income from investments. In the deficit and reserves model we have assumed that the investment income increases by 4% pa, even allowing for capital erosion due to the deficits. In recent years, we have been blessed with the fact that M&M receipts have declined more slowly than membership. Our model assumes a decline in receipts of 2.5% pa. To address the deficit with M&M receipts alone would require a one-off increase of about 6% overall (or more like 8 to 9% relative to the expected sum after a further year of decline).
  In addition, to maintain a balanced budget, future ministerial targets would need to decline in line with M&M receipts. This approach comes with a caveat. Although statistically the number of stipendiary ministers per member is more-or-less at the all-time high, it is unlikely that is how it is seen ‘from the pews’. Asking for increased M&M at a time when the number of churches per minister is also more-or-less at an all-time high might generate more Revolting Christians than Greenbelt!

- **Synod subvention**. The URC Trust deficit could be alleviated by subventions from Synod Trusts that can afford to make the gifts. In one sense, this could just be seen as shifting the loss from one budget to another. But in a deeper sense it would be sharing ‘the pain’ among the wider family of the URC.
  This approach also comes with a caveat in that this cannot be seen as a one-off exercise (like the pension fund deficit) and would need to be a systematic solution covering all future budgets, not just 2025. This is not a trivial challenge, as any combined synod funding would be at least as big as the current annual collection of Inter Synod Resource Sharing funds.

4.

6. Option three – Maintaining the deficit at today's levels



6.1 This is the 'no change' option and will be the easiest as far as the wider church is concerned. However, it will probably consume all of the URC Trust's unrestricted funds by, or before, the end of the decade. This is not a plausible solution without access to significant funds outside the URC Trust.

7. Option four – Increasing the deficit (invest to grow)

7.1 In a time when the overall financial resources of the denomination are very significant, and growing, it might seem unwise to cut our expenditure, particularly if that affects life on the mission 'front-line'. An option is to spend even more of our wealth to enhance our mission, outreach and pastoral endeavours. The starting point for such an endeavour would normally begin with deciding what you want to do, not what you want to spend … although in reality this can often be an iterative process. This is in part being addressed by the Church Life Review, but as stated above, the Finance Committee need a strategic direction before the CLR is likely to reach significant conclusions.

8. Other considerations

8.1 The actual number of stipendiary ministers on the role will affect the accuracy of the forecast. At present, the Finance Committee is working with the Ministries Committee to define how the target number of stipendiary ministers is calculated. The intention of General Assembly was to link the cost of stipendiary ministry to the actual M&M receipts, but the work to finalise the way this will work has not yet been completed. Any significant changes to today's targets will have a noticeable effect on the deficit.

9. The way forward

9.1 Once the Finance Committee is given a clear steer, they will initiate conversations with interested bodies, likely to include:

- The General Secretariat
- The URC Trust
- Synod Moderators and Treasurers
- Synod Trusts
- Assembly Convenors and Secretaries
- Church Treasurers
- The Inter Synod Resource Sharing task group.

10. Resolution

10.1 **Assembly Executive instructs the Finance Committee to begin work and consultation to manage the budget deficits from 2025 onwards in line with the agreed option, and to report back to Assembly Executive or General Assembly as soon as possible.**

Paper G2

UNITED REFORMED CHURCH
Draft Budget For 2024

	2024 Budget £	2025 Forecast £	2026 Forecast £
Income			
Income from churches and synods	15,845	15,370	14,909
Donation0 Tw 5039 15.84 reW nBT 74-TT0			

Appendix B

Assumptions used in making the forecasts for 2025 and 2026

1. M&M is expected to fall by 3% per annum
2. Investment income: (awaiting feedback from CCLA before finalising)
3. Stipends and salaries to rise by 3% per annum
4. Minister numbers to fall by six in 2025 and ten in 2026
5. RCL support to remain steady in 2025, but some drop expected in 2026
6. A 3% inflationary rise for most other costs has been applied.

Budget deficit options matrix

OPTIONS	ASSUMPTIONS	IMPLICATIONS	MITIGATIONS	NEXT STEPS
1. Reduce the deficit quickly (two to three years)	1. The policy governing stipendiary ministry numbers will not change significantly because of this initiative, so savings will mainly come from non-ministerial expenditure. 2. The Church Life review is unlikely to reduce the budget deficit before 2026.	Achieving this through a reduction in non-ministerial expenditure will require cuts of about 20% (ie £1.2m savings out of £6m expenditure).	Achieved through a combination of: • Significantly increasing M&M • Subvention by the Synods • Significantly reducing expenditure.	Instigate conversations with: 1. General Secretariat 2. URC Trust 3. Synods 4. Synod Trusts 5. Assembly Convenors and Secretaries 6. Church Treasurers.
2. Reduce the deficit slowly (>ten years)	As above.	1. This will require modest]TJ 0.012 Tw T1ch 9, Tc -0.002 Tw 0.35 g4.52 -1.21 Td<0 12 411.36 308.04 084 Tm[]T T		

				3. Synods 4. Synod Trusts 5. ISRS.
4. Increase the deficit (spend to grow)				