Paper G5

Stipendiary Ministry target numbers

Finance and Ministries Committees

Basic information

Contact name and email address	Ian Hardie, Treasurer ianzhardie@googlemail.com
Action required	Decision.
Draft resolution(s)	**Resolution 24** **General Assembly resolves that going forward the target number of stipendiary ministers should be set so that the direct cost of supporting the ministry from the Assembly budget moves in line with the most recent changes in M&M giving, which are known before the start of each relevant year.** **Resolution 25** **Recognising that further work is required to ensure this policy is introduced at an appropriate time and in a way which is workable for Ministries Committee's planning purposes, General Assembly directs that the disregard of the 2012 policy by the Finance Committee and URC Trust in preparing the 2023 budget should be extended to apply also to the 2024 budget with firm proposals for the date of introduction of the new policy and details of its implementation being brought for consideration by the 2024 General Assembly.**

Summary of content

Subject and aim(s)	To consider replacement of the existing (suspended) policy for calculating the target number of stipendiary ministers and the timing of making such a change.
Main points	
Previous relevant documents	Resolution 19 of the 2012 General Assembly and related note (2012 Book of Reports, page 252); Paragraph 8 of the Finance Committee report to that General Assembly (2012 Book of Reports, page 103); Ministries Committee report on 'Stipendiary minister numbers and deployment' (2016 Book of Reports, pages 154 to 161); Paper G-H 1 for 2021 General Assembly.

Consultation has taken place with...	

Summary of impact

Financial	The target number is intended to ensure that Ministries is not deploying more minsters than can be afforded. In practice, historically the Church has been able to afford more ministers than have been available.
External (eg ecumenical)	

1. The 2021 General Assembly directed that, in view of the impacts of coronavirus on the finances of the Church and of unprecedented additional pension contributions on the direct cost of stipendiary ministry, “in preparing the 2022 and 2023 budgets for the Church the Finance Committee and the URC Trust [should] disregard resolution 19 of the 2012 General Assembly; and the Finance and Ministries Committees [should] bring their suggested replacement for the 2012 resolution to the 2023 General Assembly”. This paper is in response to the second part of that resolution.

Background

2. Resolution 19 of the 2012 Assembly reads “General Assembly directs that for 2013 and until further notice, the target number of stipendiary ministers should be set so that the direct cost of supporting the ministry from the Assembly budget moves in line with the trend in overall membership numbers across the Church.”

3. The 2012 policy replaced one dating from 2003. That policy spoke about the target number of ministers changing by the same percentage as Church membership changed. The problem with the 2003 approach, which was identified in 2012, was that the cost of each minister had been rising due to stipend increases and higher pension contributions; so, the same number of ministers could not be afforded as before. The 2012 policy addressed this by focusing on the direct costs of stipendiary ministry, rather than directly on the number of ministers.

4. It is clear from the Finance Committee report to the 2012 Assembly that they believed the 2012 resolution revised the policy on stipendiary ministry numbers “to bring the costs in line with what the local churches feel able to give to M&M”. However, paper G-H 1 for the 2021 Assembly observed that that is not what the 2012 resolution does. It would only have that effect if the movement in M&M contributions and the changes in membership numbers were on an identical trajectory. By 2021 it had become clear that membership number movements were a very imperfect proxy for changes in the level of M&M giving. Between 2012 and 2020 membership numbers had dropped by an average of roughly 4.7% each year: but M&M giving had dropped at a much slower rate, averaging 1.4%.

5. In 2016, General Assembly learned of the results of some work undertaken jointly by Ministries and Finance Committee to project both the target number of

stipendiary ministers which the 2012 policy indicated could be afforded and the actual number of stipendiary ministers predicted to be available for service for the years down to 2025.

6. One of the assumptions used in arriving at the 2016 projections was that URC membership would continue to fall at the same 3.2% rate as it had over the previous five years. In fact, the 2021 Assembly paper pointed out, the fall in membership was greater than 3.2% in every subsequent year down to 2020.

7. Consequently, in terms of the wording of the 2012 policy, the 2016 projections have overstated the target number of ministers which were ‘affordable’. On the other hand, looking at the apparent intention of the 2012 policy to reflect movements in the levels of M&M contributions, the projections understated the target number, since the 3.2% used was greater than the reduction in M&M contributions in all but one of the subsequent years to 2020.

8. The 2021 Assembly paper noted that, because the 2016 projections had anticipated that in every year down to 2025 the available number of stipendiary ministers would be fewer than the ‘affordable’ number provide for by the 2012 formula, the Ministries’ budget for each subsequent year had been drawn up with a focus on the predicted number of ministers and what they would cost.

9. However, the 2021 paper was triggered mainly by the realisation that the impact of the gigantic increase in the costs of ministers’ pensions forecast for 2022 could have led to a drastic cut in the number of ministers if the 2012 policy had been followed.

10. In summary, paper G-H 1 for the 2021 General Assembly argued that the 2012 policy “never did what it was apparently intended to do; is out of line with current practice in calculating the Ministries’ budget; and would lead to imminent cuts to the target number of stipendiary ministers in an endeavour to stay within its parameters”. General Assembly was persuaded to allow the 2012 policy to be disregarded when setting the budgets for 2022 and 2023 with a suggested revised policy being brought to the 2023 General Assembly.

The suggested new policy

11. Steps taken during the past two years have considerably reduced the potential for ministers’ pension cost changes to impact on the costs of stipendiary ministry in future.

    - Closure of the defined benefit ministers’ pension scheme to future accrual and its replacement by a defined contribution scheme has removed much of the unpredictability about movements in future pension costs.

    - The closure of the previous scheme combined with the steps taken to address the existing and anticipated deficit related to that scheme through a separate restricted fund limits the potential exposure of the M&M fund to future pension deficit issues.

12. Consequently, implementation of a revised policy now, does not carry the same risks as observing the existing (suspended) policy would have done during the past two years.

13. It is the view of both Ministries and Finance Committees that what the 2012 policy was intended to do – ie, maintain a co-relation between M&M giving and the cost of stipendiary ministry – was entirely sensible and prudent but, rather than use a proxy for movements in M&M giving, that giving itself needs to be at the heart of the formula. The first resolution above seeks your assent to that approach.

14. That resolution is not precise about when and how this revised policy might take effect.

15. Because the Finance Committee has devoted so much of its resources to tackling pension matters during the past two years, little time has been devoted to ensuring that the direct costs of stipendiary ministry at present are being captured comprehensively for the purpose of applying this suggested policy and for bottoming out the implications of the proposed new policy for the needs of the Ministries Committee in trying to look forward, when the policy essentially looks back to known past trends. That is why the second resolution above gives some time and scope for further discussion between the two committees in considering precisely when this policy will apply in relation to the actual current cost of the actual number of ministers available at present and whether there is scope for devising new projections to assist Ministries to plan going forward.

16. Accordingly, the two committees invite General Assembly to pass both the resolutions set out at the start of this paper.