

Paper G1

The 2024 M&M Budget

Finance Committee

Basic information

Contact name and email address	Alan Yates, Treasurer alan.yates@urc.org.uk
Action required	Decision.
Draft resolution(s)	Assembly Executive adopts the M&M budget for 2024, as set out in the appendix to Paper G3 for the November Assembly Executive.

Summary of content

Subject and aim(s)	The paper presents a budget for 2024 to be considered for adoption by Assembly Executive.
Main points	<ol style="list-style-type: none">1. Budgeted income levels are down on those expected for 2023.2. Costs are expected to rise from those in the 2023 budget but should be lower than the actual costs of 2022.3. The overall budget deficit for 2024 is over £1.4million
Previous relevant documents	Paper G3 for November 2022 Assembly Executive.
Consultation has taken place with...	Budget holders, the URC Trust and our investment managers.

Summary of impact

Financial	Failure to adopt a budget would create uncertainty around the denomination's financial arrangements for next year.
External (eg ecumenical)	N/A

1. We present our draft budget for 2024 for Assembly Executive's consideration. As with all budgets, there is an element of speculation and guesswork involved as no one can ever be sure of what the future will bring. However, we have looked at trends and taken past experience into account to get to the best estimates we can for 2024.
2. This paper is concerned primarily with setting the budget for 2024. There is a wider discussion to be had around the longer term and the strategic view the church wishes to take. This longer term view is the subject of a second paper (Paper G2) which is also being brought to this Assembly Executive meeting.

Income

3. The figure for M&M contributions has been arrived at in consultation with synods. This is showing a decrease of over £400k on the 2023 budget, with many synods seeing an increase in the number of churches closing.
4. Income in investments is likely to increase a little next year due to higher interest rates.
5. The M&M budget continues to benefit from some property rental income, certain grants received and sales by the bookshop and *Reform* magazine. These are expected to show a small increase in 2024.
6. Overall, however, the projected income for 2024 is expected to be about £250k lower than that expected for 2023.

Expenditure

7. The biggest cost in the budget continues to be stipends and the related costs of ministers of Word and Sacraments and Church Related Community Workers. This is followed by the cost of salaries and associated costs.
8. The task of setting the stipend level is delegated to the Finance Committee in conjunction with the URC Trust Directors. For 2024, a figure of 5% was agreed on. In arriving at the figure, the prevailing inflation rates were taken into account as was the general economic outlook. Both the Finance Committee and the URC Trust Directors felt that this was a fair increase. Based on this, the stipend will increase from £ £30,986 in 2023 to £32,528 in 2024.
9. Both committees also agreed that the same increase of 5% should be applied to the lay staff salaries.
10. The effect of the stipend increase is, to some degree, offset by an anticipated fall in the number of ministers of Word and Sacraments, but it is still anticipated that the combined stipend, salary and associated costs will increase by about £200k. Part of this increase is attributable to the fact that the cost of life cover in the new pension scheme has turned out to be significantly more expensive than initially anticipated.
11. The recent inflationary price increases have been particularly big in the hospitality business and this has meant that we have seen a big increase in the cost of hosting various meetings. There has also been a big increase in IT costs as crucial upgrades to systems have had to be made.
12. Overall costs are expected to rise by just over £500k. The overall effect is that the anticipated deficit for 2024 will be in the region of £1.43m. This is far larger than the Finance Committee would like, but it does reflect the realities of reduced income and higher costs facing the church. The church's reserves are sufficient to cover this deficit but will not be able to maintain this level of deficit for very long.

THE UNITED REFORMED CHURCH
Draft Budget For 2024

	2022 Actual £	2023 Budget £	2024 Budget £
Income			
Income from churches and synods	16,685,499	16,259,240	15,845,000
Donations, legacies and grants	221,718	152,000	175,500
Income from training and academic activities	1,708	1,000	1,200
Other income	104,851	12,000	23,780
Income from investments	1,231,510	1,189,000	1,287,000
Income from trading activities	201,539	216,900	216,600
Property income	217,032	162,550	188,950
Total Income	18,663,857	17,992,690	17,738,030
Expenditure			
Stipends and associated costs	12,633,591	12,467,786	12,588,552
Other minister costs	125,161	143,600	236,420
Salaries and associated costs	2,654,925	2,612,190	2,716,330
RCL support	676,779	694,580	693,037
Student fees and support	723,738	506,000	434,600
Programme expenditure	330,136	192,850	270,023
Committee and other meeting costs	301,869	266,850	316,467
Grants	402,417	390,760	383,623
Travel, accommodation and subsistence	126,830	144,700	141,864
Office and other staff costs	300,614	270,150	243,213
Professional and consultancy fees	354,963	213,850	241,920
Telecoms	30,380	33,000	35,391
Facilities and buildings costs	82,263	140,500	178,760
IT costs	200,680	205,100	290,191
Cost of sales	183,491	150,000	161,800
Sundries	16,837	13,500	22,000
Depreciation	70,119	91,598	86,820
Irrecoverable VAT	200,448	120,000	175,000
Total expenditure	19,415,241	18,657,014	19,216,011
Net expenditure	751,384	664,324	1,477,981