

Paper G2

Linking stipendiary ministry costs to M&M receipts

Finance Committee and Ministries

Basic information

Contact name and email address	Alan Yates, Treasurer alan.yates@urc.org.uk John Samson, Chief Finance Officer john.samson@urc.org.uk Vaughan Griffiths, Deputy Treasurer deputy.treas@urc.org.uk
Action required	Note.
Draft resolution(s)	None.

Summary of content

Subject and aim(s)	
Main points	
Previous relevant documents	
Consultation has taken place with...	Finance Committee.

Summary of impact

Financial	
External (eg ecumenical)	

Introduction

1. 1 Corinthians 12:12 and 14

‘For just as the body is one and has many members, and all the members of the body, though many, are one body, so it is with Christ... For the body does not consist of one member but of many.’

2. Covenantal relationships are modelled throughout the Bible, between God and humankind, and between human beings before God, as witness. A covenantal relationship brings with it responsibility and blessing. Stipendiary ministry in the URC is funded through a covenantal relationship between members and the Church.

In the URC, church members pay into the M&M fund according to their ability to pay, and receive ministry according to their needs, moderated by the total ministry available to the Church.

3. At General Assembly 2023, a resolution was passed to link the costs of stipendiary ministry to the M&M receipts.¹ To implement this resolution, there are a number of questions that need to be answered:
 - a) Who is included in the target?
 - b) What is included in the 'direct cost of supporting the ministry from the Assembly budget'?
 - c) How are these direct costs converted into a target number of ministers?
 - d) What is the starting point for the linkage?

Who is included in the target?

4. It has been noted that a target for the number of ministers² is used by different departments for different purposes. In order to eliminate any confusion, it is suggested that this analysis includes all active³ ministers who are provided with a stipend, with the exception of the element of the stipends funded by the Synods for the two ministers deployed as National Ecumenical Officers in the National Synods of Scotland and Wales.
5. Users of this target can then make relevant deductions for their own purposes. For example, Ministries provide a deployment target for each Synod, and these targets do not include, for example, Synod Moderators, CRCWs, Special Category Ministers, Chaplains employed by other organisations, and Ministers deployed in Church House. Please see the breakdown for the end of 2023 and for 2022 given in Appendix I below.
6. This analysis shows that M&M receipts funded 309.76 FTE (Full Time Equivalent) ministers at the end of 2022, and 289.2 at the end of 2023, giving an average for the year of 299.5.

What is included in the 'direct cost of supporting the ministry from the Assembly budget'?

7. The following cost categories constitute the direct cost of supporting ministry, together with the actual costs for 2023. Please note that these categories appear under several lines of the accounts. For example, in addition to the main expenditure line in the high-level reported accounts (stipends and associated costs), other stipend costs, principally for central and Assembly posts, appear in other lines.

Stipends and allowances	£9,096k
Pension costs	£2,268k
National insurance costs	£ 909k
Allowances	£ 148k
Housing costs (for centrally deployed ministers)	£ 56k
Other (including pastoral supervision)	£ 48k
Total	£12,525k

How are these direct costs converted into a target number of ministers?

8. To make the process as clear as possible, in this description we are assuming we have reached 2024 and have a final set of accounts for 2023.

Step 1

9. To derive a target number of ministers, we need to calculate the average, direct cost of a minister. This will be done using the total 2023 costs in the defined categories as given above. As it is expected that the number of ministers who received stipends from the M&M fund will vary over the year, the average cost will be calculated by dividing the total cost by the average of the number of full time equivalent (FTE) ministers at the beginning of 2023 and at the end of 2023.
10. For the purposes of this paper, to calculate the average cost of a minister, we have used the numbers given in Appendix 1. This gives the average cost of a full-time minister in 2023 as $(12,525/299.5)$ £41,819.70

Step 2

11. Once we have an average cost per minister for 2023, the average cost for 2024 will be estimated by applying expected stipend rises (typically agreed at Assembly Executive in November) and the forecast of other cost increases.
12. For the purposes of this paper, we assume the costs for 2024 will be inflated by 5% (the stipend increase agreed for 2024), giving a predicted cost per minister of £43,910.68.

Step 3

13. The amount of money to be spent on ministry in 2024 needs to be calculated. This is done by calculating the percentage fall (or rise) in M&M receipts expected in 2024. The actual spend on ministry in 2023 is then multiplied by this factor to calculate the target spend for 2024.
14. For 2024, we assume that the M&M receipts will remain the same as for 2023. This gives us the Ministries' budget for stipendiary ministry to be as per the expenditure in 2023, which is £12,525K.

Step 4

15. The target spend for 2024 is then divided by the forecast average cost for a minister in 2024. This provides us with the target for the number of stipendiary ministers in 2024. Longer term targets can be calculated by estimating cost inflation and the reduction in M&M receipts (and hence ministerial spend) for further years.
16. Please note that M&M receipts used in these calculations will include any sums given by Synods to bolster the receipts.
17. For 2024, the target number of ministers becomes $(12,525/43,910.68)$ 285.2.
18. The spreadsheet given in Table 1 summarises this approach for 2024 and provides further estimates for 2025 and 2026.

Category	2023 act	2024 f/c	2025 f/c	2026 f/c
Costs of Ministry, £k	12,525			
Expected fall in M&M receipts, %		0%	0%	0%
Target cost of ministry, £m		12,525	12,525	12,525
No. of ministers at end of 2023	299.5			

Ave cost of ministry for 2023, £k	41.820			
Expected increase in ministry costs, %		5.0%	3.0%	2.5%
Ave cost of ministry in future, £k		43.911	45.228	46.359
Target number of ministers	299.5	285.2	276.9	270.2

Table 1: Example calculations for 2023 to 2026

19. Consequently, the target for the end of 2024 would be 285.5 FTE ministers, which represents a reduction of 4 on the December 2023 actual.

How and when will the target be applied?

20. Should this paper be approved by General Assembly in 2024, it is assumed that the linkage would start from 2025. This means that the 2024 costs will be used to define the stipendiary minister target for the end of 2025 (note that a single target is given for the whole year).

21. To use the process as described above in its basic form could be problematic because it assumes that the forecast movements and timings will prove accurate. This is not a practical assumption. Therefore, in applying the proposed process, some form of ‘room for manoeuvre’ will be needed. Consequently, if the actual number of ministers overshoots the target by 1% or less this will be deemed to be satisfactory. Should an overshoot of more than 1% be predicted, ministries are requested to consult with the Treasurer and CFO to establish if there is room in the budget for any additional overshoot.

Conclusion

22. We believe that this process will fairly and accurately fulfil the 2023 GA resolution for the cost of ministry to track M&M receipts. It is not anticipated that this policy and process will curtail URC-ordained stipendiary ministry; the main impact will be to ‘regulate’ the number of certificates of eligibility issued each year. Neither is it intended to restrict those offering themselves for ministerial training. Should the glorious circumstances occur when we have ‘too many’ offering themselves for ministerial training I’m sure the denomination would find money to support all of them through training and beyond.

23. Finally, it must be recognised that this paper does not address the strategic question of what is the minimum level of ministry needed to viably build God’s Kingdom on earth.

Appendix one

Ministerial deployment and funding

MINISTERIAL FUNDING Dec 2023				
	CATEGORY	NUMBER	FTE	BUDGET HOLDER
A	December 23 payroll	307		Various
B	Retired	2		?
C	Part time ministers	32	17.2	Various
D	Full time ministers	273		Various
E	FTE ministers		290.2	Various
F	National Ecumenical Officers	2	1	50% Synod, 50% M&M
	Ministers funded by M&M		289.2	M&M
MINISTERIAL DEPLOYMENT Dec 2023				
	CATEGORY	NUMBER	FTE	BUDGET HOLDER
	Full time MWS pastorially deployed	209.8	209.8	M&M
	Part time MWS pastorially deployed	31	16.7	M&M
	Full time CRCWs	13	13	M&M
	Part time CRCW	1	0.5	M&M
	Full time MWS in Synod posts		14.2	M&M
	SCM	12	12	M&M
	Mission partners	2	2	M&M
	National Ecumenical Officers	2	1	50% Synod, 50% M&M
	RCLs	3	3	Westminster College
	Ministers deployed in Church House	7	7	
	Synod Moderators	11	11	
	TOTAL		290.2	
MINISTERIAL FUNDING Dec 2022				
	CATEGORY	NUMBER	FTE	
A	December 22 payroll	328		
B				
C	Part time ministers	36	18.76	
D	Full time ministers	292		
E	FTE ministers		310.76	
F	National Ecumenical Officers	2	1	
	Ministers funded by M&M		309.76	
MINISTERIAL DEPLOYMENT Dec 2022				
	CATEGORY	NUMBER	FTE	
	Full time MWS pastorially deployed	226.8	226.8	
	Part time MWS pastorially deployed	35	18.26	
	Full time CRCWs	13	13	
	Part time CRCW	1	0.5	
	Full time MWS in Synod posts		14.2	
	SCM	12	12	
	Mission partners	2	2	
	RCLs	3	3	
	Ministers deployed in Church House	7	7	
	Synod Moderators	13	13	
	TOTAL		309.76	