

Paper G4

Energy Crisis Fund

Finance Committee

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
Action required	Decision.
Draft resolution(s)	Resolution 15 General Assembly approves the recommendation of the Finance Committee to close the Energy Crisis Fund and return the unused balance to the URC's General Funds.

Summary of content

Subject and aim(s)	URC response to the rising energy costs facing churches.
Main points	<p>In 2023, the URC Trust set aside £2m for a designated fund to assist churches with rising energy bills. The aim was that this fund would work alongside Synod funds to help the whole Church.</p> <p>Following consultation with the Synod Treasurers, it appears that the need for the fund is not there to the extent it was thought it would be, and therefore the unspent balance of the fund (£1.79m) could be returned to the general funds of the URC.</p> <p>The discussion with Synod Treasurers identified a need to assist churches with making their buildings more energy efficient.</p>
Previous relevant documents	Paper G4 for 2023 General Assembly and paper G2 for 2002 Assembly Executive.
Consultation has taken place with...	Synod Treasurers, the Legacy of Slavery Task Group.

Summary of impact

Financial	£1.79m is released back into general fund to help the URC Trust meet its target level of reserves. £250,000 of the released fund is moved to a restricted fund for the Legacy of Slavery task group reparations.
External (eg ecumenical)	None.

1. During 2022, there was a sharp increase in inflation rates, with CPI and RPI running at levels not seen for a few decades. The increases in the cost of provision of gas and electricity was one area that was particularly high, and contributed significantly to the Cost of Living Crisis.
2. Church buildings, by their nature, require a good level of energy to heat, and therefore it was expected that energy bills for churches would increase sharply.
3. In response to the Finance Committee's paper G2 presented to the 2022 Assembly Executive, it was agreed to set £2m aside to seed an Energy Crisis Fund to assist churches with their rising energy bills. The aim was this fund would be augmented by contributions from the Synod.
4. Paper G4 presented to General Assembly in 2023 was an update on progress, and noted that a working group was to be set up to look at qualifying criteria for the fund.
5. The above steps were taken before it was known what measures the government would take to try and alleviate the situation.
6. Initially, a grant of £210k was made to one of the less wealthy Synods to help with this issue.
7. Recent discussions with Synod Treasurers have revealed a low level of requests for help with energy bills, or the requests have been at a level that the Synod has been able to fund the requests from their own resources. These discussions also revealed that there were more requests coming for assistance with making church buildings more efficient.
8. There is currently a Church Buildings Fund held centrally with a substantial balance, and is available for churches to apply to (via their Synods). A number of Synods also have their own building funds to assist with making grants for such work.
9. The Church Building Fund falls under the Resources Sharing Task Group, and there is already work being done there to ensure that the criteria for making grants not only includes, but encourages works to make buildings more energy efficient. This ties in with the Church's Net Zero commitment.
10. Based on the above discussions it is felt that the need for the Energy Crisis Fund is not really there, and that Synods' building funds and the Church Building Fund can be used to meet the need for supporting local churches with making energy efficient improvements to their buildings.
11. A further consideration for recommending that the Energy Crisis Fund be closed revolves around the level of free reserves that the URC holds.
12. When the Covid-19 pandemic struck in 2020, the URC went very quickly from seeing annual surpluses in its general funds to annual (and significant) deficits. The subsequent years' results have also reflected further significant and growing deficits. The 2024 budget and 2025/2026 projections presented to the November 2023 Assembly Executive reflected a continuation and worsening of this situation.

In response to a second paper taken to that Assembly Executive, a steer was given to the Finance Committee to aim to achieve a balanced budget within five to seven years.

13. Each year, the Finance Committee discusses the Reserves Policy which calculates, on a risk-based approach, what level of reserves the URC should ideally aim to hold. The reserve level looks only at 'free reserves' and excludes monies held in designated funds, which includes that held in the Energy Crisis Fund. The recent deficits and the projected ones will make significant inroads into the URC's reserve levels, and most likely result in the level of free reserves dropping below the level the Finance Committee believes it is prudent to hold.
14. Releasing the £1.79 million left in the Energy Crisis fund would boost the URC's reserves and help 'buy time' to get the URC back to a balanced budget in the time frames noted by the November 2023 Assembly Executive.
15. The Finance Committee therefore proposes the resolution above to close the Energy Crisis Fund and return the balance of £1.79m to general funds.
16. The Finance Committee is also minded to use a portion of the returned funds as 'seed money' for a new fund to be used to enable the Legacies of Slavery task group to do the reparations work agreed by the denomination. A separate paper will be brought to General Assembly to deal with this.