

## For Church Treasurers

### **East Midlands Synod – Finance and Property Group – October 2010**

### **Sharing and Supporting Ministry and Mission (M&M) – The New Method in East Midlands -Proposals**

#### **General**

Synod agrees to apply the principles underlying TRIO<sup>1</sup> to M&M across synod in an income based scheme.

The new scheme takes the current level of giving from each church as its starting point and seeks to move gradually to a fairer level of giving and sharing between churches. By taking the current proportions as the starting point this also ensures that there should be no major changes on introduction of the new method.

The initial aim is to raise the same for 2012 as the previous scheme. Then by 2020 to move to a situation where the whole cost of Ministry and Mission for East Midlands is raised within the synod. the responsibility for paying for Ministry and Mission belongs to the whole synod.

Each church will be asked to complete a form detailing their Relevant Income and any extra amounts from Exceptional Income. The details of the form are to be discussed and agreed over the coming months. A draft M&M Information form is given below.

Each Church is asked to pay a proportion of their Relevant Income for M&M. The initial proportion will be determined by completing the form on 2008 data. We also ask each church to pay 10% of Exceptional Income. It is worth noting that Exceptional Income will be excluded from calculation of initial proportion. From data gathered already we have a good idea of most churches' income and proportion of gross income paid towards M&M; the data will need to be reprocessed with the M&M Information Form that is approved by Synod. For 2012 offers for M&M, the form will be completed using 2010 accounts and the same proportion applied.

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<sup>1</sup> The principles of TRIO are set out in the URC Manual available from Tavistock Place. TRIO is:-

A resource pack for parishes having difficulty in matching income to expenditure and needing to increase their income to cover costs, which includes contribution to the Ministry and Mission Fund.

The principles embodied are:-

1. That **The Responsibility Is Ours (TRIO)**, i.e. responsibility is shared by everyone.
2. A Fairer standard of giving for everyone.
3. Current levels of giving are generally low and TRIO seeks to encourage greater generosity in giving.
4. Provides templates for understanding financial needs.
5. Proportionate giving.
6. Adaptation to local circumstances.

## For Church Treasurers

A cap on rate of change should be set. We currently have an upward limit of 10% increases. A 10% limit is proposed for both upward and downward changes. A church is asked to apply for the upwards limit to be applied.

The proportion of Relevant Income can be changed by review, usually when a church or group completes the LMMR review. Changes agreed through review will be reported to Synod. Changes taking place in the interim period should also be notified to synod for transparency.

### **Review and Changing Group or Local Church Proportion**

1. In the long term an income based scheme supports payments according to ability to pay.
2. The principles behind M&M include sharing the burdens between rich and poor. However there will still be some connection between cost of ministry and what a local church is asked to contribute. We ask that all accept their responsibility within the scheme in the same way as in TRIO.
3. For churches paying a smaller proportion of their Relevant Income than average there will normally be increases. We will ask them to spread increases in the proportion of their giving over a planned period. This will help share the burden with churches who are paying a greater proportion of income in supporting M&M.
4. For churches paying a high proportion of their Relevant Income towards M&M and facing difficulty in maintaining this, we ask that they review the financial model or approach they are taking to fulfill the mission of the local church. This review needs to identify how the finances relate to the mission of the church and what kind of paid ministry they can afford, and what they can do to change their future prospects so that not only is M&M affordable but the church has a positive and growing mission rather than a declining one. We look to the Holy Spirit to guide us in this. Synod groups other than Finance and Property are the major sources of help in such a review. Whilst churches may face a financial problem we would hope that it is treated as a mission opportunity.
5. For churches paying near average proportions of their income and with growing income, we ask that they continue to pay in proportion to their income. Problems flagged up at LMMR review will hopefully be minor and any small adjustments made then.
6. F&P asks Pastoral Group to ensure that churches are not given permission to seek a minister until arrears are cleared and the profile includes a viable financial plan.
7. To support review and changes, synod will provide annual reports of the proportion of M&M costs paid for from within the synod, progress towards increasing M&M giving, and changes in giving from local churches.

# For Church Treasurers

Church no:

5 . . .

Church

Name:

Year Ending:

## M&M Information Form EM Synod

Gross Income		a		£
	Less income raised for outside causes	b	£	
	Less grants and loans received	c	£	
	Less legacies, gifts or settlements	d	£	
	Any other agreed deduction (this must be specified)	e	£	
	Total deductions			£
M&M Relevant Income		h		£

Exceptional income (as above)				
	Legacies, gifts or settlements)	d	£	
	Other	f	£	
Total exceptional income (= d + f)				£
10% offering (= (d + f) / 10		k		£

Proportion of Relevant Income given to M&M (in 2008)	(previously calculated) g	
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M&M based on Relevant Income	$j = h * g$	
M&M Offer from Exceptional Income	k	
M&M offer for (2012) (delete on historic 2008 form)	$(= j + k)$	

I confirm that the above entries reflect the Income (Incoming Resources) of the church and supply/have supplied a copy of the accounts that have been properly examined in accordance with the Charities Acts.

Signed:
Date:
Office held:

Name:
Tel:
email:

# For Church Treasurers

## M&M Information Form EM Synod Starting Year 2008 (unless agreed)

Church no:	<b>5 . . .</b>
Church Name:	
Year Ending:	

Gross Income	a		£
Less income raised for outside causes	b	£	
Less grants and loans received	c	£	
Less legacies, gifts or settlements	d	£	
Any other agreed deduction (this must be specified)	e	£	
Total deductions			£
M&M Relevant Income	h		£

Exceptional income (as above)			
Legacies, gifts or settlements	d	£	
Other	f	£	
Total exceptional income (= d + f)			£
10% offering (= (d + f) / 10 would have been			£

M&M paid in 2008		£
Relevant Income	h	£
M&M as proportion in 2008 (g, use in future years)		%

I confirm that the above entries reflect the Income (Incoming Resources) of the church and supply/have supplied a copy of the accounts that have been properly examined in accordance with the Charities Acts.

Signed:
Date:
Office held:

Name:
Tel:
email:

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## Notes on M&M Information Form

1. This is the current document for use, but comments are still welcome. The simpler it is the easier it will be for churches to fill in. A slightly altered version has been added to make it easier to set out information for the start year 2008.
2. Exceptional Income. The current proposal is that items such as legacies should be treated in a simple manner. Synod asks that 10% to be contributed to M&M.  
Other exceptional income will be forms of one off gifts and settlements (settlements from ongoing issues about payments owed to the church that come in all at once e.g. utility refunds dating back over a period of years, dispute over work done settled in church's favour, etc.). For these other Exceptional Income items, Synod asks that 10% to be contributed to M&M.
3. Other deductions. At this stage the list of permissible deductions has been kept very short. Others could be allowed if found to affect a significant number of churches. However repeated deductions can instead be handled by the proportion of income asked for and reasons given for it varying from the average. For example some churches are listed and others are in conservation areas: costs of maintenance are higher and therefore a lower proportion of income could be considered reasonable. If we start from what proportion churches are currently paying this will probably already be taken into account.
4. Once the format has been agreed, the form can be filled in as for 2008 and the starting proportion of income can be calculated. It can be compared with 2010 figures before being the proportion is applied in 2012.

Example: Church 5Y66 Year Ended 31/12/2010

Gross Income	a	£21,000
Less income raised for outside causes (Christian Aid)	b	£ 1,200
Less grants and loans (grant)	c	£ 250
Less legacy (no gifts or settlements)	d	£500
Relevant income for 2011		£19,050
Exceptional Income		
Legacy	c	£ 500
Total "Exceptional Income"		£ 500
M&M proportion in 2008 45%		
M&M based on Relevant Income		£ 8572.50
M&M Offer from Exceptional Income		£ 50.00
M&M Offer for 2012		£ 8622.50

5. All changes from starting proportion need to be recorded and published in a synod paper for effective transparency.
6. Where a church's year does not end on 31<sup>st</sup> December the form should be completed to the church's year end. It can be calculated in proportion, but it is considered simpler just to work with the existing church year unless this causes distortions.

Example:

Relevant Income to 31 <sup>st</sup> August 2009	£11,100	
Relevant income to 31 <sup>st</sup> August 2010	£12,000	
2/3 2010 income		£8,000
Projected 2011 income	£12,900	
1/3 projected 2011 income		£4,300
Relevant income for 2011		£12,300

## For Church Treasurers

7. Where a group pays the M&M (two cases in East Midlands, the Finance Officer and group should work through the form adding extra columns to check any problems for the group.
8. In Milton Keynes we need to look towards basing M&M on the total income for Milton Keynes council. Milton Keynes might want to move towards paying for ministry received starting from the current levels of payment.
9. For LEPs where there is no URC Minister the proportion historically is likely to be low. This needs to be checked for fairness to all denominations involved.

### **Process**

1. Draft paper passed to Finance Officers for review.
2. Finance Officers check from their knowledge whether they believe there are churches where income fluctuates a great deal. If so they investigate last few years accounts to see how this can be smoothed and added to process.
3. All to check a few local churches and see if there are any flaws in method of calculating Relevant Income. There will be requests for all kinds of special items to be considered, but only those that make difference need to be thought through.
4. Invite Pastoral involvement for churches in vacancy where payments are currently very high.
5. Invite comment on form from local churches, perhaps involving those with concerns early on.
6. Deal with requests for extra deductions, hopefully mainly under note 3 on M&M Information Form.
7. Finance Officers check calculation for Groups.
8. July F&P Meeting review proposal clarify work to be done. Draft timetable to be revised for July 2010.
9. November Synod present paper on New M&M method with agreed M&M Information Form.
10. In parallel agree accounts collection process. If considered worthwhile to continue collecting other accounts information the combine that with M&M Information Form obtaining Synod agreement after agreement of M&M issues and Accounts issues separately.
11. Collect 2010 data and M&M Information Forms. Most will come in from April 2011 onwards but will have the local church's estimate for 2012 on the form. Issue M&M 2012 request letters in a new style in June 2011.