
THE UNITED REFORMED CHURCH EASTERN SYNOD FINANCE POLICY

Adopted at the March 2021, amended at the March and October 2022 Synod meetings

Introduction

1.1 Eastern Synod is one of 13 provincial and national Synods of the United Reformed Church (“URC”) within the United Kingdom: geographically encompassing Norfolk, Suffolk, most of Essex, most of Cambridgeshire and part of Hertfordshire. It is constituted in accordance with the Scheme of Union and the United Reformed Church Acts of 1972, 1981 and 2000 (see www.urch.org.uk) and consists of United Reformed churches and Local Ecumenical Partnerships and United and Union churches with URC Involvement within its boundaries.

1.2 The Synod meeting is made up of ministers and lay representatives of each local church together with Synod office holders. It meets to transact business routinely twice a year. With effect from 1st April 2009 all of the financial assets and liabilities of the Synod (as distinct from the assets and liabilities of the constituent churches operating in the Eastern Synod, which are separate and independent charities or excepted charities) are reflected in the Financial Statements of The United Reformed Church (Eastern Province) Trust (“the Trust”) – a company limited by guarantee, registered charity number 248796. However, while the Trust holds all the assets and liabilities of Synod, it is the Synod meeting which is the decision-making body, except as respects matters relating exclusively to the business of the Trust for which its Directors are responsible. (The Trust may also act as the trustee of local churches, which have appointed it to be so, and in this respect has discretionary powers and responsibilities under the URC Acts in relation to certain proposed actions of local churches, which it is obliged to exercise in an unfettered and independent manner.)

1.3 For convenience and the good ordering of the Synod’s business, the Synod meeting has delegated various powers and responsibilities to a number of Synod committees and, in relation to oversight of Synod finances, to the Trust. To ensure that these Committees remain properly accountable to the Synod meeting for their exercise of these delegated powers and responsibilities reports of their activities must be presented to each Synod meeting. In addition, the Trustees’ Report and summary Financial Statements for the preceding year, as well as the budget for the coming year, must be presented to the Synod meeting annually.

1.4 In addition, the Synod meeting, while recognising that the Trust as the Trustee of local churches has absolute discretion in such matters, has set out its own guidance for the Synod’s Resources Committee and the Trust Directors where appropriate about its wishes as to the handling of financial matters in the form of this Finance Policy. It requires Synod officials and Committees to observe this policy and to report any breaches of its terms at the first available Synod meeting. The Synod meeting will itself review the terms of the policy at least every five years to ensure it continues to represent the intention of the Synod meeting and remains fit for purpose.

The Synod Finance Policy

Context

2.1 While sound administration of the finances of the Synod is for the benefit of constituent churches both currently and in future generations as they seek to live out the URC's (or a successor's) model of Christian worship and witness, such financial management must serve as a tool for, and enabler of, the advancement of the Christian religion and on-going Christian mission within the world, rather than present an obstacle to pursuing the objectives of the Synod and its constituent churches. The Synod's Resources Committee and the Trust Directors where appropriate should bear this in mind when exercising their functions on behalf of the Synod.

Financial Statements and Accounting Policies

2.2 Financial Statements must be prepared for each calendar year within a reasonable time of the year-end and audited by independent auditors. The Trust's Financial Statements should reflect all the assets and liabilities of the Synod and all of the incomings and outgoings of the Synod must be accounted for either through the Trust or, if judged beneficial to the affairs of the Synod and any of its constituent churches, through the Financial Statements of its subsidiary company, United Reformed Church (Eastern Province) Design & Build Limited¹.

2.3 These Financial Statements should be prepared in accordance with the applicable law of the United Kingdom, United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) and any Statement of Recommended Practice (SORP) applicable to charities at the relevant date. It is for the Trust Directors to adopt the audited accounts.

2.4 When audited, the full Financial Statements and Trustees' Report for the preceding calendar year should be made available on the Eastern Synod website for perusal by churches; those with whom the Synod does business; and members of the general public. A copy of the full Financial Statements must also be made available to any member of a constituent church who asks for one, but only a Report and summary Financial Statement needs to be included in the general pack of documents prepared for those attending Synod meetings each October.

Cash and Investments

2.5 Sufficient cash must be held on short to medium term deposits to meet any commitments entered into on behalf of the Synod in accordance with this Finance Policy. Typically, this would cover at least one full year's anticipated revenue expenditure and also allow for the capital purchase of a manse or similar building, but Resources Committee and Trustees are entitled to exercise their discretion in deciding how much cash it would be advisable to hold at any particular time.

2.6 The Synod's investment policy aims to achieve as high an income as possible from its investments while protecting the capital value of the funds against inflation. Investments should be diversified and may include a mixture of commercial property, fixed interest and equity marketable securities as well as sharing in some churches' property developments where this is advantageous both to the Synod and the church concerned.

2.7 None of Synod's investments may be seen to support practices which are against the conscience of Christians following Ethical Investment Guidelines approved by the URC General Assembly. Trust Directors are permitted to engage one or more Investment Managers to assist them in managing some or all of these investments and may allow the manager to exercise professional discretion in weighting the Synod's portfolio (or the part under their management)

¹ This company was established to minimise the impact of VAT on the costs of the project when a new building is being constructed.

at any particular time, provided the Trust Directors remain satisfied, on advice from Resources Committee, that the manager is applying appropriate ethical investment standards.

2.8 Where one-off capital receipts accrue to Synod in accordance with the URC Acts, normally either the capital is to be reinvested in acquiring or maintaining property to be held on the same trusts or for other charitable purposes of the United Reformed Church within the area of the Synod or, alternatively, only the income arising on the capital receipts is to be expended in pursuing charitable purposes so that the interests of future generations are safeguarded. However, Synod currently wishes to depart from this policy to support mission activity within the Eastern Synod by allocating certain capital receipts to the Synod Pioneer Fund from which mission grants may be made in accordance with the conditions governing the administration of that Fund as agreed by Synod from time to time. Capital may also be used to finance some additional expenditure on other mission activity by constituent churches up to the level agreed in the annual budget for the following year. The Synod meeting agreed in October 2020 that one-off capital receipts not needed to support the Synod's Mission or Heritage Funds could instead be used to support the Retired Ministers' Pension Fund. In addition to the Pioneer Fund, the Resources and Mission Committees have also agreed to the principle of supporting one-off initiatives for local ministry in order to address the challenges presented by a reduction in the deployment figures within the Synod.

Synod Administration

2.9 The general aim of those making decisions on behalf of Synod should be to limit administrative costs wherever possible to prevent such costs unduly restricting the amounts available to support the Synod's charitable and mission objectives.

Financial Support for Local Churches and Others

2.10 The Synod's Resources Committee is tasked with overseeing the provision of grants (or, more rarely, loans) to constituent churches, and their ministers or lay officials, to assist with:

- mission and outreach projects;
- engagement with children and young people;
- acquisition, maintenance and improvement of property; and
- training and development of individuals.

The Resources Committee and Trustees may also recommend to a Synod meeting that the Synod should support other parts of the URC either financially through the denomination's Inter-Synod Resource Sharing mechanism or by other means. For the avoidance of doubt, this may include additional payments to the Retired Ministers Pension Fund and support for Westminster College, or other Synods. In addition, as a consequence of Covid-19 or otherwise the Resources Committee and Trustees may also wish to support local churches either indirectly by covering any reduced contributions to the Ministry and Mission Fund or through loans or small grants. Although the effect of this paragraph is that is for the Synod to take decisions on unbudgeted expenditure there will occasionally be a situation where the matter cannot wait until the next Synod meeting, and in those circumstances the Resources Committee may take the decision and report it to the next Synod meeting.

2.11 Except to the extent that a Synod meeting gives explicit approval that a specific item of expenditure should be met otherwise than from current income, the aim of the Resources Committee should be to ensure that, taking one year with another, grants awarded do not exceed the budgeted investment income and budgeted proceeds of sale of redundant properties available to meet such grants for the year in question – although movement of funds between grant categories is permitted. The Synod meeting recognises that this means there can be no automatic entitlement to a grant award for any constituent church or individual. The Synod meeting expects Resources Committee to exercise judgement in supporting situations where money is most needed in priority to other situations where financial support is less

necessary or beneficial. In no case should a grant be given to support activity or development which lacks a clear mission purpose or context. The Pioneer fund may be used for other grants.

2.12 Accordingly, constituent churches are encouraged to retain and invest capital whenever possible with a view to funding as much work on their buildings, mission and outreach and people training and development as possible from their own resources. Where this proves insufficient for what is contemplated an application may then be made to the relevant Fund for support.

2.13 Resources Committee will ensure that

- an up-to-date summary of the various types of grants or loans offered to churches (and, where relevant, the maximum amount offered);
- the criteria applying to each type of application; and
- details of the relevant application process;

are readily available on the Synod website or by post via the Synod office. Finance-related resolutions of previous Synod meetings which are still in force will also be listed on the website.

2.14 The Resources Committee may bring proposals for changes to the way in which grant funds are utilised and/or the criteria for awarding grants from time to time for consideration at any Synod meeting. Provided the proposals do not require any changes to this Finance Policy a resolution by the Synod meeting agreeing to the change is all that is required. However, if any proposal is inconsistent with the current version of this Finance Policy, the resolution proposing the change must include, or be accompanied by, wording to amend this Finance Policy at the same time. Any such proposed change cannot take effect unless agreement is also reached to amend the Finance Policy.

2.15 In October 2020 Synod agreed an Environmental Policy which will have financial implications for the Synod both for the management of its own properties and potentially the support it provides for local churches by way of grant or loan. In addition, the Policy provides for the Synod to divest itself of investment in fossil-fuel companies.

Synod Manse Scheme

2.16 In October 2005 Synod established a Synod Manse Fund which is used to provide, improve, or replace manses of churches within the Synod Manse Scheme with a view to satisfying the URC standards applicable to such dwellings at the relevant time. Resources Committee is expected to exercise oversight of the operation of this Fund and Scheme in accordance with the guidance set out in the current version of the (separate) Eastern Synod Manse Policy Document

Use and Disposal of Church Buildings and Dwelling Houses

2.17 Eastern Synod constituent churches are obliged by their trusts to seek the consent not only of their Church Meeting (or equivalent) when changes of use, modifications to, or disposals of, buildings are in contemplation but also of their Trustees and, for any work which substantially alters the character, appearance or value of a building, the Synod meeting.

2.18 Wherever Synod meeting approval is required under the terms of the URC Acts before an action can be taken by others, in accordance with those Acts and the URC Manual, it is the policy of Synod to delegate to the Synod Resources Committee the responsibility for giving, or withholding, such approval. (This is entirely separate from the discretionary exercise of the role of The Trust when it acts as trustee of the church property in question.)

2.19 In practice, most projects or actions involving Trust property cannot proceed without the approval of three parties – namely, the local Church Meeting (or its equivalent), the Synod

meeting (through the Synod Resources Committee) and the Trust Directors. To avoid misunderstandings which can arise from inadequate communication, Synod recommends that representatives of all three parties should meet together as early as possible to discuss any proposed action.

2.20 In the case of a disposal of property otherwise than following a church closure, Synod policy is that the Synod Resources Committee should not be expected to approve the disposal on Synod's behalf unless the relevant Church Meeting resolution specifies by whom net proceeds of disposal (or specified percentages thereof) are to be utilised and for what purposes.

2.21 When church property is disposed of under sub-paragraph 2(d) or paragraph 5 of either Part I or Part II of Schedule 2 of the URC Acts, the terms of the disposal are those set out in sub-paragraph 2(d). Any disposal under paragraph 2 requires the authority of a church meeting resolution and, normally, a disposal under paragraph 5 will have involved the agreement of the church meeting to the closure of the church or at least consultation with its representatives at an earlier stage.

2.22 When sub-paragraph 2(d) or paragraph 5 of either part of Schedule 2 to the URC Acts are in point, it is for the Synod meeting to determine how the net proceeds from the disposal are to be applied. Normal policy and practice is that the money be added to Synod general funds and come under the control and direction of the Synod Treasurer and the Resources Committee. However, any member of Synod is entitled to propose an alternative use of the money (provided this is within the terms of the URC property trusts) for consideration by specific resolution at any Synod meeting provided this resolution is seconded by another member of the Synod. Prior notice of the proposed specific resolution must be given to the Synod Treasurer in advance of at the meeting at which it will be discussed (and decided on).

Disposal Proceeds Coming to Synod

2.23 Where the Synod receives money from the disposal of Church Property within Part I of Schedule 2 of the URC Acts, to the extent that such money is not earmarked for the URC Retired Ministers Housing or Pension Funds it is available for the Resources Committee to utilise in accordance with this Finance Policy for the benefit of this and future generations. When the disposal is under Part II of Schedule 2 of the URC Acts, non-earmarked Synod proceeds should always be added to the Synod Manse Fund. In the case of the closure of a listed building the Heritage Fund deploys its share of the proceeds of sales to support work on other listed buildings whilst the Church Life and Mission Fund uses the income from its share to support mission development projects within the Synod.

Appendix – Financial Responsibilities

Resources Committee Delegated Powers and Responsibilities

Synod delegates to Resources Committee the responsibility for giving, or withholding, approval of Synod under the terms of the URC Acts and also for administering the finances of the Synod in accordance with this Finance Policy under the general oversight of the Trust Directors.

In particular this entails:

- sustaining, developing and deploying the financial and property resources of the Synod to best further the advancement of Christian worship and witness in this and future generations (bearing in mind the ecumenical context and implications of URC actions);
- advising Trust Directors about financial and investment issues, contributions to Inter-Synod Resource Sharing, setting budgets and producing financial statements;
- ensuring that accurate current information about available grants and loans, the criteria applying to each type and the relevant application process is accessible to constituent

churches;

- making decisions about applications from local churches for Synod grants and loans within the constraints laid down in this Finance Policy;
- overseeing the system for setting and monitoring constituent churches' contributions to the Assembly Ministry and Mission (M&M Fund);
- overseeing the proper implementation of the Synod Manse Policy and Manse Fund Scheme.

Trust Directors Responsibilities

Trust Directors are responsible for producing the annual Financial Statements of the Trust and the Trustees' Report (including achievements and future plans of the Synod and its committees), their submission to the Charity Commissioners and all other formal acts required in compliance with UK law.

The Trust Directors are also responsible for giving final approval of annual budgets for Synod consideration, engaging and remunerating auditors, overseeing the financial management of the Synod's investments and managing the risks to which the activities of the Synod and its officials give rise.

This Finance Policy is not to be interpreted as restricting the Trust's absolute discretion in exercising its powers and responsibilities under the URC Acts.