

Appendix – The Report of the Stewardship and Policy Committee on Finance

(B) POLICY

1. *Congregational Remittances* The General Assembly of 2006 articulated, in the following terms, its discontent at the current financial arrangements for the support of the ministry and called on the Stewardship and Policy Committee to seek an alternative solution

The General Assembly express their disappointment that the Church's income failed to meet its expenditure in 2005. The General Assembly recognise that the current system of percentage levy imposed on congregations is unworkable and ultimately may be harmful to the cause of the Gospel. They instruct the Stewardship and Policy Committee to develop a more efficient and biblical method of organising the denomination's finances

The task was remitted to the Finance and Policy Sub-Committee to 'develop a more efficient and biblical method of organising the denomination's finances.' This has entailed analysing the strengths and weakness of the present system and exploring sustainable alternative arrangements. It is the Sub-Committee's opinion that its analysis justifies not only the finding of the Assembly of 2006, that the present way of funding ministry is inefficient, but even more alarmingly that it is unsustainable and thus potentially 'harmful to the cause of the Gospel.' The Sub-Committee would much have preferred to adjust, here and there, our current system, and so make both its own life and that of congregations and the central administration much easier. The realities, however, do not permit anything other than a far-reaching overhaul of the present arrangements. Because of the detailed work that yet remains to be done, the Sub-Committee is not in the position this year to apply to the Assembly for the adoption of a new order but seeks, rather, the Assembly's approval of certain foundational principles that would permit its work to continue. The Sub-Committee, in seeking to be both efficient and biblical, is reminded of the fundamentally spiritual nature of its work, and the relevance to its remit of the oft quoted words of Hudson Taylor: 'God's work, done in God's way, will never lack God's supply.'

Christian Stewardship: Some Biblical Guidelines

Tithing in the Old Testament Israel It is commonly believed that the Israelite dedicated to God's work 10%, or a 'tithe,' of his income, but although the evidence is not entirely conclusive, the reality may have been very different. It would seem that in ancient Israel there were three cumulative tithes; the basic tithe, Lev. 27:30f.; the seasonal tithes of Deut. 12:10-12; and a third tithe, spread over a period of three years, Deut. 14:28-29. The first tithe supported the ministry, the second built community and the third provided for the social security of the poor. Temple offerings (financial contributions, not animal sacrifices) were to be made in addition. The evidence suggests that God required his people to contribute a minimum of 25% of income each year, every year. Tithes were not optional, nor were they a rough guideline, they were a legal requirement: failure to meet this obligation was regarded by God as theft, Mal. 3:8: 'Will a man rob God? Yet you are robbing me. But you say, 'How have we robbed you?' In your tithes and contributions.'

Grace Giving in the Old Testament Church But even a contribution of 25% of income was not the upper limit of financial commitment in Old Testament days, it merely marked the point where the demands of law stopped and the obligations of grace took over. As well as the tithes there were 'grace' offerings, which included the offering of first fruits (Lev. 18:11-13) and the freewill offerings (Ex. 25:1-2). It was giving motivated by grace that demonstrated how generous God's people could be when their hearts were moved: cf. Ex. 36:5 'The craftsmen... said to Moses, "The people bring much more than enough for doing the work that the Lord has commanded us to do.'

Proportionate Giving in the New Testament In the New Testament era after Israel ceased to be a sovereign state and the covenant community finally took shape as the international Church, tithes no longer functioned as taxes, yet the Church needed finance to meet its commitments to the Great Commission. Although in I Cor. 16 Paul taught that some Old Testament financial principles still had validity in the Church, his primary emphasis is on voluntary, generous and self-motivated giving. Whilst Paul does not

stipulate a percentage of income which ought to be set aside each Lord's Day, he did teach that Christian giving should be proportional to income; we might do worse than to set that proportion at the Old Testament base rate of 10%.

Poverty Trials and Generosity If grace giving outshone legal obligation in Israel, in the early Church it virtually eclipsed it. To be sure obligation still stood but Paul, in 2 Cor.8, connects grace and giving. Simply put, he is saying that if you have grace then you will give! The Macedonians proved that even grinding poverty and severe trials, combined with God's grace, could produce amazing voluntary generosity. The key to such generosity lay in the spiritual state of a Christian's life. Before giving their money, the Macedonians had given themselves, first to God, then to their fellow men (2 Cor:8.3). They understood with remarkable clarity that just as they had received God's grace, his undeserved, unearned and lavish love, so too they, in turn, must show similar unconditional generosity and kindness to others in need. They did not fail to understand how much easier it is to surrender a part when we have already given the whole. In Rom. 15:26-27 Paul celebrated the Macedonian's sacrificial giving and called for it to be emulated.

Not by Law but by the constraints of Grace Even at this summary level it can be seen that Church finance ought not to be governed by law in the form of externally imposed quotas or levies, but by the constraints of grace. It was grace that motivated the early Church to remarkable feats of generosity. It was grace that enabled the Free Church to set up and sustain for many years the Sustentation Fund. It was grace that enabled David Livingstone to write: 'I place no value on anything I have or may possess, except in relation to the kingdom of God. If anything will advance the interests of the kingdom, it shall be given away or kept, only as by giving or keeping it I shall most promote the glory of Him to whom I owe all my hopes in time or eternity.' Therefore, the key to sounder finance in the Free Church is the rejection of any tendency to legalism and the cultivation of a higher appreciation of grace in her ministers, office-bearers and members.

Our Underlying Strength Before moving on to identify some of the weakness in the current administration of Free Church finance it is important to pay tribute to a fundamental strength that is characteristic of the members and adherents of the Church, that of a very considerable generosity of spirit. The evidence of this is to be found in the way that people respond so willingly to special appeals and particular needs. For example, last year (2006) the Stewardship and Policy Committee projected a budgetary shortfall of approximately £300,000 and subsequently intimated this to the Church. The year ended with a considerable surplus, not only because of the provision of certain generous legacies but also because the people of the Church had responded directly and generously. In addition, special missionary appeals that arise are met with enthusiasm, imagination and open-handedness. For this reason alone, it is important to devise a better and more worthy method of managing the money entrusted to Church funds.

Identifying Weaknesses in our Current System

The Taxation Model of Denominational Finance Scripture inculcates a spirit of collegiality and fellowship in the financial support of the ministry. In the New Testament, inter-congregational mutuality of support is not, however, imposed from the top down but is essentially voluntary, the imperative being spiritual in essence. This is in line with the New Testament's emphasis on the cardinal graces of generosity and cheerfulness in providing financial assistance to Christians in need. Whilst not strictly legally imposed, our system has evolved into one of virtual congregational taxation at the rate of up to 80% of ordinary congregational income. As with all oppressive levels of taxation this results in inefficiency, disincentive and dependency. With an emphasis on meeting denominational targets, the system as currently operated often impedes the development of even modest projects identified by Kirk Sessions and Deacons' Courts as important for local outreach and ministry. This may give rise to a degree of resentment, which could threaten the unity of the Church and inhibit a spirit of generosity.

The Diminution of Congregational Freedom For over a century there has been a tendency for the Free Church to centralise its financial management. Consequently, beyond providing for ministers' expenses, Deacons' Courts take no direct responsibility for the payment of their ministers' stipends, in the comfortable knowledge that any failure on their part to raise sufficient funds locally to meet the Equal

Dividend will be supplemented from centrally held funds. Many of the financially viable congregations resent the imposition of a taxation system that leaves as little as 20% of ordinary income with which to pay basic overheads and struggle to extend local ministry. The local congregation has become so subservient to the wider needs of the denomination that its true and Presbyterian standing has been seriously diminished. Irrevocably committed as we are to the connectionalism of Presbyterianism, it may, nevertheless, be helpful to remind ourselves of the biblical status and legitimate function of local congregations. Whilst there can be no doubt that the New Testament speaks of the Church as a corporate entity the singular noun 'church' is, nevertheless, applied to individual congregations (Acts 8:1; 11:22; 11:26; etc.). Consequently, we are not surprised to find the New Testament using the plural, 'churches' (cf. Acts 15:41; 16:5; Rom 16:4; etc.). Thus, by this usage, we are to keep in mind that the church is not to be thought of apart from the particular components of which it is made. The language of the New Testament calls us to maintain a careful balance between fragmentation on the one hand and undue centralisation on the other. Presbyterianism, classically understood, sees presbyterial authority as primarily vested in the Kirk Session, so Donald Macleod states, 'The presbyterian polity of Scotland...has firmly emphasised the autonomy of local churches.' (Donald Macleod *A Faith to Live By*, Fearn, 1998). In the past, we have perhaps somewhat over-emphasised the corporate identity of the Church, losing sight of the legitimate freedom of individual congregations, not least in the disbursement of their finances.

The Inversion of the Presbyterian Principle It is a fundamental principle of Presbyterianism that the strong help the weak. This maxim, however, is in danger of becoming *reductio ad absurdum*, a gross over-simplification, especially in light of the fact that most Free Church of Scotland congregations are small, weak and declining. This is maybe not the place for a detailed analysis of the numerical decline of the Free Church since its highpoint in late nineteenth century. We may, however, summarise the causes of decline as the impact of national trends including spiritual apathy, increasing secularism and depopulation, and ecclesiastical trends such as unity regardless of doctrinal differences. Whilst it is true that we cannot be held responsible for either of the forgoing, we are accountable for other causes of systemic decline, particularly our tendency towards insularity, complacency and susceptibility to the inertia of conservatism and traditionalism. Our failure to project an attractive image of ourselves as an outgoing and welcoming church means that we are not, on the whole, the church people choose to join. The result is that more people leave our churches than join them, leaving a disproportionate number of small, weak, discouraged and unsustainable congregations, absorbing an unequal amount of our energy and finance. At present, approximately 45% of congregations are a cost on the church, 30% break even and only 25% are 'aid giving.' Of this 25%, however, only 11 congregations contribute in excess of £50,000, providing a surplus to fund central projects such as international missions, church extension and redevelopment, the college and a small administration. Most congregations do not, through their normal congregational remittances, contribute to centrally administered schemes, leaving a small minority of relatively wealthier congregations to support a grossly disproportionate financial burden. This hinders the formation of centres of spiritual energy, progressive mission and effective outreach from which new congregations could be planted, weaker congregations assisted and home and international mission advanced.

A Tendency to Insularity As the sub-committee began its work it found a serious deficit of knowledge about the manner in which other Presbyterian Churches balance the financial needs of local, national and international ministry. This possibly reflects a tendency to an insularity which fails to question intelligently the continued helpfulness of financial systems inherited from the past, particularly the Sustentation Fund and the Equal Dividend scheme. These links with the Disruption Church tend to be considered sacrosanct, but we ought not to be shocked when what was an inspired improvisation for mid-nineteenth century exigencies proves less serviceable for the needs of the early twenty-first century. These schemes, which we consider to be imprinted with the hallmarks of authentic Presbyterianism, are in fact adopted by few, if any other, Presbyterian churches; nevertheless, the important principles they enshrine, of generosity, sustainability, collegiality and, commensurate with responsibilities, impartiality of stipend, ought to be maintained within any new system adopted. The sub-committee believes it is imperative to identify and emulate best practice wherever it may be found.

Unawareness of Financial Realities It is evident that throughout the Free Church there is a widespread lack of knowledge regarding the responsibilities of Christian stewardship. Many members and adherents are completely unaware that an equal dividend stipend pays around £17,000 to our ministers, nor

is it understood, that notwithstanding the provision of a manse and a car and utility allowance, how much the stipend has become eroded in relation to the salaries of other professionals, such as unpromoted teachers in Scottish nursery, special, primary and secondary schools who earn up to £33,000 or grade G nurses who earn up to £28,000. Free Church ministers' stipends have now fallen below the Scottish median salary, which is £20,400. Nor do all Deacon's Courts, let alone members and adherents, understand that an equal dividend stipend of £17,000 costs the Church a total of approximately £23,000, when employer's costs are met, including a contribution to National Insurance and the pension scheme, plus the costs of payroll administration. Nor is there transparency concerning either the fact or the degree to which ministers with young families are supported through the provisions of tax credits and income from working wives. Masked by many special providences, few grasp how difficult it can be on a low income to make proper provision for retirement accommodation, nor is there adequate recognition of the worries this can entail. Understandably, ministers feel embarrassed to speak openly of these matters, but Deacon's Courts ought not; rather, it is they, not the Assembly Committees, that should take the lead in ensuring congregations are fully informed and ministers adequately remunerated for their ministry.

A Possible Solution

In seeking to reverse the trends outlined above, the sub-committee spent a considerable amount of time discussing the merits of an alternative financial system, the main elements of which would be the following.

- *Congregational Responsibility* The starting point of any new financial scheme would be that congregations with a settled ministry would be required to meet all the costs of providing that ministry. Under these proposals Deacons' Courts would assume responsibility for the payment of stipends, with payroll administration being handled centrally. Stipends would be paid according to the availability of funds and Deacons' Courts would not be permitted to run a deficit. It is the sub-committee's considered opinion that by thus connecting congregational giving more closely to the payment of ministerial stipends a culture of greater generosity and better stewardship would be promoted.
- *Denominational Responsibilities* To make adequate provision for denominational schemes, such as, for example, a basic level of commitment to international mission; church planting and national evangelism; the redevelopment of a limited number of strategically placed declining congregations; the funding of ecumenical relations and assembly arrangements; and the maintenance of a small central administration, short to medium term fixed costs would be identified and financed through an income-based, sliding-scale covenant of honour system, set at a much lower level than present levies and allowing greater discretion to Deacons' Courts to increase contributions beyond the base rate set centrally. The criteria by which such commitments would be assessed would be set, from time to time, by the General Assembly.
- *Discretionary Projects* The Sub-Committee affirms that missions, evangelism and theological education are not in themselves discretionary, but clearly mandated by Christ, but contends, nevertheless, that the level to which the Free Church can engage in these aspects of ministry depends entirely upon the availability of financial and human resources. The claims of international mission projects, the number of church extension and redevelopment charges and the level at which the college functions must stand or fall on their own merits. Boards and committees charged with the oversight of these and similar projects would need to become far more active in promoting their work, informing Presbyteries, Deacons' Courts, Free Church members and other potential contributors of the projects in which they are engaged and raising the funds needed to meet their objectives.
- *Consolidation* As a consequence of our history, the Free Church of Scotland struggles to maintain a disproportionate number of very small congregations who, in turn, are often destitute of the financial or human resources needed to sustain effective ministry in the communities in which they are located. Though bearing the names of past congregations, a fair number of these groups of

Christians have actually ceased to be true churches, some having no male members or local office bearers, and unable to remit anything near to the costs of an equal dividend stipend. To some of these groups, in remote rural areas of deprivation and depopulation, far from other Free Church congregations, we may have a duty of ministry. In other places, small and financially disadvantaged congregations are clustered in relatively close proximity to one another or are within a reasonable drive from a larger congregation, making it impossible to justify their continuance as separate congregations. The sub-committee believes that Presbyteries should survey the smaller congregations within their bounds, according to audit standards approved by the General Assembly, with a view to union or consolidation where possible and closure where necessary. Suggested audit criteria are set out in Appendix 3 to the report. The consequences of such consolidation will be a somewhat slimmer but a much fitter Free Church, better placed for growth and the challenges of witness in an increasingly secular society.

A Way Forward

It will be no easy task to introduce and accept a new financial strategy. It will require a mindset similar to that of the Disruption Fathers, who leaving behind their former security, accepted the strange and radical proposals of the new and unproved Sustentation Fund, counterbalancing the risk entailed, by seeing the potential of being a growing Church. In our day, as that 164 year scheme is now creaking and collapsing around us, we face the added challenge of arresting decline and developing a truly sustainable, growing, forward-looking Free Church. Settled ministries cannot any longer be guaranteed in all former locations, although detailed consideration must be given to the claims of individual cases before intervening in situations where the costs of ministry are not being funded. Deacons' Courts will have to accept their new role as central to the management of the new financial strategy, even if payroll administration is centralised. Likewise, removing the guaranteed funding of central projects places a considerable responsibility on the Committees and Boards having oversight of denominational schemes. Presbyteries will need to show Christian resolve and spiritual leadership in taking decisions that may risk alienating some people. But, overall, the scheme currently in process of development, nevertheless, carries many significant advantages, some of which may be summarised as follows:

- Restores congregational freedoms and initiatives in sustaining local ministry.
- Reduces the subsidy burden currently borne by others.
- Highlights subsidies which are hidden at present.
- Enables congregations, and the members and adherents within them, to achieve greater dependence upon God, financial sustainability, and the deeper cultivation of the graces of Christian stewardship, generosity and caring.
- Assists Presbyteries to think strategically about ministry within their bounds.
- Empowers committees and boards to be more pro-active in raising financial support and more effective in communicating the merits of their work to the wider Church.
- Creates a stronger climate of cooperation and mutual support, assisted by greater transparency and accountability.
- Promotes vision and leadership in reaching the Scotland of today with the Gospel of Jesus Christ.
- Secures the future ministry of our Church.