

**Developing a Policy for the use of funds in the Connexional Priority Fund (CPF) above those required by the CPF Reserves Policy:
A Discussion Document from the Strategy and Resources Committee (SRC) to the Methodist Council**

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1. The Council agreed in October 2014 (resolution 89/1) that the CPF Reserve should be set at £5M and, although the SRC is to keep this under review, for the next three-year period this level of reserve should be the budgetary assumption.
2. In 2014 the end of year CPF balance was £9.9M and in 2017 is predicted to be £10.3M (based upon property levies of approximately £6M pa and a slight annual surplus of income over expenditure). If then the balance remains approximately £10M, there is available, in total, £5M for re-allocation by the Council.
3. A reserves policy is not only good responsible stewardship of charitable funds but is a requirement of the Charity Commission. Since the Council has agreed a reserve of £5M for the CPF, there needs to be a policy for the use of the reserves over that £5M. This policy does not necessarily require that the 'excess' is all spent in a specific budgetary period but that there is a reasonable plan for its timely use for the purposes of the Church.
4. There is a question therefore about the time over which the £5M in excess of the requirements of the Fund should be spent. This could be linked to the three-year budget cycle.
5. There is also the question of what to spend it on. The Methodist Council in January 2014, and again in October 2014, was made aware of the need to have a policy about this. At the January meeting the Council spent some time discussing the potential uses of such a sum.
6. The Connexional Leaders' Forum (CLF) likewise was made aware of this issue in January and September 2014, and engaged in a relatively brief conversation about this at its January meeting.
7. It is the responsibility of the SRC to bring suggestions for the planned use of this 'excess' so that the Council can form a reasonable and timely plan.
8. The purposes of the CPF are defined in SO 974 and the general thrust of the SO is that (after provision for agreed distribution to district Advance Funds and the pension reserve fund) the CPF should be used to fund initiatives in local churches, circuits and districts which will advance the mission of the Church and are of connexional significance. Local church and circuit initiatives can also be funded by grants from the CPF channelled through the Mission in Britain Fund (MiBF) and the Mission alongside the Poor (MAP) Programme.
9. At its meeting in November, the SRC discussed several suggestions for the use of the £5M excess in the CPF. These included those made at the Council and CLF meetings. The SRC noted

that strong support had been expressed for a focus on 'local' initiatives as a preference to new connexional initiatives.

10. The SRC would like to recommend the following suggestions to the Council for consideration to enable further detailed work as required to produce viable options:
 - a) for use by districts, circuits and local churches for innovative projects to engage in mission/evangelism in the local community.
 - b) for the support of local ministry (lay or ordained) where there is a genuine need for current work to be sustained or developed.
 - c) for supporting the establishment of a professional connexional property advisory team to advise managing trustees on the use and development of property as a resource for mission.
 - d) for the extension of the One Programme Participants (OPPs) scheme for young people.
 - e) for the writing and production of a Discipleship Resource.
 - f) for the support of specific green energy projects at local level (possibly grants or loans).
11. Clearly it may not be possible for all of these suggestions to be introduced and the funding available could not fund them all if they are to make a significant impact. It should also be borne in mind that the sum of £5M may need to be revised as this year's budget is developed.
12. It is suggested that the Council discuss the following questions, in groups:
 - (i) Do you agree that the majority of the funding available should be used for suggestions (a) and (b) in paragraph 10 as the priority?
 - (ii) What would be your order of priority for suggestions (c) to (f) in paragraph 10?
 - (iii) Do you have any other suggestions for consideration by the SRC?
13. The recommendations which the SRC then makes will be included in the budget which the Council will consider at its next meeting.