

Connexional Central Services Budget for three years commencing 1 September 2016

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Status of Paper	Final
Action Required	Decision
Draft Resolutions	See end of paper
Alternative Options to Consider, if Any	The paper contains options regarding the future level of MCF assessment to be proposed to the Conference.

Summary of Content

Subject and Aims	The Connexional Central Services Budget for three years, commencing on 1 September 2016. The Council will need to decide exactly what to recommend to the Methodist Conference.
Main Points	<ul style="list-style-type: none"> • Decision re methodology for calculation of the total MCF assessment from 2017/18 for three years. • Use of restricted and designated funds. • Details of each area of the Team are provided, focussing mainly on changes from previous years.
Background Context and Relevant Documents	MC/16/17 facilitated a discussion at the Council's January meeting regarding the MCF assessment.
Consultations	The draft budget is proposed by the Strategy and Resources Committee (SRC), after detailed scrutiny by its Finance Sub-committee.

Summary of Impact

External	The MCF assessment will affect the entire Connexion.
Risk	Main area of risk is uncertainty over legal costs, but the Council's reserves will be sufficient even if budgeted spend is exceeded.

Connexional Central Services Budget for three years commencing 1 September 2016

Introduction

1. This paper contains the recommendations of the Strategy and Resources Committee (SRC), based on detailed scrutiny and advice from its Finance Sub-committee (FSC). The decisions that are taken by the Council in relation to this paper will result in recommendations under SO 212(2) to the Conference of both the level of Methodist Church Fund (MCF) assessment for the three years commencing 1 September 2017, and of the 2016/17 Connexional Central Services Budget.

Methodist Church Fund (MCF) Assessment

2. Every three years the Conference determines the method by which changes to the level of the total MCF assessment will be made. It establishes this a year in advance, so that budgets across the Connexion can be prepared in the light of the actual MCF assessment to be met. The 2016 Conference will therefore be asked to agree the method by which the assessment will change for the three years commencing 2017-18. The total for 2016-17 will increase by 2% as agreed by the 2013 Conference. The apportionment of this by District was agreed with District Treasurers at their annual practitioner forum in August 2015 – this is now being used to prepare circuit and church budgets. The Council will be asked to recommend these figures to the 2016 Conference in a separate paper.

Current situation

3. There are a number of interesting factors involved in setting the assessment. The Church's membership has continued to decline and its demographic profile points to that potentially accelerating, with almost 70% of members aged 66+ in the one-off 2011 detailed count. At the same time, the decline in the number of individual churches is slow and a large number of churches are offering effective ministry, but increasingly struggling to fill officer posts and undertake their various trustee obligations. The combination of this context with a continual increase in statutory responsibilities arguably generates an increasing need for the Team to support the Church, making significant reductions in the cost base difficult. Furthermore, if this decline is to be arrested there is the need to invest now in mission and evangelism across the Church, maximising the effective use of reserves whilst it still retains the critical mass sufficient to do so.
4. The Church's overall financial position is healthy. The report of the Releasing Money for God's Mission Working Party reported to the Council in January 2015 (MC/15/14) that over £170m was held by churches and circuits in Model Trust funds with Trustees for Methodist Church Purposes (TMCP). To this can be added funds held locally in other accounts, plus those held by Districts, showing that significant levels of reserves are held across the Connexion, underpinned by the inherited property assets. However, none of this diminishes the challenges faced by some churches and circuits in meeting their assessment – one of the critical questions for the Conference is how it encourages Districts and Circuits to ensure that they use the most appropriate means to apportion the part of the total for which they are responsible.
5. At its meeting in January a number of Council members echoed the view that the Church has sufficient resources for the mission to which God has called it, but getting them to the most

appropriate places is a critical challenge. Most charitable organisations, including many other churches cannot dream of such a level of resources, so there is a real responsibility on the Council and the Conference to take a lead in ensuring that the Church exercises the most effective stewardship of God's rich provision; resisting the temptation to hang on to its earthly treasures.

6. The Methodist Church is connexional, not congregational; with established mechanisms in place to facilitate the movement of money to where it can best be used in God's mission. The assessment is one expression of that connexionalism, as is the Connexional Priority Fund, which distributes money to Advance Funds in Districts that proportionately receive less from levies on Circuit Model Trust Funds. It is also playing an important role in building up a Pension Reserve Fund that is helping to maintain the affordability of ordained ministry, whose covenant relationship with the Conference is partly expressed through a defined benefit pension scheme. The lack of general popularity of each of these suggests the need for a rediscovery of what it means connexionally to practise effective stewardship of the riches that God has entrusted to the Church.
7. Acting within the spirit of this connexional imperative the Council has adopted reserves policies for a number of funds resulting in a deliberate release of additional money to fund mission and ministry projects. It has seen the need to act now because there are no missional benefits to money that is simply being held 'for a rainy day', and has recognised that although they represent only a small proportion of the Church's total resources, it carries a responsibility to maximise the benefits that can be derived from the use of connexionally-held funds.
8. In addition, recent and ongoing shortfalls in the numbers of ministers available relative to the number of stations means that there are circuits across the Connexion that budgeted to pay for a ministerial appointment that was not filled. Inevitably the availability of resources is not spread evenly – hence the need for Circuits and Districts to be bolder and more imaginative in the way that they apportion their contribution to the MCF assessment, ensuring that those most able to contribute do so.
9. A number of Memorials have been brought to the Conference in recent years by Circuits finding it difficult to pay their assessment and the Conference has adopted responses instructing the SRC and Council to take account of this. The Church's objectives do not include building or maintaining a well resourced Connexional Team for the sake of it so it is important that the Church trusts that spending from the assessment is properly scrutinised and controlled. The Team leadership continues to pay particular attention to ensuring that it fulfils its purposes under Standing Orders to support the Church in the mission it believes God is calling it to and in achieving the best value for money possible.
10. Although it is not always clear to members of the Methodist Church, the portion of assessment paid by churches and circuits that goes to the MCF is relatively small. The bulk pays for circuit ministerial costs, and the largest increases in recent years have resulted from the need to maintain the funding of the Methodist Ministers Pension Scheme (MMPS). The Consolidated Accounts show that during the year ended 31 August 2015, over £54m was spent across the connexion on the stipend/NI/pension costs of ministers and the payroll costs of lay employees that are employed locally but paid via the central bureau – over four times the MCF assessment.

When the current formula was agreed the Council decided to provide the Conference with three different options and at its recent meeting in October it indicated that it also wishes to provide the Conference with options in 2016. At its meeting in January 2016 the Council

discussed an initial proposal from the Strategy and Resources Committee (SRC) that the following options be put:

1. A flat 1.0% increase per annum for three years;
2. A flat 0.5% increase per annum for three years;
3. Freeze the assessment at the level which will be reached in 2016/17;

11. As a result of these discussions, the Council asked the SRC to return in April with a wider spread of alternatives; clearly showing the impact of these. The SRC discussed this in considerable detail at its meeting in February and now suggests the options shown in Table 1:-

Table 1- Impact of MCF Assessment changes on MCF Fund

Option	MCF surplus / (deficit)		
	16/17	17/18	18/19
	Year1	Year 2	Year 3
Annual increase in the assessment <i>from 17/18</i>	£k	£k	£k
1 A flat 1.0% increase	+£130k	-29	97
2 A flat 0.5% increase	+£65k	-29	31
3 Freeze the at the 2016/17 level	nil	-29	-34
4 A flat 0.5% decrease	-£65k	-29	-100

Each option is per annum for three years

SRC Recommendation

12. The SRC also debated whether or not it should provide the Council with any specific recommendation on this matter. It recognised the balance to be drawn between demonstrating support for churches and Circuits that find it challenging to meet their assessment, and the need to deal with some rising costs centrally. It concluded that it should assist the Council by making a recommendation and that this would be a flat 1% increase for three years. This option is reflected in the figures that appear within this paper. Although a large number of factors were considered, the SRC was particularly aware of the additional demand on the MCF from the changes that the Council will be recommending to the Conference via the Connexional Allowances Committee (CAC) in relation to the costs of providing ordained ministry in various island districts, prudently estimated to cost up to £100k per annum. This is equivalent to 0.8% of the assessment, so increasing it by 1% would essentially allow its absorption without cutting costs elsewhere.

Draft Budget Overview

13. The proposed budget shows a small overall increase in income from 2015/16 to 2016/17, with a decrease in expenditure, but still an overall deficit as the process of reducing certain funds to the agreed reserves levels continues. (Table 2. Note the grants payable line.) For the Methodist Church Fund (MCF) Table 3 shows that a small deficit of £29k is proposed in 2016/17, changing to surplus of £97k and deficits of £37k in subsequent years as the decision was taken to model the budget on a one percent increase in the assessment year-on-year (Table 2). Rather than speculating on the decision of the Conference, this approach seems transparent and clear.

Table 2 - Overall Income and Expenditure

Description		2014/15 (ACT)	2015/16 (BUD)	2016/17 (BUD)	2017/18 (BUD)	2018/19 (BUD)
		£000	£000	£000	£000	£000
Income	MCF Assessment	12,810	13,067	13,396	13,529	13,664
	Property Levies	5,515	4,885	5,000	5,000	5,000
	Investment Income	4,250	3,681	4,161	3,991	3,825
	Donations	4,042	4,267	3,771	3,747	3,745
	Miscellaneous Income	1,078	1,390	1,471	2,318	2,334
	Legacies	1,551	825	1,050	1,050	1,050
	Trading Income	533	438	499	499	495
	Rental income	478	382	440	440	441
	Grants	203	157	159	159	159
Income Total		30,460	29,092	29,946	30,732	30,711
Expenditure	Grants Payable	10,242	15,344	14,852	14,986	13,950
	Established Staff Costs	7,421	8,320	8,380	8,452	8,568
	Other Costs	4,277	4,570	4,625	4,678	4,637
	Stipends	3,394	3,844	3,292	3,319	3,352
	Mission Partners	1,147	1,614	1,392	1,463	1,458
	Other Staff Costs	1,138	780	952	826	718
	Facilities	485	534	568	583	600
	Committee Costs	474	757	547	529	541
	Cost of Sales	307	366	370	377	384
	Insurance	127	154	161	163	164
Expenditure Total		29,012	36,284	35,139	35,377	34,373
Surplus / (deficit)		1,448	(7,192)	(5,193)	(4,645)	(3,662)

Table 3 - The Methodist Church Fund Only

Description		2014/15 (ACT)	2015/16 (BUD)	2016/17 (BUD)	2017/18 (BUD)	2018/19 (BUD)
		£000	£000	£000	£000	£000
Income	MCF Assessment	12,596	12,856	13,113	13,244	13,377
	MCF Management Levy	1,238	1,165	1,616	1,616	1,616
	Miscellaneous Income	529	537	661	648	654
	Donations	633	617	632	632	632
	Trading Income	533	438	499	499	495
	Rental income	130	127	136	136	137
	Legacies	9	120	100	100	100
	Investment Income	96	109	95	95	95
	Grants	23	7	9	9	9
Income Total		15,787	15,975	16,861	16,979	17,114
Expenditure	Established Staff Costs	6,830	7,859	8,127	8,239	8,351
	Other Costs	3,023	3,095	3,657	3,645	3,709
	Stipends	2,165	2,226	2,212	2,238	2,270
	Grants Payable	983	556	753	642	665
	Other Staff Costs	849	594	624	582	585
	Facilities	411	471	503	517	533
	Committee Costs	349	630	435	432	444
	Cost of Sales	304	366	370	377	384
	Insurance	92	127	108	110	111
	Internal Transfer	18	100	100	100	100
Expenditure Total		15,025	16,023	16,890	16,882	17,151
Grand Total		762	(48)	(29)	97	(37)

14. As mentioned above, the Council at its meeting in January, in considering report MC/16/18, agreed to recommend to the Conference a proposal from the Connexional Allowances Committee (CAC) that all ministers stationed to certain island appointments should receive an allowance of 16% of standard stipend, and that some medical costs would also be paid for those in certain territories outside the UK. All of these costs are to be met by the MCF and will add an estimated £100k to the budget to be met from the assessment. The draft budget assumes all of those payments commence from 1 September 2016 – prior to this change there was a surplus on the draft MCF budget for the first two years. The Chair of the CAC had suggested that the two measures proposed could be staggered for implementation over two years, but the SRC felt it was more appropriate to include them in full from September 2016.

Grant-making funds

15. The draft budget reflects the process of reducing the balances of several restricted and designated funds in line with the agreed reserves policies. This can best be seen in the Appendix. The Conference had previously agreed that each year £250k of the Epworth Fund would be allocated to the Connexional Grants Committee (CGC), subject to the other demands on the fund. In order to maintain the agreed reserves level of £5m, the CGC amount has been reduced in 2017/18 and 2018/19. The full amount of £250k is available in 2016/17 and the future figures will be reviewed again as part of the budgeting process next year.

Fund for Training and Income Generation

16. As part of the 2015 budget process it was agreed that for a temporary period of three years the Fund for Training would contribute towards the costs of the DMLN as follows:- 2016/17 £228k and 2017/18 £286k. These amounts are included within the draft budget, whilst the growth in income from the revenue generating sites will increase significantly for year three based on MIC Ltd's assumptions regarding the conversion of Camden Methodist Church.
17. One particular question considered by the SRC is what current sources of funding should be substituted by this growing income stream. As part of the Fruitful Field report the Conference agreed that the CPF would contribute a fixed sum of £1m per annum to the DMLN. One of the benefits of budgeting for three years, is that the point can now be seen when this reliance on the CPF will begin to shift. The SRC decided that although this reduction in reliance on the CPF is reflected within the 2018/19 forecast, it would not be prudent to bring any specific policy change to the Conference in 2016. Rather the situation will be reviewed again as part of the budget preparation process in 2017.

Detail by Team area

Support Services

18. The Administration budget now includes management and staffing the MCH Reception, which was previously held within Mission and Advocacy (M&A). This has enabled its operation to be more closely linked to other shared services, such as the post room, with several roles re-evaluated to bring them in line with current requirements. The net effect is an increase in budgeted cluster headcount of 3.0 FTE, and spend by £87k – more than offset by the savings in the M&A budget. The transition arrangements originally put in place with the rollout of the DMLN have now ended, with stationery and printing all now incorporated into the central budget. The total spend in these areas has been reduced significantly over a period of two years, showing the impact of professional procurement expertise within the Team.

Table 4 - Support Services

CC	Cost Centre	2014/15 (ACT)	2015/16 (BUD)	2016/17 (BUD)	2017/18 (BUD)	2018/19 (BUD)
	Income	£000	£000	£000	£000	£000
409	Bureau Services	183	185	284	287	290
410	Financial Services	64	75	65	65	65
430	Administration	35	35	35	35	35
431	Information Technology	29	76	30	30	30
440	Development and Personnel	2	4	1	1	1
441	Safeguarding	128	130	136	137	138
450	Building and Facilities (MCF)	248	236	300	300	300
452	4JWR Peterborough Property	120	112	120	120	120
455	Connexional Manses	29	28	20	21	21
461	Property	26	20	13	13	13
470	Support Services in Manchester	20	15	0	0	0
	Total Income	884	916	1,004	1,009	1,013
	Expenditure					
355	Resourcing Mission	234	73	75	76	77
400	Support Services	95	126	127	108	100
409	Bureau Services	81	91	212	215	217
410	Financial Services	779	800	912	911	922
420	Ministerial Benefit Grants	24	0	25	25	25
430	Administration	991	1,172	1,190	1,210	1,230
431	Information Technology	426	544	604	615	616
432	Executive Support	258	278	272	275	279
440	Development and Personnel	838	990	979	943	950
441	Safeguarding	324	360	426	455	461
442	Database Administration	18	86	100	100	0
443	Equality and Diversity	124	175	104	95	96
450	Building and Facilities (MCF)	717	1,120	523	621	504
451	Office Equipment	13	29	25	26	26
452	4JWR Peterborough Property	3	10	12	12	12
455	Connexional Manses	262	238	254	267	280
460	Past Cases Review	161	120	104	0	0
461	Property	143	161	86	87	89
470	Support Services in Manchester	124	163	118	120	121
481	Connexional Grants Admin	153	187	177	179	182
	Total Expenditure	5,768	6,723	6,325	6,339	6,187
	Net Expenditure	(4,884)	(5,807)	(5,321)	(5,330)	(5,174)

19. The Financial Services (CC 409/410) budget will be significantly impacted by the implementation of new payroll systems which will stretch over the year-end, resulting in a period where maintenance charges are being paid for both old and new systems. The end result will be lower annual system charges, but the risks of migration to new systems must be mitigated by shifting sets of payrolls separately. The ministers' payroll is due to move during the 2015/16 year, but the local employee bureau migration to individual PAYE references will not be finalised until November or December 2016.
20. The SRC has agreed that implementation of new payroll software will be the trigger for introducing a more professional and effective bureau. This is a direct response to the considerable increase in demand from churches and Circuits, with almost 1,000 employees and 400 employers now serviced, and increasing compliance demands from HMRC. It is anticipated that a total of four new posts will be required for this, but with the majority of the costs being covered by users of the bureau and not subsidised by the MCF. The Chancellor of the Exchequer has announced the ending from 6 April 2016 of the HMRC P11D Dispensation regime regarding tax-allowable expenses. The Church is potentially one of the bodies most affected by this as it has responsibility for the collation of around 1,600 ministers' P11D forms; many of whom include significant benefits and expenses that relate in particular to HMRC's Minister of Religion category. Negotiations over the implementation of this are ongoing with HMRC, but this change is a further justification for the payroll/tax expertise that will be needed in order to operate the bureau.
21. The Financial Services budget also includes the last three months of a one year post that was created during 2015/16 in order to provide additional capacity for the move to the new charity accountancy standard, FRS102 SORP. In addition to the work involved regarding the Consolidated Accounts of the Council, this will enable greater support to be provided to local Methodist treasurers who will all be dealing with this change at the year-end on 31 August 2016.
22. Work is underway within Safeguarding (CC 441) to assess the core workload once the Past Cases Review (PCR) work has been completed; given that some of the learning from the Review will guide the Church's approach in the future. The draft budget proposes the creation of one new permanent Caseworker post, to work in parallel with the existing permanent Caseworker. It is intended that this would allow one to take a particular lead on adult safeguarding, with the other focused on that of children and young people. This will correct a current imbalance, where resource has historically been concentrated more on children and young people. The demographic of the Church's membership and its important ministry to those who may be older and live alone, plus the requirements of the Care Act 2013, make this a priority. The existing team is struggling with the workload, post the PCR, so the SRC recommends that if the Council agrees to the creation of this post, the recruitment process should commence immediately and not wait for budget approval by the Conference. The Safeguarding budget also includes provision for the costs of additional risk assessments, reflecting the current trend in that direction.
23. Provision from the Epworth Fund remains £104k for work relating to the PCR (CC460) in 2016/17, but it is assumed that from 2017/18 anything remaining will be part of the core work.
24. The Equality, Diversity and Inclusion budget includes provision for the last three months of the two-year fixed term post that was introduced by the Conference of 2014 in order to facilitate the work of the Marriage and Relationships Task Group.

Mission and Advocacy (M&A)

General

25. There has been some moving / reallocation of cost lines this year. The passing of the responsibility for the Helpdesk/Reception from M&A to Support Services has reduced significantly the costs shown under CC 305 (Communications & Campaigns). M&A budgets also reflect the impact of reorganisation in the team, with a new cost centre (319) for Marketing which picks up costs associated with the Director of Engagement as well as marketing costs previously included under Publishing. Direct comparisons between 2015/16 and 2016/17 may therefore be misleading in some cases.

Table 5 - Mission and Advocacy

CC	Cost Centre	2014/15 (ACT)	2015/16 (BUD)	2016/17 (BUD)	2017/18 (BUD)	2018/19 (BUD)
Income		£000	£000	£000	£000	£000
305	Communications and Campaigns	5	6	6	6	6
310	Methodist Heritage	1	21	30	17	15
311	Publications	526	514	576	574	572
315	Modern Christian Art	4	2	4	4	4
326	World Church Relationships	2	0	0	0	0
330	Public Issues	10	5	14	12	14
Total Income		548	548	630	613	611
Expenditure						
300	Mission and Advocacy	109	94	93	94	96
305	Communications and Campaigns	441	515	375	367	370
310	Methodist Heritage	142	211	210	185	186
311	Publications	778	807	871	879	891
315	Modern Christian Art	11	14	16	12	11
319	Marketing	0	86	147	149	150
320	Fundraising	115	211	223	225	228
326	World Church Relationships	594	606	570	570	582
327	One Mission	0	0	43	43	43
330	Public Issues	242	300	294	297	305
370	Interfaith Relations	9	15	15	15	15
Total Expenditure		2,441	2,859	2,857	2,836	2,877
Net Expenditure		(1,893)	(2,311)	(2,227)	(2,223)	(2,266)

26. Communications (CC 305). Sharp reduction in costs is driven by the organisational changes referred to above. Provision has been made for an update to the web Content Management software (Umbraco) in 2016/17, following the refresh of the web front end that is taking place in the current year. Provision also made for up to £40k of costs to buy in additional specialist time/services related to digital and/or video developments.
27. Heritage (CC 310). 2016/17 costs and income include £15k for a Heritage Conference, not repeated in the following years. Provision has been made for limited further work on archiving, emergency conservation and storage but without additional staffing in this area a large backlog of archive material will remain.

28. Publications (CC 311). Budget allows for some increase in activity for both traded and non-traded (free resources) items, reflecting aspirations of the new Director of Publications and Communications to deliver increased sales. However, it is assumed that revenues from *Singing the Faith* will decline slowly despite a rise in the most recent year. Provision made for wider advertising of publications via online media and other channels. Budget also allows for some replacement of specialist software and equipment (Macs) used by editors and designers.
29. Modern Christian Art (CC 315). Consideration was originally given to the creation within Engagement of a new half-time Art Collection Officer post, with associated overheads. This has been requested by the trustees of the Methodist Modern Art Collection, primarily to undertake promotion work. The SRC did not feel it could add this post on the deficit but have asked for further conversation with the Trustees of this mission focussed resource about the long term future for the Collection and how it might be supported.
30. Fundraising (CC 320). Some modest increases in cost associated with the intention of stepping up fundraising activity and ensuring that the team are “out and about” rather more.
31. Public Issues (CC 330). No significant change, but some variations due to biennial JPIT Conference. The budget does not allow for potential costs if there is a need (arising from decision of the Conference) to service any new/additional working parties, such provision for the whole Team being contained within the budget of the Conference Office.
32. World Church (CC 326/27). Some costs have been split out under the heading of “One Mission”. This represents an allowance for overhead costs associated with new work, including new P2P programmes discussed in the Strategy for Global Relationships as well as support for the One Mission Forum. Largely balanced by savings elsewhere.
33. Marketing (CC 319). As mentioned, this covers both “general” expenditure within Engagement as well as specific Marketing spend. The apparent increase relates entirely to headcount which has moved within the cluster, being balanced by a part of the saving in CC 305.

World Mission Fund Grants

34. Figures for the World Mission Fund (Fund 766) reflect the assumptions set out in the Strategy for Global Relationships, with the Fund balance expected to reduce from £20.0m to £11.7m. Ultimately this will reduce to £10m after five years, and the Council is asked formally to adopt this as the reserves policy for the Fund. It is recognised that although the overall totals are fixed, the work of the newly created Global Relationships Strategic Oversight Sub-Committee will lead to a gradual shift in the prioritisation of expenditure reflecting new priorities and programmes.

Discipleship and Ministries (D&M)

35. The cluster budget for Discipleship and Ministries remains broadly stable with some reallocation and moving of cost lines. Higher levels of expenditure occurred against CC200 in 2014/15 and are budgeted in 2015/16 which reflects a programme of preventative maintenance agreed by the SRC for the Queen’s Foundation and Cliff College, plus a significant contribution towards the building of the new residential/conference block, Annie Douglas House.
36. The Network Committee noted an issue with the coding of the ‘delivery’ of learning and development. Delivery costs have been variously coded. It has therefore added two new codes, one for events and seminars and one for events and seminar travel, and this allows it to both indicate a budget but also to better measure the impact of spending in this area.

Table 6 - Discipleship and Ministries

CC	Cost Centre	2014/15 (ACT)	2015/16 (BUD)	2016/17 (BUD)	2017/18 (BUD)	2018/19 (BUD)
	Income	£000	£000	£000	£000	£000
200	Discipleship and Ministries	750	337	317	317	317
201	D&M – Cliff	0	208	196	406	408
207	D&M - East of England	5	0	0	0	0
210	Chaplaincy	185	178	182	182	179
220	Children and Youth	16	0	14	14	14
226	Programmes	22	0	0	0	0
230	Regions / General	20	3	4	4	4
233	Initial Ministerial Learning	1	150	141	293	294
234	Further Ministerial Development	0	295	277	576	579
235	Ministry Development	60	0	4	4	4
238	SRI General	0	198	186	386	388
261	Venture Fx	13	0	0	0	0
	Total Income	1,071	1,369	1,322	2,182	2,187
	Expenditure					
200	Discipleship and Ministries	1,291	1,526	456	463	470
201	D&M – Cliff	590	208	362	369	377
202	D&M – London	181	184	184	186	189
203	D&M – Scotland	172	121	122	124	125
204	D&M - North East	171	170	172	174	176
205	D&M - South West	133	166	169	171	173
206	D&M - East Central	185	249	250	253	257
207	D&M - East of England	173	192	189	192	195
208	D&M - Cymru/ Wales	189	182	175	177	180
209	D&M - Yorkshire Plus	261	255	273	277	281
210	Chaplaincy	157	200	281	283	287
211	D&M - Southern and Islands	185	250	230	233	236
212	D&M - Bristol and W Midlands	228	237	236	239	242
213	D&M - North West and Mann	402	422	425	430	436
220	Children and Youth	18	49	49	53	58
225	Church and Community (general)	269	232	247	253	259
226	Programmes	95	160	169	184	201
227	Family Ministry	57	66	66	68	71
228	Chaplaincy Project	29	17	0	0	0
230	Regions / General	163	176	152	154	156
231	Transitional	269	0	0	0	0
232	Pathways General	657	407	331	307	313
233	Initial Ministerial Learning	769	1,650	1,501	1,572	1,622
234	Further Ministerial Development	309	295	295	325	357
235	Ministry Development	276	155	210	220	230
238	SRI General	160	414	391	397	403
240	Discipleship	121	176	178	187	196
261	Venture Fx	454	416	381	367	349
356	Education Commission	75	81	127	95	98
	Total Expenditure	8,039	8,656	7,621	7,753	7,937
	Net Expenditure	(6,968)	(7,287)	(6,299)	(5,571)	(5,749)

37. The pathways budget remains little changed from last year. Some funds had to be transferred from CC232 to CC235 this year to meet some of the programme costs. This is reflected in the budget for 2016-17. Cost centre CC232 reduces from £407k to £331k – a reduction of £76k, includes the decline in contribution for Positive Working Together from £65k to £50k. The

remaining £61k has been used to fund an increase in CC235 of £55k and part of the increase in CC226 from £160k to £169k (i.e. £6k of a proposed £9k increase to support 3Generate).

38. CC233 Initial Ministerial Training (IMT): For the first time all the costs associated with IMT have been grouped under one cost centre, enabling greater clarity in identifying the total costs in this area. This allows for better management of the balance in the budget between investment in lay and ordained training and prevents “hidden” costs to cloud the clarity of the amount of spend on the training of Minsters.

Funding for the Queen’s Foundation

39. A meeting between representatives of the Network Committee and Queen’s Governors agreed that there would be a contribution of £913k to Queen’s in 16-17. The split is as follows:

£63k (232 – from the World Mission Fund)

£790k (233 - £745k + £45k for Queen’s Oversight Tutor)

£60k (234 – probationer studies).

40. Cliff College (CC201): The Network Committee has recommended that the payments to Cliff be reorganised and that its block grant from the Methodist Church in 2016/17 be £362k.

41. It is proposed that funding be allocated in a way that supports the following areas of the College’s work:

- Core staffing
- Support for premises, estates and administrative costs
- Bursary and professional development support
- Support for the Cliff Festival and Summer School
- World Mission Fund Support
- Support for college posts that enable the wider contribution of the College to the work of the Methodist Church

42. Put simply the level of support has been assessed at a level which provides for opportunities for lay development at Cliff that is closer to that offered in ministerial training at Queens Foundation. The increased budget for work at Cliff College will be funded using £11k from the savings made in regional budgets, a £24k reallocation from CC230 regions budget and £119k from the Fund for Training.

The Conference Office

43. The Secretary of the Conference (CC100): this cost centre now falls within the overall budget of the Conference Office.

44. The Conference Office (CC600): With the exception of the Ecumenical Officer, all other staff in the Conference Office are now included in the Conference Office budget line. The figures include a 0.5fte ordained Complaints Worker. Included in this amount is an amount of £40k allocated for a new full-time Executive Assistance post for the Secretary of the Conference to support him in his role. There was within the previous budget an unused 0.5 fte from the previous joint safeguarding and complaints worker. Most members of the Senior Leadership Group of the Connexional Team (SLG) have a dedicated Executive Support Officer post in support of their work. The SRC considers that the Secretary of the Conference needs such dedicated staff support in the area of development of vision and strategy.

45. The post of Secretary of the Faith and Order Committee was increased a year ago from half time to 2/3rds on the basis that the previous year had seen an increase in the amount of work required of the Committee. This was one of the consequences of an apparent decline of available volunteers and the need for more work to be carried out by the Secretary of the Committee. It is vital for the theological health of the Church and for future resilience as a Church that adequate resources are given to the work on ministry.

Table 7 - The Conference Office

Cost Centre	2014/15 (ACT)	2015/16 (BUD)	2016/17 (BUD)	2017/18 (BUD)	2018/19 (BUD)
Income	£000	£000	£000	£000	£000
Conference	27	9	19	19	19
Methodist Ecumenical Office Rome	0	0	4	4	4
Total Income	27	9	23	23	23
Expenditure					
Secretary of the Conference	124	122	125	125	126
The Conference Office	407	519	564	565	571
Law and Polity	183	313	275	282	288
Faith and Order	23	33	46	37	50
Ministerial Oversight	119	82	111	112	112
Methodist Council	105	135	135	137	138
Conference	503	481	480	502	497
President & Vice President	44	71	70	71	72
Chairs of District	1,123	1,180	1,181	1,197	1,212
Ecumenical	284	268	265	269	271
Methodist Ecumenical Office Rome	0	2	6	6	6
Discretionary Payments to Ministers	0	0	138	138	138
Total Expenditure	2,915	3,206	3,396	3,441	3,481
Net Expenditure	(2,888)	(3,197)	(3,373)	(3,418)	(3,458)

46. As indicated a year ago increasing requirements in the areas of risk management, internal audit and data protection meant that the SLG identified the requirement for a new post of Governance Advisor with a particular focus on Data Protection and a capacity to advise local churches and circuits. This post is now filled.
47. Law and Polity (CC610): Professional Fees - Legal Expenses includes 35% of legal staff costs of the Trustees for Methodist Church Purposes and that reflects works which TMCP undertakes on behalf of the Team and not the work of the Custodian. Whilst the actual expenditure on legal fees in 2014/15 was under budget this reflects the uncertainty of legal fees each year. The reason for retaining the estimated legal fees for 2016/7 of £180k is that a civil claim of which we are aware may now not be covered by insurance. The defence fees for this claim alone are estimated to be £100k if not covered by insurance. This budget therefore includes the potential fees of the civil claim, general legal fees, legal fees relating to the Goddard Inquiry, and planned work in respect of the Church's consideration of proposals being made by MAST.
48. In light of this civil claim, and an overall increase in legal work, it may be necessary for some additional staffing provision to be made within the Conference Office. To date this is not

included in the budget as the specific level of support will not be known until the extent of the claim is known. The Secretary of the Conference will keep the matter under review and inform the SRC where necessary.

49. Conference and Council (CC630): There is included here resource for up to eight working parties to be established by the Conference or the Council.
50. The Conference (CC631): The costs of the Conference continue to undergo considerable scrutiny and the figures contained within the budget reflect this. Accommodation costs for London, for example, have risen considerably and this will affect future locations for the Conference. It remains the case that expenditure over which the Planning Executive has the least control is travel costs.
51. Chairs of District (CC635): A sum of £35k has been added to the budget to cover the costs of providing regular, structured 1:1 supervision for all the District Chairs and a small number of deputy District Chairs. This is as a result of the requirement to implement the recommendations of the Past Cases Review Report to the Conference in 2015.

Connexional Secretary (formerly Office of the General Secretary) (CC120)

Table 8 - Connexional Secretary

Cost Centre	2014/15 (ACT)	2015/16 (BUD)	2016/17 (BUD)	2017/18 (BUD)	2018/19 (BUD)
Income	£000	£000	£000	£000	£000
The Diaconal Order	102	42	46	46	46
Total Income	102	42	46	46	46
Expenditure					
World Methodist Council	3	71	63	43	43
Connexional Secretary	205	220	242	244	245
The Diaconal Order	226	140	168	169	170
Total Expenditure	434	431	473	456	458
Net Expenditure	(332)	(389)	(427)	(410)	(412)

52. With the removal of the budget lines pertaining to the Secretary of the Conference into the Conference Office budget the only costs managed by the Team in this cost centre are those linked to the costs of the Connexional Secretary, whose role calls for travel around the Connexion. Outside of the control of the Team are the budgets relating to the Methodist Diaconal Order and the World Methodist Council.
53. Following the removal of the MCF £100k contingency last year there have been a number of small items that have arisen during the year that it would have been helpful to have some contingency remaining in the budget. A £25k contingency has therefore been added back into the Connexional Secretary's budget line in 2016/17.
54. This cost centre also includes the regular sum of £100k from the Epworth Fund which is for use at the discretion of the Secretary of the Conference as a contingency to be spent outside of the Connexional Team.

*****RESOLUTIONS**

38/1. The Council offers the Conference three options for calculating the Methodist Church Fund assessment as outlined in paragraphs 10-11 of the report.

(The following resolution is offered should the Council wish to endorse the recommendation of the SRC.)

38/2. The Council recommends to the Conference that the Methodist Church Fund assessment should increase by a fixed amount of 1% per annum for the three years commencing 1 September 2017.

38/3. The Council adopts reserves levels over and above grant commitments of £10m for the World Mission Fund as set out in paragraph 34 of the report.

38/4. The Council approves the creation of an additional Safeguarding Case Worker post and directs that recruitment for the post should commence immediately.

38/5. The Council endorses the proposed budget and recommends it to the Conference.

Appendix – Projected Fund Balance Report

Fund	Fund Name	Opening Balance	2015/16	2016/17	2017/18	2018/19	Fund Closing Balance
		£000	£000	£000	£000	£000	£000
700	MCF General	14,825	(48)	(29)	97	(37)	14,808
704	Auxiliary Special Purposes	518	(11)	(32)	(32)	(32)	411
705	Trinity Hall Trust	764	1	4	4	4	777
706	Lefroy Yorke Trust - Endowment Fund	582	2	(2)	(2)	(2)	578
707	Barratt Memorial	870	2	(3)	(3)	(3)	863
709	Rank - Endowment Fund	5,021	16	(15)	(15)	(15)	4,992
719	Aspinall Robinson Trust	594	13	12	12	12	643
720	MDO Surplus Funds	402	24	28	28	28	510
722	Education and Youth	440	(118)	(104)	(107)	(110)	1
725	WG Barratt - Income	281	0	(1)	(2)	(1)	277
727	Connexional Priority Fund	11,179	(1,911)	(1,631)	(1,217)	(1,420)	5,000
728	Epworth Fund	6,569	(574)	(523)	(350)	(121)	5,001
729	Pension Reserves Fund	17,649	1,173	1,683	1,683	1,683	23,871
733	Computers for Ministry	230	61	73	75	77	516
734	Necessitous Local Preachers - Income	0	3	4	4	4	15
738	Modern Christian Art- Development	16	(8)	(5)	(2)	(1)	0
739	Forces Chaplaincy Revenue	1,118	(39)	(137)	(139)	(146)	657
740	London Mission Fund	11,997	0	(20)	(20)	(20)	11,937
741	Methodist Heritage	15	11	6	6	6	44
743	Mission in Britain Fund	5,939	(725)	(1,130)	(1,892)	(1,192)	1,000
744	Mission in Business Industrial	445	0	11	11	11	478
746	Lay Mission Superannuation	264	44	55	55	55	473
747	Connexional Travel Fund	258	(6)	2	2	2	258
748	Sabbatical Fund	287	(105)	(37)	(37)	(37)	71
750	Fund for the Support of Presbyters & Deacons(FSPD)	8,106	(53)	24	24	24	8,125
752	Medical Benevolent Fund	1,840	(5)	(11)	(11)	(11)	1,802
753	Ministers Children's Relief Association	54	(1)	(5)	(5)	(5)	38
757	Fund for Property	4,479	(859)	(1,260)	(860)	(430)	1,070
758	Special Extension Fund	1,451	38	38	38	38	1,603
762	Fund for Training	8,772	(1,881)	(443)	61	60	6,569
763	Long Term Renewal Fund	2,415	(1,131)	62	(48)	74	1,372
764	Overseas Student Work	214	5	5	5	5	234
765	Centenary Hall Trust	1,922	137	155	157	156	2,527
766	World Mission Fund	20,833	(1,851)	(1,968)	(2,165)	(2,321)	12,528
767	Benevolent Fund	243	6	5	5	5	264
851	Benevolent Fund - Deaconesses	45	1	0	0	0	46
854	Oxford Institute	157	1	1	1	1	161
856	Designated Training Fund	14	0	(6)	(6)	(3)	(1)
869	Langley House Trust	86	1	0	0	0	87
	Others	9,513	0	0	0	0	9,513
	Grand Total	140,407	(7,788)	(5,193)	(4,645)	(3,661)	119,119