

## Draft Connexional Central Services Budget for three years commencing with 2019/20

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<b>Action Required</b>	Decision
<b>Resolutions</b>	<p>31/1. The Council adopts the draft budget as presented and recommends it to the Conference.</p> <p>31/2. The Council recommends that the Conference is asked to raise the Assessment by 1% pa for the next three years.</p> <p>31/3. The Council agrees the designation of the remainder of the amount above reserve in the Connexional Priority Fund for Reaffirming <i>Our Calling</i>/Evangelism and Growth over the next three years.</p> <p>31/4. The Council directs that a policy be developed concerning the current practice of a Circuit being able to reclaim a Ministers stipend from the Methodist Church Fund after six months' sick leave.</p> <p>31/5. The Council agrees to the use of the Epworth Fund for costs relating to the Vocations Strategy.</p> <p>31/6. The Council recommends to the Conference the district allocations of the assessment to the Methodist Church Fund (MCF) set out in the paper.</p>

### Summary of Content

<b>Subject and Aims</b>	The paper provides the Council with a budget as approved by the SRC and its Finance Sub Committee for recommendation to the Conference. The Council is also required each year to propose to the Conference the apportionment of the Methodist Church Fund (MCF) assessment, which is included in this report.
<b>Background Context</b>	MC/19/7
<b>Consultations</b>	The Council provided input at its meeting in January 2019. The SRC approved this budget following the Finance Sub Committee scrutinising the budget fully at its meeting in February 2019.

### Summary of Impact

<b>Financial</b>	All parts of the Connexion are affected by the use of connexional funds. This will determine the level of assessment paid by each District in 2019/20.
<b>Wider Connexional</b>	See financial

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### Overview

1. The Connexional Central Services Budget (CCSB) is a title that has been used for a number of years to try to express the whole budget of the work of the Council as directed by the Conference. Although a three-year budget is presented, it is only one year of this that is formally adopted by the Conference.
2. The Strategy and Resources Committee (SRC) discussed a number of presentational issues with the budget as well as looking into the numbers in depth. The SRC has agreed that further work needs to be done to show the divide of the costs between the Team and the wider Connexion.
3. The Council is also required each year to propose to the Conference the apportionment of the Methodist Church Fund (MCF) assessment, which is included in this report.

### Income

4. The income over the 3 years 2017/18 to 2019/20 is broadly flat in absolute terms and this is forecast to continue through to 2021/22. The following are of particular note:
  - With inflation of 2.5%, this represents a reduction in real income of c.£800K per annum from 2017/18 to 2019/20.
  - The district assessment, representing a third of income, has been assumed to increase by 1% per annum in each budget year. The 2016 Conference set an increase of 1% for the three years to 2019/20. The 2019 Conference will need to agree the 2020/21 to 2022/23 increases to enable forward planning. Costs will continue to rise with inflation so a stand still on the assessment would represent a significant challenge to the budgeting process at this time. The Council will need to make a recommendation to the Conference and this is contained later in the paper.
  - Legacy income to the Methodist Church Fund (MCF) has been budgeted at £100k p.a. compared to the 2017/18 actual of £600K, which was unusually high, and of which £500k was from one donor.
  - Investment income may be expected to reduce with the planned reduction in fund balances. The impact of this is difficult to calculate (eg due to investment volatility and phasing of cash withdrawals compared to grant awards. In the budget years, income has been held flat at £3.3m pa (2017/18 £3.5m).
5. Income is at risk from an economic down turn in the UK, leading to a reduction in donations to the funds and also potentially placing a strain on districts' ability to pay the assessment. Global market volatility, for example from relations between US and China may affect investment valuations. (Excluded above is the 2017/18 investment gain of £5.7m, representing c. 2.5% of fund balances.) Market volatility may similarly impact on annual investment income.

### Expenditure

6. Expenditure shows a mixed picture over the period 2017/18 to 2019/20. This to some extent reflects the mixture of what might be considered: discretionary costs (eg grants), operational (eg the Connexional Team and Methodist Church House) and costs driven by the wider Connexion (eg policies on ministerial benefits). The Finance team is reviewing how this may be more clearly presented and also to match the classes of income and expenditure eg trading,

rental income, levy etc. A proposal should be brought to the Finance Sub-Committee for the next budget cycle.

7. The budget has been put together on the basis that we spend all we are able to from other Funds before we allocate spend to the MCF whilst ensuring that we are only using other Funds for the purposes for which they are designated. Further clarity on some Funds is being sought from TMCP.
8. Focusing on the costs charged to the MCF:
  - The budget assumes that expenditure is allocated wherever possible to the restricted and designated funds, eg student grants, computer allowances etc are charged to the training fund. This helps to maintain the MCF reserve and give valuable flexibility.
  - Related to the above there are a few decisions that the Conference will need to agree:
    - A policy for ministers' entitlement to sick pay - this has historically been paid by the circuit for 6 months and then from the MCF. In 2017/18 this cost was c. £300k. The policy places no limit on sick pay, unlike with employees. It has been agreed further work needs to be done on this but at present nothing has been placed in the budget for 2019/20 onwards as it remains an unknown cost. This will be a cost to the MCF reserves.
    - The cost of the grant for the equivalent of child state benefits for ministers on tier 2 visas is estimated at c. £50k in 2018/19. Again this is charged to the MCF but remains an unknown cost with the Fund having to pay whatever is claimed. Whether the MCF is the right place for the charge to be made remains an open discussion.
    - The draft budget assumes that the income from the 'revenue-generating centres' as outlined in the Budget Report to the 2017 Conference will carry forward in years 2 & 3 at £1.4m pa.
  - Connexional Team costs combine staff employment costs, both permanent and temporary, ministers' stipends and short-term contract staff. These have been combined to reflect the extent to which they are inter-dependent or interchangeable. These costs also reflect a mixed picture:
    - Costs charged to both the MCF and all funds have increased in absolute terms over 2017/18. An increase in salaried staff costs has outweighed a reduction in stipends and contract staff (used to fill gaps in permanent staff).
    - The mix of ministers and salaried staff in the team may significantly alter the cost. Ministers may appear more economical with the provision of the manse not reflected in the costs.
    - After inflation of 2.5% p.a. on the 2017/18 cost, Team costs have increased by just £127k to 2019/20 and across all funds have reduced by £74K.
    - Note across all funds - There is something of an anomaly in the movement in the cost between 2018/19 and 2019/20 due to the change in mix of the Team.

### **Net income/ expenditure**

9. For the MCF, in summary, 2019/20 shows net expense of £241K compared to net income of £274K in 2017/18, an increase in net expenditure of £515k over 2 years (of which £500K is due to a reduction in legacy income).
10. At the time of writing, it is not possible to forecast accurately the change in costs following the decision to close the lay employees' pension scheme (the 'PASLEMC' scheme) and move to a new Defined Contribution Scheme. This is not expected to offer any significant flexibility within the overall 2019/20 budget, but there may be a reallocation of costs between expense categories.

11. 62% of the CCSB is spent on people. That means any changes to the overall spend affects them and our ability to deliver on the work for the Conference.

12. **Table 1: Connexional Central Services Budget: overall income and expenditure**

	2017/18 (ACT)	2018/19 (BUD)	2019/20 (BUD)	2020/21 (BUD)	2021/22 (BUD)
<b>Income</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
MCF Assessment	13,529	13,476	13,658	13,794	13,930
Property Levies	5,484	7,500	5,500	5,500	5,500
Donations	4,446	2,888	4,335	4,285	4,235
Investment Income	3,585	3,491	3,338	3,338	3,333
Internal Transfer	2,868	3,475	2,575	2,575	2,600
Miscellaneous Income	1,868	2,390	2,271	2,244	2,446
MCF Management Levy	1,340	1,754	1,641	1,641	1,641
Rental income	1,127	488	1,023	1,025	1,027
Grants	577	656	730	805	805
Legacies	1,298	555	695	695	695
Trading Income	368	558	486	481	476
Net Gains / Losses	5,673	-	-	-	-
Actuarial Gains & Losses	9,610	-	-	-	-
<b>Total Income</b>	<b>51,774</b>	<b>37,230</b>	<b>36,253</b>	<b>36,383</b>	<b>36,690</b>
<b>Expenditure</b>					
Grants Payable	15,699	15,660	13,682	13,085	13,015
Established Staff Costs	8,837	9,322	11,037	11,243	11,446
Other Costs	5,508	6,728	7,286	7,117	7,246
Internal Transfer	3,068	3,475	2,575	2,575	2,600
Connexional Team Ministers - Stipends	3,391	2,912	2,050	2,100	2,152
MCF Management Levy	1,340	1,754	1,641	1,641	1,641
Mission Partners	1,027	1,155	1,050	1,055	1,060
Committee Costs	665	566	602	617	613
Facilities	414	531	548	538	546
Cost of Sales	291	348	333	333	334
Other Staff Costs	585	153	301	252	265
Insurance	173	129	170	174	178
<b>Total Expenditure</b>	<b>40,998</b>	<b>42,733</b>	<b>41,275</b>	<b>40,732</b>	<b>41,095</b>
<b>Net Surplus/(Deficit)</b>	<b>10,776</b>	<b>(5,503)</b>	<b>(5,023)</b>	<b>(4,348)</b>	<b>(4,406)</b>

**Table 2: The Methodist Church Fund: income and expenditure**

	2017/18 (ACT)	2018/19 (BUD)	2019/20 (BUD)	2020/21 (BUD)	2021/22 (BUD)
<b>Income</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
MCF Assessment	13,269	13,400	13,534	13,669	13,806
MCF Management Levy	1,340	1,754	1,641	1,641	1,641
Miscellaneous Income	785	973	735	708	911
Donations	602	576	601	601	601
Trading Income	368	558	486	481	476
Rental income	158	160	160	160	160
Investment Income	102	112	142	142	142
Legacies	602	75	100	100	100
Internal Transfer	115	0	0	0	0
Grants	6	0	0	0	0
Net Gains / Losses	17	0	0	0	0
	<b>17,365</b>	<b>17,608</b>	<b>17,399</b>	<b>17,503</b>	<b>17,837</b>
<b>Expenditure</b>					
Established Staff Costs	7,721	8,786	9,061	9,247	9,430
Other Costs	4,297	4,460	4,362	4,247	4,368
Connexional Team Ministers - Stipends	2,352	1,874	1,985	2,034	2,084
Committee Costs	439	482	515	520	525
Grants Payable	927	911	508	458	458
Facilities	324	430	429	430	436
Cost of Sales	291	348	333	333	334
Other Staff Costs	548	107	239	188	200
Insurance	114	103	109	112	115
Internal Transfer	80	100	100	100	125
<b>Total Expenditure</b>	<b>17,091</b>	<b>17,600</b>	<b>17,641</b>	<b>17,670</b>	<b>18,076</b>
<b>Net Surplus/(Deficit)</b>	<b>274</b>	<b>7</b>	<b>(241)</b>	<b>(167)</b>	<b>(240)</b>

**Connexional grants budget**

13. The Council continues to have the previously agreed target reserves levels for the World Mission Fund (WMF), Epworth Fund, Mission in Britain Fund (MiBF), the Connexional Priority Fund (CPF) and the Fund for Property (FFP) in place. These reserve levels were set prior to the revaluation on assets that took place as part of the move to 'Financial Reporting Standard 102'. At that time the fund balances of many went up but there was no consideration given to how that additional balance should be treated. Whilst properties held within particular funds are illiquid in the short term, it is appropriate that consideration be given periodically to whether each property should be retained, disposed of, or used in other ways in order to fulfil the objectives of the fund. The FSC will give time at its April meeting to this area.

**Table 3: Selected funds balances and reserves.**

<b>FUND</b>	<b>Total fund balance</b>	<b>Balance excluding property</b>	<b>Reserve policy</b>
World Mission Fund	£28m	£20m	£10m
Connexional Priority Fund	£11m	£11m	£5m
Mission in Britain	£5m	£3m	£1m
Epworth Fund	£7m	£7m	£5m
Fund for Property	£2m	£2m	£1m

14. The budgets for connexional grants from each will continue to reflect the desired drawdown over the next few years. One particular area that the SRC noted was the projected drawdown of the World Mission Fund (WMF) to a level below the agreed reserve level of £10m if the £7m property asset held in that Fund is excluded. The SRC asked for further work to be done on examination of that property during the budget cycle last year, but that has not been completed yet. In 2016 the Council set the reserve level for the WMF noting that;

*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.*

15. Since that time the Global Relationships Strategic Oversight Sub-Committee has continued on the assumption that they had increased resources due to the property being most of the reserve and have made their spending plans and commitment to partners on that basis.
16. Work will be done on these reserve levels and assets.

#### **Use of the Connexional Priority Fund (CPF)**

17. 45% of the income to the CPF remains allocated to the Pension Reserve Fund (PRF). Any change to this will need to come following the next triennial evaluation and would then require a resolution of the Conference.
18. Just short of £1m pa is allocated towards costs relating to Ministerial Training as part of the budget formerly in the Learning Network.
19. The remaining declining costs related to Venture FX remain against this Fund (c £180k, £70k, and £70k in each year respectively).
20. £850k is spread across the next three years (£250k, £250k, £350K) designated for the Property Development Committee (PDC).
21. The SRC agreed ongoing costs of the Methodist Intern programme are also in this Fund.
22. A further £0.6m was allocated for use this year by the SRC to support Districts in their work around Reaffirming *Our Calling*. There will be no further money given in this way once this is used up.
23. This means at the end of the 3 years we are currently forecasting an unallocated budget of £1.6m from this Fund. At present it would seem prudent to allocate this to the future

strengthening of Evangelism and Growth work but held over at present in the hope that a strategy will be brought to the Conference by 2020.

### Use of the Epworth Fund

24. The 2013 Conference resolved (24/6) to fund the cost of the ONE Programme Participants (OPPs) from the Epworth Fund for a period of five years, commencing 2013/14. It agreed that the budget would be £100k per annum at 2013 costs, to be increased annually in line with wage inflation. It is intended that the draft budget includes provision for this to be continued for another five years commencing in 2018/19.

### Total Fund Balances

25. The net movement in the balance of each fund is shown in the following table.

**Table 4: Fund Balance Movements**

Fund	Fund Name	Opening Balance	2018/ 2019 (BUD)	2019/ 2020 (BUD)	2020/ 2021 (BUD)	2021/ 2022 (BUD)	Closing Balance	Property values	Net balance
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
700	MCF General	23,324	7	(241)	(167)	(240)	22,683	(15,118)	7,565
704	Auxiliary Special Purposes	581	(41)	(42)	(42)	(42)	413	-	413
705	Trinity Hall Trust	979	(0)	(5)	(5)	(5)	965	-	965
706	Lefroy Yorke Trust - Endowment	763	(1)	(2)	(2)	(2)	755	-	755
707	Barratt Memorial	1,128	(3)	(3)	(3)	(3)	1,114	-	1,114
708	Opportunities for the Disabled - Endowment	1	0	0	0	0	1	-	1
709	Rank - Endowment	6,320	(18)	(19)	(19)	(19)	6,245	-	6,245
714	Marshall Scholarship - Endowment	1	0	0	0	0	1	-	1
715	Necessitous Local Preachers - Endowment	173	(0)	(1)	(1)	(1)	171	-	171
716	Strawson Gift - Endowment	7	0	0	0	0	7	-	7
717	William Leech Charities	11,707	(11)	(12)	(12)	(12)	11,661	-	11,661
719	Aspinall Robinson Trust (MDO Holiday Fund)	712	12	(0)	(0)	(0)	723	-	723
720	MDO Surplus Funds	491	3	(23)	(23)	(23)	426	-	426
722	Education and Youth	124	(149)	0	0	25	(0)	-	(0)
724	Archives Revenue Fund	18	0	0	0	0	18	-	18
725	WG Barratt - Income	401	27	27	27	27	509	-	509
727	Connexional Priority Fund	10,606	(2,585)	(481)	(399)	(521)	6,621	-	6,621
728	Epworth Fund	7,187	(326)	(490)	(492)	(319)	5,561	-	5,561
729	Pension Reserves Fund	30,588	3,100	1,807	1,807	1,807	39,109	-	39,109
731	Beckley Trust	3	0	0	0	0	3	-	3

732	Connexional Team Benevolent Fund	8	2	0	0	0	9	-	9
733	Computers for Ministry	33	(181)	0	0	0	(148)	-	(148)
734	Necessitous Local Preachers - Income	15	3	4	4	4	31	-	31
735	Southdown Project Fund (Tolpuddle)	15	0	0	0	0	16	-	16
736	Borries Bequest - Endowment	27	0	(0)	(0)	(0)	26	-	26
738	Modern Christian Art-Development	22	(6)	(5)	(5)	(5)	0	-	0
739	Forces Chaplaincy Revenue	1,045	(506)	(239)	(164)	(159)	(23)	-	(23)
741	Methodist Heritage	8	3	0	0	0	13	-	13
743	Mission in Britain Fund	5,154	(714)	(503)	(511)	(503)	2,923	(1,891)	1,032
744	Mission in Business Industries and Commerce	392	(1)	(2)	(2)	(2)	385	-	385
746	Lay Mission Superannuation	393	(21)	(0)	(0)	(0)	371	-	371
747	Connexional Travel Fund	253	(27)	(9)	(9)	(9)	199	-	199
748	Sabbatical Fund	53	(44)	(0)	(0)	(0)	9	-	9
750	Fund for the Support of Presbyters & Deacons(FSPD)	10,003	(253)	(352)	(352)	(352)	8,694	(1,175)	7,519
752	Medical Benevolent Fund	2,231	(25)	(12)	(12)	(12)	2,171	-	2,171
753	Ministers Children's Relief Association	57	(2)	(2)	(2)	(2)	49	-	49
755	Listed Buildings	20	0	0	0	0	21	-	21
757	Fund for Property	2,025	(515)	(442)	8	8	1,085	-	1,085
758	Special Extension Fund	1,940	28	33	33	33	2,068	-	2,068
762	Fund for Training	7,146	(173)	(51)	(154)	(172)	6,596	(6,596)	(0)
763	Long Term Renewal Fund	11	110	100	100	100	421	-	421
764	Overseas Student Work	277	(36)	(36)	(36)	(41)	129	-	129
765	Centenary Hall Trust	25,449	52	(31)	(20)	(20)	25,429	(25,802)	(373)
766	World Mission Fund	27,759	(3,755)	(4,539)	(4,609)	(4,653)	10,203	(7,926)	2,277
767	Benevolent Fund	335	6	5	5	5	356	-	356
770	MIC Trust	20,252	0	602	602	602	22,059	-	22,059
851	Benevolent Fund - Deaconesses	49	1	(0)	(0)	(0)	50	-	50
854	Oxford Institute	177	1	120	120	120	539	-	539
856	Designated Training Fund	285	(67)	(180)	(15)	(23)	0	-	0
869	Langley House Trust	87	0	0	0	0	88	-	88
<b>Grand Total</b>		<b>200,635</b>	<b>(6,103)</b>	<b>(5,023)</b>	<b>(4,348)</b>	<b>(4,406)</b>	<b>180,755</b>	<b>(58,508)</b>	<b>122,247</b>



### **Salary/Stipend increases**

26. Increases of 2.5% for lay salaries and 2.8% for stipends from 1 September 2019 have already been agreed by the SRC. For years 2 and 3 we have assumed a 2.5% increase for both.

### **Methodist Church House**

27. At this stage no allowance is made in the budget for the decision of the Council and Conference for the demolition and rebuild of Methodist Church House. Financial modelling on this project is being done outside of the normal budgeting process and separate reports will be made in due course. It is clear at this stage that we will need to supplement the Team further to deliver on this high profile complex project. Costs at the moment are being met from the Centenary Hall Trust and will be capitalised at a later date.

### **Use of Self Accounting Entities (SAEs) assets**

28. Although not normally included in this budget discussion there should be awareness that the Self-Accounting Entities (SAEs) which report through the Council all have their own budget plans. In particular, there is the work of the Susanna Wesley Foundation at Southlands, the Guy Chester Centre, and the work of the Westminster College Oxford Trust – all of which are spending income derived from the use of Methodist owned buildings on work largely decided on locally. This represents a significant spend on the part of the SAEs and future thought might want to be given to how this accords with spending from within the MCF budgets.

### **Detail by Area**

29. The SRC and the FSC went through the cost centres in detail so all that is included here are some of the main points to note:

## The Conference Office

CC	Cost Centre	2017/18 (ACT)	2018/19 (BUD)	2019/20 (BUD)	2020/21 (BUD)	2021/22 (BUD)
<b>Income</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
233	Initial Ministerial Learning	460	575	615	667	669
234	Further Ministerial Development	1	90	408	352	346
235	Ministry Development	0	0	0	0	0
355	Resourcing Mission	0	0	0	0	0
441	Safeguarding	140	119	117	119	121
452	4JWR Peterborough Property	120	120	120	120	120
455	Connexional Manses	66	45	78	78	78
457	Frances Young House (Somerset Road)	101	122	122	122	122
461	Property	6	5	6	6	6
600	The Conference Office	0	75	0	0	0
610	Law and Polity	3	0	0	0	0
625	Ministerial Oversight	1	2	0	0	0
631	Conference	27	33	26	26	26
634	President & Vice President	0	0	0	0	0
640	Ecumenical	1	0	0	0	0
641	Methodist Ecumenical Office Rome	21	27	23	23	23
<b>Total income</b>		<b>948</b>	<b>1,214</b>	<b>1,514</b>	<b>1,513</b>	<b>1,511</b>
<b>Expenditure</b>						
100	Secretary of the Conference	(338)	(119)	(249)	(250)	(252)
233	Initial Ministerial Learning	(1,512)	(1,559)	(1,620)	(1,631)	(1,643)
234	Further Ministerial Development	(174)	(518)	(404)	(405)	(406)
235	Ministry Development	(170)	(61)	(126)	(127)	(128)
355	Resourcing Mission	(59)	(95)	(404)	(412)	(420)
420	Ministerial Benefit Grants	(436)	0	0	0	0
421	Discretionary Payments to Ministers	0	(102)	0	0	0
441	Safeguarding	(446)	(460)	(640)	(651)	(668)
443	Equality and Diversity	(80)	(78)	(15)	(15)	(15)
452	4JWR Peterborough Property	(10)	(13)	(14)	(14)	(14)
455	Connexional Manses	(134)	(202)	(237)	(232)	(235)
457	Frances Young House (Somerset Road)	(62)	(134)	(120)	(120)	(120)
460	Past Cases Review	(94)	0	0	0	0
461	Property	(84)	(101)	(44)	(45)	(47)
470	Support Services in Manchester	(123)	(116)	(81)	(83)	(85)
600	The Conference Office	(751)	(1,063)	(992)	(1,016)	(1,041)
610	Law and Polity	(333)	(337)	(350)	(352)	(354)
620	Faith and Order	(15)	(36)	(31)	(32)	(33)
625	Ministerial Oversight	(56)	(65)	(71)	(65)	(65)
630	Methodist Council	(114)	(126)	(124)	(125)	(126)
631	Conference	(523)	(540)	(615)	(557)	(638)
634	President & Vice President	(51)	(81)	(80)	(81)	(82)
635	Chairs of District	(1,096)	(1,263)	(1,267)	(1,298)	(1,329)
640	Ecumenical	(210)	(186)	(182)	(186)	(184)
641	Methodist Ecumenical Office Rome	(23)	(38)	(37)	(38)	(38)
<b>Total Expenditure</b>		<b>(6,892)</b>	<b>(7,292)</b>	<b>(7,704)</b>	<b>(7,735)</b>	<b>(7,921)</b>
<b>Net expenditure</b>		<b>(5,944)</b>	<b>(6,078)</b>	<b>(6,189)</b>	<b>(6,222)</b>	<b>(6,410)</b>

### ***Secretary of the Conference – CC 100***

Contingencies available from the MCF (£25k) and the £100k from the Epworth used by the Secretary of the Conference have now been moved here from the Connexional Secretary's budget.

### ***The Conference – CC 631***

The budgeted costs for 2019-20 are for Telford with total accommodation, venue and meals costing £426k with additional allowance for evening meals at £44k. For 2020-21 the budget is based on the Conference returning to Birmingham which for a number of years has now been the cheapest venue for accommodation and catering. For 2021-22, the budget is based on a return to Telford. The costs continue to be determined by the size and duration of the Conference.

### ***Safeguarding – CC 441***

There is an increase in salary cost due to two additional posts (circa £100k increase) that has in turn increased the travel and support costs. There are also more face to face safeguarding panel meetings. The Past Cases Review budget (CC 460) has now ceased although it is noted that there will potentially be additional costs to address the implications of General Data Protection Regulation (GDPR) related to records storage although these have not been included within the current budget projections.

### ***Ministries: Vocations and Worship***

At its January meeting, the Council adopted a report on '*Our Calling: Developing Vocations*'. The Council directed the Connexional Team to begin the implementation of the new work set out in the report and directed the Strategy and Resources Committee to consider how funding can be made available to support the programmes outlined in this strategy.

Given that this is an additional piece of work which requires additional resources over a relatively short period, it proposes that a £180k (to allow for inflation and expansion) be made available from the Epworth Fund for a three-year project. There will be a £561k balance available in the Epworth Fund available over the three years of the budget which would drop to £381k assuming this funding was agreed.

### ***Resourcing Mission – CC 355***

This cost centre includes the three new posts recommended by the Working Party and the salary for Connexional Property Coordinator has been moved from CC 461 into CC 355. This budget also includes provision for the Property Development Committee but no further provision for consultants or casual staff.

The other significant increase is £100k within professional fees which is intended to be available to the new Director of Strategic Property Development so as to enable her to implement the Connexional Property Strategy.

### ***Law and Polity – CC 610***

Legal fees have been increased by £30k to £200k in light of the ever increasing legal fees being incurred. The budget provided by TMCP has increased from £160k to £165k, work is ongoing to develop the Service Level Agreement (SLA) agreed by the Conference.

## Discipleship and Evangelism

CC	Cost Centre	2017/18 (ACT)	2018/19 (BUD)	2019/20 (BUD)	2020/21 (BUD)	2021/22 (BUD)
	Income	£000	£000	£000	£000	£000
200	Discipleship and Evangelism	506	91	352	352	352
201	D&E - Cliff	360	400	377	381	385
202	D&E - London	3	0	0	0	0
204	D&E - North East	0	6	0	0	0
205	D&E - South West	0	0	0	0	0
207	D&E - East of England	6	11	0	0	0
208	D&E - Cymru/ Wales	1	0	0	0	0
210	Forces Board Chaplaincy	104	174	247	322	322
212	D&E -West Midlands	1	0	0	0	0
220	Children and Youth	186	144	150	150	175
225	Church and Community (general)	0	1	0	0	0
226	Programmes	0	65	0	0	0
230	Regions / General	5	3	4	4	4
238	SRI General	100	235	0	0	0
239	Evangelism & Growth	0	0	20	20	20
240	Discipleship Development	6	0	4	4	4
261	Venture Fx	9	10	0	0	0
356	Education (Methodist Schools)	3	89	0	0	0
	<b>Total Income</b>	<b>1,288</b>	<b>1,229</b>	<b>1,154</b>	<b>1,233</b>	<b>1,262</b>
	<b>Expenditure</b>					
200	Discipleship and Evangelism	(990)	(392)	(272)	(276)	(281)
201	D&E - Cliff	(366)	(374)	(377)	(381)	(385)
202	D&E - London	(152)	(147)	(152)	(155)	(158)
203	D&E - Scotland	(108)	(118)	(112)	(115)	(117)
204	D&E - North East	(178)	(173)	(188)	(192)	(196)
205	D&E - South West	(172)	(181)	(227)	(232)	(237)
206	D&E - East Central	(211)	(208)	(239)	(224)	(228)
207	D&E - East of England	(139)	(158)	(186)	(170)	(174)
208	D&E - Cymru/ Wales	(167)	(173)	(175)	(179)	(183)
209	D&E - Yorkshire Plus	(267)	(263)	(222)	(227)	(232)
210	Forces Board Chaplaincy	(250)	(680)	(486)	(485)	(481)
211	D&E - Southern and Islands	(233)	(188)	(187)	(191)	(195)
212	D&E -West Midlands	(191)	(230)	(185)	(189)	(193)
213	D&E - North West and Mann	(422)	(386)	(471)	(481)	(491)
220	Children and Youth	(323)	(505)	(513)	(516)	(518)
225	Church and Community (general)	(245)	(550)	(725)	(751)	(768)
226	Programmes	(10)	0	0	0	0
227	Family Ministry	(75)	(74)	0	0	0
230	Regions / General	(117)	(270)	(137)	(148)	(150)
232	Pathways General	(88)	(46)	0	0	0
238	SRI General	(303)	(209)	0	0	0
239	Evangelism & Growth	0	(173)	(584)	(522)	(354)
240	Discipleship Development	(199)	(196)	(206)	(207)	(210)
261	Venture Fx	(281)	(301)	(195)	(83)	(83)
356	Education (Methodist Schools)	(161)	(250)	(259)	(262)	(266)
	<b>Total Expenditure</b>	<b>(5,649)</b>	<b>(6,246)</b>	<b>(6,099)</b>	<b>(5,984)</b>	<b>(5,899)</b>
	<b>Net expenditure</b>	<b>(4,361)</b>	<b>(5,018)</b>	<b>(4,944)</b>	<b>(4,751)</b>	<b>(4,637)</b>

Discipleship and Evangelism, although new in name contains very similar lines to that of previous years including the Learning Network, Education, Children Youth and Families (previously Church and Community) and the new Evangelism and Growth team. Most of these lines will not change much from last year, although Evangelism and Growth are new lines and cost centres (created following changes to the Connexional Team Structure in 2018 from cuts to other areas).

### **Evangelism and Growth - CC 239**

We can now budget accurately for a full Evangelism and Growth staff team that will allow us to expand our first-year analysis. The budget reflects the need for relationship building to enhance evangelism and growth, making new/deeper disciples of Jesus on every agenda across the Connexion. We have increased the expenses for travel as the team expand from 1 staff person to 4, and an expectation that this next 18 months will be especially travel-intense, as officers build relationships and work towards planning for a Festival of Evangelism in 2020.

**Discipleship Development – CC 240** - these lines continue the funding and expansion of the Faith Stories project as part of the Year of Testimony. Work on the Methodist way of Life development, Circuit/District/Church mission plans, and related resources, including related expenses, travel, etc are all contained here.

### **Children, Youth and Families – CC 220 &225**

This cost centre includes:

- The strategic development and equipping those involved in Children, Youth, Young Adult and Family Ministry;
- Funds to cover the One Programme development, costs for travel and training weekends and the development of local supervisors;
- The facilitation and delivery of The Methodist Students' Conference;
- 3Generate Core budget increase to cover the development of Volunteers enabling a greater engagement and equipping of Volunteers in the context of Vocational development. The gathering of group leaders and equipping them to engage in the 3Generate participation process. This also covers the cost of the provision of a venue and the delivery of activities and equipment
- The Methodist Intern scheme funded from the CPF, the expenditure on which is shown in detail in the table below. It reflects the increased expenditure agreed by the November 2018 SRC meeting and is based on 12 interns pa

#### **One Intern budget 2019/20 - 2021/22 (based on 12 interns FTE)**

<b>Cost Type</b>	<b>2019/2020 (£)</b>	<b>2020/2021 (£)</b>	<b>2021/2022 (£)</b>
Salaries – Gross	252,000	258,300	264,758
Salaries - Employers National Insurance	20,481	20,993	21,518
Salaries - Employers Pension	46,086	47,238	48,419
Seminars & Other Events - Accommodation Expenses	17,885	21,934	22,417
Seminars & Other Events - Travel Expenses	5,621	6,894	7,042
Seminars & Other Events - Other Expenses	14,512	17,798	18,190
Printing, Stationery & Copying	307	376	384
Staff Refreshments & Welfare	511	627	640
Travel – UK	4,088	5,014	5,124
Travel – Overseas	1,022	1,253	1,281
<b>Total (£)</b>	<b>362,513</b>	<b>380,427</b>	<b>389,773</b>
<b>Grant Total (£)</b>			<b>1,132,712</b>

### **Learning Network**

The Learning Network budget remains little changed from previous years and has been built using last year's actuals. Last year we experimented with holding the budget lines for supporting work around seminars within the main Regions budget (CC 230). However, on reflection we have agreed that this is more sensibly held within each of the regions and managed by the Coordinators directly. Changes in the other direction however have been made with the lines for Equipment & Repairs and Maintenance which have been moved from each region and are now held centrally in the Regions budget (CC 230) We have anticipated the need for an equipment replacement programme from 2019-20 – with a number of regional training equipment items needing to be replaced.

### **Finance & Resources**

CC	Cost Centre	2017/18 (ACT)	2018/19 (BUD)	2019/20 (BUD)	2020/21 (BUD)	2021/22 (BUD)
<b>Income</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
409	Bureau Services	255	280	280	280	280
410	Financial Services	86	77	77	77	77
430	Administration	42	22	20	20	200
431	Information Technology	31	30	30	0	0
450	Building and Facilities (MCF)	334	410	292	298	304
<b>Total Income</b>		<b>749</b>	<b>819</b>	<b>699</b>	<b>675</b>	<b>861</b>
<b>Expenditure</b>						
409	Bureau Services	(300)	(241)	(394)	(383)	(405)
410	Financial Services	(990)	(933)	(854)	(862)	(879)
430	Administration	(1,266)	(1,367)	(1,373)	(1,387)	(1,421)
431	Information Technology	(545)	(695)	(712)	(698)	(721)
432	Executive Support	(221)	(156)	0	0	0
442	Database Administration	(29)	0	0	0	0
450	Building and Facilities (MCF)	(424)	(571)	(551)	(548)	(556)
<b>Total Expenditure</b>		<b>(3,776)</b>	<b>(3,964)</b>	<b>(3,883)</b>	<b>(3,878)</b>	<b>(3,982)</b>
<b>Net expenditure</b>		<b>(3,026)</b>	<b>(3,145)</b>	<b>(3,184)</b>	<b>(3,203)</b>	<b>(3,121)</b>

#### **Administration - CC 430**

Now includes the additional salary of a Procurement Coordinator. The 100k for data protection and online document management systems has been reduced this year to 10k which will go towards data protection related work, training and advice.

#### **Information Technology - CC 431**

Not included here at this time is the expenditure that may be required for a systems overhaul. Without accurate costing it seems unwise to do so at this time and this will be reported to the SRC at a later stage.

#### **Finance**

Expenditure in Finance is remaining broadly level which does not reflect the changes that have, and continue to take place in the Team. Now that the Payroll team are working smoothly we now need to ask questions about the long term viability of the Payroll and other Bureau functions. Once the new Director has settled in, we will be able to work on this process looking forward.

## Mission and Advocacy

CC	Cost Centre	2017/18 (ACT)	2018/19 (BUD)	2019/20 (BUD)	2020/21 (BUD)	2021/22 (BUD)
	<b>Income</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
310	Methodist Heritage	0	20	2	2	17
311	Publications	367	557	484	479	474
315	Modern Christian Art	19	3	3	3	3
326	World Church Relationships	2	2	21	22	22
330	Public Issues	23	15	15	13	15
	<b>Total Income</b>	<b>412</b>	<b>598</b>	<b>525</b>	<b>518</b>	<b>530</b>
	<b>Expenditure</b>					
300	Mission and Advocacy	(75)	(81)	(98)	(100)	(102)
305	Communications and Campaigns	(301)	(333)	(351)	(358)	(365)
310	Methodist Heritage	(188)	(222)	(234)	(237)	(211)
311	Publications	(809)	(858)	(744)	(751)	(757)
315	Modern Christian Art	(20)	(16)	(139)	(48)	(48)
319	Engagement and Marketing	(136)	(167)	(209)	(214)	(218)
320	Fundraising	(122)	(154)	(60)	(60)	(60)
326	World Church Relationships	(556)	(583)	(437)	(448)	(459)
327	One Mission	(4)	(13)	(10)	(10)	(10)
330	Public Issues	(242)	(279)	(284)	(291)	(297)
370	Interfaith Relations	(3)	(15)	(15)	(15)	(15)
481	Connexional Grants Admin	(189)	(186)	(189)	(193)	(198)
	<b>Total Expenditure</b>	<b>(2,643)</b>	<b>(2,905)</b>	<b>(2,769)</b>	<b>(2,723)</b>	<b>(2,740)</b>
	<b>Net expenditure</b>	<b>(2,231)</b>	<b>(2,307)</b>	<b>(2,245)</b>	<b>(2,205)</b>	<b>(2,210)</b>

**Publishing (CC 305 / 311)** – Work is underway to undertake a full analysis of the expenditure, but some costs have been cut back at this time believing we need to make some savings in the material we are producing. This will mean that some publications or appeals are no longer produced.

### **Methodist Modern Art Collection**

The SRC received a paper from the Trustees of the Art Collection as the first stage of their long term strategy. The SRC have agreed funding for the Art Collection of £197k over the next budget period and this is included in the budget.

### **Human Resources & Development (HR&D)**

The HR&D budget has tended to remain stable despite the continually increasing costs of visa fees for ministers that are brought in to serve the Methodist Church in Britain. The effect post-Brexit continues to remain unknown at this stage. Efforts continue to find more cost-effective methods for work areas such as recruitment. There have been considerable costs relating to the work of the pension scheme changes in terms of the professional services that have had to be sought, these costs have totalled in the region of £57K.

CC	Cost Centre	2017/18 (ACT)	2018/19 (BUD)	2019/20 (BUD)	2020/21 (BUD)	2021/22 (BUD)
	<b>Expenditure</b>					
440	HR & Development	(1,047)	(1,031)	(1,048)	(1,052)	(1,067)
	<b>Total Expenditure</b>	<b>(1,047)</b>	<b>(1,031)</b>	<b>(1,048)</b>	<b>(1,052)</b>	<b>(1,067)</b>
	<b>Net expenditure</b>	<b>(1,047)</b>	<b>(1,031)</b>	<b>(1,048)</b>	<b>(1,052)</b>	<b>(1,067)</b>

## **Methodist Diaconal Order (MDO) (CC 250)**

From the MCF there is the payment of the stipends and associated costs (travel etc) of the MDO Warden and the Deputy Warden. Costs for administration support are partly met from the Finance & Resources budget. MDO income into this cost centre reflects costs of activities that are met from their own funds, as determined by them.

Last year the MDO covered all the costs of the Convocation but this has returned to the MCF budget line for the following three years.

CC	Cost Centre	2017/18 (ACT)	2018/19 (BUD)	2019/20 (BUD)	2020/21 (BUD)	2021/22 (BUD)
	Income	£000	£000	£000	£000	£000
120	Connexional Secretary	8	0	0	0	0
250	The Diaconal Order	73	81	67	67	67
	<b>Total Income</b>	<b>81</b>	<b>81</b>	<b>67</b>	<b>67</b>	<b>67</b>
Expenditure						
111	World Methodist Council	(45)	(38)	(33)	(43)	(33)
120	Connexional Secretary	(187)	(252)	(208)	(213)	(217)
250	The Diaconal Order	(106)	(170)	(228)	(230)	(233)
400	Support Services	(106)	(99)	0	0	0
	<b>Total Expenditure</b>	<b>(443)</b>	<b>(558)</b>	<b>(469)</b>	<b>(485)</b>	<b>(483)</b>
	<b>Net expenditure</b>	<b>(362)</b>	<b>(477)</b>	<b>(402)</b>	<b>(419)</b>	<b>(417)</b>

### **Assessment**

30. As noted in paragraph 3, the district assessment has been assumed to increase by 1% per annum in each budget year. This was done on the basis that to show no increase at all would represent a drop in real income at a time when inflation continues to rise.
31. The SRC debated the future of the assessment and wanted to balance out the need for the resources to be found at a crucial time as our Church continues to respond to the Reaffirming *Our Calling* agenda as well as recognising that no rise was not a feasible option. This was coupled with a very real understanding of the pressures on the Districts and Circuits.
32. The budget presented to the Council is not a balanced budget. The SRC has taken the view that it is absolutely appropriate for the reserves available to be used to fund a number of areas of work before assuming that the assessment would rise the required 2-3% to simply stand still on expenditure with inflation rising. The budget therefore shows an expenditure over income for the MCF as well as the Funds we are drawing down to their reserve levels.
33. The SRC therefore felt it right for a 1% pa increase in the Assessment for 20/21 to 22/23 to be the recommendation to the Conference.

### **MCF Assessment calculation 2019/2020**

34. The 2019/20 District Assessment has been calculated based on a 1% uplift from the 2018/19 Assessment. This amount is then apportioned among the Districts using stationing and staffing numbers (with presbyters/deacons as equivalent to 1.5 times that of a lay worker), with the annual change per District being restricted to a maximum increase of 5% and a maximum decrease of 2%. These figures were agreed at the District Treasurers Forum in August 2018.



No	District	Assessment (£)	Safeguarding (£)	Sabbatical (£)
1	Cymru	56,553.71	454.47	600.00
2	Wales	463,947.98	3,648.36	4,800.00
5	Birmingham	509,836.03	3,837.78	4,900.00
6	Bolton and Rochdale	292,035.64	2,330.26	2,800.00
7	Bristol	602,811.08	4,740.33	5,600.00
9	Cumbria	208,761.76	1,578.71	1,900.00
10	Channel Islands	100,153.46	849.09	1,100.00
11	Chester and Stoke	418,967.27	3,294.63	3,700.00
12	Cornwall	370,149.54	3,165.06	3,100.00
13	Darlington	362,127.48	2,857.40	3,100.00
14	East Anglia	497,278.25	3,910.45	4,700.00
15	Isle of Man	57,571.55	406.44	600.00
17	Lincolnshire	277,566.01	2,061.52	2,700.00
18	Liverpool	352,046.83	2,611.07	3,100.00
19	Manch. and Stockport	510,042.77	3,819.31	4,700.00
20	Newcastle	511,114.11	4,131.90	5,100.00
21	Lancashire	460,471.73	3,621.02	4,400.00
22	Nottingham and Derby	621,383.80	4,994.29	5,800.00
23	Northampton	675,671.69	5,313.29	6,500.00
24	Plymouth and Exeter	489,047.41	3,865.13	4,500.00
25	Sheffield	468,518.54	3,060.62	3,500.00
26	Southampton	589,537.13	4,623.57	5,400.00
27	Yorkshire West	787,125.42	6,189.72	7,200.00
28	Wolv. and Shrewsbury	520,740.65	4,094.95	4,800.00
29	Yorkshire North & East	566,035.88	4,451.14	5,300.00
31	Scotland	149,541.60	1,115.86	1,500.00
32	Shetland	18,794.72	147.80	200.00
34	Bedfordshire, Essex & Herts	514,045.83	4,033.74	4,800.00
35	London	1,214,285.63	10,167.17	11,400.00
36	South East	762,128.51	5,993.15	6,900.00
<b>TOTAL</b>		<b>13,428,292.00</b>	<b>105,368.25</b>	<b>124,700.00</b>

## **Conclusion**

35. This draft budget continues to build on the work from last year around the importance of ensuring the wider Connexion and the Connexional Team is best structured to support Reaffirming *Our Calling*. There are still areas of work that need to be examined and change is an inevitable part of our common life. The SRC again stated that the priority setting needed to be done prior to budgeting rather than the budget being used a tool for making changes. The challenge before us is looking to a decline in income whilst the demands on the Team continue to grow.

## **\*\*\*RESOLUTIONS**

- 31/1. The Council adopts the draft budget as presented and recommends it to the Conference.**
- 31/2. The Council recommends that the Conference is asked to raise the Assessment by 1% pa for the next three years.**
- 31/3. The Council agrees the designation of the remainder of the amount above reserve in the Connexional Priority Fund for Reaffirming *Our Calling*/Evangelism and Growth over the next three years.**
- 31/4. The Council directs that a policy be developed concerning the current practice of a Circuit being able to reclaim a Ministers stipend from the Methodist Church Fund after six months' sick leave.**
- 31/5. The Council agrees to the use of the Epworth Fund for costs relating to the Vocations Strategy.**
- 31/6. The Council recommends to the Conference the district allocations of the assessment to the Methodist Church Fund (MCF) set out in the paper.**