

23. Connexional Central Services Budget 2020/2021

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Resolutions	<p>23/1. The Conference adopts the Connexional Central Services Budget for 2020/2021, noting that the COVID-19 pandemic will necessitate a significant change in the figures as presented and directs that this work is taken forward by the Strategy and Resources Committee as soon as practicable.</p> <p>23/2. The Conference notes the impact of the 2020/2021 budget on the subsequent two years.</p> <p>23/3. The Conference approves the district allocations of the assessment to the Methodist Church Fund set out in the paper, taking note of the potential impact of the COVID-19 pandemic.</p>

Summary of content

Subject and aims	The paper provides the Conference with a budget as approved by the Methodist Council, the Strategy and Resources Committee (SRC) and Finance Sub-Committee.
Main points	<ul style="list-style-type: none"> ● A fundamental change in how budgets are set and resources allocated ● Inflationary increases ● Reserves levels ● Use of funds against reserves levels ● Impact of Connexional Property and Finance Strategies
Background context and relevant documents	MC/20/8, MC/20/44

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Consultations	The Council provided input at its meetings in January and March 2020. The Finance Sub-Committee scrutinised the budget at its meeting on 13 February 2020 and the SRC recommended to the Council that it approve the budget at its meeting on 26-27 February 2020. Further work by the SRC was begun on 29 April 2020.
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Summary of impact

Financial	All parts of the Connexion are affected by the use of connexional funds.
Wider connexional	See financial.

A note on the impact of the COVID-19 pandemic on the budget setting process May 2020

As the Council met in March to approve the budget the world was in the midst of the impact of the COVID-19 pandemic. Whilst there is no doubt of the immense impact this has had, and will continue to have on all aspects of life it was judged not to be prudent to attempt to rewrite the budget that had been worked on for the previous months and to replace it with figures that would be, at best, conjecture. The Council therefore debated the budget as it was whilst noting the serious caveats that now surrounded that.

What is contained in the report is the narrative that went with that budget as approved by the Council. Sections 1 – 12 below are therefore a ‘pre COVID-19 budget’ and there are serious revisions taking place as the picture becomes clearer.

The Council has already set in train the reworking of the budget and the SRC is reporting that work as the Connexional Team take it forward. The Council will receive an initial update at its May meeting which will then enable a further report to the Conference with the most up-to-date information.

Some of the factors that are already evident are:

- Fund balances as at 1 September 2020 will be below previously expected levels and next year’s income is uncertain.
- The income noted in section 10.3 from the income generating centres may not materialise and that could therefore be a significant alteration to predicted income
- Funding of the *God for All* strategy was predicated on spending down to reserve levels and applying the full amount of the £1.9m legacy to this work. This is no longer possible and the Council will offer a revised budget for this in due course.

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- Revised budget envelopes will need to be developed to demonstrate how the Connexional Funds can return to reserve levels over the next three years. This will require reductions in the underlying Connexional Central Services Budget (CCSB).
- With work currently underway to review all income and expenditure for 2020/2021, it is recommended that we approach the next connexional year cautiously in terms of spending until we know the outcome of the situation on our finances. As much as possible new work should not be instigated and routine activities should be examined to assess if a year off from these can be borne or if they can be carried out in less cost intensive ways (eg, by continuing online rather than physical meetings). This will essentially enable us to reduce planned spending from reserves (with the exception of the World Mission Fund) and to view the budget as being capped for the year, but also to seek to reduce planned expenditure where possible.
- Grant giving from the Mission in Britain Fund will not be able to proceed as outlined in 8.1.

Given that any budget is the story we aim to tell ourselves about the work we hope to do this report sets out a budget that the Conference can still adopt with the necessary caveats on the need for both income and expenditure to change in light of the evolving picture.

Section 12 of the report is the allocation of the Assessments across the Districts. Following consideration by the FSC and the SRC it is not recommended at this time that these figures change for the year ahead. The factors outlined above show the significant reduction in income from major sources to the CCSB which cannot be covered from elsewhere, but neither is it appropriate to attempt to increase the assessment to enable 'business as usual'. Money held in the CFB deposit fund is more than sufficient to cover short-term reductions in income to churches and Circuits. There are also sufficient resources to allow time for churches and Circuits to discern what an affordable shape of ministry is and implement any consequent changes.

1. Background

- 1.1 In order to improve how resources are allocated the Methodist Council approved a new process [MC/20/8] for setting the budget. New resource 'activities' have been identified and costed to allow the Council to consider the allocation of resources at a more strategic level. Once these budget allocations have been approved detailed budgets will be agreed with each department head within the funding envelope available.
- 1.2 The Finance Sub-committee (FSC), the Strategy and Resources Committee (SRC) and the Council have reviewed this new approach and how the allocations by activity were envisaged. It is anticipated that further refinement to the activities outlined and how these have been costed will be required over the coming year.

2. Understanding the new resource allocation process

- 2.1 Rather than setting the budget based on the old approach of allocating resources to individual departments, resources have been allocated to the 'things that we do', otherwise referred to as 'activities'. These activities have been developed in discussion with the senior management team and are likely to evolve further as familiarity with them increases.
- 2.2 The activities and the general area they cover can be seen in table 1.

Table 1: Resource Activities

Activity	Areas covered
Building communities	Ecumenical, Interfaith, Joint Public Issues Team, Forces Board, Communications
Children, Youth and Families	Children, youth, families, education, 3Generate
Evangelism and Growth	Evangelism and Growth, Venture FX
Global relations	World Church, World Meth Council; Mission Partners
Global relations – grants	World Mission Fund grants
Grants	Ministerial benefit grants, other domestic grants (these will move to Evangelism and Growth), ministers on recuperation
Heritage	Modern art collection, heritage, archives
Learning network	Learning network
The Conference, Council and Governance	The Conference, Presidency, Secretary of the Conference, Council, Faith and Order, District Chairs, Law and Polity, Legal
Ministries	Initial ministerial training, ministerial development, ministerial oversight, Diaconal Order
Property	Property team, connexional manses, property projects, property grants
Safeguarding	Safeguarding
Overheads	Connexional Secretary, Finance and Resources, IT, HR, Engagement, Equality Diversity and Inclusion
Other - pensions	Pension reserve fund

- 2.3 Having established the activities, the costs have been allocated based on the current cost centres that fit with each activity.
- 2.4 Some Connexional Team costs are met by 'direct funding', eg the Payroll Bureau is funded by the users of the bureau. This income has been 'netted off' to leave

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the budget with the net cost that needs to be funded from the assessment and/or donations, legacies and investment income.

- 2.5 Having established the net cost of each activity, the overheads have then been allocated to each activity in proportion to their cost, eg an activity costing £1m receives twice the overhead of an activity costing £0.5m. This approach is overly simplistic and will be developed in future iterations of the costings. For example, the costs of the Human Resources team could be allocated based on headcount.

3. Income

- 3.1 The income over the three-year period 2020/21 to 2022/23 is broadly flat. The following are of particular note:

- The District Assessment, representing approximately a third of income, increases by 1% per annum in 2020/21 and 2021/22 as per the decision of the 2019 Conference. It is assumed that it will increase by a further 1% in 2022/23 subject to the approval of the Conference, however, the ambition to reduce the reliance on District Assessment is discussed in section 12 below.
- Legacy income to the Methodist Church Fund (MCF) has been budgeted at £0.7m per annum which is in line with legacies received in 2018/19. Clearly, this amount is subject to significant variation, but any excess giving would be allocated to Reaffirming *Our Calling*. It should be noted that legacies will be considerably above budget in 2019/20 due to the receipt of a legacy worth approximately £1.9m, all of which is to be allocated to Reaffirming *Our Calling*.
- Investment income is also variable based on market conditions. The budget assumes returns based on the actual level of return in 2018/19 adjusted to reflect the declining balance of investments held as reserves are expended. No growth in return is assumed, not least given the uncertainty about the timing of economic recovery and the uncertain impact from the UK's new approach to international trade.

- 3.2 Income from the 'revenue-generating centres' as outlined in the Budget Report to the 2017 Conference will continue at the current rate (£1.4m per annum). However, it should be noted that additional revenue is expected to be generated by year three of this budget cycle from the property developments in Leeds and Camden (see section 10).

- 3.3 Given the many pressures on income, it will remain vital to review the position in year and adjust plans for future periods where income targets are not realised.

4. Expenditure

- 4.1 The underlying assumption for expenditure is that all costs will be charged to restricted and designated funds where this is possible, ahead of using the MCF. However, in

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parallel, restricted funds will be reviewed to ensure they are used to their maximum effect within their current terms. For example, work is being undertaken to try to broaden the terms of the Special Extension Fund which exists to fund new church buildings, as opposed to refurbishing or maintaining existing buildings. However, using the fund in line with the original restrictions could be very useful in supporting the New Places for New People strand of the Evangelism and Growth strategy.

- 4.2 To support the more effective use of our restricted funds the Methodist Council has agreed to a proposal to request expenditure intentions from the trustees of all the funds. This request will remind trustees of their responsibilities and place a presumption on trustees that their funds are for spending not saving.
- 4.3 Pay costs are assumed to increase by 2.5% per annum (stipends 2.7% per annum). Pension costs have decreased with the change from the Pension and Assurance Scheme for Lay Employees of the Methodist Church (PASLEMC) to the Royal London defined contribution scheme. However, the contracts for Life cover and Personal Health Injury cover which sit outside the Royal London arrangements offset much of this reduction. Provision will also need to be made through the next triennial pension valuation for the costs of running the closed PASLEMC scheme.
- 4.4 The apparent increase in staff costs from the 2018/19 actuals to the 2019/20 budget reflects the significant vacancy levels. Much of the underspend was covered by additional non staff expenditure in 2018/19. It is not appropriate to budget for an underspend going forward as this implies the team is planning not to fulfil the objectives set for it. Nevertheless, it would be reasonable to assume that pay may underspend over this budget period and that non-staff costs may increase accordingly.
- 4.5 It is assumed that apart from the agreed budget increases to salaries and stipends, the intention is not to budget speculatively for inflation within discretionary expenditure, given the difficulty of predicting it and the length of time between preparing the budget and its implementation. Nevertheless, the impact of this approach is to require budget holders to mitigate inflation through offsetting savings.
- 4.6 The Methodist Council has agreed a three year pilot project (total cost £240k) with Place for Hope. This charity has grown out of the Church of Scotland and is now a leading player in offering conflict resolution in faith communities. This work is a critical element of the review of our Complaint and Discipline processes.
- 4.7 The Connexional Allowances Committee has agreed that it will use the Fund for the Support of Presbyters and Deacons (FSPD) to fund the initial grants given to student ministers as they enter circuit ministry, thereby reducing the pressure on the MCF. The committee has indicated a willingness to consider other ways in which its funds can be used within their purposes whilst also reducing the pressure on the MCF.

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5. Net income/expenditure

- 5.1 The current forecast for 2019/20 includes two notable positive variances against the budget position. Firstly, expenditure from the World Mission Fund has been below plan and income above plan (due to additional contributions from the William Leech Foundation). Secondly, a legacy of £1.9m has been received. As a consequence, the actual closing fund balances for the World Mission Fund (WMF) and the MCF at the end of this year will be significantly higher than budgeted. The current plan is to reduce the WMF balance over the coming five years and the legacy is to be used to fund the early stages of implementing the Evangelism and Growth strategy. Consequently, the fund balances at the end of 2019/20 will be higher than currently budgeted. To address this, the budgeted deficits in this next three year budget cycle will be larger, such that the closing fund balances at the end of the three years are in line with where they were originally forecast to be.

The budgets by “activity” can be seen in table 2.

Table 2: Connexional Central Services Budget: overall income and expenditure

Income

	2018/19	2019/20	2020/21	2021/22	2022/23
Activities	£000	£000	£000	£000	£000
Building communities	183	269	175	175	175
Children & Youth	0	0	0	0	0
Evangelism & Growth	209	232	236	1,086	1,086
Global relations	4,993	3,237	3,300	3,300	3,300
Global relations - Grants	0	0	0	0	0
Grants	7,757	7,584	7,537	7,537	7,538
Heritage	0	0	0	0	0
Learning Network	0	0	0	0	0
Methodist Council & Governance	0	0	0	0	0
Ministries	69	67	77	77	77
Property	1,073	1,082	991	996	1,026
Safeguarding	102	105	106	106	107
CI/PC/Overheads	15,810	17,895	16,342	16,478	16,615
Profit Centres	5,572	1,901	1,929	1,945	1,961
Others - Pensions	818	563	694	694	694
Grand Total	36,584	32,935	31,386	32,393	32,578

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Expenditure

	2018/19	2019/20	2020/21	2021/22	2022/23
Activities	£000	£000	£000	£000	£000
Building communities	1,402	1,691	1,417	1,446	1,384
Children & Youth	1,453	1,067	1,346	1,162	1,193
Evangelism & Growth	767	1,647	4,076	4,244	4,452
Global relations	3,334	5,171	4,344	4,445	4,585
Global relations - Grants	3,996	4,505	4,462	4,551	1,047
Grants	8,879	6,479	5,069	5,158	5,311
Heritage	234	433	374	382	386
Learning Network	2,661	2,915	2,789	2,880	2,997
Methodist Council & Governance	3,837	4,333	4,221	4,300	4,375
Ministries	901	3,525	4,018	4,114	4,329
Property	1,796	2,322	1,369	1,387	1,426
Safeguarding	632	738	752	774	802
CI/PC/Overheads	0	0	0	0	0
Profit Centres	0	0	0	0	0
Others - Pensions	5,561	1,231	1,135	1,137	1,138
Grand Total	35,453	36,057	35,372	35,980	33,426
Net	1,131	(3,123)	(3,986)	(3,586)	(848)

Table 3: Fund Balances - Next two pages

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Fund	Fund Name	Opening Balance £000	Net 2019/20 £000	Net 2020/21 £000	Net 2021/22 £000	Net 2022/23 £000	Closing Balance £000	Property £000	Net (excl Property) £000
700	MCF General	24,277	3,414	(113)	(251)	(107)	27,220	16,002	11,218
702	Pension Liability	(5,235)	0	0	0	0	(5,235)	0	(5,235)
704	Auxiliary Special Purposes	578	(51)	(51)	(52)	(54)	370	0	370
705	Trinity Hall Trust	965	(8)	(8)	(8)	(9)	932	0	932
706	Lefroy York Trust - Endowment	775	(3)	(3)	(3)	(3)	763	0	763
707	Barratt Memorial	1,144	(4)	(4)	(4)	(4)	1,128	0	1,128
708	Opportunities for the Disabled	1	0	0	0	0	1	0	1
709	Rank - Endowment Fund	6,401	(22)	(22)	(23)	(23)	6,311	0	6,311
714	Marshall Scholarship - Endowment	1	0	0	0	0	1	0	1
715	Necessitous Local Preachers	179	(1)	(1)	(1)	(1)	175	0	175
716	Strawson Gift	7	0	0	0	0	7	0	7
717	William Leech Charities	11,580	(14)	(14)	(14)	(14)	11,524	0	11,524
719	Aspall Robinson Trust	721	(3)	(2)	(2)	(3)	711	0	711
720	MDO Surplus Funds	429	(32)	(22)	(23)	(25)	327	0	327
722	Education and Youth	(3)	3	0	0	0	0	0	0
724	Archives Revenue Fund	18	0	0	0	0	18	0	18
725	WG Barratt - Income	445	27	28	28	28	556	0	556
727	Connexional Priority Fund	8,705	(1,493)	(421)	(361)	(455)	5,975	0	5,975
728	Epworth Fund	7,130	(593)	(621)	(638)	(661)	4,617	0	4,617
729	Pension Reserves Fund	33,623	1,807	2,033	2,032	2,031	41,526	0	41,526
731	Beckley Trust	3	0	0	0	0	3	0	3
732	Connexional Team Benevolent Fund	8	0	0	0	0	8	0	8
733	Computers for Ministry	1	0	0	0	0	1	0	1

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734	Necessitous Local Preachers	16	4	4	4	4	4	4	32	0	32	0	32
735	Southdown Project Fund	16	0	0	0	0	0	0	16	0	16	0	16
736	Borries Bequest - Endowment	27	0	0	0	0	0	0	27	0	27	0	27
738	Modern Christian Art-Development	18	(5)	(7)	(7)	(7)	1	0	0	0	0	0	0
739	Forces Chaplaincy Revenue	802	(239)	(223)	(221)	(119)			0	0	0	0	0
741	Methodist Heritage	8	0	0	0	0	0	8	0	0	0	0	8
743	Mission in Britain Fund	4,895	(733)	(611)	(60)	(94)			3,397	2,385	1,012		
744	Mission in Business Industries	406	(4)	(5)	(5)	(6)			386	0	386		
746	Lay Mission Superannuation	308	(6)	(10)	(11)	(12)			269	0	269		
747	Connexional Travel Fund	256	(12)	(12)	(12)	(13)			207	0	207		
748	Sabbatical Fund	15	0	(16)	2	0			1	0	1		
750	Fund for the Support of Presbyters	9,936	(469)	(425)	(442)	(466)			8,134	1,125	7,009		
752	Medical Benevolent Fund	2,272	(21)	(20)	(21)	(23)			2,187	0	2,187		
753	Ministers Children's Relief	55	(4)	(4)	(4)	(4)			39	0	39		
755	Listed Buildings	22	0	0	0	0			22	0	22		
757	Fund for Property	1,436	(614)	112	121	118			1,173	0	1,173		
758	Special Extension Fund	2,015	32	34	34	33			2,148	0	2,148		
762	Fund for Training	6,991	(41)	39	32	21			7,042	6,701	341		
763	Long Term Renewal Fund	110	101	101	101	101			514	0	514		
764	Overseas Student Work	287	(43)	(43)	(44)	(45)			112	0	112		
765	Centenary Hall Trust	25,535	129	196	201	155			26,216	25,802	414		
766	World Mission Fund	26,970	(4,367)	(4,437)	(4,476)	(1,709)			11,981	8,158	3,823		
767	Benevolent Fund	347	5	5	5	5			367	0	367		
770	MIC Trust	26,732	19	558	539	500			28,348	24,260	4,088		
851	Benevolent Fund - Deaconesses	51	0	0	0	0			51	0	51		
854	Oxford Institute	108	120	0	0	0			228	0	228		
856	Designated Training Fund	0	(2)	(1)	(1)	5			1	0	1		
869	Langley House Trust	87	0	0	0	0			87	0	87		
	Grand Total	201,474	(3,123)	(3,986)	(3,585)	(848)			189,932	84,433	105,499		

6. Connexional grants budget

- 6.1 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) are in place as seen in table 4.

Table 4: Selected grant making funds and reserves

FUND	Total fund balance at 31/8/19	Balance excluding property	Reserve policy
World Mission Fund	£27m	£19m	£3.5m
Connexional Priority Fund	£9m	£9m	£5m
Mission in Britain	£4m	£2m	£1m
Epworth Fund	£7m	£7m	£5m
Fund for Property	£1m	£1m	£1m

- 6.2 The budgets for Connexional Grants from each will continue to reflect the desired drawdown over the next few years. The fund balance information shows the value excluding properties held within the fund, since these are held over and above the agreed reserves levels.
- 6.3 Grant giving is currently subject to significant changes. The SRC previously agreed that "It advocates an explicit allocation of all UK money towards the support of *Our Calling*, an agreement to the general principle of moving grant-giving towards Districts and offers a redesign of grant processes that move towards targeted funding rather than open applications." In the context of the activity based budget allocations in this paper, the MiBF grants have been moved from 'Grants' to 'Evangelism and Growth', in the light of the Church's prioritisation of this work.
- 6.4 As noted in 5.1, the World Mission Fund balance is above budget and is still forecast to be approximately £2m above reserve level. Discussions with the Global Relationships Committee are underway to agree a trajectory for any additional spend down to reserve level.

7. Use of Connexional Priority Fund (CPF)

- 7.1 45% of the income to the CPF remains allocated to the Pension Reserve Fund and any change to this will only follow the conclusion of the next triennial evaluation and would require a resolution of the Conference.
- 7.2 £600k has been designated for use by the Property Development Committee (£250k and £350k) over the next two years.

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- 7.3 Other costs covered by the CPF are the remaining costs of Venture FX (£70k per year for two years) and the costs of the Methodist Intern programme.
- 7.4 The balance of the CPF above reserve level will be allocated to Reaffirming *Our Calling* and work in the area of Evangelism and Growth in line with the Conference resolution 21/3 in the 2019 budget paper.

8. Mission in Britain Fund

- 8.1 After allowing for known commitments, it is proposed to allocate the balance above the reserve level to contribute to Reaffirming *Our Calling* and work in the area of Evangelism and Growth.

9. The Epworth Fund

- 9.1 The 2013 Conference resolved (24/6) to fund the cost (£100k plus annual inflation) of the One Programme Participants from the Epworth Fund for a period of five years, commencing 2013/14. Subsequent budgets have included these costs for a further five years to 2022/23.
- 9.2 The 2019 Conference resolved (21/4) to use the fund to meet the costs of the Vocations strategy.
- 9.3 It is proposed to use the remaining free reserve balance on the fund to contribute to Reaffirming *Our Calling* and work in the area of Evangelism and Growth.

10. Connexional Property Strategy and Connexional Financial Strategy

- 10.1 The financial modelling in relation to the rebuild of Methodist Church House is being done outside of the budget setting process. The assumption for the purposes of this paper is that the project will be self-financing in the long term.
- 10.2 The financial modelling of the other developments under the control of the Property Development Committee also remain outside the budget setting process at this time.
- 10.3 The connexional budget already benefits significantly (£1.4m per annum) from contributions from the 'revenue generating centres' (The Wesley Hotel; The Guy Chester Centre). Without this contribution the District Assessment would be 10% higher or the work undertaken for the Connexion would be significantly reduced.
- 10.4 One of the six aims of the Connexional Financial Strategy is to reduce the Assessment to enable Circuits and Districts to focus on local priorities. It will take time to deliver

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on this aim and the current modelling shows that there will be no benefit to the MCF over the three-year horizon of this budget from the major property projects.

11. Evangelism and Growth Strategy

11.1 The costs and funding for the Evangelism and Growth strategy have been included in this budget proposal as agreed by the SRC in February 2020. Following the SRC approval there has been some re-phasing of costs between years to reflect slightly lower costs in the earlier years. There has also been some movement in costs between the different programmes of work. The overall costs across the five years have increased by £136k due to converting one existing part-time post to full time. The tables below set out in additional detail the costs and funding source that is included within the overall budget proposition.

Table 5: Evangelism and Growth Strategy Costs

Total Programme Costs (£)						
Title (circle/ other)	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	Cumulative Costs
Centered in God	44,000	89,000	40,000	45,000	30,000	248,000
Everyone an Evangelist	115,000	170,000	225,000	260,000	305,000	1,075,000
Transformational Leadership	155,000	180,000	180,000	180,000	180,000	875,000
New Places for New People	913,494	1,231,834	1,221,000	1,594,000	1,655,000	6,615,328
Church at the Margins	1,329,000	1,637,000	1,637,000	2,023,000	2,024,000	8,650,000
Every Church a Growing Church	136,000	166,000	186,000	206,000	206,000	900,000
Young Evangelists	110,000	110,000	110,000	110,000	110,000	550,000
Digital Presence	150,000	150,000	150,000	150,000	150,000	750,000
Strategy Events	100,000	0	100,000	0	100,000	300,000
Staffing	528,784	542,581	551,686	560,955	570,285	2,754,291
Total Costs	3,581,278	4,276,415	4,400,686	5,128,955	5,330,285	22,717,619

NB Figures in grey are beyond the 3-year horizon of the budget paper.

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11.2 Table 6 below shows the latest position in respect of the funding of the strategy. The 'additional giving' from 2021/22 remains a conservative assessment of what could be raised though obviously assumes no detrimental impact on other areas of giving included in the overall budget.

Table 6: Evangelism and Growth Strategy funding assumed in the budget

Evangelism and Growth Strategy funding assumed in the budget						
	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	Total Funding
Mission in Britain	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000
One Intern / OPPS	400,000	400,000	400,000	400,000	400,000	2,000,000
Current staffing / programme budget	528,784	542,581	551,686	560,955	570,285	2,754,291
Legacy	1,082,494	817,506	-	-	-	1,900,000
Draw down reserves	-	446,328	1,379,000	1,074,672	-	2,900,000
Additional giving	-	500,000	500,000	500,000	500,000	2,000,000
Refocusing a portion of Cliff college grant	70,000	70,000	70,000	70,000	70,000	350,000
Balance to be identified	-	-	-	1,023,328	2,290,000	3,313,328
Total	3,581,278	4,276,415	4,400,686	5,128,955	5,330,285	22,717,619

12 Assessment

12.1 As noted in paragraph 3.1, the District Assessment is planned to increase by 1% per annum over the three-year budget period. (Given cost inflation in excess of 2%, this represents a real terms cut to the connexional budget.) 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

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decrease of 2%. These figures were agreed at the District Treasurers' Forum in November 2019.

Table 7: 2020/21 MCF Assessment by District

	District	£		District	£
1	Cymru	60,419	20	Newcastle	529,537
2	Wales	471,226	21	Lancashire	470,662
5	Birmingham	526,753	22	Nottingham and Derby	639,901
6	Bolton and Rochdale	290,889	23	Northampton	715,304
7	Bristol	600,199	24	Plymouth and Exeter	486,905
9	Cumbria	222,597	25	Sheffield	465,044
10	Channel Islands	107,085	26	Southampton	628,817
11	Chester and Stoke	446,747	27	Yorkshire West	783,605
12	Cornwall	394,216	28	Wolv. and Shrewsbury	532,149
13	Darlington	360,310	29	Yorkshire North & East	581,073
14	East Anglia	516,696	31	Scotland	148,943
15	Isle of Man	61,436	32	Shetland	18,738
17	Lincolnshire	276,364	34	Bedfordshire, Essex & Herts	512,780
18	Liverpool	350,201	35	London	1,296,157
19	Manch. and Stockport	540,294	36	South East	758,650
				TOTAL	13,793,698

- 12.2 Given a decline in membership averaging approximately 3% per annum, the assessment per member continues to increase. Whilst Reaffirming *Our Calling* seeks to address this fundamental issue facing the Church, the various strategies mentioned in this paper are unlikely to benefit the financial position of the Church significantly in the short term.

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*****RESOLUTIONS**

- 23/1. The Conference adopts the Connexional Central Services Budget for 2020/2021, noting that the COVID-19 pandemic will necessitate a significant change in the figures as presented and directs that this work is taken forward by the Strategy and Resources Committee as soon as practicable.**
- 23/2. The Conference notes the impact of the 2020/2021 budget on the subsequent two years.**
- 23/3. The Conference approves the district allocations of the assessment to the Methodist Church Fund set out in the Report, taking note of the potential impact of the COVID-19 pandemic.**