

## Connexional Central Services Budget for three years commencing with 2017/18

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<b>Status of Paper</b>	Final
<b>Action Required</b>	Recommendation by the Council of the draft budget to the Methodist Conference
<b>Resolution</b>	47/1. The Council endorses the draft budget and recommends it to the Conference.

### Summary of Content

<b>Subject and Aims</b>	The paper provides the basis for the Connexional Central Services Budget (CCSB) for the three years commencing 1 September 2017. The Council is required to propose a budget for consideration by the Conference.
<b>Main Points</b>	<ul style="list-style-type: none"> <li>• Level of Methodist Church Fund (MCF) assessment</li> <li>• Continued release of reserves from main grant-making funds</li> <li>• Salary increase assumption for 1 September 2017</li> <li>• Income from revenue generating centres</li> <li>• Costs relating to introduction of ministerial supervision</li> <li>• Potential changes Safeguarding budgets from 2018/19</li> <li>• Commentary by cluster</li> </ul>
<b>Background Context and Relevant Documents</b>	MC/17/9
<b>Consultations</b>	The SRC Finance Sub-committee scrutinised the numerical detail of the budget thoroughly, receiving presentations from senior members of the Connexional Team.

### Summary of Impact

<b>Financial</b>	All parts of the Connexion will be affected by the MCF assessment decisions
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## Connexional Central Services Budget for three years commencing with 2017/18

### Background

1. The Connexional Central Services Budget (CCSB) covers all planned income to and expenditure from all connexionally-held funds that are administered via the Connexional Team. It includes funding for a variety of grants, ministerial formation and development, plus the operations of the Connexional Team and of the Methodist Diaconal Order. All of this expenditure is designed to maximise the ability of the Methodist Church in Britain to fulfil its God-given mission as expressed in 'Our Calling' and 'the priorities of the Methodist Church'. A significant portion of the work covered within the CCSB involves the central governance of a connexional church and the need to ensure compliance with wide range of statutory requirements.

**Table 1: Overall income and expenditure**

	2015/16 (ACT)	2016/17 (BUD)	2017/18 (BUD)	2018/19 (BUD)	2019/20 (BUD)
<b>Income</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
MCF Assessment	13,067	13,396	13,529	13,665	13,801
Property Levies	7,035	5,000	6,500	6,500	6,500
Investment Income	3,867	4,161	4,429	4,329	4,229
Donations	3,849	3,771	3,577	3,577	3,577
Internal Transfer	3,567	2,350	3,005	3,005	3,005
Miscellaneous Income	1,189	1,391	1,859	2,112	2,128
MCF Management Levy	1,370	1,616	1,702	1,706	1,706
Legacies	927	1,050	750	750	750
Trading Income	568	579	560	557	554
Rental income	423	440	493	493	493
Grants	165	159	160	160	160
<b>Total</b>	<b>36,026</b>	<b>33,912</b>	<b>36,564</b>	<b>36,854</b>	<b>36,903</b>
Grants Payable	15,467	14,955	15,999	15,252	12,548
Established Staff Costs	7,556	8,387	8,661	8,775	8,960
Other Costs	7,763	5,292	5,497	5,503	5,314
Stipends	3,710	3,288	3,293	3,329	3,366
Internal Transfer	3,567	2,350	3,005	3,005	3,005
MCF Management Levy	1,370	1,616	1,702	1,706	1,706
Mission Partners	1,097	1,392	1,219	1,253	1,303
Facilities	420	568	582	617	648
Committee Costs	613	547	572	570	579
Cost of Sales	253	370	372	357	362
Other Staff Costs	499	179	238	256	240
Insurance	119	161	124	123	124
<b>Total</b>	<b>42,434</b>	<b>39,104</b>	<b>41,263</b>	<b>40,747</b>	<b>38,155</b>
<b>Net deficit</b>	<b>(6,408)</b>	<b>(5,193)</b>	<b>(4,699)</b>	<b>(3,892)</b>	<b>(1,252)</b>

2. At its meeting in November 2016, the Strategy and Resources Committee (SRC) agreed some of the key parameters to be used and discussed some of the main issues that are likely to be important in shaping the draft budget. Opportunity for initial input was also provided to the Council during its meeting in January 2017. The draft budget proposed within this paper has

been developed by budget holders across the Connexional Team, agreed collectively by its Senior Leadership Group (SLG), and is now recommended by the SRC.

3. Both the FSC and SRC reviewed the unaudited year-end management accounts and noted that although the accuracy and detail of budgeting has improved in recent years, there is still an overall tendency to under spend each year. This is partly against staffing costs, where vacancies are not generally filled immediately, but also against some discretionary cost codes. As part of the budgeting process, detailed analysis has been undertaken focusing on particular cost codes, such as Miscellaneous Costs and Other Advocacy Fees; both of which have been eradicated having been identified as potential 'catch-alls'.
4. The management accounts showed that the Methodist Church Fund (MCF) reserves increased over the year by £883k, partly due to capitalisation of the work on Methodist Church House (MCH), so there is potentially the possibility to draw on those reserves in the face of inflationary pressure. However, the Council has previously agreed that the draft budget should not feature a deficit against the MCF and the budget for 2017/18 has been prepared on that basis. It does include a small £25k contingency amount, held under the control of the Connexional Secretary.

### Income - Methodist Church Fund (MCF) Assessment

Table 2: The Methodist Church Fund

	2015/16 (ACT)	2016/17 (BUD)	2017/18 (BUD)	2018/19 (BUD)	2019/20 (BUD)
<b>Income</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
MCF Assessment	12,856	13,113	13,267	13,400	13,534
MCF Management Levy	1,370	1,616	1,702	1,706	1,706
Miscellaneous Income	819	582	730	808	790
Donations	575	632	600	601	601
Trading Income	568	579	560	557	554
Rental income	225	136	150	150	150
Investment Income	93	95	109	109	109
Legacies	37	100	100	100	100
Grants	0	9	5	5	5
<b>Total income</b>	<b>16,544</b>	<b>16,861</b>	<b>17,223</b>	<b>17,436</b>	<b>17,549</b>
<b>Expenditure</b>					
Established Staff Costs	7,113	8,127	8,428	8,590	8,771
Other Costs	3,643	4,135	4,280	4,226	4,158
Stipends	2,042	2,208	2,216	2,251	2,287
Grants Payable	1,283	753	559	534	429
Facilities	350	503	494	525	552
Committee Costs	453	435	488	486	495
Cost of Sales	253	370	372	357	362
Other Staff Costs	395	150	203	211	210
Insurance	87	108	103	104	104
Internal Transfer	100	100	80	80	80
<b>Total</b>	<b>15,719</b>	<b>16,890</b>	<b>17,223</b>	<b>17,364</b>	<b>17,448</b>
<b>Net income / (expenditure)</b>	<b>824</b>	<b>(29)</b>	<b>-</b>	<b>72</b>	<b>101</b>

5. 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 light of the actual assessment to be met. The 2016 Conference agreed that the total assessment will increase by 1% per annum for the three years commencing 2017-18. It did this on the basis that around 80% of the increase would be used to cover additional costs relating to providing ordained ministry in the island districts. This means that the total level of the MCF assessment will virtually be frozen for the three years commencing 1 September 2017.
6. The Finance Sub-committee particularly noted that predictions from economists regarding inflation over the next three years vary widely. However, most do expect it to increase to around 3% within two years, which will bring cost pressures into the budget given the frozen level of MCF assessment income. Apart from the agreed budget increases to salaries and stipends, the SLG's 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. In the light of this, the SRC felt that it was prudent to propose a budget where years two and three show small surpluses of £72k and £101k respectively; expecting that in 12 months time it will be possible to more fully appreciate the impact of inflation on particular costs.

### **Connexional grants budget**

7. Over the last few years the Council has adopted 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). It has agreed in each case to release additional amounts from each of these in order to reduce balances down to the target levels within three/five years. The budgets for connexional grants from each will continue to reflect this.
8. The unaudited net income to the CPF in 2015/16 was £7m against a budget of £5m, boosting the disbursements to the Pension Reserve Fund, District Advance Funds and the MCF. The SRC indicated that the money allocated to the Connexional Grants Committee (CGC) should continue to be calculated based on the agreed reserves level.
9. Of the £1.5m identified previously within the CPF, the formation of the new Property Development Committee will lead to the start of the use of the £1m designated for supporting the development of strategic property work. In addition, work is underway likely to result in proposals for the use of some of the £500k designated for the support of mission and evangelism. There are also pieces of work relating to vocations and leadership development which may themselves generate requirements for funds that may be more clearly identified as the 2017/18 year progresses.

### **Stipend increases**

10. The CCSB covers the stipend, National Insurance and pension costs of a significant number of ministers. Using the formula agreed by the Conference, the Connexional Allowances Committee (CAC) has calculated that the level of increase in the standard stipend from 1 September 2017 should be 1.6%. This will be reflected in the draft budgets.

### **Salary increases**

11. Increases in salary effective from 1 September 2017 will be for the first time determined under the new arrangements that are related to individual performance against agreed targets over the previous year, with no blanket increase.

12. The SRC agreed in November 2016 that the total pot available for annual increases will be calculated as 2.5% of the total lay salary budget. This amount was calculated as agreed based on the wide-ranging Hays survey of Third Sector salary trends, which will also determine increases to the salary ranges available for Council employees.
13. As a result of the recent pay and grading review, this figure of 2.5% replaces previous automatic increments that applied to each employee for the first five years in post, plus previous cost of living increases. All increases in 2017/18 will be based on the performance of each member of staff against their agreed objectives - there will be no automatic increases. The outcome of the pay and grading review also means that around 15% of staff will be on frozen salaries, meaning that they will receive no increase in 2017/18. The budget will reflect this, being calculated on the basis of the current individual post holders.
14. Barring any more accurate information, the salary budgets in years two and three will also be increased by 2.5% per annum.

#### **Team headcount**

15. The draft budget proposes no change to the overall core permanent headcount of the Team. It does, however, include a half-time fixed term post, currently for two years, within the Conference Office budget to oversee the rollout of ministerial supervision training for superintendents. The SRC felt it was critical for this important work around supervision to be grounded in the life of the Team but also wanted to ensure the existing expertise is utilised in the most appropriate way possible.
16. It was agreed that the second Minister on Shetland would be funded from the MCF for 5 years and that stipend (but not the on-costs) are now included in the Conference Office budget.

#### **Discipleship and Ministries Learning Network (DMLN) Budget**

17. It was agreed in 2015 that the three year budget would include just over £1m spread over three years from the Fund for Training as top-up funding. The SRC stated that this should be seen as the last funding to be used in the case of any underspend. However, the escalation in the cost of redeveloping the property at 24 Somerset Road, an asset of that fund, means that its spare cash reserves had largely been exhausted by summer 2016. As part of the 2016 budget process it was agreed that the DMLN budget will be treated as a part of the whole henceforth and not necessarily held at the levels agreed by the 2012 Conference, reflecting the Church's current financial context. In other words, its budget needs to be flexed annually to reflect the level of funding that is available within the context of a fixed MCF assessment.
18. Contributions from the income generating centres, MIC Ltd and Guy Chester Centre, are due to increase gradually. This is partly dependent on property redevelopments, with contributions from the new Camden site being deferred due to planning delays, and also the gradual repayment of a loan by MIC Ltd. The budget includes the following assumptions that are felt to be prudent given the dependency on planning permission and development lead times. For ease of tracking, this money is controlled via the use of the Designated Training Fund:

	<u>MIC Ltd</u>	<u>Guy Chester</u>	<u>Total</u>
2017/18	£0.90m	£0.30m	£1.20m
2018/19	£1.00m	£0.30m	£1.30m
2019/20	£1.05m	£0.35m	£1.40m

19. The 2015 Conference agreed that a review of training be undertaken, to report back in 2017. The three year DMLN budget has been prepared based on existing processes, patterns and levels of staffing; not least to avoid prejudicing or influencing the outcome of the review.

### **Moving forward from the pilot of supervision for ministers work**

20. One of the Church's main responses to the Safeguarding Past Cases Review (PCR) was the launch of a pilot programme of supervision for ministers. This has been overseen by the Supervision Working Group through the PCR Implementation Group, which will be bringing recommendations to the 2017 Conference regarding its roll-out across the connexion. The pilot has been funded largely from the Epworth Fund, as an extension of the PCR budget, but there is no provision for this within the 2016/17 budget.
21. The future cost across the connexion is unknown. However, an amount of £35k has been included both this year and last for the supervision of 31 district chairs; ie £1,100 per Chair which will carry forward in the budget every year. As mentioned above, the draft budget includes the creation of a fixed-term half-time post to coordinate the training of superintendents. It also includes an amount of £130k per annum for 2017/18 and 2018/19 to meet these costs. The draft budget has been constructed taking into account that £150k of the cost of supervision training for Superintendents will be covered by a one-off donation from the Allchurches Trust Ltd Methodist Grant Giving Committee, for which the Methodist Council is grateful.

### **Safeguarding**

22. The Conference has requested that two related pieces of work are undertaken and brought to its meeting in 2017. One involves the calculation via an agreed set of criteria of the appropriate number of hours per week that each district should provide in terms of DSO resource. The second regards the arrangement for professional supervision of each DSO within a framework that is coherent and consistent across the connexion.
23. The SRC was informed that options relating to DSO professional supervision arrangements will be brought to the Methodist Council in April 2017, for recommendations to be made to the Conference. As a result, there is no provision to meet any costs that may arise within the draft CCSB, the assumption being that implementation of any new arrangements could not take effect until September 2018, and that the funding of the DSOs and their work is currently a matter for district budgets.
24. At its January meeting, the Council received an initial draft report from the review of Covenants of Care. One proposal contained within this is that risk assessments for local lay employees should in the future be commissioned by the connexional Safeguarding Team and paid via the CCSB. This would help to ensure a consistency of standard across the Church and that individual circuits or districts were not disadvantaged by having to bear a disproportionate share of the costs. Given that the intention is to promote equity across the connexion, rather than to increase the costs borne centrally, the draft budget has been prepared on the assumption that if the Conference decides to implement this recommendation, it will be effective from 1 September 2018. The collection of the MCF assessment currently includes a portion ring-fenced for safeguarding. This is used to meet the cost of ministerial DBS checks and the Church's membership of Churches' Agency for Safeguarding (CAS). It is proposed that if the Conference agrees to this change that the funds to pay for these risk assessments will be added to this portion of the assessment from 2018/19 onwards. The annual cost is estimated to be £60,000. It will not be an additional cost, but will be spread across the connexion via the assessment process, rather than falling to individual employing bodies such as churches, circuits and districts.

## Commentary by Cluster

### Discipleship and Ministries

25. The Discipleship and Ministries budget remains mostly at a steady state.

CC	Cost Centre	2015/16 (ACT)	2016/17 (BUD)	2017/18 (BUD)	2018/19 (BUD)	2019/20 (BUD)
<b>Income</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
200	Discipleship and Ministries	472	317	167	167	167
201	D&M - Cliff	-	196	367	475	500
207	D&M - East of England	8	-	7	7	7
210	Chaplaincy	188	182	200	200	200
211	D&M - Southern and Islands	1	-	-	-	-
220	Children and Youth	14	14	132	132	132
226	Programmes	59	-	-	-	-
227	Family Ministry	11	-	-	-	-
230	Regions / General	5	4	6	6	6
233	Initial Ministerial Learning	-	141	343	380	430
234	Further Ministerial Development	-	277	95	105	124
235	Ministry Development	2	4	-	-	-
238	SRI General	202	186	218	237	252
261	Venture Fx	10	-	11	11	11
<b>Total</b>		<b>972</b>	<b>1,321</b>	<b>1,546</b>	<b>1,720</b>	<b>1,829</b>
200	Discipleship and Ministries	1,303	677	699	705	538
201	D&M - Cliff	214	362	366	366	366
202	D&M - London	183	184	214	219	223
203	D&M - Scotland	119	122	131	134	136
204	D&M - North East	172	172	175	178	182
205	D&M - South West	149	169	181	185	189
206	D&M - East Central	234	250	256	261	267
207	D&M - East of England	189	189	194	198	201
208	D&M - Cymru/ Wales	135	175	173	177	180
209	D&M - Yorkshire Plus	217	273	263	268	273
210	Chaplaincy	234	300	451	565	565
211	D&M - Southern and Islands	195	230	229	233	237
212	D&M - Bristol and W Midlands	225	236	247	252	256
213	D&M - North West and Mann	433	425	442	451	460
220	Children and Youth	39	50	225	225	225
225	Church and Community (general)	244	247	252	257	263
226	Programmes	225	169	10	10	10
227	Family Ministry	73	66	70	9	-
228	Chaplaincy Project	14	-	-	-	-
230	Regions / General	103	121	113	115	117
231	Transitional	51	-	-	-	-
232	Pathways General	245	331	133	109	109
233	Initial Ministerial Learning	1,833	1,501	1,597	1,597	1,597
234	Further Ministerial	251	301	371	375	375

Development						
235	Ministry Development	146	210	213	216	218
238	SRI General	265	391	397	400	404
240	Discipleship Development	153	178	182	185	187
261	Venture Fx	429	381	329	334	339
356	Education (Methodist Schools)	84	127	119	120	122
<b>Expenditure</b>		<b>8,158</b>	<b>7,835</b>	<b>8,032</b>	<b>8,142</b>	<b>8,040</b>
<b>D&amp;M net expenditure</b>		<b>7,185</b>	<b>6,515</b>	<b>6,487</b>	<b>6,423</b>	<b>6,212</b>

### Ministries Development

26. The introduction of *Worship: Leading and Preaching* has been a huge success. Charges no longer apply to those people undertaking it, the costs of developing and running it being met from the overall budget of the Learning Network. There are currently 524 Local Preachers on Note/Trial, and 253 Worship Leaders in Training registered on the course. The majority of the work is now done on the course however with the establishment of a Studies Board the need for continuing spend continues, to support this group and provide for infrastructure costs (eg underpinning the Virtual Learning Environment).

### 3Generate

27. The success of 3Generate (children and youth assembly) and the increasing demand for the November event over the last 5 years has led to some readjustments and increases. The majority of the non salary/stipend expenditure for the event has been placed in the children and youth line for clarity. This expenditure is both increased on 2016 and reflects some reallocation, for example a movement of some money from regional lines to the children and youth line. It should be noted that this money will be spent both regionally to support the processes around the event and on the event itself. The increase in expenditure has been offset by an increase in income from ticket sales, leaving the impact virtually cost neutral. This income has been estimated at £121k based on a projection of increased numbers of tickets sold (590 weekend tickets were sold in 2016 and we predict an increase to 800 in 2017 plus an increase in day delegate tickets). It should be noted that with a bigger venue and larger numbers attending there will be a developing need for volunteers to staff the event, and it is intended, as previously, to offer volunteer places free.

### Queen's Foundation

28. The grant made to the Queen's Foundation is based upon the amount agreed at the 2016 Conference with a percentage increase for inflation. The Memorandum of Understanding with the Queen's Foundation has an annually agreed financial schedule attached to it. The grant made covers both teaching and core costs. Despite a decrease in the numbers of those candidates recommended for training and accepted by the Representative Session of the Conference in the last few years it should be noted that these costs remain largely constant. When these candidates are accepted and allocated to a full-time or part-time pathway, they have financial provision made for them to enable their training. It has been assumed when calculating the bursary line that the numbers of student ministers given bursaries from The Methodist Church will remain at the current level of 25-30 per year.

29. The Ministries Committee have considered an uplift to student bursaries, and some reallocation of monies between full-time and part-time students and considered changes to the student book grant; they have asked for further work to be undertaken on this matter in regards to establishing living costs and best value for students. However it is anticipated that in response to any changes, the budget can be flexed due to negotiation with the Foundation. The costs of teaching students and providing the necessary accommodation and experiences for them at one centre change little whatever number are accepted. The annual agreement provides an opportunity regularly to examine costs and enables a drive for excellence at best value to be established.



30. It should also be noted that the completion of the redevelopment of Somerset Road has required a figure of £120k to be entered into the budget (against the Fund for Training), and so the total figure for the 233 cost centre goes up to £1,597k. However a corresponding income amount of £120k from the Queen's Foundation in rental is reflected in the budget.

### **Regions**

31. When building the budget for regional teams (not salaries or stipends but expenditure on events and seminars taking place in Districts), it was noted that the DMLN operated with 87% of its staff active in 2016/17 (three staff were on long term leave (maternity and adoption). A number of other posts became vacant and were subsequently filled, one of which will be filled by a presbyter on 1 March 2017). Therefore, using previous years actual spends on which to build going forward, required some nuance. As a result, while the overall spend remains broadly similar and takes into accounts actual spending in previous years (as well as the number of active staff now in post), we have amended the breakdown between nominal codes. For example - the seminar line has increased. As the work of the DMLN has become more embedded and staff have grown in experience and skill, we have reduced the staff training spend.

### **Scholarship Research and Innovation**

32. The Scholarship Research and Innovation line in the budget is being increasingly focused. In 2017/18 it will enable the development of a Young Scholars Network, enable the Oxford Institute for Methodist Theological Studies to reach a wider constituency, and assist presbyters and deacons to engage in high level scholarship through conferences and other events. There is a change in the amount of grant offered to ministers for further study. The Ministries Committee recommended that this should be increased from £1,500 pp pa to £2,500 pp pa. This line has previously been underspent with fewer applicants than money in the fund. It is anticipated that this increase will result in the fund being fully utilised and therefore the amount has remained the same as last year. There is also provision for expanding the Honorary Research Fellow Scheme.

### **Venture FX**

33. Venture FX (funded from the CPF) spending shows a decline due to the cessation of some projects. There is a possibility that years 2 and 3 may see a further decrease in the expenditure than that which is currently predicted. This is due to other projects being vulnerable to finishing, as the funding model for them tips towards great funding from Circuits and Districts. However it was considered prudent to keep the line consistent with the current number of live projects.

### **Fresh Expressions**

34. The CPF grant to Fresh Expressions (£94k) is due for review in spring 2019. However, this amount has been rolled forward to the end of the three year budgeting period. Reflection will be required by the SRC in the coming years to establish the nature and resource implications of the relationship. It was felt to be unwise to second-guess the outcome of any such review process.

### **One Intern**

35. Following discussions at the SRC a new scheme is being built offering high level 1 year post graduate internships funded by released CPF reserves in projects of various vocational natures that will also include periods of training, learning and reflection. This will begin in September 2017. £175k has been allocated for the next 2 years to fund this. A target of 5 placements has been set, however it may be that more are possible.

### **The Centres**

36. It should be noted that in the D&M budget expenditure lines for the centres there is now no money spent from the World Mission Fund. Money from this fund may be used to fund

certain activities in these centres, in collaboration with colleagues in the Mission and Advocacy Cluster to ensure that the fund is used as per its restrictions.

#### **MAST**

37. Provision has been made to pay an annual grant to the Methodist Academies and Schools Trust (MAST) of £35k from the MCF as agreed by the SRC in their meeting in November 2016.

#### **Mission and Advocacy**

38. The submission for 2017/18 is also largely a “status quo” budget without major changes envisaged to the cluster’s structure or operations. Where change is required, action will be taken to reallocate resources within the overall budget ceiling. It should also be noted that significant changes to team structure were made during the 2015/16 year and there were some staffing vacancies for quite extended periods, making comparisons with last year’s “actuals” sometimes misleading.
39. As well as the internal operations of the cluster, support is provided for the Methodist Modern Art Collection and for Interfaith work. There is no material change to these items in the budget for 2017/18.

#### **Engagement**

40. Marketing is showing results from being brought into a broader Engagement team, and additional cost has been allowed for printing, displays, exhibitions and advertising to ensure that we can maximise our presence in relevant contexts.
41. Fundraising activity is also being stepped up, however the budget for publications in the current year was found to be over-ambitious and this has been scaled back for the future. It is sufficient to continue publication of One Mission Matters as well as specific fundraising materials.
42. Methodist Heritage is also benefiting from having settled staffing, and some allowance has been made for new projects including the procurement of digital asset management software. A Heritage Conference is allowed for in year 2 of the budget. The budget for Seminars and Events includes provision for running exhibitions using connexional resources at heritage sites, and also for trialling a “museum on wheels” concept visiting local churches. Committee costs include some budget for interpretation development at the main sites.

#### **Joint Public Issues Team (JPIT)**

43. The great majority of costs are for staffing and no major changes are planned; the cost of producing reports etc is included in the publications budget. The revenue lines shown for JPIT relate mainly to cost recoveries from other partner churches.
44. The team generally runs a biennial conference; this was allowed for in the budget for 2016/17 but will not in fact take place this year, so the next planned event (budgeted under Seminars & Other Events) will be in the following year.

#### **Publishing and Communications**

45. The publishing schedule is a mixture of “knowns” that come around on a regular cycle, and new or one-off products that are detailed in an annual publishing plan but are impossible to budget in advance other than in aggregate. Among the regular product base, we have made continuing provision for publishing three editions of the *connexion* each year, including the cost of postage to over 25,000 addresses. While most are sent to ministers, church officers, etc, there is an increasing list of individual sign-ups.
46. Work to rebuild the main Methodist Church website is currently underway and is expected to be complete by the time the Conference meets. No continuing allowance is therefore made

for this in the Communications budget, however there are continuing software costs associated with the maintenance and running of our web and social media platforms.

### World Church Relationships

47. Staffing and overhead costs for the WCR team are charged to the Methodist Church Fund and there are only relatively minor changes to these budgets. The budget for publications and newsletters includes the production of new video resources to showcase the work of global relationships. The lines for seminars and events include provision for “new style” consultations with our partners from other parts of the world, the first of which takes place this spring.
48. A more significant budget allocation within the World Mission Fund (WMF) is the figure for “casual staff” shown under the heading of One Mission. This is intended to resource the development of new “People to People” programmes as agreed within the strategy for this team. No decision has been taken at the present time as to whether the requirement will be met by adding staff resource, outsourcing or partnering with others in a new way.
49. The programme and grant costs for World Church are charged to the WMF and shown separately. Income assumptions for the fund (from donations, legacies etc) are broadly consistent with the strategy document that showed a gradual run-down of the balance on the fund, as costs outstrip annual revenues. However, the revaluation of properties held on the WMF has led to an unexpected surge in the fund balance to £28m. Clearly, the change is a paper valuation and cannot be realised in the short term. We have therefore continued to plan for grant expenditure to be tapered down over the budget horizon and this is consistent with a more rigorous approach to grant management being overseen by the Connexional Grants Committee and the Global Relationships Strategic Oversight Sub-Committee. As the commitment to some existing programmes is reduced, so there will be room for investment in new work. Provision has been made under “Development Work” for expenditure on new forms of cooperation with All We Can and potentially UMC (General Board of Global Ministries).

CC	Cost Centre	2015/16 (ACT) £000	2016/17 (BUD) £000	2017/18 (BUD) £000	2018/19 (BUD) £000	2019/20 (BUD) £000
	<b>Income</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	Communications and					
305	Campaigns	-	6	6	6	6
310	Methodist Heritage	5	30	15	30	15
311	Publications	565	576	557	554	551
315	Modern Christian Art	5	4	4	4	4
330	Public Issues	9	14	14	13	14
	<b>Total</b>	<b>584</b>	<b>629</b>	<b>596</b>	<b>607</b>	<b>590</b>
300	Mission and Advocacy	96	93	81	82	84
	Communications and					
305	Campaigns	376	375	349	352	361
310	Methodist Heritage	110	210	193	202	188
311	Publications	724	871	841	835	851
315	Modern Christian Art	9	16	15	15	15
320	Fundraising	136	223	159	161	163
330	Public Issues	247	294	290	289	296
370	Interfaith Relations	1	15	15	15	15
326	World Church Relationships	563	570	597	607	632
327	One Mission	6	43	48	47	47
319	Engagement and Marketing	93	147	163	167	171
	<b>Total expenditure</b>	<b>2,362</b>	<b>2,857</b>	<b>2,751</b>	<b>2,772</b>	<b>2,822</b>
	<b>M&amp;A net expenditure</b>	<b>1,778</b>	<b>2,228</b>	<b>2,155</b>	<b>2,165</b>	<b>2,232</b>

## **Support Services**

The main points of note are as follows:

### **Financial Services/Bureau Services**

50. Although it is assumed that staffing and other costs relating to the new payroll bureau configuration will be stabilised, before the start of this budget, estimating actual income is difficult. Prudent assumptions have been made. Certain staffing costs are shared between the two cost centres based on estimates of the time spent on each.

### **Development and Personnel**

51. Although the overall budget is unchanged, it does now include a significant portion of legal and other professional fees relating to the cost of obtaining and monitoring work permits for ministers serving within Britain from outside the EU. Arrangements for supporting this highly regulated process changed in September 2016 and are working well, with the Church's Home Office licence being successfully renewed in February 2017. However, predicting the resultant costs with only five months history is inevitably difficult. Furthermore, it is impossible to predict how permit fees and/or arrangements will alter as part of the process of the UK leaving the EU.

### **Administration**

52. This cost centre now includes a new annual amount of £50k towards supporting compliance with the Data Protection Act. A data audit has recently been performed by external specialists, and at this early stage such an ongoing amount appears prudent.

### **Information Technology**

53. The draft budget reflects the staff team that has been reconfigured over the last 12 months. This includes the creation of a new IT Manager role, and replacing some casual staffing with permanent. There are two large one-off amounts included within 2017/18; one relating to the replacement of outdated telephony within MCH and the other to a programme of major server renewal – both projects for which planning is already underway.

### **Building and Facilities**

54. This was relatively under spent in 2015/16 due to the capital refurbishment work which replaced some activities that would normally have been charged as revenue costs. The draft budget makes no provision for any potential further major work, pending discussions relating to the latest condition survey report to the Management Committee.

Cost Centre	2015/16 (ACT)	2016/17 (BUD)	2017/18 (BUD)	2018/19 (BUD)	2019/20 (BUD)
<b>Income</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bureau Services	174	284	280	280	280
Financial Services	77	65	77	77	77
Administration	34	35	35	35	35
Information Technology	28	30	30	30	30
Development and Personnel	4	1	-	-	-
Building and Facilities (MCF)	365	400	423	423	423
4JWR Peterborough Property	146	120	125	125	125
Connexional Manses	34	20	35	35	35
Property	5	13	4	4	4
<b>Total</b>	<b>869</b>	<b>969</b>	<b>1,010</b>	<b>1,010</b>	<b>1,010</b>
Resourcing Mission	53	75	91	93	95
Support Services	98	127	126	100	103
Bureau Services	136	212	240	244	248
Financial Services	827	912	921	936	952
Administration	1,063	1,190	1,286	1,299	1,313
Information Technology	554	604	656	616	622
Executive Support	249	272	223	224	226
Development and Personnel	965	979	958	949	960
Database Administration	38	100	80	40	20
Equality and Diversity	150	104	93	95	97
Building and Facilities (MCF)	564	675	622	648	668
Office Equipment	20	-	-	-	-
4JWR Peterborough Property	20	12	13	14	14
Connexional Manses	152	254	220	231	241
Property	105	86	88	86	88
Support Services in Manchester	112	118	125	126	128
Connexional Grants Admin	190	177	183	184	186
<b>Expenditure</b>	<b>5,294</b>	<b>5,897</b>	<b>5,924</b>	<b>5,886</b>	<b>5,961</b>
<b>Net expenditure</b>	<b>4,425</b>	<b>4,928</b>	<b>4,914</b>	<b>4,876</b>	<b>4,952</b>

### The Conference Office

#### The Conference

55. Each year the costs of the Conference are shown differently in the budget due to the way each venue charges for different elements of the Conference. The Birmingham venue charges for accommodation and meals at the venue as one total sum. The Conference is being held in Birmingham in 2017 and 2019. The 2017/18 budget is for a venue in Nottingham where accommodation, venue and meals at the venue are all charged separately.
56. The cost of venue hire covers any additional rooms that are required which are not included within the accommodation price eg office space.
57. The accommodation costs for Nottingham are £179k with additional costs for the venue hire at £95k plus meals at the conference venue costing £79k, making the total costs of the accommodation, venue and meals at the Conference in 2018 is £353k. Nottingham is a

campus based venue that has not been used before. If it works well, the plan is that the Conference returns there in 2020 and this is the basis of the 2020 figures.

58. In 2019 the Conference will meet in Birmingham where the higher accommodation cost of £333k is for both accommodation and meals at the venue. The Conference Exps line (631-4325) is for venue hire at £45k. There is an additional sum of £22k for other catering that is required in addition to the representatives' daily meals at the Conference venue eg the President's lunch. The total to hold the Conference in Birmingham for venue, accommodation and catering is therefore £400k.
59. The budgeted travel costs for the Conference remain constant at £22k per year.

#### External Legal Expenses

60. A new category has been inserted into cost centre 610 called External Legal Expenses. The legal fees used to be shown in cost centre 610 (Law and Polity - Other Advocacy Expenses). The legal fees have been moved from Other Advocacy Expenses into External Legal Expenses from 2017/18 onwards. The budget for legal fees does not include the 35% paid towards legal staff costs at TMCP, these costs are in Professional Fees line of 610. The legal fees budget does not include any significant uninsured legal claim made against the Church or the Church being named in the Independent Inquiry into Child Sexual Abuse.

CC	Cost Centre	2015/16 (ACT) £000	2016/17 (BUD) £000	2017/18 (BUD) £000	2018/19 (BUD) £000	2019/20 (BUD) £000
<b>Income</b>	<b>Income</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
441	Safeguarding	138	136	141	202	203
600	The Conference Office	-	-	75	75	-
631	Conference	37	19	37	37	37
640	Ecumenical Methodist Ecumenical Office	4	-	-	4	-
641	Rome	14	4	18	18	18
	<b>Total income</b>	<b>194</b>	<b>159</b>	<b>270</b>	<b>335</b>	<b>258</b>
100	Secretary of the Conference	127	125	122	123	124
441	Safeguarding	370	426	473	568	593
460	Past Cases Review	206	104	-	-	-
600	The Conference Office	508	564	731	739	617
610	Law and Polity	306	275	282	290	293
620	Faith and Order	19	46	35	35	36
625	Ministerial Oversight	120	111	111	107	107
630	Methodist Council	117	135	142	141	150
631	Conference	568	480	476	536	502
634	President & Vice President	85	70	71	71	72
635	Chairs of District	1,082	1,181	1,161	1,178	1,196
640	Ecumenical	265	265	231	233	222
421	Discretionary Payments to Ministers Methodist Ecumenical Office	1	138	-	-	-
641	Rome	5	6	27	27	27
	<b>Total expenditure</b>	<b>3,778</b>	<b>3,928</b>	<b>3,861</b>	<b>4,048</b>	<b>3,939</b>
	<b>Net expenditure</b>	<b>3,583</b>	<b>3,768</b>	<b>3,590</b>	<b>3,713</b>	<b>3,681</b>

#### \*\*\*RESOLUTION

**47/1. The Council endorses the draft budget and recommends it to the Conference.**

<i>Fund</i>	<i>Fund Name</i>	<i>Opening Balance</i>	<i>2016/17 (BUD)</i>	<i>2017/18 (BUD)</i>	<i>2018/19 (BUD)</i>	<i>2019/20 (BUD)</i>	<i>Fund Closing Balance</i>
		£000	£000	£000	£000	£000	£000
700	MCF General	22,612	(29)	-	72	101	22,756
704	Auxiliary Special Purposes	539	(32)	(29)	(29)	(29)	421
705	Trinity Hall Trust	844	4	16	16	16	895
706	Lefroy Yorke Trust - Endowment Fund	660	(2)	(2)	(2)	(2)	653
707	Barratt Memorial	980	(3)	(3)	(3)	(3)	969
709	Rank - Endowment Fund	5,575	(15)	(17)	(17)	(17)	5,509
719	Aspinall Robinson Trust	669	12	-	-	-	682
720	MDO Surplus Funds	441	28	-	-	-	469
722	Education and Youth	375	(104)	(132)	(73)	(66)	(0)
724	Archives Revenue Fund	70	0.4	0.4	0.4	0.4	72
725	WG Barratt - Income	288	(1)	-	1	(0)	288
727	Connexional Priority Fund	10,315	(1,631)	(1,529)	(1,535)	(171)	5,450
728	Epworth Fund	6,945	(523)	(323)	(257)	(239)	5,603
729	Pension Reserves Fund	21,971	1,683	2,696	2,696	2,696	31,742
732	Connexional Team Benevolent Fund	66	-	1	1	1	71
733	Computers for Ministry	284	73	15	17	19	409
734	Necessitous Local Preachers - Income	5	4	6	6	6	26
738	Modern Christian Art- Development	15	(5)	(5)	(5)	(5)	(5)
739	Forces Chaplaincy Revenue	1,215	(137)	(270)	(384)	(385)	39
741	Methodist Heritage	8	6	6	6	6	33
743	Mission in Britain Fund	7,481	(1,130)	(1,464)	(1,264)	(1,064)	2,560
744	Mission in Business Industries and Commerce	381	11	15	15	15	438
746	Lay Mission Superannuation	134	55	62	62	62	374
747	Connexional Travel Fund	261	2	(14)	(14)	(14)	221
748	Sabbatical Fund	150	(37)	(54)	(54)	(53)	(48)
750	Fund for the Support of Presbyters & Deacons(FSPD)	9,098	24	28	28	28	9,205
752	Medical Benevolent Fund	1,952	(11)	2	2	2	1,948
753	Ministers Children's Relief Association	60	(5)	8	8	8	78
757	Fund for Property	4,414	(1,260)	(1,257)	(957)	(127)	813
762	Fund for Training	7,814	(443)	(343)	(317)	(317)	6,395
763	Long Term Renewal Fund	(179)	62	81	81	81	128
765	Centenary Hall Trust	25,045	155	183	178	175	25,736
766	World Mission Fund	28,817	(1,968)	(2,440)	(2,236)	(2,044)	20,128
767	Benevolent Fund	277	5	9	9	9	311
851	Benevolent Fund - Deaconesses	49	-	1	1	1	52
854	Oxford Institute	158	1	1	1	1	161
856	Designated Training Fund	-	(6)	-	1	5	(0)
764	Overseas Student Work	234	5	8	8	8	262
758	Special Extension Fund	1,623	38	54	54	54	1,824
717	William Leech Charities	10,047	-	(10)	(10)	(10)	10,017
702	Defined Pension Liability	(16,335)	-	-	-	-	(16,335)
	Others	303	(20)	-	-	-	284
<b>Total</b>		<b>155,668</b>	<b>(5,193)</b>	<b>(4,699)</b>	<b>(3,892)</b>	<b>(1,252)</b>	<b>140,631</b>