

24. Connexional Central Services Budget for three years commencing with 2018/19

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Resolution	24/1. The Conference adopts the Connexional Central Services Budget for 2018/2019.

Summary of content

Subject and aims	The report provides the basis for the Connexional Central Services Budget (CCSB) for the three years commencing 1 September 2018.
Main points	<ul style="list-style-type: none"> ● Methodist Church Fund (MCF) income ● Use of funds against reserves levels, particularly the Connexional Priority Fund (CPF) ● Salary/stipend increases ● Shaping the Team to support <i>Our Calling</i> ● Pension scheme valuations ● Summary of changes by cluster/office
Background context and relevant documents	Report 23 to the 2017 Conference established the 2017/2018 budget.
Consultations	The Finance Sub-committee, the Strategy and Resources Committee (SRC) and the Council have all scrutinised and recommended the budget contained within the report for 2018/2019.

The Connexional Central Services Budget for three years commencing with 2018/2019

1. Introduction

1.1 The calling of the Methodist Church is to respond to the gospel of God's love in Christ and to live out its discipleship in worship and mission. It does this through:

- Worship
- Learning and caring
- Service
- Evangelism

1.2 The use of all Methodist funds must be demonstrably to fulfil this calling. Although it represents only a portion of that total, the Connexional Central Services Budget (CCSB)

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represents the planned use of connexionally-held funds over the next three years in supporting the Church to live out its calling.

- 1.3 The Council has previously agreed that the draft budget should not feature a deficit against the Methodist Church Fund (MCF). After several years of surpluses the Finance Sub-committee and the SRC indicated that they would consider a draft budget which included plans to utilise some of the resultant excess reserves if they were directed towards specific pieces of work. However, it still expects the Team's core functions to be performed within a balanced MCF budget.

Table 1: Overall income and expenditure

	2016/17 (ACT) £000	2017/18 (BUD) £000	2018/19 (BUD) £000	2019/20 (BUD) £000	2020/21 (BUD) £000
Income					
MCF Assessment	13,396	13,529	13,476	13,659	13,669
Property Levies	8,742	6,500	7,500	7,500	7,500
Investment Income	3,582	4,429	3,491	3,561	3,631
Internal Transfer	7,029	3,005	3,475	3,475	3,475
Donations	3,778	3,577	3,375	3,275	3,175
Miscellaneous Income	1,626	1,859	2,390	2,325	2,333
MCF Management Levy	1,522	1,702	1,754	1,682	1,672
Legacies	795	750	555	555	555
Trading Income	556	560	558	555	553
Rental income	585	493	488	494	499
Grants	168	160	166	166	166
Net Gains / Losses	8,196	0	0	0	0
Acturial Gains & Losses	6,725	0	0	0	0
Total	56,700	36,564	37,228	37,247	37,228
Expenditure					
Grants Payable	14,555	15,999	15,688	15,248	14,082
Established Staff Costs	8,060	8,661	9,322	9,352	9,456
Other Costs	4,902	5,496	6,698	6,900	8,206
Internal Transfer	7,029	3,005	3,475	3,475	3,475
Connexional Ministers - Stipends	3,361	3,293	2,912	2,974	3,025
MCF Management Levy	1,522	1,702	1,754	1,682	1,672
Mission Partners	980	1,219	1,155	1,167	1,180
Committee Costs	538	572	566	572	590
Facilities	390	582	531	540	549
Cost of Sales	322	372	348	346	346
Other Staff Costs	502	238	153	166	164
Insurance	149	123	129	131	133
Expenditure Total	42,308	41,262	42,731	42,554	42,878
Net Surplus/(Deficit)	14,392	(4,698)	(5,503)	(5,307)	(5,650)

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2. Income - Methodist Church Fund (MCF) Assessment

- 2.1 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 was effectively frozen in year one, with small increases in years two and three.
- 2.2 Within this draft the forecast budget for 2020/2021 falls beyond the three years that has been set. A nil increase to the MCF assessment in 2020/2021 has therefore been assumed within these figures; not because that is necessarily the expectation, but rather to provide clarity and transparency without assuming any future increases.
- 2.3 The overall MCF assessment income shown in Schedule 1 falls in 2018/2019, before beginning to increase. This reflects the ending of the Computers for Ministry scheme, which has meant a levy on Circuits being included in these numbers. This line also includes the sabbatical fund levy and the safeguarding assessment which funds DBS checks on ministers.
- 2.4 Both the Strategy and Resources Committee (SRC) and its Finance Sub-committee (FSC) noted the challenge presented by an increase in assessment of 1% compared with inflation levels closer to 3%. Apart from the agreed budget increases to salaries and stipends, the draft budget does not cater speculatively for inflation within discretionary expenditure given the difficulty of predicting it and the length of time between preparing the budget and its implementation. Essentially the historical underspend against salary costs is treated as providing sufficient buffer against inflationary costs on other items.

Table 2: The Methodist Church Fund

	2016/17 (ACT) £000	2017/18 (BUD) £000	2018/19 (BUD) £000	2019/20 (BUD) £000	2020/21 (BUD) £000
Income					
MCF Assessment	13,122	13,267	13,400	13,534	13,534
MCF Management Levy	1,522	1,702	1,754	1,682	1,672
Miscellaneous Income	721	730	973	984	992
Donations	576	601	576	576	576
Trading Income	556	560	558	555	553
Rental income	173	150	160	160	160
Investment Income	85	109	112	112	112
Legacies	76	100	75	75	75
Grants	15	5	0	0	0
Net Gains / Losses	79	0	0	0	0
Total income	16,926	17,224	17,607	17,677	17,673

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Expenditure

Established Staff Costs	7,707	8,429	8,786	8,873	8,972
Other Costs	4,010	4,280	4,430	4,382	4,379
Connexional Ministers - Stipends	2,276	2,216	1,874	1,935	1,985
Grants Payable	816	559	941	954	964
Committee Costs	385	488	482	488	493
Facilities	355	494	430	436	443
Cost of Sales	314	372	348	346	346
Other Staff Costs	469	203	107	119	117
Insurance	109	103	103	105	106
Internal Transfer	100	80	100	100	100
Expenditure Total	16,542	17,223	17,600	17,738	17,906
Net Surplus/(Deficit)	384	1	7	(61)	(233)

3. Ensuring that the Team is best equipped to support the Church in fulfilling its calling

- 3.1 At its meeting in January 2018 the Council agreed to some structural re-shaping of the Connexional Team in order for it to support more effectively the wider Connexion in fulfilling its calling and in response to the Training Review. The implementation of these changes is complete in some areas and well underway in others, but given that much of the detailed work on this was still in process at the time of writing, the budget is based on the existing Team structure. The only significant change is presentational - the oversight of authorised ministries and initial ministerial training moved to the Conference Office in April 2018 so the relevant cost centres have been moved to this new location within the budget.
- 3.2 The parameters of the re-structuring are such that they must be made within the existing budget. This means that the cost of any new posts created must not exceed those being discontinued.
- 3.3 In addition, the budget assumes that all redundancy and associated costs of these changes will be incurred prior to 31 August 2018 and hence there is no allowance for them within this budget. However, in order to ensure the effectiveness of this change management process, two fixed term contract posts have been created and filled – one focused on HR and the other on project/change management. Provision is made for both posts for the full duration of 2018/2019 and is contained within the Development and Personnel budget, cost centre 440.

4. Connexional grants budget

- 4.1 Over the last few years the Council has adopted target reserves levels for the World

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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. In order to provide greater clarity, the fund balance information this year shows the value of properties held within each fund separately. This indicates that the operation of these reserves levels needs to follow an increasingly sophisticated model. Whilst properties held within particular funds are illiquid in the short term, it is appropriate that consideration is given periodically whether each property should be retained, disposed of, or used in other ways in order to fulfil the objectives of the fund. The SRC has already recognised this by agreeing that the future use of Asbury House in Birmingham, an asset of the WMF, be evaluated over the coming year. The FSC has recommended that a further review of the reserves policies be carried out later in 2018.

- 4.2 It is likely that grant-making budgets from both the MiBF and FfP will begin to reduce significantly from 2018/19 as the fund balances approach the agreed reserves levels of both. Although less progress has been made on utilising the excess reserves of the WMF, the Global Relationships Strategic Oversight Sub-committee and World Church Relationships staff are working to design a number of innovative approaches to building and maintaining overseas relationships. More detail is provided later within this budget narrative.

5. Use of Connexional Priority Fund (CPF)

- 5.1 The net income to the CPF in 2016/2017 was £8.7 million against a budget of £5m, boosting the disbursements to the Pension Reserve Fund, District Advance Funds and the MCF. Despite increased grant-making the balance of the fund thus increased by £880k to stand at £11.1m against a reserves policy level of £5 million. Of this £6.1 million held in excess of the reserves policy, around £1.94 million has been designated as follows. £500,000 for *Thy Kingdom Come* (previously allocated under a 'One Mission' heading), £500,000 for the ONE Intern programme and £940,000 remains of the £1 million designated for the Property Development Committee (PDC). The ONE Intern programme is expected to continue, so the budget will reflect this as an ongoing cost of approximately £200,000 per annum against the CPF.
- 5.2 The SRC has determined that £150,000 of the PDC money be used to fund obtaining planning permission for the conversion of the Methodist property at Oxford Place, Leeds, into an hotel with those costs largely incurred during the 2017/2018 year. In addition, consultancy work and commissioning professional studies to assist local trustees on specific sites is likely to cost £150k during 2017/2018, leaving overall around £640,000 designated to the PDC at the year-end.

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- 5.3 As the Conference is aware work is currently underway to establish a connexional property strategy. Part of this will include ways in which local trustees will be supported on an ongoing basis. Given that CPF income is derived from a levy on local property sales, re-cycling it to provide professional advice on the future use and development of property seems an appropriate use of the fund. Although detailed work has not yet been undertaken, an initial estimate would be an annual budget from the CPF of up to £500,000. The exact detail will depend on the property strategy that is adopted and also the implementation of the recommendations of the working party reviewing the provision of legal and property support for managing trustees. However, it is intended that this money supports the provision of advice to managing trustees; not posts within the Connexional Team.
- 5.4 Discussions at both the Connexional Leaders' Forum and the Council have been supportive of making greater use of reserves to support Districts and Circuits as they seek to plan more effectively to engage with *Our Calling*. £1 million per annum has therefore been ring-fenced within this budget to be utilised for that in ways that will be determined by the SRC and the Council as work progresses.
- 5.5 The costs of VentureFX and the Methodist Church's contribution to the Fresh Expressions organisation are both currently met from the CPF. As the current projects reach their conclusions the amount allocated to VentureFX will decline steeply in year three of the budget, whilst funding to the ecumenical Fresh Expressions Ltd is part of ongoing discussions. Significant support for such work is increasing, however, within the Discipleship and Ministries cluster budget via the Pioneer Pathway at Cliff College, and events such as the reIMAGINE conference.

6. Stipend increases

The Connexional Central Services Budget 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 2018 should be 2.55%. This is reflected within the budgets. Although the final outcome of the latest triennial valuation of the Methodist Ministers' Pension Scheme (MMPS) is not yet finalised, the budget assumes no change to 'employer' contributions within the life of this budget. The Finance Subcommittee understands from the trustee board that this is an appropriate assumption.

7. Salary increases

- 7.1 Increases in salary effective from 1 September 2017 will have been 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 cost of living increase.

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7.2 The Pay and Remuneration Sub-committee has considered input based on the 2017 Hays survey and held conversation with the Connexional Secretary. Accordingly, the SRC accepted its recommendation that the total lay salary pot be based on an average increase of 2.9% (excluding those on frozen salaries) from 1 September 2018, and increases of 1.5% per annum in years two and three. Both the FSC and SRC raised concerns about the ability of the Council to remain an attractive employer if average salary increases do not keep pace with inflation. It is expected that further staffing efficiencies will need to be reflected in the 2019 budget round.

8. Changes to supervision of District Safeguarding Officers (DSOs)

The 2017 Conference received a report (Paper 34) relating to the professional supervision of DSOs. It resolved that the Council would proceed with producing detailed and costed proposals, which the Council approved at its meeting in January 2018. Implementation of this will proceed over the next few months, but since the costs will be met from within the overall existing headcount and budget, the staffing changes are not reflected in the budget.

9. Pension valuations

The statutory triennial valuations of both connexional defined benefit pension schemes have been undertaken as at 1 September 2017. The Council has addressed the impact of the outcome on the Pension and Assurance Scheme for Lay Employees of the Methodist Church (PASLEMC) as the principal employer. It has made recommendations to the Conference elsewhere in this Agenda relating to the outcome of the valuation of the Methodist Ministers' Pension Scheme (MMPS).

10. Funding the One Programme Participants (OPPs) from the Epworth Fund

The 2013 Conference resolved (24/6) to fund the cost of the OPPs from the Epworth Fund for a period of five years, commencing 2013/2014. It agreed that the budget would be £100k per annum at 2013 costs, to be increased annually in line with wage inflation. An evaluation of the ONE Programme is being undertaken during 2017/2018. The three years of the draft budget includes provision for this to be continued, recognising that the funding may be extended further, potentially from an alternative fund, subject to the outcome of the evaluation.

*****RESOLUTION**

24/1. The Conference adopts the Connexional Central Services Budget for 2018/2019.

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The Conference Office

CC	Cost Centre	2016/ 2017 (ACT) £000	2017/ 2018 (BUD) £000	2018/ 2019 (BUD) £000	2019/ 2020 (BUD) £000	2020/ 2021 (BUD) £000
Income						
233	Initial Ministerial Learning	150	343	575	575	575
234	Further Ministerial Development	290	95	90	90	90
235	Ministry Development	1	0	0	0	0
441	Safeguarding	112	141	119	125	130
600	The Conference Office	0	75	75	0	0
625	Ministerial Oversight	2	0	2	2	2
631	Conference	33	37	33	33	33
634	President & Vice President	0	0	0	0	0
640	Ecumenical	1	0	0	0	0
641	Methodist Ecumenical Office Rome	15	18	27	27	27
Total Income		606	708	922	853	858
Expenditure						
100	Secretary of the Conference	(95)	(122)	(119)	(123)	(126)
233	Initial Ministerial Learning	(1,443)	(1,597)	(1,559)	(1,559)	(1,559)
234	Further Ministerial Development	(261)	(371)	(393)	(393)	(393)
235	Ministry Development	(194)	(213)	(78)	(78)	(78)
421	Discretionary Payments to Ministers	(6)	0	(102)	(102)	(103)
441	Safeguarding	(403)	(473)	(460)	(475)	(490)
443	Equality and Diversity	(97)	(93)	(78)	(79)	(80)
460	Past Cases Review	(0)	0	0	0	0
600	The Conference Office	(595)	(731)	(1,063)	(1,020)	(1,034)
610	Law and Polity	(209)	(282)	(337)	(340)	(342)
620	Faith and Order	(17)	(35)	(36)	(36)	(36)
625	Ministerial Oversight	(108)	(111)	(65)	(65)	(65)
630	Methodist Council	(109)	(142)	(126)	(127)	(128)
631	Conference	(583)	(476)	(540)	(546)	(549)
634	President & Vice President	(51)	(71)	(81)	(84)	(86)
635	Chairs of District	(1,181)	(1,161)	(1,263)	(1,295)	(1,327)
640	Ecumenical	(211)	(231)	(186)	(179)	(181)
641	Methodist Ecumenical Office Rome	(15)	(27)	(38)	(38)	(38)
Total Expenditure		(5,577)	(6,134)	(6,524)	(6,538)	(6,615)
Net expenditure		(4,972)	(5,427)	(5,603)	(5,685)	(5,757)

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Ministerial Grants – CC 420 and CC 421

The cost of four stipends have been budgeted for ministers suspended or on recuperative years from cost centres 420 and 421. There is an additional sum of £50,000 budgeted under 421 for the provision of housing costs for such cases. It should be noted that the current connexional year has seen a significant increase in the number of ministers either suspended or on recuperative years. It is hoped that this will not continue next year particularly in respect of recuperative years as the parameters are being tightened by the Connexional Wellbeing Adviser and the Assistant Secretary of the Conference. However the cost to the MCF of suspended ministers and ministers on recuperative years is provided for in Standing Orders and is not therefore a matter over which the Connexional Team has control. If the number of ministers were to be greater than four in any of the forthcoming years then these costs would represent an overspend to be paid from reserves.

The Conference Office – CC 600

It will be noted that the salary and stipend costs of the Conference Office have increased significantly. This is due to two posts that are currently held by ministers potentially being filled by lay people from 2018/19 onwards. There are two ministerial and one lay posts that have moved from cost centre 235 into the Conference Office budget with a further ministerial post moving from 232 into 600. The Secretary of the Faith and Order Committee has also been budgeted on a full-time basis for 2019/2020.

The Director of Supervision as a half time stipend plus contribution towards housing costs is also now budgeted for under cost centre 600.

The £130,000 as agreed by the Conference for the roll out of supervision is budgeted to come from the Fund for Training under Other Professional Fees with £75,000 of income from the Allchurches Trust Ltd Methodist grant towards this work. The District Chairs' supervision cost of £35,000 is budgeted for separately under 635.

The Conference – CC 631

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 budgeted costs for 2017/2018 of £460,000 are relatively low as a result of keen prices being offered by the Nottingham venue. For the three Conferences commencing with 2019 total costs will return to more normal levels around £525,000 per annum.

Law and Polity CC 610

The only significant increase to this cost centre is an additional £50k for legal compliance

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work that continues to grow and is largely outside of our control. The external legal fees line has remained at £120,000. As with previous years, the budgeted legal fees do not include any significant legal claim. This line includes the contribution made to the Trustees for Methodist Church Purposes (TMCP) for the 35% of legal staff costs.

Discipleship and Ministries

The cluster's support of ministries, and in particular accredited ministry has been transferred to the Conference Office and as such the majority of the amounts in cost centres 233, 234 and 235 have moved into the Conference Office. The work set in train by the Council will see changes and additions to the cluster's work in the year ahead.

Key outcomes from the Training Review have been built into this budget following the agreement of the SRC and the Council. The number of staff located in regional teams will be reduced overall, with 1.0 FTE allocated per district, managed by a team of coordinators. The budget will flex to support new areas of work in Evangelism and Growth, enabling both staff and additional resources to focus on this priority. A grant made to Thy Kingdom Come last year will be supported by increased staff time this year. Where staff are ordained it is considered prudent to allow for a lay salary in the year subsequent to that reinvitation.

CC	Cost Centre	2016/ 2017 (ACT) £000	2017/ 2018 (BUD) £000	2018/ 2019 (BUD) £000	2019/ 2020 (BUD) £000	2020/ 2021 (BUD) £000
	Income					
200	Discipleship and Ministries	477	167	91	91	91
201	D&M - Cliff	200	367	400	400	400
204	D&M - North East	6	0	6	6	6
205	D&M - South West	0	0	0	0	0
207	D&M - East of England	11	7	11	11	11
209	D&M - Yorkshire Plus	0	0	0	0	0
210	Forces Board Chaplaincy	187	200	172	172	172
220	Children and Youth	8	132	144	144	144
225	Church and Community (general)	1	0	1	1	1
226	Programmes	65	0	65	65	65
227	Family Ministry	0	0	0	0	0
230	Regions / General	5	6	3	3	3
232	Pathways General	1	0	0	0	0
238	SRI General	256	218	235	235	235
240	Discipleship Development	32	0	0	0	0
261	Venture Fx	11	11	10	10	10
356	Education (Meth Schools)	1	0	89	94	95

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457	Frances Young House	37	0	122	122	122
Income Total		1,299	1,107	1,348	1,353	1,355
Expenditure						
200	Discipleship and Ministries	(845)	(699)	(682)	(699)	(706)
201	D&M - Cliff	(428)	(366)	(374)	(381)	(385)
202	D&M - London	(193)	(214)	(147)	(149)	(151)
203	D&M - Scotland	(156)	(131)	(118)	(120)	(121)
204	D&M - North East	(173)	(175)	(173)	(175)	(177)
205	D&M - South West	(192)	(181)	(181)	(183)	(186)
206	D&M - East Central	(228)	(256)	(208)	(210)	(212)
207	D&M - East of England	(208)	(194)	(158)	(161)	(163)
208	D&M - Cymru/ Wales	(170)	(173)	(173)	(175)	(176)
209	D&M - Yorkshire Plus	(275)	(263)	(263)	(266)	(270)
210	Forces Board Chaplaincy	(187)	(451)	(678)	(573)	(194)
211	D&M – Southern& Islands	(231)	(229)	(188)	(191)	(193)
212	D&M - Bristol & W Midlands	(238)	(247)	(230)	(232)	(235)
213	D&M - North West & Mann	(419)	(442)	(386)	(390)	(394)
220	Children and Youth	(5)	(225)	(495)	(488)	(489)
225	Church & Community	(259)	(252)	(258)	(261)	(264)
226	Programmes	(255)	(10)	0	0	0
227	Family Ministry	(71)	(70)	(74)	(73)	(74)
228	Chaplaincy Project	(4)	0	0	0	0
230	Regions / General	(100)	(113)	(270)	(273)	(276)
231	Transitional	0	0	0	0	0
232	Pathways General	(268)	(133)	(76)	(76)	(76)
238	SRI General	(274)	(397)	(334)	(335)	(337)
240	Discipleship Development	(212)	(182)	(196)	(200)	(201)
261	Venture Fx	(326)	(329)	(301)	(306)	(151)
356	Education (Meth Schools)	(164)	(119)	(176)	(183)	(185)
457	Frances Young House	(19)	0	(134)	(134)	(135)
239	Evangelism & Growth	0	0	(153)	(156)	(158)
Expenditure total		(5,901)	(5,851)	(6,428)	(6,390)	(5,908)
D&M net expenditure		(4,602)	(4,744)	(5,080)	(5,037)	(4,554)

The investment in the **ONE Programme** has increased. The One Programme Participant scheme (within CC 220) (OPPS) will continue, with 10 places funded from the Epworth Fund across the Connexion, enabling churches and Circuits to bid to host a young person. This year the programme will be evaluated by an external consultant, and money has been

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allowed in the budget for this. The ONE Intern initiative (Within CC 200), piloted this year with 7 places, will expand to 10 places for 2018/2019. This, funded from the CPF, will offer young adults a year of vocational discernment and spiritual growth whilst working and gaining invaluable experience in their chosen career as an employee in a professional workplace. These workplaces include the House of Lords, Action for Children, the Central Finance Board. Places will expand in 2018 with the addition of Universities UK, All We Can, and St George's House, Windsor. The initiative is undergoing ongoing evaluation and some budget is allocated in 2018/2019 to undergo a more robust evaluation of the entire programme and its processes.

Children and youth (CC 220): 3Generate continues as a major success and growth story and an increase in income to £100k has been allowed to reflect the increase in ticket sales anticipated to 1,200 places this year, marked with a corresponding increase in expenditure. The total delivery cost of 3Generate is in the order of £311,000. It is proposed within the budget that the Families Ministry Officer, which has been funded from the Education and Youth fund until 31 August 2018 will continue, funded from the MCF; this is to recognise the importance of intergenerational work within the life of the Church.

Education (CC 356): the SRC has agreed to increase support of Methodist schools, making available c£90,000 per annum for three years. This is specifically to enable the Methodist Academies and Schools Trust (MAST) to fulfil its obligations to Methodist State Funded Schools as per SO 342. The intention is that this should be provided from a combination of the Methodist Independent Schools Trust, Westminster College Oxford Trust and the Southlands Methodist Trust. Discussions are ongoing with each set of trustees, but a corresponding amount of income has been included within the draft budget – it should be noted that this is not guaranteed at this time. This will particularly ensure that our schools are able to deliver a high quality of educational opportunity with a strongly framed Methodist emphasis.

The Designated Training Fund (DTF) is fed by the income generating centres MIC Ltd and the Guy Chester Centre, and assumes a combined income from the two of £1.3 million per annum. This is now spent in cost centres pertaining to both Discipleship and Ministries and the Conference Office. The aim is to keep this fund balance at zero, with expenditure matching income. In Discipleship and Ministries the DTF money is spent on supporting work at Cliff College and work to support Higher Education grants. There are other assets which may be realised as income via this Fund in the years ahead, notably the redevelopment of Camden Town Methodist Church.

VentureFX (CC 261): The budget for 2018/2019 is £292,000, declining gradually to £141,000 in 2020/2021. This saving is mostly accounted for by the reduction in the number of VentureFX projects that continue beyond their initial phase of connexional funding. It has been assumed that the role of coordinator will continue as part of a full-time role and that

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each of the current VentureFX pioneers will continue on the current basis until the end of the ten-year lifetime of their project.

Support Services

The budget for the majority of Support Services cost centres continues as per current plans but from 2018/2019 will be altered to be shown as two distinct teams; Finance and Resources, and HR and Development, with the following main exceptions:

Casual staffing budgets have been removed in both Financial Services and Administration. This reflects the conversion of a temporary post to permanent within the Gift Aid Bureau last year, plus recognition that with historical underspends on staff costs it is not appropriate to budget for any temporary staffing.

CC	Cost Centre	2016/ 2017 (ACT) £000	2017/ 2018 (BUD) £000	2018/ 2019 (BUD) £000	2019/ 2020 (BUD) £000	2020/ 2021 (BUD) £000
	Income					
409	Bureau Services	270	280	280	285	290
410	Financial Services	69	77	77	77	77
430	Administration	27	35	22	22	22
431	Information Technology	21	30	30	30	30
440	Development & Personnel	0	0	0	0	0
450	Building & Facilities (MCF)	3,147	423	410	419	428
452	4JWR Peterborough Property	126	125	120	120	120
455	Connexional Manses	53	35	45	45	45
461	Property	5	4	5	5	5
470	Support Services in Manchester	14	0	0	0	0
		3,731	1,010	989	1,002	1,017
	Expenditure					
355	Resourcing Mission	(42)	(91)	(95)	(96)	(98)
400	Support Services	(99)	(126)	(99)	(101)	(102)
409	Bureau Services	(275)	(240)	(241)	(238)	(242)
410	Financial Services	(944)	(921)	(933)	(926)	(942)
430	Administration	(1,186)	(1,286)	(1,367)	(1,289)	(1,296)
431	Information Technology	(515)	(656)	(695)	(667)	(640)
432	Executive Support	(240)	(223)	(213)	(213)	(214)
440	Development & Personnel	(883)	(958)	(1,031)	(935)	(941)
442	Database Administration	(87)	(80)	0	0	0

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450	Building & Facilities (MCF)	(3,158)	(622)	(571)	(522)	(529)
452	4JWR Peterborough Property	(10)	(13)	(13)	(14)	(14)
455	Connexional Manses	(175)	(220)	(202)	(203)	(203)
460	Past Cases Review	(153)	0	0	0	0
461	Property	(107)	(88)	(101)	(102)	(103)
470	Support Services in Manchester	(109)	(125)	(116)	(117)	(118)
481	Connexional Grants Admin	(183)	(183)	(186)	(187)	(188)
Total Expenditure		(8,165)	(5,831)	(5,864)	(5,611)	(5,629)
Net expenditure		(4,434)	(4,821)	(4,876)	(4,608)	(4,613)

Administration (CC 430) includes an amount of £50,000 per annum, from the current 2017/2018 year onwards to support Data Protection work within the Team. In 2018/2019, this is doubled to £100,000 in anticipation of work on a digital filing/archiving solution that is being explored during 2017/2018.

Information Technology (CC 431) has entirely subsumed Database Administration (CC 442), adding approximately £80k to its annual budget. Exceptional provision is made for a substantial renewal of firewall and security software in 2018/2019.

As noted above, the **Development and Personnel (CC 440)** budget for 2018/2019 includes two temporary staff to support restructuring within the whole Team. Without this, the budget would be slightly reduced thanks to tighter controls on committee costs and a clearer understanding of fees paid from the MCF for ministers from outside the EU to obtain work permits. With the picture post-Brexit unknown, there is a chance that these fees will increase in 2019/2020.

In parallel with this budget, the Council received a report from the Management Committee of Methodist Church House outlining options for future major works required on the building. Although the Council has agreed to one option, the budget has been prepared based on the current situation since a detailed capital project budget will now be required which will require time in the months to come.

Property Support: During the course of the next connexional year, the Council will be considering proposals for a connexional property strategy, with associated questions about how the Team will support the wider connexion with regard to property. The decisions of the Council relating to the recommendations of the working party reviewing the provision of legal and property support for managing trustees are also being taken forward within the current budget, any further resources required will be discussed with TMCP and the SRC. Existing posts and work are included within cost centres 355, 461 and 470, which have been budgeted as per the existing staffing since any additional resource will need to be provided by reducing headcount and budget elsewhere within the Team. The management of this work relocated to the Conference Office in April, but that change is not yet reflected in the budget layout.

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Mission and Advocacy

The budget for the cluster (as with others) has been prepared largely on the basis of 'business as usual'. As already stated, organisational changes are being discussed as part of the wider Connexional Team picture. These are likely to result in some adjustments between cost centres in due course, but we are confident that this can be done within the overall totals shown.

CC	Cost Centre	2016/ 2017 (ACT)	2017/ 2018 (BUD)	2018/ 2019 (BUD)	2019/ 2020 (BUD)	2020/ 2021 (BUD)
	Income	£000	£000	£000	£000	£000
305	Communications& Campaigns	0	6	0	0	0
310	Methodist Heritage	1	15	20	5	5
311	Publications	556	557	557	554	552
315	Modern Christian Art	6	4	3	3	3
326	World Church Relationships	3	0	3	3	3
330	Public Issues	7	14	15	22	15
	Total Income	572	596	598	587	578
	Expenditure					
300	Mission and Advocacy	(77)	(81)	(81)	(82)	(83)
305	Communications& Campaigns	(271)	(349)	(333)	(337)	(341)
310	Methodist Heritage	(129)	(193)	(222)	(196)	(197)
311	Publications	(816)	(841)	(858)	(861)	(866)
315	Modern Christian Art	(15)	(15)	(16)	(12)	(7)
319	Engagement & Marketing	(125)	(163)	(167)	(168)	(170)
320	Fundraising	(138)	(159)	(154)	(160)	(161)
326	World Church Relationships	(577)	(597)	(583)	(611)	(625)
327	One Mission	(35)	(48)	(13)	(13)	(13)
330	Public Issues	(251)	(290)	(279)	(289)	(284)
370	Interfaith Relations	(22)	(15)	(15)	(15)	(15)
	Total Expenditure	(2,455)	(2,751)	(2,719)	(2,745)	(2,761)
	Net expenditure	(1,883)	(2,155)	(2,121)	(2,157)	(2,183)

Publishing and Communications (CC 305/311)

Sales revenues from *Singing the Faith* are starting to decline slowly, having held up remarkably well in recent years. Some growth is assumed in other sales, balancing this out overall.

While there is upward pressure on print and paper costs (the latter in particular have risen sharply), we have achieved some economies by negotiation with existing contractors or

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moving to alternative printers, such as printing of the *connexion* magazine, which has been moved resulting in a cost reduction.

The new website was successfully launched in December 2017. Future costs for IT-related expenditure include the maintenance of the site, licence costs for other key software such as Dotmailer, and costs associated with new project management and proofing systems.

Engagement (CC 310, 319, 320)

Spikes in the Heritage income line relate to a biennial conference.

On the expenditure side, the needs of archiving remain a considerable concern and we are largely reliant on volunteers in this area. Some provision has been made (codes 310-4441 and 4670) for licensing Digital Asset Management software which will enable us both to have a central repository for new photographic images (which are acquired all the time and used, inter alia, by Publishing) and to begin dealing with historic images held on various media. In the meantime, we also have the continuing costs associated with archives and storage at John Rylands University and the School of Oriental and African Studies (SOAS).

Costs associated with Fundraising include the publishing both of *One Mission Matters* and JMA materials. Work is in hand on revamping the latter and some costs associated with that are allowed for in the budget. The future of *One Mission Matters* will be reviewed in the context of overall changes to Engagement in order better to support mission engagement and education.

World Church (Global) Relationships (CC 325/6)

Costs under Fund 700 (Methodist Church Fund) are primarily staff salaries and overheads, including travel. The overseas travel budget covers costs beyond those purely related to WCR staff and is always under pressure. We will continue to monitor this closely.

Revenues (donations and legacies) shown for Fund 766 (World Mission Fund) are hard to predict and a cautious approach has been taken, assuming continuing decline in these revenue streams.

There are some substantial new lines of work included under Fund 766, agreed in principle by the Global Relationships Strategic Oversight Subcommittee (GRSOSC) and with a view to drawing down the currently high reserves on this fund in line with the agreed reserves policy. The increases include additional budget for the Nationals in Mission Appointments (NMA) programme and for Strategic and Leadership Training (SALT) for our overseas partners. Budget allocations for *new* work include:

- A substantial commitment (line 766-325-4315) to capacity building work in association with All We Can and the continuing support of those churches with whom this will engage. The cost is budgeted to be £115,000 in year one rising to £270,000 by the third year of the budget.

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- Funding set aside (also under the same code) for major investments in projects brought forward by Partner Churches with an aim to achieving financial self-sufficiency, such as commercial property developments. More work is being done on the details of this proposal, for review by GRSOSC.
- Funding for an increased number of PhD students coming from Partner Churches.
- Provision for costs associated with locating some staff overseas or contributing to overseas office costs of other organisations with whom we might work in some regions (potentially including UMC).
- Contribution to the European Methodist Council for a support staff role.
- Costs for beginning to address the World Church Relationships archival material still held in the basement at MCH. This cannot be lodged with a library without major preparatory work, and digitisation would be highly desirable. Costs have been included under 766-325-4670 for a feasibility study and some urgent conservation in the first two years of the budget, and a further £1 million in year 3 when a major project might commence. That will require further cost benefit justification in due course.

Other areas

Provision continues to be made under the M and A budgets for a small level of spend supporting inter faith work (£15,000 annually) and for support for the Methodist Modern Art Collection (MMAC). While various possible developments have been discussed with the MMAC Management Committee, no provision has been made in the budget for additional resourcing, eg a development officer. The future home for the collection is under discussion and this will need to be taken forward by the new Chair of the committee. Any costs associated with that are outside of the provisions made in this budget.

CC	Cost Centre	2016/ 2017 (ACT)	2017/ 2018 (BUD)	2018/ 2019 (BUD)	2019/ 2020 (BUD)	2020/ 2021 (BUD)
	Income	£000	£000	£000	£000	£000
250	The Diaconal Order	100	87	81	81	81
	Total income	100	87	81	81	81
	Expenditure					
111	World Methodist Council	(26)	(36)	(38)	(38)	(57)
120	Connexional Secretary	(159)	(242)	(252)	(253)	(255)
250	The Diaconal Order	(82)	(227)	(170)	(172)	(174)
	Total expenditure	(267)	(505)	(459)	(463)	(485)
	Net expenditure	(167)	(417)	(378)	(382)	(404)

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Office of the Connexional Secretary

The World Methodist Council (CC 111) contains the budget to enable members of the Council appointed by the Conference to participate in the work of the Council. The Council meets twice during the quinquennium but the costs are evened out year on year. The Council meets in Korea in July 2018.

The Connexional Secretary's budget (CC 120) contains costs relating to the postholder including provision for the extensive travel undertaken as part of the role both in the UK and around the world. 50% of this budget line is made of the two contingency amounts that are held, £25k from the MCF for the work of the Team and £100,000 from the Epworth Fund that is used at the discretion of the Secretary of the Conference and the Connexional Secretary for supporting emergencies that arise in the wider Connexion.

Methodist Diaconal Order (MDO) (CC 250)

Contained with the budget are both the expenditure of the MDO from its own funds as well as the support the Order receives from the MCF.

The stipends and associated costs (travel etc) of the Warden and the Deputy Warden as well as costs of administrative support are met from the MCF. MDO income into this cost centre reflects costs of activities that are met from its own funds as determined by the Order.

The MDO is working on reserve policies and planned draw down of funds over the next three to five years.

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Fund	Fund Name	Opening Balance £000	2017/ 2018 (BUD) £000	2018/ 2019 (BUD) £000	2019/ 2020 (BUD) £000	2020/ 2021 (BUD) £000	Fund Closing Balance £000	Property values £000	Net balance £000
700	MCF General	23,081	0	7	(61)	(233)	22,795	(16,352)	6,443
704	Auxiliary Special Purposes	568	(29)	(41)	(41)	(41)	417	-	417
705	Trinity Hall Trust	926	16	(0)	(4)	(2)	937	-	937
706	Lefroy Yorke Trust - Endowment	722	0	(4)	(4)	(1)	720	-	720
707	Barratt Memorial	1,069	(3)	(3)	(3)	(3)	1,056	-	1,056
709	Rank - Endowment Fund	5,989	(17)	(18)	(18)	(18)	5,918	-	5,918
719	Aspinall Robinson Trust (MDO Holiday Fund)	693	(0)	12	12	12	728	-	728
720	MDO Surplus Funds	475	0	3	3	3	483	-	483
722	Education and Youth	282	(132)	(149)	0	0	(0)	-	(0)
724	Archives Revenue Fund	70	0	0	0	0	72	-	72
725	WG Barratt - Income	345	(0)	27	27	27	426	-	426
727	Connexional Priority Fund	11,195	(1,529)	(1,985)	(1,744)	(1,597)	4,340	-	4,340
728	Epworth Fund	7,078	(323)	(326)	(327)	(329)	5,772	-	5,772
729	Pension Reserves Fund	27,464	2,696	3,100	3,200	3,300	39,760	-	39,760
732	Connexional Team Benevolent	69	1	2	2	2	76	-	76
733	Computers for Ministry	302	15	(181)	(135)	0	1	-	1
734	Necessitous Local Preachers - Inc	10	6	3	3	3	25	-	25
738	Modern Christian Art- Development	10	(5)	(6)	(2)	3	(0)	-	(0)
739	Forces Chaplaincy Revenue	1,199	(270)	(506)	(401)	(22)	0	-	0
741	Methodist Heritage	8	6	3	3	3	24	-	24
743	Mission in Britain Fund	6,509	(1,464)	(714)	(474)	(484)	3,374	(1,891)	1,483
744	Mission in Business Industries and Commerce	403	15	(1)	(1)	(1)	414	-	414
746	Lay Mission Superannuation	174	62	(21)	(21)	(21)	171	-	171
747	Connexional Travel Fund	256	(14)	(27)	(9)	(9)	199	-	199

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748	Sabbatical Fund	101	(54)	(44)	5	15	23	-	23
750	Fund for the Support of Presbyters & Deacons(FSPD)	9,679	27	(253)	(263)	(274)	8,916	(1,175)	7,741
752	Medical Benevolent Fund	2,101	2	(25)	(27)	(28)	2,024	-	2,024
753	Ministers Children's Relief Ass	58	8	(2)	(2)	(2)	60	-	60
757	Fund for Property	3,095	(1,257)	(515)	(535)	(55)	733	-	733
762	Fund for Training	7,391	(343)	(173)	(168)	(169)	6,537	(6,776)	(239)
763	Long Term Renewal Fund	(68)	81	110	110	110	344	-	344
765	Centenary Hall Trust	25,294	183	52	116	120	25,765	(25,762)	3
766	World Mission Fund	29,098	(2,450)	(3,755)	(4,466)	(5,870)	12,556	(7,926)	4,630
767	Benevolent Fund	309	9	6	6	6	335	-	335
851	Benevolent Fund - Deaconesses	53	1	1	1	1	57	-	57
854	Oxford Institute	141	1	1	1	1	144	-	144
856	Designated Training Fund	249	0	(67)	(74)	(78)	30	-	30
764	Overseas Student Work	258	8	(36)	(36)	(36)	158	-	158
731	Beckley Trust	3	0	0	0	0	3	-	3
735	Southdown Project Fund	15	0	0	0	0	16	-	16
755	Listed Buildings	20	(0)	0	0	0	20	-	20
758	Special Extension Fund	1,796	54	28	28	28	1,935	-	1,935
869	Langley House Trust	86	0	0	0	0	88	-	88
702	Defined Pension Liability	(9,610)	0	0	0	0	(9,610)	-	(9,610)
708	Opportunities for the Disabled - Endowment Fund	2	0	0	0	0	2	-	2
714	Marshall Scholarship - Endowment Fund	1	0	0	0	0	1	-	1
715	Necessitous Local Preachers - Endowment Fund	164	0	(0)	(0)	(0)	163	-	163
716	Strawson Gift - Endowment Fund	7	0	0	0	0	7	-	7
717	William Leech Charities	10,984	0	(11)	(11)	(11)	10,951	-	10,951
736	Borries Bequest - Endowment	24	0	0	0	0	24	-	24
Grand Total		170,147	(4,698)	(5,503)	(5,307)	(5,650)	148,990	(59,882)	89,108