

DISTRICT CONTEXT

Once again setting a district budget feels like navigating a small boat through a large storm, with powerful headwinds and crosswinds beyond our control. I have used the same reference points as in recent years in attempting to set a course.

- Stable investment – the district staff team has grown in recent years, out of a belief that we can simplify procedures by allowing ministers, local lay employees and volunteers to concentrate on mission secure in the knowledge that adequate capacity of high quality safeguarding and HR support is available, and that the district is administered in a way that progressively reduces administrative load wherever we can. Through our Communications Officer, Children & Youth Co-ordinator, Mission Enabler and Missional Property Enabler we aim to give circuits, churches and members the knowledge and support they need to make transitions which enable communities of faith to grow in a changing world.
- Viable assessments – assessments for circuits have reduced to 2022/23 by 3% in cash terms since 2016 – in real terms a 24% reduction. All of our circuits are facing inflation in staff costs and difficulty in maintaining income from current sources. The majority of circuit treasurers would appreciate no increase in assessment, whilst recognising that relative to the deficits in their budgets a small increase would make only a symbolic difference
- Targeted funding – we need to make sure that sufficient funding remains to invest in transformational mission in our churches and circuits in places where this would be otherwise unaffordable or too high-risk to proceed without sharing upfront investment costs. In our current context innovation is necessary and sometimes urgent.

Underlying all of this is *For Such A Time As This* and its assertion that it is precisely in times of change, upheaval and weakness that we are called to use what God has provided for us to act now in preparation for a Kingdom future.

CONNEXIONAL TEAM CONTEXT

This is made more challenging by the share of the Connexional Team assessment borne by our churches increasing this year by 9% (£39k). This is a combination of the Connexional Team facing the same inflationary pressures on stipends as our circuits, and Methodism in some other parts of the country having declined over the last year, making our weighted share of the central cost larger. £1m has been cut from Connexional Team operation budget in recent years, and further savings are being sought for future years with the intention that this increase will be a one-off effect.

Broadly speaking, assessments pay for the core costs of running the district and retreats/events and we use advance fund receipts to fund discretionary missional staff and grants. The increase in Connexional assessment is nearly half of our core and events costs, so we either need to recover this from circuits over time, or permanently fund the core costs of running the district from advance fund capital receipts.

SCENARIOS OFFERED

My base case scenario assumes that we pass a 3% (£17k) increase in assessment on to circuits for 2023/24 and that we warn that we may need to pass on small increases in the coming years to recover our finances, depending on inflation and other circumstances.

This will allow us to maintain our staffing levels, support new Christian communities to the extent proposed in the strategy update, and make c.£80k of other grants between now and 2025. Thereafter grants are likely to have to be at a lower level, subject to the levels of advance fund receipts and future salary inflation.

I have also mapped out further savings which could be made to reduce the assessment we pass on to circuits. In the short term we can defer this by reducing grants, but ultimately will need to move to a point where either our income rises or our outgoings reduce.

WHAT WE NEED TO DECIDE NOW

We are setting a budget which will not start to take effect until September. The reason for doing this now is to give circuits clarity about the assessments they can expect to receive when they set their budgets.

Provided DLT is satisfied we can afford this assessment settlement, we can defer some choices about how we keep our costs in line with this closer to the time, by which time we may have more clarity about the overall economic context and which activities are most fruitful.

Similarly, cost and income forecasts and decisions for years beyond 2024 are to illustrate where we are heading rather than necessarily needing action at this moment.

I will prepare for circuits and churches a non-technical summary of what the assessment is used for.

ASSESSMENTS ON CIRCUITS

This budget assumes that the total assessment on Circuits will increase by 3% for 2022/23 – Connexional assessment increasing by 9% (£39k) and District assessment reducing by 16% (£22k) to absorb as much of this as possible.

	2020/21 Actual	2021/22 Actual	2022/23 Forecast	2023/24 Budget	2024/25 Plan	2025/26 Plan	2026/27 Plan
Circuit assessments							
Connexional element	465,578	449,157	435,802	475,025	475,025	475,025	475,025
District element	111,866	125,512	139,814	117,591	129,443	141,533	153,864
Total	577,444	574,669	575,616	592,616	604,468	616,557	628,889
% change							
Connexional assessment	(2.0)%	(3.5)%	(3.0)%	9.0%	0.0%	0.0%	0.0%
District element	9.5%	12.2%	11.4%	(15.9)%	10.1%	9.3%	8.7%
Overall assessment	0.0%	(0.5)%	0.2%	3.0%	2.0%	2.0%	2.0%

The Connexional assessment is planned to remain unchanged in cash terms in future years across Great Britain, although our share of this could rise or fall.

“Plan” numbers for future years are indicative only, based on assumptions about inflation and other income, but this would bring us back to a position where the core costs of running the district and its events/ retreats are funded from the assessment which is our most stable source of income.

GRANTS TO CIRCUITS, CHURCHES & INDIVIDUALS

	2020/21 Actual	2021/22 Actual	2022/23 Forecast	2023/24 Budget	2024/25 Plan	2025/26 Plan	2026/27 Plan
Learning & development	(5,981)	(1,393)	(3,000)	-	-	-	-
Missional grants	(37,764)	(71,923)	(227,500)	(100,000)	(100,000)	(15,000)	(30,000)
	(43,745)	(73,316)	(230,500)	(100,000)	(100,000)	(15,000)	(30,000)

Grants already committed in the current year comprise warm spaces (est. £20k), carbon reduction feasibility surveys (est. £38k) and property grants (£20k). Based on assumed levels of income between now and summer 2025 we could fund:

- £60k for each of seven new Christian communities (as described in the mission update paper), of which £156k would come from E&G allocated NPNP funding
- £85k for other property and staffing grants – I am already aware of potential projects likely to request amounts close to this amount. We could give lower grants for property projects in particular, as these often have access to a wide basket of funders once they have evidence of district support.

This budget assumes that we reluctantly stop making MDR grants (currently up to £200 per minister) and other Learning & Development grants from September 2023. Since we began offering these grants, more free training has become available (including via Zoom) on a broad range of topics from the Connexional Team, Learning Network, the district, and other denominations. We have also found a broad range of people appreciate peer learning through communities of practice. Whirlow Spirituality Centre offer training grants to all members of our district. Only eight people accessed these grants last year, and we have awarded three so far this year.

ADVANCE FUND INCOME

Advance fund income comprises mainly levies on Circuit Model Trust Funds and also a distribution from the Connexional Property Fund (i.e. redistribution of levies on property sales). I have budgeted for 2023/24 and assumed for future years at £180k pa. Only three times in the last 11 years has it been less than this, the lowest receipts having been £160k. This could fall if circuits spend the balances they hold, but could rise if more properties are sold.

DISTRICT ACTIVITIES

	2020/21 Actual	2021/22 Actual	2022/23 Forecast	2023/24 Budget	2024/25 Plan	2025/26 Plan	2026/27 Plan
Chair's manse	(1,738)	(815)	(6,287)	(6,413)	(6,541)	(6,672)	(6,805)
Chair and volunteer expenses	(3,024)	(9,516)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)
Office and communications	(53,563)	(57,954)	(63,312)	(67,075)	(68,826)	(69,737)	(70,665)
Safeguarding & HR advice	(35,444)	(38,242)	(41,390)	(44,135)	(45,740)	(46,575)	(47,427)
Events & retreats	(1,864)	(5,404)	(15,000)	(14,500)	(14,500)	(14,500)	(14,500)
CYC & MPE	-	(54,344)	(63,182)	(67,333)	(69,787)	(71,062)	(72,364)
Mission Enabler	(35,801)	(38,356)	(41,759)	(44,451)	(46,069)	(46,910)	(47,769)
Less Mission Enabler funding	25,758	25,758	25,758	-	-	-	-
One Programme District	-	-	-	(20,000)	(20,800)	(21,216)	(21,640)
Pension reserve contribution		(24,000)					
	(105,676)	(202,873)	(219,172)	(277,907)	(286,263)	(290,672)	(295,170)

The £59k increase in cost of district activities from 2022/23 to 2023/24 is:

- £26k ending of Connexional grant towards Mission Enabler role. Budget continues assumption from previous years that this role will continue
- £15k increase in lay salaries by 7.83% in line with stipends
- £20k start of One Programme: District
- £(2)k other net savings

The £8k increase in 2024/25 is due to an assumed 4% inflationary salary increase. I have assumed 2% salary inflation thereafter.

£197k of the £278k total cost is salary, pension and national insurance.

Key components of other costs are:

- Chair's manse comprises £9k costs of the Doncaster flat, £3k depreciation (non-cash cost) and £4k maintenance of the Grange Road manse, partially offset by £11k rental income from Grange Road
- Chair and volunteer expenses are expected to increase following the end of lockdown restrictions. There remains a benefit to face to face meetings for various occasions, and for maintaining a visible presence of the chair through regular preaching around the district. There may be a one-off saving during Gill's presidential year, but this has not been assumed. £1k is budgeted for benevolent fund expenditure.
- Office & communications comprises £44k cost of employing our Administrator and Communications Officer, rental and running of the office in Victoria Hall, and other administrative costs. It also includes £4k for two printed district magazines and four short professional videos to be able to share stories effectively to a wide and diverse audience.
- One Programme: District is employment of up to eight young interns on 3 hour/week contracts, who will be identified by and working for churches or circuits, with training and support provided by the Children & Youth Coordinator, as previously approved by DLT.

- Events and retreats comprise the following. The youth & children's leader retreat held this autumn was deemed inefficient use of funds and so has been dropped

Event	Income	Costs	Notes
Superintendents' residential		(1,500)	
Probationers' retreat	3,000	(5,000)	Costs vary depending on numbers
Early years ministry retreat		(1,000)	Costs vary depending on numbers
Synod & District Gatherings (incl synod)		(5,000)	Planning for high impact events
Youth away day	500	(2,000)	
Joined Up conference		(500)	large ecumenical youth leaders event
3Generate transport		(3,000)	2 coaches due to growing numbers
Total	3,500	(18,000)	

RESTRICTED FUNDS – CONTRIBUTION TO MATCH FUNDED PROJECTS

The following contributions are made from unrestricted district funds to projects which are legally accounted for as restricted funds within our district, but have wider impact:

	2020/21 Actual	2021/22 Actual	2022/23 Forecast	2023/24 Budget	2024/25 Plan	2025/26 Plan	2026/27 Plan
Peak Park Development	(12,400)	(15,935)	(9,245)	(14,000)	(14,000)	(14,000)	-
Learning Network region	-	(3,293)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Persian ministry	-	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	-
	(12,400)	(31,228)	(23,245)	(28,000)	(28,000)	(28,000)	(2,000)

We have currently committed £12k pa to the Peak Park Rural Development Enabler role until 2026. I have assumed that we and other partners will now need to increase these contributions due to the inflationary increase in stipends.

Learning Network represents the costs and income from regional events (salary costs being part of the Connexional Team). Our contribution represents an annual lump sum of £1,000 plus top-up fees for regional retreats attended by members of our district.

The Persian Ministry Development Enabler was appointed in August 2021 and is initially working across our district and Yorkshire North & East. This is a five year project. Some match funding is still to be confirmed for the later years.

FURTHER COST SAVINGS

The increase in Connexional assessment is £39k. The base case assumes we absorb £22k of this in 2023/24 and then allow assessments to gradually rise if necessary in future years.

Further savings to ongoing district costs, which would either reduce assessments or increase grant funding, include the following, each of which would reduce implementation of *For Such A Time As This*

- £35-40k pa – Reduce staffing by one FTE post
- £7k pa – all district staff (including Chair) to reduce travel by 50%

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- £7k pa – stop non-essential gatherings (Early Years retreat, superintendents residential meeting, synod reduced to simple business meeting without external speakers or catering)
- £6k pa – Restrict 2023/24 inflationary salary increase to 5%
- £5k pa – reduce One Programme: District to only 6 interns
- £4k pa – stop magazine and video work
- £2k pa – end subsidy of regional Learning Network retreats and events

DETAILED SCHEDULES – RESTRICTED INCOME AND EXPENDITURE

	2020/21 Actual	2021/22 Actual	2022/23 Forecast	2023/24 Budget	2024/25 Plan	2025/26 Plan	2026/27 Plan
Mission Enabler							
Income	25,758	25,758	25,758	-			
Transfer from other funds	12,858	13,858	-	-	-		
Employment costs	(35,464)	(35,983)	(37,759)				
Other costs	(337)	(2,373)	(4,000)	(2,290)	-		
	2,815	1,260	(16,001)	(2,290)	-	-	-
Peak Park Rural Development Enabler							
Income	39,480	35,540	41,220	47,000	47,000	47,242	
Transfer from other funds	12,400	15,935	9,245	14,000	14,000	14,000	
Employment costs	(34,755)	(35,511)	(36,459)	(39,599)	(41,183)	(42,007)	
Other costs	(16,916)	(18,316)	(18,338)	(18,338)	(18,705)	(19,079)	
	209	(2,352)	(4,332)	3,063	1,112	156	
Hodkin bequest (youth)	-	(1,064)		-	-	-	-
35 Chapel Walk	(5,393)	56		-	-	-	-
Who is your neighbour?	(31,450)	(55,013)		-	-	-	-
Learning Network region							
Income	-	14,309	10,000	10,000	10,000	10,000	10,000
Costs	(4,502)	(17,804)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)
Transfer from other funds	-	3,293	2,000	2,000	2,000	2,000	2,000
	(4,502)	(202)	-	-	-	-	-
Persian ministry							
Income	30,000	32,545	32,000	32,000	32,000	26,350	
Transfer from other funds	-	12,000	12,000	12,000	12,000	12,000	
Employment costs	(2,050)	(36,318)	(37,522)	(40,198)	(41,806)	(42,642)	
Other costs	-	(4,611)	(9,937)	(9,937)	(9,937)	(9,937)	
	27,950	3,616	(3,459)	(6,135)	(7,743)	(14,229)	-
NPNP Pilot							
Income	10,000	20,000	20,000	30,000	30,000	30,000	10,000
Costs	-	(20,000)	(30,000)	(30,000)	(30,000)	(30,000)	(10,000)
	10,000	-	(10,000)	-	-	-	-
MWiB	(777)	656					
Surplus/ (deficit) on restricted funds	(1,148)	(53,043)	(33,792)	(5,361)	(6,630)	(14,072)	-

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UNRESTRICTED INCOME AND EXPENDITURE

	2020/21 Actual	2021/22 Actual	2022/23 Forecast	2023/24 Budget	2024/25 Plan	2025/26 Plan	2026/27 Plan
Income							
District assessment	111,866	125,512	139,814	117,591	129,443	141,533	153,864
Other	793	1,526	250	250	250	250	250
	112,659	127,038	140,064	117,841	129,693	141,783	154,114
<u>Manse & flat</u>							
Manse letting income	10,740	11,040	11,040	11,261	11,486	11,716	11,950
Manse costs	(12,478)	(11,855)	(17,327)	(17,673)	(18,027)	(18,387)	(18,755)
	(1,738)	(815)	(6,287)	(6,413)	(6,541)	(6,672)	(6,805)
<u>Safeguarding</u>							
Employment costs	(24,836)	(25,186)	(26,435)	(28,366)	(29,501)	(30,091)	(30,693)
Other	(618)	(2,530)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
	(25,454)	(27,716)	(29,435)	(31,366)	(32,501)	(33,091)	(33,693)
<u>HR</u>							
Income	6,689	9,121	11,955	12,768	13,239	13,484	13,734
Employment costs	(12,237)	(19,127)	(21,910)	(23,537)	(24,478)	(24,968)	(25,467)
Other	(4,442)	(520)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
	(9,990)	(10,526)	(11,955)	(12,768)	(13,239)	(13,484)	(13,734)
<u>Retreats & events</u>							
Income	(1,000)	680	4,000	3,500	3,500	3,500	3,500
Costs	(864)	(5,020)	(19,000)	(18,000)	(18,000)	(18,000)	(18,000)
	(1,864)	(4,340)	(15,000)	(14,500)	(14,500)	(14,500)	(14,500)
<u>Other costs</u>							
Admin & comms employment	(36,444)	(39,596)	(41,312)	(43,775)	(45,526)	(46,437)	(47,365)
Other office costs	(16,610)	(17,588)	(21,000)	(22,300)	(22,300)	(22,300)	(22,300)
Chair & volunteer expenses	(3,024)	(9,516)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)
Organisations supported	-	(8,000)	-	-	-	-	-
Learning & development	-	(1,393)	(3,000)	-	-	-	-
Surplus/ (deficit) before transfers	17,535	7,548	(1,925)	(27,281)	(18,914)	(8,701)	1,717
Transfer to Learning Network	-	(3,293)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Transfer from advance fund					10,000	-	
Surplus/ (deficit) on general fund after transfer	17,535	4,255	(3,925)	(29,281)	(10,914)	(10,701)	(283)
Advance fund							
Income	176,940	256,830	277,589	180,000	180,000	180,000	180,000
Transfer to other funds	(25,258)	(41,793)	(21,245)	(26,000)	(26,000)	(26,000)	-
Transfer to general fund					(10,000)		
Learning & development	(5,981)						
CYC & MPE salaries	-	(49,576)	(57,182)	(61,333)	(63,787)	(65,062)	(66,364)
CYC & MPE other costs		(4,768)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
ME salary (from 2024)				(40,451)	(42,069)	(42,910)	(43,769)
ME other costs (from 2024)				(1,710)	(4,000)	(4,000)	(4,000)
One Programme District				(20,000)	(20,800)	(21,216)	(21,640)
Grants	(37,764)	(87,923)	(227,500)	(100,000)	(100,000)	(15,000)	(30,000)
Other costs	(509)	(770)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Surplus/ (deficit) on advance fund	107,428	72,000	(35,338)	(76,494)	(93,656)	(1,189)	7,227
Total all funds	123,815	23,212	(73,055)	(111,137)	(111,200)	(25,962)	6,944

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FUNDS

	2020/21 Actual	2021/22 Actual	2022/23 Forecast	2023/24 Budget	2024/25 Plan	2025/26 Plan	2026/27 Plan
Unrestricted funds	285,648	289,903	285,978	256,696	245,783	235,082	234,799
MDSW	17,031	18,291	2,290	-	-	-	-
Hodkin Bequest	1,064	-	-	-	-	-	-
Peak Rural Enabler	2,353	-	(4,332)	(1,269)	(157)	(0)	(0)
35 Chapel Walk	(57)	-	-	-	-	-	-
Learning Network region	2,163	1,960	1,960	1,960	1,960	1,960	1,960
WiYN	55,010	-	-	-	-	-	-
MWiB	1,920	2,576	2,576	2,576	2,576	2,576	2,576
Persian ministry	27,950	31,565	28,106	21,971	14,229	(0)	(0)
NPNP Pilot	10,000	10,000	-	-	-	-	-
Restricted funds	117,435	64,392	30,600	25,238	18,608	4,536	4,536
Advance Fund	161,117	233,117	197,779	121,285	27,629	26,440	33,668
Total funds	564,200	587,412	514,357	403,220	292,020	266,058	273,002

Months spend (excluding grants) as liquid funds							
General fund	7.5	6.5	5.3	3.3	2.7	2.2	2.3
Advance fund	76.5	28.9	27.8	10.7	2.3	2.2	3.3