

CONNEXIONAL ASSESSMENT

BACKGROUND

At the January District Leading Team (DLT) meeting, it was agreed that a letter should be sent to the Connexional Director of Finance and Resources, Matt Tattersall, expressing concern regarding the substantial increase in connexional assessment that this District will be required to pay during the next Connexional year. A letter was drafted by Neil Harland, Treasurer and Revd Gill Newton, District Chair and a copy of that letter is included in this document at Appendix A.

A response was received from Matt Tattersall and a copy of that letter is included in this document at Appendix B. You will note that the letter clearly outlines 3 options which he felt the Methodist Council would have in coming to a mind on the nature of the future budget and therefore the level of the connexional assessment.

It was therefore anticipated that those options would be put before the Methodist Council when it met on 25th and 26th January and that a conversation on this would form part of the discussion on Financial Planning that was timetabled for 26th January. Unfortunately, that was not the case and the Financial Planning paper before the Council was affirmed with no debate at all.

Following the Council, the Chair wrote to the Chair of the Council and the Secretary of the Conference, expressing concern about the lack of appropriate debate surrounding the budget and the paper on Financial Planning. The response received also expressed surprise that there had been no debate but didn't really take the point being made that no options had been presented and therefore no debate had been initiated.

A further e-mail was therefore sent by the Chair to the Secretary of Conference on January 29th to outline this more firmly. It included the following text:

"For this conundrum to really be addressed by the Council, I think it was incumbent upon the Connexional Team to take a proactive approach in placing these three options clearly before the Council and facilitating a debate that enabled the Council to definitively come to a view. This would have given the Connexional Team - and indeed the wider Church – the steer that Matt quite rightly recognised is needed. This would then, in turn, have enabled the Connexional Team to proceed with appropriately shaped strategic planning which could then be returned to the Council for further consideration. I wonder if such an exercise needs to be a priority of the Methodist Council when it next meets?"

No response to this second e-mail has been received.

The DLT is therefore encouraged to consider what, if any, further response it wishes to make to the letter from the Director of Finance and Resources.

Gill Newton
District Chair
March 2023

APPENDIX A

Letter to Director of Finance and Resources

January 14th, 2023

Mr M Tattersall,
Director of Finance and Resources
The Methodist Church

Dear Matt

Connexional Assessment

The Sheffield District Leading Team has discussed the proposed 9% increase in the district's share of the Connexional assessment, being 6% increase in the Connexional Team budget and 3% increase in share due to us having maintained our levels of lay and ordained staffing whilst most other districts have apparently reduced theirs. We would welcome some careful analysis of these staffing figures and an assurance that all districts are applying the same criteria when submitting their figures, given that some districts seem to have seen a significant reduction in the number of employees over recent years. Our conclusion is that whilst we would be willing, albeit reluctantly, to make this level of payment for 2023/24 by reducing the amount of missional grants we make to churches, this level of cost is unsustainable in future years without causing significant detriment to local mission and ministry.

Whilst recognising the theoretical legal statement that assessments are the first call on Methodist funds, we have adopted the only practical approach during a cost-of-living crisis in a rapidly changing church and discussed with our circuits what they could afford before setting our own district budget. This is also how our circuits relate to church councils – it is now quite normal for circuits to receive assessments late or reduced due to a lack of cash in church funds. What we heard in a recent meeting of circuit treasurers is that all our circuits are running at an operating deficit and are reliant on selling buildings to cover the costs of ongoing ministry. All know this is unsustainable but are wary that cutting staffing will lead only to ineffective ministry and burned-out ministers and lay staff. In the current cost of living crisis, we see little opportunity to increase income from our principal sources: offerings from our members and lettings from community groups.

We recognise that the impact of cost inflation is to push up salary and fuel costs, and therefore through nobodies' fault it suddenly and unexpectedly costs more to do the same things we all previously had planned. So therefore, sooner or later, job roles that we had considered necessary and beneficial will have to be lost. If the Connexional Team budget is to increase to protect jobs within the Connexional Team, the inevitable consequence of this will be to make roles at district, circuit, or church level redundant, all of which is extremely frustrating when we have worked hard to encourage circuits to make investment in these ways to support their local and contextual mission.

As a district we are keen to work Connexionally and will continue to do so. Our district staff team all support Connexional Team officers, including this year in preparation of good news stories, the rewriting of the Connexional property manual, updating lay pastor employment paperwork, organising 3Generate, and launching a warm space grant and advice scheme since copied up and down the country in other districts. All of this comes at a cost to the time our employees are giving to the district but is seen as a legitimate part of being connexional.

Furthermore, as a district within the first tranche of the New Places for New People programme, we are now working with circuits to identify, develop and launch the Connexionally suggested NPNP in every circuit. We are fully supportive of this transformational initiative and recognise its potential to bring new vitality and relevance to the Methodist movement in a fast-changing world, and in this to find its own answer, even when being church on the economic margins, to find new ways for this to pay for the support it needs. However, to succeed, it will need our circuits to invest in creating new churches and pioneer roles, knowing that any new Christian communities which emerge will likely need support for at least five to seven years until they become self-sustaining. This investment needs to be committed and funded by the same circuits that are already selling properties to pay the bills. We are grateful for the £156k allocated from the Connexional budget for this work, but it is dwarfed by the true cost of the work, and indeed by the annual assessment of £475k into the Connexional budget and the £39k annual increase in this we need to find.

It may be that you are receiving similar responses from other districts and that a broader conversation would be helpful as you consider how to respond. If so, representatives of our district would be willing to be part of such a conversation.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Gill Newton', with a stylized, flowing script.

Gill Newton,
Sheffield District Chair
For and on behalf of the Sheffield District Leading Team

APPENDIX B

Letter of response from Matt Tattersall

18th January 2023

Gill Newton,
Sheffield District Chair

By email

Dear Gill,

Thanks for your letter dated 14 January concerning the District Assessment. I am sorry to hear that the proposed assessment will lead to 'significant detriment to local ministry and mission'.

I am confident that you will have already looked as fully as possible at your available resources in reaching this conclusion. However, for the sake of transparency, I wanted to be clear on some connexional assumptions over the coming period. As you know, the allocation to the Sheffield District Advance Fund has increased by over £75k (40% increase) since 2017. Whilst we cannot make any firm promises, it is my expectation that sales of property will continue at the current rate or even increase further. Therefore, capital levies that are passed through to the DAFs should either continue at current levels or increase. Furthermore, the budget parameters to be discussed at Methodist Council next week propose increasing the DAF allocation from 27.5% of CPF to 30% of CPF which would generate a further £24k for Sheffield at the current rate.

I cannot offer the level of scrutiny of the district figures you seek. The District Treasurers have had an opportunity to comment on the figures both by email and in a meeting and no discrepancies were raised. If evidence is provided that there is, or might be, discrepancies in the staffing returns, we will look into these. However, guidance is provided as to what is to be included in the staffing returns and District Chairs sign off on the returns. Should you require assurance that your colleagues are following the guidance you should address your concerns to the District Chair's meeting.

I am concerned that you have the impression that 'the Connexional Team budget is to increase to protect jobs'. As was set out in a briefing for the District Treasurers, the forecast inflation next year for the Connexional budget is 9.3% and the total increase in Assessment funding is 6%. Therefore, we have a 3.3% reduction in funding that has to be mitigated. This position is reiterated in the budget paper going to the Council next week. Furthermore, we are proposing cutting the Assessment by 3% in real terms in each of the subsequent four years. Whilst there is a proposal to fund this deficit on a transitional basis, the assumption is that by the end of the next 5 years, the Connexional budget will have shrunk in real terms by 15%.

Whilst I am always happy to have further discussion around financial strategy, I believe at the heart of your letter is really a conundrum that can only be addressed by the Methodist Council. I believe we have three broad options:

- i) reduce the Connexional Team (CT) budget faster than the rate of reduction in the wider Church membership in order to release resources for local mission;
- ii) reduce the size of the CT proportionate to the reduction in the size of the Church, to maintain a sense of fairness and connexionalism;

iii) reduce the CT slower than the reduction in the size of the Church to protect the support offered by the team to the wider Connexion.

The current budget and Assessment proposal broadly aligns with ii), but should the Council not be content with this approach, it will need to indicate a direction of travel toward i) or iii). There is an option iv) but it feels out of reach, namely, identifying how we get our collective hands on the c£300m sitting very unevenly distributed in the reserves of churches and circuits.

I am sorry not to offer more hope, but we all find ourselves wrestling with the same financial challenges, and that is fundamentally due to the ongoing reduction in membership of the Church, coupled with the unfavourable economic circumstances in which a post-Brexit, post-Pandemic, post-Liz Truss country finds itself.

Best wishes,

Matt Tattersall

Director of Finance & Resources

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