

## **DISTRICT CONTEXT**

Whilst the pace of change across our church may be accelerating (with some challenging and some encouraging aspects), I have used the same reference points as in recent years in attempting to position the District to support our circuits, churches and members. 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.

- 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. The budget assumes that the temporary increase in hours for the Communications Officer is made permanent.
- Viable assessments – assessments for circuits have reduced in real terms by 30% since 2016. But all of our circuits are facing inflation in staff costs and difficulty in maintaining income from current sources. Relative to the deficits in circuit budgets a small change to assessment 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. This includes but is not limited to the Connexional encouragement to invest in New Places for New People

## **CONNEXIONAL ASSESSMENT CONTEXT**

Methodist Conference has agreed a 3% real terms annual reduction in assessments to be shared amongst circuits. However because of inflation, the size of the assessment will actually increase by 3.3% for 2024/25. Furthermore this is apportioned amongst districts based on relative circuit + district staffing levels. Because other districts appear to have reduced staffing levels by more than us, our share has increased, resulting in an increase for our circuits of 6.3%.

Whilst not factored into this budget, the expectation is that Conference will centralise employment of District Safeguarding Officers with effect from September 2025. The Connexional Finance Team have warned that this will likely lead to an increase in costs, which will be added to the assessment. Conversation has also started about whether the formula should weight more of the assessment towards numerically smaller districts as a financial incentive to reduce the number of Chairs of District.

I and (prior to taking on the role of President of Conference) also Gill have attempted unsuccessfully to open up conversations about what is a sustainable and appropriate cost of the Connexional Team for our circuits.

## ASSUMPTIONS AND DECISIONS REQUIRED

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. cost and income forecasts and decisions for years beyond 2025 are to illustrate where we are heading rather than necessarily needing action at this moment.

I will be meeting circuit treasurers and finance officers in January, but have already alerted them to the likely increase in assessment, which does not appear to have caused any immediate strong objections.

The budget proposed for adoption includes:

- District continuing to provide the current broad range of activities and support
- lay employee salaries increasing by 6.81% from September 2024, continuing our long term policy of matching the increase in stipends
- the temporary increase from 16 to 24 hours for the Communications Officer role (currently authorised until end of February) being made permanent
- an increase of total assessments (Connexional + District) on circuits of 6.8%

I have also sketched out some further savings which could alternatively be made to reduce the assessment we pass on to circuits.

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## ASSESSMENTS ON CIRCUITS

This budget assumes that the total assessment on Circuits will increase by 6.8% for 2023/24. Last year district share of the assessment was reduced in order to protect circuits from the large increase in the Connexional assessment, assuming this would be a one-off situation. With high inflation having lingered in the general economy, assessments need to increase for next year in line with inflation. Circuit treasurers are aware of this.

	2021/22 Actual	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Plan	2026/27 Plan	2027/28 Plan
<b>Circuit assessments</b>							
Connexional element	449,157	435,802	475,025	504,951	520,100	520,100	520,100
District element	125,512	138,866	117,091	127,629	144,110	164,036	184,560
<b>Total</b>	<b>574,669</b>	<b>574,668</b>	<b>592,116</b>	<b>632,580</b>	<b>664,209</b>	<b>684,135</b>	<b>704,660</b>
<b>% change</b>							
Connexional assessment	(3.5)%	(3.0)%	9.0%	6.3%	3.0%	0.0%	0.0%
District element	12.2%	10.6%	(15.7)%	9.0%	12.9%	13.8%	12.5%
<b>Overall assessment</b>	<b>(0.5)%</b>	<b>(0.0)%</b>	<b>3.0%</b>	<b>6.8%</b>	<b>5.0%</b>	<b>3.0%</b>	<b>3.0%</b>

The Connexional assessment is planned to reduce 3% in real terms each year, although this could be offset by continued inflation and by our share of it rising.

“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.

This proposed assessment for 2024/25 represents a 30% real terms cut in assessment since 2016, albeit this will be of limited comfort to circuit treasurers.

#### GRANTS AND LOANS TO CIRCUITS & CHURCHES

	2021/22 Actual	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Plan	2026/27 Plan	2027/28 Plan
Learning & development	(1,393)	(4,475)	-	-	-	-	-
Missional grants	(71,923)	(111,286)	(235,000)	(190,000)	(230,000)	(150,000)	(150,000)
	(73,316)	(115,761)	(235,000)	(190,000)	(230,000)	(150,000)	(150,000)

The level of grants which can be made will depend on the levels of advance fund income, which is not within our control. Forecast grants assume a further six New Places for New People grants of £40k (matched by £20k each from Connexional E&G grants) between now and 2026, in addition to the grant already approved for NPNP Rossington. This would allow a further £130-150k per year for Transforming Mission (usually non-pioneer employment), Properties Fit for Mission and micro-grant schemes.

Because Transforming Mission and NPNP grants are committed upfront but paid over of a number of years in instalments, we often hold a large value of cash in the district advance fund that we know won't be spent until years into the future. Some loans have been made against this in recent years on a case by case basis. We could create a more organised loan scheme, for example loans for energy efficiency measures (solar panels + batteries, insulation, LED lighting etc) which could be paid back from reduced utility bills. We potentially will have £150-200k committed but not yet payable over the next couple of years.

#### 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. national redistribution of levies on property sales). Both of these are outside of district control. I have budgeted for 2024/25 and assumed for future years at £250k pa. This is consistent with receipts in recent years. Whilst circuit funds may reduce, the national trend of property sales is unlikely to change in the near future.

#### DISTRICT ACTIVITIES

	2021/22 Actual	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Plan	2026/27 Plan	2027/28 Plan
Chair's manse	(815)	(16)	(5,955)	(27,157)	(10,000)	(10,200)	(10,404)
Chair and volunteer expenses	(9,516)	(10,782)	(10,000)	(14,000)	(14,000)	(14,000)	(14,000)
Office and communications	(57,954)	(64,545)	(77,555)	(82,738)	(84,955)	(86,108)	(87,284)
Safeguarding & HR advice	(38,242)	(41,673)	(44,135)	(46,907)	(48,633)	(49,530)	(50,446)
Events & retreats	(5,404)	(13,304)	(14,500)	(16,000)	(16,000)	(16,000)	(16,000)
Mission team	(92,700)	(101,000)	(111,955)	(118,970)	(123,329)	(125,595)	(127,907)
Less Mission Enabler funding	25,758	25,758	-	-	-	-	-
One Programme District	-	-	(7,500)	(21,000)	(21,840)	(22,277)	(22,722)
Pension reserve contribution	(24,000)						
	(202,873)	(205,562)	(271,600)	(326,771)	(318,757)	(323,711)	(328,764)

The £58k increase in cost of district activities from 2023/24 to 2024/25 is:

- £14k Growth of ONE Programme internships from current three to originally proposed eight interns
- £20k refurbishment of 99 Grange Road in preparation for new Chair of District
- £15k increase in lay salaries by 6.81% in line with stipends
- £9k increase in travel and other costs – growing attendance at 3Generate and Gill not being President of Conference

The £66k increase in cost of district activities from 2022/23 to 2023/24 is:

- £26k ending of Connexional grant towards Mission Enabler role
- £15k increase in lay salaries by 7.83% in line with stipends
- £6k Increase in Comms Officer hours from November 2023
- £7k start of One Programme
- £6k one off cost of living award
- £6k one-off Council Tax and other savings in 2022/23

£245k of the £327k total cost is salary, pension and national insurance.

Key components of other costs are:

- Chair's manse for 2024/25 includes rent, Council Tax and phone for Stone Arches flat in Doncaster, rental income from Grange Road until April 2025, £20k refurbishment costs for Grange Road, plus £3k depreciation (non-cash cost). For future years, costs relate solely to Grange Road.
- Chair and volunteer expenses are expected to increase following the end of Gill's Presidential year. There remains a benefit to face to face meetings for various occasions, and for maintaining a visible presence of the chair and other officers around the district. £1k is budgeted for benevolent fund expenditure.
- Office & communications comprises £55k 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.
- 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.

<b>Event</b>	<b>Income</b>	<b>Costs</b>	<b>Notes</b>
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		(4,500)	3 coaches due to growing numbers
<b>Total</b>	<b>3,500</b>	<b>(19,500)</b>	

## **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:

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>	<b>Budget</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
Peak Park Development	(15,935)	(13,291)	(9,954)	(14,000)	(14,000)	-	-
Learning Network region	(3,293)	(3,248)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Persian ministry	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	-	-

We have currently committed £12k pa to the Peak Park Rural Development Enabler role until 2026. This project currently has a £13k shortfall on confirmed funding, which was agreed prior to the post-COVID spike in inflation. We may need to make additional contributions.

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 final two years.

## **COST SAVING OPTIONS**

Over recent years, continual efforts have been made to increase efficiency of district operations. Alongside this, DLT has chosen to invest in additional staff and other initiatives to support change and revitalisation in our churches, circuits and members *For Such A Time As This*.

If DLT feels that assessments need to be reduced, or circuits are unable to meet assessment commitments, this would need to be done by either reducing grants made to circuits, or by reducing the cost of district activities. Both of which would reduce support provided to circuits. Options for this could include:

- £45-50k pa – Reduce staffing by one FTE post
- £21k pa – end One Programme internships
- £7k pa – all district staff (including Chair) to reduce travel by 50%
- £7k pa - end subsidy of youth events, including travel to 3Generate
- £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 4%
- £4k pa – stop district magazine
- £2k pa – stop subsidy of regional Learning Network retreats and events

**DETAILED SCHEDULES – RESTRICTED INCOME AND EXPENDITURE**

	2021/22 Actual	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Plan	2026/27 Plan	2027/28 Plan
<b>Mission Enabler</b>							
Income	25,758	25,758	-	-			
Transfer from other funds	13,858	-	-	-	-		
Employment costs	(35,983)	(38,608)	(3,371)	-			
Other costs	(2,373)	(1,905)	(165)	-	-		
	1,260	(14,755)	(3,536)	-	-	-	-
<b>Peak Park Rural Development Enabler</b>							
Income	35,540	41,620	57,238	43,000	43,856		
Transfer from other funds	15,935	13,291	9,954	14,000	14,000		
Employment costs	(35,511)	(36,944)	(39,599)	(42,681)	(44,388)		
Other costs	(18,316)	(17,967)	(18,338)	(18,338)	(18,705)		
	(2,352)	-	9,255	(4,019)	(5,237)	-	
Hodkin bequest (youth)	(1,064)			-	-	-	-
35 Chapel Walk	56			-	-	-	-
Who is your neighbour?	(55,013)			-	-	-	-
<b>Learning Network region</b>							
Income	14,309	16,221	10,000	10,000	10,000	10,000	10,000
Costs	(17,804)	(20,783)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)
Transfer from other funds	3,293	3,248	2,000	2,000	2,000	2,000	2,000
	(202)	(1,314)	-	-	-	-	-
<b>Persian ministry</b>							
Income	32,545	31,999	32,000	32,886	33,322		
Transfer from other funds	12,000	12,000	12,000	12,000	12,000		
Employment costs	(36,318)	(38,373)	(40,198)	(43,020)	(44,741)	(10,986)	
Other costs	(4,611)	(4,644)	(9,937)	(8,937)	(8,937)		
	3,616	982	(6,135)	(7,071)	(8,356)	(10,986)	-
<b>NPNP Pilot</b>							
Income	20,000	30,000	30,000	30,000	30,000		
Costs	(20,000)	(26,000)	(26,000)	(26,000)	(26,000)	(26,000)	
	-	4,000	4,000	4,000	4,000	(26,000)	-
MWiB	656	(752)					
<b>Surplus/ (deficit) on restricted funds</b>	<b>(53,043)</b>	<b>(11,839)</b>	<b>3,584</b>	<b>(7,089)</b>	<b>(9,592)</b>	<b>(36,986)</b>	<b>-</b>

**District Leadership Team 3 January 2024**  
**Budget proposal 2024/25**

**UNRESTRICTED INCOME AND EXPENDITURE**

	2021/22 Actual	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Plan	2026/27 Plan	2027/28 Plan
<b>Income</b>							
District assessment	125,512	138,866	117,091	127,629	144,110	164,036	184,560
Other	1,526	4,643	5,000	28,000	2,000	2,000	2,000
	127,038	143,509	122,091	155,629	146,110	166,036	186,560
<u>Manse &amp; flat</u>							
Manse letting income	11,040	11,040	11,045	7,363			
Manse costs	(11,855)	(11,056)	(17,000)	(34,520)	(10,000)	(10,200)	(10,404)
	(815)	(16)	(5,955)	(27,157)	(10,000)	(10,200)	(10,404)
<u>Safeguarding</u>							
Employment costs	(25,186)	(26,891)	(28,366)	(30,384)	(31,599)	(32,231)	(32,876)
Other	(2,530)	(3,060)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
	(27,716)	(29,951)	(31,366)	(33,384)	(34,599)	(35,231)	(35,876)
<u>HR</u>							
Income	9,121	11,723	16,788	22,178	23,015	23,451	23,895
Employment costs	(19,127)	(22,528)	(27,557)	(33,701)	(35,049)	(35,750)	(36,465)
Other	(520)	(917)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
	(10,526)	(11,722)	(12,768)	(13,523)	(14,034)	(14,299)	(14,570)
<u>Retreats &amp; events</u>							
Income	680	4,251	3,500	3,500	3,500	3,500	3,500
Costs	(5,020)	(17,555)	(18,000)	(19,500)	(19,500)	(19,500)	(19,500)
	(4,340)	(13,304)	(14,500)	(16,000)	(16,000)	(16,000)	(16,000)
<u>Other costs</u>							
Admin & comms employment	(39,596)	(42,378)	(50,255)	(55,438)	(57,655)	(58,808)	(59,984)
Other office costs	(17,588)	(20,969)	(22,300)	(22,300)	(22,300)	(22,300)	(22,300)
Chair & volunteer expenses	(9,516)	(10,782)	(10,000)	(14,000)	(14,000)	(14,000)	(14,000)
Organisations supported	(8,000)	-	-	-	-	-	-
Learning & development	(1,393)	(4,475)	-	-	-	-	-
<b>Surplus/ (deficit) before transfers</b>	<b>7,548</b>	<b>9,912</b>	<b>(25,054)</b>	<b>(26,172)</b>	<b>(22,478)</b>	<b>(4,803)</b>	<b>13,426</b>
Transfer to Learning Network	(3,293)	(3,248)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Transfer from advance fund				10,000	-	-	
<b>Surplus/ (deficit) on general fund after transfer</b>	<b>4,255</b>	<b>6,664</b>	<b>(27,054)</b>	<b>(18,172)</b>	<b>(24,478)</b>	<b>(6,803)</b>	<b>11,426</b>
<b>Advance fund</b>							
Income	256,830	295,547	395,000	275,000	275,000	275,000	275,000
Transfer to other funds	(41,793)	(25,291)	(21,954)	(26,000)	(26,000)	-	-
Transfer to general fund				(10,000)			
Learning & development							
Mission employment costs	(49,576)	(58,546)	(98,419)	(108,970)	(113,329)	(115,595)	(117,907)
Mission other costs	(4,768)	(1,941)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
One Programme District			(7,500)	(21,000)	(21,840)	(22,277)	(22,722)
Grants	(87,923)	(111,286)	(235,000)	(190,000)	(230,000)	(150,000)	(150,000)
Other costs	(770)	(1,198)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
<b>Surplus/ (deficit) on advance fund</b>	<b>72,000</b>	<b>97,285</b>	<b>17,127</b>	<b>(95,970)</b>	<b>(131,169)</b>	<b>(27,872)</b>	<b>(30,630)</b>
<b>Total all funds</b>	<b>23,212</b>	<b>92,110</b>	<b>(6,343)</b>	<b>(121,231)</b>	<b>(165,239)</b>	<b>(71,661)</b>	<b>(19,204)</b>

**District Leadership Team 3 January 2024**  
**Budget proposal 2024/25**

**FUNDS**

	2021/22 Actual	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Plan	2026/27 Plan	2027/28 Plan
<b>Unrestricted funds</b>	<b>289,903</b>	<b>296,567</b>	<b>269,513</b>	<b>251,341</b>	<b>226,862</b>	<b>220,060</b>	<b>231,486</b>
MDSW	18,291	3,536	-	-	-	-	-
Hodkin Bequest	-	-	-	-	-	-	-
Peak Rural Enabler	-	-	9,255	5,236	(0)	(0)	(0)
35 Chapel Walk	-	-	-	-	-	-	-
Learning Network region	1,960	646	646	646	646	646	646
WiYN	-	-	-	-	-	-	-
MWiB	2,576	1,824	1,824	1,824	1,824	1,824	1,824
Persian ministry	31,565	32,547	26,412	19,342	10,986	(0)	(0)
NPNP Pilot	10,000	14,000	18,000	22,000	26,000	-	-
<b>Restricted funds</b>	<b>64,392</b>	<b>52,553</b>	<b>56,137</b>	<b>49,048</b>	<b>39,456</b>	<b>2,470</b>	<b>2,470</b>
<b>Advance Fund</b>	<b>233,117</b>	<b>330,402</b>	<b>347,529</b>	<b>251,559</b>	<b>120,390</b>	<b>92,518</b>	<b>61,889</b>
<b>Total funds</b>	<b>587,412</b>	<b>679,522</b>	<b>673,179</b>	<b>551,948</b>	<b>386,709</b>	<b>315,048</b>	<b>295,844</b>

<b>Months spend (excluding grants) as liquid funds</b>							
General fund	6.5	6.2	3.9	2.4	1.3	1.0	1.9
Advance fund	28.9	45.6	26.6	16.9	7.3	7.4	5.4