



Berkshire & Hampshire Borders Methodist Circuit

Finance Policy

Budget

At the beginning of the third quarter of the Connexional year, in consultation with the finance and property group, the Circuit Stewards will prepare a draft budget, a draft manses budget, a 3-year projection and a proposed allocation of assessment to the Circuit Churches. The first call on the budget is the Connexional assessment followed by lay staff salaries.

There will then be a meeting of all church treasurers with the Circuit treasurer and Circuit finance officer at the end of the third quarter to agree acceptable levels of assessment.

The draft documents detailed above will be presented to the summer Circuit Meeting.

Manse maintenance and insurance costs will be dealt with through a designated budget which will include the income from the tenanted manses. Any surplus identified in this designated budget on completion of the annual accounts will be transferred shortly thereafter to the general fund.

Assessments

For the Connexional year 2024-2025, assessments will be raised based on the models previously used in each of the constituent Circuits.

Discussions will take place early in the Connexional year to define a new integrated model which will be enacted for the Connexional year 2025-2026 and subsequent years.

Where local churches fall below one and a half months' reserves the Circuit Leadership Team may approve a time-limited reduction in assessment payments.

All assessments will be paid via the Central Finance Board (CFB) on a payment schedule agreed with each church.

Reserves Guidance

The Circuit will hold in reserve up to 6 months' worth of budgeted General Fund expenses, and at least 6 months' worth of manses' expenditure.

The Circuit recommends that local churches hold not less than 3 and not more than 6 months reserve for General Fund expenses.

Long-term project finance should be held in designated funds.



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Model Trust Fund Monies

In keeping with the priorities of the Methodist Church and the Circuit Mission Policy, the Circuit will use model trust funds for the purposes of funding mission work.

Outreach Staffing

As recommended by the Circuit Leadership Team and approved by the Circuit Meeting, Model Trust Fund funding will be used for the employment of outreach workers and defraying related Connexional costs.

The recruitment and employment of outreach workers will require the scrutiny and oversight of the Human Resources mission group.

Property Grants Criteria

Any request for Model Trust Fund monies must meet missional criteria.

Applications must have the support of the Mission Resourcing Group, the Church Council and the Circuit Meeting (where the Circuit Leadership Team does not hold delegated authority).

Process to follow

1. Applications will need to be made in writing using the relevant application form.
2. Completed application forms should be submitted to the Circuit Leadership Team, ideally via the Circuit Administrator, for consideration and recommendation before it can be brought to the Circuit Meeting.
3. A presentation would usually be made by the church to the Circuit Meeting alongside the recommendation of the Circuit Leadership Team. Following a discussion, the Circuit Meeting will vote on the proposal.
4. If the funding application is approved by the Circuit Meeting on a multi-year funded basis, then, for the life of the project, the Church should be invited to make a presentation to the Circuit Meeting on each anniversary of the funding having been approved. This presentation should:
 - a. Show how the project is progressing
 - b. Reflect on how the purpose of the project is being addressed
 - c. Indicate lessons learnt and plans going forward

The Circuit Meeting will then ratify the funding for the subsequent year or give notice of any repayment requirements.



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Funding

The Circuit funding will usually be up to a third of the 'Total expected project cost.' The level of funding will be reviewed by the Circuit Leadership Team on a case-by-case basis.

At the discretion of the Circuit Leadership Team, funds can be made available as a one-off payment or released in stages (multi-year funded basis).

If the project does not meet the Circuit and requesting church's mission criteria then the Circuit Meeting may request that the funding be repaid.

Application Forms

The application forms have been designed to be as short and as simple as possible to complete, while still allowing applications to be assessed effectively. They will be available from the Circuit Administrator.



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Expenses

Purpose and scope

The Circuit acknowledges that Circuit Staff may incur expenses in the carrying out of their role. This policy sets out the Circuit's stance on the scope, authorisation and reimbursement of those expenses.

Expense claims must be supported by receipts to evidence expenditure. In addition, claims will only be processed where the Circuit considers the expenditure to be reasonable and necessary.

This policy seeks to ensure it is consistent with the mission of the Methodist Church. This includes using Circuit resources to support the Church in its mission in the world. We need to ensure that we are making the best use of resources, in alignment with organisational priorities.

Eligible Expense Claims

Circuit Staff are entitled to make travel claims when the performance of their duties requires travel to a venue other than their normal place of work. Expenses are reimbursable by staff if they are wholly, exclusively and necessarily incurred in the performance of their duties.

Travel

Car

Business mileage claims should be made in accordance with HMRC guidelines and at the prevailing rates. Additional passenger miles may be claimed if the vehicle is shared with another person who would be entitled to claim for mileage from the Circuit.

Claims should be submitted on a regular basis on the designated expenses spreadsheet.

Rail and bus travel

In keeping with the Methodist Church's environmental policy, staff are encouraged to travel on public transport when appropriate and cost effective.

The cost of standard class rail travel can be claimed and where possible such travel should be booked in advance. Any travel paid directly by the employee will be reimbursed through the expense claim process, for which a receipt must be provided.

Parking, road tolls, underground, taxi and bus fares

Parking, road tolls, underground, taxi and bus fares will be reimbursed as appropriate, but usage must be appropriate and supported by receipts.



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Accommodation and allowances

On occasions where overnight accommodation and long-distance is required, arrangements should be made with the Circuit office for both elements to be booked in advance.

The accommodation booked will be of a modest but comfortable standard, at a reasonable distance from the place of meeting or work. The reasonable cost of an evening meal will be reimbursed which must be supported by a relevant receipt.

Broadband and landline telephone (ministers)

The Circuit will provide a broadband and telephone service to each minister's manse. Where a minister is employed beyond the control of the church but also has pastoral charge of a local church, broadband and telephone charges will be reimbursed in proportion to their Circuit-based hours.

Circuit mobile phones

Circuit mobile phones may be provided to employees in order for them to fulfil their duties professionally and efficiently. The mobile phone provided does not belong to the employee and remains the property of the Circuit. It is to be used strictly for business purposes, except in the case of an emergency. We reserve the right to monitor Circuit mobile phone use to ensure compliance with our policy and any personal use will be recharged back to you.

Supernumeraries

Supernumerary ministers are eligible for a preaching fee and associated travel expenses when fulfilling appointments on the Circuit Plan. Claims for funerals are not covered by this policy and should be negotiated with the appropriate funeral directors.

Homeworking expenses (lay employees)

Where a lay employee's role is classed as being home-based the Circuit will pay homeworking expenses in accordance with current HMRC rates (pro rata for part time staff) for additional household expenses caused by working from home.

Additional direct expenses due to home working should be claimed by agreement and accompanied by receipts.

Volunteer expenses

Travel expenses are available for volunteers carrying out Circuit duties, should they wish to claim them. Where there are situations where the payment of expenses is appropriate, these will be agreed by the Circuit Stewards on an individual basis.



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Out-of-pocket expenses for goods and materials incurred by volunteers in connection with agreed Circuit activities may also be claimed by agreement with the Circuit Treasurer.

Expense claim procedure

Claim forms are available from the Circuit Office and should be submitted at the end of each month or as regularly as practicable, together with the appropriate supporting receipts, vouchers, mileage record or other proof of payment.

Completed claim forms should be sent to the Circuit Finance Officer and Circuit Treasurer for authorisation and payment.

Records of personal travel claims should be kept by employees for two years following the end of the relevant income tax year.

Breaches of this policy

Misuse of the Circuit's expenses policy is considered to be a disciplinary offence under the Circuit's disciplinary procedure which may result in an employee's dismissal. Any breach of this policy by ministers appointed to serve in the Circuit will result in a referral under the Methodist Church's Complaints and Discipline procedure.



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Appendix 1 – Budgeting Process

Draft Budget and Assessments Preparation

Consultation with Finance and Property Group

The process begins with the Circuit Stewards, in consultation with the Finance and Property Group. This collaboration ensures that the draft Budget, Manse budget, and a 3-year projection are formulated with comprehensive input and consideration of all financial aspects.

Creating the Draft Budget

The draft Budget encompasses all anticipated financial needs and resources for the upcoming year. This includes regular operational expenses, planned property maintenance, and any projected changes in revenues or expenditures. The Manse budget focuses on expenses related to all property in the Circuit's portfolio, while the 3-year projection provides a long-term financial outlook, helping to anticipate future financial challenges and opportunities. An initial apportionment of assessments on churches will be part of the overall budget process.

Criteria for the preparation of assessments

In preparing church assessments, several critical criteria are considered to ensure a comprehensive and fair evaluation. These criteria are designed to reflect the unique attributes and financial standing of each church, and they include the following:

1. Size of the Church

The size of the church is a fundamental factor in the assessment process. This includes the number of congregants, and the church's ability to hire out property. Larger churches may have different needs and responsibilities compared to smaller congregations, and this is reflected in the assessment.

2. Income

The income of the church is crucial in determining its financial health and capacity. This includes regular donations from members, and the associated tax revenue, and any other sources of revenue. A thorough analysis of the church's financial statements is conducted to gauge its income levels accurately.

3. Level of Reserves

Assessing the level of reserves held by the church is essential to understand its financial stability and preparedness for future contingencies. Churches should not retain reserves in excess of six months regular expenditure. Where local churches fall



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below one and a half months' reserves the Circuit Leadership team may approve a time limited reduction in assessment payments.

4. Lettings Policy

Whether the church has a lettings policy is another important criterion. A church that generates income by letting out its premises for community events, meetings, or other activities may have additional financial resources that need to be considered in the assessment.

5. Variation from the Previous Year's Assessment

The variation from the previous year's assessment provides a comparative perspective on the church's financial progression or regression. Significant changes in the assessment from one year to the next can indicate underlying trends or issues that warrant further examination.

By considering these criteria, the aim is to create a balanced and equitable assessment and a new integrated model which will be enacted for the Connexional year 2025/2026 and subsequent years.

Stewards' Meeting

Once the draft budgets and assessments are prepared, the Circuit Stewards convene a meeting not later than the third quarter to review and discuss the proposed figures. This review allows for any necessary adjustments and ensures that the budget aligns with the Circuit's strategic goals and financial policies.

Distribution of Allocation Document

After the review and adjustments, the allocation document is sent to Church Finance Officers for their review. This step ensures transparency and provides an opportunity for feedback from individual churches. The Finance Officers assess the proposed allocations and may suggest further refinements if necessary.

Meeting with Church Finance Officers

Towards the end of the third quarter, a meeting is held involving all Church Finance Officers and the Circuit Stewards. This meeting aims to reach a consensus on the proposed assessments. The collaborative discussion allows for any remaining concerns to be addressed and ensures that all parties are in agreement.

Preparation for the New Financial Year

The agreed-upon assessments enable churches to prepare their budgets before the end of the financial year. This timely preparation ensures that each church is financially



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equipped to plan for the upcoming year, aligning their resources with their ministry goals and responsibilities.