



The Methodist Church

The South Bedfordshire Circuit

Reserves Policy 2025/26

This document includes all funds held by the Circuit Meeting as charity trustees.

Our Reserves Policy relates to our general (unrestricted) funds which are available to be used for any or all of the purposes of the Circuit. It also notes the management of our restricted and endowment funds.

Other funds are also included for the sake of clarity and openness and to show that the Circuit has a policy for the management of all of its money not simply that which is defined as reserves.

Aim

Our aim is twofold:

- (1) To secure and sustain the Circuit's viability and future.
- (2) To give reassurance to the general public that the Circuit, which is a charity, intends to use all of the money coming into its care for the purposes of the charity.

Mission Policy

Our financial resources help us to underpin the Circuit's Mission by:-

- (a) The support of the ministry and mission of the local churches in the Circuit, including ministerial oversight, outreach opportunities and mission projects some or all of which may be unrelated to capital expenditure
- (b) The support of a ministry team of presbyters, a part-time Circuit bursar a part time Circuit administrator and a part time Circuit Workers the numerical mix of which is determined by our staffing strategy which is reviewed annually.
- (c) The maintenance of the eight Circuit manses, including two let externally at a market rent.
- (d) Supporting mission-oriented building projects, repairs and alterations.

Financial Plans

The Circuit's Unrestricted Funds also includes the Circuit Model Trust Fund (CMTF). However, Connexional approval has to be sought to confirm any proposed use of these CMTF funds is in compliance with Standing Orders.

The Circuit Assessment is reviewed annually and provides substantially towards the overall Circuit costs. It is based on an agreed formula which seeks to ensure that each church pays a level of contribution which is proportionate to its peers. The Circuit Meeting is the final arbiter of the Assessment contribution from each church. Circuit Reserves may also be used to help meet these obligations; in particular to part fund lay personnel costs.

We make provision for our property maintenance programme by budgeting £28,000 (£3,500 per manse), as a contribution to a Provision Fund, to maintain our manses.

Subject to the constraints of our Reserves Policy (below) grants or loans from reserves are also available to support new and existing mission projects and may also be available for building repairs and projects provided the applicant church has a strong mission focus and can demonstrate financial viability. It is not always possible to predict when such grants might become necessary, as a church might suddenly need a short term loan to enable work to proceed expeditiously. Generally, we will contribute, up to 50% of project work. Such grants are subject to our Circuit Model Trust Fund policy (see below) and the availability of uncommitted funds held.

Local Church Council approved applications for Circuit funds will be made to the Circuit Leadership Team (CLT) for evaluation and support and then brought before the Circuit Meeting for approval or otherwise.

RESERVES POLICY

Introduction

The Circuit has a wide cross section of Funds some of which are unrestricted (including designated Funds) and others are restricted.

The “Funds at a Glance” attached to this document is an integral part of our Reserves Policy and should be read in conjunction with it. As a general principle, we now quote our closing Fund balances on an uncommitted basis. That is to say that at the close of each financial year any known and agreed future commitments are provided for in full. Therefore, at any given time the level of uncommitted resources can be clearly seen

Unrestricted Funds

General and Designated Funds

The General Fund at **£169,836** (excluding tangible assets, Designated Funds and loans to churches) represents about 3.9 months budgeted expenditure (net of income for CMTF grants). Our policy is to hold about 3 months of gross expenditure as a reserve, and this is considered to be the absolute minimum and falls short of the Connexional recommendation of 6 months. However, it effectively caters for the default of all churches not paying their Assessment in the same quarter – the chances of this are considered highly unlikely.

If General reserves fall below our target, we will seek approval from the Circuit Meeting to make up any shortfall from either or a combination of:

1. an increase in Assessments the following year.
2. A portion of the sales proceeds of any properties sold or in the course of sale
3. A transfer of funds from the CMTF

If General Reserves are above the target 3 months cover of normal gross expenditure, the surplus will be either:

1. Transferred to the CMTF
2. Held as a surplus reserve and depleted to the target level the following year by setting a deficit budget. This would effectively reduce the formula calculated Assessment on churches.
3. Returning the surplus to the churches

Designated Funds are effectively sinking funds or provisions against future expenditure in key areas. Every year and for each of these funds, transfers are made from the General Fund. The transfer amount is reviewed each year as part of the budgeting process.

The Quinquennial Inspection Fund is a Designated Fund. Every five years we obtain a fixed price contract to cover inspections due in the following five years. The amount charged for each church/manse differs as do the number of inspections in any given year. However, each year, we apply a transfer from our General Fund equivalent to one fifth of the overall five year fixed cost. This means that It is possible that in some years this fund may be shown as “overdrawn”. In such cases we ensure that there is sufficient funding in our general Fund to cover the shortfall.

Circuit Model Trust Fund (CMTF)

Our policy is to use this resource in accordance with Methodist Standing Orders. However, under local discretion our policy is to allocate a percentage of these funds for “Mission & Outreach Projects” (or more generally new growth initiatives). The percentage so allocated is reviewed on an annual basis and may be amended in the light of overall calls on the CMTF during the preceding year and/or future initiatives being planned. **We allocate 70% to “Mission & Outreach Projects” and 30% to other potential calls on the funds.** The total uncommitted funds stood at **£446,775** as at 31 August 2025

Restricted Funds

Chapel Street Fund is restricted for use on Luton Town centre projects. The final grant from this fund was made in 2024/25 and save for a nominal balance is effectively closed.

Lye Trust - is a permanent endowment legacy, the income on which is specifically for use as a Circuit Benevolent Fund. The interest of circa £1,200 p.a. is distributed (as and when required) for relief of the poor in the Circuit via the Benevolent Fund

Benevolent Fund –income sourced from the interest from the Lye Trust as above.

Circuit Music Fund – expendable endowment.

Circuit Drama Fund – restricted. Ex Luton Circuit Fund

Circuit Education & Youth Fund – restricted. Ex Luton Circuit Fund. (funded £500 p.a. from General Funds)