

Financial Support for Circuits

June 2024

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Sign-off date	June 2024
Renewal due date	June 2024
Scope	To provide a policy for providing financial support to circuits in the form of short term loans to facilitate decision making with regards to Stationing, property purchases and other high value expenditure.
Introduction	This policy is intended to provide circuits with the necessary confidence that they will receive financial support if their financial plans indicates that there may be a short term cash shortfall. For example, whilst waiting for the proceeds from a property sale.
Purpose	To provide circuits with the assurance that loans may be made available from the District Advance Fund (DAF) and to establish the principle of the District underwriting a circuit proposal for major expenditure.
Objectives	To facilitate the process whereby the Trustees may underwrite a circuit proposal, subject to sufficient funds being available in the DAF

The Trustees of the Northampton Methodist District are members of the District Executive (DE) and are committed to supporting circuits by underwriting schemes and by providing loans:

It must be noted that any funding provided by the process described in this policy must be repaid in the agreed timescales. This procedure does not absolve the circuit from its responsibility to manage the finances of the circuit.

District Advance Fund (DAF)

The DAF is used for providing grants to circuits and churches for personnel and property schemes. It is also used by the Trustees to fund specific areas of work in order to maintain the circuit assessments as low as possible.

As many of these projects are long term schemes (up to 5 years), it is our policy to commit DAF funds for the full duration of the project, or for 5 years if there is no specified end date. This policy results in a large DAF balance that cannot be committed to other projects.

This policy does not cover the provision of grants which may be required in addition to, or instead of, the support provided by this document.

Procedure

When a potential need is identified, the circuit must provide the District Executive (through the District Treasurer and Grants Officer) with the following information as soon as possible.

1. The nature of the anticipated requirement. For example, the underwriting of a Stationing appointment or a bridging loan for a manse purchase.
2. The reasons why the circuit may need financial support. For example, awaiting the sale of a property.
3. The potential “worst case” scenario in terms of timescale and value.

The District Treasurer and Grants Officer will consider the request and assess the following.

4. Are sufficient funds available in the DAF to agree to the request? See the guidelines below.
5. What is the risk of the circuit being able to repay the funds in a timely manner.
6. What are the consequences of the circuit defaulting on the agreement in terms of the District being unable to continue funding other work after a certain time?

The request (items 1-3) and the assessment (items 4-6) will be presented to the members of the DE so that a decision can be made. In the event of the DE deciding to offer the support as requested, or amended by agreement, a document describing the agreement should be signed by officers from both parties (District and Circuit). If an underwriting agreement is offered, it should include a requirement to update the DE with the latest situation on a regular basis. The intervals of these updates to be included in the agreement.

Guidelines for the assessment of available funds

The funds committed to grants that have been awarded by the DE must not be used for any other purpose.

The funds committed to District projects (e.g. Safeguarding, Youth work and Mission) may not need to be committed for the full 5 year period. The policy of committing five year’s expenditure on District work is a prudent and conservative approach. It is adopted to give security of employment to the District employees and to ensure that the work can continue without interruption. However, if the funds are required for other purposes, this period could be reduced to three years without putting other work at risk.