Diocesan Synod

14 October 2023

Agenda Item 10

2024 Stipends/Common Fund Budget

Common Fund Budget – Aims

To produce a balanced budget which

- Supports the Living God's Love vision and priorities of the Diocese
- Provides a basis for ensuring that the financial model for the Diocese can underpin sustainability
- Continues to be mindful of and responsive to the financial pressures on parishes

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Common Fund Budget - Process

- Operational budgets reviewed internally by DBF officers and Bishop's staff
- Submitted to Budget Scrutiny Committee - 3 lay and 1 clergy: members of the DBF
- Recommended to/recommended by DBF trustees
- Presentations to Archdeaconry roundtables
- Submitted to Diocesan Synod 14 October to:
  - Approval of stipends level
  - Approval of total authorized spending
  - Approval of Parish Share request

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THANK YOU

To all of you, your PCCs and congregations

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Common Fund Budget – Key Figures

- Overall parish share increase is **1%** (£143k)
- Average increase per Church Membership Figure is **5%**
- Increase in stipends and salaries and non-staff costs is **5%**

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Financial Position 2023 (1)

- Parish Share receipts to August £7,932k; slightly behind 2022 (£8,034k) by £102k

- **BUT** 2% increase from 2022, so real gap is £263k

- Recovery rate
    - Targeted – 92.5%
    - Expected – 92.0%
    - Each 0.5% is £71k

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Financial Position 2023 (2)

- Budgeted for Breakeven

- Will probably breakeven; possibly a surplus – vacancy rate higher than usual

- Normally 8%; currently 12%
- **NOT** policy; just reality

- Concerns about outturn
    - Behind target
    - Future years

Proactive Steps

- Total Return
  - ➢ £500k earmarked for designated projects
    - Net Zero targets
    - Fund for Growth

- Local Church Income Support Officer
    - Richard Jackson
    - Help in maximising income from hall hire/other activities

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Common Fund Budget - Challenges

- Containing the impact of parish share for parishes still emerging from one crisis and facing another
- Providing support to clergy which responds to the cost of living increase
- Setting a budget against a still uncertain and continuously developing economic background

Common Fund Budget – Considerations

- Vacancy Rate
- Parish Share Increase
- Parish Share recovery
- Use of funds
    - Parsonage House Ring-Fenced Fund
    - Total Return

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Common Fund Budget – Key Messages

- Overall parish share increase is £143k (1%)
- Average increase per Church Membership Figure (CMF) of 5%
- Vacancy rate 10%
- Includes 5% increase in stipends and salaries and non-staff costs
- Investment income increases by £343k (18.6%)
- Allowed for unpaid parish share of £1.2m (8.0%)

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Stipend Increase

- Proposal is 5%

- Previous year Increases:
    - 2023 – 5%
    - 2022 – 1%
    - 2021 – 0%

- CPIH averaged:
    - 7.9% in 2022 (high 9.2%; low 4.9%)
    - 6.0% for the first half of 2023

Budget - Expenditure

Expenditure £'000	2024 Budget	2023 Budget	Change
Parochial Clergy	9,296	9,147	149
HL Staff Costs	2,117	1,993	124
Estates & Glebe	2,377	2,100	277
Archdeacons, Safeguarding, Pastoral Grants	331	322	9
Mission & Ministry	612	634	(22)
National Church - Training & Admin	1,207	1,220	(13)
Admin/Legal	474	462	12
Comms, IT, Schools	125	125	0
Expenditure	**16,539**	**16,003**	**536**
Provision for unpaid Parish Share	1,164	1,071	93
Total Budget Requirement	**17,703**	**17,074**	**629**

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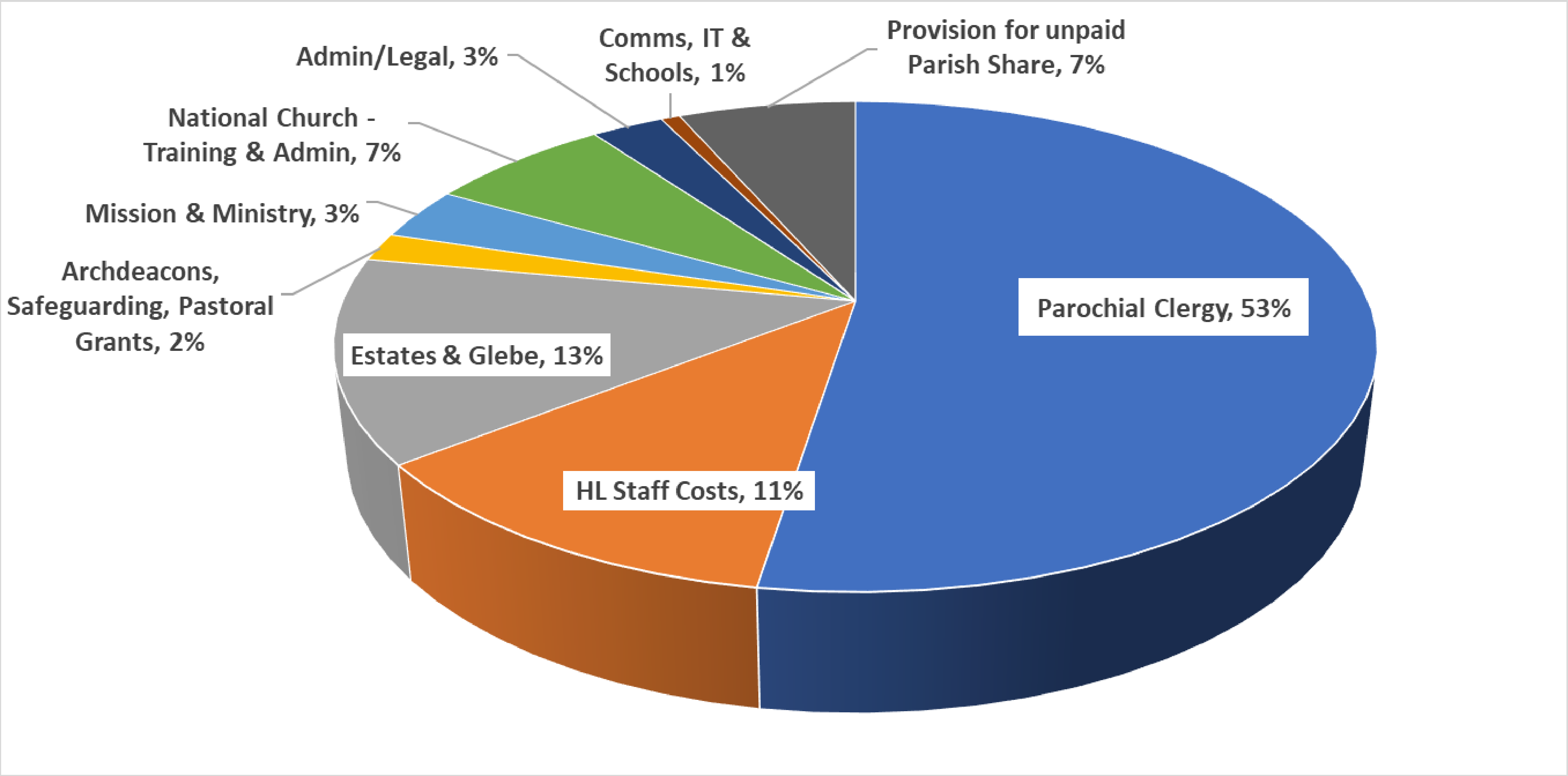
Budget – Expenditure: Graphical



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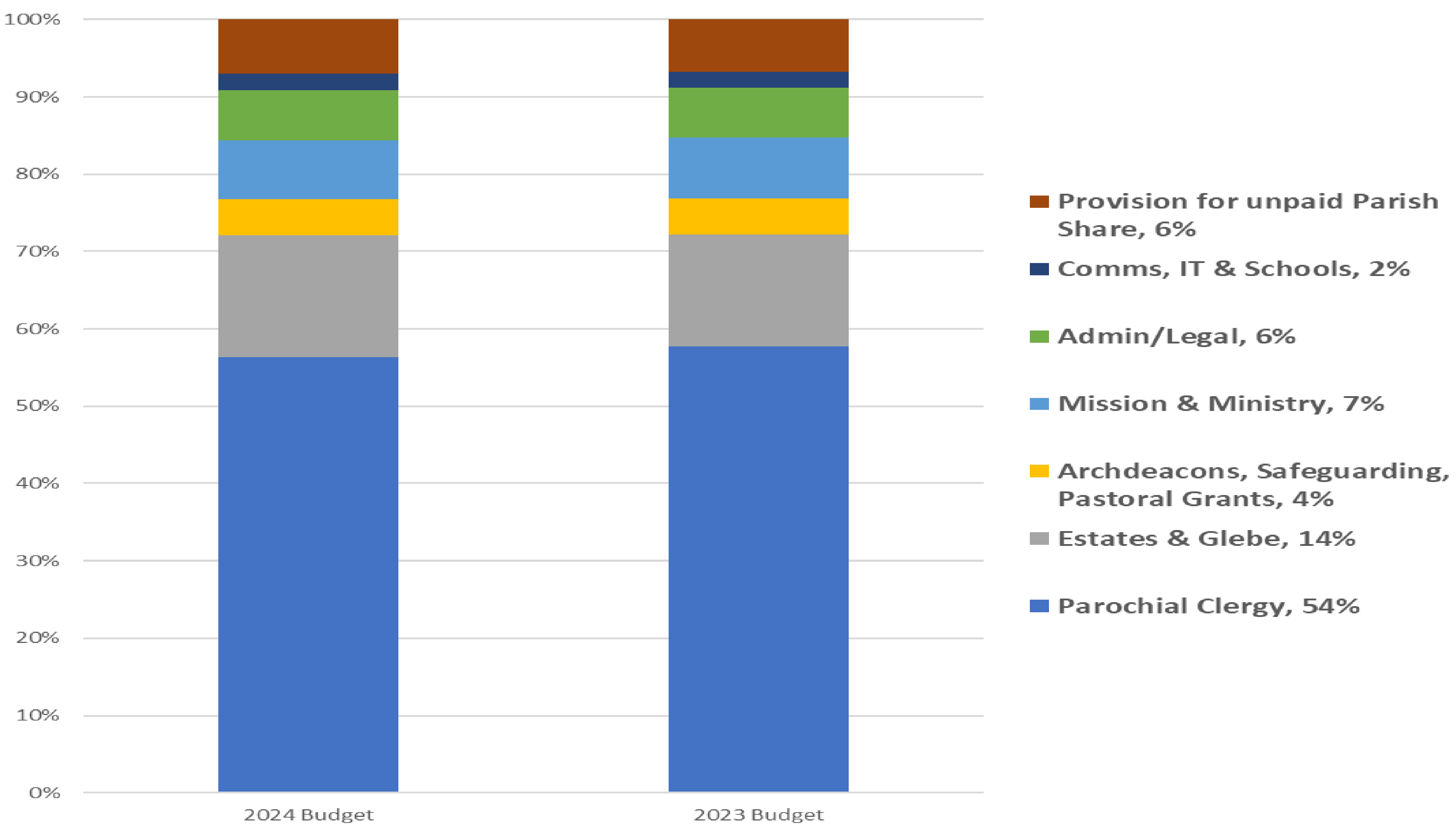
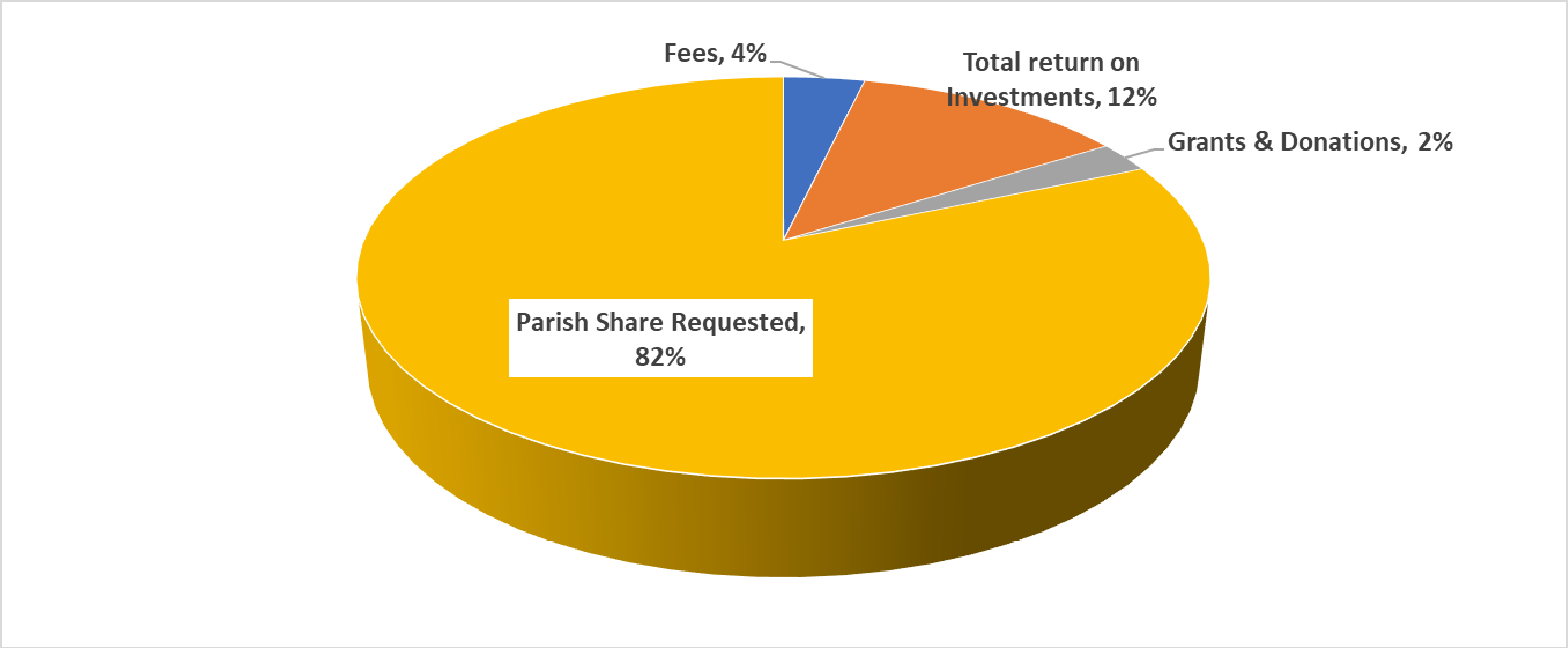
EXPENDITURE BY DEPARTMENT



Budget - Funding

Other Income & Grants £'000	2024 Budget	2023 Budget	Change
Fees	651	620	31
Total Return on Investment	2,187	1,844	343
Grants & Donations	442	330	112
Parish Share Requested	14,423	14,280	143
Total Income	**17,703**	**17,074**	**629**

Budget – Funding: Graphical



Parish Share Request

Diocese	2024 Budget	2023 Budget	Change	
	£'000	£'000	£'000	%age
Stipend Contribution	7,372	7,075	297	4.20%
Ministry Support Contribution	7,051	7,205	(154)	-2.14%
Parish Share	**14,423**	**14,280**	**143**	**1.00%**

Stipend Contribution increase reflects the 5% increase from April, offset with adjustments for increased investment income

Ministry Support Contribution will be different for each church

Concluding Thoughts

- Link between Diocese and parishes never more important
- Keeping increases as low as possible – few levers, but what we have has been effective
- £500k earmarked for designated projects
- Continuing thanks for hard work in increasingly difficult circumstances
- Stay in touch

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Questions

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Stipends Resolution

"That this Synod, noting the recommendation from the Central Stipends Authority that the stipend for this diocese be increased by 5% from 1 April 2024, resolves that the stipends for incumbents and those of incumbent status in this diocese should rise by £1,484 (5% of £29,680) to £31,164 from 1 April 2024."

Budget Resolution

"That the estimates of requirements of the Diocesan Common Fund in 2024 in the gross sum of £16,538,655 be approved, and that the Synod authorises the Diocesan Board of Finance to expend in accordance therewith a sum not exceeding £16,538,655 and that the sum of £14,423,000 be requested as parochial contributions in 2024, to be apportioned in accordance with the approved Parish Shares Scheme."

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