DS/25/10

ST ALBANS DIOCESAN SYNOD

11 October 2025

Diocesan Finances Review

Introduction

This paper is for information and should be read alongside the budget proposal for 2026 and the proposed funding application to the Strategic Mission and Ministry Investment Board (SMMIB). There will be an opportunity for questions at Synod.

The Diocesan Finances Review (DFR) within the Church of England has been the most comprehensive review of diocesan finances including a gathering of more detailed financial information than previously. Beyond information gathering and review, the DFR has led to a series of changes in the financial relationship between the national church institutions and dioceses and transitional relief, predominantly implemented from the beginning of 2026.

Changes in financial relationship with the national church institutions

The key points of the review are:

- New funding arrangements for ministerial training replacing previous apportionment.
- Removal of other central 'votes' (which are charges to dioceses).
- Encouragement for dioceses to adopt the National Stipend Benchmark for incumbent status stipends and the National Minimum Stipend for curates from April 2026, whilst restoring the real value of stipends to 2011.

The national church team that has led the DFR has calculated the impact that they believe these changes will have on each diocese. The projected impact on St Albans is a small net positive change, although the full benefit does not apply in 2026 when changes to ministerial training funding are not fully implemented.

Transitional Support

The DFR package includes substantial transitional (time limited) support totalling £200 million. £100 million will be given as transitional grants to dioceses and £100 million will be given to SMMIB for which dioceses would need to apply based on normal SMMIB criteria. The transitional grants are heavily front end loaded during a nine-year grant period from 2026.

The DFR outcome is that St Albans would get transitional relief totalling £2,430k declining over a nine-year period, but with £1,521k to be received in 2026-28. The profile to be received in individual years in 2026-28 is £603k, £511k, £411k respectively.

The DBF has considered the impact of transitional relief and concluded that this time limited support is not required to achieve a balance of common fund income and expenditure. Moreover, there is a risk that if time limited support was used in 2026-28 to impact on the current income and expenditure budget it would cause a distortion that would have substantial negative impact once time limited support is substantially reduced. For example, if time limited support was used to reduce parish share requests, this could only be a short-term relief which would lead to substantial real terms parish share increases in subsequent years.

As a consequence, the DBF has concluded that time limited support should not be used within the normal common fund budget but allocated for exceptional expenditure. The decision-making body for how this income should be allocated for exceptional expenditure is Bishop's Council, though the DBF has expressed its view in relation to support for missional investment alongside the SMMIB bid.

Bishop's Council will be asked to consider the allocation of time limited support for the period 2026-28 in the first quarter of 2026.

David White
Diocesan Secretary