



Lichfield Diocesan Board of Finance

Budget 2025

LDBF FINANCIAL ACCOUNTABILITY

Introduction

In the 2024 budget document there were various challenges set out that needed or hoped would materialise to try give the Board a break-even budget moving forward. A year can be a long time and it is fair to say that things have not quite worked out as planned twelve months ago.

It would be fair to say that income has been difficult to raise throughout the year for a variety of reasons, and contrary to headline inflation figures, it has felt costs have gone up at a higher rate, anything linked to building materials, especially repairs, but also utility costs and general consumable items. You only need to look at grocery costs, as costs have risen suppliers have had to increase costs accordingly.

This is not a unique challenge to the Board of Finance, or Charities in general, but a Global issue as conflicts around the world have pushed costs higher. It is acknowledged that it has been a challenging twelve months, and this is reflected in the Budget as income expectations have had to be adjusted to the reality of what is happening in front of our eyes.

Expenditure as mentioned have increased but nothing compared to the increase in employers Ni within the Budget in October, which created a last-minute rethink on the budget. It is believed that the alterations put in place to the increase costs show a change in thinking, as it is not that long ago with Pensions and thirty years ago when Edentree Ni was passed to Diocese, the view was the parishes would pay as it is stipend related. Within the changes made in the early days of November, none of the extra costs have been passed on to the parishes.

Considerable work had already taken place at the monthly Budget Review Meetings, and not sure there have been many easy decisions over the last year. Liquidity has been a challenge and it is fair to say the challenge of capital sales to raise funds for liquidity and future investments have not materialised as expected during the year for a variety of reasons. Whilst this has helped rental income it means work is to be done over the next twelve months to get income back on track.

Overall due to circumstances then the 2025 Budget does include an increase in use of reserves. In total a sum of around £1.7M central support has been added to the budget. Last year income from Historical Growth or Total Return Approach was introduced for the first time, and whilst it was hoped this would be capped at £0.500M, it has been necessary to increase this to cover other areas of income that have fallen below expectation.

The budget has been drafted with continued challenges across all sectors, from the parishes through a limited increase in Common Fund requests to the centre to try and work as effectively as possible within the limited resources that have been made available.

Despite the challenges there remains a positive feel to the Budget as careful planning over the last few years and during the pandemic years, has mean that we are able to finance the difficult years and allow the opportunities across the Diocese to flourish.

1. Overview

This section simply highlights some of the headlines within the budget; further detail is within this document.

- a) Common Fund Formula – Subsidised Cost of Deployment to be increased by 2% to £58,770.
- b) Real Cost of Deployment increased from £62,630 to £66,484, although with Total Return this will reduce to £63,484 – to be shown on the requests as a separate line.
- c) General Inflation set at 5% - although this varies across different areas from 2% to as high as 7% for Property repairs.
- d) Stipend increases set at 4.5%
- e) Total Deployment 216.45 posts, plus a curate pool of 22.
- f) Vacancy factor increased from 14% to 15%.
- g) Salary Increases 4%
- h) Overall budget expenditure is increased by 0.02%.

2. Diocesan Budget

The Diocesan Budget represents the day-to-day transactions of the Board, including the receipts of the Common Fund and other income and the costs attributed to them, such as Stipends, and contributions to General Synod. It explains the costs that the Common Fund contributes towards and other areas of income that assist in meeting the liabilities of clergy stipends, housing, pensions, administration, and central support services (Central Sector Ministry).

It does not contain the transactions of the Designated and Restricted Funds unless any transfer or payment from the funds is due to the Unrestricted Funds. These Specialist Restricted Funds do not have individual budgets; however, their annual transactions are reported in the Board's Annual Accounts and the Trustees, Boards and Committees responsible for these Funds receive regular reports. Copies of these reports are available on request.

Such is the complex nature of the Church's Financial Rules and Regulations that some of the income and expenditure from the Designated and Restricted Funds affect the day-to-day transactions. These naturally must be included in the Budget.

They are as follows: -

- Church Commissioners' Low Income \Communities Allocation
- Income from the Pastoral Fund, Trust Reserve, and Diocesan Stipends Fund.
- Income received from the Walter Stanley Trust
- Grants to/from any Designated or Restricted Fund expected within the year.

3. Income

a) Common Fund

Although the general inflation figure within the budget, including stipend and salary costs, has been set at 4% and above, it is appreciated that the real rate of consumable inflation remains higher, and pressure on parish finances remains high. Against this, despite holding the base formula figure static for three years following the pandemic, it is important that the main source of income does not become stagnant and the gap between the Real and Subsidised Cost of Deployment is managed. Whilst the Diocese has tried to increase all forms of income and introduced Total Return Approach, it is important that the parishes also contribute towards the gap, but there is little use in setting unrealistic requests.

It has therefore been decided that the Subsidised Cost of Deployment will rise by 2% from £57,620 to £58,770. This does mean that all formula requests will rise by 2%. Those on Special Arrangement unless otherwise agreed, will have the increase capped at 5%.

Last year we were able to reduce the Real Cost of Deployment. Due to the reduction within the budget of key income sources, Common Fund, Fee Income and Low-Income Contributions, the Real Cost of Deployment has had to rise. The Real Cost of Deployment for 2024, full time equivalent, will be £66,484.

The Diocese will subsidise the gap through two different sources. The first source will be through Total Return (see page 8), to the amount of £2,329 and the remaining £2,681 through Resourcing The Future (see page 8). The latter source is transitional and in the subsequent years there will be a need to cover this gap to enable a true break-even budget.

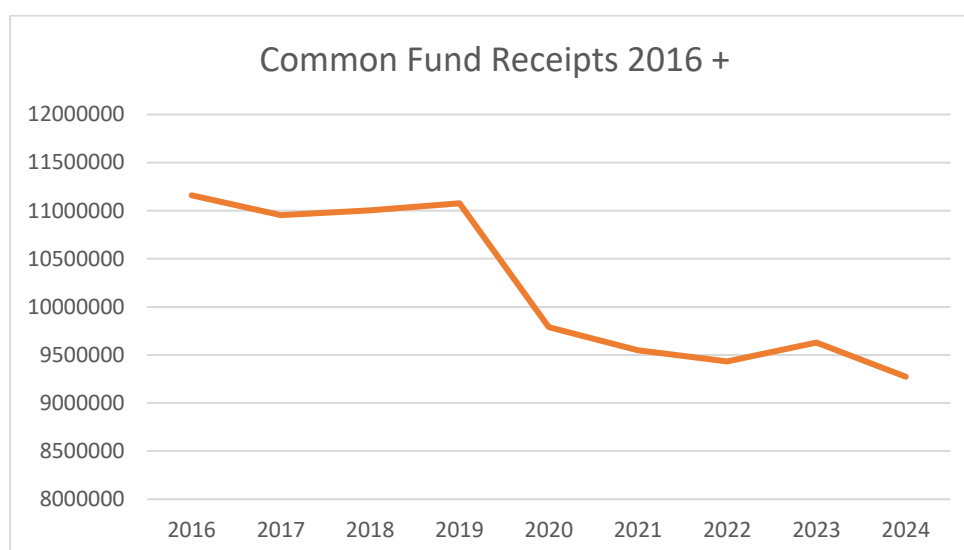
The actual amount requested within the budget has risen by only 1.43% to reflect changes in deployment and transitional support agreed to support Interim Ministry in selected parishes across the Diocese.

Collection

The key to the budget is what is realistically deliverable from parishes rather than the amount requested. Historically there is no pattern of the more asked the more you receive – in fact the data indicates that the increasing requests delivered lower collection rate percentages, and no evidence of more cash receipts. It is accepted that it is a delicate balance between a challenging request and one that is simply not affordable and therefore the Common Fund becomes forgotten in the general scheme of things.

The 2025 Budget has calculated the collection figure in a different way. It has taken the amount requested and then deducted the level of Special Arrangements to give a net request – which in 2025 will be £9.734M. A target has then been set at a collection rate of actual requested Common Fund of 97%.

Based on current data the forecast for receipts in 2024 range between £9.18M and £9.42M. The table below assumes the lower figure and shows receipts since 2016.



In 2023 there was certainly an excellent effort from parishes that saw receipts higher than expected at the time. Last year there was a challenge to try and reach and match the performance in 2023, but indications are that figure will reduce. Taking an expected level of receipts in 2024, the challenge within the budget and to parishes is can we increase Common Fund receipts by 1.44% to £9.44M, an increase of £170,000. This can be broken down into an extra £785 per annum per full time post, or £15 per week, across the Diocese, in addition to the 2024 amount. So, for a half time post £7.50 per week etc.

Part of Shaping for Mission is that parishes are sustainable, although there is no clear definition of this – it is not unreasonable to suggest that as part of this target would be for parishes to be able to meet their formula request within 5 to 7 years, so in theory the collection rates should increase, but after many discussions and consultations with parishes and treasurers it is accepted that many parishes are currently budgeting for deficits, so it is a challenge but hope a realisation and one that will encourage parishes to meet their requests.

Arrears

One final area when setting the Common Fund request is the management of arrears. There seems little point in setting requests that cannot be achieved. This purely adds to arrears and additional mill stones around parishes. There is a fine balance between a realistic challenging target and one that parishes simply give up on as it is deemed simply impossible to achieve. One challenge was to try and manage the rapid increase in arrears – including the Parish Share Support in 2020 and 2021. There have been many agreed packages and support and this work will continue into 2025, and any parishes who is finding the financial burden too excessive they are encouraged to contact the Finance Team and Archdeacon, as help is available.

Generosity

Within the formula is the option for generosity. The requests are classed as the minimum request. Where parishes have been able there have been examples of support, either financially with parishes making additional payments to help other parishes or providing resources that have benefitted other parishes. Examples of generosity have increased as the year has progressed, and it is hoped this will continue to enable other parishes to be generous to their fellow parishes.

In addition, there are materials on generosity and over the coming twelve months will try to communicate and roll out as much assistance as possible in conjunction with the National Church.

b) Grants Low Income Allocation & Benefact

The Board remains continually grateful to the National Church for the Allocation, around £2M per annum towards Low Income Communities in the Diocese. In addition, the Diocese also receives a grant from Benefact – formally All Churches Trust.

These grants reflect the Low-Income Communities in the Diocese through the IMD – Indices of Multiple Deprivation – and is the reason this is now used for the Common Fund formula. It is accepted there is no perfect way of allocating funds, and every parish will have their own version or ideas of what can be used, but based on how the funds are received it remains logical to use the similar method for distribution.

Currently the allocation is going through a transitional phase which will end in 2025. As a result, the amount received each year does reduce, so there is a fall in both cash terms and real terms. The forecast for the next few years is a follow, assuming a 3% uplift.

The National Church are already working on the funding allocations from 2029 onwards and there are various groups looking at this. In addition, there are request from Diocese to the National Church for some sustainability funding over an agreed period of time, as a recent finance exercise showed that collectively Diocese are losing £60M per annum and expected to rise to £82M by the end of 2024.

	2023	2024	2025	2026	2027	2028	2029	2030
	£M	£M	£M	£M	£M	£M	£M	£M
LInC	1.801	1.864	1.928	1.994	2.063	2.135	2.208	2.284
Transitional	0.213	0.128	0.046					
Total	2.014	2.192	2.174	1.994	2.063	2.135	2.208	2.284

c) Fees

In addition to the generosity shown in Parish Contributions the parishes also contribute significantly to fees. The figure in the Budget represents the DBF fee due in accordance with the Ecclesiastical Fees Measure 1986 and updated tables.

At the time of the Budget is put together the Fees table is not available, however since the issue of the 2025 fees it is very much in line with the workings of the Diocesan budget. Despite comments to the contrary, fee income in the Diocese had not fallen significantly at any stage (pandemic exception). However, there was a clear drop at the end of 2023, and this appears to have continued in 2024 – although there appears to have been a slight uplift in the second part of the year.

It is a difficult one to judge as timing on collection of fees always makes this a difficult area to budget. It is known, understandably, parishes hold back fees, despite their statutory nature, due to cash flow. In addition, there have been delayed weddings and there is not a consistent number of occasional services across the Diocese as a whole. A new system for monthly fees returns and collection of fees is currently being reviewed and further details will be communicated in due course. Any change in system must be able to work at parish level and centrally - the last thing we want to do is add to the workload of the parish.

When trying to budget for fees, normally tried to avoid following trends based on the previous years, always a danger to reduce the fee income when the previous year looks like a fall only for the figures to bounce back. With the pandemic this has made it more difficult. However, in 2022 there was over £1M in fees and indication at the halfway mark year indicates a similar figure in 2023. However, the yearend figure was down by around 20%. Therefore, fees in the budget have been decreased by 20%. This takes into account the change in 2023 and the patterns witnessed in the current year.

There are various requests whether fees should be included as part of the Parish Contribution. The split across the diocese is not even and some parishes would love the opportunity to generate more fees. It should always be remembered that parishes also receive fees and those who generate large fees the diocese remains grateful, but it also helps them financially compared to those who are simply unable to generate fees for various reasons. The impact of the fall in fees can therefore have a dual impact. As well as the Diocese income falling, the parish income from either the statutory element or local fees will also fall – and this in turn can have a double hit effect on the Diocese as it makes paying the Common Fund more difficult.

d) Investment Income

This section represents dividends and Glebe Land rentals.

At the annual meeting of Investment Managers in July, income remains buoyant in a difficult market, although some will not be surprised if they believe companies are profiting behind the inflation figures, known as greedflation to add to shrinkflation – or both.

Liquidity issues have meant careful selection of sales of investment that can impact on the future income. Selling shares even if it is taking the growth in previous years will potentially result in lower dividends, it will certainly result in losing some of the increased income.

In addition, there is also Asset Management. Whilst the sale of Glebe Land (impact on Total Return) and Housing has stalled this year, a considerable amount of work has been done

on identifying housing targets. At the time of writing over £1M of house sales are awaiting completion, but getting over the line is proving difficult. In addition, other surplus properties have been identified and are set to go to the market in 2025. As seen in 2021 it is an exercise of moving these targets to low hanging fruit.

Part of this exercise is identifying “niche” properties that should sell in the current market and should with hope attract some competition.

Apart from easing the cashflow the policy is some of the proceeds will be invested, and the aim is to try and fund £2M to invest in 2024 and 2025. It is accepted we are behind schedule, and it is frustrating, but every effort is being made to address this, and we remain confident that the target will be achieved by the end of 2025, and expectation is the target will be passed. Any surplus of course could then be used to either support the budget or support new areas of work and initiatives, such as Net Zero or other projects in parishes across the Diocese.

This exercise is an example of where Total Return, Cashflow and the budget are joined together. It is important that to retain a sustainable cash flow or liquidity then new cash needs to be injected into the system, and the Board can not rely on simply transferring assets – at some stage something must be sold, whether it be Property, Land, or Investments. Built into the thinking and the forecast is to try and realise £2.5M in sales of Property (or Land) by the end of 2025 to help finance the Total Return, stabilise the cashflow and as mentioned above invest to increase future income.

The budget includes an increase of 4% plus an adjustment for investment of new capital. This results in an increase of 8.1% which is challenging but not unrealistic – however it does ensure that the Board must remain proactive on our Asset Management.

e) Property Income

This section is house rents. There is a significant increase in the budget, this is partly due to the current levels of gross rental income received since 2022. The figure in the budget is net of costs and commission, but provided all concerned continue to be more proactive in using resources rather than leaving them empty for excessive periods of time then the budget is a realistic expectation.

Concern is sometimes expressed on the timing of sales and loss of rental income, and whilst there is some truth in this, much of the rental market is linked to the vacancy rates in the budget – they are core houses waiting for appointments to be made. Based on the work so far, the sale of property will not have a large direct impact on the rental properties.

However, once again external factors, which is often a forgotten area of risk, comes into play. The new Renters Right Bill does give us some area of concern. Whilst the reason for serving notice does not provide any particular issue, it is the threat that first tenancies may well be extended. If this is the case, then renting vacant properties may not be possible unless it is known to be a long-term vacancy within a parish or curacy.

Work has already commenced on this area – it may result in a “fire sale” style approach, or open discussion with Insurance Companies who often look for short term tenancy landlords to help with insurance claims. It is not believed that this will impact on the 2025 rental but moving forward we may see this source of income starting to fall. Of course, it may also fall if the vacancy rate falls.

f) Total Return – (Historical Endowment Growth)

There remains much debate where this section of incoming resources should be shown. The inclusion under income is based on the grounds that it will be a regular source in the coming years and the funds will be used against day-to-day activities. If the plan or strategy was simply to transfer investments or property each year, then the argument for this to appear under transfer of reserves would be correct. If any of these funds are agreed to be used for specific projects, then it will be reported but unless it directly impacts the Diocesan budget it will be way of a note.

The aim in the Budget and financial strategy is to be far more proactive in the sale of property assets, and ideally Glebe Land, to generate cash to ease the cash flow issues facing the Diocese and to spend the funds towards stipend and related costs – with the intention of having some proceeds left over to invest.

The initial plan as mentioned above is to sell the equivalent of £2.50M in property sales. The first £0.50M will feed into the budget as income (Total Return), it is then hoped depending on the cash flow; up to £1.50M will be reinvested and the other £0.50M will be retained for cash flow purposes (potential capital purchases or season adjusted cashflow issues). If the sales side is unsuccessful then it may be attention is drawn to Investments but with the impact on Investment Income, it will be the last resort.

To do nothing with the assets and hope values increase and simply transfer growth will not help the Diocese as cashflow needs to be always take into consideration on any financial related issue.

However, when the requests are sent to parishes, this support will be shown as a separate line and please note it is also discarded from the Real Cost of Deployment calculation.

In the 2025 Budget due to the fall in income sources it has been necessary to increase the contribution from £500,000 to £650,000.

Resourcing The Future

Whilst the concept was agreed by the Diocesan Investment Group in 2014 it came into being in 2015. The idea was that a percentage of house and land sales be invested into a restricted fund to try and raise £7M. The investments would be reinvested or accumulated and generate income that would be initially used to support posts that were not to be refilled due to Pastoral Reorganisation but would remain filled until the post became vacant.

The intention was not to use the capital and eventually release the income into future Diocesan Budgets.

The target was never reached, however with the change in the Parish Contribution formula in January 2022 in conjunction with the Shaping For Mission exercise; at Bishop's Council in May 2022, it was agreed how this fund may be utilised to support some of the challenges currently facing the Diocese and free up some funds to support the Budget for 2024 onwards during a period of transition.

The support figure from the formula is included at the bottom of the Budget and is a transitional figure. This will reduce over time, and the aim is within five to seven years the figure will be zero – unless the funds run out first.

In the 2025 Budget the amount is made up of two forms of transitional support.

Agreed Transitional Support towards Interim Ministry	£224,094
Agreed Transitional Support towards change to Common Fund	£340,130
Total	£564.224

4. Expenditure

The format in the last couple of years for expenditure has changed to fall in line with the National Church and their recording of diocesan finances. Whilst it may not seem ideal it has helped in the board receiving support especially with Sustainability funding in 2020 and 2021. At a recent meeting of Diocese's, a report based on the data was useful to identify issues across Diocese and the ability for the national Church to offer areas of support.

Since the inception, the layout has helped Budget Review and other finance committees in planning and proved to be a more useful tool, segregating areas, and allowing the flexibility to look at fixed and variable costs in more detail.

a) Parishes/Sector Ministry (aka Deployment plus DVE)

This largest section of expenditure simply reflects the parish deployment, excluding Curates and the staffing in the Central Sector Ministry – DVE (Discipleship, Vocations and Evangelism) and Education.

This section does not include Housing costs, such as Council Tax and Water Rates as they appear under Property.

Deployment – The deployment figure is based on the average estimates at the end of 2024 and 2025. This gives a combined average of 216.45 posts, a total of 17.69 posts since the inception of the Common Fund formula in January 2022 (234.14).

After this calculation it has been agreed a vacancy factor is then applied. Historically the figure was set at 7% but was then increased to 11%. In 2024 this was increased to 14%. For 2025 this has been increased to 15% after considering the current vacancy rate.

It is important to add that the vacancy rate is a natural figure and has nothing to do with the Diocese deliberately extending vacancy periods. It is more down to basic economics and supply and demand. With a reduced number of available stipendiary clergy, and a lower reduction in deployment nationally, then eventually it will become naturally more difficult to make appointments. In addition, it has been shown that part time posts are increasingly

more difficult to fill – probably driven by the cost-of-living expenses, especially running a vicarage on a part time stipend.

Whilst it can be tempting to increase the vacancy higher this creates two issues. Firstly, and more importantly it sends an incorrect message that we are trying to have a high vacancy rate. Secondly when the vacancy rate falls, which we all hope will be the case then the costs then need to be added back into the budget. One thing that must be avoided if possible is trapping the Diocese in a corner where decisions are made to resolve one year's budget and create unsustainable expenditure in the future.

The costs identified in this section include the Stipend; Ers NI (including Apprentice Levy) and Pensions.

Also included in this section are Chaplaincies and Bishop's Mission Order Posts.

Impact of the October Budget

It has been identified centrally that the stipend levels, known as the National Stipend Benchmark, has fallen behind real costs due to the rate of inflation in recent times. With inflation now more under control, it is easier to address this issue. With a reduction in Pensions Contributions due the success of the investments, then in February 2024 they increased the Stipend Benchmarks by 7% from April 2024.

The Diocese sets the stipend each year from 01 January, and whilst the curate stipend was adjusted in April, the Stipend Benchmark remained the same. To address this an increase of around 5.6% was required to catch up. Therefore, initially the budget included an increase of 6% taking the Diocesan Stipend to £31,900. The National Benchmark was then lowered slightly to £31,558 – representing a 3% increase.

Then came the October Budget and the increase in Ers National Insurance from 13.8% to 15%. This increase was not one that would necessarily create too much of an issue, however the reduction in threshold of no Ers Ni from £9,100 to £5,000 was quite damaging.

The easiest way to look at that impact is that it added £615 per person to the deployment budget, so added £180,000 to the stipend budget alone – this is for nine months. The net impact across the whole budget is around £208,000 - £10,500 can be reclaimed on Employer NI. If you take the annualised addition to the budget, so for 2026, then this adds £300,000 to the budget costs.

There were several options, adding it to the Common Fund was a nonstarter and disregarded and equally adding it to the deficit was not a wise option either as it just increased future budget – probably better known as kicking the can down the road.

The best solution was to try and retain the expected expenditure as approved by Council in September – this meant reducing costs.

Consequently, the budget now reflects a stipend increase of 4.5% from January 2025, a new Diocesan Stipend figure of £31,445.

With the headline inflation at just under 2%, consideration was given to rising heating costs, and the fact that tax thresholds remain frozen – so any increase will be automatically taxed in full. It gives a figure just below the National Stipend Benchmark, (£113pa) which falls

short of the aim in the budget but given the timeframe and the size of the change then it is felt to be the right move. With it comes a pledge that in the 2026 budget a slightly higher increase will be considered to try and bring Lichfield in line with the National benchmark.

Included in this calculation is a risk. Given the circumstances and the ongoing debate over central funding, it is expected that the Pension contribution rate will drop from 25% to 24% from April 2025.

This of course may not happen but from a budget perspective it is a minimal risk and one we think will happen because of the pressure Diocese across the country will place on the central church given the size of additional costs incurred due to this change. The proposed changes were approved by Bishop's Council at an extra Meeting on 19th November.

The recommended increase in Stipends of 4.5% is reflected in the table below, in addition to the vacancy factor.

Direct Stipends includes Resettlement Grants as well removals and sequestration costs (Vacancy Support); in addition to the cost of Archdeacons and their associated costs that are directly incurred through Parochial Ministry.

Parish / FX / Sector ministry stipend and associated costs

	2025	2024
	£'000	£'000
Deployment	7,921	7,667
DVE	1,029	1,018
Direct Stipends	869	864
	9,819	9,549

b) Curates (IME4-7) – Curates Budget

This section reflects the cost of the curates placed in parishes.

Curate stipends will increase by 4% in line with the National Minimum Stipend (NMS) and the new figure is £30,110. There was a slight adjustment in April 2024 to bring the stipend in line with the NMS following the decision by the National Church in February 2024 to increase the NMS rate by 7% from April 2024.

The Diocese is struggling to recruit curates, and it is a national problem not just Lichfield.

Although indications are the number of curate intakes in 2025, with a low intake in recent years this is reflected in the budget with a reduction from 29 posts to 22.

The aim is to also ensure curates move as soon as possible after competing three years, although that is not always possible. Whilst the policy will remain that the Diocese wishes to intake for 12 for 2025, this is not realistically going to happen.

The costs include the curate stipend, NI and Pensions.

c) Property

The expenditure includes the house maintenance costs plus the Council Tax and Water Rates. Although it is likely the number of properties may well fall during 2025; this is taken into consideration and the budget increased by 5.98%. This may well be lower than the inflation rate for building materials and labour in the current economic climate, although a 7% building inflation has been included within the calculations.

In addition to the budget figure for maintenance there is also a pot of £132,500 (this has been increased from £125,000 in 2024) from the Pastoral and Diocesan Stipends Fund towards significant planned maintenance and environmental work. Emphasis has been put in trying to improve the energy efficiency of the Board properties, although there are limitations due to financial constraints. The first exercise has been concentrated around boilers and ensuring all houses have more than adequate loft insulation, and an exercise is ongoing regarding cavity wall insulation.

In respect of Council Tax and Water Rates, it should always be remembered that the full costs are paid regardless of whether an appointment is full time, part time or House for Duty. So, the number of houses used for Utility bills is higher than the deployment figure.

At the Budget Review Group, after consultation with Severn Trent and South Staffs Water Companies, to move all remaining rateable properties to Water Meters. This exercise commenced in 2024, concentrating on the higher rated properties.

Indications are that this may well save the Diocese up to 25% on the cost of Water Rates. At present the intention is to use any saving to support environmental projects within the property team as part of the Carbon Net Zero exercise.

	2025	2024
	£'000	£'000
Property	1,874	1,745
Council Tax	631	614
Water Rates	144	140
	2,649	2,499

d) Diocesan Support

The costs are split between staff salaries and associated costs and the cost of operating a Diocesan office.

Staff Costs: -

This section looks purely at the General Central Office salary costs, so includes the Secretariat and Governance department, Finance Team, Property, Communications, Safeguarding, DAC, DMPC etc.

Originally there was a 5% salary increase across the board. Following the increase in Ers Ni as previously reported, in order to avoid any additional costs in the budget this has been reduced to 4%.

The increase in the salaries element of the budget is slightly higher than 4% due to the natural restructuring with the pending retirement of the CEO; across all departments taking into consideration increases on demands in certain areas against stretched resources. The aim is to try and make any restructure financially breakeven and, on most occasions, this is achievable, but there are times additional resources are required.

This should be taken into consideration against the substantial reductions in 2021, that exceeded over £400,000 across both central and DVE budgets.

Whilst the percentage appears to be high at 8.32%, with an expected 4% increase due to salaries, in cash terms it equates to an extra £49,238 or 0.30% of the expenditure budget. In total the salary budget for central costs equates to 7.51% of the diocesan expenditure.

Central Costs

This section looks at the Diocesan Office as well as costs incurred to operate the central team as listed above, be it personal travel costs, or computer maintenance, training, or conferences as well as software support etc. Although the percentage increase seems excessive at 13.32%, in cash terms the budget has only increased by £77,500 – and if the 4% inflation increase is taken into consideration, it results in an extra £54,234 above inflation. The total costs equate to 4.01% of the Diocesan expenditure in the year.

There are some reasons behind this and non-greater than heating costs at the Diocesan office. Efforts are being made to rectify this issue, including up grading the electricity supply to allow greener solutions to the heating systems. Some of the development work and building work will be capitalised. With Electricity being more expensive than Gas, it is an issue that we are trying to manage once the new system is in place. Following all the NZC quick wins is a place to start.

Other costs that have increased include Insurance, and audit fees. Database and software licenses and support also have increased.

To counter some of these costs there should be reduced costs on the telephone as the transition from foresee to Curo is completed. There will also be savings in IT when we complete the migration exercise. As I am sure parishes are finding, what we call consumable costs, these prices are rising, and service prices are reflecting this.

The central costs have now been reapportioned for 2024 to allow the senior managers to review their own area of work and resources required to meet the growing demands that are placed upon us for statutory reasons, or simply the increased demands from parishes on the centre.

The opportunity has also been taken to move some of the statutory costs, such as Insurance and Audit to Statutory and Legal costs, as both are statutory requirements – house or vicarage insurance is included under the property budget.

The revised breakdown by area of work is as follows: -

	2025	2024
Department	£'000	£'000
Central Diocesan Office	738	633
Buildings Department	216	206
DAC	94	90
Parish Support/Resources	272	254
Communications	135	127
Safeguarding	180	167
Stat & Legal	259	245
Total	1,894	1,722
Salary Costs	1,235	1,140
Non-Salary Costs	659	582
Percentage of Expenditure	11.52%	10.71%

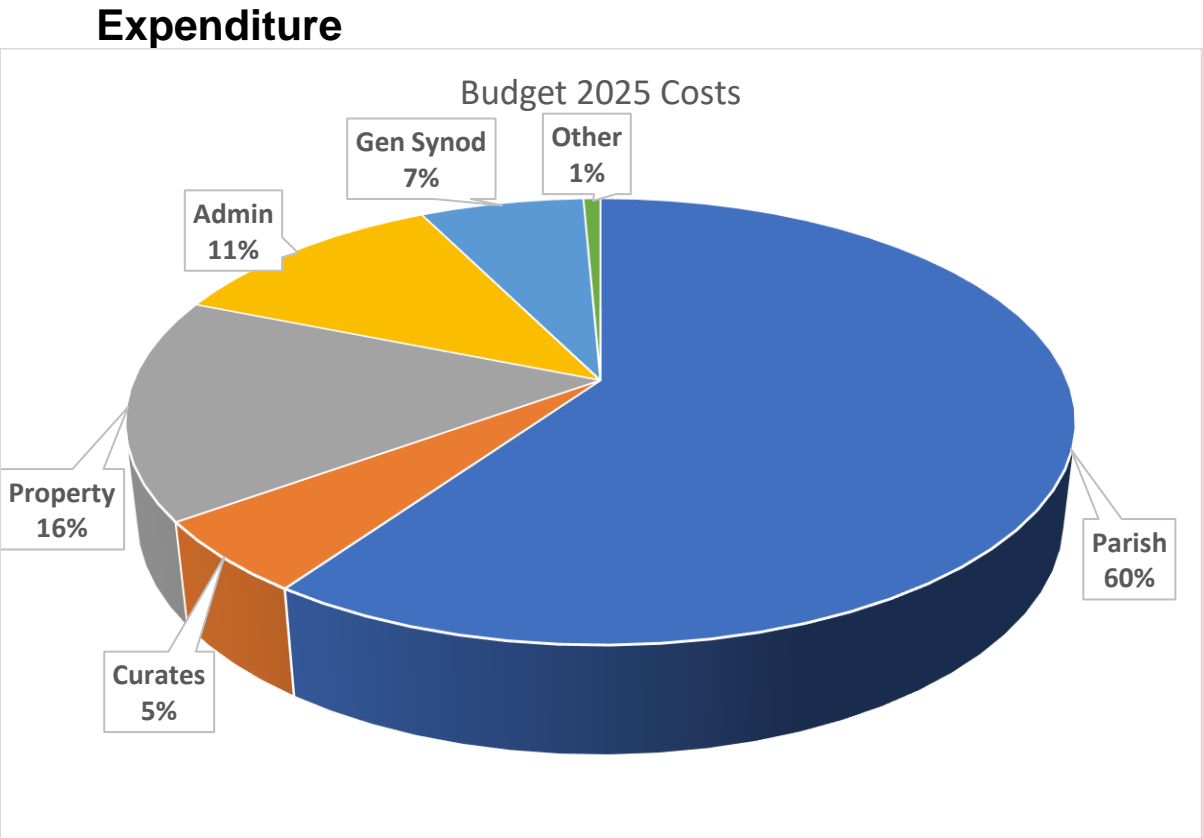
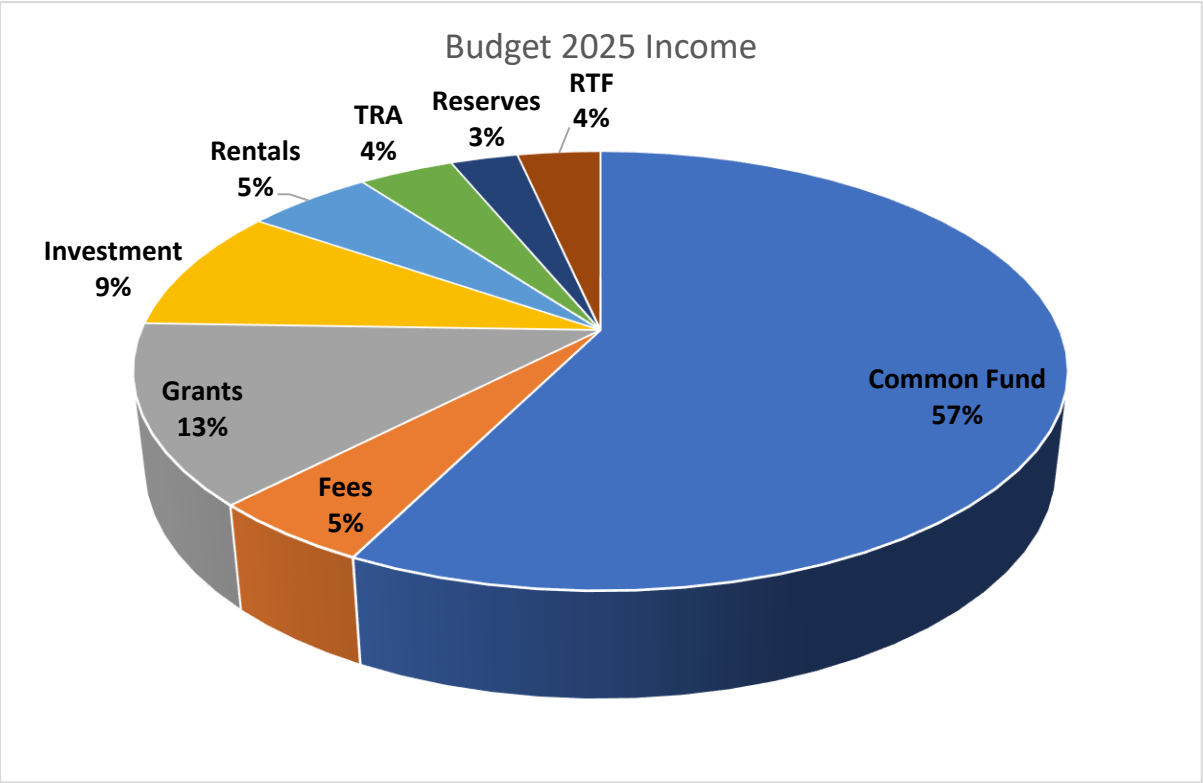
e) Initial Ministerial Education 1-3 Costs

This area of costs are simply the training costs of Ordinand at colleges – was previously called Training Grants or Ordinand Grants. The amount required or paid in grants has currently fallen significantly due to the lack of numbers in training. There is a downside in the fact that this may mean this area of costs is substantially under budget in 2025, the Pooling Costs in the National Apportionment will rise significantly. There is always a temptation to decrease this budget considering the short fall in requirements, however it is never quite so easy to increase the budget as and when the occasion arises.

f) General Synod Apportionments

The General Synod apportionment is split between Vote 1 & Pooling in the Budget and Votes 2 to 5 – as follows: -

	2025	2024
	£'000	£'000
Training for Ministry	431	431
Pooling	161	136
National Church (Votes 1)	592	567
National Church Responsibilities	257	257
Grants & Provisions	45	44
Mission Agency & Pensions	15	-
CHARM	187	179
National Church (Votes 2-5)	504	480
Total	1,096	1,047



Budget 2025

	2024 £'000	2025 £'000	Change £'000	Percent
Income				
Common Fund Offering	10,374	10,523		
<i>Less Provision for Shortfall in Offering</i>	<i>(622)</i>	<i>(1,081)</i>		
NET Common Fund Offering	9,752	9,442	(310)	(3.18%)
Parochial Fee Income	1,012	802	(210)	(20.70%)
Grants	2,192	2,174	(18)	(0.82%)
Investment income	1,382	1,497	115	8.21%
Property income (e.g., rental income)	676	859	183	27.21%
Historical Growth through Total Return	500	650	150	30.00%
TOTAL INCOME	<u>15,514</u>	<u>15,424</u>	<u>(90)</u>	<u>(0.58%)</u>
Expenditure				
Parish /Sector ministry stipend and associated costs	9,549	9,819	270	2.83%
Curates' costs (IME 4-7) *	1,109	874	(235)	(21.21%)
Property	2,499	2,649	149	5.98%
Diocesan support	1,722	1,894	172	12.40%
Initial Ministerial Education 1-3 costs	140	98	(42)	(30.00%)
National Church IME 1-3 contributions (Vote 1 & pooling)	567	592	25	4.39%
National Church contributions (Votes 2-5)	481	504	23	4.85%
Other	22	16	(6)	(26.99%)
TOTAL EXPENDITURE	<u>16,089</u>	<u>16,446</u>	<u>357</u>	<u>2.22%</u>
NET SURPLUS / (DEFICIT) BEFORE TRANSFERS AND GAINS / (LOSSES) ON ASSET SALES**:	(575)	(1,022)		
**Transfers from restricted and designated funds				
Resourcing The Future	530	564		
Transfer from General Reserves	45	458		
NET SURPLUS / (DEFICIT)	-	-		
<i>Budget surplus / (deficit) (% of income)</i>	<i>0.31%</i>	<i>2.78%</i>		

Standard Cost of Deployment - 2025

	Cost	Pence
DIRECT COST OF STIPENDS	2025	Per/£
	£	2025
Stipend/NI & Pensions	43,250	
Less Vacancy Support	(6,716)	
Net Stipend/NI & Pensions	36,534	48
Housing inc. Insurance, Council Tax and Water Rates	11,662	15
TOTAL DIRECT COST PER POST	48,196	63
Cost of training future clergy	7,768	10
TOTAL COST OF MINISTRY IN PARISHES	55,964	73
Other costs to be covered: -		
Expenses of Office	4,007	5
Specialist Ministry	4,748	7
Statutory & Admin Costs	8,813	12
Contribution to the National Church	2,324	3
Total Other Costs	19,892	27
Average Gross Cost per post	75,856	100
<i>Less Income from Other Sources</i>		
Diocesan Generated Income	9,372	
Real Net Cost Per Post	66,484	
Historical Growth through Total Return	3,000	
Diocesan Reserves	4,714	
Total Subsidised Net Cost per post	58,770	

Common Formula Request Template 2025

Cost of Deployment	£66,484
Low Income Communities (LinC) Allocation	£0
Mutual Support	£0
Formula Cost of Deployment	£66,484
Diocesan Support through reserves	(£4,714)
Historical Growth through Total Return	(£3,000)
Special Arrangement	£ 0
Total Diocesan Support	(£4,714)
Formula Request	£58,770
<i>Agreed adjustment</i>	£0
Minimum Common Fund Contribution 2025	£58,770