

June 2024 Synod

The budget for 2025 was approved by Bishop's Council as the trustees of the DBF and standing committee of Synod at its meeting on May 21st, Synod is asked to approve the budget.

Budget 2025

This budget has been prepared early so that it can be used in the roll out and communication of the new Share scheme, as supported by Synod in February. A fuller budget guide will be published in time for September to help with conversations taking place in deaneries and PCCs.

At the Synod meeting please do raise any questions or clarifications before you come to a decision regarding the budget. If you have detailed questions that would merit an in depth response, please do contact me in advance so we can prepare that detail for you.

This Budget has been prepared with the Principles for Financial Planning agreed by at the June 2023 Synod as part of the priority for Financial Sustainability in our vision and strategy Making Jesus Known. You will find them in the appendix. As we step towards financing the future sustainability, we will articulate a three-year rolling budget- this will follow later in the year.

The financial resources to support our mission to Make Jesus Known are held in many places. Each PCC has a range of responsibilities and a range of finances available. A 'Total economy approach' invites everyone to focus resources on our common purpose in Christ. The DBF budget is only one part of this.

Income

We are presenting the budget so that the various sources of funding are clearer- some are DBF restricted fund expenditures, some funded from Share income and some grant funded from other sources (eg national church). This makes clear the activity for which Share income is needed.

Share.

The Share request, as agreed in the new scheme, is the income needed to cover the costs of being church in the diocese of Salisbury which are not covered through other income. We are now in a transition period to close the gap and remove the operating deficit. We are no longer budgeting a deficit.

As a first step in the transition and in light of anticipated cost of living inflation on stipends and salaries, the total Share request has been raised by 3% on £12.2m to £12.566m. A total of £500k has been provided for relief to parishes ranked lower in the Indices of Multiple Deprivation (IMD) ratings, for the cost of share discount (discount rising to 1% next year) and for the rebate of fees as part of the new Share scheme - so the net request is £12.07m (versus a net request of £11.9m in 2024).

- It is important for Synod to note that while the increased request might sound modest, it represents a £2m increase to the actual amount given in 2023, so is a major challenge for some parishes. Alongside this, the new Share scheme will lead to a new request

figure for each parish and a 4-year transition period. This means that very few PCCs will be asked for a 3 % increase on their 2024 figure.

Building consultancy. In recent years the DBF has benefited from income from our building consultancy. The market for this work is changing and following a detailed review, the directors of the SDBFBC have taken the decision to wind down and budget income therefore reduces.

Third party grants. Specific new investments are already taking place in the strategy in areas.

- You will see these in the budget including church buildings (£55k), net zero carbon (£60k). We have funding to support the development of a ‘programme way of working’ (£225k). A designated fund within DBF resources will support strategy initiatives. We are now deploying the £1m Aldhelm fund to support innovation in mission locally.
- We will bid for funds for local mission pathways from the national church in October, so these are not yet in the budget.

RME. You will notice a £512k reduction in income (Parochial fees, grants, donations) - this is mainly due to Residential Ministerial Education grant which is now handled directly by the national church.

Rental income. The number of vacant houses being rented out is increasing from 30 to nearer 40 and with our outsourced management and up-front home improvements we are increasing income derived. Under the new share scheme where vacancies go into a second year 75% of the rental income will be offset against parish share. This will start from the beginning of 2025, so the first relief won't be experienced until 2026.

Expenditure

Clergy. Rightly, the DBF budget has the costs of clergy and their homes as our primary commitment.

- We have budgeted for 150 FTE stipendiary Clergy less 15 vacancies, 3 Archdeacons, 20 Curates and 12 House for Duty posts. Bishop Stephen will be sharing news on the future of Archdeacon roles shortly. The budget represents 4 less clergy roles, and this reduction is being achieved through the normal process of pastoral restructuring already underway. Future deployment numbers are being discussed as part of the ‘People Plan’ in response to our vision and strategy.
- Following good progress to catch up a backlog of repairs to clergy homes we have been able to reduce the budget in this area for 2025 by £218k and also ensure we maximise the use of restricted funds intended to help with maintenance and improvements to homes. There is a capital budget of £300k for net zero work and £200k for major improvements.

DBF staff salaries increase for cost of living at the same rate as clergy, so the budget has been prepared assuming a 3% increase, which again may need revision later in the year.

- All DBF staff posts are being reviewed this year. During June and July there will be surveys and focus groups asking for the views of parishes on the support services you need from the DBF. This research is being undertaken by Lianne Howard-Dace an independent consultant who helped us establish our giving support programme and recruit Anna Hardy. Lianne will talk about this research at the synod meeting.

- Safeguarding capacity gaps were highlighted in the recent audit. Pending finalization of the audit response we will need to increase capacity. We anticipate costs increasing by £74k which is the 2 full-time posts for case worker and administrator - we are currently seeking external grant funding for the latter.

Other costs. Other costs have been scrutinised and not necessarily increasing by 3%. A new General ledger system is giving new and better detail in a consistent fashion so next year more detailed comparisons will be possible.

My thanks to Antony Macrow Wood, the finance team, and colleagues across the DBF under the overall direction of the Finance and Resources Committee and Bishop's Council for completing the budget preparation so early this year. Look forward to discussion and decision at the Synod meeting.

David Pain

Diocesan Secretary, CEO Board of Finance.

3-6-24

Appendix- the principles we are working to, as per June 2023 Synod

To achieve and maintain our objectives goals of financial **probity, equity and sustainability**, our financial strategy will be based on the following overarching principles:

1. The financial affairs of the Diocese of Salisbury will be managed with **full visibility and consideration of the total economy of the Diocese**, not just of the Salisbury Diocesan Board of Finance.
2. Notwithstanding this, we will progressively move to a position in which mission and ministry is **designed to meet local needs** through [inter alia] missional communities, benefices etc. and the financial means to support this will (subject to limited exceptions, see below), come from local sources.
3. Income arising from the DBF **Stipend Capital Account may be used to cover a deficit** in the funding of local mission and ministry **on a transitional basis** to allow time to balance budgets. Such funding may be extended to an ongoing basis if the local community is not able to support itself but it is decided by Bishop's Council that ongoing support should be provided for strategic reasons.
4. **By 2027 the budget of the DBF will be in balance or surplus.** This will be achieved by increasing the amount of share collected and/or reducing the cost of paying, housing and otherwise supporting ministry.
5. DBF will **continue to liquidate assets to release agreed commitments** of unapplied total return to a) cover any deficit arising in FY 24 and FY25 [X amount based on projections to be discussed at July FRC as part of the budget framework] and (b) to support the initiatives which are part of the Diocesan Strategy.
6. During the transitional period our financial reporting will **separate Business as Usual (BAU) and investment/transformation budgets** to ensure that one does not inadvertently subsidise the other. In particular, an operating deficit should not be covered with funds intended for investment/transformation.
7. Subject to the approval of Bishop's Council (or via delegated authority) the **Aldhelm Mission Fund will be used solely to fund new mission and ministry initiatives** which are part of the Diocesan Strategy.
8. **The costs of achieving NZC** (once established within the forthcoming plan to Synod) as it relates to parsonages will form part of the SDBF business as usual (BAU) budget. KPIs showing progress towards with target will be agreed and reported as part of the SDBF BAU reporting process. Progress towards the budget will be subject to affordability. The cost of achieving NCZ as it relates to churches and parish halls etc will be covered by the parishes. The cost of a resource to provide advice and support, eg, in obtaining grants will be met by SDBF and included in the BAU budget to be recovered through share/national funding.