

Diocesan Synod June/July 2024

Finance questions- accounts/budget

Question re trustees' expenses

Mark Hayter, RD Chalke

Q: The accounts show a 62% increase in claims by the Trustees £12,557->£20,443.

At the same time the CC Housing allowance has grown from £8,500 to a range of £9,300-£15000 after a much smaller increase the previous year.

Can these increases be explained, please and at the same time; who receives the allowance?

A: Trustees Expenses

This is showing an increase from £12,557 in 2022 to £20,443 in 2023. Partly this is a question of the timing in which expense claims from the Bishop's Council (the DBF trustees) were received, but the main reason is that more meetings in 2022 were still being held virtually on Zoom

A: Housing Allowances for Clergy using their own houses

During 2023 a long overdue review of the housing allowance policy was completed following representations that our old policy had failed to keep up with inflation. The old policy provided a greater element of choice so that clergy could opt to use their own house rather than the benefice house. The new policy is more generous paying up to £15k pa depending on local market conditions but it removes much of that choice and has the presumption that the benefice house will be used except in exceptional circumstances. The revised policy is not being applied retrospectively because agreements under the old policy were entered into in good faith by both sides at the time, but it was agreed to raise the old rate to £9,300 - inline with the percentage increase in the Stipend.

Questions on staffing and clergy

Nicholas Barsby Wilton, Chalk

In the 2023 Diocesan Balance Sheet **Remaining DBF Staff** costs in 2022 are said to be £1.329m. However, in the 2022 Annual Accounts provided to the Charity Commission the 2022 **Remaining DBF Staff** costs were £1.582m. Whichever of these is correct **Remaining SDBF Staff** costs in 2023 are £1.897m; an increase of either £315,000 or £578,000. The average number of employees in this part of the diocesan budget has grown from the equivalent of 39 full time posts in the 2022 Accounts to the equivalent of 59.75 posts in the 2023 Diocesan Balance Sheet.

- What are these posts. and is how have senior leaders made a judgement to increase expenditure in

Q: What are the DBF staff/posts and how is that senior leaders have made a judgement to increase expenditure in this area when the budgets are being squeezed elsewhere?

Mark Hayter, RD Chalke

Q Direct Stipends in the Accounts were £4.79m in Both 2016 and 2023 while the number of stipendiary clergy has declined from 193 to 162.

NI costs are lower, pension contributions are largely unchanged so as stipends do not represent the bulk of growth in the Budget or Parish Share; can the DBF clarify what areas of funding are placing pressure on the Budget?

Judy Anderson, Chalke Deanery

These questions refer to the notes to the financial statements

Q Remuneration of key management personnel

The notes for the year ended 31 Dec 2022 list five personnel but only four posts – I think that Nigel Jenner succeeded Liz Ashmead – is this correct? If so, then there were four posts in 2022.

The notes for the year ended 31 Dec 2023 appear to list six posts (eight personnel).

Remuneration, pensions and expenses for these employees

In the 2022 notes, the figure given is £365k

In the 2023 notes, the figure given for 2022 is £457,466.57

Would the DBF please clarify, does the 2022 figure given in the 2023 notes include remuneration, pensions and expenses for personnel who were not listed in the 2022 notes, and if so, is this the reason why the 2022 figure shown in the 2023 notes is very significantly higher than the 2022 figure shown in the 2022 notes?

Q Discrepancies

There appear to be a number of discrepancies between the 2022 figures shown in the 2022 notes and the 2022 figures shown in the 2023 notes. Can the DBF clarify the reasons for this?

Some examples:

- *Stipends, National Insurance, A Levy & Pensions
The 2022 figure in the 2022 notes is 6,823k; the 2022 figure in the 2023 notes is 6,822k.*
- *Maintenance of clergy property
The 2022 figure in the 2022 notes is 2,343k; the 2022 figure in the 2023 notes is 2,344k*
- *Staff and stipendiary costs: Pension costs
The 2022 figure in the 2022 notes is **289k**; the 2022 figure in the 2023 notes is **106k**, with a corresponding discrepancy in the total.*

- *Staff and stipendiary costs: SDBF BC Ltd*
The 2022 figure in the 2022 notes is 184k; the 2022 figure in the 2023 notes is 187k
- *Staff and stipendiary costs: Remaining DBF staff*
*The 2022 figure in the 2022 notes is **1,581k**; the 2022 figure in the 2023 notes is **1,329k***
- *Stipends*
*The 2022 figure in the 2022 notes is **4,681k**; the 2022 figure in the 2023 notes is **4,868k***
- *National Insurance contributions*
The 2022 figure in the 2022 notes is 392k; the 2022 figure in the 2023 notes is 395k

[Some of these discrepancies are relatively small, while others are significant, at 150k plus. There may be more further on in the notes]

The Revd Dr Ruth Howlett-Shipley Team Rector - Chalke Valley Benefice

Q 'By 2025 this Diocese will have 43 fewer stipendiary clergy than in 2016 (193 down to 150). The reduction is in fact greater - up to 58 posts - as the Mission Plan proposes to keep 15 stipendiary posts vacant at any given time. In addition, Archdeacon numbers are proposed to be reduced. The number of clergy houses being used for commercial rentals is envisioned to rise from 34 to 46.

Whilst financing ministry is clearly a challenge, does the Bishop's Council and DBF believe that 'Making Jesus Known' is best served by distancing stipendiary clergy from the communities they serve, and increasing the workload on those who remain? With 40% vacancies in churchwardens, and many other vacant lay roles, including synod posts, does the Board believe that lay, house for duty and non-stipendiary ministry closes the gap created by having fewer full-time stipendiary clergy?

In addition, please could the Bishop's Council give a clearer picture of the deployment of the 135 stipendiary clergy who will remain in post by the end of 2025? How many of these are beneficed clergy in parochial ministry compared to other forms of ministry (diocesan, chaplaincy, curacy)? How many of these are full time posts? And how many are in urban compared to rural settings?

Can the DBF or Bishop's Council indicate how many of the posts lost to date, and the 12 to be lost in the near future, were in rural settings and how many in urban settings?'

Answers

We have received a number of questions covering similar ground, so this is a composite reply.

Answers re DBF staff

Note 14

We are grateful for the level of scrutiny especially by Nicholas Barsby and Judy Anderson of note 14. The comparatives for 2022 shown in the 2023 accounts were indeed wrong as certain figures hadn't been picked up correctly when going from the working schedules to the final document. Here is the correct note 14

	2023	2022
	£'000	£'000
Staff costs:		
Gross Salaries	1,783	1,590
National Insurance contributions	165	159
Pension costs	288	289
Redundancy payments made in the year	6	3
Temporary staff costs	57	126
	2,299	2,167
Split of staff costs:		
Rural Hope and fully reimbursed under Strategic Development Funding	14	122
SDBF BC Ltd	150	184
Part of clergy deployment or recharged to parishes	181	158
Remaining SDBF staff	1,954	1,702
Total Staff Costs	2,299	2,167
Stipends:		
Stipends	4,790	4,702
National Insurance contributions	387	394
Apprenticeship levy	22	21
PEV	-	2
Clergy Pension	1,181	1,577
Total Stipends	6,379	6,697
14 STAFF AND STIPENDIARY COSTS	8,678	8,864

There remain a few rounding differences but the main difference with the published 2022 accounts (total £2044k) and these figures is now the £126k temporary staff costs which were shown elsewhere last year.

Average Number of Employees

Again, we are grateful for the level of scrutiny. The calculation of the average number of employees is a disclosure requirement. The confusion on figures suggests that we should (and will) develop some new indicators to track figures that are more transparent. Meanwhile, here is the explanation-

Comparing the 2022 published figures with the 2022 comparator figures in the 2023 accounts it was noted that last year's accounts showed a total of 38.6 FTE employees for 2022, whereas this year we are saying 2022's figure was 43.5. The correct figure is 43.5 which was the same figure as 2021 because the 38.6 was wrong last year. In preparing this year's figure the 2022 calculation was run again because the 38.6 couldn't be tied back to the underlying records.

Synod members may recall that there was quite a measure of upheaval in the accounts department this time last year.

In 2023 we have shown that the number of FTE employees has gone up from 43.5 to 46.19, this is essentially the 2.7 Children and Young People staff working on Growing Faith who were TUPEd over from the Board of Education. Within the total DBF staff there were some leavers and joiners and there has been a change in the mix of employees (in terms of which department staff work for) but all decisions on deployment are taken after due consideration of the demands of the relevant workstreams and resources available- i.e. within the budget agreed by Synod.

During 2024 as we have established additional capacity for supporting the local church in the development and delivery of strategy there have been a number of new staff appointed but they are largely funded from external sources which is why we are presenting the budget to show the source of funding for various workstreams.

Remuneration of Key Management Personnel

It is important to compare like with like. In 2023, 2 additions were made to the list of key Management Personnel. The Director of Strategy and Operations post was established, replacing a previous role and with part funding from the national church. The Director of Communications and Engagement post was created with part funding from the Church Commissioners. To make the comparison meaningful their costs in 2022 were added in the accounts to the 2022 total published of last year, hence the figure went up from £365k to £457k.

Answers re Clergy

Clergy Numbers

Understandably this is a particular area of concern and again it is important to compare like with like. The understandable confusion points to the need for us to produce and report some simpler indicators on an ongoing basis. Joining up thinking and decisions on deployment in ministry is part of the new approach of the vision and strategy and this is being set out in a 'People Plan' which will give a complete view.

In 2016 the calculation of the summary figure was derived from an average across the year; the 162 FTE for 2023 shown in the draft accounts is actually the number of posts receiving stipend payment at the end of December. The disclosure requirement is to calculate the average number of stipends paid during the year, so this figure is being recalculated and the final figure will be filed with the accounts with Companies House.

The questions variously compare the 2016 figure of average stipends paid of 193 with the budgeted figure of 150 for 2025 or the 162 shown in the 2023 accounts. Further, the budget figure for 2025 doesn't include curates, we've budgeted for 20 of those, plus 3 Archdeacons.

The difference between the 193 and 162 cannot be reconciled precisely, there are 3 factors in play:

- **Curates** - there were 2 less in 2023 than 2016, also 5 curates left in the Autumn of 2023 so are not included in the December 2023 figure.

- **Vacancies** - there were less vacancies in 2016 (about 15) whereas at the end of December 2023 there were 26.5 stipendiary vacancies. There is no policy to save money by prolonging vacancies, the rate clergy are retiring is exceeding new ordinations so there are more vacancies than clergy looking for posts, this is why recruitment is proving more difficult and taking longer.
- **Clergy reductions** - since 2016 we have lost the equivalent of 15 fulltime posts but some of these were House for Duty (HfD) posts and some were stipendiary posts which became HfD posts as part of these reductions. The actual reduction in stipendiary posts is about 12. These were evenly split between urban and rural settings.

The total number of stipendiary incumbent posts at the end of 2023 was 154.5 and there were 24 stipendiary curates, a total of 178.5 posts less the 26.5 vacancies noted above gives the total 162 also noted above. These are deployed across the Diocese, appendix 1 gives the deployment per Deanery in 2022 and shows other factors such as number of churches, population etc. These numbers are the clergy in parochial ministry they do not include clergy engaged in other forms of ministry.

Clergy Costs/ pressures on the budget

Mark Hayter has noted that Stipend, NI and Pension costs are almost exactly the same in 2016 as 2023 and asks “can the DBF clarify what areas of funding are placing pressure on the Budget?”. The main ones are as follows-

- **Inflation.** The loss of 12 stipendiary posts since 2016 has been balanced out by inflationary rises of the stipends of the remaining clergy. These inflationary pressures have also been felt across the rest of the Diocesan operation, principally staff salaries and building costs.
- **Capacity in key areas.** In addition, since 2016 we have had to expand our safeguarding function from one part-time employee to 3 FTE. Following a claim against the Diocese due to Health & Safety shortcomings and other significant weaknesses in HR systems we have had to invest in our HR function. Initially we sought to share this capacity with Bath and Wells Diocese, but this proved inadequate. With national funding we have added capacity in areas such as Giving and Church Buildings.
- **Share non-payment.** The biggest pressure on Diocesan budgets is the shortfall in share contribution rate. The share request in 2016 was £9,785k and we received £9,455k - a contribution rate of 96.1%. In 2023 the request was £11,298k and we received £10,010k a contribution rate of 88.6%. In 2025 budget the request pending agreement is for £12.5m- only at this level will we start to cover the costs of being the church and therefore move into financial sustainability. In essence the only thing preventing more cuts in clergy posts is the higher than budgeted level of vacancies. Unless we can increase the contribution rate back towards the 2016 levels then we will not be able to sustain the clergy numbers and level of DBF Services.

Losing Clergy Posts

The Budget for 2025 proposes reducing the stipendiary incumbent posts from 154.5 to 150 over the next year - not 12 posts as posited in one of the questions. This commitment to stipendiary

posts is made on the basis that the new share scheme and greater transparency of the true costs of being church enabling people to respond with increased giving. If this does not happen costs, including clergy numbers will have to be reduced.

We are observing Generosity Week as a Diocese at the end of September, and we pray that parishes will respond generously to the Strategy so that we can stabilise the number of clergy at 150. Many other Dioceses have cut considerably more posts in response to the loss of income since Covid.

The Bishop's Council does not wish to cut clergy posts but equally as trustees they cannot continue to spend more than the income received. Our General Reserve has reduced from £4.9 in 2019 to £1.8m at the end of 2023. We have sold Church House, our largest unreserved asset.

We are conscious that reducing clergy can accelerate decline 'by distancing stipendiary clergy from the communities they serve' but the resources we have need to be shared equitably across the Diocese. Where a benefice builds up large share arrears this cannot go on indefinitely if we are to be fair to the rest of the Diocese.

These questions have all come from Chalk Deanery and Synod needs to be aware that there is a benefice in that Deanery that has built up the largest share arrears of any benefice in the Diocese – a total of £322k by the end of 2023. Pastoral reorganisation is currently being consulted upon to reduce the clergy deployed to that benefice from 3 to 2, which is more in line with the amount of share they can afford to pay. The proposal is to split the Team into 2 benefices each with a priest. It will involve a willingness to embrace 'doing church differently' which might entail reducing the number of PCCs and travelling to the church which has the main service on a Sunday for these changes to be successful.

The Bishop's Council does not believe that with 40% vacancies in churchwardens etc. that lay, House for Duty and non-stipendiary priests can 'close the gap created by having fewer fulltime stipendiary clergy' but equally the financial reality needs to be faced and new patterns of ministry and 'doing church' need to be embraced as part of the future. No benefice can expect to be subsidised by the rest of the Diocese indefinitely, that would not be fair.

Responses prepared by Archdeacon of Dorset and finance team colleagues.

APPENDIX 1 - Deanery Data in 2022

Deanery	Pop *	New homes by 2038	Benefices	Parishes	Churches	Stipendiary Posts	SP to Pop	SP to Church	HfD	SSM/ Other	Clergy to Pop	Clergy to Church	LLM	PTO
M & B	30155	1505	8	34	37	6.5	4,639	5.6			4,639	5.6	3 (6)	14
Purbeck	34015	770	4	12	24	6.5	5,233	3.6	1	3	3,239	2.2	(2)	18
Wimborne	88494	3614	11	18	28	14.5	6,103	1.9		3	5,056	1.6	10 (4)	28
PNB	185150	7612	19	21	27	20.5	9,031	1.3	1	5	6,986	1.0	5 (11)	39
Blackmore V	41900	2745	8	34	39	7.5	5,586	5.2	3	1	3,643	3.3	3 (5)	20
Dorchester	41022	7324	7	30	38	8	5,127	4.7	2	1	3,729	3.4	1 (6)	22
Lyme Bay	33483	1469	5	34	48	7.5	4,464	6.4	1	4	2,678	3.8	3 (4)	15
Sherborne	21636	1449	4	37	42	7	3,090	6	1		2,704	5.2	4 (3)	22
W & P	73782	3158	8	16	26	9	8,198	2.8	2		6,707	2.4	7 (5)	22
Alderbury	21711		3	17	22	4.5	4,824	4.8		1	3,947	4	1 (4)	12
Chalke	20106		5	33	42	7	2,872	6		2	2,234	4.6	2 (2)	11
Heytesbury	47760		7	20	33	8	5,970	4.1	1	2	4,341	3	2 (11)	18
Stonehenge	52659	270	6	15	27	7.5	7,021	3.6		1	6,195	3.2	1 (3)	15
Salisbury	49405	864	7	8	13	7.5	6,587	1.7		2	5,200	1.4	1 (3)	53
Bradford	87250	1050	10	22	28	11	7,931	2.5		4	5,816	1.9	7 (4)	16
Calne	43737		4	15	18	4.5	9,719	4	2		6,728	2.7	2 (3)	10
Devizes	37595		8	25	29	7.5	5,012	3.9	3	2	3,007	2.3	4	11
Marlborough	22025		4	12	19	5	4,405	3.8			4,405	3.8	1 (3)	7

Pewsey	16014		2	26	28	5	3,202	5.6		1	2,669	4.7	1 (1)	5
						154.5			17	33				