

2018 Budget Diocesan Synod 18 November 2017



2%
increase in
stipend



293
paid & HfD
parish clergy



Balanced
budget



Record
growth in
vocations



£1.66m
investment
in clergy
housing and
schools

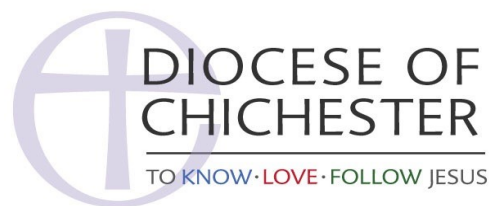


THE BUDGET 2018

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DIOCESE OF CHICHESTER

Introduction to 2018 Budget

I am happy to present to Diocesan Synod our Budget for 2018. At the time of going to press this is still out for consultation with our deaneries and parishes as they consider their giving for next year. It is our hope that, with the continuing generous support of church members throughout East and West Sussex, we will be able to maintain and build on the work of our churches and schools in all our communities and, supported by our strong and efficient Church House team, to balance our books once again for the year.

The budget shows our continuing success in managing the Diocese's costs effectively with an overall increase in expenditure of 0.8%.

In the year ahead, we will continue the substantial investment programme to refurbish our parsonages, again funding part of this from the Pastoral Fund so as not to lay too heavy a burden on our parishes. Similarly, the extra expenditure required for transformational support for church schools will be funded by releasing a further tranche of the £900,000 Diocesan Synod voted for this purpose in 2015, also from the Pastoral Fund. The Fund continues to be replenished by good investment performance and the odd property sale.

Other important investments for the year ahead will be made in areas such as the promotion of lay ministry, reader training, leadership development and communications. We have also budgeted to deliver events and resources for the Year of Prayer, our diocesan theme for 2018.

I would like to thank everyone who has worked to put this budget together, those who exercise stewardship over our finances and all who give so generously to promote the Church's work in Sussex. I commend the draft Budget presented here for Diocesan Synod's approval.

John Booth DL
Chairman of the Finance Committee
October 2017

DIOCESE OF CHICHESTER

2018 Budget – What are you paying for?

Overview

The overall budget for 2018 is balanced with income and expenditure of £18,653,802. The income includes transfers from the Diocesan Pastoral Fund of £1,659,500 towards the property and education budgets.

The majority of the Diocese's expenditure is spent on the 293 paid and house for duty clergy who serve our parishes. The direct cost of providing ministry across the diocese represents approximately 60% of total expenditure (clergy stipends, NI, pension and housing). In addition 16% of expenditure is spent on training current and future clergy, and a further 3.6% is spent on supporting ministry through the work of the Archdeacons, Rural Deans and the payment of removal and resettlement grants.

The remaining expenditure is split between parish support services (15.9%) such as the provision of buildings advice and safeguarding services, a contribution to the National Church (4.1%) and other expenditure (0.8%).

The major source of income comes from the generosity of parishes through the Parish Share. Parish Share represents approximately 81% of the Diocese's total income. In addition the Diocese generates investment income from historic endowments and from letting out vacant properties.

Further Detail

Parish Share income includes a budgeted increase of 2% on 2017 pledges. From 2018 church insurance premiums will be paid directly by parishes to Ecclesiastical. As such church insurance has been excluded from the 2018 budget, and the amounts from 2017 have been removed from the Parish Share figures to enable easier comparisons.

Investment income is budgeted to decrease in 2018 because of the economic climate and a revised investment mandate to include holding some investments on a total return basis.

Rental income is expected to decrease as houses have been put back into parish use (there is a corresponding reduction in the vacancy rate).

Ministry costs (clergy stipends, NI, pension and housing) are the direct costs of providing clergy to our Diocese. The costs include a 2% increase in stipends which arises from a national recommendation which the Diocese has chosen to adopt. The amount also includes a budget for the new Apprenticeship Levy of 0.5% on the stipend payroll. The majority of clergy receive a contribution to a defined benefit pension scheme. Ordination training costs in 2018 and beyond are expected to increase as the number of vocations increases in line with the Church of England Renewal and Reform programme. The training budget also includes the costs of training curates, ongoing ministerial development for all clergy and the Diocese's contribution to the national training budget.

Ministry Support costs remain stable compared to 2017. Ministry support includes the costs of Archdeacons, Rural Deans and grants for clergy (removal, resettlement and first appointments).

Parish Support Services cover services provided by the Diocese to support both parishes and clergy and to assist in the development of ministry and mission. Approximately 75% of Parish Support costs relate to staff. The balance covers office overheads, materials, equipment and venues. The advice and skills available enrich and support the Christian ministry in our parishes and deaneries and are provided by various departments and teams at Church House. Parishes are encouraged to make use of these Diocesan teams and advice can be obtained on matters such as:

- ▶ **Church growth** ▶ **Evangelism** ▶ **Stewardship** ▶ **Youth and Childrens' work**
- ▶ **Working with church schools** ▶ **Serving the community** ▶ **Safeguarding children and adults** ▶ **Overseas links** ▶ **Community projects** ▶ **Building works**
- ▶ **Environmental responsibility** ▶ **Finance and administration** ▶ **Legal matters**

The funding for the Schools department also serves the 158 Church of England schools in the Diocese and supports chaplaincy work in both further and higher education establishments.

Also included under **parish support services** is the cost of the legal and financial executive of the Diocesan Synod. This provides synodical, corporate, legal, financial and governance services to the Diocese and assists the parishes in a number of pastoral schemes.

National church responsibilities encompass the costs associated with our support to the Church of England, except *National Training* which is included in the training budget. The main element here is our contribution to the central administration of the church and other agreed national costs. These include funding for retired clergy housing.

Other expenditure primarily represents a contingency budget for unexpected items. The contingency of £90,000 covers all areas of the Diocese's work and replaces contingency budgets in each department. The contingency budget is approximately 0.5% of total budgeted expenditure. Other expenditure is not taken into account when calculating Parish Ministry Costs.

Part of the budgeted expenditure on property (£1.447m) and education (£212.5k) will be funded from the **Pastoral Fund**. This Fund has been built up over the years from the sales of redundant churches and parsonages and can be used to support ministry and mission in the Diocese.

Parish Ministry Costs

In order to help parishes understand the cost of providing ministry in the Diocese the total budgeted expenditure is divided across the total number of parish clergy. The costs associated with each member of the clergy are known as **Parish Ministry Costs** ('PMC'). In order to allocate costs the type of post (full time, part time, House for Duty etc) is taken into account and the costs are apportioned appropriately. For 2018 the average Parish Ministry Cost for a parish with one full-time stipendiary post will be £69,656.

Parish Share

Parish Share is the amount which a PCC pledges to give to the Diocese as its contribution towards the costs of the Diocese. It is hoped that parishes will be generous but realistic when deciding their pledge. An average increase of 2% in pledges will enable the Diocese to break even in 2018. Parishes are encouraged to increase their pledge by more than 2% if they can. This will provide mutual support to those parishes who are unable to resource their own ministry in full, and enable the diocese to invest in outreach and mission projects.

How are we doing compared to other Dioceses?

The Church of England periodically publishes data relating to all its Dioceses. Data published recently shows that the parish contribution requested per church member in 2015 (the most recent data available) is lower in the Diocese of Chichester than the national average: £416 per church member was requested in Chichester against £434 across the Church of England. Chichester's request was the 25th highest out of 43 Dioceses, with the majority of those requesting less being in the north of the country.

The level of giving within our churches continues to improve, thanks in large part to the strong take up of the Parish Giving Scheme: giving per church member rose from an average of £12.20 per week in 2013 to £12.30 in 2014 (again the most recent data available). This is the 14th highest rate amongst the 43 dioceses, and is £1.08 more than the national average, and £0.39 more than the average for the Province of Canterbury, which includes the more affluent Dioceses in the south of the country.

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE
DRAFT BUDGET 2018

Actual 2016 £	Forecast 2017 £		Budget 2017 £	Budget 2018 £	%age on 17	%age of total
INCOME						
13,286,083	13,558,398	Parish Share ⁽¹⁾	13,504,053	13,792,334	2.1%	81.1%
1,459,272	1,426,110	Investment income and drawings	1,474,400	1,450,300	-1.6%	8.5%
221,225	173,493	Grants from restricted funds	218,200	176,600	-19.1%	1.0%
304,661	333,173	Glebe	354,892	336,800	-5.1%	2.0%
378,349	432,439	Housing	450,830	440,000	-2.4%	2.6%
730,331	595,750	Fees & local income	652,500	652,200	0.0%	3.8%
143,231	165,000	Miscellaneous grants and donations	175,768	164,268	-6.5%	1.0%
16,523,152	16,684,363	TOTAL INCOME	16,830,643	17,012,502	1.1%	100.0%
EXPENDITURE						
Ministry						
5,627,216	5,899,011	Clergy stipends, NI and fees	6,118,612	6,207,944	1.5%	33.2%
1,809,577	1,954,043	Clergy pension contributions	1,984,500	1,997,927	0.7%	10.7%
3,369,369	3,081,470	Clergy housing	3,072,992	2,947,819	-4.1%	15.8%
3,037,485	3,040,350	Training - ordination & other	2,948,501	2,965,104	0.6%	15.9%
13,843,647	13,974,874		14,124,605	14,118,794	0.0%	75.6%
Ministry Support						
699,740	679,440	Bishops, Archdeacons, Rural Deans & Grants	665,764	665,130	-0.1%	3.6%
699,740	679,440		665,764	665,130	-0.1%	3.6%
Parish support services						
366,430	468,930	Apostolic Life	458,293	490,964	7.1%	2.6%
220,843	213,300	Common Good	221,648	231,088	4.3%	1.2%
418,189	661,950	Diocesan Board of Education	721,491	720,153	-0.2%	3.9%
207,914	212,100	Safeguarding - Children protection	215,234	226,091	5.0%	1.2%
51,565	61,823	Diocesan Advisory Committee (DAC)	63,373	58,090	-8.3%	0.3%
34,842	42,239	Pastoral Committee	42,238	44,055	4.3%	0.2%
67,542	85,000	Closed churches	85,000	85,000	0.0%	0.5%
55,751	40,600	Glebe land	42,600	43,340	1.7%	0.2%
98,768	92,948	Communications	90,848	98,965	8.9%	0.5%
171,857	165,900	Information technology (IT)	165,565	164,825	-0.4%	0.9%
810,729	816,305	General office: Finance, Governance and Administration	779,383	802,923	3.0%	4.3%
2,504,430	2,861,095		2,885,673	2,965,494	2.8%	15.9%
National Church						
731,995	747,302	National Church responsibilities	752,302	767,784	2.1%	4.1%
731,995	747,302		752,302	767,784	2.1%	4.1%
Other ⁽²⁾						
97,118	71,709	Clergy widows and retired clergy housing	64,300	61,800	-3.9%	0.3%
43,727	12,900	Contingency & exceptional items	13,000	93,000	615.4%	0.5%
17,920,657	18,347,320	TOTAL EXPENDITURE	18,505,644	18,672,002	0.9%	100.0%
(1,397,505)	(1,662,957)	DEFICIT FOR YEAR (before trf from Pastoral Fund)	(1,675,001)	(1,659,500)		
1,447,000	1,447,000	FUNDED FROM PASTORAL FUND-Property	1,447,000	1,447,000		
-	228,000	FUNDED FROM PASTORAL FUND-Education	228,000	212,500		
49,495	12,043	SURPLUS / (DEFICIT) FOR YEAR	(0)	(0)		

(1) Parish share excludes the church insurance premium for all years

(2) Other expenditure excluded from PMC

INCOME

Actual 2016 £		Budget 2017 £	Budget 2018 £	% +/- on 17
PARISH SHARE				
13,228,900	Current year	13,504,053	13,792,334	+2.1%
-	Current year - Appeal	-	-	
57,183	Previous years	-	-	
<u>13,286,083</u>		<u>13,504,053</u>	<u>13,792,334</u>	<u>+2.1%</u>
INVESTMENT INCOME AND DRAWINGS				
682,762	Diocesan (and clergy) stipends fund	699,200	694,800	-0.6%
737,984	Diocesan pastoral account	748,200	728,500	-2.6%
38,526	Deposit and other interest	27,000	27,000	+0.0%
<u>1,459,272</u>		<u>1,474,400</u>	<u>1,450,300</u>	<u>-1.6%</u>
GRANTS FROM RESTRICTED FUNDS				
97,119	Diocesan welfare trust	91,800	50,000	-45.5%
88,235	Elflinsward Fund	89,900	90,000	+0.1%
35,871	Training Fund	36,500	36,600	+0.3%
<u>221,225</u>		<u>218,200</u>	<u>176,600</u>	<u>-19.1%</u>
GLEBE INCOME (gross)				
15,537	Rents from land in diocese	26,400	26,400	+0.0%
244,724	Rents from properties in diocese	284,092	266,000	-6.4%
44,400	Rents for diocesan officers' houses	44,400	44,400	+0.0%
<u>304,661</u>		<u>354,892</u>	<u>336,800</u>	<u>-5.1%</u>
HOUSING INCOME				
27,600	Other income for diocesan officers' hses			
307,813	Rents from parsonage houses	396,129	405,000	+2.2%
16,536	Rents from retired clergy houses	20,340	11,000	-45.9%
26,400	Rents from miscellaneous houses	34,361	24,000	-30.2%
<u>378,349</u>		<u>450,830</u>	<u>440,000</u>	<u>-2.4%</u>
FEES & LOCAL INCOME				
641,275	Parochial fees assigned	567,500	577,200	+1.7%
89,056	Parish trust income	85,000	75,000	-11.8%
<u>730,331</u>		<u>652,500</u>	<u>652,200</u>	<u>-0.0%</u>
MISCELLANEOUS GRANTS & DONATIONS				
131,000	Allchurches Trust	133,000	135,000	+1.5%
1,151	Rents from redundant churches	27,268	27,268	+0.0%
1,093	Ordination & institution collections	5,500	1,000	-81.8%
9,987	Donations & annual subscriptions	10,000	1,000	-90.0%
<u>143,231</u>		<u>175,768</u>	<u>164,268</u>	<u>-6.5%</u>
<u>16,523,152</u>	TOTAL INCOME	<u>16,830,643</u>	<u>17,012,502</u>	<u>+1.1%</u>

EXPENDITURE

THE FULL COST OF PAROCHIAL STIPENDS

	Budget 2017 £	Budget 2018 £	% +/- on 17
<u>Stipendiary posts</u>			
4 Archdeacons (2017: 4)	139,600	142,240	+1.9%
8 A benefices (2017: 7)	186,340	216,960	+16.4%
0 B benefices (2017: 29)	760,960	-	
204 Standard stipends (2017: 176.0)	4,684,280	5,377,440	+14.8%
48 Assistant curates (2017: 49)	1,238,140	1,218,420	-1.6%
0.5 Layworkers (2017: 0.5)	12,440	12,675	+1.9%
15 Light duty (half/part stip) (2017: 17)	452,900	382,220	-15.6%
41 HFD in charge honoraria (2017: 36)	60,585	68,740	+13.5%
21 Rural deans allowance (2017: 21)	29,190	29,400	+0.7%
_____ Miscellaneous payments (inc. TI grants)	<u>31,370</u>	<u>57,580</u>	<u>+83.6%</u>
278.8 Stipends gross total (2017: 282)	<u>7,595,805</u>	<u>7,505,675</u>	<u>-1.2%</u>
DEDUCT			
Church Commissioners annuities & grants	18,196	16,882	-7.2%
Chaplaincy fees	-	-	
Fees retained by clergy	3,925	3,881	-1.1%
Parishes and other agencies	<u>41,780</u>	<u>34,840</u>	<u>-16.6%</u>
	<u>7,531,904</u>	<u>7,450,072</u>	<u>-1.1%</u>
DEDUCT			
26 Vacancies (2017: 29)	754,490	690,920	-8.4%
2.8 Diocesan appointments (2017: 3.3)	<u>85,400</u>	<u>73,810</u>	<u>-13.6%</u>
NET COST TO DIOCESE (c/fwd page 9)	<u><u>6,692,014</u></u>	<u><u>6,685,342</u></u>	<u><u>-0.1%</u></u>

EXPENDITURE

Actual 2016 £	Ministry	Budget 2017 £	Budget 2018 £	% +/- on 17
CLERGY STIPENDS AND FEES				
Stipends				
6,396,660	Total chargeable to diocese (see page 8)	6,692,000	6,685,300	-0.1%
514,814	National insurance (inc Apprenticeship Levy)	535,300	566,800	+5.9%
116,554	Service fees and exps for vacancies/sickness	110,000	104,000	-5.5%
(123,502)	Less Archdeacons' stipends	(139,600)	(142,240)	+1.9%
(9,880)	Less Archdeacons' NI	(11,168)	(12,090)	+8.3%
(25,444)	Less Rural Deans' allowance	(29,190)	(29,400)	+0.7%
(2,036)	Less Rural Deans' NI	(2,335)	(2,352)	+0.7%
(1,239,950)	Less stipends for training curates	(1,036,395)	(962,073)	-7.2%
<u>5,627,216</u>	Total - Clergy stipends and fees	<u>6,118,612</u>	<u>6,207,944</u>	<u>+1.5%</u>
CLERGY PENSION CONTRIBUTIONS				
2,304,231	Clergy pension contributions	2,390,355	2,364,502	-1.1%
(48,042)	less Archdeacons' pensions	(37,320)	(37,840)	+1.4%
(446,612)	less curates' pensions	(368,535)	(328,735)	-10.8%
<u>1,809,577</u>	Total - Clergy pensions	<u>1,984,500</u>	<u>1,997,927</u>	<u>+0.7%</u>
MINISTRY SUPPORT				
20,100	Suffragan bishops' housing & council tax	20,300	20,400	+0.5%
45,705	Clergy administration	36,695	39,480	+7.6%
80,291	Archdeacons' operating expenses	78,956	80,628	+2.1%
35,600	Archdeacons' housing & council tax	35,900	36,100	+0.6%
13,846	Bishops' chaplains' housing	14,300	14,600	+2.1%
58,581	First appointments	70,000	60,000	-14.3%
120,595	Removal	90,000	92,000	+2.2%
116,118	Resettlement	100,000	98,000	-2.0%
123,502	Archdeacons' Stipends	139,600	142,240	+1.9%
9,880	Archdeacons' NI	11,168	12,090	+8.3%
48,042	Archdeacons' pensions	37,320	37,840	+1.4%
27,480	Rural Deans' allowance and NI	31,525	31,752	+0.7%
<u>699,740</u>	Total - Ministry Support	<u>665,764</u>	<u>665,130</u>	<u>-0.1%</u>
CLERGY HOUSING				
Property				
698,985	Quinquennial repairs	1,092,865	825,927	-24.4%
939,166	Ingoing works	470,000	770,000	+63.8%
615,603	Interim repairs	540,924	498,000	-7.9%
461,889	Improvement & decoration grants	422,147	301,485	-28.6%
58,737	Insurance	64,050	57,250	-10.6%
166,045	Fees	94,800	79,200	-16.5%
7,488	Housing rental costs	11,400	11,400	+0.0%
66,944	Water rates and council tax	47,985	79,625	+65.9%
	trf Curates housing to training	(59,810)	(72,151)	+20.6%
<u>3,014,857</u>		<u>2,684,361</u>	<u>2,550,736</u>	<u>-5.0%</u>
Property administration				
315,371	Staff costs	331,300	329,800	-0.5%
16,761	Office expenses	19,907	18,517	-7.0%
9,881	Travel expenses	10,500	12,075	+15.0%
12,499	Miscellaneous expenses	26,924	36,691	+36.3%
<u>354,512</u>		<u>388,631</u>	<u>397,083</u>	<u>+2.2%</u>
<u>3,369,369</u>	Total - Clergy housing	<u>3,072,992</u>	<u>2,947,819</u>	<u>-4.1%</u>

EXPENDITURE continued

Actual 2016 £		Budget 2017 £	Budget 2018 £	% +/- on 17
TRAINING - ORDINATION AND OTHER				
153,550	Staff costs	171,160	175,420	+2.5%
9,750	Office expenses	12,612	12,296	-2.5%
3,000	Housing costs	6,700	22,700	+238.8%
6,152	Travel expenses	12,500	9,500	-24.0%
851	Resources & equipment	-	-	
25,000	Projects & conferences	950	2,950	+210.5%
120	Vocation & lay min advisers' expenses	1,000	-	
1,436	BAP conference fees & travel	3,000	6,000	+100.0%
12,355	Ordination candidates - single	21,450	21,787	+1.6%
215,873	Ordination candidates - family	213,670	290,000	+35.7%
2,853	Development of Vocations work	-	-	
12,452	Post ordination training	25,000	25,000	+0.0%
-	Young Vocations	3,000	4,000	+33.3%
22,602	Continuing education for clergy	30,100	33,600	+11.6%
4,971	Grants for conferences and retreats	4,000	5,000	+25.0%
-	Clergy Conference	25,000	-	
1,239,950	Curates' stipends and NI	1,036,395	962,073	-7.2%
446,612	Curates' pensions	368,535	328,735	-10.8%
301,825	Curates' Housing costs	322,209	350,000	+8.6%
	Curates' Housing - maintenance	59,810	72,151	+20.6%
<u>2,459,352</u>		<u>2,317,091</u>	<u>2,321,213</u>	<u>+0.2%</u>
578,133	National church apportionment	631,410	643,891	+2.0%
<u>3,037,485</u>	Total - Training - ordination and other	<u>2,948,501</u>	<u>2,965,104</u>	<u>+0.6%</u>

Parish support Services**APOSTOLIC LIFE****Directorate**

40,313	Staff costs	43,700	46,100	+5.5%
2,062	Office costs	3,648	3,615	-0.9%
2,296	Travel expenses	2,000	2,000	+0.0%
64	Resources & equipment	700	700	+0.0%
(24)	Projects & conferences	7,000	1,500	-78.6%
9,593	Diocesan Strategy	20,000	20,000	+0.0%
<u>54,304</u>		<u>77,048</u>	<u>73,915</u>	<u>-4.1%</u>

Christian Resources and Stewardship

80,940	Staff costs	110,933	114,165	+2.9%
4,505	Office costs	5,627	5,658	+0.6%
5,929	Travel expenses	4,000	7,000	+75.0%
378	Resources & equipment	1,750	1,150	-34.3%
22,559	Projects & conferences	38,200	46,200	+20.9%
<u>114,311</u>		<u>160,510</u>	<u>174,173</u>	<u>+8.5%</u>

EXPENDITURE continued

Actual 2016 £		Budget 2017 £	Budget 2018 £	% +/- on 17
	Children and Young people			
91,589	Staff costs	82,500	83,300	+1.0%
3,789	Office expenses	5,597	6,508	+16.3%
22,140	Grant to St Bartz Trust (children work)	21,495	20,800	-3.2%
2,873	Travel & home office expenses	2,500	2,500	+0.0%
875	Resources & equipment	1,075	1,275	+18.6%
19,066	Projects & conferences	12,700	12,700	+0.0%
<u>140,332</u>		<u>125,867</u>	<u>127,083</u>	<u>+1.0%</u>
	Lay Apostolic Life			
45,726	Staff costs	47,630	50,160	+5.3%
2,175	Office expenses	3,388	6,033	+78.1%
-	Housing costs	6,700	22,900	+241.8%
1,493	Travel & home office expenses	1,250	3,000	+140.0%
240	Resources & equipment	400	750	+87.5%
(288)	Projects & conferences	-	4,000	
8,137	Diocesan Readers' Board initial training	35,500	28,950	-18.5%
<u>57,483</u>		<u>94,868</u>	<u>115,793</u>	<u>+22.1%</u>
<u>366,430</u>	Total - Apostolic life	<u>458,293</u>	<u>490,964</u>	<u>+7.1%</u>
	COMMON GOOD			
	Social Concerns			
24,681	Staff costs	21,299	22,865	+7.4%
178	Office expenses	1,470	4,035	+174.5%
703	Travel expenses	3,000	2,000	-33.3%
95	Resources & equipment	400	100	-75.0%
30,479	Projects & conferences	14,100	17,600	+24.8%
<u>56,136</u>		<u>40,269</u>	<u>46,600</u>	<u>+15.7%</u>
	Workplace ministry			
54,882	Staff costs	56,420	56,890	+0.8%
7,100	Housing costs	7,300	7,300	+0.0%
3,260	Travel & home office expenses	4,100	4,200	+2.4%
45	Resources & equipment	-	-	
-	Projects & conferences	4,350	6,850	+57.5%
<u>65,287</u>		<u>72,170</u>	<u>75,240</u>	<u>+4.3%</u>
	Grants to other Diocesan councils & organisations			
23,730	Diocesan Overseas Council (DOC)	30,365	30,500	+0.4%
3,988	European Ecumenical Cttee + conferences	4,580	4,580	+0.0%
35,702	University chaplains' stipends & housing	38,264	38,168	-0.3%
	Other			
36,000	Diocesan Assn for Family Support Work	36,000	36,000	+0.0%
<u>99,420</u>		<u>109,209</u>	<u>109,248</u>	<u>+0.0%</u>
<u>220,843</u>	Total - Common Good	<u>221,648</u>	<u>231,088</u>	<u>+4.3%</u>

EXPENDITURE continued

Actual 2016 £		Budget 2017 £	Budget 2018 £	% +/- on 17
DIOCESAN BOARD OF EDUCATION				
378,963	Staff costs	559,000	627,000	+12.2%
124,183	Consultant Costs	203,000	125,000	-38.4%
26,533	Office expenses	32,481	24,853	-23.5%
20,169	Travel	20,000	25,500	+27.5%
26,631	Resources & equipment	28,900	18,500	-36.0%
82,414	Projects & conferences	70,110	98,300	+40.2%
8,898	Miscellaneous expenses	25,000	21,000	-16.0%
(42,000)	Less: Grant - Aided Schools Fund	(42,000)	(42,000)	+0.0%
(207,602)	Less: sales of services	(175,000)	(178,000)	+1.7%
<u>418,189</u>		<u>721,491</u>	<u>720,153</u>	<u>-0.2%</u>
SAFEGUARDING				
155,503	Staff costs	171,400	192,700	+12.4%
9,369	Office expenses	10,784	11,021	+2.2%
4,472	Travel expenses	4,000	5,000	+25.0%
4,910	Resources & equipment	1,550	3,370	+117.4%
10,528	Projects & conferences	12,000	6,000	-50.0%
23,132	Miscellaneous expenses	15,500	8,000	-48.4%
<u>207,914</u>		<u>215,234</u>	<u>226,091</u>	<u>+5.0%</u>
DIOCESAN ADVISORY COMMITTEE (DAC)				
37,790	Staff costs	46,650	38,450	-17.6%
5,195	Office expenses	4,038	6,655	+64.8%
4,345	Travel expenses	7,000	8,000	+14.3%
1,287	Resources & equipment	675	1,675	+148.1%
1,322	Projects & conferences	2,460	2,310	-6.1%
1,626	Miscellaneous expenses	2,550	1,000	-60.8%
<u>51,565</u>		<u>63,373</u>	<u>58,090</u>	<u>-8.3%</u>
PASTORAL COMMITTEE				
32,266	Staff costs	37,050	38,450	+3.8%
1,941	Office expenses	2,488	2,455	-1.3%
629	Travel expenses	500	750	+50.0%
-	Projects & conferences	500	500	+0.0%
6	Miscellaneous expenses	1,700	1,900	+11.8%
<u>34,842</u>		<u>42,238</u>	<u>44,055</u>	<u>+4.3%</u>
<u>67,542</u>	CLOSED CHURCHES	<u>85,000</u>	<u>85,000</u>	<u>+0.0%</u>
GLEBE LAND				
15,675	Repairs, maintenance & improvements	9,600	9,600	+0.0%
360	Agents' fees	6,000	6,000	+0.0%
748	Rent collection expenses	6,000	6,000	+0.0%
10,008	Legal fees	15,000	15,740	+4.9%
28,960	Planning costs	6,000	6,000	+0.0%
<u>55,751</u>		<u>42,600</u>	<u>43,340</u>	<u>+1.7%</u>

EXPENDITURE continued

Actual 2016 £		Budget 2017 £	Budget 2018 £	% +/- on 17
COMMUNICATIONS				
65,246	Staff costs	62,300	71,600	+14.9%
1,917	Office expenses	2,748	2,715	-1.2%
107	Travel expenses	800	500	-37.5%
8,485	Resources & equipment	15,150	13,150	-13.2%
18,840	Diocesan leaflet & magazine - costs	21,000	21,000	+0.0%
(168)	Diocesan leaflet & magazine - income	(12,500)	(11,000)	-12.0%
4,153	Directories & sundry (net)	-	-	
-	Exhibitions	1,000	1,000	+0.0%
188	Projects & conferences	350	-	+0.0%
98,768		90,848	98,965	+8.9%
INFORMATION TECHNOLOGY (IT)				
29,457	Staff costs	30,100	30,300	+0.7%
3,559	Office expenses	4,687	2,665	-43.1%
-	Travel expenses	160	160	+0.0%
124,640	Resources & equipment	128,918	130,000	+0.8%
14,201	Website development	1,700	1,700	+0.0%
171,857		165,565	164,825	-0.4%
GENERAL OFFICE: FINANCE, GOVERNANCE AND ADMINISTRATION *				
518,962	Staff costs	480,100	526,000	+9.6%
5,426	Postage and telephone	2,310	1,910	-17.3%
(4,151)	Printing and stationery	(19,600)	(19,200)	-2.0%
31,630	Other office expenses	44,810	34,540	-22.9%
8,544	Office equipment depreciation	10,000	8,500	-15.0%
49,473	Hire of equipment	26,000	26,000	+0.0%
2,101	Equipment maintenance	3,500	3,500	+0.0%
22,185	Building light, heat, repairs, cleaning	23,463	24,441	+4.2%
84,564	Investment Manager Fees	95,000	95,000	+0.0%
2,285	Staff travel expenses	2,500	2,050	-18.0%
213	Committee members expenses	500	500	+0.0%
5,418	Diocesan synod /Bishops Council	7,800	6,500	-16.7%
-	Election	300	300	+0.0%
22,110	Audit - external	20,400	21,000	+2.9%
2,160	Audit - internal	9,000	-	
6,310	Bank charges	6,200	6,200	+0.0%
1,320	Legal fees - general	17,100	5,000	-70.8%
52,179	Legal - Chancellor & Registrar	50,000	60,682	+21.4%
810,729		779,383	802,923	+3.0%

* (Please note that this section also includes the costs of the Diocesan Synod, Bishop's Council, and financial sub-committees)

Total Parish Support Services	2,885,673	2,965,494	+2.8%
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EXPENDITURE continued

Actual 2016 £		Budget 2017 £	Budget 2018 £	% +/- on 17
NATIONAL CHURCH RESPONSIBILITIES				
497,278	National Church & General Synod Cost	532,528	543,030	+2.0%
34,228	Mission agencies & CPAS pensions	5,513	5,987	+8.6%
189,817	Retired clergy housing scheme	198,261	206,767	+4.3%
10,672	General Synod members' expenses	16,000	12,000	-25.0%
731,995	Total - National Church Responsibilities	752,302	767,784	+2.1%
CLERGY WIDOWS AND RETIRED CLERGY HOUSING				
17,014	Housing costs: quinquennials	5,100	5,000	-2.0%
-	repairs	4,200	5,000	+19.0%
-	Grant for mortgages	1,000	-	
-	Supplementary grants	2,000	-	
78,157	Family support incl convalescent grants	50,000	50,000	+0.0%
1,947	Terry's Cross/insurance	2,000	1,800	-10.0%
97,118	Total - Clergy widows and retired clergy housing	64,300	61,800	-3.9%
EXCEPTIONAL ITEMS				
6,031	Land registry project	-	3,000	
37,696	The Magnet Centre	13,000	-	
	Contingency		90,000	
43,727	Total - Exceptional items	13,000	93,000	+615.4%
17,715,571	TOTAL EXPENDITURE	18,505,644	18,672,002	+0.9%

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE
NOTES TO DRAFT BUDGET 2018

For 2018, diocesan income (excluding parish share) is set to decrease by £106k (3.2%) compared to the 2017 budget, and expenditure is budgeted to increase by £166k (0.9%).

The 2017 budget figure for parish share (£13,504,053 excluding church insurance) represented a 1% increase on the level of pledges made by deaneries in 2016 (excluding insurance). The majority of parishes responded to this request with great generosity, with many increasing their pledge by substantially more than 3%. Some however were not able to maintain their 2016 pledges, and the actual pledges made by deaneries for 2017 totalled £13,349,197 (excluding budgeted church insurance). Actual church insurance was significantly lower and the pledges excluding actual church insurance equalled £13,545,615. It is proposed that an increase of £246,719 on this figure is requested and budgeted for. This would imply parish share pledges of £13,792,334. As with the request for 2017, this would lead to a balanced budget, a situation that the Diocese had not had for many years before 2016. But as with 2017, if parishes are not able to meet this request, or their pledges, it would push the budget into deficit.

Major changes between the 2017 and 2018 budgets are as follows:

1. *Income – Dividends and Interest*

Investment income is expected to decrease in 2018 compared to 2017. This is partly due to the fact that a portion of the investment portfolio was transferred to a new investment manager in 2017 with a total return mandate. This means that the income yield is expected to decrease compared to prior years when the investments were held on an income mandate. Other factors taken into account when preparing the budget include the pervading economic climate and continuing low interest rates.

2. *Grants from restricted funds*

Grants from restricted funds are used to offset certain items of expenditure in the budget (primarily training and welfare). This amount should match the relevant expenditure.

3. *Income – Glebe & Housing*

Income from letting out vacant properties is budgeted to decrease in 2018. While the property department continues its efforts to let out empty properties during vacancies, the number of available properties is declining as more are put back into parochial use. As noted in the 2017 budget papers the increase in budget in 2017 was likely to be the last significant increase as the portfolio is now tightly managed.

4. *Income – Fees & local income*

Income from parochial fees is budgeted to increase by £9,700, based on the average income over the last 7 years. However the 2017 income is forecast to be significantly below budget. Further work needs to be done to establish if this is an anomaly in 2017 or the start of a downward trend. Parish trust income is budgeted to decrease by £10k.

5. *Expenditure – Clergy stipends etc.*

Expenditure on Clergy stipends and fees is budgeted to increase by £89k (1.5%). The parish clergy staffing figures show a small reduction in the number of stipendiary posts as 2017 with fewer vacancies and a proposed increase of 2% in the stipend rate (which would see the standard stipend increase from £25,970 to £26,490). The 2018 budget assumes an average clergy vacancy rate of 26, a decrease of three compared to 2017, based on the pattern of appointments and departures in 2017. The B stipend for training incumbents has been abolished in 2017 and has been replaced with an annual allowance for training incumbents. 2018 will be the first full year of the new Apprenticeship Levy which is charged at 0.5% on the stipend payroll.

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE
NOTES TO DRAFT BUDGET 2018 (continued)

6. *Expenditure – Clergy pension contributions*

The increase reflects the 2% increase in the national minimum stipend upon which the premium is based and the slightly reduced number of posts. The current premium rate is unchanged at 39.90% of the national minimum stipend. The last valuation of the clergy pension scheme was 31st December 2015, and the Pensions Board has announced that the rate will not change from 1 January 2018.

7. *Expenditure – Clergy housing*

A review of the diocesan housing stock showed that a significant programme of investment was required to ensure the estate is fit for purpose. Proper maintenance of housing is important for the health and welfare of the clergy whom we accommodate, to attract new incumbents and to preserve and enhance the value of our property assets. The budget increased significantly in 2015 and 2016, and continues at 2017 levels for 2018. The additional expenditure continues to be funded from the diocesan Pastoral Fund so as not to have an effect on parish ministry costs.

New accounting regulations in effect from 1st January 2015 mean that all properties will be subject to a rolling 5 year revaluation program and the uplift in property values has been reflected on the diocesan balance sheet.

8. *Expenditure – Training – ordination & other*

The budget for training has increased by £18,503 (0.6%). Training covers the costs of supporting ordinands and their families during the period of training, paying and housing curates in title posts, and continuing ministerial development for experienced clergy. The budget also includes the training element of the National Church apportionment, which covers training fees and support costs for ordinands together with the national church's investment in training for ministry, such as increased investment in encouraging vocations. The training budget is expected to increase further in 2019 as the number of people exploring vocation is increasing.

9. *Expenditure – Ministry Support*

This is a new heading in the budget for 2018 and reflects the headings used in the Parish Ministry Cost calculations. Ministry Support includes the costs of the Archdeacons and Rural Deans and housing for suffragan Bishops as well as removal and resettlement grants paid to clergy. The costs are expected to remain stable in 2018 subject to increases in stipend.

10. *Expenditure – Parish support services*

The overall increase in parish support service costs is £80k (2.8%). This reflects modest increases and decreases over all areas. An increase in the overall staff salary budget of 2% has been budgeted. This will be focused on staff members who are deemed to be underpaid compared to their peers, internally and externally, following an independently led project to benchmark staff salaries in 2015, rather than awarded across the board.

11. *Exceptional items*

In 2017 there was one item included as being exceptional and that was the financial support for the Magnet Centre in St Leonard's-on-Sea. This building has now passed to another charity and so the diocesan support has ceased.

There is one new item of exceptional expenditure in 2018 and that is a contingency budget. This replaces contingency budgets in individual departments and will provide transparency about the level and nature of unexpected items in the year.

The other item of exceptional expenditure in 2018 is £3,000 for the Land Registry project. This covers the work required to ensure that all diocesan land and properties are correctly registered.

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE
NOTES TO DRAFT BUDGET 2018 (continued)

12. Items funded from restricted funds

Part of the budgeted expenditure on property (£1.447m) and education (£212.5k) will be funded from the Pastoral Fund. This Fund has been built up over the years from the sales of redundant churches and parsonages. Capital expenditure on property and education is compensated for by ongoing sales and the buoyant property market in the South East has therefore underpinned the continued health of the Fund.

Other items of expenditure which do not form part of the general fund budget include:

- capital works to eight parsonages which should result in increases in the value of our assets of at least the sum spent.
- support for Strategic Development projects. The Archbishop's Council has awarded a grant to support a small number of apostolic partnerships (church plants). The partnerships are based across Brighton and Crawley and the diocese is also making a financial contribution to the projects from the Pastoral Fund
- the Officer for Pastoral Care and Counselling who is providing support to clergy and their families. This post and the associated work is being funded from a generous legacy.
- the Youth Leadership Development Officer who is creating a gap year programme to identify and equip youth leaders in the parishes. The post is being funded from the Encounter fund which is a restricted fund.

**SUPPORT FOR PARISHES AND CHURCH HOUSE STAFF
HEADCOUNT**

2017						2018				
Clergy and layworkers			Lay	Total		Clergy and layworkers			Lay	Total
Stipend	Salary = stipend	Salary				Stipend	Salary = stipend	Salary		
0.5	1.5	0.5	2.5	5.00	APOSTOLIC LIFE	0.5	1.5	0.5	2.5	5.00
		0.5	0.5	1.00	Training - Ordination and Other			0.5	0.5	1.00
0		1.25	1.2	2.45	Directorate			1.25	1.3	2.55
		0.6	1.5	2.10	Christian resources & Stewardship			0.6	2.0	2.60
			1.5	1.50	Children and young people		1.0		0.5	1.50
					Lay Apostolic Life					
	0.2	0.3		0.45	COMMON GOOD		0.2	0.25	1.0	1.45
1.5				1.50	Common Good	1.5				1.50
0.5				0.50	Workplace chaplains	0.5				0.50
0.8				0.80	Diocesan Overseas Officer	0.8				0.80
					University chaplains					
			7.0	7.00	PROPERTY & GLEBE ADMINISTRATION		0.0		7.0	7.00
			9.6	9.55	DIOCESAN BOARD OF EDUCATION				11.5	11.50
			2.7	2.70	SAFEGUARDING				4.3	4.25
			2.4	2.40	DAC/PASTORAL/CLOSED CHURCHES				2.0	2.00
			1.0	1.00	ADMINISTRATION				2.0	2.00
			3.0	3.00	Communications				3.0	3.00
			1.0	1.00	General office				1.0	1.00
			3.70	3.70	Information Technology				4.50	4.50
			4.0	4.00	Central services				4.0	4.00
			0.4	0.40	Finance				1.0	1.00
			0.00	0.00	Clergy Administration				0.5	0.50
					HR					
			2.3	2.25	ARCHDEACONS SUPPORT				1.75	1.75
3.3	1.7	3.1	44.20	52.30		3.3	2.7	3.1	50.30	59.40

Percentages are shown in terms of full-time equivalent

Many Diocesan Stipend posts are combined with Parish Appointments

Help for local churches:

Our Diocesan Strategy expresses the hope that, by 2020, every Benefice will be financially self-supporting, through a combination of encouraging generosity, grouping into financially sustainable units and, in areas of deprivation, the provision of direct grant help from historic resources.

The ***Parish Giving Scheme*** (now a national charity) has proved extremely useful for handling local church income from regular givers. The latest information about the scheme is always to be found at www.chichester.anglican.org/pgs

Other online resources:

www.chichester.anglican.org/strategy

- The ‘home page’ for our Diocesan Strategy

www.chichester.anglican.org/money

- a good starting point for money matters

www.parishresources.org.uk

- an excellent website setting out all aspects of stewardship, administration and management in the local church

www.churchlegacy.org.uk

- a web site with information about gifts in wills, or legacies

Please contact Church House if you would like supplies of materials to support any of the above. Just call 01273 421021 and ask for the Generous Giving Officer.