



**BUDGET 2020**  
**AUTUMN DEANERY MEETINGS**

## DIOCESE OF CHICHESTER

### 2020 Budget

The draft budget for 2020 will be presented to Diocesan Synod on 16 November 2019 for approval. There may be some minor changes to the figures overleaf before Synod but the overall picture should remain the same.

#### Overview

The headline for the 2020 budget is similar to recent years. Like many other charities our income is under pressure while costs are rising in line with inflation. In addition we are continuing to see record numbers of people training to be clergy – both as ordinands studying at college and as curates in our parishes – which is a source of great joy but also comes with a financial cost.

There are two key points to note in the overall picture. Firstly, the deficit between income and expenditure has reduced significantly in the budget for 2020, reversing the trend of recent years where this gap had increased year-on-year (peaking at around £2m for 2019). The aim is that this progress continues, towards reaching balanced budgets or thereabouts.

Secondly, the expenditure itself, planned in this budget, is less than that for 2019, albeit by a relatively small amount in monetary terms, but around 2.3% in real terms.

The current budget for 2020 shows income of £17,130,360 (an increase of £196,228 on the 2019 budget) and expenditure of £18,854,889 (a decrease of £48,043 on the 2019 budget) resulting in an overall deficit of £1,724,529 before transfers from the Pastoral Fund. In 2015 Diocesan Synod approved motions to use money from the Pastoral Fund to support investment in parsonage housing and the education department. In 2020 a transfer of £512k (£957k less than for the 2019 budget) is planned in respect of parsonage works, which brings this planned programme of investment to an end. In addition, transfers of £638,000 from reserves are planned to subsidise the cost of clergy housing (£588,000) and parish support services (£50,000). The transfers in respect of education have now ended. The budgeted deficit after all these transfers is £574,529.

#### 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 2020 the average Parish Ministry Cost for a parish with one full-time stipendiary post will be £74,035 (compared to £71,883 in 2019 – an increase of 2.99%).

#### Parish Share

Parish Share is the amount which a PCC pledges to give to the Diocese as its contribution towards our mission and ministry across the Diocese. It is hoped that parishes will be generous but realistic when deciding their pledge. The Parish Share system enables us to work together as a household of faith to ensure that the good news of Jesus Christ can be shared across Sussex. Those parishes who are able to pledge more than their Parish Ministry Costs enable ministry in those parts of our diocese where PCCs are unable to cover their own costs. Together this means that we are able to provide ministry in all of our 364

parishes and reach out into all communities in Sussex. We make up the biggest voluntary network in the county and Parish Share is part of what makes this possible. A video has been produced to highlight the amazing work done throughout the diocese, and how Parish Share facilitates that, and all PCCs are encouraged to watch it.

An average increase of 13.1% in pledges would enable the Diocese to break even, before transfers, in 2020. We realise that this will be unachievable for most parishes but we hope that as many parishes as possible will increase their pledge by the increase in PMC which is 2.99%, or even more. We encourage all parishes who can do so to pledge more, to provide mutual support to those parishes who are unable to offer such increases, recognising that we are all part of one household of faith, and helping fund the welcome increase in candidates for ordination.

### **How does the Diocese of Chichester compare to other dioceses?**

There are 41 dioceses in the Church of England. Chichester is the 9<sup>th</sup> largest in terms of population (1,692,000 people), 13<sup>th</sup> largest in terms of the number of parishes (364), and 8<sup>th</sup> if looking at the percentage of population regularly attending church (2.8%). It rises to 4<sup>th</sup> place when comparing the total income reported by all parishes and for total amount collected through giving. However Chichester drops to 12<sup>th</sup> place for the amount of weekly giving per giver which is £13.90. In comparison, Sheffield Diocese, which sits in 32<sup>nd</sup> place for total income received by parishes, and is more deprived than Chichester, jumps to 6<sup>th</sup> place for generosity as the average weekly giving per giver is £15.60. We are extremely grateful to all those individuals who give generously to their local church, but believe there is more to do in sharing the Christian message of generosity and stewardship with our congregations.

### **Wise Stewardship – how are financial decisions made by the Diocese?**

The Chichester Diocesan Fund and Board of Finance (Incorporated) is the charitable company which holds the financial assets of the Diocese of Chichester. The purpose of the charity is to promote, assist and advance the work of the Church of England in the Diocese of Chichester. We do this by paying and housing the clergy, training future clergy and providing a range of services for parishes and church schools. This is what is shown in the budget and the financial accounts. The members of Bishop's Council are the trustees of the charity and they approve the budget before it goes to Diocesan Synod. Bishop's Council delegate detailed financial decision making to the Operating Committee, who rely on diocesan staff to provide reports and information for discussion. The work of the Operating Committee is supplemented by the Assets Committee who provide advice about managing investments and the property portfolio. Together these different bodies of people strive to use the resources of the charity wisely to support the work of our parish churches.

### **Why do we compare the draft 2020 budget to the 2019 budget?**

The reason that we compare the draft 2020 budget to the 2019 budget in this document is because Parish Ministry Costs are derived from the budgets. PMC shows the indicative cost of providing ministry in a locality and is used to inform Parish Share pledges. By comparing the year on year budgets PCCs are able to see the reasons for the change to PMC. The 2020 budget is based on 2018 actual and 2019 forecast figures. Other financial reports such as management accounts are shared with trustees and committees for decision making purposes.

## Further Detail about the budget

The majority of the Diocese's expenditure is spent on the 278 paid and house for duty clergy who serve our parishes. The cost of providing ministry across the diocese represents approximately 80% of total expenditure. 57% is spent on clergy stipends, NI, pension and housing. In addition, 18% of expenditure is spent on training current and future clergy, and a further 4.3% is spent on supporting ministry through the work of the Archdeacons, Rural Deans, Continuing Ministerial Development 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 (4.2%) and other expenditure (0.2%).

The major source of income comes from the generosity of parishes through the Parish Share. Parish Share represents approximately 81.6% of the Diocese's total income. In addition, the Diocese generates investment income from historic endowments and from letting out vacant properties. The Diocese is also hoping to generate income through fundraising in 2020.

**Parish Share** income includes a modest budgeted increase on 2019 pledges. The usual collection rate is 98.5% of pledges but in most years the Diocese also receives amounts in respect of prior year Parish Share. Since 2018 church insurance premiums have been paid directly by parishes to Ecclesiastical.

**Investment income** is budgeted to decrease in 2020 because of the economic climate and pressure on investment yields.

**Rental income** is expected to decrease as there are fewer houses available to let. This is because we have been selling houses which are no longer required for parochial purposes. The property team works hard to ensure that all houses which will be vacant for at least six months are let to maximise income.

**Miscellaneous grants and donations** are expected to increase by almost £100,000. It is hoped this will be achieved through a fundraising initiative.

**Ministry** costs include a 2% increase in stipends. There has been a reduction in the number of stipendiary posts as three posts have been redesignated as house for duty posts. As already noted, ordination training costs since 2019 have been expected to increase as the number of vocations grows in line with the Church of England's aim to increase numbers training for ordination by 50% over 5 years. This is a priority for our spending over the coming years. The training budget also includes the Diocese's contribution to the national training budget, which in turn partly funds our own and other dioceses' ordination training costs.

**Ministry Support** costs are expected to increase by £85k in 2020. Ministry support includes the costs of Archdeacons, Rural Deans, Continuing Ministerial Development and grants for clergy (removal, resettlement and first appointments). The expected increase is due to a number of factors including increased costs of clergy removal grants, increased costs of provision for Archdeacons and a planned growth in the CMD programme.

**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. A guide to what Church House does for parishes is available.

The funding for the Schools department also serves the 156 Church of England schools in the Diocese.

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. Over the past year we have invested in our IT and accounting systems at Church House. This was much needed investment to enable Church House to continue to function, but does mean that there has been an increase in our general office costs.

Particular focuses for expenditure in 2020 are continuing our support for the 37,000 children in our schools, and the recruitment of a paid Mission and Pastoral expert to fill the gap to be left by a dedicated volunteer. It has been announced that there will be a further national review to ensure that all past safeguarding cases have been appropriately responded to, and an amount has been included in the Safeguarding budget to enable this.

**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 £40,000 covers all areas of the Diocese's work. The contingency budget is approximately 0.2% of total budgeted expenditure. This other expenditure is excluded in the calculation of Parish Ministry Costs.

Following the agreement of Synod part of the budgeted expenditure on property (£512k) will be funded from the **Pastoral Fund in 2020**. This is the last transfer under the planned improvement programme. In addition the Diocese is planning to fund £638,000 of the budgeted deficit from reserves which means that the amount sought through Parish Ministry Costs is less than the full budgeted deficit.

**THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE**

**DRAFT BUDGET 2020**

<b>Actual 2018</b>	<b>Forecast 2019</b>		<b>Budget 2019</b>	<b>Budget 2020</b>	<b>%age on 19</b>	<b>%age of total</b>
<b>£</b>	<b>£</b>	<b>INCOME</b>	<b>£</b>	<b>£</b>		
13,552,661	13,722,078	Parish Share <sup>(1)</sup>	13,684,236	14,008,700	2.4%	81.8%
1,370,741	1,366,900	Investment income and drawings	1,388,900	1,228,000	-11.6%	7.2%
134,689	124,500	Investment income from restricted funds	124,500	111,750	-10.2%	0.7%
329,506	399,804	Glebe	406,200	389,410	-4.1%	2.3%
486,680	476,400	Housing	526,404	452,500	-14.0%	2.6%
706,648	654,996	Fees & local income	654,996	690,000	5.3%	4.0%
191,165	157,900	Miscellaneous grants and donations	148,896	250,000	67.9%	1.5%
<b>16,772,090</b>	<b>16,902,578</b>	<b>TOTAL INCOME</b>	<b>16,934,132</b>	<b>17,130,360</b>	<b>1.2%</b>	<b>100.0%</b>
<b>EXPENDITURE</b>						
<b>Ministry</b>						
6,351,015	6,368,869	Clergy stipends, NI and fees	6,412,302	6,417,516	0.1%	34.0%
1,992,107	2,054,395	Clergy pension contributions	2,054,395	2,033,744	-1.0%	10.8%
2,929,508	2,664,602	Clergy housing	2,664,602	2,352,648	-11.7%	12.5%
2,828,325	3,256,137	Training - ordination & curates	3,268,012	3,398,336	4.0%	18.0%
<b>14,100,955</b>	<b>14,344,003</b>		<b>14,399,311</b>	<b>14,202,244</b>	<b>-1.4%</b>	<b>75.3%</b>
<b>Ministry Support</b>						
679,041	737,511	Bishops, ADs, RDs, CMD & Grants	730,701	815,941	11.7%	4.3%
<b>679,041</b>	<b>737,511</b>		<b>730,701</b>	<b>815,941</b>	<b>11.7%</b>	<b>4.3%</b>
<b>Parish support services</b>						
506,411	520,410	Apostolic Life	510,412	493,504	-3.3%	2.6%
193,943	152,572	Common Good	152,572	92,132	-39.6%	0.5%
629,658	675,004	Diocesan Board of Education	678,012	685,185	1.1%	3.6%
226,328	244,150	Safeguarding - Children protection	257,400	310,544	20.6%	1.6%
59,284	87,252	Diocesan Advisory Committee (DAC)	87,252	96,467	10.6%	0.5%
37,953	46,644	Pastoral Committee	46,644	86,322	85.1%	0.5%
93,709	84,996	Closed churches	84,996	85,000	0.0%	0.5%
39,594	43,344	Glebe land	43,344	43,340	0.0%	0.2%
89,651	92,458	Communications	92,448	97,678	5.7%	0.5%
313,115	190,454	Information technology (IT)	198,204	179,345	-9.5%	1.0%
814,944	818,829	General office: Finance, Governance and Administration	763,367	838,917	9.9%	4.4%
<b>3,004,590</b>	<b>2,956,113</b>		<b>2,914,651</b>	<b>3,008,434</b>	<b>3.2%</b>	<b>16.0%</b>
<b>National Church</b>						
764,744	790,269	National Church responsibilities	778,269	788,269	1.3%	4.2%
<b>764,744</b>	<b>790,269</b>		<b>778,269</b>	<b>788,269</b>	<b>1.3%</b>	<b>4.2%</b>
<b>Other <sup>(2)</sup></b>						
6,114	80,000	Clergy widows and retired clergy housing				0.0%
		Contingency & exceptional items	80,000	40,000	-50.0%	0.2%
<b>18,555,444</b>	<b>18,907,896</b>	<b>TOTAL EXPENDITURE</b>	<b>18,902,932</b>	<b>18,854,889</b>	<b>-0.3%</b>	<b>100.0%</b>
<b>(1,783,354)</b>	<b>(2,005,318)</b>	<b>DEFICIT FOR YEAR (before trf from Pastoral Fund)</b>	<b>(1,968,800)</b>	<b>(1,724,529)</b>		
1,447,000	1,447,000	<b>FUNDED FROM PASTORAL FUND-Property</b>	1,447,000	512,000		
212,500	22,000	<b>FUNDED FROM PASTORAL FUND-Education</b>	22,000			
		<b>FUNDED FROM RESERVES (Property &amp; Parish)</b>		638,000		
<b>(123,854)</b>	<b>(536,318)</b>	<b>SURPLUS / (DEFICIT) FOR YEAR</b>	<b>(499,800)</b>	<b>(574,529)</b>		

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

(2) Other expenditure excluded from PMC

## Reconciliation of Budget and PMC 2020

<b>Housing</b>	
	£
Clergy Housing per budget	2,352,648
less contribution from reserves	(1,100,000)
	1,252,648
Number of houses	281.5
<i>2019 figure</i>	281.5
Housing cost	<b>4,450</b>
<i>2019 figure</i>	4,088
Note: 0.5 house due to a special arrangement in one parish	

<b>Training</b>	
	£
Training - per budget	3,398,336
Number of clergy	284.2
<i>2019 figure</i>	284.5
(All stipendiary, light duty and HfD at 100% weighting)	
Training cost	<b>11,958</b>
<i>2019 figure</i>	11,105
Note: 0.5 priest due to a special arrangement in one parish	

<b>Ministry Support</b>	
	£
Ministry Support per budget	815,941
Number of clergy	284.2
<i>2019 figure</i>	284.5
(All stipendiary, light duty and HfD at 100% weighting)	
Ministry Support Cost	<b>2,871</b>
<i>2019 figure</i>	2,956

<b>Parish Support</b>	
	£
Parish Support services per budget	3,008,434
less contribution from reserves	(50,000)
	2,958,434
Number of clergy	244.9
<i>2019 figure</i>	248
(Associates, light duty and HfD at 50% weighting)	
Parish Support Cost	<b>12,083</b>
<i>2019 figure</i>	11,837

<b>National Church</b>	
	£
National Church per budget	788,269
Number of clergy	244.9
<i>2019 figure</i>	248
(Associates, light duty and HfD at 50% weighting)	
National Church Cost	<b>3,219</b>
<i>2019 figure</i>	3,187

**PARISH MINISTRY COSTS 2020 - TYPES OF POST**

<b>Post type</b>	<b>Stipend Category</b>	<b>Stipend and NI</b>	<b>Pension</b>	<b>Housing</b>	<b>Training: curates &amp; ordinands</b>	<b>Ministry support costs</b>	<b>Ministry Costs (direct &amp; mutual)</b>	<b>Parish support services</b>	<b>National church responsibilities</b>	<b>Total Costs (excl insurance)</b>
<b>Full time priest</b>										
<b>S (standard stipend)</b>	S	29,620	9,834	4,450	11,958	2,871	<b>58,733</b>	12,083	3,219	<b>74,035</b>
<b>A (team rector)</b>	A	30,430	9,834	4,450	11,958	2,871	<b>59,543</b>	12,083	3,219	<b>74,845</b>
<b>Associate vicar in charge of a sep church</b>										
	CS	28,610	9,834		11,958	2,871	<b>53,273</b>	6,042	1,610	<b>60,924</b>
	C2	29,400	9,834		11,958	2,871	<b>54,063</b>	6,042	1,610	<b>61,714</b>
<b>Associate vicar not in charge of a sep church</b>										
	C	28,610	9,834				<b>38,444</b>			<b>38,444</b>
	CB	29,400	9,834				<b>39,234</b>			<b>39,234</b>
<b>Light duty/joint post (50%)</b>	0.5	14,810	4,917	4,450	11,958	2,871	<b>39,006</b>	6,042	1,610	<b>46,657</b>
<b>Light duty/joint post (60%)</b>	0.6	17,772	5,900	4,450	11,958	2,871	<b>42,951</b>	6,042	1,610	<b>50,602</b>
<b>House for duty (inc/p-in-c)</b>										
	H	1,720		4,450	11,958	2,871	<b>20,999</b>	6,042	1,610	<b>28,650</b>
<b>House for duty (ass vicar)</b>	H2	1,275		4,450	11,958	2,871	<b>20,554</b>	6,042	1,610	<b>28,205</b>
<b>Layworker</b>	L	28,610	9,834				<b>38,444</b>			<b>38,444</b>