



DRAFT BUDGET 2021
AUTUMN DEANERY MEETINGS
(Subject to approval by Synod on 7th November 2020)

DIOCESE OF CHICHESTER

2021 Budget

The diocesan budget sets out our plans for how the Diocesan Board of Finance will resource ministry in parishes across the diocese and our diocesan family of schools in the coming year.

The DBF will resource ministry across this household of faith, in the parishes and schools of the diocese, in the coming year. To do this, the DBF does things which are best done at diocesan level, notably paying the stipends and pensions of the parish clergy and providing and maintaining their housing, to ensure that clergy can be deployed across the diocese, in deprived areas and not only in parishes which can afford to pay for a priest. It also resources parishes and schools in other ways, by training the next generation of clergy, and providing support as varied as paying removal costs and grants to clergy starting new posts, the ministry of archdeacons, advice on youth work, safeguarding casework and advice, fundraising advice and much more.

The draft budget for 2021 will be presented to Diocesan Synod on 7th November 2020 for approval. There may be some minor changes to the figures overleaf before Synod but the overall picture should remain the same.

However, with the uncertainties resulting from the COVID-19 crisis, particularly with regard to the speed of recovery or otherwise of income levels, this budget will be kept under review. As over 80% of diocesan income comes from parish share, information on the level of parish pledges as they come in will be particularly important to judge whether we have been either too pessimistic or optimistic in judging the income budget.

Overview

The budget for 2021 has been prepared under the shadow of the COVID-19 pandemic, the resulting forecast deficit for the 2020 financial year and the consequent reduction in reserves.

The current budget for 2021 shows income of £16,257,690 (a decrease of £872,670 on the 2020 budget) and expenditure of £16,875,249 (a decrease of £1,954,319 on the final 2020 budget) resulting in an overall deficit of £617,559.

We have budgeted for significant falls in the levels of the majority of income lines due to uncertainty over the levels of recovery from the effects of the pandemic. The exception to this is income from property where the rental market has remained buoyant and we are anticipating having more properties to let, both because sales are harder and because there is the likelihood of more vacancies after the disruption of this year which put many plans to move on hold.

Every line of expenditure has also been scrutinised and reductions made wherever it has been possible to do so without causing lasting damage or significantly reducing the services we are able to provide. In particular, quinquennial repairs have been deferred for a further year.

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 was allocated in respect of parsonage works, which brought this planned programme of investment to an end. In addition, transfers of £638,000 from reserves were allocated to subsidise the cost of clergy housing (£588,000) and parish support services (£50,000). With the impact of COVID-19 on reserves and on the value of investments, which form the assets of the Pastoral Fund, it has not been possible to make similar allocations for 2021.

Parish Ministry Costs ('PMC')

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 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 2021 the average PMC for a parish with one full-time stipendiary post will be £74,300 (compared to £74,035 in 2020 – an increase of 0.36%).

It should be noted that it has been the deferral (and not cancellation) of expenditure, in particular property expenditure, that has allowed us to put forward a budget deficit for 2021 much reduced before contribution from reserves compared with last year and limit the increase in PMC to 0.36%.

It will not be possible to defer these costs beyond 2021 without compromising the condition of our properties, or the services that we as a Diocese are able to offer. It is therefore likely that next year PMC will rise by more than the average of 3% over the last few years.

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. Parishes are encouraged to 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 PMC 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 359 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 in particular during the period of lockdown. All PCCs are encouraged to watch it.

We recognise that parishes will recover from the impact of the pandemic at different rates and for this reason we have included a figure for parish share receipts of £13,283,742 in the 2021 budget, a reduction of 5.2% on the 2020 figure. This can however only be achieved if those who are able to increase or at least maintain the level of their 2020 pledge in order to support those parishes less able to do so.

We therefore encourage all parishes who can do so to pledge more, to provide mutual support to those parishes who are unable to offer such a commitment, recognising that we are all part of one household of faith.

How does the Diocese of Chichester compare to other dioceses?

There are 41 dioceses in the Church of England. Chichester is the 9th largest in terms of population (1,703,000 people), 13th largest in terms of the number of parishes (359), and 9th if looking at the percentage of population regularly attending church (1.7%). It has the 10th highest population average income (£15,500). However, Chichester drops to 26th place for the amount of giving as a percentage of total income (3.1%). In comparison, Sheffield Diocese, which sits in 39th place for population average income (£10,500), jumps to 1st place on that measure (4.5%). 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 2021 budget to the 2020 budget?

The reason that we compare the draft 2021 budget to the 2020 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 2021 budget is based partly on 2019 actual and 2020 forecast figures, together with a detailed examination of all lines of expenditure. Other financial reports such as management accounts are shared with trustees and committees for decision making purposes.

Some useful resources

At the autumn deanery meetings this year, we are showing a video which we encourage all parishes to watch, showing the inspiring worship and work parishes have been engaged in over lockdown. It can be found at the base of the Diocese of Chichester homepage.

Last year's video can also be found on the website under Parish Support and Resources and the booklet outlining what Church House, Hove, does for your parish can be found at Parish Support and Resources/Information and Resources for PCCs/What does Church House Hove do for your Parish.

Further Detail about the budget

The majority of the Diocese's expenditure is spent on the 273 paid and house for duty clergy who serve our parishes. The cost of providing ministry across the diocese represents approximately 78% of total expenditure. 55% is spent on clergy stipends, NI, pension and housing. In addition, 19% 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 (16.7%) such as the provision of buildings advice and safeguarding services, a contribution to the National Church (4.7%) and other expenditure (0.5%).

The major source of income comes from the generosity of parishes through the Parish Share. Parish Share represents approximately 81.7% of the Diocese's total income. In addition, the Diocese generates investment income from historic endowments and from letting out vacant properties. The Diocese had been hoping to generate income through fundraising in 2020, but Covid-19 prevented the launch of that programme.

Parish Share income includes a budgeted decrease on 2020 pledges, to reflect the impact on parish income and reserves but also planning for a gradual recovery towards pre-pandemic levels. The collection rate in 'normal' years is 98.5% of pledges but in most years the Diocese also receives amounts in respect of prior year Parish Share. 2020 has seen a fall in the collection rate as parish income has been hit by the effects of the pandemic. However, to date many parishes have managed to maintain all or most of their pledge and for this we are extremely grateful. Since 2018 church insurance premiums have been paid directly by parishes to the insurer.

Investment income is budgeted to decrease in 2021 because of the economic impact of the pandemic and the consequent pressure on investment yields.

Rental income is expected to increase as we are expecting more houses to become available to let. This is because it has become more difficult to sell houses which are no longer required for parochial purposes, and, as noted previously, there is the likelihood of more vacancies after the disruptions of this year putting many plans to move on hold. The property team works hard to ensure that all lettable houses which will be vacant for at least six months are let to maximise income.

Miscellaneous grants and donations are expected to decrease by almost £96,000. This is partly due to the deferral of plans for a fundraising initiative, offset by a government grant in respect of furloughed employees.

Ministry costs include a freeze in stipends and a reduction in the number of posts by five, focussed on assistant posts. The clergy housing budget has been significantly reduced by deferring the programme of quinquennial repairs and improvements, other than those which are essential for health and safety or disability reasons. The training budget has been reduced by ordaining fewer new curates in 2021 after an increase in 2020. This budget line 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 decrease by £85k in 2021. Ministry support includes the costs of Archdeacons, Rural Deans, Continuing Ministerial Development and grants for clergy (removal, resettlement and first appointments). The Archdeaconry of Horsham will be kept vacant for 2021, and a reduction in new appointments and thus grants is expected.

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. There has been a freeze on salaries in the budget, together with a freeze on recruitment for all but those posts with external funding. 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 155 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 2 years 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 during the crisis with many staff working from home.

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 £80,000 covers all areas of the Diocese's work. The contingency budget is approximately 0.5% of total budgeted expenditure. This other expenditure is excluded from the calculation of Parish Ministry Costs.

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE
DRAFT BUDGET 2021

Actual 2019	Forecast 2020		Budget 2020	Budget 2021	%age on 2020	%age on 2020 forecast	%age of total
£	£	INCOME	£	£			
13,953,659	12,087,823	Parish Share	14,008,700	13,283,742	-5.2%	9.9%	81.7%
1,496,387	1,087,248	Investment income and drawings	1,228,000	916,500	-25.4%	-15.7%	5.6%
146,220	97,795	Investment income from restricted funds	111,750	83,813	-25.0%	-14.3%	0.5%
481,582	443,183	Glebe	389,410	438,795	12.7%	-1.0%	2.7%
406,965	517,900	Housing	452,500	714,191	57.8%	37.9%	4.4%
653,588	379,430	Fees & local income	690,000	666,250	-3.4%	75.6%	4.1%
158,689	215,246	Miscellaneous grants and donations	250,000	154,400	-38.2%	-28.3%	0.9%
17,297,090	14,828,625	TOTAL INCOME	17,130,360	16,257,690	-5.1%	9.6%	100.0%
<u>EXPENDITURE</u>							
<u>Ministry</u>							
6,282,862	6,364,073	Clergy stipends, NI and fees	6,412,516	5,900,019	-8.0%	-7.3%	35.0%
1,998,480	1,993,414	Clergy pension contributions	2,033,744	1,970,761	-3.1%	-1.1%	11.7%
2,681,468	1,659,408	Clergy housing	2,354,348	1,367,076	-41.9%	-17.6%	8.1%
3,547,506	3,296,901	Training - ordination & curates	3,384,436	3,214,625	-5.0%	-2.5%	19.0%
14,510,316	13,313,796		14,185,044	12,452,480	-12.2%	-6.5%	73.8%
<u>Ministry Support</u>							
698,682	741,732	Bishops, ADs, RDs, CMD & Grants	821,741	733,927	-10.7%	-1.1%	4.3%
698,682	741,732		821,741	733,927	-10.7%	-1.1%	4.3%
<u>Parish support services</u>							
504,763	425,149	Apostolic Life	491,600	472,112	-4.0%	11.0%	2.8%
124,904	100,632	Common Good	106,128	98,945	-6.8%	-1.7%	0.6%
622,384	484,880	Diocesan Board of Education	649,777	579,066	-10.9%	19.4%	3.4%
246,206	297,905	Safeguarding - Children protection	310,644	291,733	-6.1%	-2.1%	1.7%
80,542	86,384	Diocesan Advisory Committee (DAC)	97,067	87,578	-9.8%	1.4%	0.5%
44,745	58,123	Pastoral Committee	86,622	47,465	-45.2%	-18.3%	0.3%
104,180	117,183	Closed churches	85,000	105,000	23.5%	-10.4%	0.6%
30,034	66,000	Glebe land	43,340	51,600	19.1%	-21.8%	0.3%
90,731	93,139	Communications	99,670	84,184	-15.5%	-9.6%	0.5%
190,212	160,203	Information technology (IT)	179,345	192,730	7.5%	20.3%	1.1%
832,066	791,501	General office: Finance, Governance and Administration	845,321	810,156	-4.2%	2.4%	4.8%
2,870,767	2,681,099		2,994,514	2,820,570	-5.8%	5.2%	16.7%
<u>National Church</u>							
786,797	788,341	National Church responsibilities	788,269	788,272	0.0%	0.0%	4.7%
786,797	788,341		788,269	788,272	0.0%	0.0%	4.7%
<u>Other ⁽¹⁾</u>							
		Clergy widows and retired clergy housing					0.0%
1,335	40,000	Contingency & exceptional items	40,000	80,000	100.0%	100.0%	0.5%
18,867,897	17,564,968	TOTAL EXPENDITURE	18,829,568	16,875,249	-10.4%	-3.9%	100.0%
(1,570,807)	(2,736,343)	DEFICIT FOR YEAR (before trf from Pastoral Fund)	(1,699,208)	(617,559)			
1,447,000	512,000	FUNDED FROM PASTORAL FUND-Property	512,000				
22,000		FUNDED FROM PASTORAL FUND-Education					
	638,000	FUNDED FROM RESERVES (Property & Parish)	638,000				
(101,807)	(1,586,343)	SURPLUS / (DEFICIT) FOR YEAR	(549,208)	(617,559)			

(1) Other expenditure excluded from PMC

Reconciliation of Budget and PMC 2021

Housing	2021	2020
	£	£
Clergy Housing per budget	1,367,076	2,352,648
From Pastoral Fund/Reserves	-	<i>(1,100,000)</i>
Clergy Housing for PMC	1,367,076	1,252,648
Number of houses	273	281.5
Housing cost	5,008	4,450

Parish Support	2021	2020
	£	£
Parish Support services per budget	2,820,570	3,008,434
From reserves	-	<i>(50,000)</i>
Parish Support services for PMC	2,820,570	2,958,434
Number of clergy (Associates, light duty and HfD at 50% weighting)	237.5	244.9
Parish Support Cost	11,876	12,083

Training	2021	2020
	£	£
Training - per budget	3,214,625	3,398,336
Number of clergy (All stipendiary, light duty and HfD at 100% weighting)	276.0	284.2
Training cost	11,647	11,958

National Church	2021	2020
	£	£
National Church per budget	788,272	788,269
Number of clergy (Associates, light duty and HfD at 50% weighting)	237.5	244.9
National Church Cost	3,319	3,219

Ministry Support	2021	2020
	£	£
Ministry Support per budget	733,927	815,941
Number of clergy (All stipendiary, light duty and HfD at 100% weighting)	276.0	284.2
Ministry Support Cost	2,659	2,871

PARISH MINISTRY COSTS 2021 - TYPES OF POST

Post type	Stipend Category	Stipend and NI	Pension	Housing	Training: curates & ordinands	Ministry support costs	Ministry Costs (direct & mutual)	Parish support services	National church responsibilities	Total Costs (excl insurance)
Full time priest										
S (standard stipend)	S	29,760	10,031	5,008	11,647	2,659	59,105	11,876	3,319	74,300
A (team rector)	A	30,580	10,031	5,008	11,647	2,659	59,925	11,876	3,319	75,120
Associate vicar with a sep church	C2	29,400	10,031	5,008	11,647	2,659	58,745	5,938	1,660	66,343
Associate vicar without a sep church	CB	29,400	10,031	5,008			44,439			44,439
Light duty/joint post (50%)	0.5	14,880	5,016	5,008	11,647	2,659	39,210	5,938	1,660	46,807
Light duty/joint post (60%)	0.6	17,856	6,019	5,008	11,647	2,659	43,189	5,938	1,660	50,786
Light duty/joint post (67%)	0.67	19,939	6,721	5,008	11,647	2,659	45,974	5,938	1,660	53,571
House for duty (inc/p-in-c)	H1	1,720		5,008	11,647	2,659	21,034	5,938	1,660	28,632
House for duty (ass vicar)	H2	1,275		5,008	11,647	2,659	20,589	5,938	1,660	28,187
Layworker	L	29,760	10,031				39,791			39,791

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE INCORPORATED

BALANCE SHEET

At 31 December 2019

	2019		2018	
	£'000	£'000	£'000	£'000
FIXED ASSETS				
Tangible assets		229,454		233,102
Investments		<u>49,801</u>		<u>44,449</u>
		279,255		277,551
CURRENT ASSETS				
Debtors	2,765		2,413	
Cash on deposit	2,146		2,052	
Cash at bank and in hand	<u>6,752</u>		<u>3,454</u>	
	11,663		7,919	
CREDITORS: amounts falling due within one year	<u>(3,804)</u>		<u>(4,831)</u>	
NET CURRENT ASSETS		<u>7,859</u>		<u>3,088</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		287,114		280,639
CREDITORS: amounts falling due after more than one year				
Pension scheme liabilities		(1,165)		(4,231)
Other creditors		<u>-</u>		<u>(130)</u>
NET ASSETS		<u><u>285,949</u></u>		<u><u>276,278</u></u>
FUNDS				
Endowment funds		252,018		246,178
Restricted income funds		22,101		19,100
Unrestricted income funds				
General funds		5,488		4,641
Designated funds		<u>6,342</u>		<u>6,359</u>
TOTAL FUNDS		<u><u>285,949</u></u>		<u><u>276,278</u></u>