



DRAFT BUDGET 2023
AUTUMN DEANERY MEETINGS
(Subject to approval by Synod on 19th November 2022)

DIOCESE OF CHICHESTER

2023 Budget

The Diocesan Board of Finance is responsible for many key financial aspects of the life of the Diocese of Chichester. 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 funds to enable this work come predominantly from parishes, through parish share, with additional income from rents, investments and other smaller sources.

The draft diocesan budget for 2023 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. It will be presented to Diocesan Synod on 19th November 2022 for approval. There may be some minor changes to the figures in this booklet before Synod but the overall picture should remain the same.

However, with the uncertainties resulting from the cost of living crisis and the continued impact of the Covid-19 pandemic, 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. **We ask all parishes to give their pledge to the deanery treasurer by 4 January 2023** so that we can conduct that review as early in the year as possible.

Overview

The budget for 2023 has again been prepared in the context of the uncertainty of the recovery from the COVID-19 pandemic, together with other world events. The high rate of inflation and particular concern over energy costs will have an impact not only on the DBF, but also on parishes, putting pressure on their finances and the ability to pay parish share.

The current budget for 2023 shows income of £17,382,358 (an increase of £718,202 on the 2022 budget) and expenditure of £17,649,115 (an increase of £238,113 on the final 2022 budget) resulting in an overall deficit of £266,757. However, £200k of that expenditure is attributable to a contingency allowance given the uncertain impact of inflation; we very much hope not to have to draw on this.

In 2022, after the reduction in parish share to £13m, we budgeted for a 50% recovery on parish share income to the pre-pandemic level of £14m, and parishes responded magnificently. It is looking likely that the budgeted £13.5m will be achieved in 2022. For 2023, we have budgeted for the second half of the recovery, in the hope that parishes who can afford greater increases will give generously in order to support those who are hardest hit by the economic climate.

Investment income is also showing an increase, in line with predictions for the current year from our investment managers.

The most significant changes in expenditure relate to ministry:

- A £250k increase in clergy stipends, NI and fees, attributable to a 5% budgeted increase in the standard stipend and a reduction in the number of vacancies being carried from 26 to 22 which exceeds a small reduction in the number of FTE stipendiary posts from 224.5 to 223. As part of the diocesan commitment to the Brighton and Hove SDF bid, £39k of this will be funded from the Pastoral Fund. In addition to the 5% budgeted increase in 2023, the increase in Average Parish Ministry Costs takes account of the 3% increase actually given in 2022 as against the 1% originally budgeted and included in PMC.
- A £525k decrease in clergy pensions as a result of a reduction in the contribution rate from 39.9% of national minimum stipend to 28% from January 2022 following the scheme moving back into surplus after many years of deficit reduction payments.
- A £535k increase in clergy housing expenditure, the second half of the reinstatement of the quinquennial repairs programme which was deferred in 2020 and 2021, plus a reflection of the impact of inflation.
- A £400k reduction on the training curate budget, due to a net reduction in the number of curates funded by the DBF from 31.5 to 25 as the reduction over the last 3 years in the number of ordinations each year (from 10 to 6 or 8) works its way through.
- A £150k increase in the ordination training budget, due to a pooling charge for ordinand maintenance of £101k in contrast to a credit of £47k in 2022. This figure is based on the return of ordinand maintenance costs that we make each year for the prior year. When combined with the returns of other dioceses, Chichester's share is calculated and either a further charge or credit is made.

These major shifts balance out to give a negligible increase in the ministry budget.

As ever, every line of expenditure has been scrutinised and cost savings made wherever it has been possible to do so without significantly reducing the services we are able to provide.

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 about their ability to pay 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 the average costs of ministry to 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 352 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. You can see more about this in the video at <https://www.chichester.anglican.org/parish-support/>

We have included a figure for parish share receipts of £14m in the 2023 budget. This is the second part of the two-year recovery to pre-pandemic levels after the fall in parish share receipts in 2020 and 2021. Parishes responded magnificently to this call in 2022, and the first half of the recovery plan was achieved. However, we recognise that parishes are recovering from the impact of the pandemic at different rates and suffering from the cost of living crisis

at different levels. The continued recovery can therefore only be achieved if those who are able increase or at least maintain the level of their 2022 pledge in order to support those parishes less able to do so.

We 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.

Average 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 posts, or in the case of housing costs, the number of properties being provided. This gives an average of the total cost of providing different kinds of priest plus support for priest and parish, and training the next generation of clergy. This average figure is known as **Parish Ministry Costs** ('PMC') – although we are increasingly talking about this as **Average Ministry Costs or AMC**. Each parish is asked to have this figure in mind when deciding how much to give in Parish Share and whether they can give more or less than the average cost.

In order to assess this average figure, the type of post (full time, part time, House for Duty etc) is taken into account and the costs are apportioned appropriately. For 2023 the Average PMC for a parish with one full-time stipendiary post will be £78,795 (compared to £76,967 in 2022 – an increase of 2.4%).

Tables are included within this booklet showing how the Average PMC for each type of post is calculated. There is also a table showing the movement in the constituent parts of the average PMC from 2022 to 2023. The reduction in the pension contribution rate has compensated for the increase in the housing element as a result of the second half of the reinstatement of quinquennial repairs.

Movements in different types of expenditure have a different impact on each type of post. For example, the increase in Housing costs means that the Average PMC for a part time post has increased by a greater percentage.

More significantly, in May 2022, Diocesan Synod approved a change to the way in which costs are apportioned for House for Duty and Associate Vicar posts in order to calculate these indicative average costs. In future, the PMC for House for Duty clergy will include only a half share of the cost of training the next generation of clergy, and the two Associate Vicar categories have been merged into one. This has resulted in Training, Parish Support and National Church contributions being apportioned between fewer parishes, leading to a higher increase or lower reduction as the case may be in the unit cost.

Gross v net PMC

Average PMC is simply an indicative figure of the average costs of having stipendiary clergy in parishes, and support for them. As explained above, it takes no account of differences in parishes' ability to contribute towards the total costs, leaving parishes to determine whether they can give more or less than the average cost as their parish share.

It also takes no account of savings made through some posts being vacant during the year, or of income associated with particular parishes, such as the DBF share of marriage and funeral

fees or income generated from trusts historically associated with particular parishes. The DBF gives details of that income and the projected vacancy savings to deanery treasurers each year, and a few deaneries make deductions from the PMC they communicate to parishes in light of those details. A useful shorthand for those reduced figures is 'net' PMC, as opposed to the figures in this booklet which can be called 'gross' PMC.

We ask all parishes in the diocese to bear in mind the gross PMC figures when deciding their parish share pledges, even in the few deaneries which calculate net PMC. Parish share is not a bill or a tax: it is each parish's contribution to the household budget of the household of faith that is the Diocese of Chichester. Each parish is encouraged to give joyfully, generously and sacrificially, in the same way as we are all individually called to respond to God's amazing generosity in our individual giving. That joyful, generous and sacrificial giving is what enables the ministry and services funded by the diocesan budget to continue and it is the mutual support provided by many giving as much as the gross average figure or more which enables stipendiary ministry to continue in those places which simply cannot afford to do so.

Why do we compare the draft 2023 budget to the 2022 budget?

The reason that we compare the draft 2023 budget to the 2022 budget in this document is because average Parish Ministry Costs are derived from the draft budgets. PMC shows the average 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 2023 budget is based partly on 2020 and 2021 actual and 2022 forecast figures, and partly on 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.

A copy of the 2023 budget with extra comparisons, with the 2022 forecast and 2021 actual figures, can be found at: <https://www.chichester.anglican.org/parish-share/>

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE

DRAFT BUDGET 2023

Actual 2021	Forecast 2022		Budget 2022	Budget 2023	%age on 2022 budget	%age of total
£	£	INCOME	£	£		
13,024,539	13,476,259	Parish Share	13,500,000	14,000,000	3.7%	80.5%
1,219,705	1,166,314	Investment income and drawings	1,084,661	1,254,118	15.6%	7.2%
110,526	106,100	Investment income from restricted funds	100,669	116,849	16.1%	0.7%
1,247,738	1,209,318	Rental income	1,247,426	1,235,904	-0.9%	7.1%
728,235	600,976	Fees & local income	600,000	665,837	11.0%	3.8%
182,386	133,792	Miscellaneous grants and donations	131,400	109,650	-16.6%	0.6%
16,513,129	16,692,759	TOTAL INCOME	16,664,156	17,382,358	4.3%	100.0%
		EXPENDITURE				
		Ministry				
5,751,394	5,996,582	Clergy stipends, NI and fees	6,043,581	6,295,344	4.2%	35.7%
1,987,031	1,851,709	Clergy pension contributions	1,955,526	1,430,967	-26.8%	8.1%
1,659,499	2,350,587	Clergy housing	2,097,472	2,636,398	25.7%	14.9%
878,664	967,642	Training - ordination	934,992	1,089,232	16.5%	6.2%
2,171,911	1,880,106	Training - curates	1,976,616	1,565,121	-20.8%	8.9%
12,448,499	13,046,626		13,008,187	13,017,063	0.1%	73.8%
		Ministry Support				
476,970	513,669	Bishops, ADs, RDs & CMD	517,950	597,086	15.3%	3.4%
283,517	284,278	First appointment, resettlement and removal grants	246,596	269,084	9.1%	1.5%
760,487	797,947		764,546	866,170	13.3%	4.9%
		Parish support services				
54,744	56,789	Apostolic Life - Directorate	57,400	60,060	4.6%	0.3%
122,156	148,088	Apostolic Life - Resources and Stewardship	157,832	181,581	15.0%	1.0%
95,979	133,859	Apostolic Life - Children & Young People	104,750	111,558	6.5%	0.6%
117,403	116,007	Apostolic Life - Lay Apostolic Life	131,026	136,194	3.9%	0.8%
93,132	99,303	Common Good	102,035	51,223	-49.8%	0.3%
584,696	509,572	Diocesan Board of Education	575,118	576,632	0.3%	3.3%
407,002	282,573	Safeguarding	277,969	280,434	0.9%	1.6%
77,669	88,783	Diocesan Advisory Committee (DAC)	94,498	94,018	-0.5%	0.5%
58,782	74,269	Pastoral Committee	74,350	77,866	4.7%	0.4%
165,453	127,107	Closed churches	128,000	150,000	17.2%	0.8%
23,286	36,145	Glebe land	16,000	10,000	-37.5%	0.1%
90,477	87,135	Communications	94,735	100,389	6.0%	0.6%
177,871	209,258	Information technology (IT)	212,900	215,574	1.3%	1.2%
716,855	738,832	General office: Finance, Governance and Administration	775,716	815,700	5.2%	4.6%
2,785,505	2,707,720		2,802,328	2,861,231	2.1%	16.2%
		National Church				
755,917	704,651	National Church responsibilities	755,942	704,652	-6.8%	4.0%
755,917	704,651		755,942	704,652	-6.8%	4.0%
		Other ⁽¹⁾				
4,200	80,000	Contingency & exceptional items	80,000	200,000	150.0%	1.1%
16,754,608	17,336,944	TOTAL EXPENDITURE	17,411,003	17,649,115	1.4%	100.0%
(241,479)	(644,185)	DEFICIT FOR YEAR (before trf from Pastoral Fund)	(746,847)	(266,757)		
		FUNDED FROM PASTORAL FUND-SDF clergy		38,776		
(241,479)	(644,185)	SURPLUS / (DEFICIT) FOR YEAR	(746,847)	(227,981)		

(1) Other expenditure excluded from PMC

Reconciliation of Budget and PMC 2023

Housing	2023	2022
	£	£
Clergy Housing per budget	2,636,398	2,095,794
Number of houses	264	267
Housing cost	9,986	7,849

Parish Support	2023	2022
	£	£
Parish Support services per budget	2,861,231	2,811,532
Number of clergy (Associates, light duty and HfD at 50% weighting)	222.0	235.0
Parish Support Cost	12,888	11,964

Training the Next Generation	2023	2022
	£	£
Training - per budget	2,654,353	2,897,173
Number of clergy	254.5	271.0
(All stipendiary, light duty at 100% weighting, HfD at 50% weighting (100% in 2022))		
Training cost	10,430	10,691

National Church	2023	2022
	£	£
National Church per budget	704,652	755,942
Number of clergy (Associates, light duty and HfD at 50% weighting)	222.0	235.0
National Church Cost	3,174	3,217

Ministry Support	2023	2022
	£	£
Ministry Support per budget	866,170	760,755
Number of clergy (All stipendiary, light duty and HfD at 100% weighting)	274.0	271.0
Ministry Support Cost	3,161	2,807

NB Budget figures for 2022 refer to draft budget presented to Autumn Deanery Meetings

PARISH MINISTRY COSTS 2023 - TYPES OF POST

Post type	Direct ministry costs				Shared ministry costs				Shared support costs			Total Average Parish Ministry Costs	2022	increase
	Stipend Category	Stipend and NI	Pension	Total direct ministry costs	Housing	Next generation: curates & ordinands	Ministry support costs	Total shared ministry costs	Parish support services	National church responsibilities	Total shared support costs			
Full time priest	S	32,028	7,128	39,156	9,986	10,430	3,161	23,577	12,888	3,174	16,062	78,795	76,967	2.4%
Light duty/joint post (50%)	0.5	16,014	3,564	19,578	9,986	10,430	3,161	23,577	6,444	1,587	8,031	51,186	49,157	4.1%
Light duty/joint post (60%)	0.6	19,217	4,277	23,493	9,986	10,430	3,161	23,577	6,444	1,587	8,031	55,101	53,201	3.6%
Light duty/joint post (66%)	0.66	21,138	4,704	25,843	9,986	10,430	3,161	23,577	6,444	1,587	8,031	57,451	55,627	3.3%
House for duty	H			0	9,986	5,215	3,161	18,362	6,444	1,587	8,031	26,393	30,658	-13.9%
Associate vicar	AV	31,648	7,128	38,776	9,986	10,430	3,161	23,577			0	62,353	69,015	-9.7%
Associate vicar (50%)	0.5AV	15,824	3,564	19,388	9,986	10,430	3,161	23,577			0	42,965		
Associate vicar (60%)	0.6AV	18,989	4,277	23,266	9,986	10,430	3,161	23,577			0	46,843		
Layworker	L	30,796	7,128	37,924				0			0	37,924	40,439	-6.2%

Unit cost of next generation is split as:

6,150	Training curates
4,280	Ordinands
<u>10,430</u>	

Note 1: 2022 figure included honorarium and 100% training allocation

**PMC FOR A STANDARD STIPEND
MOVEMENTS 2022 TO 2023**

	Unit cost		Increase/(Decrease)		Total cost		Movement	
	2023	2022			2023	2022		
Stipend and NI	32,028	30,358	1,670	5.50%	6,295,344	6,000,581	294,763	4.91%
Pension	7,128	10,081	-2,953	-29.30%	1,430,967	1,933,089	(502,122)	-25.98%
Housing	9,986	7,849	2,137	27.23%	2,636,398	2,095,794	540,604	25.79%
Training	10,430	10,691	-261	-2.44%	2,654,354	2,897,173	(242,819)	-8.38%
Ministry Support	3,161	2,807	354	12.61%	866,170	760,755	105,414	13.86%
Parish Support	12,888	11,964	924	7.72%	2,861,231	2,811,532	49,699	1.77%
National Church	3,174	3,217	-43	-1.34%	704,652	755,942	(51,290)	-6.78%
Total	78,795	76,967	1,828	2.37%	17,449,115	17,254,866	194,250	1.13%

NB: 2022 cost as per draft
budget used to generate
2022 PMC

Further Detail about the budget

The vast majority of the Diocese's expenditure is spent on the 290 paid and house for duty clergy who serve our parishes as incumbents, priests in charge, associate vicars or curates. 58.7% of total expenditure is spent on clergy stipends, NI, pension and housing for incumbents, priests in charge and associate vicars. In addition, 15.0% of expenditure is spent on training current and future clergy, and a further 4.9% is spent on supporting ministry through the work of the Archdeacons, Rural Deans, Continuing Ministerial Development and the payment of removal and resettlement grants. This totals almost 80% of our budgeted expenditure.

The remaining expenditure is split between parish support services (16.2%) such as the provision of buildings advice and safeguarding services, a contribution to the National Church (4.0%) and a 1.1% contingency.

The major source of income comes from the generosity of parishes through the Parish Share. Parish Share represents approximately 80% of the Diocese's total income. In addition, the Diocese generates investment income from historic endowments and from letting out vacant properties and receives a proportion of the fees paid for marriages and funerals.

Parish Share income includes a 3.7% budgeted increase on the 2022 budget, as the second part of a two-year plan to recover from the COVID-19 pandemic. 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. 2022 has seen the collection rate exceed the figures we saw not only in 2021 and 2020 but also in 2019. To date the majority of parishes have managed to maintain all or most of their pledge and more have increased their pledge during the year than have been forced to reduce it. For this we are extremely grateful.

Investment income is budgeted to increase in 2022 but this is very hard to predict.

Rental income is expected remain relatively static. The property team works hard to ensure that all vacant lettable houses are let to maximise income. Sometimes this is not possible, notably if an appointment is expected in less than 12 months, which is the usual minimum letting window; it is necessary to allow time to prepare the house for letting, grant the statutory minimum of six months for the tenancy, and then regain possession for the incoming priest and prepare the house for them).

Parish fee income is based on the average of the sums received in the last five years.

Miscellaneous grants and donations are expected to decrease by over £20,000 taking into account of the beginning of a phased reduction in the grant received from the Benefact (formerly AllChurches) Trust.

Ministry costs overall are expected to remain relatively static with large increases in clergy stipends, housing and ordination training and large reductions in clergy pensions and training curates balancing each other out, as explained in the Overview.

Ministry Support costs cover both the costs of Archdeacons, Rural Deans, Continuing Ministerial Development and also grants for clergy (removal, resettlement and first appointments). They are expected to increase by £100k in 2023. £50k of this is the start of a sinking fund to save for a clergy conference in 2025 and £24k is due to a 20% increase in

the removal costs budget in light of the impact of inflation we have been seeing in this area. A further £20k is due to an increase in the rent which will be payable for the Archdeacon of Chichester's accommodation which has previously been at a subsidised rate.

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.

The funding for the Education 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.

A 5% increase in salaries has been budgeted for, in line with the clergy stipend increase. Continued careful scrutiny of every item of expenditure has continued and enabled other savings to be made to keep the overall increase in parish support services to 2.1%. Significant changes include:

- The tapering off of the grant for the Generous Giving Adviser, which will continue over the next 3 years.
- An £8k increase in the cost of the Parish Giving Scheme, with a further £8k expected next year
- A £50k decrease in the cost of Workplace Ministry on the basis of well-advanced negotiations for the cost of the Gatwick Airport Chaplain to be funded from elsewhere.
- A £20k budgeted increase in the cost of insurance for closed churches
- A £10k increase in legal officers' fees, as decided by General Synod
- A £12.5k increase in the utilities budget for Church House negating the benefit of reductions caused by ongoing review of contracts.

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. The Archbishops' Council have delivered some welcome savings in their budget which have resulted in a £50k reduction on our contribution.

Other expenditure represents a contingency budget for unexpected items. The contingency of £200,000 covers all areas of the Diocese's work and has been significantly increased for 2023 in light of the uncertainty of the impact of inflation. The contingency budget is approximately 1.1% of total budgeted expenditure. It is excluded from the calculation of Parish Ministry Costs.

How does the Diocese of Chichester compare to other dioceses?

There are 41 dioceses in the Church of England. Looking at the most recent published statistics, from 2020, Chichester is:

- the 9th largest in terms of population (1,711,000 people)
- 13th largest in terms of the number of parishes (352) and churches (473)
- has the third largest electoral roll (38,900)
- has the 4th largest worshipping community (42,400).

Its parishes have the 5th largest total income (£36.7m) and expenditure (£37.6m). It suffered badly during the first year of the pandemic, falling to the 6th highest net deficit from being 6th highest net surplus in 2019.

It has the 5th highest total giving (£20.1m) and 6th highest number of planned givers (17,164) but only the 13th highest average planned weekly giving per planned giver (£14.59) sitting behind much more deprived dioceses such as Sheffield (£17.58) and Birmingham (£16.08).

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.

Some useful resources

Some useful resources can be found on the diocesan website, including:

- An animation explaining parish share, a video explaining the impact of giving more than the average PMC and a leaflet offering a simple explanation of how parish share works: <https://www.chichester.anglican.org/parish-share/>
- A guide to the services offered by Church House Hove: <https://www.chichester.anglican.org/parish-support/>
- More detailed budgets and accounts, including the 2021 balance sheet: <https://www.chichester.anglican.org/diocesan-finances/> (the 2023 budget will be uploaded when finalised)

We try to be as transparent and accountable as possible and if there is more you would like to know, please ask.