



DRAFT BUDGET 2024
AUTUMN DEANERY MEETINGS
(Subject to approval by Synod on 18th November 2023)

DIOCESE OF CHICHESTER

2024 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 2024 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 18th November 2023 for approval. There may be some minor changes to the figures in this booklet before Synod but the overall picture should remain the same.

The budget shows a significant deficit for 2024, with some activities being subsidised from DBF reserves or restricted funds. This is because we recognise that many parishes are still recovering from the impact of the pandemic, and that many drew on reserves in 2020 and 2021 to sustain their Parish Share contributions. We are deeply grateful for the continued generosity through those difficult years. In more recent years parishes have been facing high levels of inflation on their own running costs. The cost of living crisis is also putting pressure on our congregation members who give so generously to our churches. All this means we know that it will be a challenge for many parishes to increase their parish share pledges in 2024, and so the DBF is committing its resources to ensure that ministry and mission continue across Sussex. However, this scale of subsidy can only be done for one year as there are not sufficient reserves to subsidise the current activity levels on an ongoing basis. We ask parishes to be as generous as they can be in 2024.

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 2024** so that we can monitor how realistic the budget is as early in the year as possible.

Overview

The budget for 2024 has been prepared in the context of the ongoing financial pressures, as summarised in the introductory paragraphs. The high rates of inflation are impacting not only on the DBF, but also on parishes and their members, putting pressure on finances at all levels of the church.

The current budget for 2024 shows income of £17,025,587 (a decrease of £356,773 on the 2023 budget) and expenditure of £18,585,188 (an increase of £924,617 on the final 2023 budget) resulting in an overall deficit of £719,042. This is after total subsidies from the Pastoral Fund of £800,000. There is a subsidy of £700,000 against clergy housing and £100,000 against parish support for closed churches. These subsidies have been applied to reduce the average Parish

Ministry Costs. This compares with a budget deficit for 2023 of £239,589. The remaining deficit will be funded from the DBF's general fund reserves.

However, £200k of the expenditure is attributable to a contingency allowance given the current uncertainties and we very much hope not to have to draw on this.

The DBF is aiming for a budgeted deficit of £0.5m in 2025. This means 2024 must be the year to consider how to make the transition to a sustainable level of activity

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. However, in 2023 we budgeted for the second half of the recovery, but we only saw a modest increase compared to 2022, and we know that some parishes are struggling to meet those pledges. Recognising that it will take longer to recover parish share to pre-pandemic levels, we have only included a modest increase in pledges for 2024 in the hope that parishes who can afford greater increases will give generously in order to support those who are hardest hit by the current 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:

- An £80k increase in clergy stipends, NI and fees. A 5% budgeted increase in the standard stipend is partly compensated by the reduction in employer National Insurance after the additional levy was withdrawn in 2022, and also by an increase in the number of vacancies being carried from 22 to 26 in addition to a small reduction in the number of FTE stipendiary posts from 223 to 221 resulting in the total number of stipends budgeted for reducing by 6. The increase in vacancy rate is due to a lack of applicants for posts rather than any policy to extend vacancies. We very much hope that the vacancy rate decreases over the course of the year. 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 2024, the increase in Average Parish Ministry Costs takes account of the 6% increase actually given in 2023 as against the 5% originally budgeted and included in PMC. Taken with the reduction in NI, this gives an APMC increase of 4.8% for the stipend element.
- A reduction of £95k in rental income as there are fewer houses available to let. This is because houses are either being kept vacant in anticipation of a clergy appointment, or because they are not suitable for a short term letting.
- A £778k increase in clergy housing expenditure. Works on clergy housing were paused during the pandemic because of the practical issues of gaining access to properties during the lockdowns. That had the benefit of helping to manage the financial position as there was a saving on housing costs. However we do not want to defer property works now, even though that might help manage the deficit, as we believe that investing in our clergy housing is an important part of our offer to clergy and good quality housing is essential to the wellbeing of our clergy. It is also in the interest of the DBF to maintain its assets, as that should keep maintenance costs at an affordable level over the longer term. The increase in the clergy housing budget is due both to doing more works compared to pandemic years, but also due to the impact of inflation on building materials and labour costs.

- A £81k 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 4 years in the number of ordinations each year (from 10 to 6 or 8) works its way through.
- A £40k decrease in the ordination training budget. This is due to the unusually low number of ordinands starting training this September. However, due to the pooling system there will be an adjustment in 2025 which looks at the ordinand maintenance costs for the prior year and calculates what Chichester's share of the national costs should have been, and applies a further charge or credit as appropriate.
- The increase in Apostolic Life costs is due to restricted grants for staff roles tapering and so the DBF is required to fund a greater portion of the salary costs in 2024.

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 £13.75m in the 2024 budget. Before the pandemic parish share was about £14m, but there was a significantly drop in parish share receipts in 2020 and 2021. In 2022 we hoped that parish share would recover to pre-pandemic levels over two years and parishes responded magnificently to this call in 2022. However parishes were only able to achieve a modest increase in 2023 and so parish share is not yet back at pre-pandemic levels, and it looks uncertain that parishes will be able to increase parish share significantly in 2024 due to the prevailing financial pressures. The continued level of activity can only be maintained if those who are able increase or at least maintain the level of their 2023 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 2024 the Average PMC for a parish with one full-time stipendiary post will be £81,445 (compared to £78,795 in 2023 – an increase of 3.4%).

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 2023 to 2024.

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.

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. When requested the DBF gives details of that income and the projected vacancy savings to deanery treasurers, 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 2024 budget to the 2023 budget?

The reason that we compare the draft 2024 budget to the 2023 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 2024 budget is based partly on 2021 and 2022 actual and 2023 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.

THE CHICHESTER DIOCESAN FUND AND BOARD OF FINANCE
DRAFT BUDGET 2024

Actual 2022		Budget 2023	Budget 2024	%age on 2023 budget	%age on 2022 actual	%age of total
£	INCOME	£	£			
13,656,415	Parish Share	14,000,000	13,750,000	-1.8%	0.7%	80.8%
1,342,286	Investment income and drawings	1,254,118	1,257,000	0.2%	-6.4%	7.4%
120,495	Investment income from restricted funds	116,849	117,076	0.2%	-2.8%	0.7%
1,112,278	Rental income	1,235,905	1,141,022	-7.7%	2.6%	6.7%
694,101	Fees & local income	665,837	672,153	0.9%	-3.2%	3.9%
250,509	Miscellaneous grants and donations	109,650	88,335	-19.4%	-64.7%	0.5%
17,176,084	TOTAL INCOME	17,382,360	17,025,587	-2.1%	-0.9%	100.0%
	EXPENDITURE					
	Ministry					
5,979,917	Clergy stipends, NI and fees	6,295,452	6,375,580	1.3%	6.6%	34.3%
1,774,246	Clergy pension contributions	1,430,967	1,431,922	0.1%	-19.3%	7.7%
2,527,749	Clergy housing	2,636,107	3,413,801	29.5%	35.1%	18.4%
896,892	Training - ordination	1,089,045	1,049,417	-3.6%	17.0%	5.6%
1,862,503	Training - curates	1,575,000	1,493,780	-5.2%	-19.8%	8.0%
13,041,307		13,026,571	13,764,500	5.7%	5.5%	74.1%
	Ministry Support					
487,895	Bishops, ADs, RDs & CMD	596,208	563,552	-5.5%	15.5%	3.0%
251,260	First appointment, resettlement and removal grants	269,084	292,267	8.6%	16.3%	1.6%
739,155		865,292	855,818	-1.1%	15.8%	4.6%
	Parish support services					
56,356	Apostolic Life - Directorate	59,945	72,145	20.4%	28.0%	0.4%
140,670	Apostolic Life - Resources and Stewardship	184,392	214,648	16.4%	52.6%	1.2%
122,115	Apostolic Life - Children & Young People	113,310	120,943	6.7%	-1.0%	0.7%
112,433	Apostolic Life - Lay Apostolic Life	136,038	148,187	8.9%	31.8%	0.8%
97,656	Common Good	51,223	47,724	-6.8%	-51.1%	0.3%
547,701	Diocesan Board of Education	570,389	618,683	8.5%	13.0%	3.3%
274,508	Safeguarding	278,958	307,262	10.1%	11.9%	1.7%
161,083	Diocesan Advisory Committee (DAC) & Pastoral Committee	175,472	190,092	8.3%	18.0%	1.0%
135,145	Closed churches	150,000	159,750	6.5%	18.2%	0.9%
55,788	Glebe land	10,000	10,000	0.0%	-82.1%	0.1%
87,683	Communications	99,174	103,239	4.1%	17.7%	0.6%
201,678	Information technology (IT)	215,660	218,140	1.2%	8.2%	1.2%
719,281	General office: Finance, Governance and Administration	819,496	851,486	3.9%	18.4%	4.6%
2,712,097		2,864,057	3,062,299	6.9%	12.9%	16.5%
	National Church					
704,651	National Church responsibilities	704,652	702,570	-0.3%	-0.3%	3.8%
704,651		704,652	702,570	-0.3%	-0.3%	3.8%
	Other ⁽¹⁾					
100,000	Contingency & exceptional items	200,000	200,000	0.0%		1.1%
17,297,210	TOTAL EXPENDITURE	17,660,571	18,585,188	5.2%	7.4%	100.0%
(121,125)	DEFICIT FOR YEAR (before trf from Pastoral Fund)	(278,212)	(1,559,601)			
	FUNDED FROM PASTORAL FUND-SDF	38,623	40,560			
	SUBSIDY FROM RESTRICTED FUNDS		800,000			
(121,125)	SURPLUS / (DEFICIT) FOR YEAR	(239,589)	(719,042)			

(1) Other expenditure excluded from PMC

Further Detail about the budget

The vast majority of the Diocese's expenditure is spent on the 275 paid and house for duty clergy who serve our parishes as incumbents, priests in charge, associate vicars or curates. 60.4% of total expenditure is spent on clergy stipends, NI, pension and housing for incumbents, priests in charge and associate vicars. In addition, 13.6% of expenditure is spent on training curates and ordinands who are the next generation of parish clergy, and a further 4.6% 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 (16.5%) such as the provision of buildings advice and safeguarding services, a contribution to the National Church (3.8%) 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 1.8% budgeted decrease on the 2023 budget, recognising that parishes struggled to meet the ambitious target in 2023 to return to pre-pandemic levels of parish share. 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. To date the majority of parishes have managed to maintain all or most of their pledge but some have been forced to reduce it. We are extremely grateful for the continued generosity of the parishes.

Investment income is budgeted to increase slightly in 2024 but this is very hard to predict.

Rental income is expected to decrease as there are fewer properties available to let. 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, excluding 2020 where the fee income was unusually low.

Miscellaneous grants and donations are expected to decrease. Over recent years there has been a phased reduction in the grant received from the Benefact (formerly AllChurches) Trust and a further reduction has been confirmed for 2024. We are grateful for their ongoing support.

Ministry costs overall are expected to increase as we plan to award a stipend rise to all clergy. The more significant increase is in clergy housing costs, which has been discussed in the Overview. Part of this cost will be met from the Pastoral Fund which means that the full amount is not reflected in the Parish Ministry Costs.

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 decrease by £9.5k in 2024. There is a decrease of £50k in respect of the clergy conference. It had been planned to build up a sinking fund to save for a clergy conference in 2025. However, the results in 2022 were better than expected and so £100k was transferred from contingency in that year to relieve the pressure in 2023 and 2024. However much of this saving has been applied to the increased budget for removal and resettlement grants as the average grant has risen significantly with inflation over the past two years.

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 6% increase in salaries has been budgeted for, slightly above the clergy stipend increase recognising that staff have to fund their own housing costs which have been affected by inflation and interest rate rises. 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 6.5%. Significant changes include:

- The tapering off of the grant for the Director of Apostolic Teams.
- The tapering off of the grant for the Generous Giving Adviser, which will continue over the next 2 years.
- Project costs of £15k to implement new safeguarding software as part of a national project.
- 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 - ordination 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 worked hard to ensure that the contribution will be static in 2024.

Other expenditure represents a contingency budget for unexpected items. The contingency of £200,000 covers all areas of the Diocese's work and remains at the 2023 level in light of the uncertainty of the impact of inflation on costs and parish share. 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 2021, Chichester is:

- the 9th largest in terms of population (1,717,000 people)
- 13th largest in terms of the number of parishes (349) and 12th largest in terms of the number of churches (474)
- has the third largest electoral roll (38,900)
- has the 4th largest worshipping community (40,700).

Its parishes have the 4th largest total income (£42.4m) and expenditure (£40.8m). 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. However, by 2021, the picture had improved and Chichester now has the 7th highest net surplus.

It has the 4th highest total giving (£21.0m) and 4th highest number of planned givers (17,115) but only the 12th highest average planned weekly giving per planned giver (£16.65) sitting behind much more deprived dioceses such as Sheffield (£19.97) and Birmingham (£17.21).

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 the next generation of 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.