



DRAFT BUDGET 2025
AUTUMN DEANERY MEETINGS
(Subject to approval by Synod on 16th November 2024)

Diocesan Finances and the 2025 Budget

In summary:

We are budgeting for a £0.72m deficit between the income we expect to receive and budgeted expenditure. Although the deficit has halved from last year's budget this is still an unsustainable draw on diocesan reserves.

	2024 Budget	2025 Budget
Income	£17.0 million	£17.23 million
Expenditure	£18.5 million	£17.95 million
Deficit	£1.5 million	£ 0.72 million

The 2025 budget in overview:



Of our **income**, 80% or £13.7 million, is budgeted from Parish Share contributions. A further 16% is expected to come from investment income and rents of houses not currently in use by clergy.

With regard to **expenditure**, 80% or £14.4 million, will be spent on clergy costs around the diocese, 15% in central Church House budgets, 4% on the national church and 1% as a contingency.

Major changes 2024 to 2025 and their implications:

Diocesan Support



The 2025 budget shows a reduction of £400k (or a decrease of 13%) in the expenditure on Diocesan support (e.g. Safeguarding, education, finance, church buildings, Apostolic life, administration etc).

Inv Income & Rents



At the same time, we are projecting an increase of £265k in investment income and rents – from more active treasury management and selling some houses to invest in equities which gives a better return.

Parish Share



The key unknown is what happens to Parish Share. We are budgeting for a 4% increase in contributions (which is still less than that pledged for 2024). Parish Share largely funds Parish Ministry...

Ministry Costs



and we cannot sustain the numbers of parish clergy unless we are able to get increases in Parish Share which match the level of increase in stipends – our ministry costs are just too large a proportion of the overall budget.

The net result of the above is that we are projecting a deficit of £723k, which is less than half the deficit in the 2024 budget but is still at an unsustainable level. Yet the right long-term solution is that we turn around the decline in the church and seek growth in numbers. That will be challenging, but it will be a focus for the year ahead to find an affordable way of doing this.

DIOCESE OF CHICHESTER

2025 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. The DBF also resources parishes and schools in other ways such as training the next generation of clergy, and providing support to parish officers. 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 2025 sets out our plans for how the Diocesan Board of Finance will resource ministry in parishes across the diocese in the coming year. It will be presented to Diocesan Synod on 16th November 2024 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 2025. At the autumn deanery meetings last year we explained that the DBF's operating deficits were unsustainable and the DBF would need to evolve to a financially sustainable operating model. A number of steps have been taken over the past year to reduce the costs of administration at Church House, and clergy deployment is under review, but alongside these savings we have seen a decrease in parish share income as parishes struggle to meet their pledges. Therefore there is more work ahead as we continue our journey to financial sustainability, and unless parish share income recovers, we will need to reduce the number of clergy more dramatically than originally envisaged.

2025 marks the 950th anniversary of the formation of the Diocese of Chichester and Chichester Cathedral and 1700 years since the Nicene Creed first emerged. A wide range of events celebrating both anniversaries are in the process of being organised under the banner of Celebrating Faith. The cost of next year's celebrations are modest and are primarily being met from the reallocation of budget from a communications post which has been saved. The clergy conference is also planned for September 2025. The DBF has saved up funds for the conference over recent years. Parishes are also being asked to make a modest additional contribution to the cost of the conference in support of their clergy who will attend the conference. There are no further costs for the conference included in the 2025 budget.

We are grateful for the continued generosity of parishes. 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 3 January 2025** so that we can monitor how realistic the budget is as early in the year as possible.

Overview

The budget for 2025 has been prepared in the context of ongoing financial pressures, which 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 2025 shows income of £17,229,300 (an increase of £203,713 on the 2024 budget) and expenditure of £17,953,098 (a decrease of £581,555 on the final 2024 budget) resulting in an overall deficit of £723,798. This compares with a budget deficit for 2024

of £1,509,066 before subsidies from restricted funds. The deficit for 2025 will be funded from reserves.

£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.

Parish share has not recovered to the pre-pandemic levels of £14m. Over recent years we have only seen modest increases in pledges, and we know many parishes are now struggling to meet their pledges. The parish share budget for 2025 has been calculated as a modest increase against expected receipts in 2024. Parish share is the primary source of income for the DBF, and is used to fund parish ministry, and so is a critical figure for the budget but also one of the hardest to budget. We have done analysis on the 2022 parish accounts and know that there are parishes who could afford to give more because they reported an unrestricted surplus in 2022 while their parish share did not cover their ministry costs. We really need all those parishes who can afford to give more to step up and increase their parish share in 2025 to enable us to keep clergy in parishes across the diocese.

Investment income is showing an increase, in line with predictions for the current year from our investment managers, along with more active treasury management. We are also planning to sell houses which are no longer required for parish ministry and invest the proceeds which should produce a more stable income than the current lettings income.

The most significant changes in expenditure relate to ministry:

- An £97k increase in clergy stipends, NI and fees. A 3% budgeted increase in the standard stipend is partly compensated by an increase in the number of vacancies being carried from 26 to 28 in addition to a small reduction in the number of FTE stipendiary posts from 221 to 216 resulting in the total number of stipends budgeted for reducing by 7. The increase in vacancy rate is due to a lack of applicants for posts rather than any policy to extend vacancies.
- A £161k reduction on the training curate budget, due to a net reduction in the number of curates funded by the DBF from 25 to 20 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. The budget assumes five new stipendiary curates in 2025.
- A £52k decrease in the clergy pension contribution budget. This is due to the decrease in contribution rate.
- A £45k decrease in resources and stewardship as the Parish Giving Scheme is now funded centrally by the Church of England.
- The income and costs of closed churches will go through the Pastoral Fund in future, which is a legitimate use of the fund. This means that closed church costs will not be included in PMC and hence parish share will not be used for managing the closed church portfolio.

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 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 348 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.

We have included a figure for parish share receipts of £13.73m in the 2025 budget. Before the pandemic parish share was about £14m, but there was a significant 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 modest increases in 2023 and 2024 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 2025 due to the prevailing financial pressures.

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. As noted, an analysis of the 2022 parish accounts shows there are parishes who could have given more, up to the level of PMC, and still reported an unrestricted surplus in their parish accounts.

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.

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.

We have not calculated the Average PMC for 2025 as we are in a period of transition. We are therefore asking parishes to use the 2024 Average PMC figures to inform their deliberations about their pledges for 2025. It is our intention to increase stipends by 3% in 2025, and so parishes are asked to pledge generously to enable the DBF to fund the stipend increase for clergy.

In 2024 the Average PMC for a parish with one full-time stipendiary post was £81,445. Please use this as the indicative cost for 2025.

Why do we compare the draft 2025 budget to the 2024 budget?

The reason that we compare the draft 2025 budget to the 2024 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. Although we are not issuing PMC for 2025, the intention is to calculate PMC again in 2026 and so we have retained the budget format. The 2025 budget is based partly on 2022 and 2023 actual and 2024 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 2025

Actual 2023		Budget 2024	Forecast 2024	Budget 2025	%age on 2024 budget	%age of total
£	INCOME	£		£		
13,453,392	Parish Share	13,750,000	13,200,000	13,728,000	-0.2%	79.7%
1,542,590	Investment income and drawings	1,257,001	1,657,000	1,593,000	26.7%	9.2%
124,159	Investment income from restricted funds	117,076	117,076	119,800	2.3%	0.7%
1,097,763	Rental income	1,141,022	1,190,022	1,067,500	-6.4%	6.2%
664,955	Fees & local income	672,153	600,000	640,000	-4.8%	3.7%
165,514	Miscellaneous grants and donations	88,335	111,935	81,000	-8.3%	0.5%
17,048,373	TOTAL INCOME	17,025,587	16,876,033	17,229,300	1.2%	100.0%
	EXPENDITURE					
	Ministry					
6,110,371	Clergy stipends, NI and fees	6,335,020	6,542,883	6,432,139	1.5%	35.8%
1,307,994	Clergy pension contributions	1,431,922	1,282,595	1,378,981	-3.7%	7.7%
3,446,026	Clergy housing	3,413,801	3,370,349	3,348,467	-1.9%	18.7%
1,090,321	Training - ordination	1,049,417	1,034,745	1,032,800	-1.6%	5.8%
1,642,884	Training - curates	1,493,780	1,493,780	1,332,855	-10.8%	7.4%
13,597,596		13,723,940	13,724,352	13,525,243	-1.4%	75.3%
	Ministry Support					
444,186	Bishops, ADs, RDs & CMD	558,556	546,152	555,957	-0.5%	3.1%
291,115	First appointment, resettlement and removal grants	284,486	313,399	293,700	3.2%	1.6%
735,301		843,042	859,551	849,657	0.8%	4.7%
	Parish support services					
511,492	Apostolic Life ⁽¹⁾	558,722	535,336	433,227	-22.5%	2.4%
46,619	Common Good	47,724	29,724	13,771	-71.1%	0.1%
483,266	Diocesan Board of Education	618,683	596,683	491,079	-20.6%	2.7%
245,158	Safeguarding	307,263	297,262	303,506	-1.2%	1.7%
174,524	Church Buildings and Pastoral Committee	190,092	190,091	195,232	2.7%	1.1%
189,347	Closed churches ⁽²⁾	159,750	159,750	0		0.0%
15,982	Glebe land	10,000	15,000	10,000	0.0%	0.1%
82,381	Communications	103,239	103,239	97,566	-5.5%	0.5%
187,762	Information technology (IT)	218,140	246,140	246,599	13.0%	1.4%
808,759	General office: Finance, Governance and Administration	851,488	792,374	849,285	-0.3%	4.7%
2,745,290		3,065,101	2,965,599	2,640,265	-13.9%	14.7%
	National Church					
704,652	National Church responsibilities	702,570	702,570	737,933	5.0%	4.1%
704,652		702,570	702,570	737,933	5.0%	4.1%
	Other ⁽³⁾					
20,000	Contingency & exceptional items	200,000	200,000	200,000	0.0%	1.1%
17,802,839	TOTAL EXPENDITURE	18,534,653	18,452,072	17,953,098	-3.1%	100.0%
(754,466)	DEFICIT FOR YEAR (before trf from Pastoral Fund)	(1,509,066)	(1,576,039)	(723,798)		
	SUBSIDY FROM RESTRICTED FUNDS	800,000	800,000			
(754,466)	SURPLUS / (DEFICIT) FOR YEAR	(709,066)	(776,039)	(723,798)		

(1) Apostolic Life includes support for lay ministry, children and youth, stewardship and parish resources.

(2) Income and costs relating to closed churches will go through the Pastoral Fund in future. This takes the costs out of PMC.

(3) Other expenditure excluded from PMC

Further Detail about the budget

The vast majority of the Diocese's expenditure is spent on the 270 paid and house for duty clergy who serve our parishes as incumbents, priests in charge, associate vicars or curates. 62.2% of total expenditure is spent on clergy stipends, NI, pension and housing for incumbents, priests in charge and associate vicars. In addition, 13.2% of expenditure is spent on training curates and ordinands who are the next generation of parish clergy, and a further 4.7% 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 (14.7%) such as the provision of buildings advice and safeguarding services, a contribution to the National Church (4.1%) 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 0.2% budgeted decrease on the 2024 budget, recognising that parishes are struggling to meet the ambitious target in 2023 to return to pre-pandemic levels of parish share, and are also struggling to meet their pledges in 2024. We are grateful for the continued generosity of the parishes who have increased their pledges in recent years.

Investment income is budgeted to increase slightly in 2025 based on projections for 2024, more active treasury management and an intention to dispose of houses and invest the proceeds to generate income.

Rental income is expected to decrease as there are fewer properties available to let, especially in light of the policy to dispose of houses which will not be needed for parish ministry. 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 2025. We are grateful for their ongoing support.

Ministry costs overall are expected to decrease, primarily due to a reduction in the number of training curates in recent years. The intention is to award a 3% stipend rise to clergy, the cost of which will be partly compensated by the decrease in the contribution rate for the clergy pension scheme.

Ministry Support costs cover both the costs of Archdeacons, Rural Deans, Continuing Ministerial Development and also grants for clergy (removal, resettlement and first appointments). A modest increase in costs is expected in 2025. The clergy conference is planned for 2025. The DBF has saved up funds in recent years for the conference and so no further costs are included in the 2025 budget. Parishes are being asked to make a modest contribution towards the cost of the conference in support of their clergy who will be attending.

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 modest budget for the Celebrating Faith events planned for 2025 has been included within the communications budget. This is being met from the reallocation of funds from a post which has been saved.

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 3% increase in salaries has been budgeted for, the same as the proposed clergy stipend increase. Continued careful scrutiny of every item of expenditure has continued and enabled other savings to be made to achieve an overall decrease of 13% in parish support services. Significant changes include:

- £47k Parish Giving Scheme fees now being met from central CofE
- £36k decrease in May Camp net expenditure
- £35k reduction in the grant to Family Support Work

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. There will be a 5% increase in costs in 2025. The Archbishops' Council have worked hard to ensure that costs did not increase in recent years.

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 2024 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 2022, Chichester is:

- the 9th largest in terms of population (1,704,000 people)
- 13th largest in terms of the number of parishes (348) and 12th largest in terms of the number of churches (474)
- has the third largest electoral roll (38,200)
- has the 4th largest worshipping community (41,000).

Its parishes have the 5th largest total income (£43.9m) and expenditure (£42.5m). 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 2022, the picture had improved and Chichester parishes now have the 11th highest net surplus.

It has the 4th highest total giving (£21.5m) and 4th highest number of planned givers (16,687) but only the 14th highest average planned weekly giving per planned giver (£16.85) sitting behind much more deprived dioceses such as Sheffield (£19.08) and Birmingham (£19.05).

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 2022 balance sheet: <https://www.chichester.anglican.org/diocesan-finances/> (the 2025 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.