



## **BUDGET GUIDE 2010**

**Approved by Diocesan Synod on 23 June 2009**

This document is a slightly extended version of the draft budget as presented within the April Edition of Sarum Link.

The proposed increase in the Diocesan budget for share is 1.79%

## **THE KEY POINTS**

Proposed increase in Diocesan budget for share is 1.79%(compared to 2% in 2009 and 0.99% in 2008)\*

91% of expenditure directly supports our parishes and ministers

Number of Stipendiary posts greater than in 2007

Agreed mission plans continue

Increased investment in our clergy housing

Continued commitment to the care and development of our clergy and our church schools

Diocesan administration is 3.6% of expenditure

Provision made for increases in clergy pensions costs in 2010

\* The share allocation for each parish may change by a different percentage. See page 7.

### **FINANCIAL PLANNING IN DIFFICULT TIMES**

Setting a budget under the current economic conditions presents a formidable challenge! Whilst Diocesan finances have weathered the storm well so far, nobody can be certain what lies ahead as the global financial crisis continues to develop. Therefore great care in controlling spending and managing income is essential throughout 2009, to ensure we enter 2010 balanced and able to meet the funding requirements for next year.

The situation has been complicated further by the impact of falling equity markets on both clergy and lay pension schemes. Whilst we do not manage these schemes, the DBF is able to take direct action to rectify a deficit in the lay scheme; £1.33M has been recognised in the 2008 results, which will be paid in full during 2009 and so will not affect 2010.

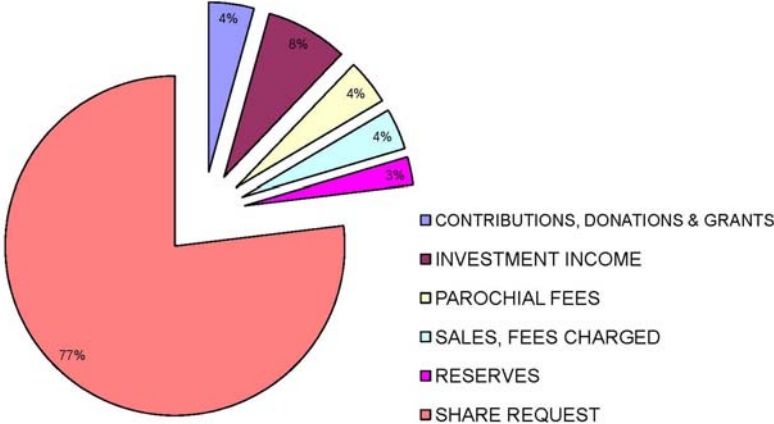
Unfortunately there is no similar facility for the clergy scheme. Recently the Pensions Board confirmed an interim contribution rate of 45% for 2010. This represents an increase of £226,000, which is the equivalent cost of 5 clergy posts and a budget increase of 2.5% in its own right. We anticipated this eventuality and have taken other steps to ensure a budget increase of just 1.79% for 2010. However, the clergy scheme contribution requirements for 2011 and beyond may necessitate a higher future budget increase than in recent years.

Clearly, given the low increase for 2010, it is important that Share receipts do not fall either this year or next and are paid regularly and on time. Share payment for 2008 continued to show improvement and so far in 2009, receipts are higher than last year. This pact of mutual support between parishes and the Diocese will play a vital role in getting us through these difficult economic times. Thank you for your help.

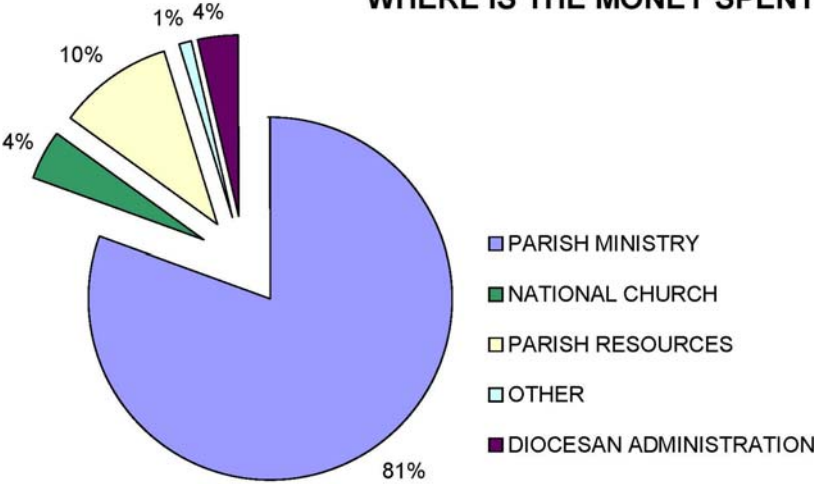
***Gil Williams***

***Chairman – Diocesan Board of Finance***

**WHERE DOES THE MONEY COME FROM?**



**WHERE IS THE MONEY SPENT?**



	DRAFT BUDGET 2010				BUDGET 2009			
	EXPENDITURE £000	INCOME £000	RESERVES £000	NET £000	EXPENDITURE £000	INCOME £000	RESERVES £000	NET £000
<b>PARISH MINISTRY</b>								
Clergy stipends	4,686	1,214	140	3,332	4,637	1,186	140	3,312
Employer's National Insurance	268	-	-	268	267	-	-	267
Pension contributions	1,919	-	106	1,813	1,676	-	-	1,676
Clergy removal expenses	48	-	-	48	44	-	-	44
Resettlement grants	58	-	-	58	46	-	-	46
First appointment grants	32	-	-	32	28	-	-	28
Other stipends expenditure	171	-	-	171	189	-	-	189
Clergy House repairs	620	5	-	615	620	7	-	613
Council tax, water rates & insurance	603	-	-	603	610	-	-	610
Property office	362	-	-	362	394	-	-	394
Surveyor fee income	35	380	-	(345)	20	380	-	(360)
Rents received on let houses	-	150	-	(150)	-	100	-	(100)
Vocations and selection	9	-	-	9	9	-	-	9
National training for ministry	397	-	-	397	356	-	-	356
Learning for Discipleship	34	31	-	3	41	36	-	5
Ministry training and support for the Ordinands' Support Fund	126	-	15	111	124	-	17	107
for the Clergy Conference Fund	85	-	-	85	85	-	-	85
Ministry office	18	-	-	18	17	-	-	17
	325	16	-	309	293	10	-	283
	9,795	1,796	261	7,738	9,457	1,719	157	7,581
<b>NATIONAL CHURCH</b>								
Archbishops' Council apportionment for National Church responsibilities	502	-	-	502	488	-	-	488
General Synod: members expenses	11	-	-	11	11	-	-	11
Diocesan Synod expenses	6	-	-	6	5	-	-	5
	519	-	-	519	504	-	-	504
<b>PARISH RESOURCES</b>								
The Ramsbury Area team	144	45	23	76	141	43	18	80
The Sherborne Area team	127	28	-	99	135	28	-	107
Diocesan resources & projects	66	4	-	63	68	2	-	66
Board of Education								
Schools, RE and admin	370	163	40	167	351	158	51	142
School buildings	88	90	-	(2)	85	85	-	-
Young Sarum	109	11	-	98	108	11	-	98
Diocesan Advisory Committee for the Care of Churches, Pastoral Committee, Patronage & Trusts	151	-	-	151	165	-	10	155
Diocesan Registrar	57	2	-	55	56	2	-	53
Redundant Churches Uses Committee	16	-	-	16	17	-	-	17
Communications	67	8	-	59	75	8	-	67
	1,195	351	63	781	1,201	336	79	786
<b>OTHER</b>								
Church quinquennial inspection fees	60	-	-	60	67	-	-	67
"Safeguarding people"	52	-	-	52	51	-	-	51
Contributions to regional posts	2	-	-	2	2	-	-	2
Cathedral costs for diocesan services for Share adjustments	13	-	-	13	11	-	-	11
for the Episcopal Offices' exps Fund	15	-	-	15	10	-	-	10
for the Sudan Partners' Fund	2	-	-	2	3	-	-	3
General income	3	-	-	3	3	-	-	3
	8	321	-	(313)	7	329	-	(322)
	154	321	-	(167)	155	329	-	(174)
<b>DIOCESAN ADMINISTRATION</b>								
Salary costs (inc NI & pensions)	290	-	-	290	301	-	-	301
Office services & expenses	32	-	-	32	30	-	-	30
Premises costs	55	-	-	55	52	-	-	52
Depreciation on equipment	18	-	-	18	20	-	-	20
Legal and audit fees	26	-	-	26	28	-	-	28
	421	-	-	421	431	-	-	431
<b>TOTAL EXPENDITURE</b>	<b>12,084</b>				<b>11,747</b>			
<b>TOTAL INCOME</b>		<b>2,468</b>				<b>2,384</b>		
<b>TOTAL USE OF RESERVES</b>			<b>324</b>				<b>236</b>	
<b>NET EXPENDITURE/SHARE REQUEST</b>				<b>9,292</b>				<b>9,128</b>
<b>Change '09-10</b>				<b>1.79%</b>				

## **MAKING SENSE OF THE PROPOSED BUDGET**

These notes describe the main areas of income and expenditure in the budget proposals.

### **PARISH MINISTRY**

The first and largest of the five headings includes all those items necessary for placing and supporting ordained and lay ministers within the Diocese.

*Clergy Stipends* For 2010 the total number of stipendiary posts is 214, a slight reduction following the increases in 2008 and 2009 which reflects the expected reduction in the number of stipendiary clergy based national projections of clergy availability. These posts are a mix of parochial stipendiary posts, training curates, licenced lay workers, stipendiary clergy within the Learning for Discipleship and ministry team, archdeacons and pioneer posts. The costs of the pioneer posts are not funded from Share but from General Fund reserves. Deployment of these varied ministers is dependent to some extent on the Deanery plans.

The 2010 budget is calculated assuming a stipend increase of 2.5% from 1 April 2009 and up to a 3% increase from 1 April 2010. The stipends increase in 2010 will depend on the financial situation and the indications from the inter-diocesan consultations at that time. Training curates receive the same percentage stipends increase which will maintain the differential above the National Minimum Stipend (NMS) on which curates' stipend is based.

*Clergy stipends income* arises from fees for occasional offices conducted by clergy, glebe rents and income from Stipends Fund investments.

The *Surveyor fee income* reflects the projected work of the Buildings Project Team will come mainly from the development and maintenance of our church schools.

*Other stipends expenditure* includes Archdeacons' and Rural Deans' expenses, retirement grants and a provision for personnel support for clergy, which arises as a result of an increased Diocesan commitment to the care and development of all ministers as we anticipate the new Clergy Terms of Service Measure.

*National Training for ministry* covers the amount that the Diocese contributes to the national church for ordination training. National Training costs have risen in recent years as a result of the increased numbers starting ordination training. The actual figure for 2010 has not been finalised but this budget includes an increase of 11% on 2009 expenditure.

The *Diocesan clergy conference* happens every three years and an annual provision is made to cover the costs; the money is transferred to a designated fund from which payment for the 2012 conference will be made.

### **NATIONAL CHURCH**

This heading brings together all the costs associated with our support for the Church of England, except *National Training*, referred to above. The main element here is our contribution to the central administration of the Church and other agreed national costs. These include some funding for retired clergy housing and those ministers associated with the Mission agencies.

Archbishops' Council has made a commitment to keep these items at a minimal increase in 2010.

## PARISH RESOURCES

The *Diocesan resources and projects* budget includes the Stewardship and Resources Officer, the production and postage costs of the Diocesan Directory and the purchase of a variety of published resources for parishes as well as the costs of Diocesan music and worship initiatives.

Exceptional increases in The *Board of Education* are due to the change in nature of the several posts with consequent upgrading. Much of the staff costs are covered by income from the Board of Education itself from schools and buildings work as well as grants.

A decrease in *Pastoral, Patronage, Trusts etc* is because the pilot project 're-discovering our parish churches' which was approved by Diocesan Synod in November 2007 ends during 2009.

The *Diocesan Registrar* covers the Board of Finance's professional advisers' costs.

A decrease in *Communications* reflects the appointment of a new communications coordinator from September 2008 and a corresponding reduction in PR outsourcing to a specialist provider.

## OTHER

*Safeguarding People* includes support for child protection, vulnerable adults and disability. The increase is due to additional expenditure in the CRB fees because a new system is coming in which will cost £64 per paid worker and the provision allows for just under 100 people to be registered in 2010.

The policy whereby the *Cathedral's costs for diocesan services* are charged to the Diocese (with the full collection going to the Sudan General Fund) is well established. The increase in these costs is based the increased numbers of services now held in the Cathedral as well as increases in the Cathedral's own costs.

The entry for *Share adjustments* recognises that a number of adjustments to Share assessments have been agreed which would otherwise have created an unbudgeted deficit. The 2010 provision is an increase over 2009 which reflects the fact that a few parishes are still making errors in their Fairer Share membership numbers or have agreed a way forward with the Area Stewardship Groups to address their outstanding arrears.

The Church Commissioners devolved the costs of IT support for Bishops to all Dioceses with effect from January 2007. This item recognises that grant aid to Dioceses may be inadequate and therefore £2,000 towards the *Episcopal Offices expenses fund* is included.

The *Sudan Partners Conference* this £3,000 annual provision has been included in the budget in order to cover costs if another conference is held prior to the next Lambeth Conference in 2018.

*General Income* includes an estimate of dividend distributions in the light of advice from the diocese's investment managers, CCLA and M&G. Both companies forecast only a slight reduction of income in 2010. This section also includes income from rentals and a grant from the All Churches Trust.

## DIOCESAN ADMINISTRATION

*Diocesan Administration* includes those staff not directly attributable to parish resources or parish ministry, for example the Accounts Department and the Secretariat.

The running costs of the Diocesan Office buildings are included here. Once again this area sees a below average increase in costs.

## **TOTAL USE OF RESERVES**

The total of £324,000 transferred from *Reserves* consists of £309,000 from the General Fund for the continued funding of mission projects approved by Diocesan Synod in 2007 and from a transfer of £15,000 from the Crompton fund towards clergy wellbeing. The items covered are:

- four pioneer mission posts
- community development in Wiltshire
- increased support and training for head-teachers and governors in our church schools
- clergy well-being programme
- savings of £106,000 planned during 2009 to go towards offsetting the full increase in the higher contribution rate of the clergy pension scheme. These arise from changes in lay staff pension contributions and stipends levels slightly lower than budgeted.

The Directors of the Diocesan Board of Finance remain committed to funding these items and no other projects or initiatives have been cut in this budget, despite the reserves being at a lower level due to the current financial situation.

The availability of the General Fund reserves that are being put towards the mission projects arises, in part, from generous legacies from the late Mary Truman, and the late Kathleen Surrey and grants from the Archbishops' Council in 2008 and 2009. The Crompton Fund was set up in 2006 as a result of a generous legacy from the late Colonel John Crompton.

## **SOME OF YOUR QUESTIONS ANSWERED**

### **Q If the budget increase is 1.79% why is the Fairer Share apportionment to my parish not increased by the same amount?**

A: The Fairer Share figure for your parish is not only affected by the total increase in the Diocesan budget but potentially by a number of other factors:

- whether or not the Fairer Share membership in your parish has increased or decreased
- whether or not you have changed your parish category
- whether or not the number of stipendiary clergy in your parish has changed
- changing membership numbers and Fairer Share categories across the Diocese which have an effect on every parish. If there are less people paying for the provision of ministry then we all pay more. Conversely, if church member numbers go up, the amount each person pays will go down.

### **Q What happens if we don't pay our Share?**

A: The Share is the joint responsibility of all the parishes for meeting the agreed costs of ministry and mission in the Diocese each year. The Board of Finance expects every parish to take its Share responsibility seriously and to pay it regularly during the year and, where Share is not paid, will make enquiries as to the reasons. The Board pays close attention to the Share position throughout the year, because ultimately if Share is not paid there will be fewer stipendiary clergy.

## THANK YOU

2008 marked the best outcome for payment of Share for several years. At April 30th 2009 97.6% of 2008 share had been paid. This is a tremendous achievement; particularly as interest rates now are at exceptionally low levels, thereby hurting many in retirement who rely heavily on interest income. Congratulations to the 433 out of 480 parishes or churches that have paid in full so far and thank you to the members of every parish for your wonderful generosity and support.

We realise that the fortunes of any parish can change suddenly. The Area Stewardship teams and the Diocesan Stewardship and Resources officer are available to help anyone experiencing difficulties, or who need assistance with Stewardship or Mission programmes. Contact details are on the diocesan web-site.

## CONTACT

If you have any comments or would like more details on the information please contact:

Lucinda Herklots, The Diocesan Secretary.

Diocese of Salisbury, Diocesan Office, Church House, Crane Street,  
SALISBURY, SP1 2QB

Tel: 01722 411922 Email: [lucinda.herklots@salisbury.anglican.org](mailto:lucinda.herklots@salisbury.anglican.org)

A larger print version of this guide is available on the Diocesan Web-site.

[www.salisbury.anglican.org](http://www.salisbury.anglican.org)

**V6 25/06/09**