

Finance Update

Diocesan Synod June 2022



Overview of 2021 Annual Report and Accounts

<https://www.youtube.com/watch?v=OL1dnaOZkJU>



Diocesan budget 2023





Developing 2024 – 2026 Financial Plan

- Budget roadshows and consultations
- Full review of endowments and restricted funds
- Identify areas most in need of further investment
- Consider where expenditure can be reduced
- Apply for national funding where appropriate

To develop a financial plan for 2024-2026 an intensive process of planning and consulting will be required:

- The Diocesan team will host a number of budget roadshows around the diocese, seeking views and feedback from clergy, church officers and deaneries.
- The Diocesan team will conduct a full and detailed review of all our endowments, investments and restricted funds, assessing the opportunities and risks of adopting a total returns policy on some of our funds.
- Working with BCSC, BST and Diocesan Synod, the Diocesan team will consider where greater investment is most needed, and where priorities may have changed, allowing us to reduce expenditure in other areas.
- The Diocesan team will work with colleagues in the national team, to ensure that we apply for national funding to support missional priorities where available and appropriate.

There is a lot to do in a short space of time— the engagement and views of Diocesan Synod members are going to be vital to achieve this target.

2023 Diocesan Budget

Total Income (full CMF): £11,188,000

Expected Shortfall in CMF -£656,000

Projected Income: **£10,532,000**

Total Expenditure: **£11,188,000**



The 2023 budget requests a total CMF income of £9,375,000, which, along with other sources of income would allow us to fund £11,188,000 of ministry, mission and support across our diocesan community.

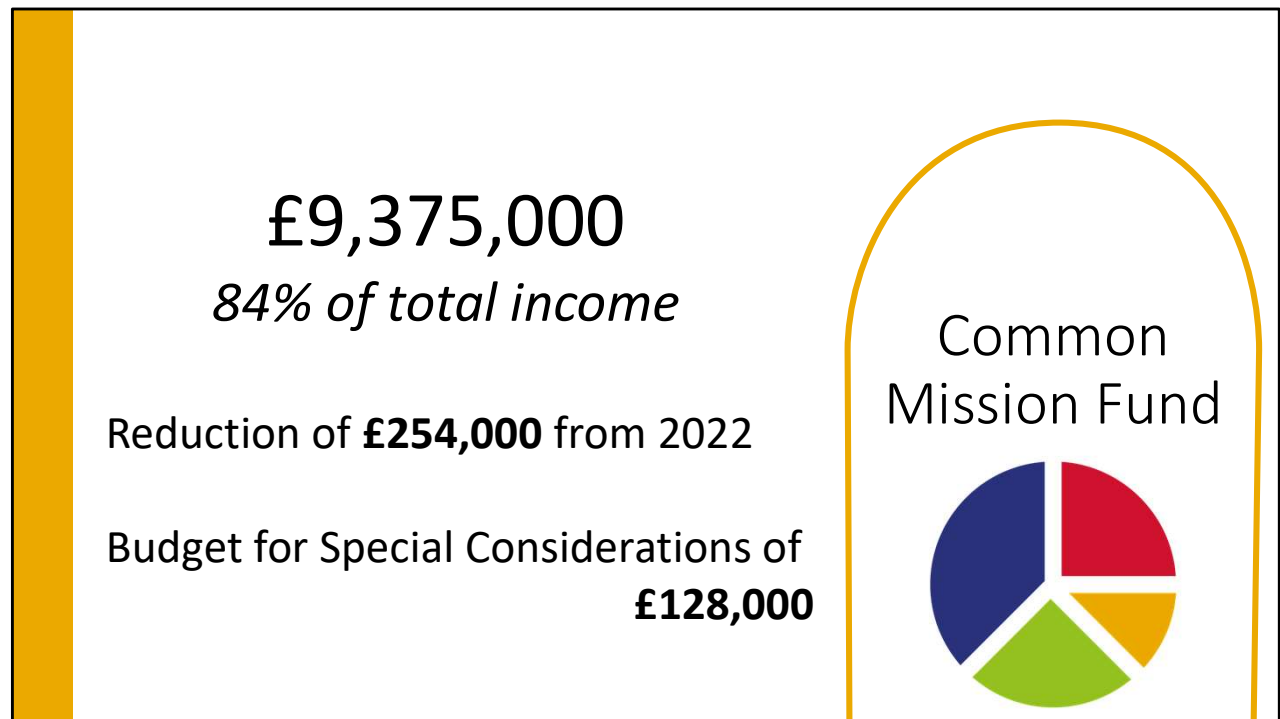
Whilst the budgeted income and expenditure would lead to a balanced budget, if 100% of the CMF requested was collected, - we are anticipating a sizeable shortfall (estimated at around £650k) in income which would need to be covered by reserves.

Income 2023 £,000

Common Mission Fund - Budget	9,375
Less special considerations	(128)
Less uncollected CMF	
Net CMF Collected	9,247
Fees	400
Rental Income	750
Grants & Other Income	571
Investment Income	219
	11,188



Income Overview



CMF – is, as always, our main source of income at 84%.

This is a significant reduction back to amount collected in 2019 with allocated budget for applications for special consideration for the first time of £128k.

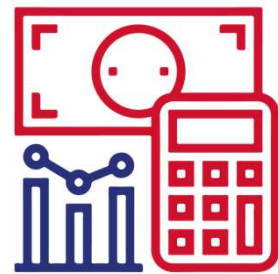
This is to recognise the current uncertainty and pressures facing our parishes:

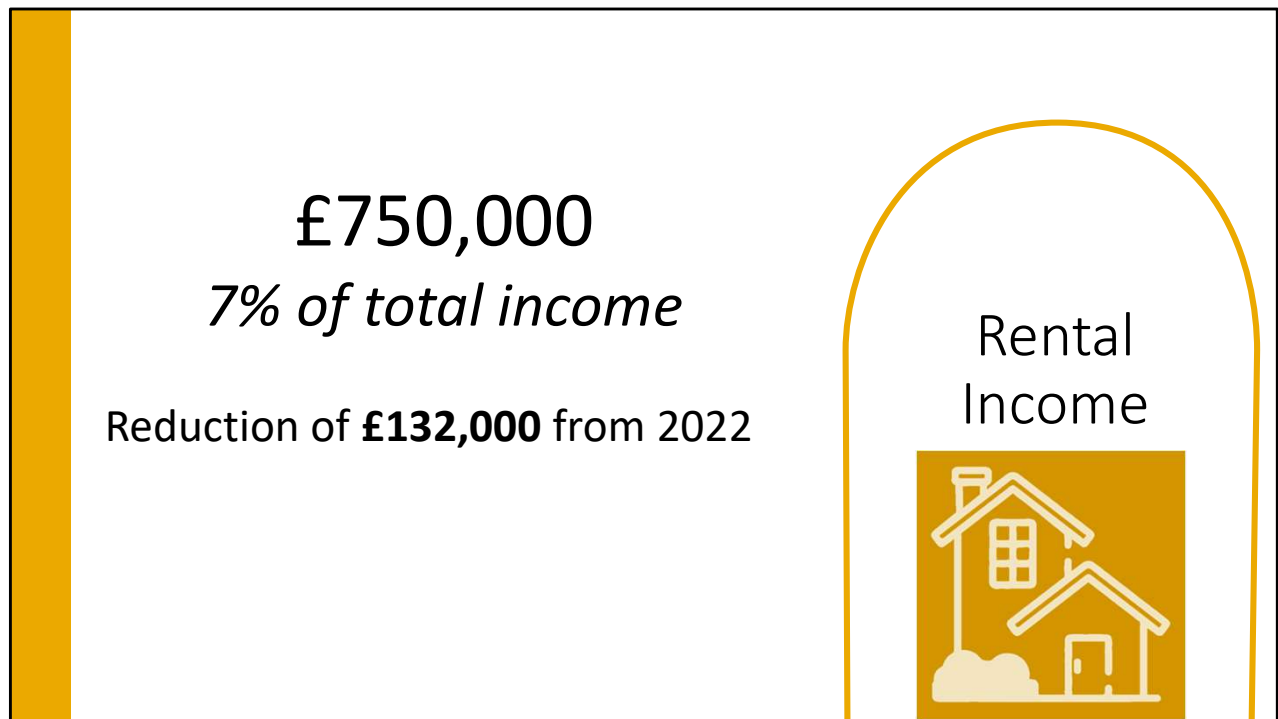
- Fall in attendance
- Cost of living impact on donors
- Fewer clergy

£400,000
4% of total income

Increase of **£25,000** from 2022

Fees





As we fill clergy vacancies and sell surplus properties we anticipate a reduction in rental income.

£571,000
5% of total income

Reduction of **£12,000** from 2022

Grants




This reduction from 2022 is due to the All Churches Trust (now the Benefact Trust) changing it's method for giving grants and due to lower numbers of ordinands training at the Winchester School of Mission due to impact of covid on number of vocation, this trend is being seen nationally.

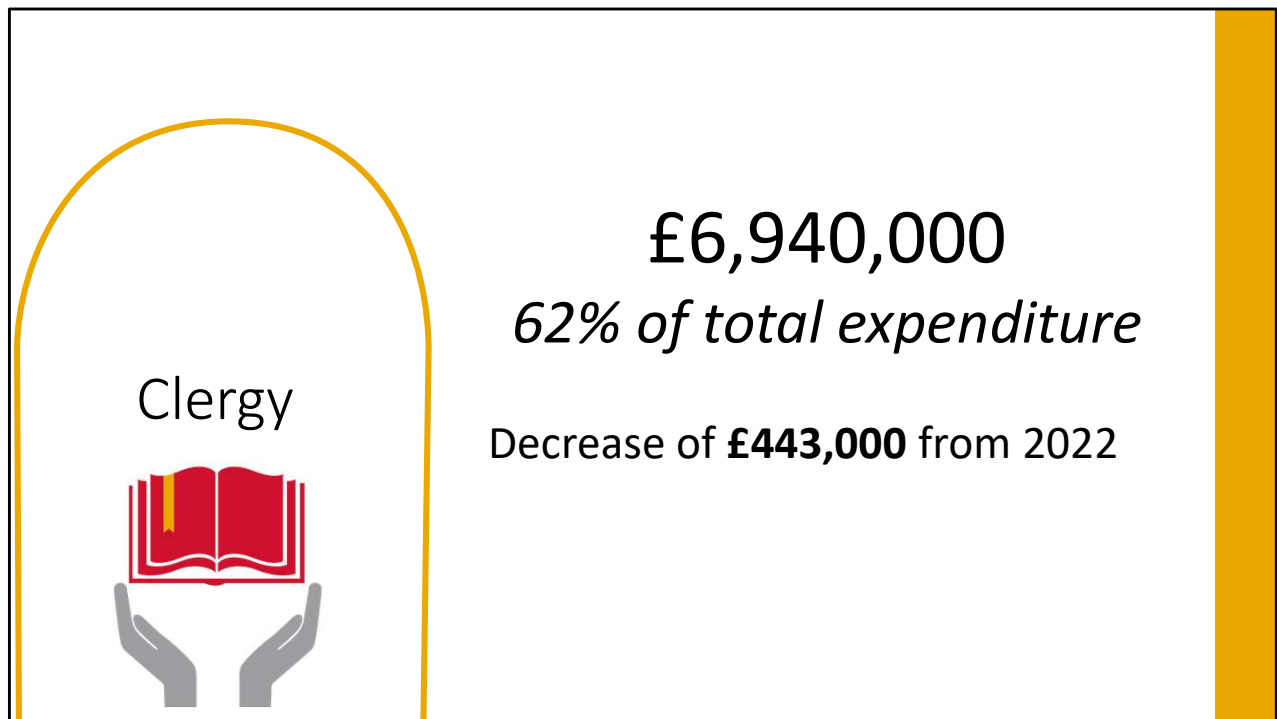
£219,000
2% of total income

Increase of **£19,000** from 2022

Investments



Expenditure 2023		£,000
	Clergy Remuneration	5,246
	Clergy Housing	1,693
	Lay Staff Salaries	2,266
	Other Expenses	1,195
	National Church Responsibility	788
	Total Expenses	11,188
Expenditure Overview		



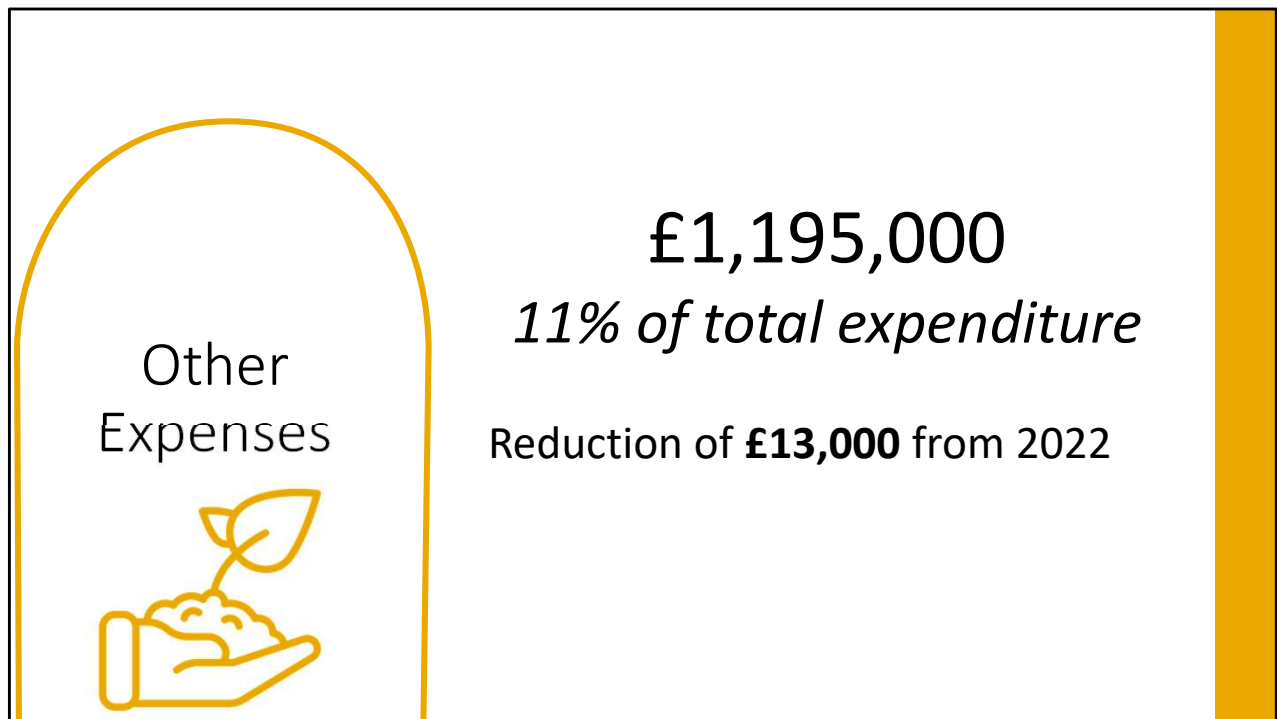
The cost of clergy remuneration and housing represents the majority of our expenditure at 62%.

The decrease from 2022 is due mainly to the reduction in the clergy pension contribution rate, dropping for 39.9% to 28%. This is not a reduction in clergy numbers.



The increase in staff salaries is driven by the expectation that most posts will be filled in 2023, the 3% cost of living increase (c £63k) plus the costs of the proposed £1,000 grant for employees (this is to mirror the support being offered to clergy).

Staff costs do include parish and clergy support costs for example the finance assistant who pays clergy stipends each month, the clergy appointment assistant, the safeguarding team, members of Winchester School of Mission training ordinands, LLMs, BCMs, CMD, vocations etc., the DAC, pastoral planning, stewardship, clergy HR support, the property team who look after clergy housing.



This includes :

The Education Team (c £345K) (the team is employed by the Diocese of Portsmouth and shared with the Diocese of Winchester)

IT infrastructure, systems and software

Diocesan Registrar and other legal/professional services

Governance costs and auditors

Rent for Wolvesey

Office services

Grants to clergy, parishes, QIs, Faculty Fees.

Events and training costs – CMD, safeguarding, parish officers, synod meetings, etc. etc.

Fees for glebe agents

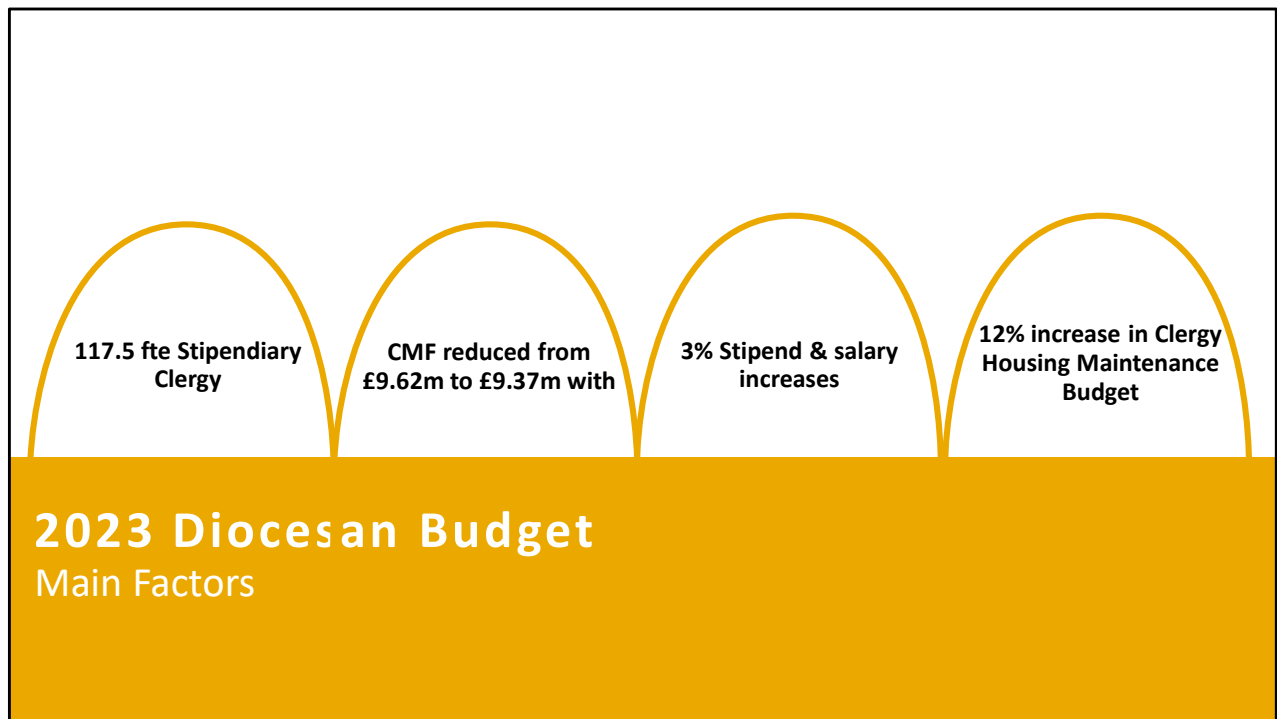
Investment managers



£778,000
7% of total expenditure

No change from 2022

There is no change from 2022 due to the Church Commissions and Archbishop's Council committing to freezing the request at the 2022 rate for 3 years and releasing more capital to cover national increases in central costs.



The main drivers and assumptions for the 2023 budget can be summarised as follows:

1. We will maintain our stipendiary clergy headcount at 117.5 (including Archdeacon of Winchester). **We cannot continue to cut clergy posts if we hope to grow our ministry, impact and income.**
2. In recognition of the impacts of the pandemic, reduced attendance and cost of living crisis, we will reduce the total CMF request by £300k (3.1%). We will also have a £130k dedicated budget to support parishes who apply for Special Consideration Applications.
3. We will increase stipends by 3% in recognition of the cost of living. This excludes the welfare grants being rolled out in the near future.
4. We will increase the Clergy house maintenance budget by 12% in recognition of the huge increase in cost of building materials. All other inflatory costs are budgeted between 3% and 9%

We have been assisted in preparing this budget due to the recent announcements that the clergy pension fund is now in credit, allowing the contribution rate to fall from 39.9% (in 2021) to 28% in 2023. Similarly, the Church Commissioners and Archbishop's Councils announcement of their triennial funding plans means our contributions to the national costs will be frozen for 2023.

Whilst all this would lead to a balanced budget if we received around 98% of CMF requested (assuming no in year savings), **we do not anticipate this to be the case**. The BCSC are therefore recommending to Synod that further anticipated shortfalls in income during 2023 should be intentionally covered from reserves, or use of accrued income on various restricted funds.

The motion

“This Synod approves the Diocesan Budget for 2023, as set out in paper DS22/07 and authorises the Directors of the Winchester Diocesan Board of Finance to request a total of £9.375m in Common Mission Fund from our parishes to support the costs of mission and ministry of our diocese.”

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