

# DIOCESAN FINANCIAL PLAN 2024 TO 2026

## Budget & Analysis

### Overview

WDBF Management Report for the 12 months ended 31 Dec 2022				
	Proposed Budget 2024	Proposed Budget 2025	Proposed Budget 2026	Comments
<b>INCOMING RESOURCES</b>				
Common Mission Fund	8,645	8,862	9,093	Assume 2.5% increase pa
Fees	459	464	468	Assume 1% increase pa
<b>Income from Parishes</b>	<b>9,104</b>	<b>9,326</b>	<b>9,561</b>	
Rental Income	1,100	1,111	1,122	Assume 1% increase pa
Investment Income	400	412	424	Assume 3% increase pa as house sales proceed.
<b>Asset Income</b>	<b>1,500</b>	<b>1,523</b>	<b>1,546</b>	
RME Income	120	120	120	Income of £120k guranteed for 3 years.
Grants & Recharges for Diocesan Team	627	633	640	Recharges for externally fund posts plus grants.
Budgeted Use of Restricted funds	367	371	374	Retired Clergy Housing, CWF, Pember Fund etc.
<b>Grants, reserves &amp; restricted funds</b>	<b>1,114</b>	<b>1,124</b>	<b>1,134</b>	
<b>Total Income</b>	<b>11,718</b>	<b>11,973</b>	<b>12,241</b>	
<b>RESOURCES EXPENDED</b>				
Clergy Remuneration	5,448	5,666	5,893	Stipends, pensions, NI, PAYE. 5% increase in 2024 and 4% in 2025 and 2026. Vacancy factor of 9
Clergy Housing	2,042	2,083	2,124	Maintenance, removals, grants
Clergy Appointments & Support	79	81	82	Clergy appointments + Archdeacons' support
Ministry Training (WSM)	679	693	707	WSM Costs. Offset in part by RME income.
<b>Ministry Support</b>	<b>8,248</b>	<b>8,522</b>	<b>8,806</b>	
Education	365	372	380	Costs of Education team and related activity.
Parish Support	344	351	358	Clerical registry, DAC, pastoral planning stewardship,
Safeguarding	273	278	284	Cost of SG team and related activity
Communication	177	180	184	Comms team, website, digital platforms etc.
Synodical Government	46	47	47	Costs of meetings plus indicative cost of staff time.
<b>Parish &amp; Schools Support</b>	<b>1,205</b>	<b>1,229</b>	<b>1,253</b>	
Diocesan Operations	401	409	417	Office services, IT, operations costs etc.
Finance	509	520	530	Full cost of shared finance team. Offset by recharge from PDBF of £185k
HR	311	317	323	Cost of HR Team and related activity
Dio Secretary, Chancellor, Registrar & Legal	283	288	294	Cost of Dio Sec, PA, Chancellor/Registrar and other legal advice.
	-	-	-	
<b>Diocesan Support</b>	<b>1,503</b>	<b>1,533</b>	<b>1,564</b>	
Training for ministry	398	406	414	Contribution to national costs
National Church responsibilities	216	221	225	Contribution to national costs
Mission agency support	-	-	-	Contribution to national costs
Clergy retirement housing	151	154	157	Contribution to national costs - offset by transfer from Retired Clergy Housing Fund
Ordinand Maintenance Grants	196	200	204	Contribution to national costs - dependent on number of ordinands nationally.
Ordinand Maint. Grant Pooling	-	101	105	Pooling rebate received retrospectively each year.
<b>National Support</b>	<b>860</b>	<b>877</b>	<b>895</b>	
<b>TOTAL EXPENDITURE</b>	<b>11,816</b>	<b>12,161</b>	<b>12,518</b>	-
<b>Operating Surplus/(Deficit) before transfers</b>	<b>(99)</b>	<b>(188)</b>	<b>(276)</b>	
CMF Contingency Fund	99	188	276	
<b>Operating Surplus/(Deficit) after transfers</b>	<b>0</b>	<b>0</b>	<b>0</b>	

## Analysis of Incoming Resources

Income from Parishes	2024	2025	2026
Income	£9,104,000	£9,333,000	£9,568,000

### What's included?

- Contributions from PCCs to the **Common Mission Fund (CMF)**. We ask all PCCs to give towards the CMF in line with the methodology approved by Diocesan Synod. [Common Mission Fund Guidance Booklet](#)). The CMF is the financial outworking of the mutual support and mutual accountability that exists between the parishes of our diocese. Although all contributions go into the WDBF General Fund, the total amount requested is less than the amount spent on Ministry Support and Parish & Schools Support.

	2024	2025	2026
CMF	£8,645,000	£8,869,000	£9,100,000

- The share of all **Parochial Fees** payable to the WDBF arising from weddings and funerals carried out in parishes ([Parochial Fees Table](#)). Whenever a parish undertakes a wedding or funeral there is a fee payable (set annually by General Synod). Part of the fees are retained by the PCCs, with a proportion being paid to the WDBF.

	2024	2025	2026
Fees	£459,000	£464,000	£468,000

Asset Income	2024	2025	2026
Income	£1,500,000	£1,523,000	£1,546,000

### What's included?

- Rental Income** from any Benefice Houses (parsonages) or WDBF owned houses. During vacancies, we have a long held policy of letting clergy houses for 6 months. Given that most vacancies last longer than 6 months, this practice helps ensure we receive some much needed income, and prevent the houses from standing vacant for prolonged periods. The WDBF also owns a number of other houses (usually previous vicarages transferred to the WDBF following pastoral reorganisation). Where this is a clear ministerial need or investment opportunity these houses will be retained, and let out when not in use.

	2024	2025	2026
Rental Income	£1,100,000	£1,111,000	£1,122,000

- Income from Investments** held by the WDBF. The WDBF holds around xx of investments with a further £xx of cash held in a deposit fund. All WDBF investments are currently invested through CCLA ([Home | CCLA](#)) due to their ethical policies, significant expertise of Church and Charity funds, and their strong performance over many years.

	2024	2025	2026
Investment Income	£400,000	£412,000	£424,000

Grants, reserves & Restricted Funds	2024	2025	2026
Income	£1,114,000	£1,124,000	£1,134,000

*What's included?*

- **Resourcing Ministerial Education Income:** As a Theological Training Institute (See Ministry training & School of Mission below) we receive a fee for each ordinand trained through our School of Mission.

	2024	2025	2026
RME	£120,000	£120,000	£120,000

- **Grants & Recharges for Diocesan Team:** The WDBF benefits from a number of restricted grants and recharges for various aspects of the work of the Diocesan Team which helps to offset the costs of the employed staff in the Diocesan Team. This includes where we share teams across diocesan boundaries, national grants for specific roles, and grants from external funders.

	2024	2025	2026
Grants & Recharges	£627,000	£633,000	£640,000

- **Budgeted Use of Restricted Funds:** The WDBF hold a number of restricted funds and endowments for specific purposes. These generate

	2024	2025	2026
Restricted Funds	£367,000	£371,000	£374,000

**What's not included?**

In recent years, the Diocese of Winchester has successfully bid for a number of projects under the national Church's Diocesan Investment Programme. These are restricted grants to support specific, nationally approved projects.

At the time of writing this report, we have just heard that we have received approval (in principle) for a further £4.5m of grants over the next 3 to 5 years to support 6 parish revitalisation projects, and 9 rural benefice support programmes. We are currently working on the detailed modelling of these funds over the coming years. Given that these are restricted funds that will not impact upon the General Fund or CMF in any way, we have chosen not to include the details of these costs at this time rather than delay the circulation and production of this document. A detailed update will be provided to Diocesan Synod in due course.

## Analysis of Expenditure

Where income is specifically restricted to expenditure, we have attempted to show this against the appropriate costs. In the overview budget all income and expenditure is show separately and not netted off.

Ministry Support	2024	2025	2026
Expenditure	£8,248,000	£8,522,000	£8,806,000

*What's included?*

- Clergy Remuneration.** This section of our budget includes the costs of the stipends for our 116.5fte clergy, 28 stipendiary curates and 2 archdeacons. This also includes pension contributions (currently 28% of national minimum stipend) and National Insurance costs and our required contribution to the apprentice levy. Each DBF is responsible for setting the level of stipend increase each year, but some guidance is offered through the national Remuneration and Conditions of Service Committee (RACS). We budget for a number of full-time equivalent vacancies each year recognising that not all posts will be filled all the time. This is referred to as the 'vacancy factor' and has been budgeted at 9 posts for the triennium.

Clergy Remuneration	2024	2025	2026
Expenditure	£5,448,000	£5,666,000	£5,893,000
Restricted Funds	-£110,00	-£112,200	-£114,444
<b>Net</b>	<b>£5,450,024</b>	<b>£5,555,825</b>	<b>£5,780,582</b>

*What does it provide?*

- The stipends (£31,078) of 116.5 stipendiary clergy, their pensions and NI (£10,000)
  - The stipends (£29,200) of 28 stipendiary curates, their pensions and NI costs (£9,800).
  - The stipends, pensions and NI costs of 1.5 archdeacons (with the remaining 0.5 funded through national grant for 3 years).
- Clergy Housing costs.** This represents another significant element of our annual expenditure. The 'ownership' and maintenance responsibilities of clergy houses is an unusual model. Technically the WDBF does not own the houses – they 'belong' to the post of incumbent for each benefice. This does not mean that the current incumbent can sell or change them unilaterally as the ownership is vested in the post to safeguard the houses for future usage. There is national Church legislation that stipulates the basic level of care, repairs and maintenance that the WDBF is responsible for undertaking, and those that are the responsibility of the incumbent/priest in charge. Our Diocesan policies go above and beyond the basic minimum requirements, in recognition that clergy houses are an important element of clergy wellbeing and support.

Clergy Housing	2024	2025	2026
Expenditure	£2,041,000	£2,082,000	£2,123,000

*What does it provide?*

- The costs and support of caring for 175 ministerial houses
  - The Council Tax and Water rates for all ministerial houses
  - Around 55 clergy moves (in and out) a year
  - Assess, request and process around 1,500 works orders ever year
  - Undertake 35 boiler safety checks a year
  - The resettlement grants for clergy changing posts.
- **Clergy Appointments & Support costs:** This includes the cost of managing our clergy appointment processes, as well as the administrative support for our archdeacons. +

<b>Clergy Appointments &amp; Support costs</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Expenditure	£79,000	£81,000	£82,000

*What does it provide?*

- Appointed 38 clergy posts in the last 15 months.
- **Ministry Training.** Every diocese is required to provide ministerial training and development. This includes support for discerning vocations (clergy & lay), continued ministerial development (CMD) for clergy, as well as investment in lay ministry. In our dioceses we also act as a Theological Training Institute, providing authorised ‘Licensed Ministry Training’ for ordinands. We receive income from the national Church of England to offset these costs – this is specified under RME in the Income Analysis above).

<b>Ministry Training (WSM)</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Expenditure	£679,000	£693,000	£707,000
RME Income	-£120,000	-£120,000	-£120,000
Restricted Income	-£30,000	-£30,600	-£31,212
<b>Net</b>	<b>£531,024</b>	<b>£544,425</b>	<b>£557,814</b>

*What does it provide?*

- Supported 70 potential ordinands to be accepted for ordination training in the last 5 years.
- Provides 49 CMD courses a year available to all our stipendiary clergy and LLMs
- WSM has trained 57 people to be authorised preachers (through our Bishop’s Permission to Preach programme) and 474 people through the Bishop’s Commission for Mission scheme.
- In the last 5 years, 31 ordinands have been trained directly by the WSM.
- In 2022, Durham University assessed the training delivered through the WSM and concluded that it provides ‘*an excellent education for your students which is the equal of any other provider of theological education.*’

Parish & Schools Support	2024	2025	2026
Expenditure	£1,205,000	£1,229,000	£1,253,000
Restricted Income	-£130,000	-£134,000	-£104,040
<b>Net</b>	<b>£1,077,024</b>	<b>£1,097,025</b>	<b>£1,150,986</b>

#### What's included?

- Education:** The Church of England has a proud engagement with education in this country dating back to the 18<sup>th</sup> Century. Our Diocese continues this tradition through the Joint Diocesan Board of Education, a separate Charitable Incorporated Organisation that provides support, advice, care and leadership to the 148 Church of England Schools and their 38,000 pupils, across the Diocese of Winchester and Portsmouth. The small team cover a range of functions from supporting schools with land and building management, advising and training school leaders and Governors on issues of governance and compliance, whilst ensuring high quality education with a clear Christian foundation is provided across all schools.

The Team has been joint with the Diocese of Portsmouth since around 2005, helping to manage costs, whilst still achieving the necessary capacity and breadth of knowledge needed in this important area of work. The team is funded in part by income from a Restricted Fund held by the Board of Finance for support Church of England Schools.

Education	2024	2025	2026
Expenditure	£365,000	£372,000	£380,000
Schools Dev. Fund	-£100,000	-£102,000	-£104,040
<b>Net</b>	<b>£265,000</b>	<b>£270,000</b>	<b>£275,960</b>

- Parish Support**
  - DAC & Care of Churches:** Under Faculty Jurisdiction every diocese must provide dedicated resource to operate the faculty jurisdiction process (an ecclesiastical version of Listed Building Consent) and support the Diocesan Advisory Committee for the Care of Churches (DAC) – an independent group of experts who assess all applications on behalf of the Diocesan Chancellor. We also provide grants to cover the costs of Church Quinquennial Inspections – a legally required survey carried out by a suitably qualified architect or surveyor.
  - Mission & Pastoral Planning:** Under the Pastoral & Mission Measure, any changes to the structure of benefices and parishes across a dioceses is subject to a detailed process including multiple committees and public consultation. This requires specialist support from the Diocesan Team to manage the process.
  - Clerical Registry:** The Clerical Registry offers vital support to our parishes, linking lay and ordained ministers to parishes in vacancy or where their clergy are on leave. We have around 85 members of the Registry who all Licensed or have Permission To Officiate (PTO) in our diocese, along with necessary up to date DBS checks and safeguarding training etc.
  - Church Officer Training:** So much of the work of our parishes is undertaken by volunteers at a local level. We offer an annual programme of training, support

and guidance to all roles and volunteers. This includes Churchwarden Training, access to specialist technical support for Treasures through our ACAT<sup>1</sup> membership, sessions on fees, fundraising, grant applications and building maintenance.

- **Generous Giving Support:** All parishes are reliant on the giving and generosity of their members, but asking people to give to their church can often feel like a sensitive and complex task. Our Stewardship Team is there to help parishes to articulate and address why, what and how we give. From the theological resources through Generous June, to the practical support for card readers and the Paris Giving Scheme (PGS) – the team is there to support parishes in resourcing their local ministry and mission.
- **Data and stats:** Every year we collect statistical and financial data from all our parishes. We also hold and have access to a range of demographic data sets mapped down to parish level. This can be a highly useful resource for parishes and deaneries in considering their local missional plans and ministry priorities.

Parish Support	2024	2025	2026
Expenditure	£344,000	£351,000	£358,000
Income	-£30,000	-£32,000	£0
<b>Net</b>	<b>£314,00</b>	<b>£319,000</b>	<b>£358,00</b>

*What does it provide?*

- In the last year 150 parishes were supported in making around 300 list b and faculty applications through the DAC .
  - In 2022 we provided 19 church officer training courses, facilitating learning for 300 attendees.
  - We have provided cover for 1,458 services through the clerical registry in the last 12 months.
  - Piloted a card reader roll out in 2023, allowing 54 parishes access to card readers at heavily reduced rates.
- **Safeguarding:** Ensuring all our churches and worshipping communities are as safe as they can be for all is a fundamental priority. As a Church we have much to do and learn in this area. We continue to invest in training and development of our clergy, church officers, lay ministers and key volunteers and workers. At the same time, we fund a robust reactive case work team to provide immediate support and advice to respond to any concerns – linking closely with statutory agencies and partners.

Safeguarding	2024	2025	2026
Expenditure	£273,000	£278,000	£284,000

*What does it provide?*

- Provide training for around 4,500 clergy and volunteers a year.
- Helped 94% of our parishes adopt and use the national Safeguarding Dashboard.
- Respond to around 140 referrals a year, liaising with statutory agencies, parishes and partners to ensure concerns are appropriately addressed.

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<sup>1</sup> Association of Church Accountants & Treasurers

- Undertake around 2,300 DBS checks each year
- **Communications:** In a dispersed community of communities such as our diocese, it is vital that we continually find new ways to communicate with one another – celebrating stories of hope and transformation, sharing news when things have worked well and when we have lessons to learn. In 2022 we ended our contract with our external PR firm, and have since built a new in house Communications & Engagement Team.

<b>Communications</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Expenditure	£177,000	£180,000	£184,000

*What does it provide?*

- Send a weekly mailer to around 3,000 people updating them on diocesan wide matters.
- Manage and update the Diocesan website and social media channels
- Produced 27 videos and animations to help explain, celebrate and communicate various aspects of diocesan life
- Help get around 20 positive news stories about diocesan life and ministry into local press and national media a year.
- **Synodical Governance:** Whilst governance may not be the most exciting element of Church life, it remains incredibly important. Good governance ensures good planning, accountability, transparency and compliance. The Diocesan Team are statutorily required to provide support for all levels of Synodical governance in our dioceses – from the 250+ PCCs, 13 Deanery Synod, Diocesan Synod and all our Diocesan Committees, Boards and Groups.

<b>Synodical Governance</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Expenditure	£46,000	£47,000	£47,000

*What does it provide?*

- Developed the information available through the parish portal to support those at parish and deanery levels in their roles.
- Supported forums for members of deanery leadership to connect and share common issues and examples of best practice (Lay Chairs Forum and Deanery Finance Chairs Forum).
- Facilitated 6 additional informal meetings of the Diocesan Synod House of Laity and House of Clergy per annum to aid in communication and time to discuss issues relevant to the houses.
- Supported the trustees of the WDBF with the successful recruitment of both the Chair of the FC and the Chair of the WDBF.
- Reviewed the Terms of Reference for the Diocesan Committees, expanding membership to ensure a breadth of relevant experience and knowledge.



Diocesan Support	2024	2025	2026
Expenditure	£1,474,000	£1,503,000	£1,564,000
Restricted Income	-£185,000	-£188,700	-£192,474
<b>Net</b>	<b>£1,291,024</b>	<b>£1,316,325</b>	<b>£1,373,552</b>

*What's included?*

- **Diocesan Operations:** The central operations and IT functions of the Diocesan Team provide the necessary practical and logistical foundations for a complex and diverse team to operate efficiently as possible. This area of work is undertaken by posts with a range of other responsibilities across the organisation, but covers areas such as procurement, compliance, office services and IT. The IT element of this function is part of a consortium across the dioceses of Portsmouth Guildford and Winchester.

Diocesan Operations	2024	2025	2026
Expenditure	£401,000	£409,000	£417,000

- **Finance Team:** Since 2006 our Finance Team has been shared with the Diocese of Portsmouth. The team is responsible for a range of financial and asset management responsibilities working within the strict requirements of charity finance and ecclesiastical legislation. As well as the daily operations of the team – paying invoices and stipends, and reconciling payments to the DBF, the team also provide detailed reporting and monitoring functions for all financial activities. As the WDBF is required to act as custodian trustees for PCCs, the Team also manage over **£20.9m** of PCC assets held across **371** trusts and funds on behalf of our parishes. Whilst technically we could charge admin fees for this work, we have never done so. Due to the number of separate Trusts the WDBF is accountable for, each year our shared Finance Team has to submit 12 annual returns to the Charity Commission, and go through 5 separate audits.

Finance	2024	2025	2026
Expenditure	£509,000	£520,000	£530,000
Rech. from Portsmouth	-£185,000	-£188,700	-£192,474
<b>Net</b>	<b>£324,000</b>	<b>£331,300</b>	<b>£337,526</b>

- **HR:** Our HR team provides support to parishes, clergy, and the WDBF employees on all 'people' matters. As well as the formal processes and requirements of employment legislation, the Team also seek to actively support the welfare of employees and clergy, ensuring access to relevant support and help as needed.

HR	2024	2025	2026
Expenditure	£311,000	£317,000	£323,000

- **Diocesan Secretary, Chancellor and Legal Support:** Various elements of ecclesiastical legislation dictate a number of senior and legal roles each diocese is required to have. This includes the post of Diocesan Secretary, Diocesan Chancellor and Diocesan Registrar.

- The current formation of the post of Interim Diocesan Secretary was implemented in April 2022 following the external review by Andy Brooks. This is due for a further review during 2024 once the new Bishop is in post.
- The Diocesan Chancellor and Diocesan Registrar provide the legal oversight and advice to the operations of the Diocese. Their fees and remits are set nationally by General Synod. Whilst included within the Diocesan Support costs, in reality much of the work of these legal roles is directly focused on parish life.

Diocesan Sec, Chancellor & Legal	2024	2025	2026
Expenditure	£283,000	£288,000	£294,000

National Support	2024	2025	2026
Expenditure	£961,000	£980,000	£1,000,000
Restricted Income	-£101,000	-£103,000	-£105,000
<b>Net</b>	<b>£860,000</b>	<b>£877,000</b>	<b>£895,000</b>

*What's included?*

Just as each parish is asked to contribute to diocesan budgets, all dioceses are required to contribute to the national costs of the Church of England. These costs are split into 5 areas known as Votes 1- 5 due to the way General Synod is asked to vote them each year as part of the national budgeting process<sup>2</sup>.

- **Training or Ministry (Vote 1):** The largest of our contributions to the national church, goes towards our share of the total costs of training clergy for deployment.

Training or Ministry	2024	2025	2026
Expenditure	£398,000	£406,000	£414,000

- **National Church Responsibilities (Vote 2):** This element of our contributions covers a share of the total operational costs of the Archbishop’s Council’s departments. This includes the costs of the national safeguarding team, HR, guidance, legal and comms etc. **Grants (Vote 3):** A smaller amount to fund the Church of England’s contributions to a the Anglican Communion Office, some ecumenical organisations and the Church Urban Find (CUF).

National Church Responsibilities & Grants	2024	2025	2026
Expenditure	£398,000	£406,000	£414,000

- **Mission Agency Support (Vote 4):** In the past we have contributed around £12,000 a year to support the pension costs of Church of England clergy deployed to mission agencies. This fund is currently in credit nationally meaning we are not being asked for contributions in the coming years.

<sup>2</sup> To find out more about the national budget please see: <https://www.churchofengland.org/sites/default/files/2023-06/gs-2309-2024-budget-paper.pdf>

- **Clergy Retirement Housing (Vote 5):** The Church of England Pensions Board provides the Churches Housing Assistance for Retired ministry (CHARM) scheme on behalf of the whole Church of England. This scheme provides support to clergy and their families in finding housing during retirement for those that need. Each diocese is asked to contribute towards the costs.

<b>Clergy Retirement Housing</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Expenditure	£151,000	£154,000	£157,000
Restricted Income	-£135,000	-£137,700	-£140,454
<b>Net</b>	<b>£16,000</b>	<b>£17,000</b>	<b>£16,546</b>

- **Ordinand Maintenance Grants:** In addition to the costs under Vote 1 above, we are also required to fund the maintenance grants for ordinands whilst they study. These grants are means tested, and provide funding for ordinands to live on (including accommodation etc.) during their training. All these costs are pooled nationally using a formula agreed by General Synod and then rebates are paid to diocese that qualify. We anticipate this will be around £100k pa over the next 3 years.

<b>Ordinand Maintenance Grants</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Expenditure	£196,000	£200,000	£204,000
Income (pooling rebate)	-£101,000	-£103,000	-£105,000
<b>Net</b>	<b>£95,000</b>	<b>£97,000</b>	<b>£99,000</b>

### What's not included?

As noted above, we have not included in this document any references to the projects funded through the national Diocesan Investment Programme. In the next 3 to 5 years, this external funding will cover 3 additional stipendiary curates and 3 additional stipendiary associate minister posts. Further information will be provided to Diocesan Synod in due course.

There are other aspects of the Diocesan Team that are not funded by us and so do not appear in our budget. It is however helpful to summarise these to avoid confusion:

- The direct costs of our Diocesan Bishop, their house and staff team are funded by the Church Commissioners.
- The direct costs of our Suffragan Bishops and their admin support are funded by the Church Commissioners.
- The direct costs of the Dean & Chapter are funded by the Church Commissioners and the Cathedral Community.

## Diocesan Finances

### Frequently Asked Questions

#### Three-Year Financial Plan

1. **Is now the right time to do a three-year budget given we don't have a clear diocesan strategy?**

Ideally our financial plan would be set firmly in the context of a wider diocesan strategy and objectives. We are not currently in a position to do that, although we anticipate that leading a new strategy discernment process will be a crucial priority for Bishop Philip and the Bishop's Council next year.

In the meantime, it is important that we do plan ahead for our finances, as much as possible, helping to give our parishes some sense of likely costs and expectations over the coming years.

The three-year financial plan will be reviewed and revisited each year by the Directors of the Board of Finance, and updates brought to Synod each year for approval as required.

We hope that the foundational principles of the financial plan will give us sufficient flexibility to adapt and respond to our changing missional and financial context as needed.

2. **How was a £700,000 reduction in the Common Mission Fund achieved for 2024?**

The ability for us to reduce the total Common Mission Fund (CMF) request by £700,000 for 2024 was made possible due to a mixture of managing costs, increasing other sources of income, and a careful targeted use of reserves.

**Income:**

- a) In 2021 the Directors of the WDBF agreed a new housing strategy, authorising us to sell around 40 houses that were no longer required for ministerial purposes investing the capital to create a new designated fund to support stipendiary parish ministry costs. As this process works through, we hope it will lead to a net increase of income of around £500k pa.
- b) At the same time we have tweaked our approach to some lets of vacant houses to ensure we maximise income levels. This means income from lettings has been above budget by around £200k for the last few years and we believe can continue at this level.
- c) Income from investments has exceed budget for the last two years, and in the current market we believe will continue to do so.
- d) We continue to apply for external funding for posts and projects wherever we can. This has helped to offset some staffing costs in recent years.

**Expenditure:**

- a) The latest revaluation of the (national) Clergy Pension Scheme has confirmed that it is no longer in deficit. This means the contributions dioceses need to make per clergy post have reduced from 39% of stipend to 28%. To be clear this does not reduce the level of pension clergy receive. It just means that we are no longer having to pay higher contributions to accommodate historic deficits.
- b) Over the last 18 months the Bishop's Council has been undertaking an ongoing review of Diocesan staffing structures, making changes to our management team as and when opportunities have arisen. In very broad terms, in the past we had a number of senior strategic Director level posts within the diocesan team. In our current context, our sense is that we do not need that level of senior leadership in all areas. Therefore, as posts have become vacant we have been reviewing options. For example:

1. The role of Chief Executive was replaced with a Diocesan Secretary and Chief Operating Officer.
2. The Director of Strategic Development has been replaced with a Strategic Programme Manager.
3. The Director of Operations post was split across two existing Manager level posts (Parish Support and Operations & Governance).
4. The role of Director of Finance has been vacant since November whilst we conduct a review of future needs and capacity.
5. We ended our contract with Luther Pendragon for Communications support, and created a new internal Comms team.
6. The current draft of the budget proposes that Diocesan Support Costs should increase by no more than 2% a year over the next 3 years.

We have also undertaken a review of the limited number of endowments and restricted funds that the Board of Finance holds. These are low when compared to many other dioceses, but we have identified around £2m which we believe we can spend from restricted funds where the original purpose is no longer relevant. With the assistance of our Diocesan Registrar, we are confident we can apply to the Charity Commission to allow the restrictions on these funds to be expanded to include supporting parish ministry. We are proposing that this £2m be used as a contingency fund over the next 5 years, to help ensure we can continue the current level of investment in parish ministry, without having to make further cuts if the Common Mission Fund income is insufficient. We hope and pray this will give our diocese (under the leadership of our new bishop) time to work together to discern a new vision for sustainable mission and ministry, seeking to regrow our worshipping communities.

3. **Budget Test 'e' states that CMF increases should be linked to annual increased cost of clergy stipends. Can you explain how does a 5% increase in stipends result in a 2.6% increase in CMF?**

A 4% increase in stipends in 2025 will cost an additional £218,000 a year. To increase the total Common Mission Fund request by £218,000 a year requires a 2.6% increase over 2024 requests.

We hope that creating a direct link between stipend increases and CMF increases will help in the understanding of how our budget operates.

4. **We understand that there is to be a review of the Common Mission Fund in 2024. How can we feed into this process?**

The CMF review has been commissioned by the BCSC to look at possible tweaks and amendments to the process. If it identifies that more significant changes are required, the work will need to be rescheduled for later in 2024 or 2025. We are currently awaiting the results of a national review of Parish Share/CMF processes across the country. This will provide important input for our working party.

Once the review has begun, details of consultations and how parishes, deaneries and individuals can feed it will be shared widely.

5. **Given the current national discussions around Living in Love & Faith (LLF) should we not be budgeting for a reduction in parish income?**

We are aware that some parishes across the Church of England have chosen to reduce, cease or suspend their contributions to Parish Share/CMF/Diocesan Quota until there is greater clarity on the final decision around the LLF discussions.

Due to the significant number of potential different scenarios that we may be facing down the line, attempting to build budget contingencies around these is almost impossible and not practically helpful. If we do start to see significant negative impact on CMF income then in-year contingencies and savings will need to be put in place.

If any PCC in our diocese is considering reducing or suspending their CMF we would ask that they let their Archdeacon or Suffragan Bishop know in advance of the discussion.

#### Endowments, Reserves, Restricted Funds & Investments:

6. **The diocesan accounts show the WDBF has over £178m. Why isn't more of this money being used to support ministry costs?**

Our diocese (like many elements of the Church of England) is asset rich, but cash poor.

Over 83% (£147m) of the £178m 'owned' by the WDBF is made up of ministerial houses which our clergy live in. The majority of these properties are legally designated benefice houses with many of the others held within restricted funds. Of the remaining £30m most is held in restricted funds or endowments which generate income for specific purposes each year.

As noted above in question 2, we are adopting a new approach to using our assets, reserves and funds to support ministry costs wherever we can. There is always a careful balance to be struck between financial prudence and missional need.

7. **There is over £23m in the Diocesan Stipends Capital Endowment Fund. Why isn't this being used to fund additional clergy posts?**

The Diocesan Stipends Capital Fund is a restricted fund which exists to support the costs of stipendiary clergy. Historically, this fund was originally the place where any Glebe land or houses owned by parishes in a diocese were held.

As with many dioceses, much of our fund is held as tangible fixed assets (houses, land etc.) Most of the £23m in our fund is made up of curates houses. Whilst these do tend to increase in value each year, they do not generate any income for us unless we were to sell them. Most years they represent a cost as we maintain and repair them. We do achieve some rental income from the Glebe land we hold but this is limited.

Any and all income arising from the Stipends Capital Fund is automatically assigned to offset costs of clergy stipends and pensions.

8. **Has the WDBF adopted a Total Returns policy on its endowment funds?**

A Total Returns policy allows charities which hold an endowment funds to release and spend some of the historic accrued capital value of the fund rather than just its annual income. During 2023 we have reviewed all our Endowment funds with a view to enacting a Total Returns Policy for our diocese.

This exercise highlighted that due to the comparatively small amounts held in endowments

there was little point in adopting a blanket policy at this time. There are a couple of small funds where we believe this will be appropriate to help release some historic funds.

Our main endowment is the Clergy Welfare Fund (currently worth £6.4m). This generates around £160k a year which provides vital ongoing support to clergy and offset some stipend costs. As such we do not see any immediate value in adopting a total returns approach on this fund.

#### 9. Does the Diocese have an Investment Strategy? Who monitors this?

In 2023, the Bishop's Council decided to combine the Investment Advisory Group (IAG) with the Finance Monitoring Group to form a Diocesan Finance Committee, ensuring that all asset management and financial monitoring was undertaken in a consistent and joined up manner. We are delighted that the former Chair of the IAG has agreed to join the Finance Committee as we develop a new investment strategy and framework for our diocese. We hope that this will be finalised early in 2024.

#### Central Costs:

#### 10. Why isn't there more collaboration with other Dioceses or charity sector partners for other areas of ministry other than education? Would this save more expenditure?

Our diocese has a long tradition of being at the forefront of cross-diocesan collaboration. At the time of writing we share the following areas of work with other Dioceses:

- Joint Diocesan Board of Education and shared Education Team with Portsmouth.
- Shared Finance Team with Portsmouth.
- Shared IT Team and support with Guildford and Portsmouth.
- The Executive Director of Launchpads Social enterprise is a shared role with the Diocese of Portsmouth.

We have also begun initial conversations with Portsmouth, Guildford and Chichester around whether a shared team to help deliver Net Zero Carbon could be achieved.

We will always explore new options for increasing efficiencies, decreasing costs with other dioceses or suitable charities and external partners where we can.

#### 11. Why are there so many employees in the Diocesan Office, when the number of stipendiary clergy posts have been reduced?

All areas of expenditure need to be subject to review and assessment, ensuring we are good stewards of all that is entrusted to us. The Bishop's Council are committed to ensuring a continued process of review of expenditure.

Since 2019, the direct staffing costs of the Diocesan Team has reduced by £370,000. A number of our staff are now funded directly by external grants for specific posts or projects and therefore do not impact upon diocesan general income.

The workload of the Diocesan team is not primarily driven by the number of stipendiary clergy posts. The number of separate parishes, church buildings, formal governance meetings, schools, and volunteers have a far greater impact on workloads, along with the ever changing and increasing burden of statutory compliance and national CofE priorities.