

Management Report

31 December 2023

MAY 24 2023

Winchester Diocese Board of Finance
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Executive Summary

Result – General Fund:

The result for 2023 on the General Fund is a deficit of £122k – this is made up as follows:

General Fund	2023 £'000	2022 £'000
Operating Surplus/(Deficit)	(650)	9
Gain/(Loss) on property disposal	(103)	187
Gain/(Loss) on investments revaluation	290	(406)
Gain/(Loss) on property revaluation	(50)	-
Gain/(Loss) on Pension Scheme Revaluaton	-	12
Fund transfers	390	15
Total Surplus/(Deficit) for the year	(122)	(183)

The budget for 2023 was for a surplus of £603k and the result for 2022 was a deficit of £183k.

Overall, the result for all funds (General fund, plus restricted, designated and endowment funds) is a surplus of £4.542m – this is an improvement of 2022 which showed a deficit of £349k.

All Funds	2023 £'000	2022 £'000
Operating Surplus/(Deficit)	41	(79)
Gain/(Loss) on property disposal	151	202
Gain/(Loss) on investments revaluation	2,941	(2,814)
Gain/(Loss) on property revaluation	1,409	2,241
Gain/(Loss) on Pension Scheme Revaluaton	-	102
Fund transfers	-	-
Total Surplus/(Deficit) for the year	4,542	(349)

Income:

Total income for the year is £11.129m against budget of £12.076m and against £11.048m in 2022.

CMF is £8.362m with collection for the month of Dec of £946k, our highest in the year. Some of those PCCs who had paused payments in the year were able to catch up in Dec as well.

Parochial fees for the year finished at £405k which is 16% down on 2022 and 10% lower than budgeted. The reason for this is some reduction in activity in parishes and a failure to submit returns in some cases. The parish support team are focussed on chasing the missing returns.

Rental income has dropped by 8.8% from 2022 levels as it was decided not to let several properties due to pastoral concerns.

Stronger levels of investment income (£585k against budget of £350k and against £346k in 2022) reflect the higher interest rates in place across 2023. Income from our investments (not bank interest) are relatively stable at approx. £54k per quarter.

Income from grants for the year is £450k which is lower than budget but is 36% higher than 2022. SMF funding has increased as we are receiving for 2021, 2022 & 2023 cohorts and we also received £40k POFR funding towards the cost of one of our clergy.

Expenditure:

Total expenditure for the year is £11.779m against budget of £11.473m and against £11.039m in 2022.

Mission Development Costs (£9.2m) were £109k over budget due to higher expenditure on Clergy Remuneration, Clergy Support and Clergy Housing.

Mission Support Costs are £304k over budget and this relates mainly to increased cost of interest on borrowings (we repaid £650k of loans in Oct 2023) as well as increased IT costs and utilities.

Nation Church Votes 1 to 5 are in line with expectations and slightly below the figures for 2022.

Balance Sheet:

The Balance Sheet total at the end of the year is £183m.

In line with our policy, 20% of our property portfolio was revalued at year end, giving rise to a surplus of £1.409m.

We undertook a revaluation of our Glebe portfolio, and this gave rise to a surplus of £1.12m and the revaluation of our investment portfolio at CCLA resulted in a surplus of £1.82m.

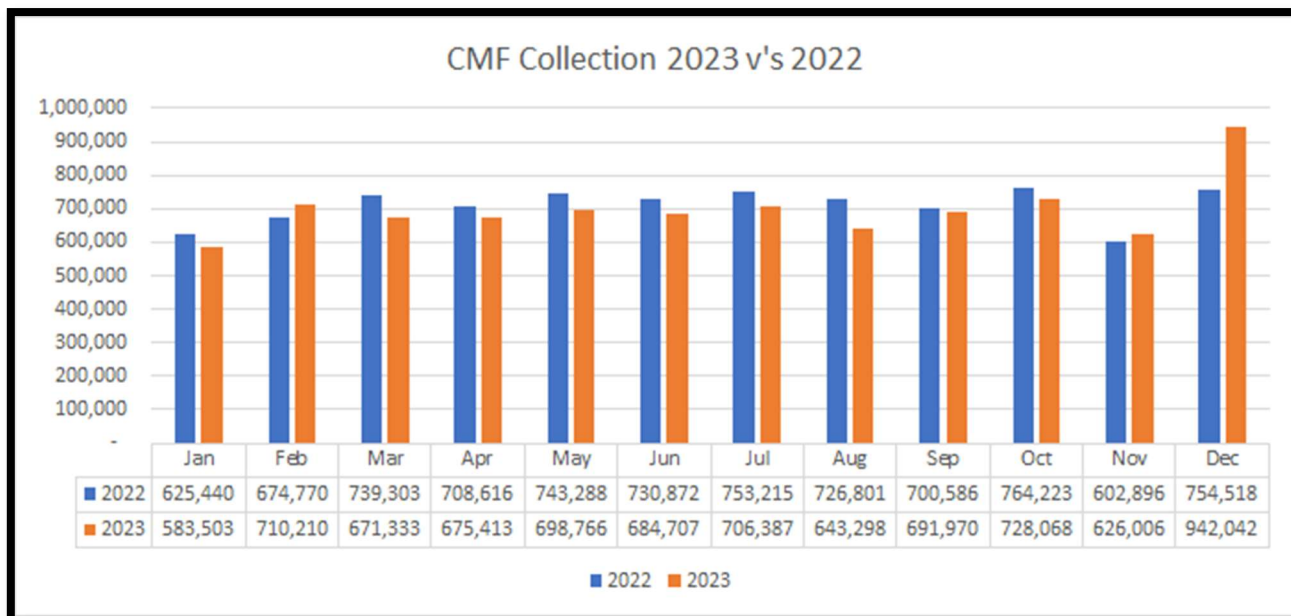
Total cash year end is approx. £10.1m across all funds. Cash belonging to restricted, designated and endowments funds was £5.8m with cash available to the general fund of £4.3m which is the equivalent of approx. 4 month's budgeted expenditure.

Creditors and liabilities are approx. £2.15m – this has fallen from last year as we repaid a CCLA loan of £650k in Oct 2023.

Debtors of £2.99m include Parish Loans of £1.06m and loans to LSE of £650k (LSE repayments are £75k per annum).

Common Mission Fund (CMF) 2023

The largest income variance is as expected, on CMF where we have received £8.362m against a budget of £9.262m (shortfall of £900k). This represents a collection rate of 90.3% and has created a strain on Diocesan resources. The CMF review group are working closely with our parishes on this. The figure at the end of 2022 for comparison was £8.524m.



The collection rate by Deanery for the year was as follows. Note, the request amount does vary slightly from the budget figure as it changes during the year in response to any special measures or other amendments. The budget remains fixed for the year.

Deanery	2023 Request	2023 Paid	2022 Paid
Alresford	445,521	374,233	362,791
Alton	492,328	398,628	466,329
Andover	563,757	501,545	527,338
Basingstoke	764,043	700,081	744,558
Odiham	778,044	759,449	763,769
Whitchurch	546,761	469,851	468,968
Winchester	1,064,152	1,060,550	1,076,126
Bournemouth	677,761	539,449	554,999
Christchurch	781,393	628,147	620,406
Eastleigh	672,428	650,081	654,558
Lyndhurst	1,133,213	987,616	1,015,615
Romsey	641,896	637,745	651,034
Southampton	670,324	658,524	618,038
	9,231,623	8,365,900	8,524,528

Clergy Costs 2023

Expenditure on our clergy and related costs amounted to £7.569m, compared to budget of £7.427m and against the total cost for 2022 of £7.295m as is split as follows:

Clergy Costs (Mission Development)	2023 Actual £'000	2023 Budget £'000	2022 Actual £'000
Clergy Remuneration	5,247	5,226	5,017
Clergy Support	338	295	346
Clergy Housing	1,985	1,906	1,932
	7,569	7,427	7,295

Clergy Remuneration:

Costs for the year were £5.247m against a budget of £5.226m and against the same period in 2022 of £5.017m and is broken down as follows:

	Actual 2023 £'000	Budget 2023 £'000	Actual 2022 £'000
Stipends - Clergy & Archdeacons	3,097	3,223	2,783
Stipends - Curates	832	740	785
Pension Contributions	969	938	1,141
NI & Apprenticeship Levy	328	326	308
Church Army employment costs	21	-	-
	5,247	5,226	5,017

Stipends increased by 7% in Apr 2023 and the cost of contributions to the clergy pension scheme fell from 36% to 28% of the previous year's National Minimum Stipend (NMS) in Jan 2023.

Clergy Support:

Costs for the year are £338k compared to budget of £295k and compared to a figure of £346k for 2022. The 2023 figure is made up as follows:

	Actual 2023 £'000	Budget 2023 £'000	Actual 2022 £'000
Resettlement Grants - Grants paid	72	150	193
Resettlement Grants - removal costs	112		
First Appointmet Grants	78	80	77
Salary & related costs (seconded to Hants Constabulary)	58	57	54
Other Costs	19	8	22
	338	295	346

We paid 27 Resettlement Grants (£72k) and 29 First Appointment Grants (£78k) in the. Most of our recent clergy appointments are First Incumbencies and are therefore eligible for the grant.

Clergy Housing:

Expenditure for the year is £1.985m and is over budget (£1.906m) and 2022 (£1.932m). We continue to see the impact of high costs of materials and labour in the works carried out on our properties. The above figures do not include the costs incurred on the refurbishment of Old Alresford Place ahead of our proposed move of the staff team from Wolvesey in Jun 2024 as these costs are being capitalised.

Appendix 1 – Designated, Restricted, Endowment funds 31 Dec 2023

Income – All Funds:

Total income across all funds for 2023 was £13.046m – this is approximately 1% up on the previous year 2022. Fund income for the year is summarised as follows:

Income 2023 - All Funds	General £'000	Restricted £'000	Designated £'000	Endowment £'000	Total 2023 £'000	Total 2022 £'000
Common Mission Fund	8,362	-	-	-	8,362	8,524
Parochial Fees	405	-	-	-	405	484
Rental Income	996	28	-	-	1,024	1,123
Investment Income	585	517	26	28	1,156	851
Grants Received	450	1,266	-	-	1,716	1,601
Other Income	332	52	-	-	385	319
	11,129	1,863	26	28	13,046	12,901

Grant income on the restricted fund of £1.266m includes £924k from Archbishops' Council for Strategic Development Funding (SDF).

Expenditure – All Funds:

Total expenditure across all funds for 2023 was £12.985m – this is on parr with the previous year 2022 figure of £12.980m. Fund expenditure for the year is summarised as follows:

Expenditure 2023 - All Funds	General £'000	Restricted £'000	Designated £'000	Endowment £'000	Total 2023 £'000	Total 2022 £'000
Clergy Remuneration	5,247	-	-	-	5,247	5,062
Clergy Support	338	36	-	-	374	483
Clergy Housing	1,985	-	-	-	1,985	1,936
School of Mission	819	258	-	-	1,077	1,108
Mission Action	-	670	-	-	670	834
Education	371	-	-	-	371	339
Safeguarding	273	-	-	-	273	227
Communications	168	-	-	-	168	151
Central Support	894	39	58	-	990	1,320
Finance	476	15	-	-	491	318
HR	297	0	-	-	297	256
Diocesan Office, Registrar & Synod	387	-	-	-	387	256
National Church Votes 1-5	525	151	-	-	676	690
	11,779	1,169	58	-	13,006	12,980

Mission Action costs of £670k on the restricted funds relates to SDF expenditure for the year.

Appendix 2 - Income & Expenditure (General Fund) 31 Dec 2023

WDBF	Jan to Dec 2023 - General Fund						
	Actual	Budget	Actual	Variance		Variance	
	2023	2023	2022	Act vs Budget		2023 vs 2022	
	£'000	£'000	£'000	£'000	%	£'000	%
INCOMING RESOURCES							
Common Mission Fund	8,362	9,262	8,524	(900)	-10%	(162)	-2%
Fees	405	450	484	(45)	-10%	(79)	-16%
Rental Income	996	1,151	1,092	(155)	-13%	(96)	-9%
Investment Income	585	350	346	235	67%	239	69%
Grants Received	450	671	330	(221)	-33%	120	36%
Other Income	332	192	272	140	73%	60	22%
Total Income	11,129	12,076	11,048	(947)		82	
RESOURCES EXPENDED							
Clergy Remuneration	5,247	5,226	5,017	(20)	0%	229	5%
Clergy Support	338	295	346	(43)	-15%	(8)	
Clergy Housing	1,985	1,906	1,932	(79)	-4%	53	3%
Winchester School of Mission	818	869	729	50	6%	89	12%
Mission Action	0	-	0	(0)	0%	(0)	-11%
Education	371	350	339	(21)	-6%	32	9%
Safeguarding	273	272	227	(1)	0%	45	20%
Communication	168	173	151	5	3%	18	12%
Mission Development Total	9,200	9,091	8,742	(109)		459	
Central Support	894	769	949	(124)	-16%	(55)	-6%
Finance	375	303	273	(71)	-23%	102	37%
Loan Interest	101	11	18	(90)		83	
HR	297	305	253	7	2%	44	17%
Diocesan Office	235	248	147	13	5%	89	60%
Registrar and Legal	133	102	98	(31)	-31%	35	36%
Synodical Government	18	11	11	(8)	-71%	7	
Mission Support Total	2,053	1,749	1,748	(304)		305	
Training for ministry	262	263	276	0	0%	(14)	-5%
National Church responsibilities	251	212	255	(39)	-18%	(4)	-2%
Mission agency support	11	11	15	0	0%	(4)	-27%
Clergy retirement housing	1	147	3	146	99%	(2)	
Other						0	
National Church Votes 1-5	525	633	549	107		(24)	
TOTAL EXPENDITURE	11,779	11,473	11,039	(306)		740	
Operating Surplus/(Deficit) before transfers	(650)	603	9	(1,253)		(658)	
Realised Gains	(103)	-	187	- 103		(289)	
Unrealised Gains - Investments	290	-	(406)	290		696	
Unrealised Gains - Property	(50)	-	-	(50)		(50)	
Revaluation of lay staff pension scheme	-	-	12	-		(12)	
Fund Transfers	390	-	15	390		375	
Operating Surplus/(Deficit) after transfers	(122)	603	(183)	(725)		61	

Appendix 3 - Income & Expenditure (All Funds) 31 Dec 2023

WDBF	Jan to Dec 2023 - General Fund					Jan to Dec 2023 - All Funds	
	Actual	Budget	Actual	Variance		Actual	Actual
	2023	2023	2022	Act vs Budget		2023	2022
	£'000	£'000	£'000	£'000	%	£'000	£'000
INCOMING RESOURCES							
Common Mission Fund	8,362	9,262	8,524	(900)	-10%	8,362	8,524
Fees	405	450	484	(45)	-10%	405	484
Rental Income	1,019	1,151	1,092	(132)	-11%	1,047	1,123
Investment Income	585	350	346	235	67%	1,156	851
Grants Received	450	671	330	(221)	-33%	1,716	1,601
Other Income	309	192	272	117	61%	361	319
Total Income	11,129	12,076	11,048	(947)		13,046	12,901
RESOURCES EXPENDED							
Clergy Remuneration	5,247	5,226	5,017	(20)	0%	5,247	5,062
Clergy Support	338	295	346	(43)	-15%	374	483
Clergy Housing	1,985	1,906	1,932	(79)	-4%	1,985	1,936
Winchester School of Mission	818	869	729	50	6%	1,077	1,108
Mission Action	0	-	0	(0)	0%	671	834
Education	371	350	339	(21)	-6%	371	339
Safeguarding	273	272	227	(1)	0%	273	227
Communication	168	173	151	5	3%	168	151
Mission Development Total	9,200	9,091	8,742	(109)		10,165	10,141
Central Support	894	769	949	(124)	-16%	990	1,320
Finance	375	303	273	(71)	-23%	389	300
Loan Interest	101	11	18	(90)		101	18
HR	297	305	253	7	2%	297	256
Diocesan Office	235	248	147	13	5%	235	147
Registrar and Legal	133	102	98	(31)	-31%	133	98
Synodical Government	18	11	11	(8)	-71%	18	11
Mission Support Total	2,053	1,749	1,748	(304)		2,165	2,149
Training for ministry	262	263	276	0	0%	262	276
National Church responsibilities	251	212	255	(39)	-18%	251	255
Mission agency support	11	11	15	0	0%	11	15
Clergy retirement housing	1	147	3	146	99%	152	144
Other	-	-	-	-	-	-	-
National Church Votes 1-5	525	633	549	107		676	690
TOTAL EXPENDITURE	11,779	11,473	11,039	(306)		13,006	12,980
Operating Surplus/(Deficit) before transfers	(650)	603	9	(1,253)		41	(79)
Realised Gains	(103)	-	187	(103)		151	202
Unrealised Gains - Investments	290	-	(406)	290		2,941	(2,814)
Unrealised Gains - Property	(50)	-	-	(50)		1,409	2,241
Revaluation of lay staff pension scheme	-	-	12	-		-	102
Fund Transfers	390	-	15	390		-	(0)
Operating Surplus/(Deficit) after transfers	(122)	603	(183)	(725)		4,541	(349)

Appendix 4 - Balance Sheet 31 Dec 2023

WDBF Balance Sheet as at 31 Dec 2023		
	Dec 2023	Dec 2022
	£'000	£'000
FIXED ASSETS		
Tangible assets	146,564	146,981
Investments	25,494	22,612
	<u>172,058</u>	<u>169,593</u>
CURRENT ASSETS		
Debtors	2,993	2,710
Cash on deposit	8,855	8,346
Cash at bank and in hand	1,252	1,124
	<u>13,100</u>	<u>12,180</u>
CREDITORS: amounts falling due within one year	(1,259)	(1,318)
NET CURRENT ASSETS	<u>11,841</u>	<u>10,862</u>
Total assets less current liabilities	183,899	180,455
CREDITORS: Amounts falling due after more than one year	(890)	(1,988)
NET ASSETS	<u><u>183,009</u></u>	<u><u>178,467</u></u>
FUNDS		
Unrestricted income funds:		
General funds	38,105	38,227
Designated funds	1,722	1,449
	<u>39,827</u>	<u>39,676</u>
Restricted funds	11,607	10,762
Endowment funds	131,575	128,029
TOTAL FUNDS	<u><u>183,009</u></u>	<u><u>178,467</u></u>

Appendix 5 - Analysis of Reserves 31 Dec 2023

WDBF Funds Summary - Dec 2023	Dec-22	Income	Realised Gains	Unrealised Gains	Expenditure	Fund Transfer	Net	Dec-23
Unrestricted Funds								
General Fund	38,227,469	11,129,449	(102,787)	240,007	(11,778,984)	389,897	(122,418)	38,105,050
	38,227,469	11,129,449	(102,787)	240,007	(11,778,984)	389,897	(122,418)	38,105,050
	0							
Designated Funds								
General Designated Fund	(589)	-	-	-	-	589	589	-
Parish mission and development	1,000	-	-	-	-	-	-	1,000
Maclean	452,098	19,469	-	35,628	-	-	55,097	507,195
OAP Property	753,297	-	-	-	-	-	-	753,297
Building New Church	334,709	6,163	-	14,225	-	-	20,389	355,098
Planned maintenance sinking fund	(106,459)	-	-	-	-	106,459	106,459	-
Mission Growth Fund	106,100	-	-	-	-	-	-	106,100
Sustainability fund	(5,454)	-	-	-	-	5,454	5,454	-
Clerical Registry fund	(84,852)	-	-	-	(57,987)	142,839	84,852	-
Ministry Investment Designated Fund	-	-	-	-	-	-	-	-
	1,449,850	25,633	-	49,853	(57,987)	255,341	272,840	1,722,690
	(509)	(25,633)			57,987			
Restricted Funds								
General Restricted Fund	26,396	25,040	-	-	(52,840)	1,404	(26,396)	-
Pastoral fund	-	101	-	-	-	-	101	101
Parsonages endowment income	1,000	-	-	-	-	-	-	1,000
Clergy houses fund	3,093,616	57,780	-	44,449	(150,561)	-	(48,332)	3,045,284
Major Ball settlement income	8,094	4,840	-	-	(9,000)	-	(4,160)	3,934
Penrose income fund	80,967	15,121	-	(2,510)	-	(15,121)	(2,510)	78,457
Clergy welfare income fund	833,736	202,525	-	37,027	(30,187)	(171,000)	38,366	872,102
Chalke Bequest income	14,680	2,262	-	-	-	(2,262)	0	14,680
Church schools fund	12,334	1,420	-	-	-	-	1,420	13,754
Queen Victoria clergy fund	-	2,757	-	-	(457)	-	2,300	2,300
Pember income fund	80,203	-	-	2,693	-	-	2,693	82,897
Widows and dependants fund	955,939	36,054	-	76,687	(10,140)	-	102,601	1,058,540
Thorold library fund	24,000	-	-	-	-	-	-	24,000
ICSF grant fund	419,844	12,900	(762)	37,513	-	-	49,651	469,496
Council for Social Responsibility	695,111	47,768	-	111,174	14,873	(5,726)	168,089	863,200
Fairbarn trust	338,241	12,238	-	30,360	(777)	-	41,821	380,062
Tale Tellers	2,046	119	-	-	-	(119)	0	2,046
Christopher library	4,000	-	-	-	-	-	-	4,000
RME Training for Mission	559,038	267,517	-	-	(256,193)	-	11,324	570,363
Winchester Mission Action	274,395	924,011	-	-	(670,552)	-	253,459	527,854
Northbrook	3,775	174	(124)	-	-	-	50	3,825
Schools Development Fund	3,299,946	157,798	-	171,776	-	(130,000)	199,574	3,499,520
Giving Advisor	35,000	24,000	-	-	-	(23,000)	1,000	36,000
Ministry Hardship Fund	-	-	-	-	(1,000)	1,000	-	-
Net Zero Carbon Funding	-	15,000	-	-	-	(8,693)	6,307	6,307
RMF Ordinands	-	48,842	-	-	(1,636)	-	47,206	47,206
Racial Justice	-	5,000	-	-	(127)	(4,873)	-	-
	10,762,363	1,863,268	(886)	509,169	(1,168,597)	(358,391)	844,563	11,606,926
Endowment Funds								
Benefice houses	95,761,638	-	234,809	1,476,959	-	-	1,711,768	97,473,406
Stipends fund capital	22,921,616	16	19,698	1,327,019	-	-	1,346,733	24,268,349
Parsonages endowment capital	788,017	-	-	74,794	-	-	74,794	862,811
Major Ball settlement capital	156,976	-	-	14,772	-	-	14,772	171,748
Penrose capital	344,390	-	-	32,732	-	-	32,732	377,122
Clergy welfare capital	6,428,925	-	-	476,880	-	-	476,880	6,905,805
Chalke bequest capital	62,417	677	-	5,728	-	(677)	5,728	68,145
Widows and dependants capital	197,615	-	-	18,842	-	-	18,842	216,457
Thorold library capital	218,097	-	-	20,752	-	-	20,752	238,849
Pember capital	884,406	27,073	-	77,103	-	(27,073)	77,103	961,508
Christopher Library	4,529	-	-	682	-	-	682	5,211
Chute endowment	259,097.55	-	-	24,620	-	(259,098)	- 234,478	24,620
	128,027,724	27,765	254,507	3,550,882	-	(286,847)	3,546,307	131,574,030
TOTAL	178,467,405	13,046,115	150,834	4,349,910	(13,005,568)	-	4,541,291	183,008,696

Appendix 6 - Analysis of Debtors & Creditors 31 Dec 2023

Debtors at Dec 2023 were £2.993m compared with £2.710m at Dec 2022.

Debtors	Total 2023 £'000	Total 2022 £'000
Loans to Parishes	1,065	1,084
Loans to LSE	651	725
Loans to Schools	65	65
Other loans	126	149
Sales Ledger Debtor	305	57
Prepayments & Accrued Income	703	544
Other Debtors	78	86
	2,993	2,710

Creditors at Dec 2023 were £2.15m compared with £3.30m at Dec 2022.

Creditors - due within 1 year	Total 2023 £'000	Total 2022 £'000
Loans from Parishes	459	360
Church Commissioners Loan	12	14
NatWest Loan	18	16
Creditor relating to closed school	399	399
Purchase Ledger Creditor	149	134
Sundry Creditors & Accruals	221	395
	1,259	1,318
Creditors - due after 1 year	Total 2023 £'000	Total 2022 £'000
Loans from Parishes	-	589
CCLA Loan	350	1,000
Church Commissioners Loan	184	61
NatWest Loan	128	137
Other Loans	228	199
	890	1,987
TOTAL CREDITORS	2,150	3,305