

## Comments/questions on the Annual Accounts and report for 2024

1. There was an increase of 3 stipendiary posts above 2023 (105 v.102); all stipends were increased by 7%, from 1<sup>st</sup> April 2024; the total cost rose from £3.929m to £4.346m plus insurance of £0.045m. The total cost of stipendiary posts was £5.6m, compared to £ 5.23m. Page 8.

**Response:** We budget for 116.5 full time equivalent (FTE) stipendiary posts (plus a further 28 stipendiary curates). This figure is then reduced by our 'vacancy factor' of 9 FTE posts each year recognising that we are always likely to have some posts vacant at any time. The average number of incumbents (excl. Archdeacons and Curates) was 105.4 in 2024, and we saw the largest increase in the second half of the year to finish 2024 with 110 FTE, compared to 101 in Dec 2023. The costs of stipends & pensions can be summarised as follows:

	2024	2023
Stipends - Archdeacons	68,723	74,060
Stipends - Incumbents	3,377,324	3,022,895
Stipends - Curates	899,998	832,241
NI & levies	372,953	328,204
Pension Contributions	879,946	968,753
	<b>5,598,946</b>	<b>5,226,154</b>

The contribution rate for clergy pension reduced from 28% of National Minimum Stipend (NMS) to 25% of NMS in Apr 2024 due to strong performance by the Clergy Pension Board nationally. Note, the rate has reduced further in Apr 2025 to 22% of NMS (impacting on 2025 accounts). We are currently awaiting information on the projected contribution rate for 2026 given the recently announced proposed changes to improve clergy pensions next year.

2. The budget for CMF contributions was £8.447m, and the shortfall was £0.557m. For 2023, comparable figures were £9.262m and £0.935m. 93.4% and 89.9% respectively. It is noted that the budget for 2025 includes an increase in stipends of 3% and an expectation of 116.5 stipendiary posts to be filled. Page 28.

**Response:** The 2024 CMF collection of £7,902k represents a collection rate of 93.6% against the 2024 request. If we exclude amounts that were received relating to the previous year, the collection rate drops to 93.4%. Of our 231 parishes for CMF purposes in 2024, 114 parishes paid 100% of their request or higher and there were 6 parishes that we didn't receive a payment from.

3. If an increase of 3 stipendiary posts cost £370k, another 11.5 might well cost £1.42m.

**Response:** The difference in costs in point (1) above of £373k doesn't just equate to the increase in average clergy numbers during the year. The lower clergy FTE numbers at the beginning of the year were at a lower stipend rate whilst the figures from Apr 2024 onwards increased by 7%. This increase also applied to stipends for Archdeacons and Curates as well as to the allowances (Housing Allowance and Area Dean Allowance). It also doesn't take into account the contribution cost of Clergy Pension which reduced from 28% to 25% from Apr 2025. A typical stipendiary cost in 2024 for an incumbent (ignoring housing costs, training, overheads etc.) would be as follows:

	2024
Stipends - Incumbents	31,152
NI & levies	2,284
Pension Contributions	6,810
	<b>40,246</b>

4. On page 10 of the report, the penultimate paragraph notes that the finance committee is asking for the three-year budget to be recast in the light of these significant changes. Is this being considered?  
**Response:** Diocesan Budgets follow the pattern set by National Church and work in trienniums. For the 2023 to 2025 triennium, we are re-working the 2025 figures and plan to take this to our Finance Committee in Sep 2025.

The 2026 to 2028 figures will be worked on at a high level initially (focussing on 2026 firstly) whilst we wait for the outcome of the Diocesan Finance Review to be signed off at General Synod.

5. On page 8, the figures given for CMF receipts are £8.36m in 2023 and £7.9m in 2024. This may reflect the decision to make lower requests in 2024.  
**Response:** The CMF budget for 2024 was set using a number of factors. This includes the actual collection rate in the previous year but also the outcomes of the CMF Review Group.  
It is positive to note that the CMF collection rate for 2025 is currently over 11% higher than at this time in 2024. We are really grateful for all those PCCs who have responded in this way.

6. The sale of 7 houses on page 7 resulted in a loss of £55,000, and 4 glebe assets in a gain of £82,000. The revaluation of the investment portfolio of £552k gave a total gain of £604k. Revaluation of property showed an unrealized gain of £4.949m  
**Response:** Of the seven houses sold in 2024, two were sold at less than their carrying value, and five were sold at prices in excess of the carrying value, resulting in an overall loss of £55k.

7. Property rental pages 3 and 31 decreased from £926k to £777k. Investment income rose by 1% from £655k to £664k. page 8.

**Response:** The decrease in rental income is largely the result of fewer houses available to rent out, due to both an increase in our clergy headcount, plus the sale of some of our surplus houses, in line with our housing strategy. We are also mindful of changes in legislation affecting the rental market which have made it more difficult to rent on a short-term basis, and on some occasions we have taken the strategic decision to not rent out a house whilst we are waiting to fill a vacancy.

Investment income includes the income from our CCLA portfolio, our Glebe portfolio and interest on our bank deposits. The increase in deposit income reflects strong deposit interest coupled with an increase in the level of funds held in the CCLA Deposit Fund. Income from glebe assets is in line with 2023 levels at £70k and reflects the nature of many of the glebe tenancy agreements as well as the nature of the glebe assets themselves.

8. Page 24 shows a gain from the sale of property and equipment of £5.570m (£2.298m in 2023). Purchase of property cost £1.627m and repayment of borrowing £1.274m. On page 7, it states that we sold 7 houses, resulting in a small loss on disposal of £55k (a Gain of £132k in 2023). Please clarify these figures.

**Response:** Page 24 is the Cashflow Statement and the figure of £5.370m (not £5.570m) represents the *proceeds* of the sale of assets and investments in the year. It is not the gain/loss, which is shown in the SOFA. The proceeds includes £4.544m from the sale of houses and £826k from the sale of investments (glebe assets).

9. Page 23 Cash on deposit is given as £10.298m (£8.855m in 2023), plus £1.807m in cash (£1.252m in 2023). Why is money going into deposits and not into growth funds?

**Response:** The authority for decision making on our investment portfolio is delegated to our Finance Committee. The CCLA investment portfolio, including CCLA Deposits, is reviewed on a quarterly basis and any decisions to change the investment mix are only taken with the agreement of the committee. CCLA are invited to attend the Finance Committee meeting at least once a year and give an update on investment performance and their view on the asset mix within the portfolio.

10. Page 9 states CCLA has performed well in the year against the set of benchmarks. In previous years, the benchmark performance of this and other investment houses was shown, but not this year. Why not? The property fund was closed and amalgamated into the other portfolios. Why?

**Response:** As outlined under point (9) above, the decision to sell our holdings in the CCLA Property Fund was made by the Finance Committee following careful consideration. Other dioceses have also made similar decisions recently.

We changed the presentation of the note in the accounts which covered CCLA performance. This was primarily so that we could also show the glebe portfolio as part of the overall investment portfolio, but we will look at how best we can incorporate this information again in the 2025 accounts. In the meantime, an extract from the CCLA investment performance in 2024 is included below:

<b>Fund total return performance</b>				
<b>Performance **</b>	<b>Current quarter (%)</b>	<b>Last twelve months (%)</b>	<b>Last three years annualised (%)</b>	<b>Last five years annualised (%)</b>
<b>COIF Charity Fund holdings within portfolio</b>				
Investment	+0.81	+5.08	+2.42	+6.72
Fund comparator *	+4.84	+15.30	+5.51	+7.40
<b>CBF Fund holdings within portfolio</b>				
Investment	+0.39	+5.09	+2.43	+6.82
Fund comparator *	+4.84	+15.30	+5.51	+7.40
Property	+2.23	+6.14	-1.11	+2.87
Fund benchmark **	+2.09	+5.05	-2.06	+1.87
Deposit	+1.19	+5.18	+3.69	+2.29
Fund benchmark *	+1.22	+5.23	+3.76	+2.26

11. Total investments given on page 10 amount to £25,272m (£25.494m in 2023). The main FTSE index rose to around 8,000 in 2024. Our investments fell. Why?

12. **Response:** A comparison of our investment performance cannot be carried out by just referring to the opening and closing balances. This misses out on a number of important considerations:

- a. The investment portfolio includes glebe assets and unlisted investments totalling £1.455m and these are subject to substantially different valuation bases to investments in the FTSE index.
- b. Investments with a carrying value of £744k were sold during 2024

13. It seems more money is now being held in deposit accounts each year, with little potential for growth. What is the investment strategy to match inflation and grow the value of our investments in line with what would have been achieved had houses not been sold to put money into the stock market?

**Response:** As per point (9) previously, the authority for decision making on our investment portfolio is delegated to our Finance Committee. The CCLA investment portfolio, including CCLA Deposits, is reviewed on a quarterly basis and any decisions to change the investment mix are only taken with the agreement of the committee. CCLA are invited to the Finance Committee at least once a year and give an update on investment performance and their view on the asset mix within the portfolio.

The Deposit Fund also gives a measure of protection when markets are turbulent, but the trustees and committee members are mindful of the need to balance their stewardship responsibilities with the need to maximise investment returns.

The higher level of funds held in deposits in the last couple of years has been driven by the need for access to cash to help mitigate the low levels of CMF collection rates on our cashflow. In light of the performance in 2025, the Finance Committee are minded to move more cash into investments.

14. A Times article for 10<sup>th</sup> June 2024 states that the CofE priests have been given a pay rise of 11% to take their minimum stipend above £33,000 pa. In the text, it says 10.7%: £30,110 to £33,350. How will this affect this diocese and its budgets? For 116.5 posts, the extra cost would be £377,460.

**Response:** We are waiting on the final approval from General Synod on the National Church budget proposals for the triennium funding 2026 to 2028 but the Central Stipends Authority (CSA) has agreed that the National Minimum Stipend (NMS) be increased to £33,350 from Apr 2026. CSA have also agreed that the National Stipend Benchmark (NSB) for incumbents is increased to £34,950 from Apr 2026.

Dioceses are invited to adopt the NSB for incumbents and NMS for curates, but this is not mandatory, and Dioceses are free to set their own stipend rates. For WDBF, any change to our stipendiary rates will be subject to approval by Bishops Council, but following these rates would result in an increase of 7.1% for incumbent stipends and 8.7% for curate stipends, as our rates were already above the NSB. As part of our budgeting work for 2026, we are continuing to work through the impact of these potential increases.

Michael Minton, 17<sup>th</sup> June 2025.