

Diocesan Budget

An update on the Diocesan Financial Plan

Introduction

1. As noted in the response to the Deanery Finance Consultation Summary Report, our diocese has been subject to several significant financial changes and challenges since our 2024 to 2026 three Year Financial Plan was approved by Diocesan Synod.
 2. As such, it has been necessary to recast both the 2025 budget and 2026. Diocesan Synod is asked to note the projected changes to 2025, and to approve the revised budget for 2026.
 3. It is proposed that this work will then form the foundation of our proposals for the next 3 year financial plan running from 2027 to 2029. The consultation process for this will be started in 2026.
 4. In line with the feedback from the Deanery Finance Consultations, we are not seeking to address the budget challenges through implementing major cost cutting exercises at this stage. It is the hope of the Bishop's Council that our strategy to maintain our investment in mission and ministry will lead to further growth in our outreach, attendance and discipleship. This in turn should ensure the current improvement in our CMF collection rate can be maintained into future years. The Finance Committee and the Bishop's Council will continue to scrutinise and monitor the situation, setting milestones for review and strategic decision making.
 5. We are now seeking Diocesan Synod's engagement in the following three areas:
 - a. To note the recasting of the 2025 budget approved by the Bishop's Council.
 - b. To consider and approve the proposed changes to the 2026 budget.
 - c. To offer initial feedback, comments and challenges as we start to design the three-year financial plan for 2027 to 2029.
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Revised Budget Summary

6. The detailed recasting of the budgets has been reviewed by the Diocesan Finance Committee, and can be summarised as follows:

WDBF	General Fund					
	Actual	Budget	Original Budget	Original Budget	Revised Budget	Revised Budget
	2024	2024	2025	2026	2025	2026
	£'000	£'000	£'000	£'000		£'000
INCOMING RESOURCES						
Common Mission Fund	7,902	8,645	8,862	9,093	8,255	8,638
Fees	444	459	464	468	425	440
Income from Parishes	8,347	9,104	9,326	9,561	8,680	9,078
Rental Income	847	1,100	1,111	1,122	823	901
Investment Income	593	400	412	424	540	420
Asset Income	1,441	1,500	1,523	1,546	1,363	1,321
Grants, Donations & Recharges	674	637	642	647	530	976
Budgeted Use of Restricted Funds	1,117	475	482	487	2,693	1,437
Grants, Reserves & Restricted Funds	1,791	1,112	1,124	1,134	3,222	2,413
Total Income	11,578	11,716	11,973	12,241	13,266	12,813
RESOURCES EXPENDED						
Clergy Remuneration	5,606	5,448	5,666	5,893	6,003	6,500
Clergy Housing	2,166	2,042	2,083	2,124	3,571	3,049
Clergy Appointments & Support	393	412	413	421	400	380
Ministry Training (WSM)	545	679	693	707	465	490
Ministry Support Total	8,710	8,581	8,854	9,145	10,440	10,419
Education	366	365	372	380	386	414
Parish Support	588	355	351	358	546	674
Safeguarding	283	273	278	284	350	368
Communications	139	177	180	184	155	164
Parish & Schools Support Total	1,376	1,169	1,182	1,206	1,437	1,620
Diocesan Operations	473	431	409	417	446	418
Finance	635	509	520	530	288	304
HR	308	311	317	323	314	297
Dio Sec, Chancellor, Registrar & Legal	425	283	335	341	366	420
Diocesan Support Total	1,841	1,534	1,580	1,612	1,415	1,439
Training for Ministry	362	398	406	414	355	309
National Church Responsibilities	253	216	221	225	249	-
Mission Agency Support	-	-	-	-	12	-
Clergy Retirement Housing	-	151	154	157	-	-
Ordinand Maintenance Grants	309	196	200	204	366	278
Ordinand Maintenance Grant Pooling	(101)	(101)	(103)	(105)	(69)	(120)
National Support Total	823	860	877	895	913	467
TOTAL EXPENDITURE	12,750	12,144	12,494	12,857	14,204	13,945
Operating Surplus/(Deficit) before transfers	(1,172)	(428)	(521)	(616)	(939)	(1,132)

Income:

- a. **Income from parishes** has been reduced for both years due to actual experience of CMF and Fees income in 2025 YTD. Whilst this shows a significant improvement over 2024, it is still likely to come in lower than we had originally budgeted.
- b. **Asset Income** has been reduced for by about £150k. This is due to lower rental income than hoped. This is in part driven by the uncertainty in the rental market, in part by the high percentage of clergy posts not in vacancy, and in part by the ongoing vital property improvement works to our portfolio which are taking time to complete during vacancies thereby reducing potential lets.
- c. It is proposed to increase income from **Grants, Reserves & Restricted Funds** substantially for the next two years to help offset the loss of other income. This will in part be achieved through prudent strategic use of accrued income, and part from the Time Limited Funding provided by the Archbishops' Council. This approach does come with a reduction in future income arising from these assets.
- d. The large increase in **Budgeted use of restricted Funds** In 2025 is predominately driven by a new approach to which costs get charged back to restricted funds. We have chosen to retrospectively apply this approach to the last few years, resulting in a large increase in 2025 before returning to our expended annual run rate for 2026.

Expenditure:

- e. **Ministry Support** costs will see a substantial increase in both years (c. £1.6m) due to the impact of General Synod's decision on clergy stipends and pensions, and the vital works to our clergy housing stock identified by Savills. It is expected that the current high level of works on housing will be completed within 5 years, resulting in a significant reduction in expenditure at that time.
- f. **Parish & Schools Support** costs will also increase. In part this has been drive by the need to increase our Safeguarding resources, but also by the appointment of some additional roles in Parish Support that are part-funded through national grants (and therefore offset by increase in budgeted grant income).
- g. **Diocesan Support costs** will reduce by £150k to £200k per year due to changes in staffing structures, in addition to a change to how the costs of the joint finance team are reflected.
- h. **National Support costs** will be higher than originally budgeted in 2025, but then drop significantly in 2026 as the impact of the national funding changes takes effect.

Potential Responses to Budget Challenges

7. In preparing these revised budgets, the Finance Committee has considered a range of options to help manage our current financial challenges.
8. These options were offered to the Bishop's Council with a clear understanding that they were not long-term solutions but rather short-term measures to allow existing ministry provision to be retained. This approach is not without risk. If our hopes and plans for sustainable growth in both mission and finances do not come to fruition, we will have used significant levels of reserves to maintain a status quo that is not delivering change. Whilst noting this risk, the Finance Committee and the Bishop's Council believed that the alternative presented and even greater risk of cutting costs in order to manage decline.
9. The proposed options are summarised in **Appendix 1**.

Conclusion

10. The changes summarised in this report arise from a range of matters – many outside the direct control of the Directors of the WDBF and the Diocesan Synod¹. Whilst fully supportive of the need to improve clergy stipends, the decision to approve such a large increase during what is arguably the greatest financial challenge the CofE has ever faced highlights the risks that arise from the reality of General Synod acting as a legislative rather than Trusteeship body.
11. As ever, the solution to our financial challenges will only be found in adhering to our calling of making and growing disciples of Christ. The recasting of our budget in the way proposed will not in itself lead to the sustainable growth that our diocese needs. It will however we hope provide more time for our prayers to become reality.
12. At the meeting, Diocesan Synod will be asked to approve the following motion, but also to begin **conversation and discussion (in small groups)** to help start to frame the process and content for our next three-year financial plan.
13. **The Diocesan Synod is asked:**
 - a. **To take note of the revised budget projections for 2025.**
 - b. **Approves the proposed changes to the 2026 budget, calling on the Directors of the WDBF to enact the changes as specified.**
 - c. **Supports the proposed options for addressing the financial challenges in the short-term as set out in Appendix 1.**
 - d. **Renews their call and challenge to all parishes, chaplaincies and worshipping communities to focus on sustainable growth in numbers and spiritual maturity.**

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November 2025

¹ The decision to address the major works to our clergy housing over the next 5 years was a decision of the DBF but one that is felt to be vital.

Action	Comments	Risks
1. Adopt Total Returns on Clergy Stipends Capital Fund	<p>The Clergy Stipends Capital Fund (often referred to as the Glebe Fund) holds assets and investments that are restricted to supporting the costs of clergy and their houses. The fund currently holds c £24m but most is in fixed assets (our curates houses and Glebe land).</p> <p>The Fund does however currently hold around £3.5m of cash (investments). If the WDBF were to adopt a Total Returns Policy for this fund, then this sum could be released to be spent in line with the Restrictions. The Finance Committee recommend that this amount be used to offset the expected increase expenditure of clergy houses over the next 5 years, as quinquennial inspections are fully completed.</p>	<ul style="list-style-type: none"> • Short-term gain versus long term loss of income. • Can only spend the fund once so would need to be assured purpose is strategic i.e. getting our clergy housing up to standard.
2. Clergy Support Fund	<p>The WDBF is currently responsible for the management of 8 Restricted Funds (some of which are endowments) that are restricted to various aspects of support clergy, their houses, training and their dependents in different ways. The nuances of restrictions for each fund have meant that some have been much harder to utilise than others due to the changing nature of support provided to clergy over the decades. This has led to some funds accruing large surpluses, whilst others are spent in full each year.</p> <p>With help from the Diocesan Registrars, it is proposed that we seek a scheme from the Charity Commission to unite all 8 Funds into a single Clergy Welfare Fund. This would give the Directors of the Board far greater ability to set clear budgets each year to make the most of the income the Funds generate. Initial assessment suggests this could 'release' around £200k pa.</p>	<ul style="list-style-type: none"> • Subject to Charity Commission approval which may be time consuming or not forthcoming.
3. Accrued Income on Clergy Welfare Fund	<p>The current Clergy Welfare Fund has a capital endowment of just under £7m. The income fund has a balance of over £900k which has built up over many years. In recent years we have adopted a policy of spending all income from this fund every year (c. £135k) to support clergy welfare and associated costs. Given our current financial challenges, we could budget to spend down the £900k accrued in the income fund over the next 3 years or so. This would ease pressure on our budgets but would reduce the income this amount generates in the future. The main endowment of the fund would remain untouched.</p>	<ul style="list-style-type: none"> • Reduction of income generated by the current £900k balance.



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4. Church Schools Fund	<p>The Schools Development Fund is restricted but not an endowment. This means the fund can be spent in full if we so wished. At the end of 2024, it had a balance of around £3.48m.</p> <p>In recent years spending from the fund has been slightly above the income it generates. This approach could be taken further, with a decision to spend the fund down in full over the coming 9 years, using the fund to cover the costs of our support to our Church Schools. This would have a positive impact on our budgets of about £200k pa for the next 9 years. After that, we would see a cliff edge with the need to fund all education costs in full from the general fund.</p>	<ul style="list-style-type: none"> • Gives a cliff edge where the general fund would need to pick up the costs. • PCCs are usually supportive of funding the cost of our work with schools.
5. Adopt new policy of CMF increasing each year in line with CPIH.	<p>As we look ahead to the next 3 year financial plan, we will need to review our approach to CMF increases. In recent years we have aimed to cap the total increase to 3% a year in order to help leave as much income at PCC level as we can. With the new national policy to link clergy stipends to CPIH each year, the gap between income and expenditure is likely to grow. As such the Finance Committee is of the view that CMF increases should be directly linked to CPIH in the future. It is hoped that this approach will start to close the gap between CMF income and expenditure on stipends. The policy would have a clear logic to it which it is hoped PCCs would understand and accept. This proposal would need to be fully explored as part of the budgeting consultation exercise next year, but could generate a net positive impact of around £100k pa.</p>	<ul style="list-style-type: none"> • Not a quick fix but a long-term strategy. • CMF remains a voluntary contribution from PCCs, meaning that any policy approved by Diocesan Synod cannot be legally enforced.
6. Pilot of Archdeacons' Visitations for financially unsustainable Benefices	<p>At its simplest, the Diocesan budget is ultimately an exercise in mutual support between parishes – a model of redistributing funds and resources across our diocese to maintain a transformative Christian Presence in every community. Whilst this ecclesiological aspiration is laudable, mutual support without mutual accountability is not sustainable.</p> <p>Whilst recognising that there will always rightly be communities and areas that require subsidies from the wider diocesan family, this must be held in tension with the very real financial challenges this model creates. As such, it is proposed that the Archdeacons are asked to work with Area Deans to identify up to 4 benefices where the missional and financial sustainability is most in doubt as a pilot programme across the diocese.</p> <p>Supported by deanery and diocesan colleagues, formal Visitations would then be instigated to help the PCCs understand their local challenges and the impact on the wider diocesan community with a view to developing urgent action plans to bring about change.</p>	<ul style="list-style-type: none"> • Process could be viewed as confrontational, damaging relationships and morale. • If PCCs refuse to engage there are limited options available.



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<p>7. Review of WDBF Processes and Operations</p>	<p>The BCSC and Finance Committee are highly aware of the pressures and huge workload carried by the Diocesan Team. Whilst reduction in headcount have been achieved in recent years, and success in seeking external funding for other roles increased, employed salaries inevitably (and necessarily) remain a large element of diocesan expenditure each year. The BCSC are therefore proposing a review of the processes and operations of the breadth of responsibilities held by the Diocesan Team. This review will focus on identifying any potential efficiencies, gaps, areas for simplification or streamlined operations.</p> <p>The BCSC do not expect this process to lead to substantial cuts in the headcount or salary costs, but note that in the current financial context, no areas can be above scrutiny.</p>	<ul style="list-style-type: none">• Damages morale• Damages organisational effectiveness.• Will require clear criteria for review
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