



BUDGET GUIDE 2017

Supporting the Mission and Ministry of the Diocese of Salisbury

Renewing *HOPE*
Pray • Serve • Grow

Approved by Diocesan Synod on 16 June 2016

The proposed increase in the Diocesan budget for share is 2.5%

God our Father, renew our hope.

*By the Holy Spirit's power, strengthen us to pray readily, serve joyfully
and grow abundantly, rejoicing in Jesus Christ our Lord. Amen*

THE KEY POINTS

- **The increase in Diocesan budget for share in 2017 will be 2.5%**
- This follows no increase in 2016; RPI inflation is projected at 2% for 2016 and 2.8% for 2017¹
- It also comes at a time when we need to begin to increase funding for **vocations and discipleship** to support the vision of Renewing Hope: Pray, Serve, Grow
- 81% of the income towards the Diocesan budget comes from parishes through Share (budgeted at roughly £10m for 2017). 88% of expenditure goes directly back to parishes in terms of parish ministry and resources
- Income from investments, parochial fees, fees for commercial services and other sources is budgeted at a little over £2.4m
- We contribute £1m a year to the National Church for training for future ministers, administration costs, clergy retirement housing and mission, up by 4.5% in 2017
- **Under 4% of expenditure is spent on Diocesan Administration**, which compares favourably with other charities.

BACKGROUND

As mentioned in my January letter to parish treasurers we are fortunate in this diocese that we are in a relatively strong financial position:

- For more than a decade budgetary increases have been half the RPI inflation figure for the same period
- Share increase from 2004 to 2016 was 19.3%, (the percentage per capita increase was 7.4% higher than this due to changes in membership numbers and category selection.)
- 98.9% payment of Share was reached in 2015, around 6% higher than the C of E average
- We began 2016 with 27% of 2016 Share paid in January.

In order to fulfil our ambition of maintaining and developing a thriving Christian presence in every community we need to be pro-active, and this means accelerating the rate at which we recruit and train new ordinands to keep pace with the increasing number of priests who are coming up to retirement.

The challenge is compounded given the new communities to be created with 46,000 new houses to be built in the diocese by 2026 in addition to the 22,000 houses built between 2006 and 2014.

The 2017 budget increase allows us to get this process underway. We remain committed to tight cost control, and the proposed budget assumes a challenge of reducing the budget by £100k, the majority of which at the time of writing still remains to be found. We are continuing to look for savings and are seeking alternative sources of funding, including grants, where these are available.

We are of course totally dependent upon the timely settlement of Share to enable us to meet stipend, housing and other commitments throughout the year, and we ask for your continued support as together we seek to nurture and grow the flame of Christianity across our diocese.

With warmest thanks and best wishes,

Nigel Salisbury, DBF Chairman

¹ **Forecasts for the UK Economy - HM Treasury, May 2016** – the independent average of new forecasts

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/523954/PU797_forecasts_for_uk_economy_349_may_2016.pdf

RENEWING HOPE: PRAY, SERVE, GROW

The Vision 'Renewing Hope: Pray, Serve, Grow' has really captured many deaneries' and parishes' imaginations since it was launched in January 2015. People are thinking about what their plans should be to respond to the challenges – What do you pray for? Whom do you serve? and How will you grow?

If a vision is to have substance, it needs resource. And it is at the local level that this resource works best.

By focusing on how parishes, schools and deaneries might be helped in achieving their plans the Bishop's Council have agreed the following priorities for the next five years.

Pray: What do you pray for?

We pray that worship and prayer will be at the heart of each Christian and Christian community in our diocese.

What will we do?

- Make prayer central whenever we meet
- Create more opportunities to pray together
- Provide resources to help parishes and individuals develop their prayer lives

Serve: Whom do you serve?

We serve our parishes, communities and neighbours, working to help them make Christ known through loving service.

What will we do?

- Continue the support and resources for promoting social justice

Grow: How will you grow?

We support parishes, schools and their leaders to grow in confidence, in numbers, in depth and in impact. If our primary focus is on prayer and serving others we believe we will flourish.

What will we do?

- Increase the training and support for nurturing disciples
- Aim to increase vocations to ordained ministry by 60%
- Increase the training and support for rural ministry
- Support new forms or expressions of church and worship
- Provide direct support to help parishes grow
- Aim to grow church membership by 10% over the next 10 years.

Council considered in more detail the financial and resourcing implications of three key areas:

- **Developing Disciples** – encouraging a thriving discipleship culture in each parish
- **Nurturing Vocations** – flowing from discipleship, helping people respond to God's grace by looking for opportunities to build the kingdom.
- **Sustaining Ministry** – responding to the forecast increase in retirements by identifying and training more priests

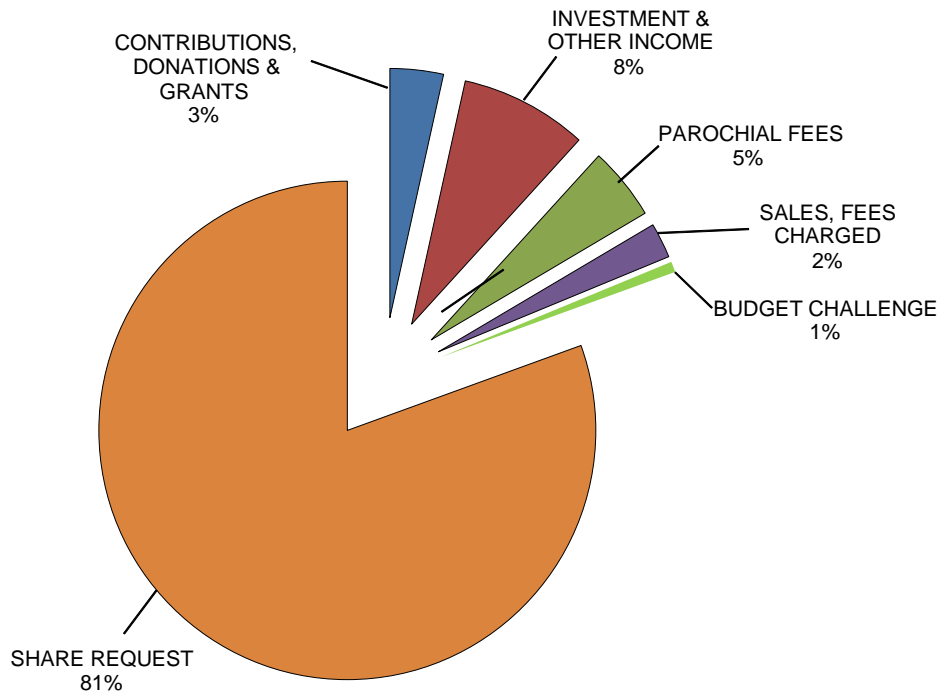
Specific projects that are planned for 2016/2017 include:

- Introducing a **Ministry Experience Scheme**, partly funded by the National Church, that gives young people a year's placement to work in ministry.
- Developing and delivering new **Safeguarding training**
- Resources to encourage giving through **Legacies or Gifts through Wills**
- Introducing the **Parish Giving Scheme** as part of a general stewardship campaign. This scheme helps parishes to manage donations and process Gift Aid.

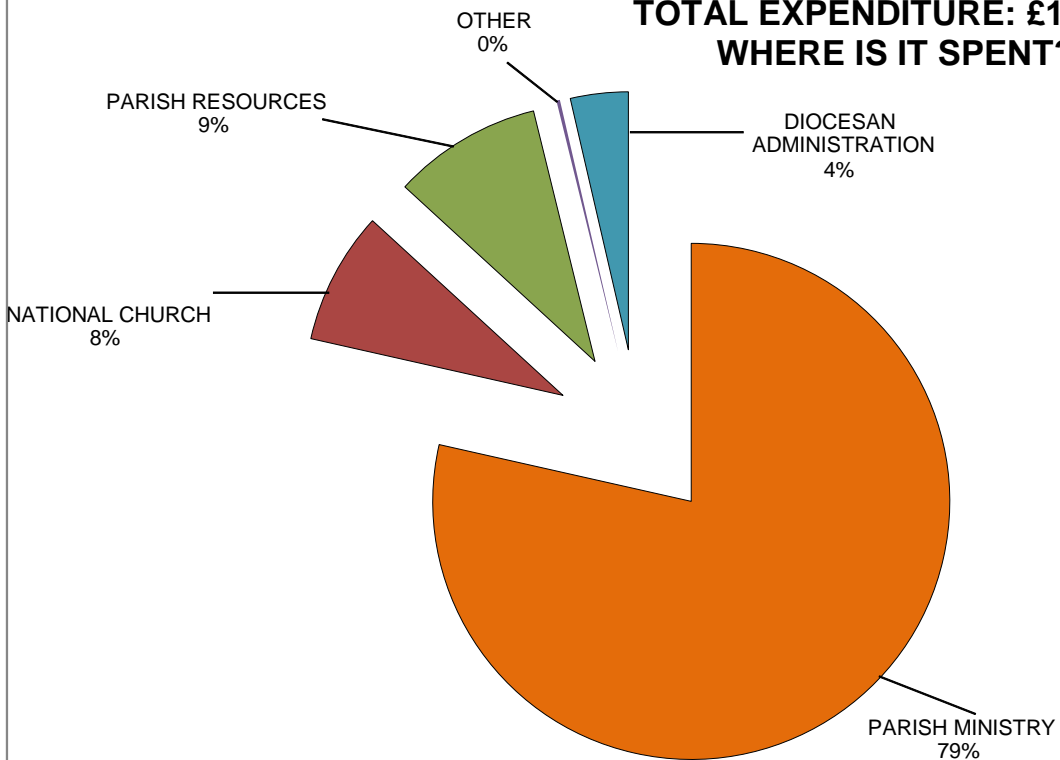
The details of the Vision for the Diocese and these strategic aims were endorsed by Diocesan Synod in February 2016 and are available on the Diocesan web-site. A series of Deanery visits has also been arranged over the next few months to enable further conversations on these subjects.

The Diocesan Budget establishes the funding to enable this work to be carried out, how we share in resourcing our parish ministry and meet the legal requirements of the Board.

**TOTAL INCOME: £12.45m
WHERE DOES IT COME FROM?**



**TOTAL EXPENDITURE: £12.45m
WHERE IS IT SPENT?**



	DRAFT BUDGET 2017				BUDGET 2016			
	EXPENDITURE	INCOME	RESERVES	NET	EXPENDITURE	INCOME	RESERVES	NET
	£000	£000	£000	£000	£000	£000	£000	£000
PARISH MINISTRY								
Clergy stipends	4,898	1,603	-	3,295	4,815	1,526	4	3,285
Employer's National Insurance	371	-	-	371	367	-	-	367
Pension contributions	1,757	-	-	1,757	1,745	-	-	1,745
Clergy removal expenses	57	-	-	57	55	-	-	55
Resettlement grants	61	-	-	61	59	-	-	59
First appointment grants	39	-	-	39	38	-	-	38
Other stipends expenditure	233	-	-	233	239	-	-	239
Clergy House repairs	655	9	-	647	655	10	-	645
Council tax, water rates & insurance	642	-	-	642	652	-	-	652
Property office	391	-	-	391	388	-	-	388
Surveyor fee income	15	270	-	(255)	15	260	-	(245)
Rents received on let houses	-	65	-	(65)	-	170	-	(170)
Vocations and selection	92	0	-	92	73	0	-	73
Learning for Discipleship	98	6	-	93	101	11	-	90
Ministry training and support	292	51	-	241	288	52	-	236
for the Ordinands' Support Fund	105	-	-	105	105	-	-	105
for the Clergy Conference Fund	22	-	-	22	22	-	-	22
Ministry administration	50	-	-	50	48	-	-	48
	9,778	2,003	-	7,774	9,665	2,029	4	7,632
NATIONAL CHURCH								
Archbishops' Council apportionment for National Church responsibilities	540	-	-	540	509	-	-	509
National training for ministry	471	-	-	471	447	-	-	447
General Synod: members expenses	13	-	-	13	13	-	-	13
Diocesan Synod expenses	8	-	-	8	8	-	-	8
	1,031	-	-	1,031	977	-	-	977
PARISH AND SCHOOLS RESOURCES								
The Ramsbury Office	72	32	-	40	71	32	-	39
The Sherborne Office	77	34	-	43	75	34	-	42
Diocesan resources & projects	95	5	-	90	116	5	-	111
Mission Initiatives	136	-	-	136	106	-	31	75
Board of Education grant	289	-	-	289	282	-	-	282
Diocesan Advisory Committee for the Care of Churches (DAC), Mission & Pastoral, Patronage & Trusts	157	-	-	157	157	-	-	157
Church quinquennial inspection fees	80	-	-	80	64	-	-	64
"Safeguarding people"	96	-	-	96	62	-	-	62
Diocesan Registrar	77	2	-	75	77	2	-	75
Communications	86	6	-	80	86	6	-	80
	1,164	79	-	1,085	1,096	79	31	985
OTHER								
Cathedral costs for diocesan services	4	-	-	4	4	-	-	4
for Share adjustments	15	-	-	15	15	-	-	15
General income	8	255	-	(246)	8	305	-	(296)
Budget Challenge		85	-	(85)				
	27	340	-	(313)	27	305	-	(278)
DIOCESAN ADMINISTRATION								
Salary costs (inc NI & pensions)	350	-	-	350	343	-	-	343
Office services & expenses	32	-	-	32	51	-	-	51
Premises costs	24	-	-	24	28	-	-	28
Depreciation on equipment	28	-	-	28	29	-	-	29
Legal and audit fees	17	-	-	17	17	-	-	17
	451	-	-	451	469	-	-	469
TOTAL EXPENDITURE	12,451				12,233			
TOTAL INCOME		2,422				2,413		
TOTAL USE OF RESERVES			-				35	
NET EXPENDITURE/SHARE REQUEST				10,029				9,785
Change '16 - '17				2.50%				

THE BUDGET IN MORE DETAIL

The Directors of the Diocesan Board of Finance (DBF) remain committed to controlling spending as tightly as possible, whilst ensuring that all Diocesan mission and ministry activities have the resources they need. The Directors are continually looking for alternative revenue and/or further cost savings.

Costs are shared across the Diocese using the Fairer Share system so we can ensure that every parish has adequate ministry support and small rural communities can continue to thrive.

These notes describe the main areas of income and expenditure in the budget proposals.

PARISH MINISTRY: £9,778k (net £7,774k)

The first and largest of the five headings includes all those items necessary for discerning, placing and supporting ordained and lay ministers within the Diocese.

The strategic plan is to maintain, if possible, the same number of parochial stipendiary and lay posts, though the deployment of these posts may change as new housing is built. Even to do this, we need to train 180 priests between 2017 and 2027 instead of the 120 we would expect to train. We believe this is vital to achieving growth in numbers, depth and impact.

This heading includes:

- 190 paid posts, some of whom are also housed. These are a mix of 171.5 parochial stipendiary and lay posts, 30 training curates (up 1 from 2016), archdeacons and some chaplaincies, less an average of 20.5 vacant posts over the year, reflecting the increase in clergy retirements. A full time stipendiary priest costs approximately £52K for stipend, pension, national insurance, running costs of housing and local and national training (excluding capital housing costs).
- Increased support for those nurturing vocations and those exploring their vocation from initial discernment through training and curacies as appropriate, with a special focus on young vocations.
- The supervision and support of spiritual directors, resources and opportunities for prayer.
- Increased support and resources to help clergy and parishes to develop Discipleship across the Diocese (Learning for Discipleship): Includes visiting parishes to determine their needs, collecting resources, and training for licenced lay ministers, lay pastoral assistants and lay worship leaders.
- The Ministry for Mission 2 year post supporting new forms of church, including communities in new housing developments, funded from the Crompton Fund, ends in Sept 17.
- Support for ordained clergy through our comprehensive Continuing Ministerial Development programme, Wellbeing programme - funded from the Crompton Fund, and Ministerial Development Review.
- Expenditure on repairs and improvements to clergy housing which for 2017 will be £1,305k, including £650k of capital expenditure which is outside the budget.

Income of over £2m is from: fees for occasional offices conducted by clergy, glebe rents, investments and £270k of fees for property development contracts with parishes, schools, academies and private clients with church connections. £144k p.a. is given by third parties towards various chaplaincy posts such as School and Academy chaplains, the Chaplain to the Deaf and the Gypsy, Roma and Travellers chaplain.

The 2017 budget is calculated assuming a general stipend increase of 1% from 1 April 2016 and up to a 2% increase from 1 April 2017. The Archbishop's Council is reviewing the stipend increase for 2017 in the light of continuing low inflation. Their recommendation will not be known until after budget approval.

NATIONAL CHURCH: £1,031K

This heading covers all the costs associated with our support for the Church of England: our contribution to the training of future ministers, central administration of the Church, grants and mission agencies, and housing for those clergy who, on retirement, cannot afford to purchase their own house. Increases are mainly due to planning for 10% more training ministers in line with projected numbers of stipendiary clergy retirements, national safeguarding provision and higher costs for clergy housing.

The highest risk is what is called the 'pooling adjustment' of grant support for training ministers. The actual figure for 2017 will not be finalised by the Archbishop's Council until after budget approval.

PARISH AND SCHOOLS RESOURCES: £1,085k

The resources include Mission and Stewardship advisors, Music in Worship and Church Music, Social Justice programmes, the work of the Evreux Link, the Environment Group and Communications.

The DBF provides a grant of £289k (up 2.5% on 2016) to support the Diocesan Board of Education (DBE) in work for children and young people in parishes and deaneries and our 196 church schools/academies. The DBE raise more than £500k outside the Diocesan Budget to fund the remainder.

Safeguarding training and support; legal checks for the protection of children and adults who may be at risk of abuse and the cost of the Diocesan Registrar and Diocesan Chancellor. The costs of providing safeguarding training and the legal checks have increased following a review which showed that this area of work was considerably under-funded.

Support for parishes and churches includes paying the quinquennial church inspection fees, managing parish trusts and pastoral matters and the work of the Diocesan Advisory Committee (DAC). There is a 25% increase in church inspection fees we pay on behalf of parishes as a number of architects have retired and new architects can charge more for their first visit to a building. Also, there is a higher than usual number of inspections required in 2017.

OTHER: Net income of £313k

The *Cathedral's costs for diocesan services* reflects the 2011 policy whereby the Cathedral Chapter covers the majority of the costs of up to nine diocesan services including confirmations, ordinations, baptisms and the Chrism Service on Maundy Thursday, instead of giving an annual grant to the diocese. The diocesan costs cover the production of orders of service and refreshments after each service.

The entry for *Share adjustments* recognises that a number of adjustments to Share assessments have been agreed with the Area Stewardship Groups to address their outstanding arrears which would otherwise have created an unbudgeted deficit. The 2017 provision is the same as 2016.

General Income includes an estimate of dividend distributions in the light of advice from the diocese's investment managers, CCLA, M&G and SJP. This section also includes income from rentals of vacant clergy housing and a grant from the All Churches Trust. There is a significant reduction in income because of the low yields in equity markets around the world and fewer vacant houses to rent.

Budget Challenge is the £100K challenge to keep share increase to 2.5%. £15K of further savings have already been identified giving £85K more to find through increased income and/or reduced expenditure.

DIOCESAN ADMINISTRATION: £451k

Diocesan Administration includes those staff not directly attributable to parish resources or parish ministry, for example the Accounts and the Diocesan Secretary's departments, synodical administration, the running costs of Church House and the Sherborne Office and legal and audit fees. 3.8% savings have been achieved in this area.

TOTAL USE OF RESERVES: 0

The *Use of Reserves* There are no plans to use reserves in this budget.

GRANTS AND LOANS OUTSIDE THE DIOCESAN BUDGET: OVER £450k p.a.

This support is included here for information to give a bigger picture of the funding that supports mission and ministry across the Diocese and our partners in Sudan and South Sudan.

The Sudan Link: raises more than £230k p.a. to support work in both Sudan and South Sudan.

The Pastoral and Development Fund: loans to parishes for the repair, improvement or construction of church buildings that will make an important contribution to the support and enhancement of mission and ministry in the parish (over £2.62m in the last ten years).

The Aldhelm Mission Fund: up to £50k p.a. in grants to parishes for new expressions of church.

The Crompton Fund: £37k p.a. for the Clergy Wellbeing programme, the confidential care programme and the Ministry for Mission post.

The Erskine Muton Fund: we have assisted the trustees in granting nearly £1.5M to parishes in Dorset for church repairs in the last ten years.

The Clergy Retirement Housing Fund: bridging loans to assist with the housing of retiring clergy.

THE THEOLOGY THAT UNDERPINS FAIRER SHARE

As Christians we belong to God through Christ. It follows from this mutual inheritance that we belong also to one another. Sharing in the life of God who is Father, Son and Holy Spirit not only brings us into relationship with Him, but also enables us to be recipients of his generosity and life-giving love.

The Christian response to God's generosity involves giving to others. This simple yet vital principle of discipleship can be lived out in the way we meet the costs of our shared ministry.

The Fairer Share apportionment scheme adopted in this Diocese seeks to build upon this principle in ways that we hope will be both understandable and fair to all.

In our church family we have many opportunities to express our thanksgiving to God, and principally through our generosity to one another. For many, the most natural place to express this sharing is in our local parishes. However, we are also part of a wider church and Anglican Communion. Fairer Share seeks to honour both the local and diocesan dimension of the church family life we share.

I do not mean that there should be relief for others and pressure on you but it is a question of a fair balance between your present abundance and their need, so that their abundance may be for your need.

2 Corinthians 8 vv 13 -14

A detailed guide on Fairer Share is available on the Diocesan web-site.

SOME OF YOUR QUESTIONS ANSWERED

Q If the budget increase is 2.5% why is the Fairer Share apportionment to my parish not increased by the same amount?

A: The Fairer Share figure for your parish is not only affected by the total increase in the Diocesan budget but potentially by a number of other factors:

- whether or not the Fairer Share membership in your parish has increased or decreased
- whether or not you have changed your parish category
- whether or not the number of stipendiary clergy in your benefice has changed

Changing membership numbers and Fairer Share categories across the Diocese have an effect on every parish. If there are fewer people in the Diocese paying for the provision of ministry then we all pay more. Conversely, if church member numbers in the Diocese go up, the cost of provision of ministry is shared across more people.

A more detailed description of the Fairer Share system is available on the diocesan web-site.

Q What happens if we don't pay our Share?

A: Share is the joint responsibility of all parishes for meeting the agreed costs of ministry and mission in the Diocese each year. The Board of Finance expects every parish to take its Share responsibility seriously and to pay it regularly during the year and, where Share is not paid, will make enquiries as to the reasons. The Board pays close attention to the Share position throughout the year, because ultimately if Share is not paid we are unlikely to afford the same number of stipendiary clergy.

CAN WE HELP?

We realise that the fortunes of any parish can change suddenly. The Area Stewardship teams and the Diocesan Mission and Stewardship officers are available to help anyone experiencing difficulties, or who need assistance with Stewardship or Mission programmes. Contact details are on the diocesan web-site.

CONTACT

If you have any comments or would like more details on the budget please contact:

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