



BUDGET GUIDE 2018

Supporting the Mission and Ministry of the Diocese of Salisbury

Renewing *HOPE*
Pray • Serve • Grow

Approved by Diocesan Synod on 14 June 2017

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 Diocesan budget for share will increase by 2.5% in 2018 **in line with projected inflation.**
- Costs for 2018 are £12.75 million.
- We are asking for £10.279 million in parish share.

- Of this £12.75m:
 - 67% (£8.44m) will go directly to pay for clergy stipends, pensions and housing.
 - 12% (1.53m) to invest in church of the future - vocations, discipleship and ministry training.
 - 9% provides for parish and school resources,
 - 8% will go to the National Church.
 - Only 4% will be spent on administration.
- We need to plan for income that covers this expenditure.
 - £2.472m will come from investments, fees, grants, etc. This covers all administration costs, our payment to the National Church, and pays 9% of the cost of ministry.
 - Thanks to our other income, share covers only 91% of the cost of parish ministry.
- The budget does not include any contingency for non-payment of share. Your share payment in full is therefore vital for us to maintain clergy numbers.

MAIN CHANGES

Increases in Core Costs

- Provisional increase for annual stipend and lay salary review.
- Increases in council tax, utilities, maintenance of clergy housing and removals.
- New Apprenticeship Levy and higher Insurance Premium Tax.
- More spending on safeguarding – training, casework and DBS checks.
- Rise in the registrar retainer following national review of fees.

Investing for the Future

- Identifying, developing and preparing more clergy of the future:
- 6.3% increase in National Training levy due to rising number of ordinands.
- Additional part-time post - Assistant Diocesan Director of Ordinands.
- New one-year rural placements for young people exploring ministry.
- Increased confidential counselling and mediating to support clergy in post.
- Introducing Parish Giving Scheme and part-time accounting support.

Savings

- Fewer church buildings inspections need funding in 2018.
- Removal of two surplus stipendiary posts.

Income outside Share

- Increased income from rental of vacant parsonages.
- Additional fee income for 3rd party work by the Property Dept.
- Possibility of further grants from National Church.
- Potential risk of lower investment income.

THANK YOU

This draft budget introduces a 2018 share increase broadly in line with inflation, enabling us to continue along the path of the diocesan Vision of *Renewing Hope: Pray, Serve, Grow* introduced by Bishop Nicholas in 2015.

Our Vision is of a thriving Christian presence in every community. With a significant number of clergy retirements in the next decade, to maintain current numbers, we must invest in training a new generation of committed clergy.

We are therefore in the difficult position of investing for the future, whilst funding current mission and ministry, and also paying for the past with increases in safeguarding costs and high contributions to fund the pension gap.

The 2.5% budget increase for 2018 is below this year's projected RPI inflation of 3.1% (source: HM Treasury, Feb 2017) yet remains significant. I appreciate it will be unwelcome with parishes already finding it tough to pay share.

The Finance Committee keeps a tight rein on costs and maximises outside income. Fairer Share is designed to ensure that every parish – including smaller and poorer communities – has a share of ministry. Fortunately, 84% of parishes pay share in full. 2016 share contribution remained strong at 97.5% (up to 31 January 2017). We also receive some outstanding payments for past years. We would love to hear from those who could consider this!

The burden on each member will be lower if we find we have been successful in growing numbers when the count results are known, or if we can reverse the trend of parishes moving down in category. We are already being successful in encouraging more people to explore vocations, but haven't yet seen an upturn in overall membership, though many parishes are growing, proving this is possible.

A new service in 2017 will benefit parish fundraising with a reduction in administration time. The Parish Giving Scheme (PGS) allows people to give to their local church by direct debit. The scheme has started across the diocese in May 2017 following a trial period. We are enormously grateful for your help in maintaining the Diocese's strong financial position, enabling us to nurture and grow our Christian Mission. Please contact me or the diocesan team should you need support.

With warmest thanks and best wishes,

Nigel Salisbury, Chairman, Salisbury Diocesan Board of Finance

RENEWING HOPE: PRAY, SERVE, GROW

The Vision 'Renewing Hope: Pray, Serve, Grow' has really captured many deaneries' and parishes' imaginations since its launch 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. It is at the local level that this resource works best.

By focusing on how to help parishes, schools and deaneries to achieve their plans the Bishop's Council have agreed the following priorities for 2016 to 2021.

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?

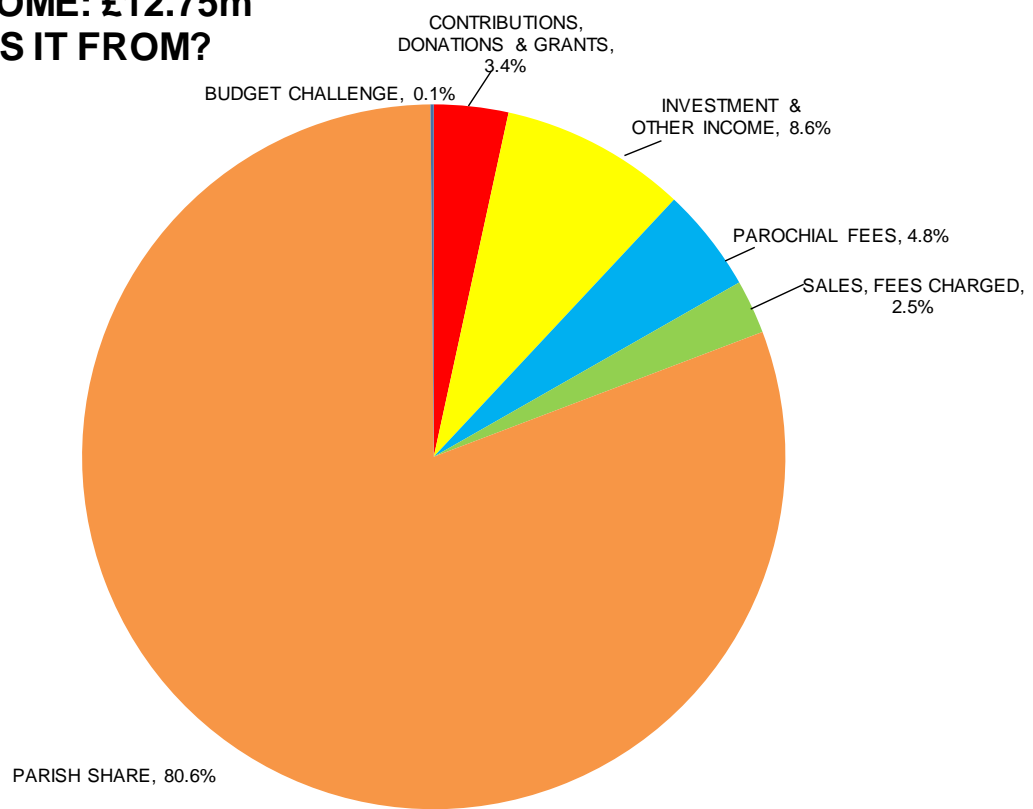
- Increase the training and support for nurturing disciples
- Aim to increase vocations to ordained ministry by 60%
- Increase the training and support for rural ministry
- Support new forms or expressions of church and worship
- Provide direct support to help parishes grow
- Aim to grow church membership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

Specific projects planned for 2017/2018 include:

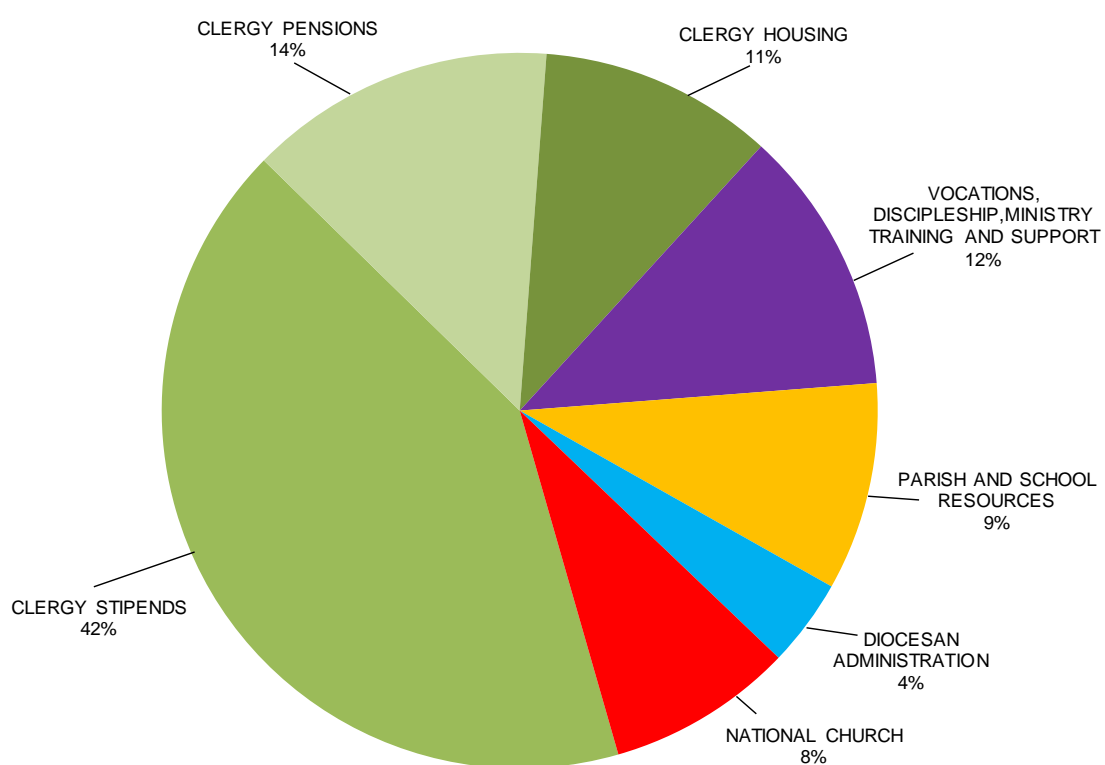
- Developing and delivering new resources and support for **developing disciples**
- Embedding our work in **nurturing vocations and sustaining ministry**. We will build on the success of 2017 where we increased the number of people entering training for ordained ministry from 6 in 2016 to 16 in 2017.
- Expanding our successful **Ministry Experience Scheme**, partly funded by the National Church, that gives young people a year's placement to work in ministry.
- Introducing the **Parish Giving Scheme** as part of a general stewardship campaign. This scheme helps parishes to manage donations, process Gift Aid and combat static giving.

The Diocesan Budget establishes the funding to carry out this work, to share in the costs of resourcing parish ministry and mission and to meet the legal requirements of the Board.

**TOTAL INCOME: £12.75m
WHERE IS IT FROM?**



**TOTAL EXPENDITURE: £12.75m
WHERE IS IT SPENT?**



	DRAFT BUDGET 2018				BUDGET 2017				ACTUAL 2016			
	EXPENDITURE	INCOME	RESERVES	NET	EXPENDITURE	INCOME	RESERVES	NET	EXPENDITURE	INCOME	RESERVES	NET
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
PARISH MINISTRY												
Clergy stipends	4,955	1,612	-	3,343	4,897	1,603	-	3,294	4,836	1,590	4	3,242
Employer's National Insurance	372	-	-	372	371	-	-	371	388	-	-	388
Pension contributions	1,768	-	-	1,768	1,757	-	-	1,757	1,749	-	-	1,749
Clergy removal expenses	70	-	-	70	57	-	-	57	72	-	-	72
Resettlement grants	80	-	-	80	61	-	-	61	82	-	-	82
First appointment grants	40	-	-	40	39	-	-	39	42	-	-	42
Other stipends expenditure	225	-	-	225	233	-	-	233	248	-	-	248
Clergy House repairs	704	12	-	692	655	9	-	647	699	12	-	687
Council tax, water rates & insurance	645	-	-	645	642	-	-	642	609	-	-	609
Property office	396	-	-	396	391	-	-	391	375	-	-	375
Surveyor fee income	15	300	-	(285)	15	270	-	(255)	13	514	-	(501)
Rents received on let houses	-	130	-	(130)	-	65	-	(65)	-	135	-	(135)
Vocations and selection	130	-	-	130	92	-	-	92	64	-	-	64
Learning for Discipleship	102	7	-	95	98	6	-	93	63	6	-	57
Ministry training and support	286	51	-	235	292	51	-	241	303	38	-	264
for the Ordinands' Support Fund	105	-	-	105	105	-	-	105	92	-	-	92
for the Clergy Conference Fund	22	-	-	22	22	-	-	22	22	-	-	22
Ministry administration	59	-	-	59	50	-	-	50	65	-	-	65
	9,974	2,111	-	7,863	9,777	2,003	-	7,773	9,722	2,295	4	7,422
NATIONAL CHURCH												
Archbishops' Council apportionment												
for National Church responsibilities	525	-	-	525	540	-	-	540	516	-	-	516
for National training for future ministry	501	-	-	501	471	-	-	471	478	-	-	478
General Synod expenses	14	-	-	14	13	-	-	13	14	-	-	14
Diocesan Synod expenses	8	-	-	8	8	-	-	8	7	-	-	7
	1,046	-	-	1,046	1,031	-	-	1,031	1,015	-	-	1,015
PARISH AND SCHOOLS RESOURCES												
The Ramsbury Office	73	33	-	40	72	32	-	40	69	31	-	38
The Sherborne Office	77	35	-	42	77	34	-	43	70	32	-	38
Diocesan resources & projects	97	5	-	92	95	5	-	90	121	6	-	114
Mission Initiatives	143	-	-	143	136	-	-	136	85	-	31	54
Board of Education grant	296	-	-	296	289	-	-	289	282	-	-	282
Diocesan Advisory Committee for the Care of Churches (DAC), Mission & Pastoral, Patronage & Trusts	169	-	-	169	157	-	-	157	166	-	-	166
Church quinquennial inspection fees	66	-	-	66	80	-	-	80	69	-	-	69
"Safeguarding people"	101	-	-	101	96	-	-	96	81	-	-	81
Diocesan Registrar	91	2	-	89	77	2	-	75	71	1	-	70
Communications	86	8	-	78	86	6	-	80	83	8	-	75
	1,199	82	-	1,117	1,164	79	-	1,085	1,096	78	31	986
OTHER												
Cathedral costs for diocesan services	4	-	-	4	4	-	-	4	3	-	-	3
Share adjustments	15	-	-	15	15	-	-	15	-	-	-	-
General income	8	260	-	(251)	8	255	-	(246)	19	206	-	(188)
Budget Challenge	-	19	-	(19)	-	85	-	(85)	-	-	-	-
	27	279	-	(252)	27	340	-	(313)	22	206	-	(184)
DIOCESAN ADMINISTRATION												
Salary costs (inc NI & pensions)	380	-	-	380	350	-	-	350	317	-	-	317
Office services & expenses	37	-	-	37	32	-	-	32	60	-	-	60
Premises costs	42	-	-	42	24	-	-	24	68	-	-	68
Depreciation on equipment	28	-	-	28	28	-	-	28	23	-	-	23
Legal and audit fees	18	-	-	18	17	-	-	17	15	-	-	15
	505	-	-	505	451	-	-	451	483	-	-	483
TOTAL EXPENDITURE	12,751				12,450				12,338			
TOTAL INCOME		2,472				2,422				2,580		
TOTAL USE OF RESERVES			-				-				35	
NET EXPENDITURE				-				-				9,722
SHARE REQUEST				10,279				10,028				9,785
Change on previous budget				2.50%				2.49%				

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: £9,974k (net £7,863k)

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:

- 188.4 paid posts, some of whom are also housed. These are a mix of 170.5 parochial stipendiary and lay posts, 31 training curates (up 1 from 2017), 4 archdeacons and 2.4 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).
- £25k of new expenditure is our share of the Apprentice Levy, which the government applies to all pay rolls over £3m. This diocese, along with all others, is working with the National Church to determine whether we can apply for some of this levy towards the costs of curacies. This will require the design of a specially accredited course that meets government requirements.
- Continuing the 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.
- Continuing the 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.
- 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 2018 will be £1,404k, including £683k of capital expenditure that is outside the budget.

Income of over £2m is from: fees for occasional offices conducted by clergy, glebe rents, investments and £300k of fees for property development contracts with parishes, schools, academies and private clients with church connections. £145k 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 2018 budget assumes a general stipend increase of up to 2% from 1 April 2018.

NATIONAL CHURCH: £1,046k

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 buy their own house.

Increases are mainly due to planning for 10% more entrants into training for ordained ministry, national safeguarding provision and higher costs for clergy housing.

The highest risk is what is termed the 'pooling adjustment' of grant support for training ministers. The actual figure for 2018 will not be finalised by the Archbishop's Council until after budget approval.

PARISH AND SCHOOLS RESOURCES: £1,117k

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 £296k 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. This grant rises by the same amount as the overall share increase each year. The DBE raise around £1,000k outside the Diocesan Budget to fund the remainder of its expenditure.

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

The cost of the Diocesan Registrar and Diocesan Chancellor have increased following a national review that showed the fees earned by Registrars were significantly lower than comparable work.

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 lower number of inspections required in 2018 following a higher number in 2017.

OTHER: Net income of £252k

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 outstanding arrears which would otherwise have created an unbudgeted deficit. The 2018 provision is the same as 2017.

General Income includes an estimate of dividend distributions in the light of advice from the diocese's investment managers, CCLA, M&G and SJP. Income is volatile because of Brexit but a small increase on 2017 is predicted. This also includes rentals of vacant clergy housing and a grant from the All Churches Trust.

There is a budget challenge of £19k.

DIOCESAN ADMINISTRATION: £505k

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.

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 (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 and £23k for the Ministry for Mission post.

The Crompton Fund: £24k p.a. for the Clergy Wellbeing programme and the confidential care programme

The Erskine Muton Fund: we have assisted the trustees in granting nearly £2.5m to parishes in Dorset for church repairs and capital programmes in the last eleven 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 guide to 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 any parish experiencing financial difficulties, or who needs 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:

Lucinda Herklots, The Diocesan Secretary.

Diocese of Salisbury, Diocesan Office, Church House, Crane Street, SALISBURY, SP1 2QB

Tel: 01722 411922 Email: lucinda.herklots@salisbury.anglican.org

V4 18/05/17