



THE CHURCH
OF ENGLAND

DIOCESE OF SALISBURY

BUDGET FOR SHARE GUIDE 2019

Supporting the Mission and Ministry of the Diocese of Salisbury

Renewing **HOPE**
Pray • Serve • Grow

Approved by Diocesan Synod on 20 June 2018

This paper is a provisional summary of the 2019 budget for those areas of income and expenditure that are substantially funded through share.

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 2019 **in line with projected inflation.**
- We are asking for £10.54 million in parish share.
- Costs for 2019 are £13.19 million:
 - 77% (10.11m) Parish Ministry
 - 69% (£9.11m) will go directly to pay for clergy stipends, pensions and housing.
 - 8% (£1m) for other supporting ministry costs and investment in church of the future - vocations, discipleship and ministry training.
 - 8% (£1.098m) will go to the National Church.
 - 7% (£902k) provides for parish resources.
 - 2% (£323k) provides for schools and educational resources in the parishes and some other costs connected with share.
 - 1% (£151k) are costs of SDBF BC Ltd – new property company
 - 1% (£95k) of other cost associated with share discount and provision, and the Cathedral costs for diocesan services
 - Only 4% (£511k) will be spent on administration.
- The income for 2019 is generated by:
 - 80% (£10.54m) Share request – this mainly pays for Parish Ministry (£10.1m).
 - 19% (£2.55m) will be generated from investments, rents received, parochial fees, SDBF Building Consultancy grant, contributions, donations, other grants, etc.
 - 1% (£100k) from reserves to go towards the clergy pension deficit.
- Your share payment in full remains vital for us to maintain clergy numbers and preserve ministry.

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.
- Clergy vacancy rate lower by the equivalent of 4 posts
- Higher faculty fees.
- A one off increase of £20k to the grant to the Diocesan Board of Education.

Investing for the Future

- Identifying, developing and preparing more clergy of the future in line with our strategy.
- 3.5% increase in contribution to National Church and ordinand training.
- £30k increase in diocesan maintenance grants to support rising number of ordinands.

Savings

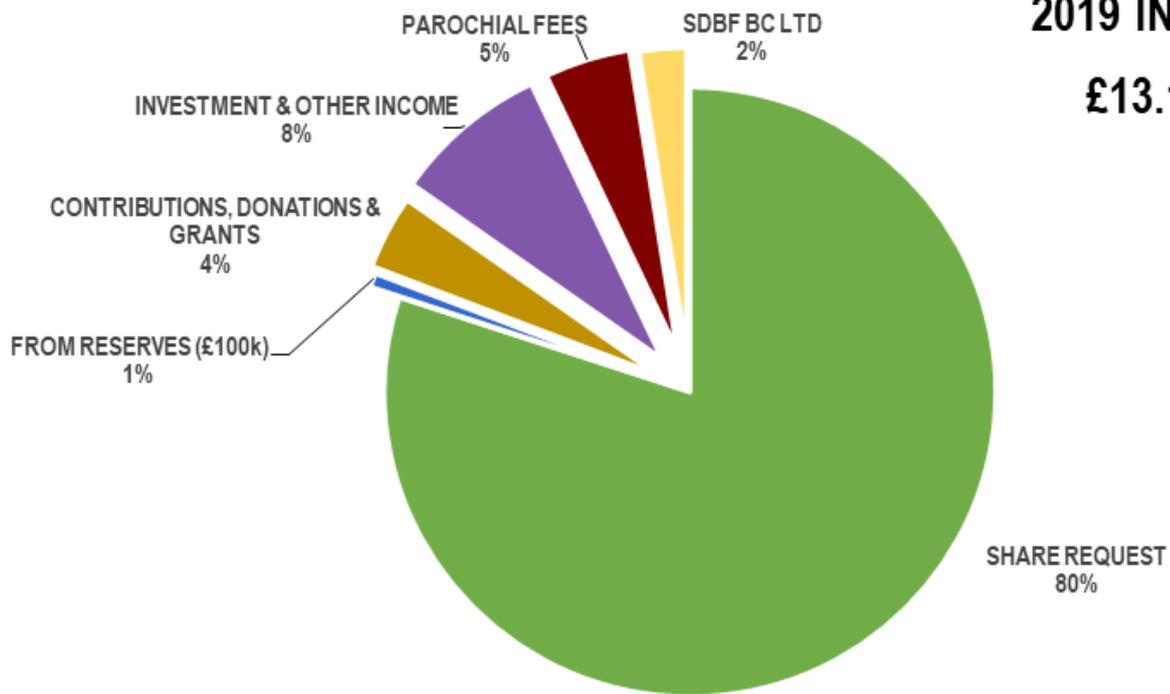
- Reduction in Diocesan staff salaries.
- 1.5 stipendiary posts replaced by House for Duty posts.

Income outside Share

- Assumes that £100K will come from reserves to contribute towards the pension deficit.

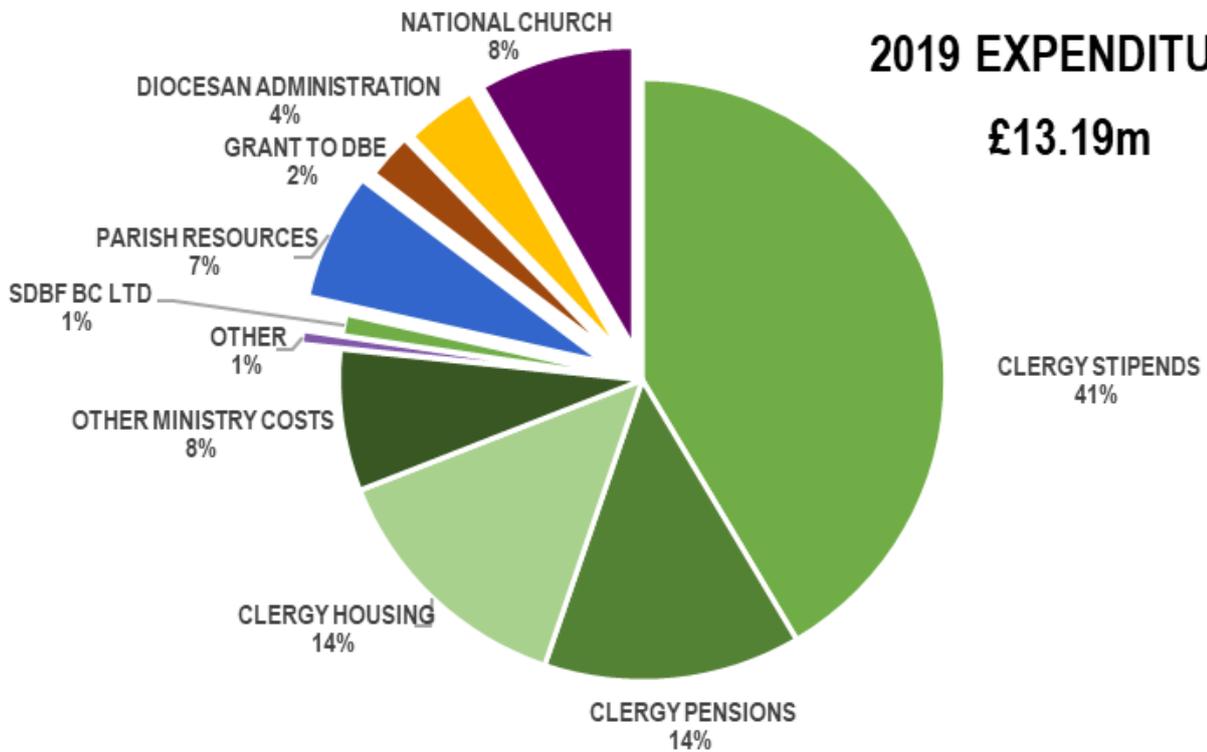
2019 INCOME

£13.19m



2019 EXPENDITURE

£13.19m



THANK YOU from the Chair.

This draft budget introduces a 2019 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.

Whilst we finished 2017 in reasonably good financial shape, the ongoing pressures of paying for the past by way of clergy pension deficit and increased costs of safeguarding, investing for the future through ordinand and curacy training, at the same time as maintaining current clergy numbers is clearly challenging. But that is essentially what the DBF is here to do. With your contributions to share, we pay the cost of clergy stipends, pensions, housing and support.

The good news is that our strategy of growing the number of priests in training is working with more ordinands entering training than before. Nationally 544 men and women started training for ordained ministry in autumn 2017, an increase of 14% on 2016, and the highest figure for 10 years. A further bit of good news is that the diocesan clergy vacancy rate has reduced as clergy are retiring slightly later than was forecast. Whilst both these factors put pressure on our budgets they give us hope.

The 2.5% budget increase for 2019 is below this year's projected RPI inflation of 3.1% (source: HM Treasury, Nov 2017) yet remains significant. I appreciate it will be unwelcome with parishes already finding it tough to pay share.

This increase is lower than the initial draft of the budget which was 3.5%. To reduce this increase to 2.5% we have made some reductions to diocesan staff, cut other costs and we will spend £100k from reserves on the clergy pension deficit. Further work needs to be done on the mechanics of how this will be done and there will be a further report to Diocesan Synod in June.

Fairer Share is designed to ensure that every parish – including smaller and poorer communities – has a share of ministry. Fortunately, 91% of parishes paid share in full (up from 84% in 2016). 2017 share contribution remained strong at 98.6% including arrears (up to 14 February 2018). We have also received in 2017 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.

As you are no doubt aware the Parish Giving Scheme (PGS) was introduced in 2017 and has got off to a good start with 20% of parishes signed up to date. This Scheme allows people to give to their local church by direct debit and will benefit parish fundraising and reduce administration.

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 2018/2019 include:

- **Renewing Hope through Rural Ministry and Mission**, (Rural Hope). A four and a half year project, partly funded by the National Church
 - Launching a rural placements scheme for curates in July 2018
 - Recruiting 2018/19 cohort for the Rural Training Pathway
 - Delivering Leading into Growth developmental programme for lay and ordained leaders
 - Appointing mission field officers in each Archdeaconry to provide practical help to local mission projects
- Embedding our work in **nurturing vocations and sustaining ministry**.
- Achieving bronze **Eco Diocese status**
- Increasing take up of 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 for Share 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.

£,000s	DRAFT BUDGET 2019				BUDGET 2018			BUDGET 2017			ACTUAL 2017		
	EXP	INC	From reserves	NET	EXP	INC	NET	EXP	INC	NET	EXP	INC	NET
PARISH MINISTRY													
Clergy Stipends	5,475	1,578		3,897	5,326	1,612	3,714	5,269	1,603	3,666	5,365	1,532	3,833
Clergy Pensions	1,808		100	1,708	1,768		1,768	1,757		1,757	1,772		1,772
Clergy Housing													
Repairs	670	12		658	721	12	709	662	9	654	606	12	594
Council tax, water rates & insurance	726			726	645		645	642		642	664		664
Clergy removal expenses	75			75	70		70	57		57	67		67
Resettlement grants	80			80	80		80	61		61	71		71
Property office	274	8		266	273	16	257	415	286	129	306	9	297
Rents received on let houses		150		(150)		130	(130)		65	(65)		174	(174)
Clergy Housing	1,824	170		1,654	1,789	158	1,631	1,837	359	1,477	1,714	195	1,520
Clergy Stipends, Pensions & Housing	9,107	1,748	100	7,259	8,884	1,769	7,114	8,863	1,963	6,900	8,852	1,727	7,125
Other clergy expenditure [Archdeacons' exps, RDs exps, retirement, clergy Terms of Service]	212			212	225		225	233		233	212		212
Vocations and selection	141	15		127	125	0	125	92	0	92	96	16	80
First appointment grants	40			40	40		40	39		39	36		36
Learning for Discipleship	105	6		100	103	7	96	98	5	93	104	7	97
Ministry training and support for the Ordnands' Support fund	265	30		235	262	41	222	247	17	231	266	17	249
for the Clergy Conference fund	135			135	105		105	105		105	133		133
Ministry administration	22			22	22		22	22		22	22		22
Ministry administration	82			82	76		76	60		60	67		67
Other Ministry Costs	1,002	50		952	958	47	911	896	22	874	936	40	896
	10,110	1,798	100	8,211	9,842	1,817	8,025	9,759	1,984	7,774	9,788	1,767	8,021
NATIONAL CHURCH													
Archbishops' Council apportionment for National Church responsibilities	553			553	544		544	528		528	530		530
National training for ministry	523			523	481		481	483		483	483		483
General Synod: members expenses	14			14	14		14	13		13	13		13
Diocesan Synod expenses	8			8	8		8	8		8	6		6
	1,098			1,098	1,046		1,046	1,031		1,031	1,032		1,032
PARISH RESOURCES													
The Ramsbury Office	73	31		42	73	33	40	72	32	40	71	31	40
The Sherborne Office	78	35		43	77	35	42	77	34	43	74	34	40
Diocesan resources & projects	85	6		79	97	5	92	95	5	90	103	8	95
Mission Initiatives	110			110	143		143	136		136	135		135
Diocesan Advisory Committee for the Care of Churches, Mission Committee, Closed Churches & Pastoral, Patronage & Trusts	178			178	169		169	157		157	171		171
Church quinquennial inspection fees	68			68	66		66	80		80	74		74
Safeguarding people	123			123	101		101	96		96	114		114
Diocesan Registrar and Chancellor Communications	99	2		97	91	2	89	77	2	75	88	0	88
	88	8		80	86	8	78	86	6	80	82	8	74
	902	82		819	904	82	821	876	79	797	913	80	833
GRANT TO BOARD OF EDUCATION	323			323	296		296	289		289	289		289
GRANT FROM SDBF BUILDING CONSULTANCY	151	330		(179)	137	300	(163)				94	568	(474)
OTHER													
Cathedral costs for diocesan services	4			4	4		4	4		4	3		3
Share provision current year	20			20	15		15	15		15	3		3
Share discount	64			64	64		64	64		64	71		71
Cost challenge		8		(8)		19	(19)		85	(85)	8		8
General income	7	335		(328)	8	324	(315)	8	319	(310)	8	354	(346)
	95	343		(248)	91	343	(252)	91	404	(313)	93	354	(261)
DIOCESAN ADMINISTRATION													
Salary costs (inc NI & pensions)	373			373	357		357	321		321	338		338
Office services & expenses	33			33	37		37	32		32	43		43
Premises costs	63			63	65		65	53		53	82		82
Depreciation on equipment	22			22	28		28	28		28	25		25
Legal and audit fees	20			20	18		18	17		17	21		21
	511			511	505		505	451		451	508		508
TOTAL EXPENDITURE	13,190				12,821			12,496			12,717		
TOTAL INCOME FROM RESERVES		2,553				2,542			2,467			2,770	
SHARE REQUEST			100				10,279			10,029			9,947
Budget Increase				2.5%			2.5%			2.5%			

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: £10.11m (net £8.2m)

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:

- 188.7 paid posts, some of whom are also housed. These are a mix of 169.3 parochial stipendiary and lay posts, 29 training curates, 4 archdeacons and 2.9 Chaplaincies/Pioneer ministers, less an average of 16.5 vacant posts over the year (down from 20.5 in 2018, reflecting the slower than expected rate of clergy retirements). An additional 18 houses are provided to house for duty priests. A full time stipendiary priest costs approximately £56K for stipend, pension, national insurance, housing and training. The 2019 budget assumes a stipend increase of 2% from 1 April 2019.
- £22k of 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.
- 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 1,200 licenced lay ministers, lay pastoral assistants and lay worship leaders.
- Support for ordained clergy through our comprehensive Continuing Ministerial Development programme and Wellbeing programme (funded from the Crompton Fund).
- Expenditure on repairs and improvements to clergy housing for 2019 will be £670k. Capital expenditure of £550k is outside of the budget, funded largely from the Diocesan Pastoral Account.

Income of £1.75m is from: fees for occasional offices conducted by clergy – currently under increased competition from other service providers such as wedding venues and funeral directors; glebe rents, dividends from investments; £196k is given by third parties towards various chaplaincy costs such as School and Academy chaplains, the Chaplain to the Deaf, the Gypsy, Roma and Travellers Chaplain and the Wiltshire Police Chaplain.

USE OF RESERVES: £100k

£100k has been allocated from reserves in 2019 towards the cost of the Clergy pension deficit. The deficit costs at present £688k a year. The expectation from the CEPB is that the deficit will be cleared in the next 7-9 years. The mechanics of the use of reserves is currently being worked out.

NATIONAL CHURCH: £1.098m

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 ordinands. The actual figure for 2019 will not be finalised by the Archbishop's Council until after this budget is approved.

PARISH RESOURCES: £902k (net £819k)

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.
- 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 following a review that showed that this area of work was considerably under-funded.
- The cost of the Diocesan Registrar and Diocesan Chancellor. These costs have increased following a national review that showed the fees earned by Registrars were significantly lower than for 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.

GRANT TO DIOCESAN BOARD OF EDUCATION – DBE: £323k

The DBF has committed to a grant of £323k for 2019 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 generally rises by the same amount as the overall share increase each year. The DBE raises around £1m outside the Diocesan Budget to fund the remainder of its expenditure.

The DBE recently carried out a strategic review that showed a shortfall of £2,137k over the period 2018 to 2027 based on current projections. The DBF has been invited to make good, part of this shortfall by paying an additional £676k over 10 years, increasing the annual grant from £296k in 2018 to £627k in 2027. The DBE will be using their reserves to cover the balance. This proposal has not yet been agreed but an additional £20k has been granted as a one-off for 2019.

GRANT FROM SDBF BUILDING CONSULTANCY: (net income of £179k)

This company which started trading in July 2017, generates fee income for property development contracts with parishes, schools, academies and private clients. All its profits are distributed back to the DBF.

OTHER: £95k (net income of £248k)

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.

Share adjustments recognises that a number of adjustments to Share assessments are agreed with the Area Stewardship Groups within the year due to changed circumstances.

Share discount allows for parishes who are able to pay regularly by standing order or can pay share in full. As the largest expenditure is the monthly payment of stipends such regular payments are vital to enable this to be maintained without having to seek a loan to cover shortages in cash flow.

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 Church House rents and a grant from the All Churches Trust.

There is a *cost challenge* for 2019 of £8k.

DIOCESAN ADMINISTRATION: £511k

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.

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. Over £783k has been granted since the fund started in 2005.

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 £2.85m to parishes in Dorset for church repairs and capital programmes in the last twelve years.

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

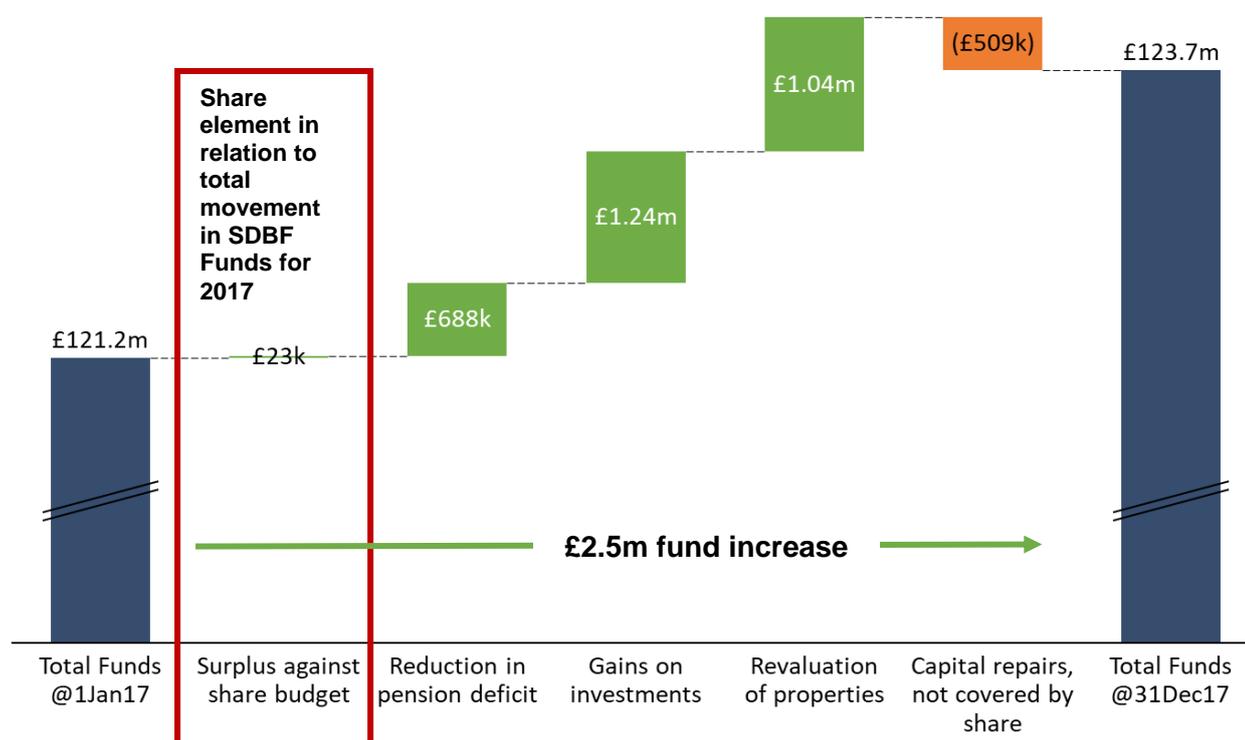
OVERALL MOVEMENT IN FUNDS

The budget for share is only part of the story when considering the DBF's financial performance in any one year. Each year the Statement of Financial Activities (SOFA) shows the income and expenditure for the period. In an ideal world the share budget would cover all costs, however, this does not happen in reality.

It is perhaps easiest to explain how the share account fits into the overall with reference to the 2017 accounts:

- Achieved an overall surplus of £23k against share budget, mainly due to higher than expected fee income from SDBF Building Consultancy, which helped to off-set 98.6% share collection rate.
- The reduction in the pension deficit has a positive impact on total movement in funds, as it reduces the Clergy pension creditor.
- Gains on portfolio investments represents the capital growth in the year.
- Capital repairs and ingoing works are not covered by share request and largely funded from DPA.
- Revaluation of properties have increased funds; this money is inaccessible until properties are sold.

In summary, our funds have increased by £2.5m for the year, however most of this is non-cash movements and cannot be used to cover the day-to-day running costs of our Diocese. Your share payment in full remains vital to us.



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 website.

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 website.

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 Stewardship teams and the Mission and Stewardship Advisors are available to help any parish experiencing financial difficulties, or who needs assistance with Stewardship or Mission programmes. Contact details are on the diocesan website.

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

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