



Diocese of Southwell & Nottingham

*Southwell & Nottingham Diocesan Synod
and Board of Finance*

**BUDGET 2014 &
FORECASTS 2015 & 2016**

RESOURCING THE TRANSFORMING MISSION OF GOD

Living Worship • Growing Disciples • Seeking Justice

The Diocese of Southwell & Nottingham

Budget 2014

Forecasts 2015 & 2016

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INTRODUCTION

"...he has sent me to bring good news to the oppressed, to bind up the brokenhearted, to proclaim liberty to the captives and release to the prisoners; to proclaim the year of the Lord's favour (Jubilee)..” Isaiah 61:1

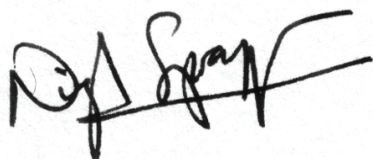
Why use this quote again? After delays due to the original contractors going into administration we are now in Jubilee House. As was stated at the outset of the project this has been accomplished without a negative impact on parish share. In part this is being achieved through the savings we are able to make by being in an open plan office which has been designed to the highest environmental standards.

For many who read this document their first concern is “what does this do to Deanery Share?” To save you thumbing through, the answer is an average increase of 1.5% which compares to a forecast of 3% increase for inflation. The increase in Deanery Share is lower than was previously forecast as we use up surplus from 2012 and 2013 (predicted) within the framework of a three year balanced budget.

As ever the vast majority of our expenditure is people costs as we continue with the Diocesan policy of continuing with a similar number of paid posts through to 2020. Part of the strategy of how these posts are allocated has led to questions about the method of allocation of Deanery Share. Bishop's Council has set up a task group, chaired by Michael Arlington, to review our current process and make any necessary recommendations. These will be considered by Synod in 2014 with any changes being made to the allocation of 2015.

May I draw your attention to a line in the budget that is often missed: Ordination Candidates' Financial Support Grants which is on page 6 under National Church Costs. This figure varies considerably due to these costs being shared across the church on the basis of the previous year and the number of ordinands each Diocese has. However the good news is that the trend is upward – this is good news because it means that there are more ordinands in training.

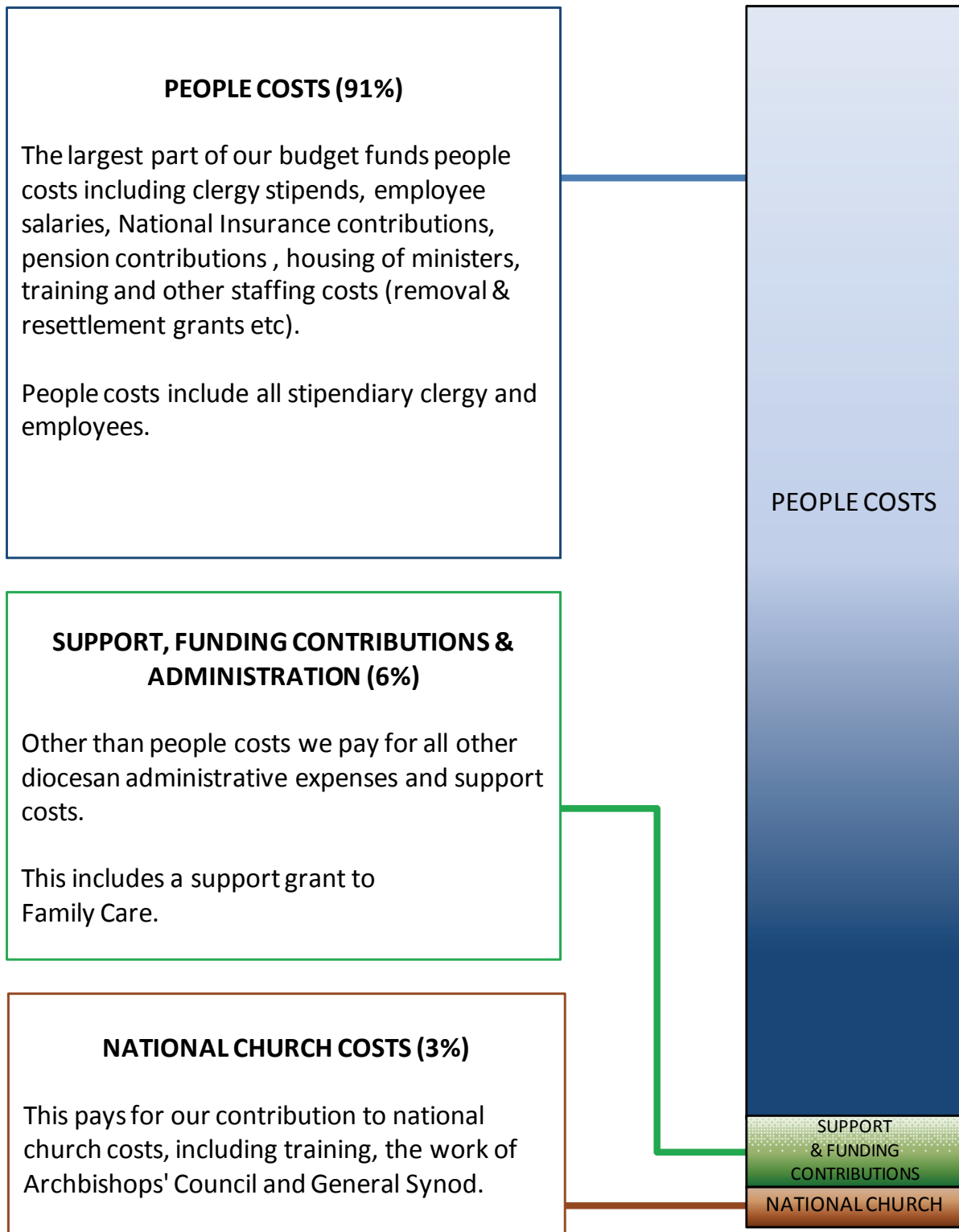
As I write this, the amount of Deanery Share received by the end of August is more in cash and percentage terms than at this stage in 2012. For this we are very grateful. If we are to continue to resource the Joining Together in the Transforming Mission of God in this Diocese then we will again need to consider our giving in the light of all that our extravagantly generous God has given to us and requires of us.



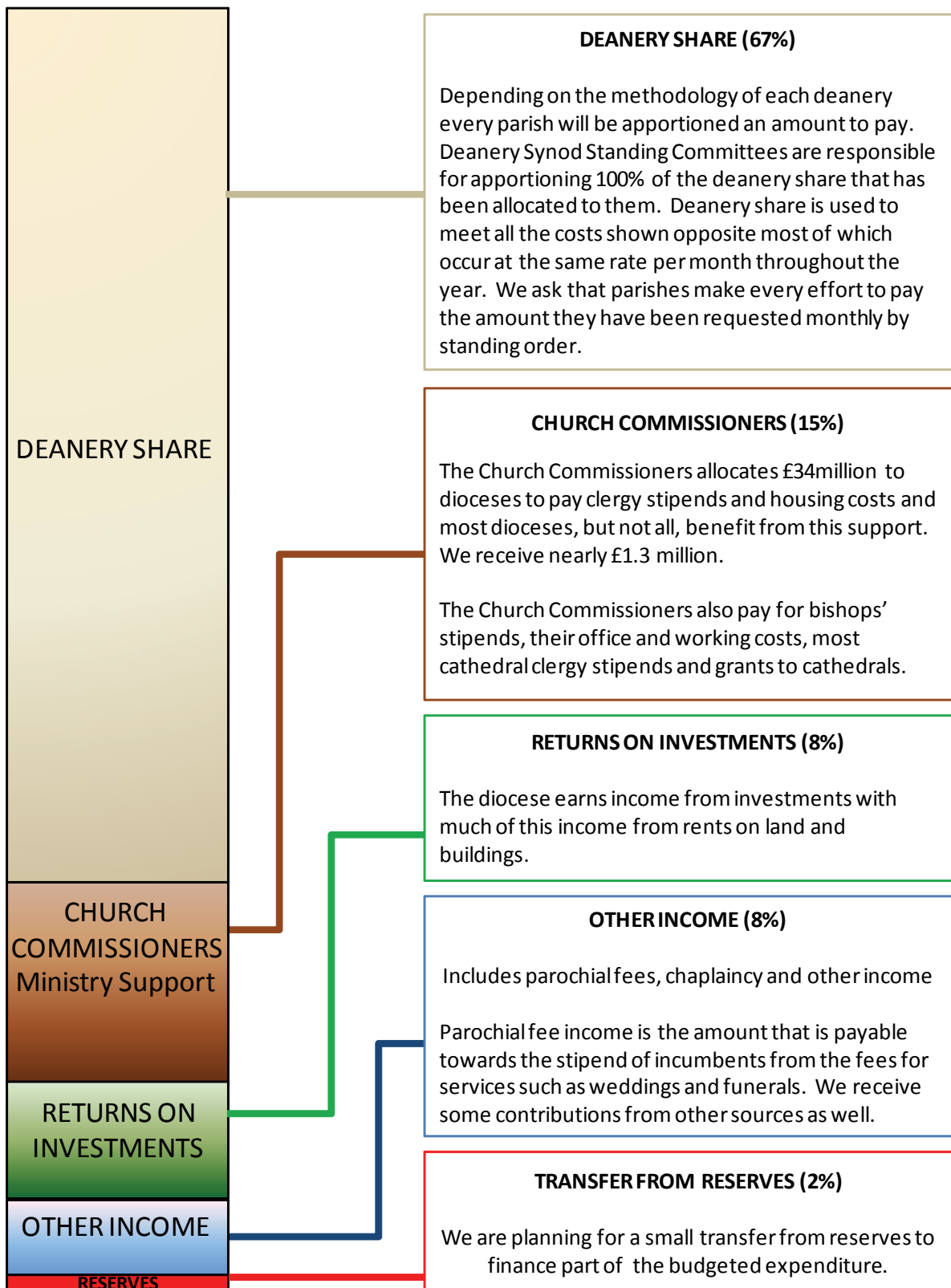
Nigel Spraggins
Diocesan Chief Executive

September 2013

BUDGET 2014 - WHERE THE MONEY WILL GO...



BUDGET 2014 - WHERE WILL THE MONEY COME FROM...



BUDGET OVERVIEW

100% apportionment of deanery share

Depending on the methodology of each deanery every parish will be apportioned an amount to pay. Deanery Synod Standing Committees are responsible for apportioning 100% of the deanery share that has been allocated to them. We ask that every parish makes the effort to pay the amount apportioned to it by their deanery by monthly standing order.

Deanery share increase

The deanery share increase will be at an average of 1.5% across the diocese, but with increases in a range from 1.25% to no greater than 1.75% for individual deaneries.

People costs

This budget provides for the number of people based on strength rather than establishment in moving towards 2020 deployment plans. Within the 'Third Archdeaconry' there is an increase of 1 post following the appointment of the Deputy Director of Education (wholly funded from Education restricted funds) otherwise the total number of people remains the same as compared to last year's budget assumptions.

Church Commissioners

Our contribution from the Church Commissioners for ministry support has been maintained at £1.3million. An allocation for new mission development fund projects of £75,000 in 2014 will be allocated from the total of £145,400 made available by the Church Commissioners, with the balance used to finance stipends and housing costs.

Mission Development Fund

Bishop's Council has proposed further Mission Development Funding of £150,000 in each of the three years from 2012 to 2014. Unused funds will be ear-marked for future projects.

Funding is being provided from 3 sources:

- deanery share
- Church Commissioners (£75,000 as above)
- sale of diocesan assets

Jubilee House

The new office building was completed earlier in 2013. Provisional savings achieved in running and maintenance costs from moving to new office accommodation have been recognised in budget and forecast plans.

Dunham House

The conversion of Dunham House is due to be completed by early 2014. Net income has been included in budget plans from mid-2014 and annually thereafter.

PLANNING BEYOND 2014

The General Fund Summary page (page 6) includes additional annual forecast information for 2015 and 2016. Planning this far ahead is not an exact science but the aim of Bishop's Council is to ensure that financial plans over a three-year period are in step with the ability to raise income and spending plans are affordable. Recent General Fund surpluses will be released in 2014 in order to keep the deanery share requested to a minimum. The Summary page demonstrates that over the 3-year period from 2014 to 2016, the budget and forecasts will draw on reserves totalling £380,000.

Bishop's Council meets in early 2014 to further consider 2020 deployment plans and other expenditure priorities.

Future annual budget setting will:

- have regard for finances over a three-year planning cycle aiming to maintain 'breakeven' budgets, spending no more than is received,
- have regard to the overall level of General Fund Reserves and the priorities for these,
- maintain the number of people according to the Diocesan 2020 deployment plan,
- target an annual increase in total Deanery Share of no more than 3% (or inflation if this is higher),
- seek ways to make continual provision for ongoing funds to resource creative mission projects through consultation with Deanery Leaders on mission priorities,
- maximise the effective use of people costs and
- meet its responsibilities for ensuring an adequate clergy remuneration package, including pension costs, according to future national decisions.

KEY FORECAST 2015 & 2016 ASSUMPTIONS

	Budget	Forecast	
	2014	2015	2016
Provision for increase in stipends	2.0%	2.0%	2.0%
Provision for increase in staff salaries	2.0%	2.0%	2.0%
Inflation for non staff costs (see note 11, page 9)	2.0%	2.0%	2.0%
Average deanery share increase	1.5%	2.0%	2.0%

SOUTHWELL & NOTTINGHAM DIOCESAN SYNOD AND BOARD OF FINANCE

BUDGET SUMMARY

GENERAL FUND

	Appendix Page	2012 Budget £000	2012 Actual £000	2013 Budget £000	2014 Budget £000	2015 Forecast £000	2016 Forecast £000
INCOMING RESOURCES							
DEANERY SHARE							
Gross deanery share payable/paid		6140.1	5669.4	6262.9	6356.8	6483.9	6613.6
Share capping		-10.8	-	-1.1	-4.2	-4.3	-6.7
Net deanery share payable/paid before discounts		6129.3	5669.4	6261.8	6352.6	6479.6	6606.9
Parish share discounts		-40.0	-37.5	-40.0	-40.0	-40.0	-40.0
Deanery share payable/paid net of discounts etc		6089.3	5631.9	6221.8	6312.6	6439.6	6566.9
CONTRIBUTIONS FROM CHURCH COMMISSIONERS							
Ministry Support		1300.4	1300.4	1348.5	1348.5	1330.0	1316.0
Mission Development Funding		142.5	142.5	145.4	145.4	145.4	148.0
Amount transferred to Mission Development Funds		-167.4	-167.4	-75.0	-75.0	-75.0	-75.0
		1275.5	1275.5	1418.9	1418.9	1400.4	1389.0
RETURNS ON INVESTMENTS							
Land and Buildings	2	344.8	381.9	349.8	389.4	397.4	405.4
Other Investments		428.9	427.4	414.7	372.9	410.8	413.8
		773.7	809.3	764.5	762.3	808.2	819.2
OTHER INCOME							
Parochial Fees		430.0	384.0	400.0	437.5	446.0	455.0
Ecclesiastical Insurance Group Distribution		105.0	119.3	120.0	122.0	124.0	126.0
Education restricted funds		125.0	125.0	127.5	206.9	211.1	215.3
		660.0	628.3	647.5	766.4	781.1	796.3
TOTAL INCOMING RESOURCES		8798.5	8345.0	9052.7	9260.2	9429.3	9571.4
RESOURCES EXPENDED							
PEOPLE COSTS							
Stipends & salaries		4514.5	4461.4	4666.3	4838.2	4935.0	5033.7
National insurance		380.3	374.2	404.8	423.0	431.5	440.1
Pension contributions		1325.7	1306.5	1360.7	1366.1	1393.4	1421.3
Housing costs	3	1493.8	1114.0	1558.0	1539.7	1507.1	1538.7
Training costs		152.7	126.6	144.1	154.1	157.7	160.7
Grants payable and other staffing costs	3	137.7	135.3	150.4	149.9	152.8	152.8
		8004.7	7518.0	8284.3	8471.0	8577.5	8747.3
Contributions to parochial ministry posts		-17.4	-21.4	-17.7	-18.1	-18.5	-18.9
Contributions to other people costs		-242.3	-246.1	-194.2	-221.3	-220.0	-223.8
		7745.0	7250.5	8072.4	8231.6	8339.0	8504.6
OTHER SUPPORT COSTS							
Deanery leadership support	3	25.7	27.4	25.0	25.5	26.0	26.5
Bishop's Council & Funding Contributions	4	195.9	186.1	201.6	198.2	206.7	210.5
Department for Development	5-6	67.3	44.5	83.8	85.3	76.9	78.3
Education	7	51.1	41.6	48.8	62.7	63.5	64.6
Communications	8	88.5	83.1	85.2	90.2	91.4	99.9
Parish Support	9	55.4	48.6	56.7	54.0	55.2	56.2
Finance & Resources (including office premises)	10	73.3	68.8	57.5	59.6	61.1	62.6
Chief Executive & Registrar	11	44.6	47.2	33.0	47.1	48.1	48.8
		601.8	547.3	591.6	622.6	628.9	647.4
		8346.8	7797.8	8664.0	8854.2	8967.9	9152.0
NATIONAL CHURCH COSTS							
Training for Ministry (Vote 1)		185.9	182.2	184.7	190.2	190.2	195.9
National Church Responsibilities (Vote 2-4)		183.6	179.8	177.4	174.1	182.8	188.3
National Church CHARM subsidy (Vote 5)		53.0	53.0	57.6	58.1	60.4	63.5
Ordination candidates' financial support grants		129.5	103.6	111.2	195.6	166.9	170.2
Contribution to/-from national pooling		-54.2	-54.2	0.1	-20.8	-60.0	-61.2
Contribution from designated/restricted funds		-	-	-26.1	-54.0	-	-
General Synod Members' Expenses (Pooled)		8.3	6.8	8.0	8.2	8.4	8.6
		506.1	471.2	512.9	551.4	548.7	565.3
TOTAL RESOURCES EXPENDED		8852.9	8269.0	+9176.9	+9405.6	+9516.6	+9717.3
Contingency		-	-	-	-	-	-
DEFICIT (-) / SURPLUS (+) FOR THE YEAR							
TO (+) / FROM (-) GENERAL FUND RESERVES		-54.4	+76.0	-124.2	-145.4	-87.3	-145.9

Appendices to the budget are available on request from the Diocesan Chief Executive.

SOUTHWELL & NOTTINGHAM DIOCESAN SYNOD AND BOARD OF FINANCE

NOTES ON 2014 BUDGET

PEOPLE COSTS

1. The elements, including the stipend, making up the cost of a stipendiary incumbent and the cost of a stipendiary curate:-

	2014		2013	
	Stipendiary Incumbent	Stipendiary Curate	Stipendiary Incumbent	Stipendiary Curate
	£	£	£	£
Stipend	24,300	22,842	23,823	22,395
National Insurance (employer's share)	1,968	1,850	1,930	1,814
Pension and death-in-service benefits	8,324	8,324	8,316	8,316
Average housing costs	7,774	7,774	7,830	7,830
Training costs	677	677	656	656
Other staffing costs	1,068	1,068	1,061	1,061
Total cost per post	44,111	42,535	43,616	42,072

In addition to the training costs shown above, the Board meets the costs of future ministry totalling £311,000 (2013 - £269,900) including National Church training costs and financial support grants to ordination candidates.

2. The Archbishops' Council, as the Central Stipends Authority (CSA), sets annually a national stipend benchmark, and adjusts this for regional variations in the cost of living for incumbents and other ministers of similar status. The Board's policy on the payment of stipends is subject to review by Bishop's Council.
3. The remuneration of the Diocesan Bishop, the Suffragan Bishop, the Dean and two Residentiary Canons at the Minster is met in full and paid directly by the Church Commissioners.
4. The average housing costs are for routine maintenance and the cost of refurbishment only. Separate provision is made for the costs associated with impairment reviews carried out by the staff of the Property Department. Each house is fully maintained with a view to ensuring that the total residual value is not less than the amount stated in the Board's annual financial statements.
5. The budget incorporates a taxable housing allowance payable by the Board to stipendiary clergy of incumbent status required to live in their own house, and a parish share credit of £8,650 for Parochial Church Councils (PCCs) housing stipendiary assistant clergy in PCC owned property. The amount set aside for council tax and water charges payable by the Board of Finance totals £370,100 in the 2014 budget.
6. The average housing cost of a "house for duty" SSM, occupying a parsonage house amounts to £7,774 per annum as in the table above.

SOUTHWELL & NOTTINGHAM DIOCESAN SYNOD AND BOARD OF FINANCE

NOTES ON 2014 BUDGET

(continued)

NUMBER OF PEOPLE

7. The number of office holders and employees can be broken down as follows:

	<u>2014 (FTE)</u>	<u>2013 (FTE)</u> revised
	FTE = Full Time Equivalent	
Office Holders		
Stipendiary ministers (incumbent status)	108.80	109.63
Stipendiary curates (training curacies)	24.50	24.00
Archdeacons	2.00	2.00
Bishop's Chaplain	1.00	1.00
Diocesan Registrar	0.60	0.60
Number of office holders	136.90	137.23
Employees		
Chief Executive & support	7.50	8.10
Communications & IT	5.00	4.75
Deanery Administrators	2.60	2.60
Development	10.60	10.30
Education	14.00	12.67
Finance	3.40	3.40
Parish Support	9.00	9.00
Number of employees	52.10	50.82
	<u>189.00</u>	<u>188.05</u>

DBF EMPLOYEES

8. Remuneration for employees comprises the salary (or wage), national insurance (employer's share), and pension contribution. The gross staffing costs included in the budget for the year 2014 include provision for possible pay scale increases. A provision for a cost of living increase in salaries of 2% has been included in the budget. A decision about payment of an increase will not be taken until March 2014.
9. Payments are received from:
- (i) the Church Commissioners for the remuneration of the Suffragan Bishop's Personal Assistant, an employee of the DBF (1.00 FTE).
 - (ii) Education restricted funds to finance part of the remuneration cost of staff in the Education Department.
 - (iii) Notts County Council to finance part of the remuneration & costs of the Diocesan Youth Officer in the Education Department.
 - (iv) Southwell Cathedral Chapter to finance part of the remuneration costs of the Director of Communications and the Senior Finance Officer in the Finance Department.

NOTES ON 2014 BUDGET

(continued)

DBF EMPLOYEES (continued)

10. The Board operates a defined benefit pension scheme in respect of 4 current members of staff who are eligible employees. The Scheme was closed to new entrants from 1st April 1993. Following the preliminary results of the latest Triennial Actuarial Valuation for the Scheme, the Scheme Actuary has recommended a rate of contributions of 24.0% (previously 21.7%) of salaries for those lay staff who are members of the Scheme. Additionally, members are required to contribute 5% of salary to the Scheme.

For eligible employees whose employment began after 1st April 1993 the Board contributes 10% of salary to a defined contribution pension scheme nominated by the employee.

NON-STAFF COSTS AND INCOME

11. At the time of preparation of the 2014 budget, the latest available figure for the Consumer Prices Index (CPI) was 2.9% (June 2013). An increase of 2% has been provided for increases in budgets for non-staff costs. Each budget holder is expected to contain expenditure within their budget by, if necessary, changing priorities.

Interest on cash deposits has been assumed at 0.75% per annum on Central Board of Finance deposit fund accounts in 2014.

FOR MORE INFORMATION ON...

... **diocesan finance** please contact:

Director of Finance

Tel: 01636 817202 or email finance@southwell.anglican.org

... **Parishes Giving Programmes and Gift Aid** please contact:

Director of Parish Support

Tel: 01636 817242 or email carolepark@southwell.anglican.org

Our website:

www.southwell.anglican.org