

The Diocese of Southwell & Nottingham

Budget 2015

Forecasts 2016 & 2017

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INTRODUCTION

Is the Diocesan 2020 plan an aspiration or a reality?

This is not the start you would expect of a paper that introduces the 2015 budget. I will return to this later.

Preparing the annual budget has become a more straightforward task.

As an organisation the vast majority of our expenditure is people costs. We have set the workforce plan through to 2020 so 90% of our costs are of a fixed nature for this long period excepting inflationary changes and a few extraordinary items.

In 2015 one of these extraordinary changes is the change in pension contributions for the clergy. The expenditure budget shows an increase of 2% for employment and other costs. However the pension increase for the Church of England Funded Pension Scheme is 6%, due to the annual increase in the National Minimum Stipend (2%) and a change in the contribution rate from 38.2% to 39.9% (+4.5%). In cash terms the increase in pension contribution is approximately £80,000, which is equivalent to an increase in Deanery Share of 1.2%.

At the September meetings of the Inter Deanery Finance Forum and Bishops Council, the following calculation was shared:

2015 Budget	£000's
Total Expenditure excluding the 'housing contingency'	9150.1
Total Income excluding Deanery Share	2995.7
Total Required from Share	6154.4

Anything less than £6,154,400 given in Share will lead to a deficit and a draw down from reserves. This can be allowed providing we achieve a three year rolling break even of this surplus/deficit figure.

If the amount of deanery share given in 2014 is at a similar percentage level to 2013 i.e. 92% of that requested, this will total £5,844,400.

Therefore the percentage increase required to achieve £6,154,400 in 2015 is 5.3%!

Taking the above into consideration, Bishops Council concluded that the Deanery Share request should increase by 2%. They felt a bigger percentage increase could be demotivating. Instead Bishops Council and Inter Deanery Finance Forum felt the focus should move to increasing the percentage of share given.

To aid clarity, the summary sheet has been slightly amended and we have removed the contingency from within the housing budget – this change does not mean that we will spend any less on housing than we have done in previous years.

Summary Sheet changes:

- Incoming Resources now includes a line 'Shortfall' to clearly show the predicted level of Deanery Share that with the best estimates will not be paid. In 2015 this is set at 8%, moving down in 2016 to 6.5% and 2017 to 5% (i.e. the predicted amount being given is increasing year on year from 92%, to 93.5% and 95%).
- The increasing payment is predicated on a new significantly more active campaign to improve the level of giving
- Resources Expended is the amount actually being spent with no contingency.

Included in the pack is a page entitled 'Summary Sheet Restated' which shows the comparison with 2013 and 2014 on the above basis.

Following consideration of the amount of the increase in Deanery Share to be requested, the Finance Committee suggested that there should no longer be a cap and collar applied. They also recommended that no deanery should be allocated less in 2015 than had been requested in 2014. Subsequent to the meeting, the calculation was run, and without a cap and collar the range of movements was from one deanery being asked for 1% less than in 2014 through to one deanery receiving a 6% increase. Therefore Bishops Council agreed , a cap of 4% and a collar of 0% . The results can be seen at the end of this document on page 11.

It is clear that there needs to be a step change to more generous giving if 2020 is to be a reality rather than just an aspiration. This will require a significant change of focus for the Diocese if we are to deliver the ministry and mission we have spent two years planning and which we all aspire to.

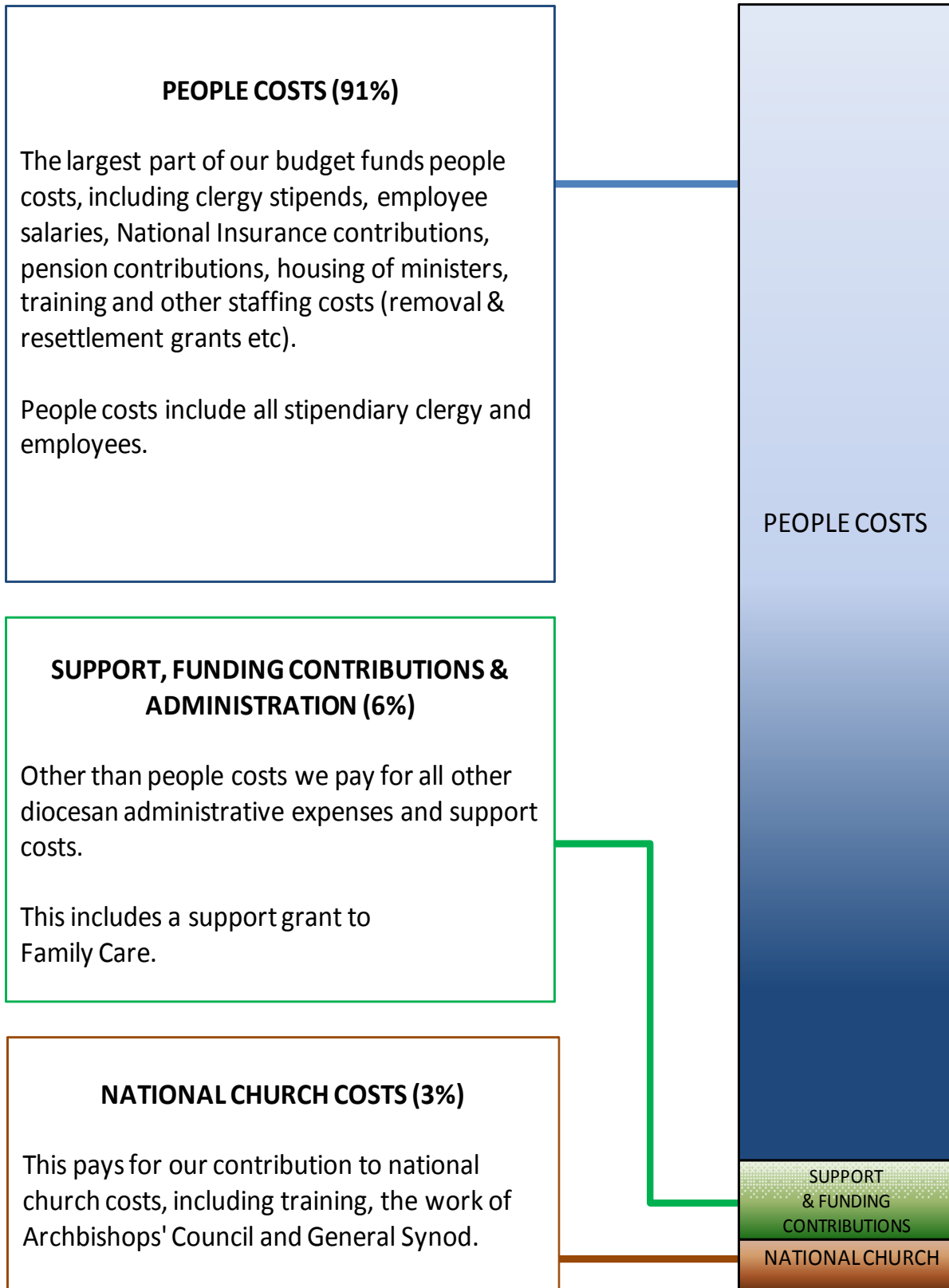
Archdeacons, The Chief Executive and myself are meeting with Deanery Leadership teams to consider the actions required to bring about the step change.

Do you care enough to be part of those actions?

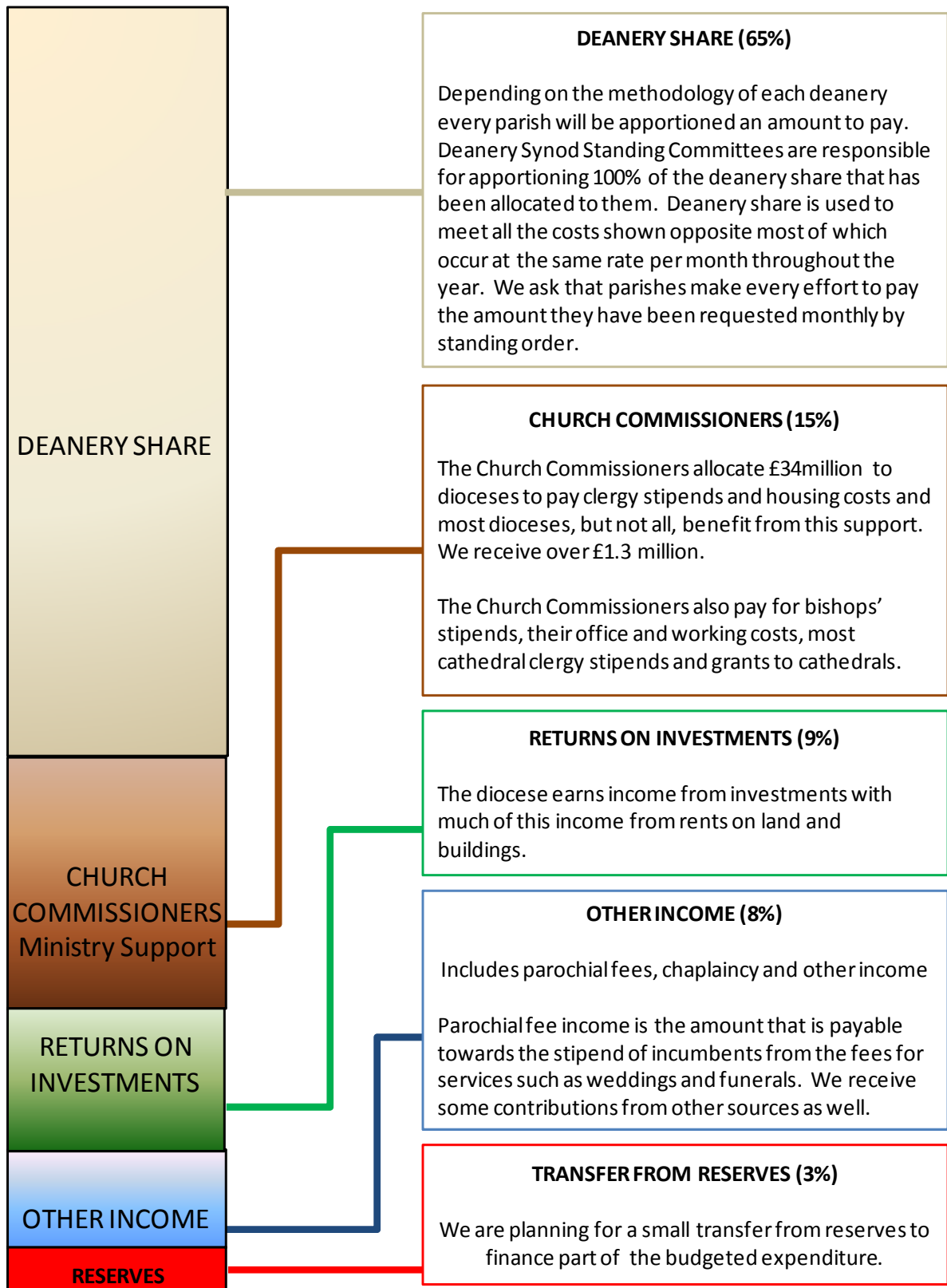
Michael Arlington Chair of Finance

September 2014

BUDGET 2015 - WHERE THE MONEY WILL GO...



BUDGET 2015 - WHERE WILL THE MONEY COME FROM...



Original

SOUTHWELL & NOTTINGHAM DIOCESAN SYNOD AND BOARD OF FINANCE

BUDGET SUMMARY 2015

GENERAL FUND

INCOMING RESOURCES

DEANERY SHARE

	2013 Budget £000	2013 Actual £000	2014 Budget £000	2015 Budget £000	2016 Forecast £000	2017 Forecast £000
Gross deanery share payable/paid	6262.9	5732.9	6356.8	6486.7	6613.6	6745.9
Share capping	-1.1	-	-4.1	-	-	-
Net deanery share payable/paid before discounts	6261.8	5732.9	6352.7	6486.7	6613.6	6745.9
Parish share discounts	-40.0	-40.1	-40.1	-40.0	-40.0	-40.0
Deanery share payable/paid net of discounts etc	6221.8	5692.8	6312.6	6446.7	6573.6	6705.9
Shortfall	-	-	-	-521.5	-429.9	-337.3
Deanery share payable/paid net of shortfall	6221.8	5692.8	6312.6	5925.2	6143.7	6368.6

CONTRIBUTIONS FROM CHURCH COMMISSIONERS

Ministry Support	1348.5	1348.5	1348.5	1331.5	1314.2	1300.0
Mission Development Funding	145.4	145.4	145.4	148.0	148.0	148.0
Amount transferred to Mission Development Funds	-75.0	-75.0	-75.0	-75.0	-75.0	-75.0
	1418.9	1418.9	1418.9	1404.5	1387.2	1373.0

RETURNS ON INVESTMENTS

Land and Buildings	349.8	379.7	389.4	397.3	405.3	413.4
Other Investments	414.7	356.7	372.9	421.1	425.3	429.5
	764.5	736.4	762.3	818.4	830.6	842.9

OTHER INCOME

Parochial Fees	400.0	545.0	437.5	440.0	449.0	458.0
Ecclesiastical Insurance Group Distribution	120.0	119.3	122.0	124.0	126.0	129.0
Education restricted funds	127.5	127.5	206.9	208.8	197.4	201.4
	647.5	791.8	766.4	772.8	772.4	788.4

TOTAL INCOMING RESOURCES

	9052.7	8639.9	9260.2	8920.9	9133.9	9372.9
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RESOURCES EXPENDED

PEOPLE COSTS

Stipends & salaries	4666.3	4527.0	4838.2	4908.8	5007.0	5107.1
National insurance	404.8	373.5	423.0	423.9	432.4	441.0
Pension contributions	1360.7	1310.7	1366.1	1464.2	1493.5	1523.4
Housing costs	1558.0	1093.1	1539.7	1143.6	1167.5	1192.2
Training costs	144.1	148.5	153.6	145.8	148.9	149.8
Grants payable and other staffing costs	150.4	194.4	149.9	152.8	155.8	159.1
	8284.3	7647.2	8470.5	8239.1	8405.1	8572.6
Contributions to parochial ministry posts	-17.7	-30.4	-18.1	-29.4	-30.0	-30.6
Contributions to other people costs	-194.2	-221.0	-221.3	-201.5	-202.9	-206.9
	8072.4	7395.8	8231.1	8008.2	8172.2	8335.1

OTHER SUPPORT COSTS

Deanery leadership support	25.0	22.2	25.5	26.0	26.5	27.1
Bishop's Council & Funding Contributions	201.6	200.0	198.2	206.7	210.4	214.1
Department for Development	83.8	66.7	85.8	91.8	93.1	94.2
Education	44.1	31.6	57.9	59.7	60.9	62.1
Communications	27.0	9.8	24.1	25.7	31.2	26.6
Parish Support	111.0	99.0	115.9	106.1	108.2	110.3
Finance & Resources (including office premises)	57.5	89.9	59.6	61.1	62.6	64.2
Chief Executive & Registrar	41.6	96.8	56.1	45.8	46.8	47.4
	591.6	616.0	623.1	622.9	639.7	646.0

	8664.0	8011.8	8854.2	8631.1	8811.9	8981.1
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NATIONAL CHURCH COSTS

Training for Ministry (Vote 1)	184.7	184.7	190.2	191.3	195.1	199.0
National Church Responsibilities (Vote 2-4)	177.4	177.4	174.1	174.2	177.7	181.3
National Church CHARM subsidy (Vote 5)	57.6	57.6	58.1	60.7	61.9	63.1
Ordination candidates' financial support grants	111.2	118.9	195.6	140.0	142.8	145.7
Contribution to/-from national pooling	0.1	0.1	-20.8	-55.6	-56.7	-57.8
Contribution from designated/restricted funds	-26.1	-	-54.0	-	-	-
General Synod Members' Expenses (Pooled)	8.0	5.5	8.2	8.4	8.6	8.8
	512.9	544.2	551.4	519.0	529.4	540.1

TOTAL RESOURCES EXPENDED

	+9176.9	8556.0	+9405.6	+9150.1	+9341.3	+9521.2
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DEFICIT (-) / SURPLUS (+) FOR THE YEAR

TO (+) / FROM (-) GENERAL FUND RESERVES

	-124.2	+83.9	-145.4	-229.2	-207.4	-148.3
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Restated

SOUTHWELL & NOTTINGHAM DIOCESAN SYNOD AND BOARD OF FINANCE

BUDGET SUMMARY 2015

GENERAL FUND

INCOMING RESOURCES

DEANERY SHARE

	2013 Actual £000	2014 Budget £000	2014 Forecast £000	2015 Budget £000	2016 Forecast £000	2017 Forecast £000
Gross deanery share payable/paid	5732.9	5975.6	5852.8	6486.7	6613.6	6745.9
Share capping	-	-4.2	-4.2	-	-	-
Net deanery share payable/paid before discounts	5732.9	5971.4	5848.6	6486.7	6613.6	6745.9
Parish share discounts	-40.1	-40.0	-40.0	-40.0	-40.0	-40.0
Deanery share payable/paid net of discounts etc	5692.8	5931.4	5808.6	6446.7	6573.6	6705.9
Shortfall	-	-	-	-521.5	-429.9	-337.3
Deanery share payable/paid net of shortfall	5692.8	5931.4	5808.6	5925.2	6143.7	6368.6

CONTRIBUTIONS FROM CHURCH COMMISSIONERS

Ministry Support	1348.5	1348.5	1348.5	1331.5	1314.2	1300.0
Mission Development Funding	145.4	145.4	145.4	148.0	148.0	148.0
Amount transferred to Mission Development Funds	-75.0	-75.0	-75.0	-75.0	-75.0	-75.0
	1418.9	1418.9	1418.9	1404.5	1387.2	1373.0

RETURNS ON INVESTMENTS

Land and Buildings	379.7	389.4	389.4	397.3	405.3	413.4
Other Investments	356.7	372.9	372.9	421.1	425.3	429.5
	736.4	762.3	762.3	818.4	830.6	842.9

OTHER INCOME

Parochial Fees	545.0	437.5	439.5	440.0	449.0	458.0
Ecclesiastical Insurance Group Distribution	119.3	122.0	122.0	124.0	126.0	129.0
Education restricted funds	127.5	206.9	192.9	208.8	197.4	201.4
	791.8	766.4	754.4	772.8	772.4	788.4

TOTAL INCOMING RESOURCES

	8639.9	8879.0	8744.2	8920.9	9133.9	9372.9
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RESOURCES EXPENDED

PEOPLE COSTS

Stipends & salaries	4527.0	4838.2	4699.2	4908.8	5007.0	5107.1
National insurance	373.5	423.0	405.0	423.9	432.4	441.0
Pension contributions	1310.7	1366.1	1352.1	1464.2	1493.5	1523.4
Housing costs	1093.1	1158.5	1118.7	1143.6	1167.5	1192.2
Training costs	148.5	153.6	153.6	145.8	148.9	149.8
Grants payable and other staffing costs	194.4	149.9	149.9	152.8	155.8	159.1
	7647.2	8089.3	7878.5	8239.1	8405.1	8572.6
Contributions to parochial ministry posts	-30.4	-18.1	-18.1	-29.4	-30.0	-30.6
Contributions to other people costs	-221.0	-221.3	-221.3	-201.5	-202.9	-206.9
	7395.8	7849.9	7639.1	8008.2	8172.2	8335.1

OTHER SUPPORT COSTS

Deanery leadership support	22.2	25.5	25.5	26.0	26.5	27.1
Bishop's Council & Funding Contributions	200.0	198.2	198.2	206.7	210.4	214.1
Department for Development	66.7	85.8	85.8	91.8	93.1	94.2
Education	31.6	57.9	57.9	59.7	60.9	62.1
Communications	9.8	24.1	24.1	25.7	31.2	26.6
Parish Support	99.0	115.9	115.9	106.1	108.2	110.3
Finance & Resources (including office premises)	89.9	59.6	59.6	61.1	62.6	64.2
Chief Executive & Registrar	96.8	56.1	56.1	45.8	46.8	47.4
	616.0	623.1	623.1	622.9	639.7	646.0
	8011.8	8473.0	8262.2	8631.1	8811.9	8981.1

NATIONAL CHURCH COSTS

Training for Ministry (Vote 1)	184.7	190.2	190.2	191.3	195.1	199.0
National Church Responsibilities (Vote 2-4)	177.4	174.1	174.1	174.2	177.7	181.3
National Church CHARM subsidy (Vote 5)	57.6	58.1	58.1	60.7	61.9	63.1
Ordination candidates' financial support grants	118.9	195.6	195.6	140.0	142.8	145.7
Contribution to/-from national pooling	0.1	-20.8	-20.8	-55.6	-56.7	-57.8
Contribution from designated/restricted funds	-	-54.0	-54.0	-	-	-
General Synod Members' Expenses (Pooled)	5.5	8.2	8.2	8.4	8.6	8.8
	544.2	551.4	551.4	519.0	529.4	540.1

TOTAL RESOURCES EXPENDED

	8556.0	+9024.4	+8813.6	+9150.1	+9341.3	+9521.2
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DEFICIT (-) / SURPLUS (+) FOR THE YEAR

<u>TO (+) / FROM (-) GENERAL FUND RESERVES</u>	+83.9	-145.4	-69.4	-229.2	-207.4	-148.3
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KEY BUDGET 2015, AND FORECAST 2016 & 2017 ASSUMPTIONS

	Budget	Forecast	
	2015	2016	2017
Number of posts (full-time equivalent)	189.0	189.0	189.0
Provision for increase in stipends	2.0%	2.0%	2.0%
Provision for increase in staff salaries	2.0%	2.0%	2.0%
Average deanery share increase	2.0%	2.0%	2.0%
Deanery share shortfall %	8.0%	6.5%	5%
Inflation for non staff costs (see note 11, page 10)	2.0%	2.0%	2.0%

ACTUAL, BUDGET & FORECAST MOVEMENT IN GENERAL FUNDS : Surplus (+) / DEFICIT (-)

2011 £ 000 Actual	2012 £ 000 Actual	2013 £ 000 Actual	2014 £ 000 Expected*	2015 £ 000 Budget	2016 £ 000 Forecast	2017 £ 000 Forecast	3-year running total £ 000
+169.1	+76.0	+84.0					+329.1
	+76.0	+84.0	(69.4)				+90.6
		+84.0	(69.4)	(229.2)			(214.6)
			(69.4)	(229.2)	(207.4)		(506.0)
				(229.2)	(207.4)	(148.3)	(584.9)

* Based on General Fund Forecast at end of June 2014.

SOUTHWELL & NOTTINGHAM DIOCESAN SYNOD AND BOARD OF FINANCE

NOTES ON 2015 BUDGET

PEOPLE COSTS

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

	2015		2014	
	Stipendiary Incumbent	Stipendiary Curate	Stipendiary Incumbent	Stipendiary Curate
	£	£	£	£
Stipend	24,788	23,135	24,300	22,842
National Insurance (employer's share)	2,008	1,874	1,968	1,850
Pension and death-in-service benefits	9,048	9,048	8,324	8,324
Average housing costs	7,797	7,797	7,774	7,774
Training costs	676	676	677	677
Other staffing costs	1,082	1,082	1,068	1,068
Total cost per post	45,399	43,612	44,111	42,535

In addition to the training costs shown above, the Board meets the costs of future ministry totalling £275,700 (2014 - £311,000) 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 £8,560 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 £398,400 in the 2015 budget.
6. The average housing cost of a "house for duty" SSM, occupying a parsonage house amounts to £7,797 per annum as in the table above.

SOUTHWELL & NOTTINGHAM DIOCESAN SYNOD AND BOARD OF FINANCE

NOTES ON 2015 BUDGET

(continued)

NUMBER OF PEOPLE

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

	<u>2015 (FTE)</u>	<u>2014 (FTE)</u>
		Revised
	FTE = Full Time Equivalent	
Office Holders		
Stipendiary ministers (incumbent status)	111.40	108.80
Stipendiary curates (training curacies)	23.50	24.50
Archdeacons	2.00	2.00
Bishop's Chaplain	1.00	1.00
Diocesan Registrar	0.60	0.60
Number of office holders	138.50	136.90
Employees		
Chief Executive & support	8.10	7.50
Communications & IT	2.80	2.80
Deanery Administrators	2.75	2.60
Development	10.30	10.60
Education	12.90	14.00
Finance	3.40	3.40
Parish Support	10.25	11.20
Number of employees	50.50	52.10
	<u>189.00</u>	<u>189.00</u>

DBF EMPLOYEES

8. Remuneration for employees comprises the salary, Employer's National Insurance and pension contribution. The gross staffing costs included in the budget for the year 2015 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 2015.
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. This funding ceases from April 2015.
 - (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 2015 BUDGET

(continued)

DBF EMPLOYEES (continued)

10. The Board operates a defined benefit pension scheme in respect of 2 current members of staff who are eligible employees. The Scheme was closed to new entrants from 1st April 1993. Following the results of the latest Triennial Actuarial Valuation for the Scheme, the Scheme Actuary has recommended a rate of contributions of 22.0% (previously 24.0%) 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 2015 budget, the latest available figure for the Consumer Prices Index (CPI) was 1.5% (May 2014). CPI at the end of August 2014 remained at 1.5%. 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 2015.

FOR MORE INFORMATION ON...

... diocesan finance please contact:

Director of Finance

Tel: 01636 817202 or email rebecca.bowes@southwell.anglican.org

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

Director of Parish Support

Tel: 01636 817244 or email fraser@southwell.anglican.org

Our website:

www.southwell.anglican.org

PROVISIONAL DEANERY SHARE 2015			
	2014 Deanery share actually allocated	2015 DEANERY SHARE to be allocated	2014-2015 per cent increase
Newark Archdeaconry			
Bassetlaw & Bawtry	£791,106	£814,001	2.9%
Mansfield	£478,626	£479,001	0.1%
Newark & Southwell	£714,309	£735,760	3.0%
Newstead	£668,228	£695,003	4.0%
Archdeaconry Totals	£2,652,269	£2,723,765	
Nottingham Archdeaconry			
East Bingham	£621,038	£645,889	4.0%
West Bingham	£757,450	£764,450	0.9%
Gedling	£771,459 *	£786,524	2.0%
Nottingham North	£614,393 *	£623,584	1.5%
Nottingham South	£936,093 *	£942,495	0.7%
Archdeaconry Totals	£3,700,433	£3,762,942	
Diocesan Totals	£6,352,702	£6,486,707	
REVISED DUE TO PARISH MOVES			