



The Church of England
Diocese of Ely

ely2025

Ely2025 Programme 2021-23 and Budget Guide 2021

Explanatory Notes

November 2020

People Fully Alive: Ely2025

Foreword from Bishop Stephen

In my foreword for the 2020 Budget Guide, I noted that we needed to be realistic about the challenging and uncertain political and economic times in which we were then living. Little could we have imagined quite what this year would bring.

The impact of the pandemic on our budgeting and forward planning has been significant as we have seen a very significant reduction in our investment income, and might reasonably expect that the consequences for parish finances will result in a reduction in the rate of ministry share collection. To this end, we are forecasting significant deficits for 2020 and 2021. Recognising the pressures on parish finances, the Diocesan Synod has approved an overall ministry share increase of 0.0%.

To help manage this financial shock, we are needing to make some difficult decisions. This is in order to free us to continue to be strategic in our implementation of Ely2025. We have long needed to be careful and disciplined about our resources, but this has been brought into much sharper focus by the current circumstances. The overwhelming majority of our expenditure continues to be to meet the direct costs of parochial ministry; the remainder is what is required to support that ministry now and to invest in ministry for the future.

Notwithstanding the current challenges, the level of generosity demonstrated by the parishes and people of the diocese remains remarkable. I want to express my particular gratitude to all those who give generously according to their means, and to PCC and Deanery Treasurers for the responsibility and leadership they take in this aspect of our common life. I would also like to thank those diocesan colleagues who support and encourage parishes in their stewardship and giving, and who have been involved with the production of this guide - Martin Kenward, Lorraine Orbell, James Owen, Paul Evans, and Brian Atling.

Our prayer as a diocese is to be generous and visible people of Jesus Christ. Thank you for all your generosity, and for all that it enables in being people of Jesus Christ in this diocese.

+Stephen

Ely Diocesan Vision

We pray to be generous and visible people of Jesus Christ.

Believing that God calls us to discover together his transforming presence in our lives and in every community, in Jesus Christ we pray:

To engage fully and courageously with the needs of our communities, locally and globally

To grow God's church by finding disciples and nurturing leaders

To deepen our commitment to God through word, worship and prayer

Ely2025: Levers of Change

Lever 1 NURTURE a confident people of God

Lever 2 DEVELOP healthy churches and leaders

Lever 3 SERVE the community

Lever 4 RE-IMAGINE our buildings

Lever 5 TARGET support to key areas

*People Fully Alive : Ely2025
A strategy for growth (September 2015)*

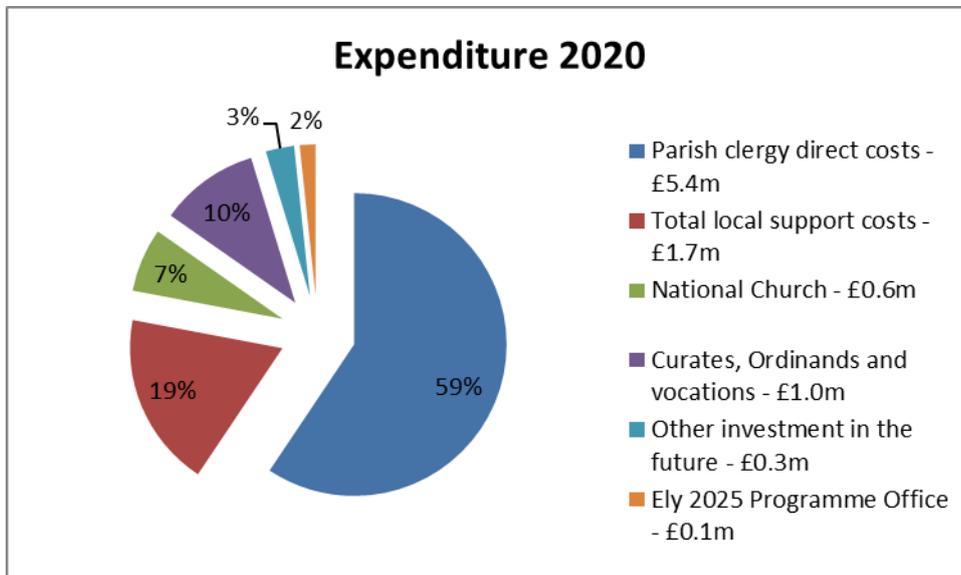
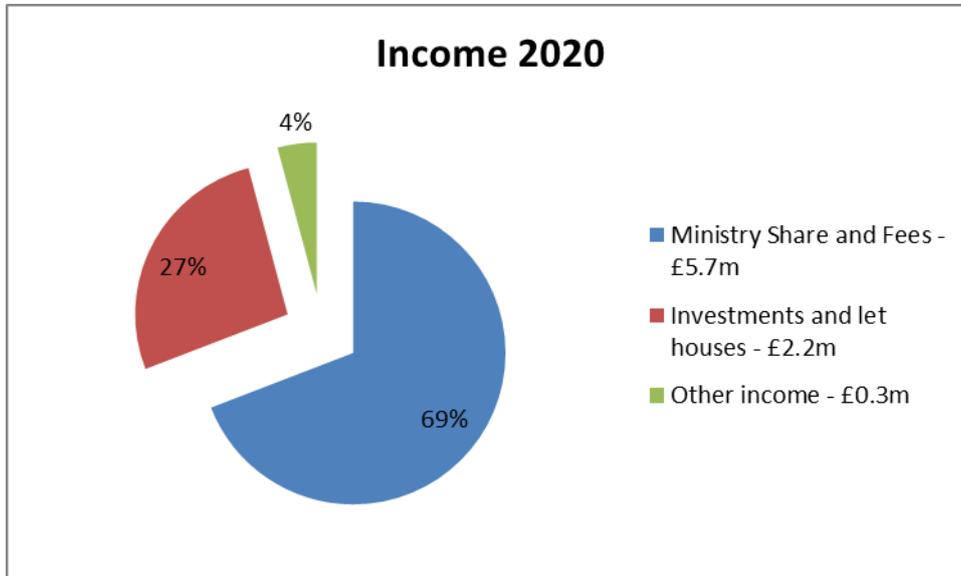
People Fully Alive : Ely2025 Budget 2021

Key Points

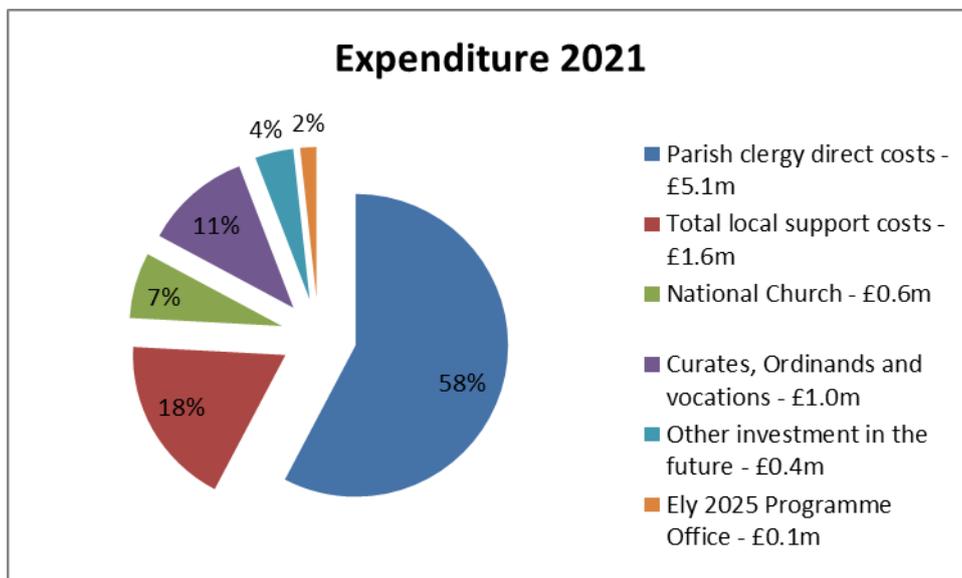
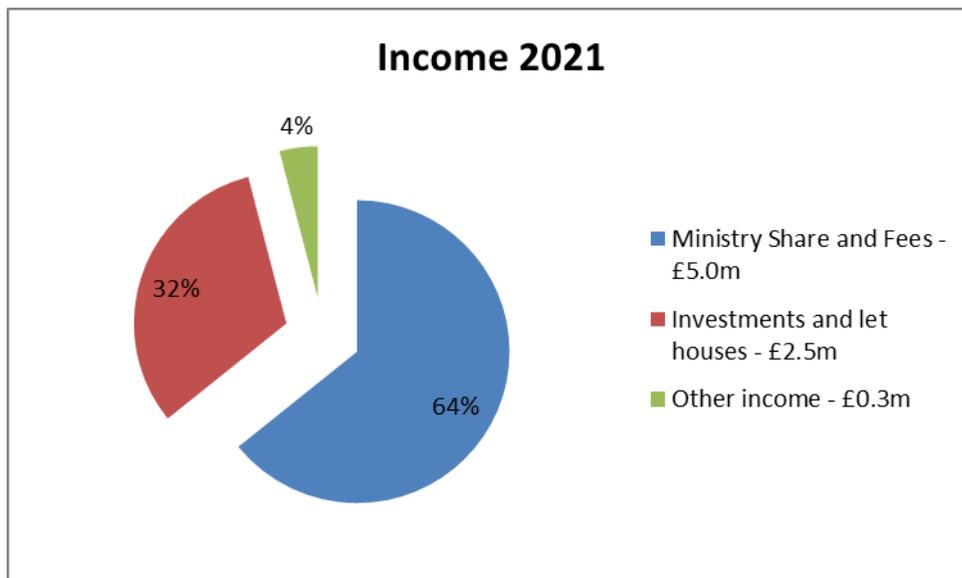
- Our overall **strategic financial objective** for 2021 is to manage the deficit expected to be created by a fall in our investment income. We will achieve this by cutting costs, managing a sustainable deployment plan for clergy and freezing Diocesan Office posts. Bishop' Council will be kept updated regularly throughout the year as our financial position develops. Our assumptions for the construct of the 2021 Budget are set out below.
- **Ministry share** for 2021 is expected to cover 81% of clergy costs for existing clergy and curates. Before Covid-19, ministry share for 2020 was expected to cover 94% of direct clergy costs for existing clergy and curates but is now forecast to cover only 89%. Investment income would normally cover the balance of direct clergy posts, the cost of new clergy posts and 100% of the local support costs. However, in 2021 and 2020 reduced investment income is anticipated as a result of Covid-19 and therefore significant deficits are now forecast for both 2020 and 2021.
- **Overall ministry share increase of 0.0%** for 2021 is being requested due to the pressures of Covid-19 on Parish Finances. Investment income will continue to fund the activity approved by the Bishop's Council, Ministry and Mission programmes to continue the implementation of Ely2025, including the running of the Ely2025 Programme Management Office (part-funded by the Church Commissioners).

EDBF BUDGET 2021						
0.0% Parish Share Increase	2021		2020 Revised		2020 Original	
	Budget for year		Forecast for year		Budget for year	
EXPENDITURE						
Clergy stipends	3,928,016		4,147,220		4,244,721	
Curates exc. housing	785,885		736,812		656,149	
Housing costs	972,553		1,105,313		1,179,305	
Clergy other	180,500		147,329		180,500	
	5,866,954	100%	6,136,674	100%	6,260,675	100%
Archdeacons	143,123		151,138		155,492	
Ministry	262,466		359,878		358,633	
Mission	230,580		273,766		360,717	
Education (net cost)	127,844		0		0	
DDO & Vocations	27,671		27,273		31,929	
Ordinands Grants & RME costs	184,421		194,303		63,430	
Safeguarding	185,429		208,887		199,889	
Registry, DAC & Legal costs	397,955		396,248		367,884	
IT & Office running costs	313,162		255,419		297,800	
Programme Office	152,148		152,480		144,877	
Admin salaries	298,648		322,759		336,696	
National Church	618,450		618,450		640,096	
	8,808,851		9,097,276		9,218,116	
INCOME						
Parochial Fees	300,000		148,532		325,000	
Investment income	2,164,379		1,902,755		2,621,277	
Investment income DPA	73,802		100,671		90,671	
Letting income	248,000		177,034		200,000	
Letting income - RH	100,000		41,667		0	
Other income	216,361		296,424		111,000	
	3,102,542		2,667,083		3,347,948	
Surplus of expenditure over income	5,706,309		6,430,193		5,870,169	
MINISTRY SHARE INCOME						
Ministry Share request	4,872,760		5,712,212		6,148,907	
DDR Discount	(121,089)		(144,003)		(151,589)	
Deanery Discount	(26,455)		(79,085)		(115,736)	
	4,725,216	81%	5,489,124	89%	5,881,582	94%
NET SURPLUS/(DEFICIT) FOR YEAR	(981,093)		(941,070)		11,413	
Forecast stipendiary clergy numbers						
Stipendiary clergy fte posts	109.9		118.4		118.4	
Stipendiary clergy fte budget	96.0		108.0		108.0	
Stipendiary Curates fte	21.0		20.0		20.0	

2020 Forecast



2021 Budget



BUDGET 2021					
ELY DIOCESAN BOARD OF FINANCE					2021 BUDGET version 18
0.0% parish share increase inc. inflation					(exc. Market Towns)
INCOME					
	2019 BUDGET	2019 ACTUAL	2020 BUDGET	2020 FORECAST	2021 BUDGET
	£000s	£000s	£000s	£000s	£000s
GIVEN BY PARISHES					
Net Ministry Share received	5,671	5,689	5,882	5,489	4,725
Parish fees	345	287	325	149	300
	6,016	5,976	6,207	5,638	5,025
INVESTMENT INCOME					
Investment income (incl Glebe, net of costs)	2,638	2,712	2,712	2,003	2,238
Parsonage letting income (net of costs)	225	187	200	177	248
	2,863	2,900	2,912	2,180	2,486
OTHER INCOME					
	111	143	111	338	316
TOTAL INCOME	8,990	9,019	9,230	8,156	7,828
EXPENSES					
PARISH CLERGY DIRECT COSTS					
	5,439	5,507	5,605	5,400	5,081
Local Support Costs	755	1,157	1,082	1,116	989
Diocesan Office Costs	883	758	779	731	764
TOTAL LOCAL SUPPORT COSTS	1,638	1,914	1,861	1,847	1,753
CONTRIBUTION TO NATIONAL CHURCH					
	611	618	640	618	618
INVESTMENT IN THE FUTURE					
	1,294	1,016	1,112	1,232	1,229
Support for Education (Schools Fund)					128
TOTAL EXPENSES	8,982	9,056	9,218	9,097	8,809
(DEFICIT)/SURPLUS	8	(37)	11	(941)	(981)

DBF BUDGET ASSUMPTIONS - 2021	
Inflation rate	- Inflation assumed to be stable at 2.0% through until 2023 OFNS 12-month inflation rate was 0.7% in May 2020
Ministry share	- 0.0% increase in parish share including inflation for 2021 and 2.1% thereafter - collection rate decreases to 80% instead of 98.2% for 2021
Parochial fees	- assumed fairly stable but this income has been reducing
Investment income	- detailed assumptions from Jon Green for 2020 onwards have been incorporated
Letting income	- assumed fairly stable but this income has been increased as properties vacated by clergy - inclusion of anticipated £100k rental for the Retreat House let
Other income	- £100,000 grant income assumed continues from Allchurches Trust (EIG)
Stipends	- clergy posts increased to 108 in 2019, staying at 108 until 2020, reducing to 96 in 2021 onwards - clergy stipends increase 2.0%per annum for 2020/2021 and 0.0% from 2021/22 onwards
Curates	- curate numbers increased to 17.5 in 2019, to 20 by 2020 and to 21.5 by 2022 - curates stipends increase 2.0%per annum for 2020/2021 and 0.0% from 2021/22 onwards - assume SMF funding is received for 4.5 new curates in 2021, total of 9.5 intake
Housing	- 0.0% increase on 2020 forecast figures with reduced Quinquennial works budget
Clergy other costs	- no increases from 2020 budgeted figures
Archdeacons	- costs increased by 0.0% annually, main cost is stipends
Salaries	- payrise of average 2.0% as of 01/04/2020 and 0.0% as of 01/04/2021 - staffing numbers have been reduced from the 2020 forecast - plus 2 staff taken on from the Retreat House for facilities and gardening
Pension scheme	- assumed there will be a further deficit arising in 2020 but not provided for
Ministry & Mission	- figures as per Ministry 2020 forecast adjusted to £300k programme costs
Education	- separate Schools Fund budget (Andrew Read - new structure now costed for 2019)
DDO and Vocations	- increase of 0.0% on 2020 estimated costs - DDO and Vocations post is paid from stipends
Safeguarding	- additional staffing and DBS fees increased from 2019
Legal and DAC costs	- past cases review costs completed - addition of Historic Places of Worship Support Officer (0.5 externally funded) ends by 2021 - inclusion of Buildings Audit costs, £132,280 over 4 years to 2021
Administration costs	- no change from 2019 budget for office running and property costs - infrastructure & IT renewal budgets included, PR & Comms now part of Programme office
National Church	- 0.0% increase for 2021 (not 3.5% limited increase as per Archbishops' Council)
Ordinands grants	- budget includes sums to make up any shortfall in the RME Funding/Pooling costs
Programme office	- assumes no increase in number of ordinands being trained - currently 33 - comprises staffing costs that do not relate directly to the Market Towns initiative - no increase in PR and general communications budget has been included

What's what ...

These notes describe the principal areas of income and expenditure in the 2021 proposed budget.

Income

- Ministry Share has not been increased and a reduction in the rate of collection of up to 20% is anticipated for 2021 and up to 10% for 2020.
- Investment income: The Assets Committee seeks normally to maintain a 5.0% increase in income each year over and above the level of inflation, but for 2021 and 2020 significant reductions in dividend receipts are anticipated due to the impact of Covid-19 on the stock market.
- Parsonage letting income is expected to remain steady but may be impacted by the new tenancy regulations.

Parish Clergy Direct Costs

The first and most significant area of expenditure includes all the items necessary for placing and supporting ordained and lay ministers within the Diocese.

- Clergy Stipends: For 2021 the budgeted number of stipendiary posts is 100. The posts are a mix of parochial stipendiary posts, other stipendiary clergy and pioneer posts. The 2021 figure of £5.867m represents stipends, pension, National Insurance contributions, housing, removals/resettlement grants and the costs of vacancies. 67% of the budgeted expenditure relates to the direct costs of clergy.

The 2021 budgeted figure is calculated to reflect a 0.0% stipend increase from 1 April 2021; a figure, it is expected, will be set by the National Church.

Local (Clergy and Parish) Support Costs

These are the costs of providing support to parishes and clergy plus several statutory functions. They include:

- Archdeacons (with support staff)
- Ministry support and training
- Clergy support and counselling
- Stewardship support
- Safeguarding
- Legal fees
- Church inspection and faculty fees

Overall, 11% of the budget is spent on these operational items; including the costs of Ministry and Safeguarding to support the Ely2025 strategy. All expenses incurred by the Bishops and their offices are paid by the Church Commissioners and are not included in this budget. Likewise, the Cathedral is directly funded by the Church Commissioners and not by the Diocese.

Diocesan Office Costs

These are the costs of administration for the Diocese which include:

- Salaries for administration staff
- Office running costs and maintenance
- Parsonage maintenance
- Church Buildings Support (work carried out in-house)
- Board and Committee expenses
- Communications and Public Relations
- Audit and accountancy advice, finance, gift aid support, trusts administration
- Legal advice

Wherever possible, costs are still being held at 2019 levels, although salaries have been adjusted where the 2019 budget did not represent the current staffing structure. Parsonage maintenance cost rises are running ahead of inflation.

Contribution to National Church

This heading brings together all the costs associated with our support for the Church of England, together with costs associated with training new clergy in theological colleges. The main element in the National Church Support figure includes the central administration, some funding for retired clergy housing and some clergy associated with the Church of England's National Mission.

The Archbishops' Council has made a commitment to keep costs down. The average budget request per diocese has been reduced by 1.6% nationally for 2021.

Investment in the Future

- Curates
- Bishop's Change Officer for Market Towns
- Director of Ordinands and Vocations
- Local Ordinands maintenance grants
- Ely2025 implementation and Growth Fund
- Youth and Children's Adviser
- Fresh Expressions Adviser
- Anglia Ruskin University chaplain

The 2021 budget is for 21 curates (20 for 2020) in line with National Church Guidelines for increasing numbers by 50%. Overall, 14% of the budget is spent on these operational items; it is set at a slightly higher figure than the 2020 budget as it incorporates anticipated changes in the costs of Ministerial Education, particularly residential training.

Deficit

As a charity and not-for-profit organisation, the Diocese aims to break even over time. Due to fluctuations in circumstances, surpluses and deficits are made annually. Recent years have returned a small surplus, while in earlier years deficits have been incurred. The 2019 outcome was a small deficit reasonably in line with the budget, in part due to additional safeguarding costs required at the Diocesan Office by the Bishop's Council Guidelines.

However, in 2021 and 2020 significant deficits are expected to arise due to the loss of income by the Diocese because of the Covid-19 pandemic. The Diocese has made cost savings wherever possible for the 2021 budget.

Reserves policy

Any surpluses which have been built up over years are known as reserves. The Charity Commission requires us to have a policy. The Diocesan Reserve Policy is a target for free reserves (net of tangible fixed assets and investments) currently set at an amount equivalent to three months' gross expenditure from unrestricted funds estimated at £2.25m (2020). At 31 December 2019 the free reserves of the Diocese amounted to £5.4m, of which £2m or thereabouts will be used to cover the deficits for 2020 and 2021.

CONTACT

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This guide is also available on the Diocesan website

www.elydiocese.org