



2022 Budget, Bristol Diocesan Board of Finance Ltd

Diocesan Synod, November 2021

INTRODUCTION

I am pleased to write this introduction to the 2022 diocesan budget.

You will be aware that these are uncertain times in which to make financial plans. We are facing some longer-term issues of affordability as well as the need to manage our recovery from the impact of the coronavirus pandemic. The work that has been done across the diocese on Transforming Church will bring greater clarity in addressing both these concerns by defining priorities and areas for strategic investment. The budgets for 2023 onwards will be shaped according to decisions to be made over the next few months.

The line between issues of affordability and the impact of the pandemic is not always clear. There has been a relative decline in the size of the Parish Share in recent years, though any predictions about its future path are not easy to determine in the wake of the economic effects of the pandemic. There has been consistency in our commitment to investing in parish ministry and, indeed, there has been a significant increase in that investment in the last few years as we, together with other dioceses across the country, have risen to the challenge of training and preparing the clergy needed for the future.

The projected £681k deficit in this budget is in large part down to our commitment to future ministry. And so, while we will always feel more assured voting for a balanced budget - and that is what we will be aiming at over time - there are times when future fruitfulness calls for a limited period of extra investment in the present. Apart from future clergy (and indeed lay ministry too) there is also the challenge of our response to climate change. Both involve additional costs now. These commitments are for the benefit of those who will follow us. Our management of the diocese's finances holds the present and future in constant dialogue.

I would encourage you prayerfully to consider approving the budget that is presented here. Matthew and Pat have done an excellent job in explaining it in expert detail and we will discuss it further on 13 November. We have a healthy balance sheet and so can afford a deficit at the present time. The diocesan synod agenda in November will give us all a chance to discern together the Lord's leading in regard to the future shape of our mission and ministry and the consequent focus of our financial plans.

Andrew Lucas
Chair of the Diocesan Board of Finance

1. OVERVIEW

- 1.1. This paper sets out details of the **final** 2022 Budget for the Bristol Diocesan Board of Finance Ltd for the meeting of Diocesan Synod in November 2021.
- 1.2. The 2022 Budget shows expenditure outstripping income by **£893k** overall. However, with **£200k** of this expenditure constituting improvement works to property and being funded by the Diocesan Stipends Fund (DSF) Capital Fund and **£12k** coming from 'other funds', this effectively means that the DBF's main funds budget is in deficit by **£681k**.
- 1.3. The 2022 Budget is summarised below:

	BUDGET 2022
	£k
INCOME	
Parish share	5,500
Grant income	1,711
Investment income	1,049
Other income	559
Total income	8,819
EXPENDITURE	
Parish ministry	4,214
Future ministry	1,740
Property costs	1,559
Diocesan Support Services & central costs	1,929
National Church	270
Total expenditure	9,712
Surplus /(Deficit) before transfers	(893)
<i>Add back: Funding from the DSF Capital fund</i>	<i>200</i>
<i>Net income from other funds</i>	<i>12</i>
Surplus/ (Deficit)	(681)

- 1.4. Given the budgeted deficit for 2021 was **£721k**, the 2022 Budget represents a decrease in the DBF's operating deficit by **£40k**.
- 1.5. For the purposes of the budget it has been assumed that the impact of the Covid-19 pandemic has largely run its course. Nevertheless, it is acknowledged that there may be ongoing impact on the DBF's finances through parish income and the wider economy.

Diocesan Synod is asked to authorise the Bristol Diocesan Board of Finance Limited to expend in the year 2022 sums totalling **£9,712,000** in respect of the items in the main Budget for that year

2. STRATEGIC INVESTMENT AND THE DEFICIT

2.1. In order to understand the context of this budget, it is important to recognise how the budget deficit has arisen and how that deficit represents deliberate and strategic investment in the future of stipendiary ministry.

2.2. Specifically, this strategic investment includes spending commitments that were made as part of the 2016-2020 Strategic Plan. These include:

- 12.67 more curates in 2022, compared to 2016 of which 5.5 are externally funded.
- 4 more associate ministers, compared to 2016. Three of whom are externally funded until late 2023 and the fourth was funded until September 2021.
- 2 more clergy, compared to 2016, one of whom was externally funded until November 2020 and the other until September 2021.
- A number of CEMES workers have been appointed since 2016, the latest 2 of which are in post to August 2022 and are externally funded.
- Support staff for the Resource Churches have been funded externally through the DBF until the funding is depleted. The funding tapers off during 2021 and 2022 after which the costs are borne by the Resource Churches directly.
- Expenditure on Consultancy; Growing Leaders/Thrive and Learning & Training in support of the development of the three Mission Areas are funded from external sources.
- Three members of the Parish Giving Team are externally funded.

In addition, new Racial Justice work is planned and some external funding is expected. An increase in environmental staffing and activities was planned, but are currently funded by grants.

2.3. The table below shows the headings in the 2022 Budget split between the established expenditure and new areas of spending that were part of the 2016-20 Strategic Plan.

	BUDGET 2022	Core Operational Activities	Strategic
	£k	£k	£k
INCOME			
Parish share	5,500	5,260	240
Grant income	1,711	1,084	627
Investment income	1,049	1,049	0
Other income	559	559	0
Total income	8,819	7,952	867
EXPENDITURE			
Parish ministry	4,214	3,821	393
Future ministry	1,740	1,046	694
Property costs	1,559	1,559	0
Diocesan Support Services & central costs	1,929	1,601	328
National Church	270	270	0
Total expenditure	9,712	8,297	1,415
Surplus /(Deficit) before transfers	(893)	(345)	(548)
<i>Add back: Funding from the DSF Capital fund</i>	<i>200</i>	<i>200</i>	<i>0</i>
		<i>0</i>	
<i>Net income from other funds</i>	<i>12</i>	<i>12</i>	<i>0</i>
Surplus/ (Deficit)	(681)	(133)	(548)

2.4. While the consequences of this investment do not represent a balanced budget in this reporting period, it does represent a wider enterprise to sustain the mission of the Diocese over the long-term.

3. KEY CHANGES FROM 2021

3.1. Strategic Ministry Funding

3.1.1. It is anticipated that the Strategic Ministry Funding (SMF) from the Archbishops' Council will continue to help fund the additional cost of curates in furtherance of the national aspiration to increase curate numbers. The funding is based on the number of curates appointed over and above the baseline of 4. The budget assumption is that the DBF appoints an additional 2 curates over and above the baseline in 2022, indicative funding has been confirmed at £91k pa on top of existing funding, bringing the total funding under this initiative to £118k. At the time of preparing this commentary, National Church has invited applications for additional curate numbers with funding at 90%. The DBF has indicated that we would like to apply for up to 2 further curates, bringing the total curate intake to eight for 2022. The deadline for applications is in November and therefore the additional curates and funding are not yet included within this budget.

3.2. Transforming Church Programme

3.2.1. The Transforming Church Programme will continue through 2022. At the time of preparing the draft budget, the outcome of the recommendations are yet to be confirmed and therefore it is proposed that the impact on finances will be factored in at a later date.

3.2.2. Nevertheless, the agreed medium-term additional central posts funded through the Strategic Capacity Funding (SCF) available from National Church are included within the budget proposals. The income for this activity in 2022 is anticipated in the region of £69k.

3.3. Parish Ministry

3.3.1. During the COVID-19 pandemic, changes in clergy posts has been minimal due to the restrictions on movement. In recent months, as restrictions have eased, there has been an increase in activity and, due to the typical length of vacancy period, this has led to a budgeted reduction in the ministry costs for 2022 of **£316k**.

3.4. Commercial property income

3.4.1. In 2018 the DBF made a substantial investment in the Pattern Church building and has, since developed three floors of the building for use by the church.

3.4.2. The second floor of the building was retained to be let on a commercial basis to mitigate the loss of investment income on the initial investment.

3.4.3. It is anticipated that a lease on these premises will shortly be granted and income will be generated in realisation of this aim. Consequently, a modest income of **£34k** has been included within the budgets to allow for initial costs anticipated, but this is expected to increase in subsequent years.

3.5. Employers' National Insurance

3.5.1. Following the Government announcement of the care levy in September, the stipend and staff costs of the Diocese will increase by 1.25% with effect from April 2022.

3.5.2. The increase in Employers' National Insurance is incorporated within the budgets and the impact is to increase expenditure by approximately **£40k** across the board.

4. THE NET COST OF CENTRAL SUPPORT

- 4.1. One notable aspect of the DBF budget in recent years has been the success in securing grants to fund certain posts.
- 4.2. In accounting terms, this does have the impact of inflating both income and expenditure, when in fact the net impact on the DBF's 'bottom line' is minimal. However, each of these part-funded, or fully funded posts adds to the Diocese's capacity to deliver.
- 4.3. The table below therefore shows how the 2022 Budget would look if the grants were netted off against the cost of the roles they fund.

	BUDGET 2022	2022 Budget net of Grants
	£k	£k
INCOME		
Parish share	5,500	5,500
Grant income	1,711	18
Investment income	1,049	1,049
Other income	559	559
Total income	8,819	7,126
EXPENDITURE		
Parish ministry	4,214	3,271
Future ministry	1,740	1,411
Property costs	1,559	1,554
Diocesan Support Services & central costs	1,929	1,513
National Church	270	270
Total expenditure	9,712	8,019
Surplus /(Deficit) before transfers	(893)	(893)
<i>Add back: Funding from the DSF Capital fund</i>	<i>200</i>	<i>200</i>
<i>Net income from other funds</i>	<i>12</i>	<i>12</i>
Surplus/ (Deficit)	(681)	(681)

5. COMMENTARY – INCOME

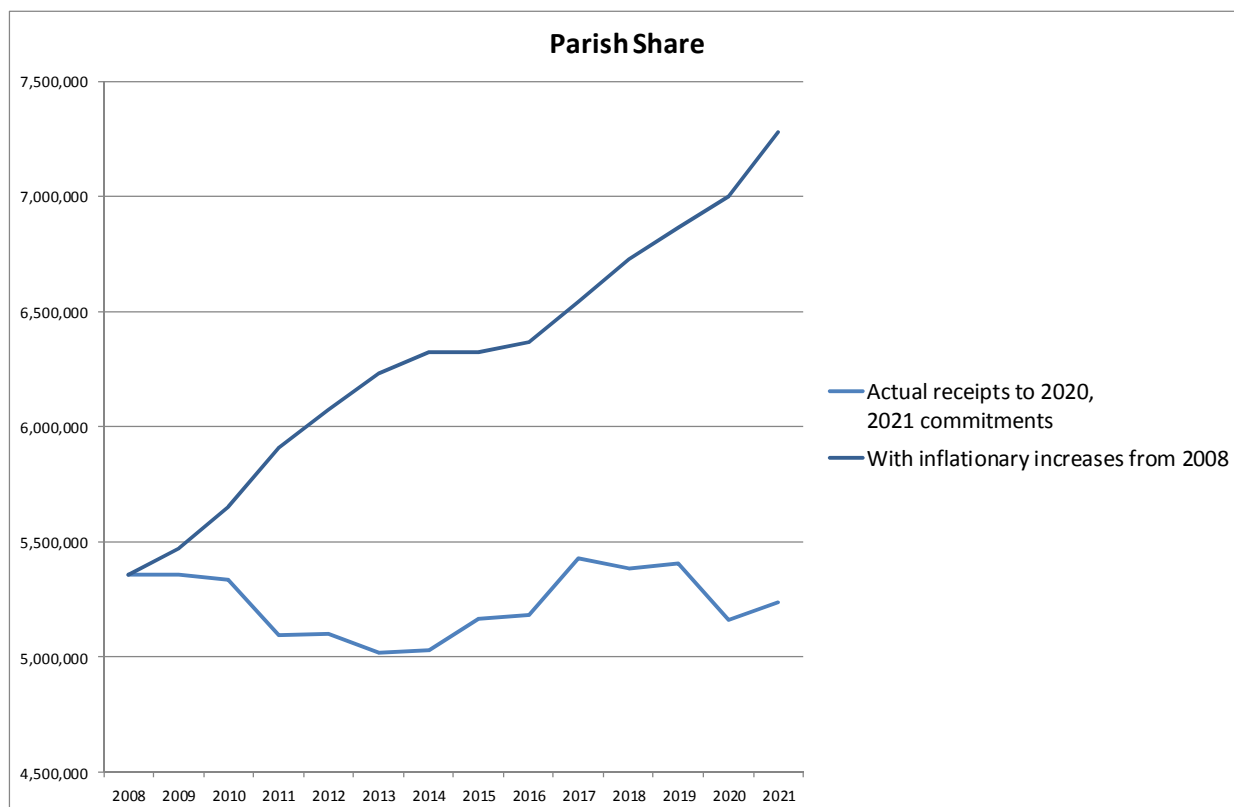
5.1. Parish Share

5.1.1. For the last five years, Parish Share has been requested using the approach based on the principles of being *generous*, *taking responsibility* and *having faith*. This approach has generally garnered support from parishes and the approach continues to provide parishes with a strong steer on the amount to give.

5.1.2. However, the impact of COVID-19 on parish finances has resulted in a reduction in parish share commitments and the ongoing effect on parish share is difficult to quantify at this time.

5.1.3. The methodology for calculating the Parish Share requests uses recent, but historic, data on parish income, attendance and deprivation to come up with a consistently applied request. This methodology has been adjusted slightly for the 2022 requests, but is felt to give a good indication of a parish's current financial strength and size because these metrics are judged to move slowly over time. In most other years that would be appropriate, but the COVID-19 pandemic potentially means a material change in both metrics for some parishes.

5.1.4. If the Parish Share receipts returned to 2019 levels and the two resourcing churches meet the Parish Share amounts specified in their SDF applications (£120k each), that would equate to a total of around **£5,503k**. The 2022 budget therefore includes figures for Parish Share of **£5.5 million**, but this should be regarded as an optimistic target.



5.2. Grant Income

- 5.2.1. The level of grants in 2022 shows a reduction on 2021 of **£331k**. The reduction is due to the planned tapering off of the SDF grants for the Resource Churches as the activities start to transfer to business as usual. This is partly offset by the SCF funding towards the Transforming Church project.
- 5.2.2. Notably grants in relation to the Strategic Development Funding (SDF) and Strategic Capacity Funding (SCF) that will be drawn down in support of the Mission Areas and Resourcing Church initiatives reduce by **£246k** in 2022, compared to 2021. These initiatives have now been established for a few years and so the national funding is continuing to reduce significantly in 2022 as planned.
- 5.2.3. This is marginally offset by additional Strategic Ministry Funding (SMF) of **£7k** in 2022, in support of the DBF's increased number of curates.
- 5.2.4. Strategic Capacity Funding (SCF) in relation to the Diocese's strategy shows a reduction of **£138k**, as the initial phase of activity draws to a close.
- 5.2.5. The other grants received from the National Church for ongoing mission projects also start to taper off towards the end of 2022, as expected.
- 5.2.6. National Church funding for Lowest Income Communities (LinC) is expected to remain at the 2021 level of **£434k** in 2022.
- 5.2.7. Grants from the DBF's other established grant funders, including Temple Ecclesiastical Trust and Bristol Archdeaconry Charity are budgeted to stay the same as for 2021
- 5.2.8. In this iteration of the budget, funds from Bishop Monk's Horfield Trust continue to be shown as grant income, but will be transferred to investment income in due course.
- 5.2.9. In keeping with the funding changes introduced in recent years, the grants from All Churches Trust will also increase by **£12k** (from **£117.5k** in 2020 to **£129.5k** in 2022).

5.3. Investment Income

- 5.3.1. Investment income derives largely from the DBF's listed investments (managed by CCLA Investment Management Ltd) and income from its glebe holdings. CCLA have indicated that distributions, particularly from the CBF Investment Fund, will continue to be maintained and so this iteration of the budget factors in an overall increase year-on-year of **2%**.
- 5.3.2. No major property transactions are expected to occur during 2022; consequently there is currently no anticipation of surplus net funds. However, this may change due to clergy vacancies and the results of ongoing consultations about pastoral reorganisation.
- 5.3.3. Given the projected cash deficits in 2021 and 2022, the DBF's capacity to purchase additional investment units is becoming increasingly limited.

5.4. Property income

- 5.4.1. Income from renting out functional properties, that are not required to house clergy, is expected to increase, from **£210k** in the 2021 Budget to **£250k** in 2022.
 - 5.4.2. This is based on an exercise to project those properties that will be available for rental in 2022, taking into account expected clergy movements and existing tenancies.
- 5.5. Commercial property income of **£34k** is budgeted in respect of the lease on the 2nd floor of the Pattern Church building, which is currently being marketed.

5.6. Contribution towards Diocesan Support Services

5.6.1. Funds received towards the work of Diocesan Support Services are expected to remain fairly level at **£32k**.

5.6.2. This relates to the contribution from the St Matthias Foundation for clerking and accountancy services, which is expected to go up in line with cost of living increases.

5.7. Local fee income

5.7.1. Local fee income is the term used to describe the DBF's share of fees received for wedding and funeral services. Feedback from parishes and information submitted on Statistics for Mission Returns shows that the number of these services has been falling over recent years. This fall has been exacerbated by the restrictions on services due to COVID-19.

	2016	2017	2018	2019	2020
Marriage	587	481	425	396	103
Marriage blessing	37	40	26	12	3
Funeral, church	903	913	848	735	385
Funeral, crem./cemetery	766	706	532	497	558

5.7.2. While various local factors impact the number of weddings and funerals being conducted, the 2020 outcome of £197k was significantly lower than anticipated due to the COVID-19 restrictions. The current budget figure of **£277k** for 2022 is based on the same assumption as 2021; which is a **10% reduction** from the 2020 budget figure. However, further work is required to assess the long-term impact of COVID-19.

5.7.3. Any decline would be mitigated in part by annual fee increases, in line with CPI (in August) and from a DBF perspective, as reduction in fees paid out to non-stipendiary ministers and retired clergy.

6. COMMENTARY – EXPENDITURE

6.1. Parish ministry

- 6.1.1. A post-by-post projection of all stipendiary appointments across the Diocese, a 1% anticipated stipend increase and the increase in Employers' National Insurance from April 2022 have adjusted the cost of stipendiary clergy to **£3,374k** in 2022 from **£3,564k** in the 2021 Budget. The DBF will be following the national decision to apply a 1% increase to stipends in 2022, following a 0% increase in 2020.
- 6.1.2. This equates to **98.37 FTE posts**, less an anticipated vacancy rate of **15.3%**, making it **83.28 FTE posts** being budgeted in 2022. This vacancy rate is considerably higher than that budgeted for 2020, which was **9%**, and marginally higher than the actual experience of 2020 which was **8.6%**. While clergy numbers are being maintained, the **£190k** reduction in the cost of stipendiary clergy is due to the impact of clergy movements.
- 6.1.3. Clergy vacancies are often difficult to predict, as are the length of vacancies that result. While vacancies in general are expected to last 9 months, there is also the expectation that a number of posts may be difficult to fill and those vacancies may last longer.
- 6.1.4. **Other ministry** costs are expected to fall significantly from **£545k** in 2021 to **£414k** in 2022. **£134k** of this decrease relates to the planned reduction in support for the three Mission Areas and two Resourcing Churches, much of which is covered by incoming SDF grants (see above). Payments to self-supporting and retired clergy for weddings and funerals are expected to remain on a par, with the general reduction in those services (see Local Fee Income, above).
- 6.1.5. **Grants to ministers** are expected to increase by around **£29k** to reflect the number of anticipated posts being filled in 2022 and deanery costs are expected to marginally decrease.
- 6.1.6. The cost of the **ministry support** team is expected to decrease from **£351k** in the 2021 Budget to **£326k** in 2022. This follows the end of the fixed-term role of the Associate Archdeacon employed to support the Archdeacons through the process of the strategic review.
- 6.1.7. Plans for a clergy conference in Autumn 2022 are in hand and **£10k** has been included to cover the net costs of this event. However, the latest costings indicate expenditure of £50k, which will require significant levels of fundraising and support if this is to be achieved.

6.2. Training and curate ministry

- 6.2.1. The cost of **training curacies** remains steady. The budget allows for 6 stipendiary curates starting in July 2022, but the 2021 intake was only 4. With the 12 stipendiary curates starting in 2019, there are projected to be **29 FTE** stipendiary curate posts in 2022, compared to **30.75 FTE** posts in the 2021 Budget. The posts in 2022 break down, as follows:

Training curacies	Posts 2022	FTE 2022	Posts 2021	FTE 2021
Year 1 – starting at Petertide	6	3	6	3
Year 2	4	4	6	5.5
Year 3	6	6.5	13	13*
Year 4	13	13*	7	7
Year 5	7	3.5	4	2.25
TOTAL	36	29	35	30.75

*Additional training curate transferred and funded by the Diocese of London until June 2022.

6.2.2. The total cost of curates in 2022 is projected to be **£1,205k**, compared to £1,244k for 2021. The reduction in costs relates to the reduced intake in June 2021. This includes one curate who is being housed and licenced in the Diocese of Bristol, but paid for by the Diocese of London until June 2022. The costs include the additional 1.25% Employers National Insurance, which offsets the savings made as a result of the marginal reduction in posts.

Looking forward the numbers and cost of curates is expected to taper off in 2023 and 2024, as the 2019 intake complete their training. On a like for like basis the FTE number and stipend costs would be 25 FTE at £1,025k in 2023 and 21.25 FTE at £872k in 2024.

6.2.3. Having increased in 2019, **contributions to the National Church Institutions** (NCIs) for training (so-called 'Vote 1') are to remain unchanged in 2022 at **£225k**. This has been determined as part of the National Church's annual apportionment exercise.

6.2.4. A reduction in ordinands qualifying for family maintenance leads to a decrease in **grants to ordinands and curates** in 2022 by **£40k**. Family maintenance grants for ordinands reduce by **£64k** reflecting the personal circumstances of those in training. However, the National Church contribution to these costs through the pooling adjustment will reduce by **£39k**. The level in the 2022 Budget for family maintenance grants is **£111k**, with a pooling adjustment of **£62k**.

6.2.5. The increase in IME support and training costs of **£7k** is due to changes anticipated with higher BAP fees together with the Cost of Living and Employers' National Insurance increases for the Ministry Development team.

6.3. Clergy housing costs

6.3.1. The budget for property costs in 2022 is based on the expectation of work required to maintain the properties managed by the DBF over the next year. Analysis has been carried out by the Property Team to identify the specific and routine works required in 2022.

6.3.2. Overall levels of expenditure in 2022 are expected to be **£21k** higher than in 2021. This does include a projected increase in Council Tax of **£25k**, and a reduction of circa **£9k** on renting properties for parochial housing. The increase in vacancies leads to an anticipated increase in interim and vacancy repairs of **£25k**, whilst quinquennial work is expected to increase by **£20k**. The change in registrar leads to an anticipated increase in legal fees in the region of **£10k**.

6.3.3. Within the housing costs are projected to be **£200k** of improvements to parochial property, which can be funded from the Diocesan Stipends Capital Fund (DSF), reducing the call on the DBF's general reserves. Expenditure covered from this fund in 2021 was budgeted to be **£200k**.

6.3.4. Non-parochial housing costs show a reduction of **£28k** largely due to a budgeted decrease in quinquennial work from **£35k** to **£0k** in 2022.

6.4. Diocesan support services (staff)

6.4.1. The cost of Diocesan Support Services (DSS) staff is expected to show a decrease of **£46k** in 2022, compared to 2021.

6.4.2. The decrease of **£3k** in **governance, finance and administration** includes the new Parish Buildings and Governance Coordinator and Governance Support Manager; a reduction in hours of the Deputy Diocesan Secretary and the appointment of the new Diocesan Secretary. Movements in costs associated with SCF funding are the impact of the full year of the Director of People and Safeguarding; offset by savings against the Strategic Planning Manager and Stakeholder Engagement Co-ordinator and Safeguarding Administrator. Various other minor refinements to staffing costs are also included within this variance.

6.4.3. The increase in **Diocesan Board of Education** costs of **£3k** relates mainly to the cost of living and employers' national insurance increases. The decrease of **£47k** under the Parish and External Relations heading is due to the end of the roles of Head of Parish and External Relations; Project Office Coordinator; Mission Area & Resource Churches Strategic Programme Manager and the Strategic Communications Officer, four of which were funded through SDF and SCF grants. These savings are partially offset by increased costs of the Giving and Resources Adviser, which is funded by a grant from the National Giving Fund. Also included within this are costs allowing for support to the Living in Love and Faith initiative.

6.4.4. More widely, a **2%** cost of living increase for DBF staff has been budgeted from July 2022, along with the 1.25% uplift in Employers' National Insurance with effect from April 2022. It should be stressed that the Cost of Living increase is a budget assumption for now and will be subject to the recommendation of the HR & Remuneration Committee and the decision of the Finance Committee in May 2022. 2% is at the upper end of any likely increase, although the trajectory of inflation across the wider economy may impact this.

6.5. Diocesan support service (non-staff)

6.5.1. There are a number of changes to the DSS non-staff expenditure expected in 2022, which result in a projected overall increase in costs of **£35k**.

6.5.2. Training and other services provided increase by **£30k**, largely as a result of an anticipated increase of **£24k** through changes to the DBS system requiring more frequent checks.

6.5.3. Professional costs and services increase by **£13k** due to anticipated increase in legal costs following the appointment of the new registrar.

6.5.4. Savings on Information services, admin and expenses of **£25k** arise due to the Diocesan offices now being fully depreciated and a reduction in budget for Communications Consultancy.

6.5.5. Other DBE expenditure includes an additional **£11k** in respect of grants for South Glos Schools, all of which is externally funded and provision of **£5k** for the SIAMS costs now levied by National Church.

6.6. Other specific central costs

6.6.1. In addition to the operational cost of the Diocesan Support Services there are **three** specific costs that merit separate disclosure.

6.6.2. The first of these is the cost of servicing the **£2 million** Bank Loan Facility taken out in October 2021. The Revolving Credit Facility (RCF) taken out in 2019 fell due for repayment in April 2021. The Finance Committee reviewed the cash flow of the DBF and has negotiated a loan to replace the RCF. The loan is intended to be for a period of 3 years and fixed rate interest will be incurred on a reducing balance.

6.6.3. The change of IT providers in 2021 is expected to lead to savings in direct costs in the region of **£38k**.

6.6.4. Finally there is a **£2k** increase to the cost of administering and funding the deficit on the historic staff pension scheme for lay staff. This scheme was closed over 20 years ago, but these costs remain and have risen in recent years.

6.7. National Church

6.7.1. The contributions made to the National Church Institutions (NCIs) for so-called 'Votes 2 to 5' under the apportionment regime remain fixed at **£270k**.

6.7.2. This covers National Church responsibilities (vote 2), grants & provisions (vote 3), mission agency pension contributions (vote 4) and CHARM retirement housing (vote 5).

6.7.3. These contribution levels are set by the NCIs, along with the contribution for Training for Ministry (Vote 1).

6.8. OTHER FUNDS

6.8.1. The 'other funds' shown in the budget include income and expenditure relating to various funds that are ancillary to the main operations of the DBF, including Educational Foundations, the Clergy Society and Pastoral Reserve.

6.8.2. While exceptional transactions may occur within these funds, for budget purposes they are expected to balance their expenditure requirements with their income.

7. AFFORDABILITY: PUTTING THE 2022 BUDGET DEFICIT INTO CONTEXT OF RESERVES

7.1. According to the annual report and financial statements, at the end of 2020 the DBF had **£18.75 million** (2019: £16.75 million) in unrestricted reserves. Excluding £0.82 million of pension liabilities (2019: £1.12 million), these are made up **£8.2 million** of undesignated funds and **£10.5 million** in designated funds.

7.2. **£7.8 million** of undesignated funds were held in property, with the assets of these undesignated funds having become increasing illiquid in recent years. This is largely due to purchase of 'board corporate' properties for the increased number of clergy.

7.3. In terms of cash requirements, if the potential level of deficit spending is **£500k** per annum, these undesignated reserves will be expended in just over **16 years** and total unrestricted reserves would be exhausted in just over **37 years**. If that deficit rises to **£681k** per annum, those timings reduce to just over **12 years** and just over **27.5 years** respectively.

7.4. There may be some scope to bolster funds that support operational expenditure, such as income coming from the Diocesan Stipends Fund, but this will be limited.

8. THE STORY SO FAR IN 2021

8.1. While still some way off from the end of 2021, we can already make projections about where we might end up at the end of the year.

8.2. Having obtained up to date expectations from budget holders, the table below shows the current overall projection for 2021 against the 2021 Budget:

	Budget	Projection	Difference
	£k	£k	£k
INCOME			
Parish share	5,600	5,300	(300)
Grant income	2,042	1,891	(151)
Investment income	998	998	0
Other income	518	583	65
Total income	9,158	8,772	(386)
EXPENDITURE			
Parish ministry	4,530	4,323	207
Future ministry	1,812	1,720	92
Property costs	1,538	1,581	(43)
Diocesan Support Services & central costs	1,941	1,907	34
National Church	270	270	0
Total expenditure	10,091	9,801	290
Surplus /(Deficit) before transfers	(933)	(1,029)	(96)
<i>Add back: Funding from the DSF Capital fund</i>	<i>200</i>	<i>200</i>	<i>0</i>
<i>Net income from other funds</i>	<i>12</i>	<i>(17)</i>	<i>(29)</i>
Surplus/ (Deficit)	(721)	(846)	(125)

8.3. Given the approved 2021 Budget deficit of **£721k** was predicated on achieving Parish Share of **£5.6 million** and Parish Share commitments for 2021 were only **£5.239 million**, this means that the starting deficit effectively increased by **£361k** to **£1.082 million**.

8.4. Taking into account the ongoing impact of the coronavirus crisis on expenditure; the increase in clergy vacancy rate and the expectation of additional parish share gifts, the projected result for the 2021 forecast deficit reduces to **£846k**.

8.5. This projection does come however come with a warning, that is based on current information and various estimates (including those related to Parish Share) may still change before the end of the year.

APPENDIX A: DETAIL BUDGET SUMMARY 2022

BUDGET SUMMARY	2020 ACTUAL	2021 BUDGET	2021 FORECAST	2022 BUDGET	Budget Variance
Description	Full year	Full year	Full year	Full year	2021 vs 2022
	£000	£000	£000	£000	
INCOME					
Parish Share	5,159	5,600	5,300	5,500	-100
Grants					
For ministerial training and deployment	1,591	1,561	1,420	1,306	-255
For Education	133	131	149	159	28
For general use or Support Services	475	350	321	246	-104
Furlough grant income	55	0	0	0	0
	2,255	2,042	1,891	1,711	-331
Investment income					
Dividends and interest received	922	945	945	962	17
Commercial property income	0	0	0	34	34
Glebe income	38	53	53	53	0
	960	998	998	1,049	51
Other income					
Parsonage rental	267	210	300	250	40
Charges / fees for central services	79	31	33	32	1
Local fee income	197	277	250	277	0
	543	518	583	559	41
TOTAL INCOME	8,918	9,158	8,772	8,819	-339
EXPENDITURE					
Parish ministry					
Stipends, salaries, NIC	3,632	3,564	3,518	3,374	190
Other ministry	552	545	420	414	131
Grants to ministers	34	23	26	52	-29
Deanery costs	21	47	36	48	-1
Ministry support and training (inc staff)	254	351	324	326	25
	4,495	4,530	4,323	4,214	316
Future ministry					
Training curate stipend cost	1,063	1,244	1,216	1,205	39
National training costs (Vote 1)	225	225	225	225	0
Grants to ordinands & curates	136	138	104	98	40
IME support and training (inc staff)	138	205	175	212	-7
	1,562	1,812	1,720	1,740	72

BUDGET SUMMARY	2020 ACTUAL	2021 BUDGET	2021 FORECAST	2022 BUDGET	Budget Variance 2021 vs 2022
Description	Full year	Full year	Full year	Full year	
Property costs					
Housing costs (inc staff)	1,439	1,433	1,448	1,482	-49
Non-parochial housing costs	95	105	133	77	28
Commercial property costs	3	0	0	0	0
	1,537	1,538	1,581	1,559	-21
Diocesan support services (staff)					
Governance, Finance and Administration	463	547	541	544	3
Diocesan Board of Education	191	189	193	192	-3
Parish and External Relations	438	500	473	453	47
Staff related costs	18	20	19	21	-1
	1,111	1,256	1,226	1,210	46
Diocesan support services (non-staff)					
Training and other services provided	29	45	44	75	-30
Professional costs and services	84	90	95	104	-13
Information services, admin and expenses	112	180	150	155	25
Other DBE expenditure	11	27	21	42	-15
Office rent, rates & service charge	162	174	156	176	-2
Other costs	0	1	1	1	0
	399	517	467	552	-35
Other specific central costs					
Cost of borrowing	48	4	46	39	-35
IT systems and support	65	78	80	40	38
Cost of historic pension scheme	91	86	88	88	-2
	203	168	214	167	1
National Church	278	270	270	270	0
TOTAL EXPENDITURE	9,584	10,091	9,801	9,712	379
NET INCOME BEFORE OTHER FUNDS	-666	-933	-1,029	-893	40
Other fund income	2,922	267	270	267	0
Other fund expenditure	-331	-255	-286	-255	0
NET INCOME BEFORE TRANSFERS	1,925	-921	-1,046	-881	40
Funding from DSF Capital Fund	231	200	200	200	0
Funding from DBF Capital Fund	0	0	0	0	0
SURPLUS / (DEFICIT) BEFORE GAINS	2,155	-721	-846	-681	40