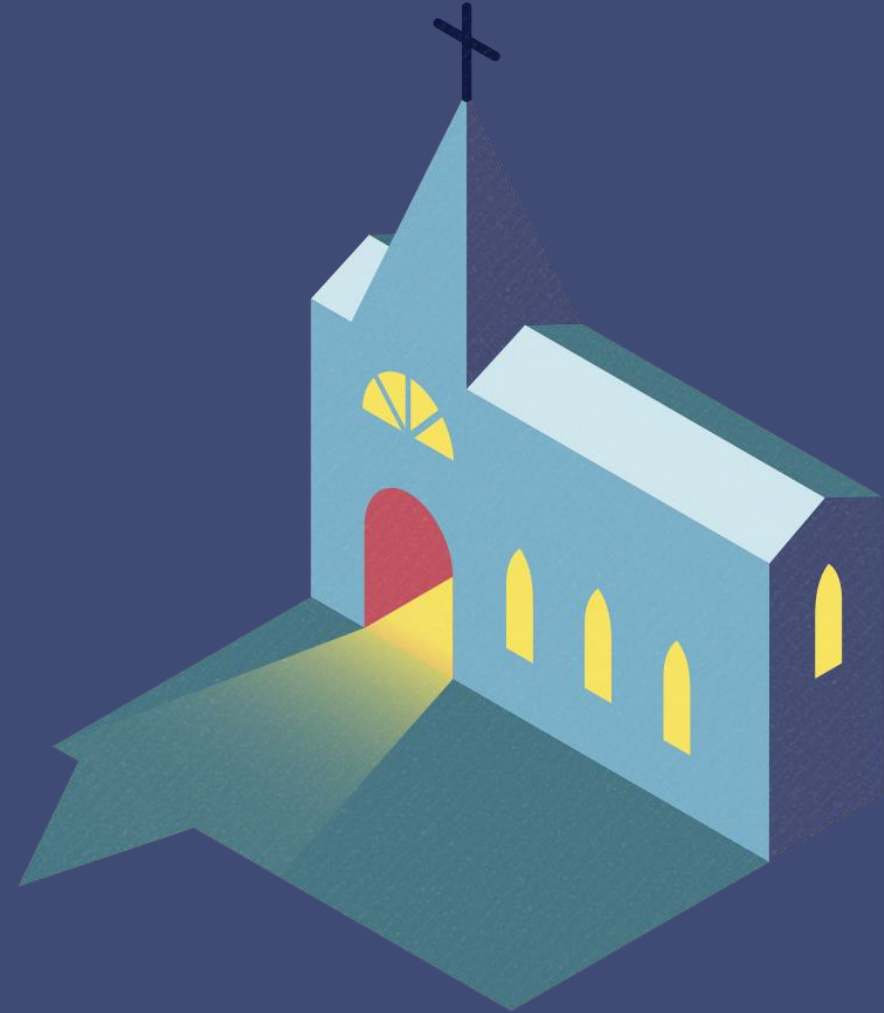


**MANCHESTER DIOCESAN
BOARD OF FINANCE**

2023-2025 Budget

Diocesan Synod

15 October 2022



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- Financial Strategy
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Overview – Underlying Financial Performance

(excl Sustainability funding and Un/Realised Gains or Losses)

Year	Description	£'000
2018	Operating Deficit	607
2019	Operating Deficit	1,294
2020	Operating Deficit	1,685
2021	Operating Deficit	1,663
2022	Projected Deficit	1,555
2023	Budgeted Deficit	974
2024	Budgeted Deficit	1,182
2025	Budgeted Deficit	1,251

Financial Strategy

Short-Term


- Operating deficits for the next three years to be funded by realised gains on land/property sales

Medium- to Long-Term

- Achieve a break-even position on our normal activities
- Seek ways to reduce our reliance on subsidies from the Church Commissioners
- Invest for capital growth and investment return to ensure our future financial sustainability

Our budget assumptions for 2023 - 2027

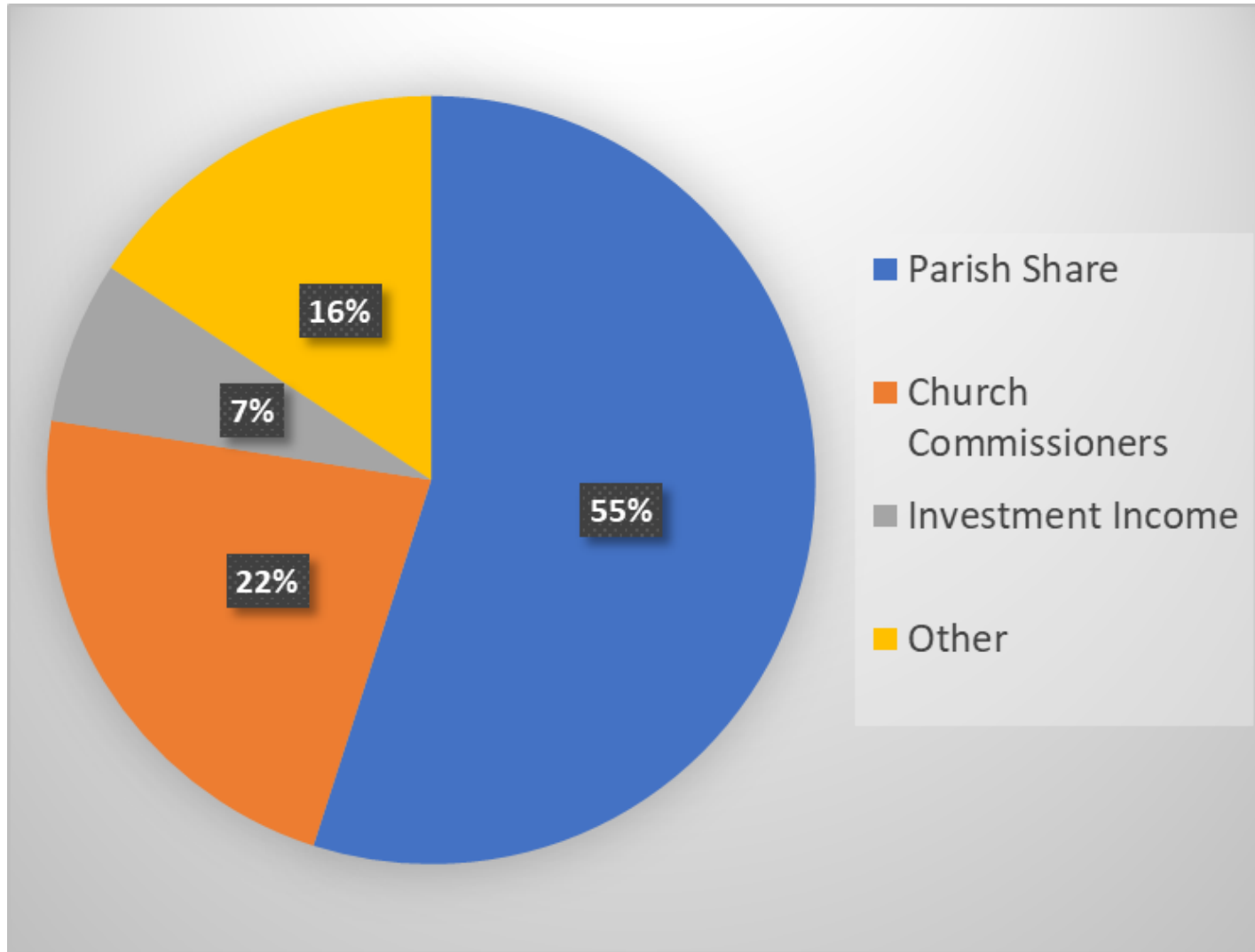
- Parish Share to return to pre-pandemic levels but no expectation of an inflationary increase
- No change in the number of stipendiary clergy – we will continue to fund 175 posts for the medium-term
- Funding from national church is expected to be at current levels or above
- We are unlikely to achieve a break-even position in this planning period
- Shortfalls in income will be underwritten by withdrawals from reserves – using funds generated from parsonage sales

Income and Expenditure (unrestricted funds only)								
	Actuals	Actuals	Budget	Forecast	Plan	Plan	Plan	Narrative - assumption for 2023 - 25 budgets updated September 2022
	2020 £000s	2021 £000s	2022 £000s	2022 £000s	2023 £000s	2024 £000s	2025 £000s	
Parish Share - Agreed and assessed	7,476	7,576	7,719	7,719	7,741	7,803	7,865	
Income								
Parish Share Actuals / Forecast	5,707	5,831	6,250	6,100	6,250	6,300	6,350	2023 budget assumes no uplift on 2022 budget
Church Commissioners Income	3,814	3,487	2,518	2,518	2,490	2,460	2,430	This doesn't include the additional funded projects by National Church including Strategic Development Funding, Restructuring funding, Transformation funding etc
Grant Income			0	515	597	597	597	Includes Strategic Ministry Funding for Curates
Glebe income	468	429	420	380	211	40	20	Reflects current lease negotiations and potential disposal of properties impacting on income during 2023. See increase in investment income.
Housing Income	217	186	85	95	55	30	5	Budget reduced based on planned property disposals affecting future rental income.
Parochial Fees (net)	511	509	475	475	475	475	475	
Other income	102	94	118	75	130	131	132	
Church House Company	419	67	250	250	0	0	0	Property sold in June 2022. Proceeds to be invested. See increase in investment income
Donations	491	383	237	268	237	237	237	
Investment Income	383	394	399	383	887	939	1,020	Budget increased for 2023 based on investment of proceeds for Church House and investment of proceeds from planned glebe and parsonage disposals
Total income	12,114	11,380	10,752	11,059	11,332	11,209	11,266	
Expenditure								
Stipendiary Payroll	7,823	7,665	7,811	7,620	7,321	7,504	7,642	5% stipend increase for 2023. Also assumes 175 clergy posts for next three year period. Assumes reduction in pension contributions from 2023 due to completion of pension deficit repayment
DBF Payroll	1,537	1,559	1,566	1,748	1,796	1,769	1,803	5% pay increase for 2023. Also includes increased payroll costs for staff travel following relocation to Bury
Operating Costs	1,424	1,504	1,853	1,765	1,656	1,640	1,644	Removal of parsonage depreciation charge
Glebe Costs	171	104	110	162	105	50	0	Reduction in expenditure due to planned sales of the glebe portfolio
Housing Costs	1,053	1,160	1,402	1,354	1,454	1,454	1,454	
Parsonage Improvement Programme					600	600	600	
National Costs	751	630	629	601	629	629	629	
Education Support Payment	140	140	140	140	140	140	140	
Total expenditure	12,899	12,763	13,511	13,390	13,700	13,786	13,912	
Surplus/(deficit) on unrestricted funds	(785)	(1,383)	(2,759)	(2,331)	(2,369)	(2,577)	(2,646)	
Realised Gains on Land / Property Sales	1,626	1,127						
T/frm Pastoral Account - Property Repairs	300	620	795	795	795	795	795	
T/frm Pastoral Account - Parsonage Improvement Programme					600	600	600	
Surplus/(deficit) including transfers from Pastoral Account	1,141	364	(1,964)	(1,536)	(974)	(1,182)	(1,251)	
Grant funded expenditure					2,673	2,208	1,532	
Grant income					(2,673)	(2,208)	(1,532)	

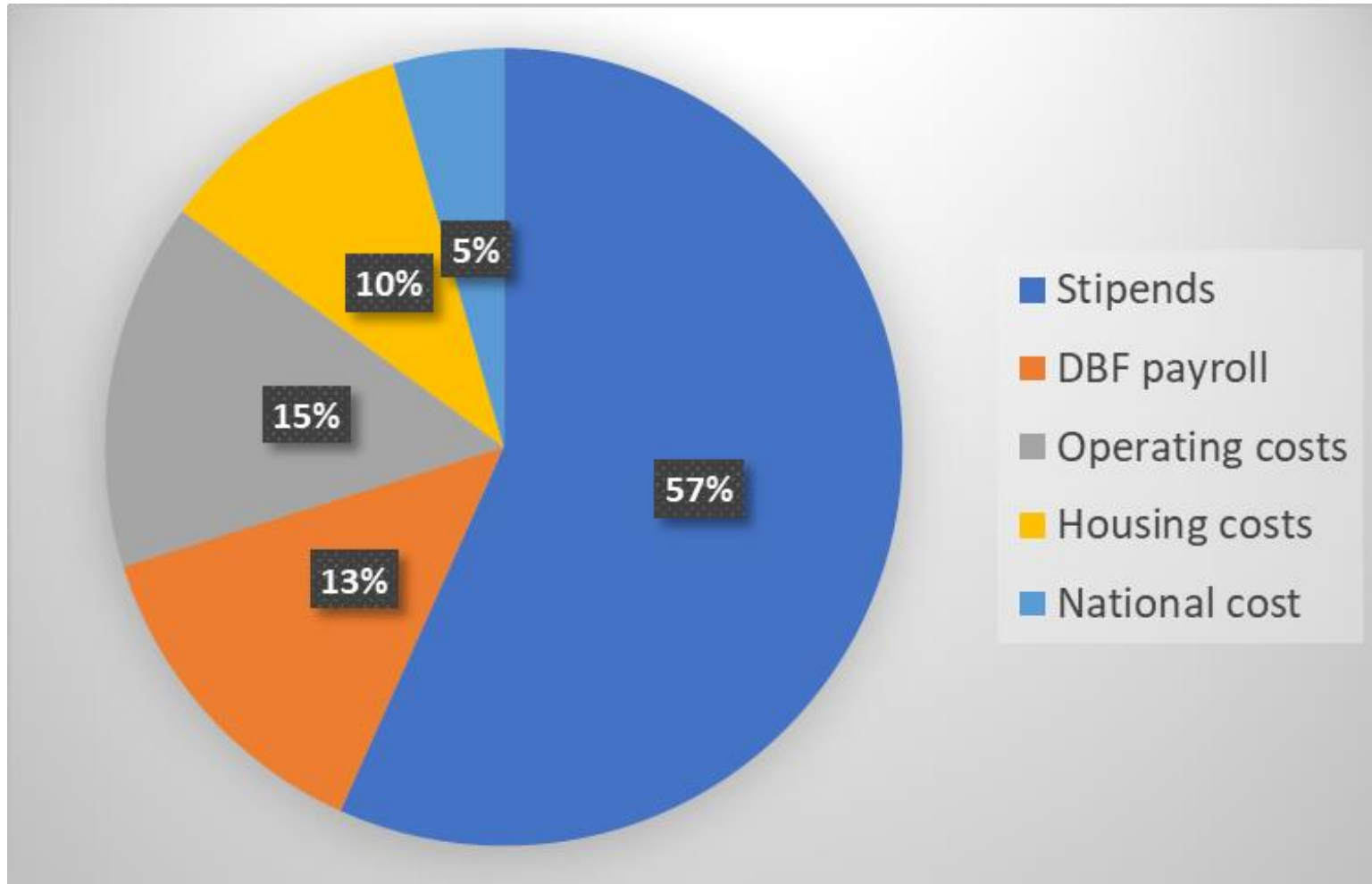
Summary

	Forecast	Plan	Plan	Plan
	2022	2023	2024	2025
Income	£m	£m	£m	£m
Parish Share	6.1	6.3	6.3	6.4
Church Commissioners	2.5	2.5	2.5	2.4
Investment Income	0.8	1.1	1.0	1.0
Other	1.7	1.5	1.4	1.6
	11.1	11.3	11.2	11.3
Expenditure				
Stipends	7.6	7.3	7.5	7.6
DBF payroll	1.8	1.8	1.8	1.8
Operating costs *	2.0	1.9	1.8	1.8
Housing costs	1.4	2.1	2.1	2.1
National cost	0.6	0.6	0.6	0.6
	13.4	13.7	13.8	13.9
Operating Deficit	-2.3	-2.4	-2.6	-2.6
Transfers from Pastoral Account	0.8	1.4	1.4	1.4
Call on reserves	-1.5	-1.0	-1.2	-1.2
* Includes Ordinands grants, Removal exp, Office costs, Training, IT, Registrar Fees, Faculty and QI Fees etc)				

2023 Income Budget



2023 Expenditure Budget



Budget Headlines - 2023

Overview

Overall deficit of £974k to be funded from unrestricted reserves which currently stand at £6.4m

Income

- The Parish Share budget is maintained at £6.25m
- Church Commissioners funding is maintained at £2.49m
- Decline in the income from our investment properties (glebe)
- Proceeds from glebe sales reinvested in managed funds

Budget Headlines - 2023

Expenditure

- Stipends – pension contributions reduced from 38% to 28% in 2023
- Assume 175 clergy posts funded by the diocese
- 5% pay award assumed in line with the national stipends benchmark – to be kept under review
- DBF staff costs to remain steady
- National church costs to remain steady at £629k
- Property budget increased by £600k for significant repairs and refurbishment of parsonages

Clergy numbers

2022 Budget	180
Actuals - 30/9/22	167
Fcst - 31/12/22	167
Budget - 31/12/23	175
Budget - 31/12/24	175

DBF staff numbers

	FTE - 2022	FTE - 2023
Funded by the DBF	33.1	34.6
Externally funded posts	42.0	40.0
Parish / BMO posts	16	14

In addition to the DBF core budget, we are due to receive additional grant funding of £2.7m from the Church Commissioners for our Transformation Programme and our 5 SDF projects.

Recommendations

Diocesan Board Finance / Diocesan Synod to approve / adopt the 2023-25 budget as set out in the report.

Diocesan Board Finance / Diocesan Synod to approve the total amount of Parish Share - £6.25m

Diocesan Board Finance / Diocesan Synod to approve the 2023 Parish Share assessment, subject to the decision on Parish Share.