

Introduction to Budget Guide 2024



Over the last year across the diocese, we have been discussing the vision and strategy for our common future in mission and ministry. We are invited to make Jesus known in this time and place.

The headline priorities for Making Jesus Known were agreed unanimously at the June Diocesan Synod. In coming months, we will continue to reflect, pray, and explore together the opportunities for creative partnerships in mission with churches, communities and schools.

One of our five priorities is to finance the future sustainably. The budget for 2024 is a moment to take clear steps towards this.

At the June meeting, Synod agreed the following principles which have been used to guide preparation of the budget:

- Increase understanding of the shared resources of the whole diocese, which includes parishes and the DBF - this is our 'total economy'.
- Ensure ministry and mission is designed to meet the needs in each different place and context.
- Transitional support offered as we move into new share model, using income on DBF Stipends Capital account.
- Move out of deficit to balance the books of the DBF by the end of 2026.
- Sell off assets if absolutely necessary to meet already agreed commitments for mission and ministry.
- Use the Aldhelm Mission Fund to fund creative approaches to mission and ministry in line with our vision, Making Jesus Known.
- The DBF to pay the costs of achieving net zero carbon for parsonages.

There is much to celebrate in the progress we are making financially:

- **We have assets available to support a time of transition.** The sale of Church House and other property means that this autumn the DBF can pay off the remaining £1.5m of the COVID bank loan in full. With rising interest rates this has been costing us £10k per month in interest. We are starting to see the fruits of our glebe sale/development strategy with auctions and sales of plots this autumn already releasing £300k to help us manage the transition to a sustainable future.
- **The review of Share is progressing well** with a strong commitment held across the diocese to pay the costs of being the church and to support one another in ministry across communities as one body in Christ. Proposals for the new scheme will come to Synod for discussion in February as part of the vision and strategy. The Share model will be aligned to our vision for mission and ministry in light of Making Jesus Known and will enable each benefice to see its total share request.
- **Additional funds are available.** The generous gift by the trustees of the St Denys foundation of £1m to the Aldhelm Fund is a significant boost to our capacity in mission.

Bishops Karen and Andrew will speak about this exciting opportunity at the Synod meeting. We also have a £1m fund to support retired clergy with housing, which is not currently being used, and we will be developing a more proactive approach to using the income on the fund to support retired clergy.

- **The 'total economy' of the diocese is more than just the DBF budget-** as we explore the invitation to Make Jesus Known we will seek to work together to deploy resources held across the diocese in confident collaboration.

Share covers the cost of being the church

The new vision for the diocese commits us to being financially sustainable. This means we can plan for a Church that will be here to serve our children and grandchildren. From now on, the share request will be realistic in asking for what is needed to fund the church today across the diocese. Therefore, other sources of income have been deducted from the total expenditure and the remainder forms the Share ask. This represents an 8% increase on the 2023 share request. Alongside this there is a proposal to use £300k from the Stipends Capital Account to support those parishes who have seen the most significant drop in attendance in light of COVID.

The Share request for 2024 is about £2m more than the forecast income from Share in 2023. The Bishop's Council recognises that this is a big gap and a big ask. We will almost certainly need to continue selling houses and land to bridge this gap for a short period. However, we are being clear about the true costs, and nothing is hidden.

A deficit budget would put at risk all our mission and ministry. **This budget has been prepared in a way which means we are no longer planning for a deficit.** We are no longer pretending that we can ask for less Share than is really needed to support ministry and mission.

There are 3 ways to close this gap:

1. **A clear people plan.** Our (diocese and DBF) budget is largely an investment in people and primarily in those in ministry; this is the core purpose of the DBF as a charity. The Bishops are responsible for the deployment of clergy and working closely with the Archdeacons careful choices and decisions are being made in dialogue with the parishes on an ongoing basis. The bishops are being as creative as they can with posts in deaneries so there is both realism and creativity. Alongside this, new pathways for ministry, both lay and ordained are being established that enable parish and deanery pastoral care and mission. The budget for 2024 assumes a reduction in traditional clergy roles of 2.5 FTE from either archdeacon or other clergy roles and it is expected that this will be achieved through natural change (people leaving or retiring) and these natural changes being consistent with the wider plans for mission and ministry. This will be kept under review. If we cannot raise our income sufficiently then we will have to consider a reduction in clergy and other posts, if - as we believe and trust it will - the new vision and the parish share model being developed lead to a deepening and growth in disciples, then such reduction may not be necessary.

2. **Invite and inspire people to give more for people and our buildings.** With the support of Anna Hardy, our deanery treasurers and others we can all continue to encourage giving and fundraising, placing this at the heart of our discipleship teaching and preaching.
3. **Manage our costs.** The DBF will continue to manage all costs closely and seek to build trust through improved communication and visibility of the services we offer. As we collectively make more decisions in response to the Making Jesus Known priorities, we will make changes to DBF staffing which support the local church in response to your needs. We will start to see savings as the DBF share office space with the DBE and no longer run Church House, this also opens the path to deeper collaboration in roles and capacity.

Increased external funding

By the end of May 2024, we will have submitted our first bids for substantial national church investment in local mission; this will be focused in specific geographic areas determined by the Bishop's Council. This funding will be for up to 9 years to achieve the outcomes set out in the national vision and strategy of the Church of England, as interpreted within our own Making Jesus Known plans. The focus is entirely upon the life of the local church in partnership with others in mission.

Early steps to build our capacity for mission, represented in this budget, include start up temporary capacity in areas including our Growing Faith work with schools and churches and our capacity for communications and engagement. We continue to receive national funding to support our giving team.

Support for church buildings

In the peer group of dioceses of our size there is an average of 3.3 FTE posts in the DAC/church buildings team funded by the DBF. In Salisbury this is currently 2.6 FTE. Within the budget we plan to increase this by one post as we know that effective support to the local church to maintain and develop our buildings for mission is essential.

Within the budget there is also external investment in roles shared with Bristol Diocese to fund church buildings work in support of parishes and we will soon be applying for funds to support the achievement of our Net Zero Action plan, again focused on raising funds for our buildings.

Importance of Clergy homes

COVID lockdowns led to a slow down in our maintenance of homes for clergy. Brexit and inflation in the building sector limited our resources. We are now consciously reinvesting in this work and seeking to significantly improve our support to clergy and their families. Net Zero Carbon alterations to parsonages will be funded by capital release of c. £300k p.a. not revenue. £140k of external funding is included (from national church) to build capacity and seed funding to commission energy audits for our highest CO2-emitting church buildings.

David Pain

Diocesan Secretary and CEO of the Diocesan Board of Finance.

The Financial Imperative

In order to address Going Concern issues it is imperative to ensure the DBF eliminates its forecast operating deficit by the end of 2026. The proposal is to do this in stages as follows.

2023	£1.5m
2024	£750k
2025	£375k
2026	Nil

If we don't do this, it will be increasingly difficult to secure an unqualified audit opinion. A qualified audit opinion, particularly on 'Going Concern' grounds, would be catastrophic.

For too long the DBF has relied on sale of assets to give it the cash to resource the Diocese. This is not sustainable given that as at 31.12.2022 we only have investments with fund managers and cash as liquid or near liquid investments totalling £23m (2021 = £26m). These assets are crucial to giving us annual income reducing the share request and to create working capital.

Interim support for Share

Our current Share model is based on a count of those who can 'reasonably be expected to contribute'. In some parishes this has been in steep decline through the COVID period since 2019.

This budget assumes the use of £250k income from the Stipends Capital Account to limit the share increase for parishes that have experienced significant decline in attendance since 2019 (as revealed by the Worshipping community numbers collected in July).

The proposed interim support is as follows:

% share increase	Loss of numbers	No. Parishes	%age of parishes
0%	Loss in numbers of 50% or above	49	11%
2%	Loss in numbers of 49% to 40%	44	10%
3%	Loss in numbers of 39% to 30%	59	14%
4%	Loss in numbers of 29% to 18%	70	16%
8%	Loss in numbers of 17% or less	205	48%
	Total Parishes	427	

Please note that the current discussion of the future share model is proposing that this SCA funding will in future be focused on the most disadvantaged communities.

Remember:

Share does not pay for the Cathedral or our Bishops

Share does pay for mission and ministry across the diocese

Share contributes towards the costs of safeguarding and other direct support offered to parishes

A new share system will be transparent and based on mix of cost and mutual support, but will not result in a reduced share request for most parishes

Risks

Notwithstanding the financial imperative, the current situation poses many challenges to achieving breakeven by 2026.

Factors beyond our control affecting the budget

- Inflation
- Interest Rates
- Uncertainty of government policies in election year
- Volatile equity markets

Partly within our control

- Stipend level recommendation from National Church is 5%

Levels of stipend increases are recommended each year by the National Church and then Bishop's Council agree the actual rise in January for implementation in April.

Currently the 2023 rates are:

- Salisbury incumbent rate is £29,215
- National Stipend Benchmark £28,634
- National Minimum Stipend £26,794
- National Average Stipend £27,770

Within our control but currently in progress or uncertain

- Completing Financial Plan for Making Jesus Known strategy
- Opportunity to apply for national church funding for mission will be in May based on our new strategy and plan
- Sale of assets as a temporary measure to balance forecast deficit if needed

Share review completed and discussed at February 2024 Synod

Summary 2024 budget

	Actual	Forecast	Budget	Int.	Ext.	Total
	2022	2023	2024	Funded	Funded	2024
	£,000	£,000	£,000	£,000	£,000	£,000
Total Income	13,708	13,741	16,232	15,185	1,047	16,232
Total Expenditure	15,017	15,303	16,198	15,151	1,047	16,198
Operating Surplus/(Deficit)	(1,309)	(1,562)	34	34	(0)	34

Main assumptions

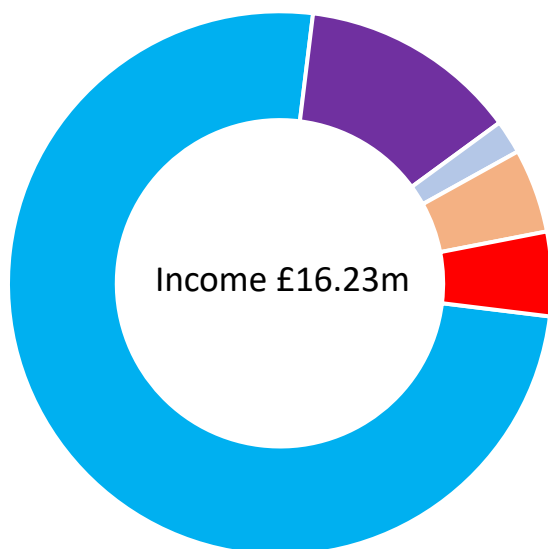
8% increase in share request from 2024 with some relief for parishes which have experienced significant falls in attendance.

5% stipend and salary increase effective 1.4.2024.

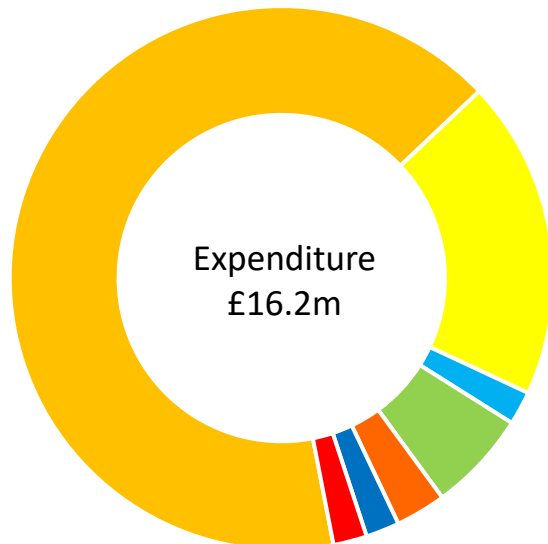
Loss of 2.5 clergy &/or archdeacon posts – assumed vacancies 15/155 stipendiary posts per annum.

Absorbing inflationary rises in other costs where possible

Income and Expenditure 2024 budget



- £12.20m Parish Share (75%)
- £2.085m Parochial fees, donations, grants and other income (13%)
- £259k Overseas mission (Sudan's) (2%)
- £808k Investment Income (5%)
- £880k Rental Income and SDBF BC Ltd (5%)



- £10.708m Direct Ministry (66%)
- £3.074m Parish and Ministry Support (19%)
- £337k Work with Children and Young People (2%)
- £1.062m Diocesan Administration & IT 6%
- £500k National church central costs (3%)
- £259k Overseas mission (Sudans) (2%)
- £258k SDBF BC Ltd (2%)

BUDGET 2024 - Income	Actual	Forecast	Budget		Int. Funded	Ext. Funded	Total
	2022	2023	2024		2024	2024	2024
	£,000	£,000	£,000		£,000	£,000	£,000
Total Income	13,708	13,741	16,232		15,185	1,047	16,232
Total Expenditure	15,017	15,303	16,198		15,151	1,047	16,198
Operating Surplus/(Deficit)	(1,309)	(1,562)	34		34	(0)	34

	Actual	Forecast	Budget		Int. Funded	Ext. Funded	Total		Explanatory Narrative
Detailed management accounts	2022	2023	2024		2024	2024	2024		
	£,000	£,000	£,000		£,000	£,000	£,000		
Income									
Parish Share	9,903	10,050	12,200		12,200	0	12,200		8% increase on 2023 request of £11,315,263.
Parochial fees, donations and grants									
Parochial fees	538	474	530		530	0	530		Some parishes haven't been submitting fees since Covid, catch up process next year.
Grants	908	883	1,047		0	1,047	1,047		Includes £281k strategic funding, £114k for Buildings Officers, RME (Resourcing Ministerial Education) £300k and other grants for Growing Faith etc.
Donations & Misc. Income	511	520	512		512	0	512		
Management fees	107	79	94		94	0	94		IT re-charges, Sal Cath safeguarding, Channel Islands.
Investment income									
Investment income	643	738	808		808	0	808		Bank interest rates rising.
Glebe Income	177	175	161		161	0	161		Reduced income caused by sales of glebe this Autumn.
Other									
Church House	34	21	0		0	0	0		No more rental income from Church House.
SDBF Building Consultancy Ltd.	297	250	300		300	0	300		Estimated Building Consultancy fee income next year.
Rental income clergy houses	590	552	580		580	0	580		Anticipate similar level as previous 2 years.
Total Income	13,708	13,741	16,232		15,185	1,047	16,232		

Key to match expenditure			
Direct Ministry			10,708
Parish & Ministry support			3,074
Diocesan Admin & IT			1,062
Work with Children and Young People			337
National Church			500
Sudans			259
SDBFBC			258
Total Expenditure			16,198
Surplus			34

BUDGET 2024 - Expenditure	Actual	Forecast	Budget		Int. Funded	Ext. Funded	Total		Explanatory Narrative
Expenditure	2022	2023	2024		2024	2024	2024		
Direct ministry	£,000	£,000	£,000		£,000	£,000	£,000		
Direct cost of clergy	6,824	6,767	7,019		6,971	47	7,019		5% stipend increase, only 19 stipend curates next year (comparatively low), 15 vacancies, so budgeting for 142 stipendiary posts (incl. 4 archdeacons) as allowing for a reduction of 2.5 in posts of priests &/or archdeacons.
Indirect cost of clergy	353	308	305		305	0	305		
Clergy Property	2,442	2,572	2,577		2,577	0	2,577		Catching up on repairs this year, building costs inflation next.
Subtotal	9,619	9,647	9,901		9,854	47	9,901		
Cost of Raising Funds									
Fundraising	68	97	72		42	30	72		
Glebe	29	49	38		38	0	38		
Subtotal	98	146	110		80	30	110		

Ministerial support and Support for parishes								
Ministry	630	823	971		807	164	971	Growing faith/CYP 3 additional externally funded posts.
Communications and Social Justice (SJ)	108	134	163		97	66	163	Increased resource (partly funded externally) includes SJ element of strategy.
Resourcing Ministerial Education	282	276	300		0	300	300	Paid for by an equal amount of grant - see above.
Nat Church 1	577	524	507		507		507	National Church decreases for next year!
Parish support	302	352	500		342	158	500	Establishing programme office for V&S - externally funded. Younger workforce, plan for maternity cover.
Rural Hope	195	21	0		0	0	0	Rural Hope project is completed.
Church buildings (DAC etc.)	185	228	420		305	115	420	3 additional externally funded posts for Net Zero work and one internally funded Church Buildings Officer.
Safeguarding	258	255	247		235	12	247	
Registrar	179	201	179		131	48	179	Additional work in 2023.
Area offices	145	144	162		90	72	162	Fully staffed for the first time in 3 years, and a separate Ramsbury Office.
Milton Abbey	36	66	37		24	13	37	
Trusts	21	22	24		24	0	24	
Subtotal	2,919	3,047	3,510		2,562	948	3,510	
Central costs								
DBE	309	323	337		337	0	337	5% increase re salaries increase.
Finance Costs	620	637	460		460	0	460	Vision & Strategy (£108k) & Depreciation (£36k) charged to Finance in 2023
Office Costs	113	122	123		123	0	123	Staff still dispersed across multiple locations in early 2024.

IT Costs	182	235	255		255	0	255	Moving to direct leasing rather than purchase of equipment.
HR Costs	68	133	178		156	22	178	Investing in people and deployment plans; external funding for HR expertise /consulting to assist with People Plan development.
Health & Safety Costs	9	9	9		9	0	9	
National Church Other	506	506	500		500	0	500	
Share discount and interest	101	103	300		300	0	300	No Interest payable but introducing some use of Stipend Capital Account Income (£250k) to limit share increases for those parishes that experienced significant decline in numbers. Re-introduction of higher discount for early payment deferred to 2025.
Sudans	211	183	259		259	0	259	The £259k in donations for the Sudans is paid out to the respective country
SDBF Building Consultancy Ltd	263	212	258		258	0	258	Net contribution to DBF of £42k in 2024, verses £38k in 2023.
Subtotal	2,381	2,463	2,678		2,656	22	2,678	
Total Expenditure	15,017	15,303	16,198		15,151	1,047	16,198	
Operating Surplus/(Deficit)	(1,309)	(1,562)	34		34	(0)	34	

DBF Staffing (excluding those paid for externally)

The DBF staff budget for 2024 includes 39.5 full-time equivalent (FTE) roles which is an increase of 1 post in the church buildings team, compared to 2023.

In addition, there are 11 existing roles that are externally funded to support our work with Children & Young People, fundraising and digital giving, the Suffragan Bishops' secretaries paid by the national church, the Deaf Association and Bournemouth Universities Chaplains, and the SDBF Building Consultancy staff that are 'self-funded' by the income this company generates for the diocese. These roles are a mixture of time-bound or permanent depending on the funding arrangements in place.

For 2024, we have secured external funding for a further 6 (time-limited) roles to support the vision and strategy programme and parishes with 'Buildings for Mission' and Diocesan Net Zero Carbon Action Plan.

The core DBF staff (39.5 FTE) are responsible for a range of services provided to parishes, lay/ordained leaders and volunteers, as well as fulfilling statutory and compliance duties as required by ecclesiastical, charity and company laws. Duties relating to the DBF as a charity include Finance (management and statutory accounts, budgeting), HR, risk management, health & safety, office management and IT.

All of our DBF staff liaise with our parishes, clergy, volunteers and the public on a daily basis, providing resourcing, support or guidance, such as:

Mission, Ministry, Communications, Social Justice, Children and Young People:

- The ministry formation and vocations team works with many people who are at various stages of exploring how their vocations might lead to a licenced lay or ordained ministry, as well as those that have committed to training for ordination.
- The Mission Coordinator supports and leads opportunities for chaplains, lay and ordained, to network and learn from each other. Working in close partnership with our schools, we encourage parishes to explore the possibilities where school, church and community intersects.
- Our lay ministry team help people to discern their vocation and equip many for this vital ministry across the diocese, supporting Lay Pastoral Assistants, Lay Worship Leaders and Lay Pioneers in their training. Our lay leaders are being commissioned and encouraged to explore, grow and lead existing and new worshipping communities as part of the mixed ecology of the local church.
- The DBF part-fund the work of the Diocesan Board of Education (DBE) through an annual grant, as it continues to play a significant part in protecting and developing the Christian character of our 42,000 children attending 192 church schools and in shaping the educational landscape across the diocese, for the greater good of all schools.
- The Communications Team works to share stories of God at work in the lives of individuals and communities across the diocese. They produce news for the website, Grapevine

weekly e-newsletter, Working Together and Financial Times monthly e-newsletters, as well as video and social media content. They are also the point of contact for local and national media enquiries.

- The Communications team and the CYP team are working to support local action and with partners to support campaigns on the Working for Justice strand of the vision

Clergy property and Finance team:

- The team looks after about 250 glebe and mainly clergy properties and rents out a number of these at any one time (mainly empty due to clergy vacancies) which generates income for the diocese. The team oversees an extensive and ongoing programme of works on clergy properties (£1.25m+ p.a.) in response to general repairs, quinquennial inspections, and major repairs. From 2024, a programme of work will start in response to the Diocesan Net Zero Carbon Action Plan by installing heat pumps (and other carbon reducing options) in clergy houses where feasible.
- Finance colleagues coordinate the parish share system and collection, answer many queries about parochial fees and process and pay a variety of expenses and grants related to our clergy and or committee members.

Safeguarding:

- Supporting victims & survivors through the Independent Sexual Violence Advisor (ISVA), which includes listening to, engaging with and learning from those with lived experience of abuse.
- Preventing and raising awareness through workshops, training and guidance to create resilient environments and safe spaces in our parish churches for all.
- Liaising closely with our many Parish Safeguarding Officers, clergy and others, the team continuously assess and manage known safeguarding risks and cases, responding quickly and effectively to concerns raised from parish officers or the public.

Parish Support, Church Buildings and Pastoral Reorganisation:

- Each week the Parish Support team receive and respond to over 200 calls and emails from parishes and the general public requiring assistance and support. In addition, the team provides a variety of other services to parishes, ordained and lay leaders, including:
 - supporting 1,000+ participants with booking and attending 100+ safeguarding and continual ministerial development (CMD) during the year
 - assisting hundreds of lay leaders with renewing their DBS checks and safeguarding training

- helping our 432 parishes with their annual mission and finance returns and energy footprint tool submissions
 - providing advice and support to parishes about their responsibilities around APCMs and about Deanery and Diocesan Synod elections
 - organising and providing administrative support for Diocesan Synod, Bishop's Council and other key governing bodies and clergy/archdeaconry events
 - administering the annual 'Parochial Information Form' process to update thousands of parish contacts each year that ensure we correspond and share information with the right people across our diocese.
- The Church Buildings team support many parishes with hundreds of Faculty and List B applications. The team attends parish site visits and offer regular training events to help parishes navigate planning processes. From 2024, the team will benefit from a further 3 posts (2 of which are externally funded) as we seek to help parishes with reimagining their buildings for mission and committing to the actions of the Diocesan Net Zero Action Plan.
 - Governance staff assist the suffragan bishops, archdeacons, parishes and clergy with exploring options and possibilities around pastoral reorganisation, ensuring that parishes navigate complex legal processes and reimagine appropriate ministry provision for their context.

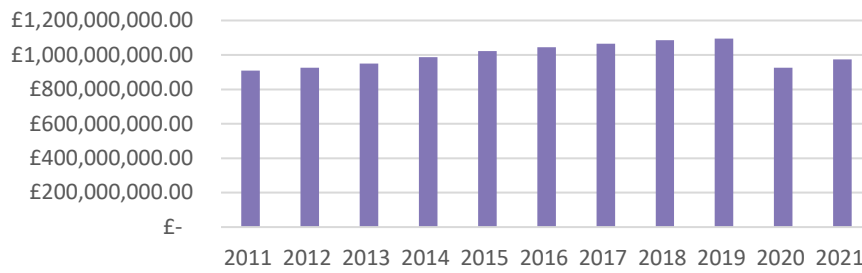
Area office teams:

- Our Ramsbury and Sherborne offices have been supporting the daily administration for the Bishops and Archdeacons, including being a point of contact for churchwardens and clergy seeking information on churches, faculties or pastoral reorganisation. The office looks after appointments of clergy and licensing, PTOs for retired clergy moving into the area, the upkeep of contact information, managing parochial vacancies, issuing Statements of Particulars, ensuring pastoral support for clergy and their families and coordinating ministry reviews.

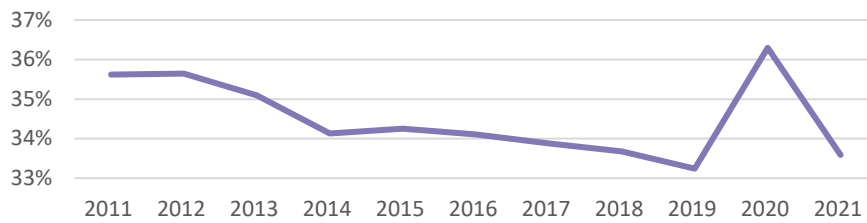
Our Total Economy

The national picture:

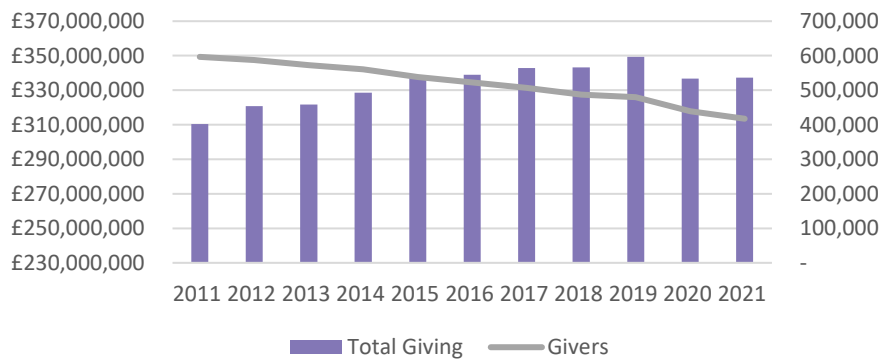
Total Parish Income



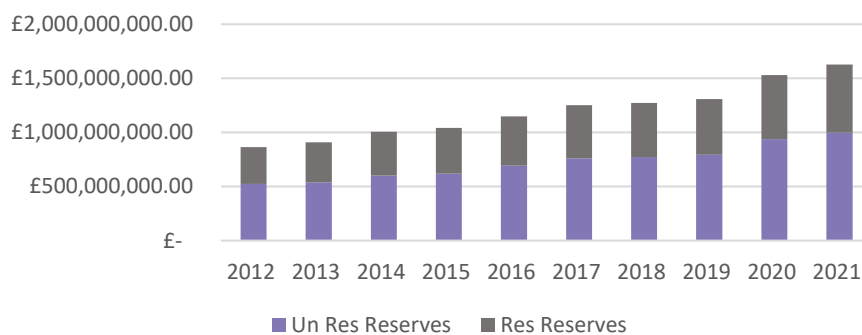
Parish Share as % of Income



Total Giving and Number of Givers 2011-2021



Reserves



The bottom graph shows how parish reserves across the Church of England increased from £1,250m in 2019 to £1,600m in 2021.

In the Diocese of Salisbury, parish reserves increased in 2021 by £2m. This happened while the DBF was taking out a bank loan to keep afloat.

Bishop Stephen reminded us in his inaugural sermon, “God has given us all we need – how are we going to use these gifts for his glory?” The Making Jesus Known vision and strategy invites us to step into that opportunity. As we build our financial plans to support our mission plans, we will seek to do this in a way which recognises the ‘total economy’ of the diocese, the resources of the DBF and DBE alongside those of the PCCs.