



The Church of England
Diocese of Ely

ely2025

Ely2025

Programme 2022-24

and

Budget Guide 2023

Explanatory Notes

People Fully Alive: Ely2025

Foreword from The Revd Canon Brian Atling

Dear Colleagues

Firstly, I would like to thank every parish and congregation for all the tremendous work that I know must have been needed to achieve the level of Ministry Share payment for 2021. This generosity and hard work which allied to a higher level of Investment Income than we had budgeted meant that a significant budget deficit was translated into a small surplus of £200k. This is all the more remarkable in a year when the COVID pandemic meant that so many services and fund-raising events could not take place.

As you will all be very aware we are still living with a very volatile financial climate with the cost of living and interest rates continuing to rise along with extreme pressure on energy prices. Against this backdrop the Finance Committee and the Bishops Council have sought to set a budget that recognises the need to ensure we can increase the stipends of our clergy who along with us all are having to face the increased cost of living and at the same time seek to keep the increase in the request for Ministry share next year which is needed to fund the stipend increase at what all the committees that have been consulted believe to be an affordable level.

Our budget therefore contains a proposed increase in the level of stipends of 5% but a Ministry Share increase at the lower level of 4%. This will result in a budgeted deficit, but we believe for one year this is acceptable. We will seek to absorb this whilst continuing to work within our reserves policy which, on the advice of our auditors, we have needed to operate at a higher level in the face of all the economic uncertainties.

As we enter 2023 it looks as if the level of our investment income, which as you know we use in its entirety to hold down the level of Ministry share, will fluctuate significantly and there is likely to be several other factors which at this stage are hard to predict that will impact on our finances. It is therefore our aim to fully review the operation of our budget every quarter (as opposed to just monitoring it) and we will, if the Finance Committee deem it necessary, take corrective action. Let me, however, reassure you we do not anticipate having to make any mid-year adjustments to the level of Ministry Share that we are seeking parishes to contribute. We will, as we have throughout 2022, keep an extremely tight grip on the costs, we incur most particularly the head count which both clerical and administrative are our highest costs.

I am in all the circumstances pleased to share with you an approved budget for 2023 that continues to tightly control costs, maintains the parish clergy headcount whilst supporting Diocesan Mission and Ministry programmes

Brian Atling
Chair of the Diocesan Board of Finance

January 2023

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 2023

Key Points

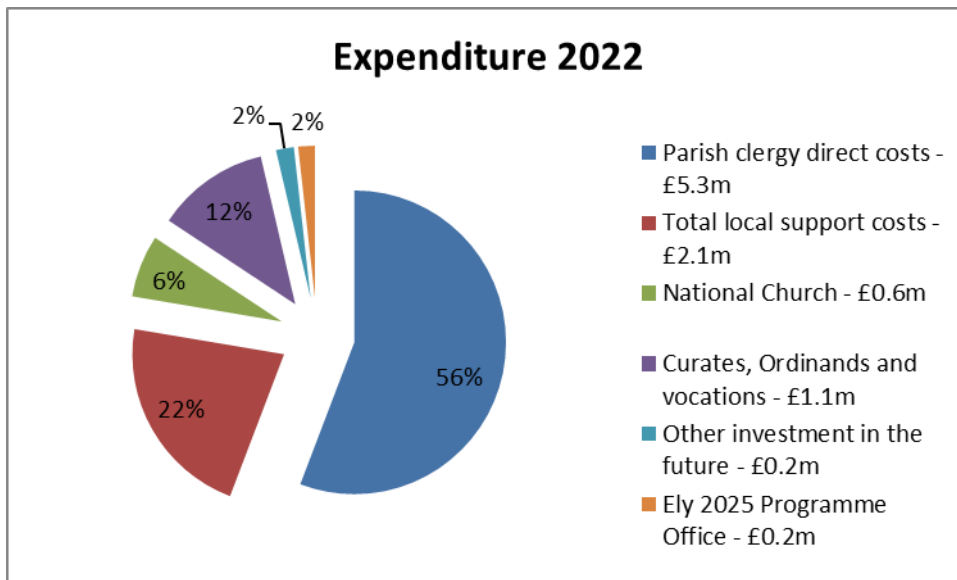
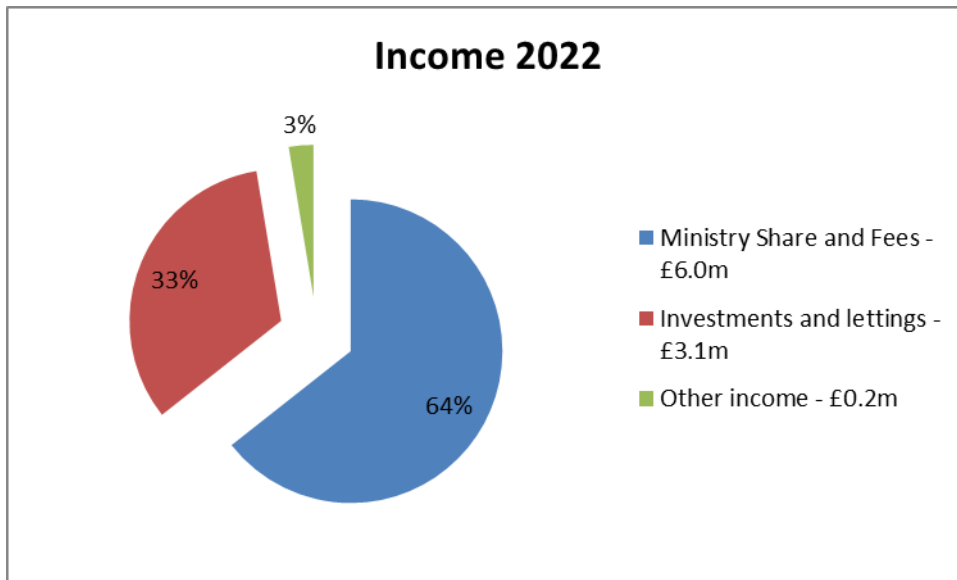
- Our overall **strategic financial objective** for 2023 is to achieve a near balanced budget with a forecast deficit of only £145k. We will achieve this by freezing costs and managing a sustainable deployment plan for clergy and Diocesan Office posts. Bishop's Council will be kept updated regularly throughout the year as our financial position develops. Our main assumptions for the construct of the 2023 Budget are set out below (and on page 9 in greater detail)
- **Ministry share** for 2023 is expected to cover 93% of clergy costs for existing clergy and curates. Investment income normally covers the balance of direct clergy posts, 100% of the local support and office running costs but is not expected to contribute to the costs of education which are separately funded. The overall collection rate for ministry share is expected to remain at 94.2% in 2023, the same rate as in 2021. In 2023 investment income is anticipated to improve slightly due to surpluses on sales of Glebe Land which are planned to be invested in capital to increase the levels of investment income received.
- **Overall ministry share increase of 4.0%** for 2023 is being requested due to the likely proposed increase Church House of between 5.0% - 7.0% in clergy stipends. However, the actual cost of a stipend to the Diocese for 2023 is £38,574 at 5% stipendiary increase, comprising the stipend plus employer's National insurance and clergy pension contributions of £2,649 and £7,633 respectively, before including housing costs which average £12,143. 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- 2023			
Stipends Budget for the Year Ending 31 December 2023			
	per Minister	in Total	
	£	£	
Stipend	28,293	2,716,092	
NIC	2,649	246,729	
Pension	7,633	732,732	
Other		35,169	
	38,574	3,730,722	
Housing	12,143	1,388,130	
Grants	1,826	192,875	
Curates		812,243	
	52,543	6,123,970	

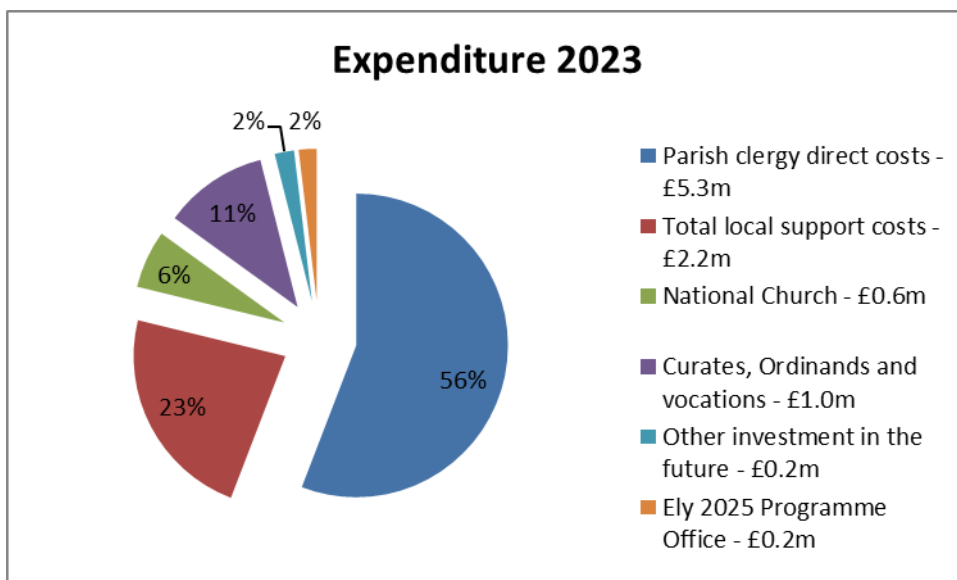
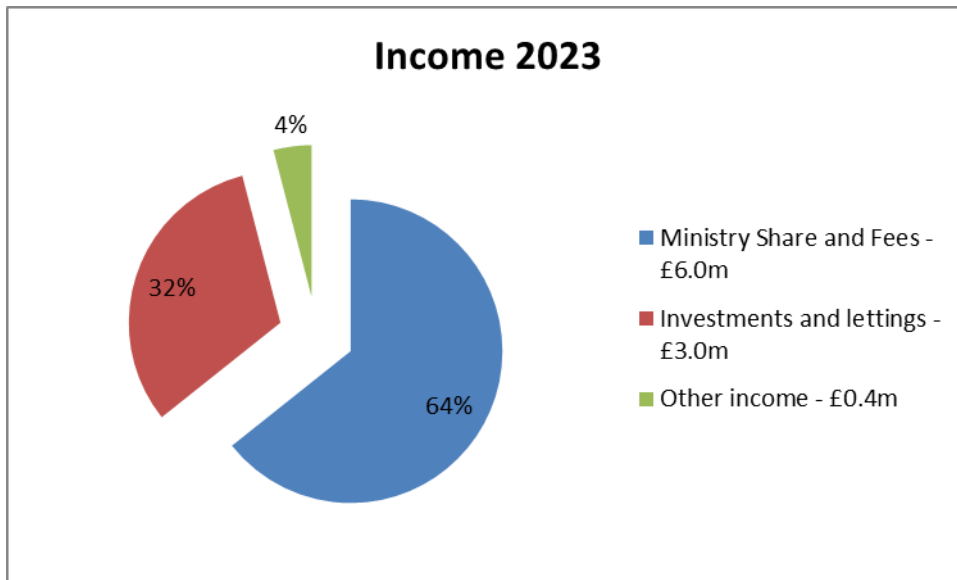
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EDBF BUDGET 2023				
4.0% Parish Share Increase				
5.0% Stipend Increase				
	2023	2022	2021	2020
	Budget for year	Budget for year	Actual for year	Actual for year
EXPENDITURE				
Clergy stipends	3,730,722	3,856,870	3,825,622	4,008,187
Curates exc. housing	812,243	841,668	778,819	756,443
Housing costs (maintenance)	1,388,130	1,230,694	1,374,983	1,256,254
Clergy other	192,875	192,500	149,103	119,064
	6,123,970	6,121,732	6,128,527	6,139,948
Archdeacons	163,901	158,625	150,553	149,812
Mission & Ministry	745,493	715,425	477,707	471,441
Education (net cost)	195,875	179,994	(38,157)	5,277
DDO & Vocations	76,184	67,783	52,919	26,874
Ordinands Grants & RME costs	165,305	230,000	193,243	203,220
Safeguarding	222,661	210,807	202,682	180,595
Registry, DAC & Legal costs	377,328	385,442	386,062	372,924
IT & Office running costs	299,264	269,021	329,223	257,285
Programme Office	180,644	167,092	157,856	151,521
Admin salaries	375,049	329,324	282,739	395,659
National Church	586,146	627,727	608,639	618,450
	9,511,819	9,462,970	8,931,993	8,973,006
INCOME				
Parochial Fees	300,000	300,000	304,448	291,567
Investment income	2,662,811	2,630,184	2,765,783	2,221,314
Investment income DPA	100,852	91,935	100,258	53,727
Letting income	200,000	348,000	254,888	228,217
Other income	380,110	243,346	158,198	352,351
	3,643,772	3,613,465	3,583,575	3,147,176
Surplus of expenditure over income	5,868,047	5,849,505	5,348,417	5,825,830
MINISTRY SHARE INCOME				
Ministry Share request	5,952,184	5,920,376	5,728,000	5,825,998
DDR Discount	(144,890)	(124,778)	(121,089)	(133,851)
Deanery Discount	(83,976)	(106,347)	(53,171)	(89,497)
	5,723,318	5,689,251	5,553,740	5,602,650
NET SURPLUS/(DEFICIT) FOR YEAR	(144,729)	(160,254)	205,322	(223,180)
Forecast stipendiary clergy numbers				
Stipendiary clergy fte posts	104.0	104.0	108.9	119.4
Stipendiary clergy fte budget	96.0	96.0	100.0	100.4
Stipendiary Curates fte	22.50	22.25	21.0	19.0

2022 Budget



2023 Budget



BUDGET 2023					
ELY DIOCESAN BOARD OF FINANCE					2023 BUDGET version 15
4.0% parish share increase inc. inflation					(exc. Market Towns)
5.0% increase in stipends					
INCOME					
	2020	2021	2021	2022	2023
	ACTUAL	BUDGET	ACTUAL	BUDGET	BUDGET
	£000s	£000s	£000s	£000s	£000s
GIVEN BY PARISHES					
Net Ministry Share received	5,603	4,725	5,554	5,689	5,723
Parish fees	292	300	304	300	300
	5,894	5,025	5,858	5,989	6,023
INVESTMENT INCOME					
Investment income (incl Glebe, net of costs)	2,275	2,238	2,866	2,722	2,764
Property letting income (net of costs)	228	348	255	348	200
	2,503	2,586	3,121	3,070	2,964
OTHER INCOME					
	352	216	158	243	380
TOTAL INCOME	8,750	7,828	9,137	9,303	9,367
EXPENSES					
PARISH CLERGY DIRECT COSTS					
	5,384	5,081	5,350	5,280	5,312
Local Support Costs	1,175	1,220	1,217	1,470	1,509
Diocesan Office Costs	653	612	612	598	674
TOTAL LOCAL SUPPORT COSTS	1,828	1,831	1,829	2,069	2,184
CONTRIBUTION TO NATIONAL CHURCH					
	618	618	609	628	586
INVESTMENT IN THE FUTURE					
	1,143	1,278	1,145	1,487	1,430
TOTAL EXPENSES	8,973	8,809	8,932	9,463	9,512
(DEFICIT)/SURPLUS	(223)	(981)	205	(160)	(145)

DBF BUDGET ASSUMPTIONS - 2022

Ministry share	- 4.0% increase in parish share including inflation for 2023 and 3.0% thereafter
Parochial fees	- overall collection rate of 94.2% of allocation used for 2023 (same as rate for 2021)
Investment income	- assumed fairly stable but this income has been reducing over the years
Letting income	- assessment of forecast income by investment manager, incorporating anticipated Glebe sales
Other income	- assumed fairly stable but this income has reduced as unused properties have been sold
Stipends	- £102,500 grant income assumed continues from Allchurches Trust (EIG)
	- clergy posts available set as 98 full-time, 12 part-time and 10 house for duty posts i.e. 108fte posts
	- 96fte budgeted stipendiary clergy posts equates to 104fte clergy posts less an average 8 vacancies
	- clergy stipends increase 5.0% per annum for 2023/2024 and 3.0% from 2024/25 onwards
	- clergy pension contributions have reduced to 28% of NMS per annum for 2023
Curates	- curate numbers increased to 22.5 by 2022; the 50% agreed increase on the base of 15
	- curate stipends increase 5.0% per annum for 2023/2024 and 3.0% from 2024/25 onwards
	- assume SMF funding is received for 1.5 new curates in 2022 and then for another 2.0 in 2023
Housing	- housing maintenance budget increased from restricted £500k in 2022 up to £650k for 2023
Clergy other costs	- no increases from 2022 budgeted figures; mainly removals costs and new appointment grants
Archdeacons	- costs increased by 5.0% annually as the main cost is Archdeacon stipends
Salaries	- payrise of average 1.375% as of 01/04/2022 and 5.0% as of 01/04/2023
	- office staffing has not been increased in number from the 2022 budgeted figures
Pension scheme	- assumed there will be not be any further deficit arising in 2022 when DBS valuation is due
Ministry & Mission	- costs apart from staffing held at similar level to 2022 budgeted figures for Mission & Ministry
	- i.e. £295k programme costs, including CME, LLM and LCOM training, and Mission initiatives
Education	- separate Schools Fund/Education budget based on figures prepared by the DBE
DDO and Vocations	- costs apart from staffing held at similar level to 2022 budgeted figures for DDO and Vocations
Ordinands grants	- the number of ordinands being trained is forecast to average 30 students overall in 2023
	- so no increased costs of ordinand maintenance grants and pooling charge credit expected
	- budget assumes no requirement to make up any shortfall in the RME Funding costs
Safeguarding	- no changes for 2023; DBS fees were increased in 2022 as anticipated increase due to 3 year renewals
Legal and DAC costs	- Historic Places of Worship Support Officer (0.5 externally funded) ends in 2023
	- Reach Buildings Audit project is complete by the end of 2021 so no costs in 2023
Administration costs	- no change from 2021 budgeted costs for office running and property costs
	- infrastructure & IT renewal budgets included, PR & Comms form part of the Programme office
Programme office	- comprises staffing costs that do not relate directly to the Market Towns initiative
	- no increase in PR and general communications budget has been included
National Church	- Archbishops' Council have said apportionment payment will not be increased for 2023

What's what ...

These notes describe the principal areas of income and expenditure in the 2023 proposed budget.

Income

- Ministry Share request has been increased by 4.0% and no reduction in the rate of collection of 94.2% is anticipated for 2023 (same level as for 2021).
- 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 due to high level of inflation being anticipated in 2022 and into 2023 this may not be achievable. However, additional endowments from the sales of Glebe land will help to mitigate the effect.
- Parsonage letting income is expected to remain steady. Additional rental income from letting the Retreat House to the King's School, Ely is being used to support Education in the Diocese.

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 2023 the budgeted number of stipendiary posts is 96 full time equivalent (FTE). The posts are a mix of parochial stipendiary posts, other stipendiary clergy and pioneer posts. The 2023 figure of £5,312m represents stipends, pension, National Insurance contributions, housing, removals/resettlement grants and the costs of vacancies. 64% of the budgeted expenditure relates to the direct costs of clergy.

The 2023 budgeted figure is calculated to reflect a 5.0% stipend increase from 1 April 2023 to keep stipends from falling behind inflation and in line the National Church guidelines.

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 and Mission support and training
- Clergy support and counselling
- Stewardship support
- Safeguarding
- Legal fees
- Church inspection and faculty fees

Overall, 23% 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 management
- 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, overhead costs are still being held at 2019 levels, although salaries have been increased by up to 5.0% in the 2023 budget. There was a 1.375% percentage increase in staff salaries in April 2022. 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 and the actual apportionment request for 2022 was less than the budgeted figure. The average budget request per diocese will not increase nationally for 2023, apart from the pooling system for ordinands' maintenance grants.

Investment in the Future

- Curates
- Bishop's Change Officer for Market Towns
- Director of Ordinands and Vocations
- Local Ordinands maintenance grants

The 2023 budget is for 22.5 curates (22.25 for 2022) in line with National Church Guidelines for increasing numbers by 50%. Overall, 15% of the budget is spent on these operational items; it is set at a slightly lower figure than the 2022 budget as it incorporates an anticipated credit from the National Church pooling system for Ordinands' Maintenance grants related to expenditure in 2021-22.

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. Due to the generosity of parishes in their gifting and an unexpected large one-off receipt of investment income, the outcome in 2021 was a small surplus. In 2022 a small deficit is expected to arise due to the impact on the Diocesan costs and on parishes of rising inflation rates.

However, the Diocese has made cost savings wherever possible for the 2023 budget and it is hoped there may only be small deficit of £145k arising for the year.

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 £2.07m (2021). This policy is under review at the suggestion of the auditors to ensure it has been set at a sufficiently high level so that the Diocese is retaining adequate reserves to support a potential major drop in annual ministry share receipts. At 31 December 2021, the free reserves of the Diocese amounted to £7.2m, of which will be used to cover the deficits for 2022 and 2023.

CONTACT

If you have any comments or would like more information, please contact:

Canon Paul Evans, Diocesan Secretary,

Diocese of Ely, Diocesan Office, Barton Road, Ely, Cambridgeshire CB7 4DX

Tel: 01353 652702 Email: paul.evans@elydiocese.org

This guide is also available on the Diocesan website

www.elydiocese.org