



**DERBY DIOCESAN BOARD OF FINANCE  
LIMITED**

**BUDGET 2015  
AND  
FORECASTS 2016 & 2017**

# DERBY DIOCESAN BOARD OF FINANCE LTD

## BUDGET 2015 AND FORECASTS 2016 & 2017



Our Vision

Christ's presence in every community



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# **DERBY DIOCESAN BOARD OF FINANCE LTD**

## **BUDGET 2015 AND FORECASTS 2016 & 2017**

### **FOREWORD**

"What we do with our money is one of the most significant indications of who we are, what we care for, and where our love, commitment and hope are truly focused".

*(Of your own... 1994)*

The quote above is taken from 'Giving for Life' - a report by the National Stewardship Committee that was presented to General Synod in 2009. Among their recommendations then was the proposal that Church members be encouraged to continue to work towards an initial giving target of 5% of their net income to and through the Church (with a further 5% to other charities and mission organisations). Recently produced National Statistics show that the number of individuals who give regularly to parishes in our diocese increased, although the overall amount given has decreased. The average amount given by those individuals represents 3% of their net incomes. An increase to the 5% target above would see extra income of £2.5million for our parishes. To help encourage Church Members individually and corporately, the Board of Finance is recruiting a Parish Resource Officer who will play a lead role in the stewardship of resources and the development of alternative funding streams. Together with this support, we want to encourage parishes to see Derby Church House as a 'Parish Support Office' available to the whole diocese.

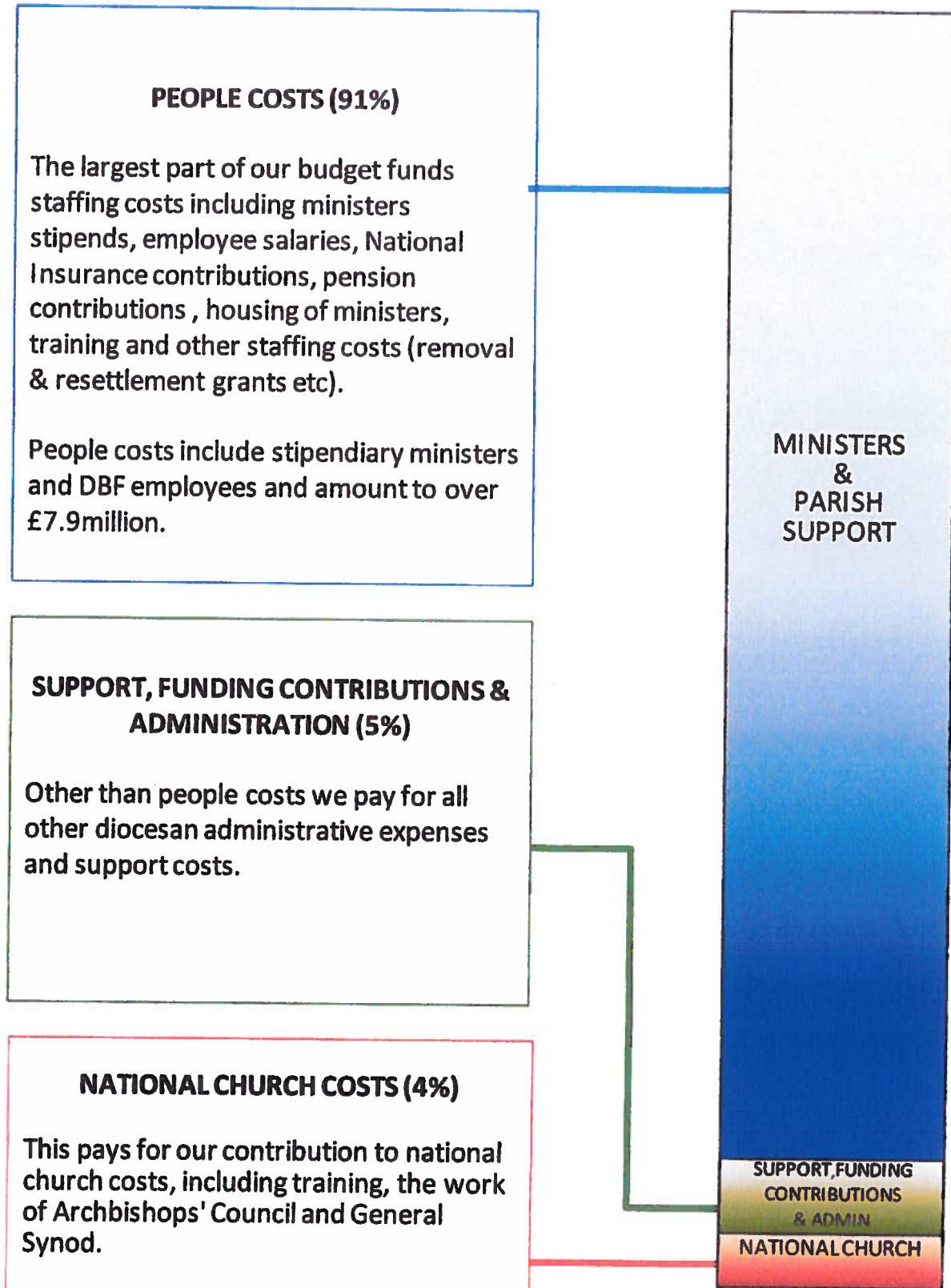
We ask that all parishes contribute to the Common Fund and in return everyone receives ministry and parish support. The way that our Common Fund is shared out to individual parishes is under review as we seek a more up to date and fairer way of doing this. Part of the Common Fund review will be to understand and include any impact of the current deanery development work.

The 2015 budget has been framed to include all the resources under the management of the Board of Finance together with forecasts for the following 2 years. Planning over a 3-year period gives the Board an earlier indication of the resources required to finance future expenditure plans and to understand the resources required to fulfil those plans. Moving from a position where the 2014 budget planned to use reserves of £460,000 the medium term financial plan is to breakeven, spending no more than is received, by 2017. This has in part been achieved by a rigorous review of all the funds at the disposal of the Board of Finance together with a review of investments and investment income. However, we do need to place less reliance on historic income sources and to look for new income streams.

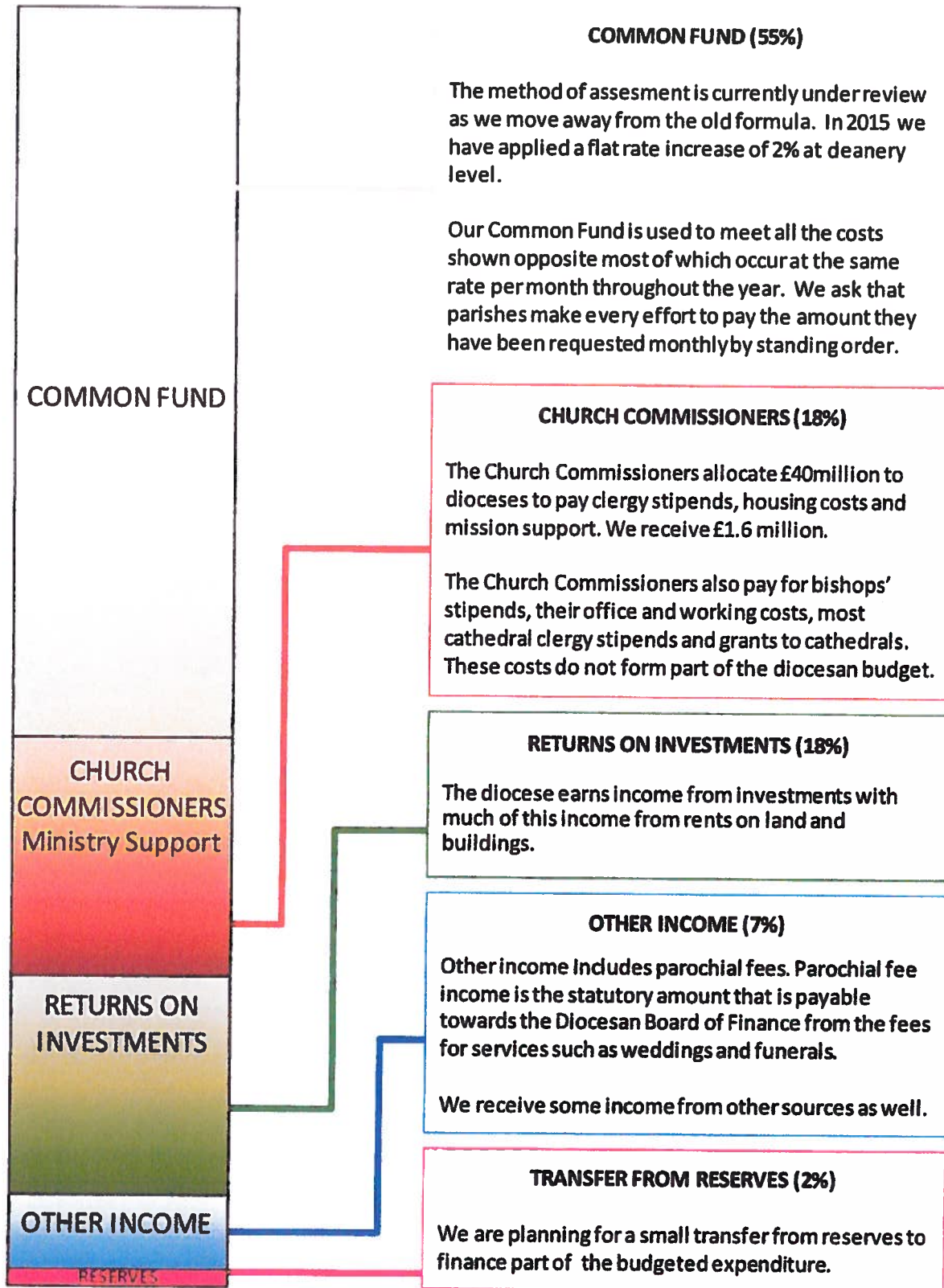
David Meredith  
Director of Finance

September 2014

# BUDGET 2015 - WHERE THE MONEY WILL GO...



# BUDGET 2015 - WHERE WILL THE MONEY COME FROM...



## **BUDGET OVERVIEW**

### **Common Fund**

The overall 2015 Common Fund increase is 2.0% on average for the whole diocese. The formula previously used is currently under review and it is hoped that a new method of apportioning common fund will be available and in use for 2016. Pending the results of the review, Bishop's Council have approved a flat rate increase of 2% for each deanery in 2015. Deanery Synod Standing Committees may choose to apply a different rate for parishes in their deanery based on local knowledge, however the full amount apportioned to each deanery will need to be allocated to parishes in that deanery. In the event that the full amount is not allocated, then a flat rate increase of 2% will be applied to all parishes in the deanery.

Our Common Fund is wholly used to meet people costs which the Diocesan Board of Finance (DBF) is committed to paying monthly throughout the year. We ask that parishes make every effort to pay the Common Fund amount they have been requested by monthly standing order. We do recognise that there will be circumstances where individual parishes will not be able to meet the full amount of Common Fund requested due to events out of their control. A provision for such events is reflected in the amount included in the 2015 budget.

### **Church Commissioners**

Our contribution from the Church Commissioners for ministry support has been maintained at £1.6million. Additionally a sum of £140,000 has been made available for mission development funding and stipend support. A sum of £100,000 will be allocated to the Local Mission Fund with the balance used to finance stipends and housing costs.

### **Investment returns**

After seeking the advice of our investment managers a re-arrangement of our portfolio of financial investments has helped us to increase annual investment income in line with our investment policy. Maximising the use of restricted income funds, where the restriction permits, has also helped to increase funding.

### **Staffing costs**

This budget provides for the number of office holders and employees based on strength rather than establishment with a provision for vacancies included, and maintaining the number of people at the same level over a 3-year period. Following the last triennial review of the Church of England Funded Pension Scheme (Clergy Pension Scheme) in December 2012 there will be an increase in the clergy pension contribution rate from 38.2% to 39.9% from 1<sup>st</sup> January 2015. With the increase in National Minimum Stipend on which the pension contribution is based, this is effectively an increase of over 6% (+£80,000) year on year.

### **Developing deaneries**

Following the announcement about deanery development earlier this year, provision has been included in the 2015 budget for deanery support.



## PLANNING BEYOND 2015

The Budget Summary page (page 6) includes additional annual forecast information for 2016 and 2017. Planning this far ahead is not an exact science but the aim of Bishop's Council is to ensure that financial plans over a three-year period are in step with the ability to raise income and that spending plans are affordable. Unrestricted fund reserves will be released in order to keep the Common Fund requested to a minimum. The Summary page demonstrates that over the 3-year period from 2015 to 2017, the budget and forecasts will draw on reserves totalling £300,000.

Future annual budget setting will:

- have regard for finances over a three-year planning cycle aiming to move to 'breakeven' budgets, spending no more than is received, having regard to the overall level of Unrestricted Funds and the priorities for these,
- maintain the number of stipendiary ministers and DBF employees according to the diocesan deployment plans,
- target an annual increase in total Common Fund of no more than 3% (or inflation if this is higher), and continue to support parishes to achieve 100% payment of share,
- maximise the effective use of staffing costs, including ongoing staff reviews
- meet our responsibilities for ensuring an adequate clergy remuneration package, including pension costs, according to future national decisions.
- seek ways to make provision for ongoing funds to resource creative mission projects which fit with our mission priorities
- continually review the number of stipendiary posts according to diocesan deployment plans, the numbers available and the cost of provision
- support the Diocesan Board of Education as it develops the appropriate response to the challenge of academisation

### KEY FORECAST 2015 AND 2016 & 2017 ASSUMPTIONS

	Budget 2015	Forecast	
		2016	2017
Provision for increase in stipends	2.0%	2.0%	2.0%
Provision for increase in staff salaries	2.0%	2.0%	2.0%
Inflation for non-staff costs	2.0%	2.0%	2.0%
Average Common Fund increase	2.0%	2.0%	2.0%
Number of people (full time equivalent)	168.15	168.15	168.15

# DERBY DIOCESAN BOARD OF FINANCE LTD BUDGET 2015 AND FORECASTS 2016 & 2017

BUDGET SUMMARY	2013 ACTUAL	2014 BUDGET REVISED	2015 BUDGET	2015 BUDGET	2016 FORECAST	2017 FORECAST
	£	£	£	%	£	£
<b>INCOMING RESOURCES</b>						
Common Fund	4,451,277	4,473,862	4,766,154	54.5	4,939,055	5,116,964
<b>Church Commissioners' Allocation</b>						
Selective Allocation	1,565,385	1,565,385	1,550,290		1,551,085	1,551,085
Mission Development Funding	141,470	141,470	141,460		141,370	141,370
Transfer to Local Mission Fund	(141,470)	(141,470)	(100,000)		(75,000)	(50,000)
	<u>1,565,385</u>	<u>1,565,385</u>	<u>1,591,750</u>	18.2	<u>1,617,455</u>	<u>1,642,455</u>
<b>Returns on Investments</b>						
Land & buildings	286,681	253,400	264,695		267,974	273,334
Financial investment assets	1,027,416	1,035,000	1,313,113		1,326,212	1,339,442
	<u>1,314,097</u>	<u>1,288,400</u>	<u>1,577,808</u>	18.0	<u>1,594,186</u>	<u>1,612,776</u>
<b>Other Income</b>						
Parochial fees, chaplaincy & other income	439,187	415,000	426,930		425,469	433,978
Donations & grants	160,170	133,000	168,581		174,903	181,462
	<u>599,357</u>	<u>548,000</u>	<u>595,511</u>	6.8	<u>600,372</u>	<u>615,440</u>
<b>TOTAL INCOMING RESOURCES</b>	<u>7,930,116</u>	<u>7,875,647</u>	<u>8,531,223</u>	97.5	<u>8,751,068</u>	<u>8,987,635</u>
<b>RESOURCES EXPENDED</b>						
<b>Ministerial Staffing</b>						
Stipends	3,562,468	3,545,075	3,591,158		3,662,981	3,736,241
Employers' National Insurance	290,758	282,000	285,886		291,604	297,436
Pension contributions	1,235,292	1,200,404	1,280,338		1,305,945	1,332,064
Housing costs	972,478	951,840	1,149,025		1,176,307	1,207,320
Other staffing costs	127,048	152,000	161,440		159,810	163,020
	<u>6,188,044</u>	<u>6,131,319</u>	<u>6,467,847</u>	73.9	<u>6,596,647</u>	<u>6,736,081</u>
<b>Parish Support</b>						
Funding Contributions and Other Sector Support	517,320	624,810	616,334		590,202	564,249
Diocesan Secretary & Office Support	326,495	407,242	402,060		379,113	385,910
Mission & Ministry	479,416	536,621	606,331		618,457	630,821
Human Resources, Safeguarding & Communcations	157,566	186,574	198,075		202,037	206,077
Property & DAC	65,853	72,560	93,987		94,925	96,823
Finance	70,262	100,889	113,779		116,055	118,377
Deanery Development	38,321	63,500	87,426		88,370	89,330
Ministerial staffing costs included above	(154,043)	(211,124)	(250,861)		(255,877)	(260,994)
	<u>1,501,190</u>	<u>1,781,072</u>	<u>1,867,131</u>	21.3	<u>1,833,282</u>	<u>1,830,593</u>
<b>National Church</b>						
Training for ministry (Vote 1)	179,985	180,835	181,636		185,269	188,974
National Church (Vote 2 - 5)	229,024	234,148	223,124		227,586	232,138
General Synod members' expenses	5,845	8,045	8,206		8,370	8,537
	<u>414,854</u>	<u>423,028</u>	<u>412,966</u>	4.7	<u>421,225</u>	<u>429,649</u>
<b>TOTAL RESOURCES EXPENDED</b>	<u>8,104,088</u>	<u>8,335,419</u>	<u>8,747,944</u>	100.0	<u>8,851,153</u>	<u>8,996,323</u>
<b>TRANSFER TO/(FROM) RESERVES</b>	<u>(173,972)</u>	<u>(459,772)</u>	<u>(216,721)</u>	2.5	<u>(100,085)</u>	<u>(8,688)</u>

**NOTE:**

- The Common Fund amount included in the 2015 budget amounts to 94% of the total requested
- The 2014 budget has been revised to include expenditure on parsonage houses



DERBY DIOCESAN BOARD OF FINANCE LTD

NOTES ON 2015 BUDGET

**MINISTRY COSTS**

1. The elements, including the stipend, making up the cost of a stipendiary incumbent and the cost of a stipendiary curate:-

	<b>2015</b>		<b>2014</b>	
	<u>Stipendiary Incumbent</u>	<u>Stipendiary Curate</u>	<u>Stipendiary Incumbent</u>	<u>Stipendiary Curate</u>
	£	£	£	£
Stipend	25,673	23,575	25,352	23,117
National Insurance (employer's share)	2,006	1,910	2,000	1,873
Pension and death-in-service benefits	9,048	9,048	8,515	8,515
Average housing costs	7,816	7,816	7,660	7,660
Training costs	762	762	747	747
Other staffing costs	1,145	1,145	1,078	1,078
<b>Total cost per post</b>	<b>46,450</b>	<b>44,256</b>	<b>45,352</b>	<b>42,990</b>

In addition to the training costs shown above, the Board meets the costs of future ministry totalling £271,636 including National Church training costs and financial support grants to ordination candidates.

2. The Archbishops' Council, as the Central Stipends Authority (CSA), sets annually a national stipend benchmark, and adjusts this for regional variations in the cost of living for incumbents and other ministers of similar status. The Board's policy on the payment of stipends based on a local scale which is subject to review by Bishop's Council. Provision for an increase in stipend of 2% has been included in the 2015 budget.
3. The remuneration of the Diocesan Bishop, the Suffragan Bishop, the Dean and other cathedral clergy are met in full and paid directly by the Church Commissioners. There is no cost for these posts on the diocesan budget.
4. The average housing costs are for routine maintenance and the cost of refurbishment only. Each house is fully maintained with a view to ensuring that the total residual value is not less than the amount stated in the Board's annual financial statements.
5. The budget incorporates provision for taxable housing allowances payable by the Board to stipendiary ministers required to live in their own house, and Common Fund credits for Parochial Church Councils (PCCs) housing stipendiary assistant clergy in PCC owned property. The amount set aside for council tax payable by the Board of Finance totals £284,760 in the 2015 budget.
6. The average housing cost of a "house for duty" NSM, occupying a parsonage house amounts to £7,816 per annum as in the table above.

DERBY DIOCESAN BOARD OF FINANCE LTD

NOTES ON 2015 BUDGET

(continued)

**NUMBER OF PEOPLE**

7. The number of office holders and employees can be broken down as follows:

2015 (FTE)  
FTE = Full Time Equivalent

**Ministerial Staff**

Archdeacons	2.00
Stipendiary ministers (Incumbent status)	120.00
Stipendiary curates (training curacies)	24.00
Pioneer ministers	4.00
	<b>150.00</b>
Budget assumed number of vacancies	-14.50
	<b>135.50</b>

**Parish Support Staff**

Diocesan Secretary & support	
Diocesan Secretary	1.00
Support staff	9.10
Mission & Ministry	10.50
Human Resources, Communications & Safeguarding	2.00
Property & DAC	5.20
Finance	2.60
Deanery Administrators	2.25
	<b>32.65</b>

**Total number of people**

**168.15**

**DBF EMPLOYEES**

8. Remuneration for employees comprises the salary (or wage), national insurance (employer's share), and pension contribution. The gross staffing costs included in the budget for the year 2015 include provision for possible pay scale increases. A provision for a cost of living increase in salaries of 2% has been included in the budget. A decision about payment of an increase will not be taken until March 2015.

9. Payments are received from:

- (i) the Church Commissioners for the remuneration of the Suffragan Bishop's Personal Assistant, an employee of the DBF (1.0 FTE).
- (ii) Diocesan Board of Education to finance part of the remuneration cost of Finance staff.

DERBY DIOCESAN BOARD OF FINANCE LTD

NOTES ON 2015 BUDGET  
(continued)

**DBF EMPLOYEES (continued)**

10. The Board operates a defined benefit pension scheme in respect of 1 former member of staff and the Scheme is closed to new entrants.

For eligible employees the Board contributes 10% of salary to a defined contribution pension scheme nominated by the employee.

**NON-STAFF COSTS AND INCOME**

11. At the time of preparation of the 2015 budget, the latest available figure for the Consumer Prices Index (CPI) was 1.5% (June 2014). An increase of 2% has been provided for increases in budgets for non-staff costs. Each budget holder is expected to contain expenditure within their budget by, if necessary, changing priorities.

Interest on cash deposits has been assumed at 0.5% per annum on Central Board of Finance deposit fund accounts in 2015.

**FOR MORE INFORMATION ON...**

**1. Parish resources, please contact:**

**Church Growth Officers**

[lee.townend@derby.anglican.org](mailto:lee.townend@derby.anglican.org)

[jason.kennedy@derby.anglican.org](mailto:jason.kennedy@derby.anglican.org)

**2. Diocesan and parish finance, please contact:**

**Director of Finance**

[david.meredith@derby.anglican.org](mailto:david.meredith@derby.anglican.org)

**OUR WEBSITE...**

**[www.derby.anglican.org](http://www.derby.anglican.org)**