

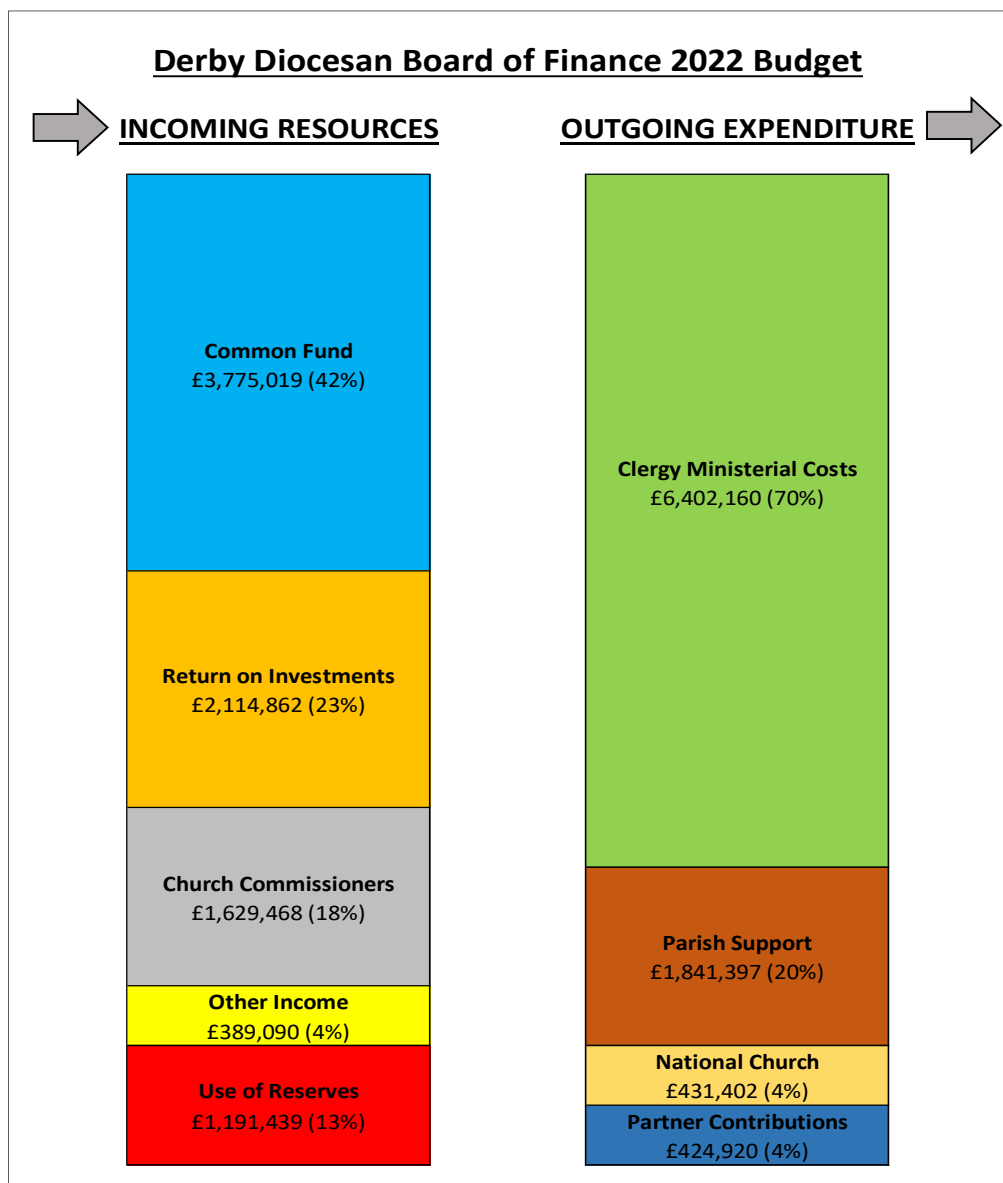
DERBY DIOCESAN BOARD OF FINANCE LIMITED

BUDGET 2022

Executive Summary

Diocesan Synod approved the 2022 budget at its meeting on 9 October 2021. The 2022 year remains a financial challenge, on the back of operations being impacted by Covid-19 in both 2020 and 2021. For 2022 the budget is, by implication of the current financial constraints, forecast to be in a significant seven figure deficit of £1,191,439. The Derby Diocesan Board of Finance (DDBF) is able to fund the deficit from within existing reserves which have helpfully been made available through strong financial management in the past few years. The summary budget is shown in Appendix 1

2022 Budget summary in numbers



Budget Headlines

The key budget headlines include ...

- Total budget expenditure of £9,099,879
- Clergy ministerial costs equate to 70% of total costs
- Common Fund income equates to 42% of total income
- Common Fund receipts cover approximately 59% of Ministerial costs, with the remained 41% met from outside of Parish sources
- Diocesan reserves of £1.2m are being used to support the 2022 budget, covering approximately 13% of all costs

Budget Risks

There are several risks associated with the 2022 budget including ...

- The forecast level of free reserves by 31 December 2022 is at the lowest level of reserves which should be held, therefore close general fund reserves monitoring will be required during 2022
- Common Fund receipts remains a significant risk, especially through the monitoring of 2021 receipts to date and the impact of Covid-19
- Reducing congregations stretches Parish's ability to pay their Common Fund share
- Financial markets remain uncertain, impacting on financial investment returns
- Swift delivery of property sales will be vital to limit loss of rental income, maximise financial asset investment returns and support future budget requirements
- The volume of parochial fees has declined significantly, with market capture severely diminished
- Establishment levels will need to be managed carefully, to reflect the number of budgeted posts
- Housing improvement costs may rise as further inspections are undertaken, and where major spend requirements arise
- Inflation, where applied, may outstrip the assumptions built into the budget

Addressing the deficit during and beyond 2022

The medium-term financial plan aim is to move towards a breakeven position over a five-year period. However, medium term forecasting based on post Covid-19 impact highlights that this will not be achieved without significant intervention. Planning for cost reduction alone will still result in a 2026 budget deficit greater than £0.5m per year. Income growth is therefore essential to provide financial security for the Diocese.

The overall forecast cost of providing for budget deficits during this period of transition towards financial sustainability requires a further £2.6m to be found (on top of a forecast £1.305m deficit in 2021 and draft £1.191m deficit budget planned for 2022). Deficits beyond 2022 will require further decisions by the DDBF Board to review funds being held and to liquidise physical and financial investment assets to provide in-year cash.

Appendix 1 – DDBF 2022 Budget Summary

	2022 Approved Budget
	£
<u>INCOMING RESOURCES</u>	
Common Fund	3,775,019
Church Commissioners' Allocation	
Lowest Income Communities Funding	939,951
Transitional Funding	336,124
Curates Funding (2021 start) SMF	238,758
Curates Funding (2022 start) SMF	47,758
Change Manager Bid (Accepted but not appointed) STF	66,877
	1,629,468
Returns on investments	
Land & buildings	406,053
Financial investment assets	1,708,809
	2,114,862
Other income	
Parochial fees, chaplaincy & other income	245,090
Allchurches Trust	136,000
Lichfield Theological Grant	8,000
Coronavirus Retention Scheme	-
	389,090
TOTAL INCOMING RESOURCES	7,908,440
<u>RESOURCES EXPENDED</u>	
Ministerial Staffing	
Stipends	3,622,898
Employers' National Insurance	369,283
Apprenticeship Levy	18,114
Pension contributions	1,328,137
Housing costs	952,064
Other staffing costs	129,952
	6,420,448
Contributions to ministry costs	(18,288)
	6,402,160
Partner Contributions	
DBE	277,420
Other	147,500
	424,920
Parish Support	
Diocesan Secretary & Office Support	489,614
Human Resources, Safeguarding & Communications	358,062
Property Management, DAC & Mission & Pastoral	105,461
Finance	175,569
Deanery Support	63,194
Mission & Ministry	649,496
	1,841,397
National Church	
Training for ministry (Vote 1)	211,618
National Church (Vote 2 - 5)	253,319
National Pooling	(36,535)
General Synod members' expenses	3,000
	431,402
TOTAL RESOURCES EXPENDED	9,099,879
TRANSFER TO/(FROM) RESERVES	(1,191,439)