

DERBY DIOCESAN BOARD OF FINANCE LIMITED

BUDGET 2024

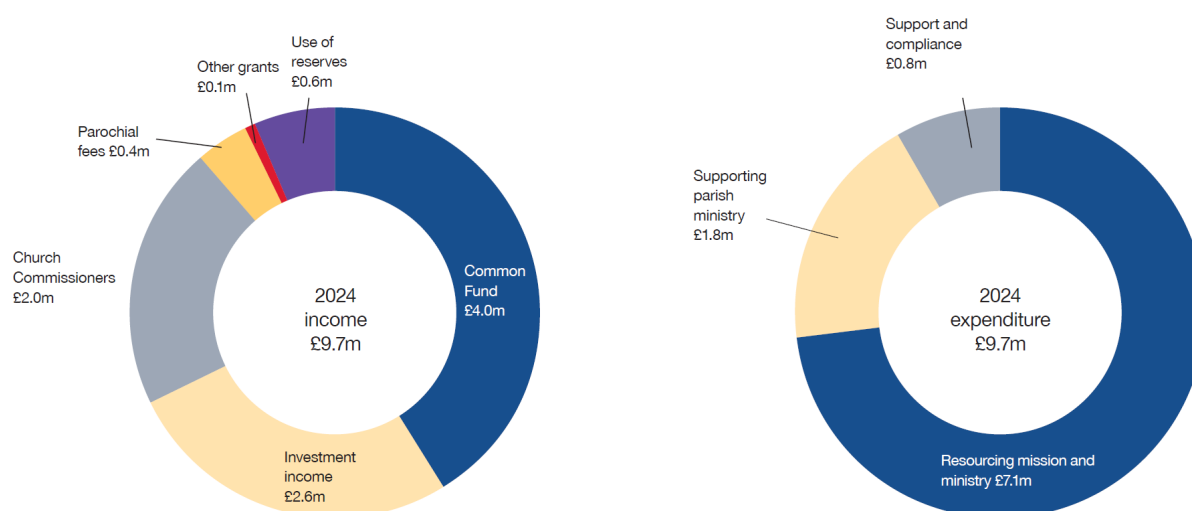
Executive Summary

Diocesan Synod approved the 2024 budget at its meeting on 14 October 2023. The 2024 year remains a stopgap, as plans to deliver against strategic objectives which will have a direct impact on improving the diocesan financial position are implemented.

For 2024 the budget is, by implication of the current financial constraints, forecast to be in a significant deficit of (£595,958). 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. Whilst this can be achieved for 2024 it is not a sustainable position.

The summary budget is shown in Appendix 1.

2024 budget summary in numbers



On the Money

More details explaining where DDBF income comes from and how it allocates its resources can be found in the '*On the Money*' publication on our website.

Budget Headlines

The key budget headlines include ...

- Total budget expenditure of £9,678,965.
- Resourcing Mission & Ministry costs equate to 73% of total costs.
- Common Fund income equates to 41% of total income.
- Common Fund receipts cover approximately 44% of Resourcing Mission & Ministry & Supporting Parish Ministry, with the remained 56% met from outside of Parish sources.
- Support & Compliance costs, to run the company and charity, are only 8% of all expenditure, meaning that 92 pence in every £1m is delivered back to parishes in resources.
- Diocesan reserves of £0.6m are being used to support the 2024 budget, covering approximately 6% of all costs.

Budget Risks

There are several risks associated with the 2023 budget including ...

- The forecast level of free reserves by 31 December 2024 is at a low level of reserves which should be held, therefore close general fund reserves monitoring will be required during the year.
- Parish Common Fund receipts remains a significant risk, especially through the monitoring of 2023 receipts which are forecast to be £0.8m lower than pre-covid in 2019.
- Reducing congregations stretches Parish's ability to pay their Common Fund share.
- Financial markets remain uncertain, impacting on financial investment returns.
- 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 2024

The basis of our medium-term financial plan should be to move towards a breakeven position within a five-year period. However, the current financial landscape post Covid-19 and the forward forecasts suggest that this is unlikely.

A medium-term budget position, reflecting growth in costs, including 3% annual pay awards from 2025 onwards, and no change in common fund and investments income results in a deficit position by 2028 of £1.6m. The medium-term net position therefore worsens by c£1m unless we improve income streams or significantly reduce expenditure.

Without intervention the drain on reserves across 2024 to 2028 would be £5.7m. Free reserves only has around £2m capacity to address short term deficits, beyond which assets would have to be sold. Using cash to address deficits, and the sale of assets in turn worsens the annual income available to support the budget, which in turn would require even more savings.

Appendix 1 – DDBF 2024 Budget Summary

DERBY DIOCESAN BOARD OF FINANCE LTD

BUDGET SUMMARY 2024

	2024 ANNUAL BUDGET £	
<u>INCOMING RESOURCES</u>		
Common Fund	4,000,000	41.3%
Church Commissioners' Allocation		
Lowest Income Communities Funding	1,046,507	
Transitional Funding	162,337	
Curate funding	607,594	
First Responsibility Posts	122,093	
Strategic Capacity Funding	60,000	
Living Generously Advisor	24,000	
	2,022,531	20.9%
Returns on investments		
Land & buildings	443,050	
Financial investment assets	2,100,000	
	2,543,050	26.3%
Other income		
Parochial fees, chaplaincy & other income	403,087	
Benefact Trust (Allchurches)	102,340	
Lichfield Theological Grant	12,000	
	517,427	5.3%
TOTAL INCOMING RESOURCES	9,083,007	
<u>RESOURCES EXPENDED</u>		
<u>Resourcing Mission and Ministry</u>		
<u>Ministerial Staffing</u>		
Stipends	3,920,462	
Employers' National Insurance & Apprentice Levy	402,580	
Pension contributions	965,544	
	5,288,586	
Housing costs	1,139,976	
Other staffing costs	149,430	
Ministry Training (DMM ministry team and National vote 1)	545,408	
	7,123,400	73.6%
<u>Support for Parish Ministry</u>		
Archdeaconry Offices etc	177,390	
Mission	457,095	
Safeguarding	285,847	
Communications	81,656	
DBE	200,000	
Other Partners	132,801	
DAC	72,294	
Registrar	96,008	
National Church (votes 2-5)	244,492	
	1,747,584	18.1%
<u>Support & Compliance</u>		
Executive	217,559	
Finance & IT	343,275	
HR	144,594	
Church House	73,868	
Investment Land Management	28,685	
	807,981	8.3%
<i>less unallocated efficiencies</i>	-	
	9,678,965	
TRANSFER TO/(FROM) RESERVES	(595,958)	-6.2%

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