

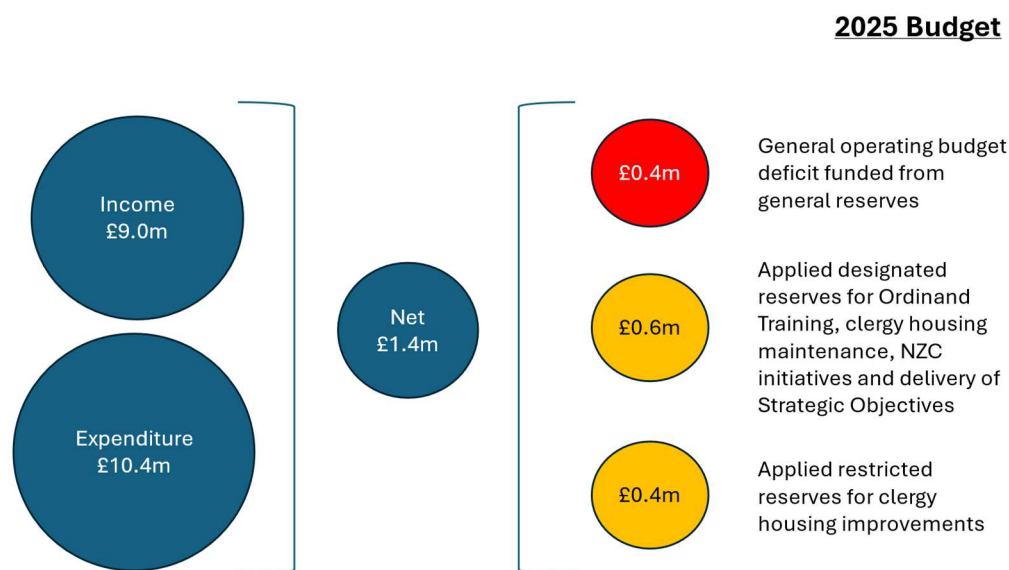
DERBY DIOCESAN BOARD OF FINANCE LIMITED

BUDGET 2025

Executive Summary

Diocesan Synod approved the 2025 budget at its meeting on 12 October 2024. For 2025, total estimated income is £9,091,794 and total estimated expenditure is £10,499,789. The breakdown across the various funds are shown in the table below.

<u>2025 Budget</u>	Income	Expenditure	NET
	£	£	£
UNRESTRICTED			
General Fund operations	8,369,164	8,810,959	(441,795)
Designated Fund operations	575,630	1,126,399	(550,769)
	8,944,794	9,937,358	(992,564)
RESTRICTED			
Restricted capital funds	147,000	562,432	(415,432)
	147,000	562,432	(415,432)
TOTAL	9,091,794	10,499,789	(1,407,995)



The summary budget is shown in Appendix 1.

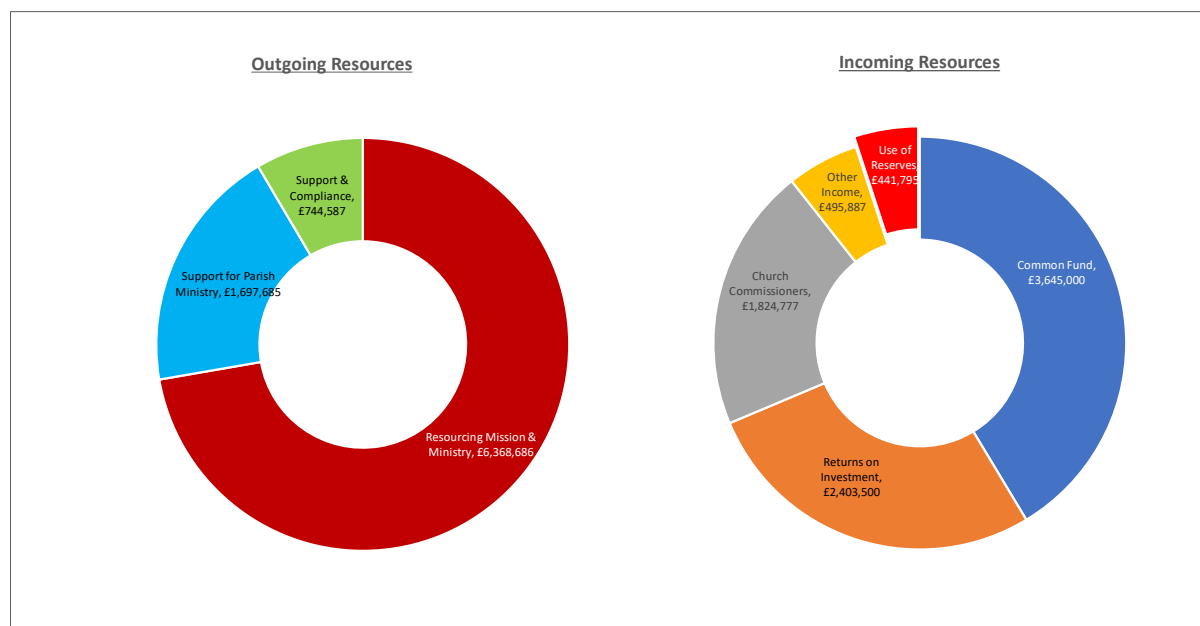
The net cost of delivering the 2025 budget is (£1,407,995), of which ...

- (£441,795) represents the budget deficit on the General Fund operating budget
- (£550,769) will be met from designated funds specifically set aside to fund certain activities
- (£415,432) will be met from restricted funds set aside for such activities

General Fund Operating budget

For 2025 the budget is, by implication of the current financial constraints, forecast to be in a significant deficit of (£441,795). 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 2025 it is not a sustainable position as growing deficit over the next five years total over £4m, with a forecast ongoing deficit by 2029 of £1m.

2024 operational 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. Note that On The Money is based on the 2024 budget, but the principles are the same for 2025.

A summary On The Money 2025 leaflet is available on our website, updating the original 2024 leaflet.

Operational 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 44% of total income (excluding use of reserves)
- Common Fund receipts cover approximately 45% of Resourcing Mission & Ministry & Supporting Parish Ministry expenditure, with the remained 55% 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 £1 is delivered back to parishes in resources
- Diocesan reserves of £0.4m are being used to support the 2025 budget, bridging approximately 5% of all costs

Budget Risks

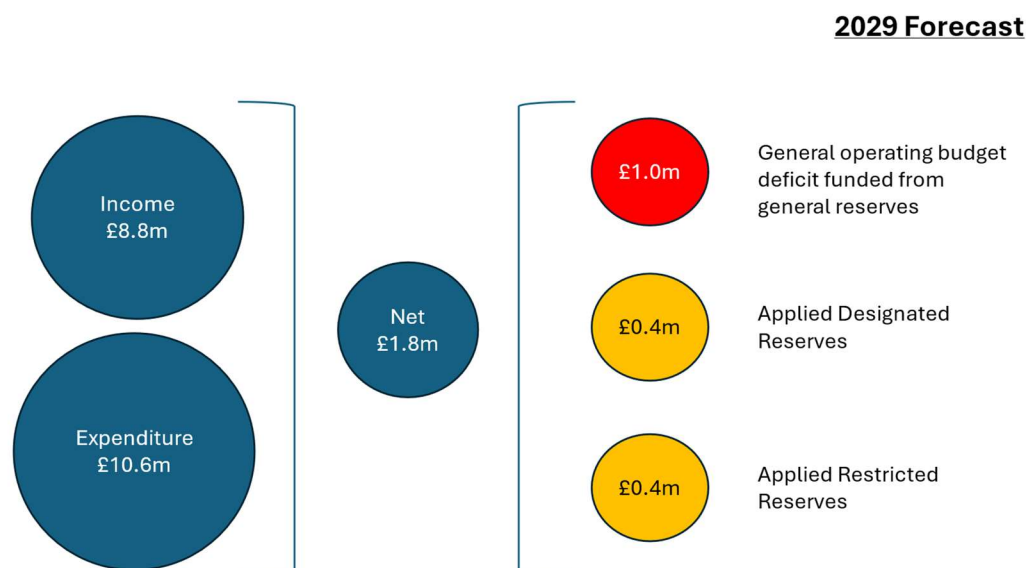
There are several risks associated with the 2024 budget including ...

- the level of free reserves to support the general fund operating deficit by 31 December 2025 will need close monitoring
- Parish Common Fund contributions remains a significant risk, especially through the monitoring of 2024 receipts to date, which are forecast to be c£1m lower than pre-covid in 2019
- reducing congregations stretches parish ability to pay their Common Fund share
- financial markets remain uncertain, impacting on financial investment returns
- clergy and DBF staff establishment levels will need to be managed carefully, to reflect the number of budgeted posts/positions,
- 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 2025

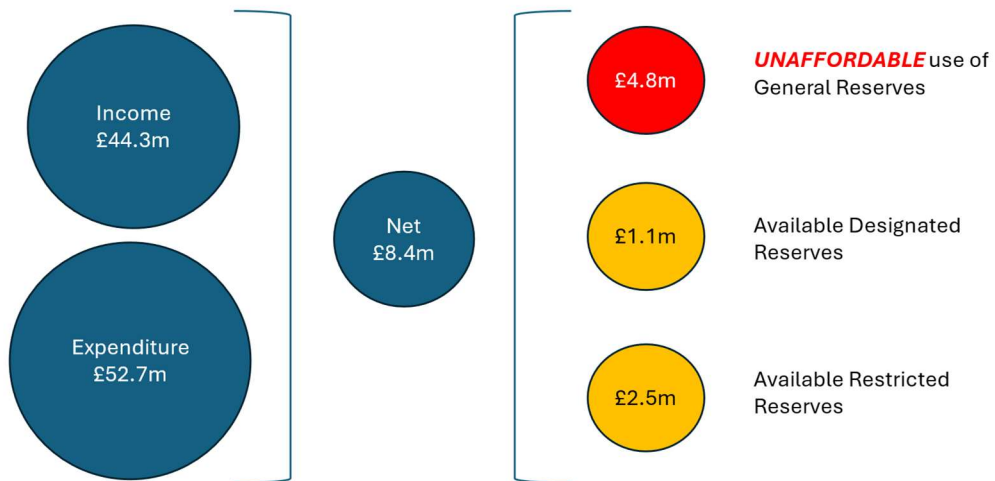
The basis of our medium-term financial plan should be to move towards a breakeven position within a five-year period. However, the current financial landscape post Covid-19 and the forward forecasts suggest that this is unlikely.

A medium term budget position, reflecting growth in costs, including 3% annual pay awards from 2025 onwards, and no change in common fund income results in a deficit position by 2029 of £1.0m. 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 2025 to 2029 would be £4.8m. 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.

Five Year Cumulative Forecast



This is clearly not a sustainable outlook. Following the continued material decline in Common Fund over 2024 further action is required to seek to grow income and/or reduce operating expenditure

Appendix 1 – DDBF 2025 Budget Summary

DERBY DIOCESAN BOARD OF FINANCE LTD				
BUDGET SUMMARY 2025				
	2025 Proposed	2025 GF	2025 Designated	2025 Restricted
	£	£	£	£
<u>INCOMING RESOURCES</u>				
Common Fund				
	3,645,000	3,645,000	-	-
Church Commissioners' Allocation				
Lowest Income Communities Funding	1,082,611	1,082,611	-	-
Transitional Funding	64,559	64,559	-	-
Curate funding	376,073	376,073	-	-
First Responsibility Posts	122,863	122,863	-	-
Strategic Capacity Funding	233,671	178,671	55,000	-
	1,879,777	1,824,777	55,000	-
Returns on investments				
Land & buildings	484,130	67,500	416,630	-
Financial investment assets	2,587,000	2,336,000	104,000	147,000
	3,071,130	2,403,500	520,630	147,000
Other income				
Parochial fees, chaplaincy & other income	371,976	371,976	-	-
Donations & Grants	123,912	123,912	-	-
	495,887	495,887	-	-
TOTAL INCOMING RESOURCES	9,091,794	8,369,164	575,630	147,000
<u>RESOURCES EXPENDED</u>				
<u>Resourcing Mission & Ministry</u>				
<u>Ministerial Staffing</u>				
Stipends	3,686,102	3,686,102	-	-
Employers' National Insurance & Apprentice Levy	389,160	389,160	-	-
Pension contributions	812,541	812,541	-	-
	4,887,803	4,887,803	-	-
Housing costs	1,820,989	489,583	768,975	562,432
Other clergy staffing costs	162,870	162,870	-	-
Ministry Training (Ministry team & National vote 1)	877,111	828,430	48,681	-
	7,748,773	6,368,686	817,656	562,432
<u>Support for Parish Ministry</u>				
Archdeaconry Offices	341,066	170,838	170,228	-
Mission, Evangelism and Parish Revitalisation	522,183	383,668	138,515	-
Safeguarding	313,289	313,289	-	-
Communications	114,442	114,442	-	-
DBE	200,000	200,000	-	-
Other Partners	152,537	152,537	-	-
Registrar	99,724	99,724	-	-
National Church (Vote 2 - 5) & Synod	263,188	263,188	-	-
	2,006,429	1,697,685	308,743	-
<u>Support & Compliance</u>				
Executive	230,656	230,656	-	-
Finance & Operations	345,771	345,771	-	-
HR	51,128	51,128	-	-
Church House	77,616	77,616	-	-
Investment Land Management	39,416	39,416	-	-
	744,587	744,587	-	-
TOTAL RESOURCES EXPENDED	10,499,789	8,810,959	1,126,399	562,432
TRANSFER TO/(FROM) RESERVES	(1,407,995)	(441,795)	(550,769)	(415,432)