

Diocese of Southwell & Nottingham

*Southwell & Nottingham Diocesan Synod
and Board of Finance*

**BUDGET 2012 &
FORECASTS 2013 & 2014**

Resourcing the Transforming Mission of God

- **Living Worship**
- **Growing Disciples**
- **Seeking Justice**

The Diocese of Southwell & Nottingham

Budget 2012

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INTRODUCTION

"...he has sent me to bring good news to the oppressed, to bind up the brokenhearted, to proclaim liberty to the captives and release to the prisoners; to proclaim the year of the Lord's favour..."

(Isaiah 61:1)

This is the first budget with a focus on the vision adopted by Synod in April of "Joining together in the Transforming Mission of God." It is also the first budget that sets out to put the next year's budget in the context of the present year and the succeeding three years. The forecasts set out for 2013 and 2014 are precisely, or imprecisely, that, an estimation or indication, they are not a prediction. The assumptions which lie behind the forecasts can be found on page 7.

The budget headlines for 2012 are:

- A small deficit budget based on 100% of deanery share being allocated and paid.
- An overall deanery share increase of, on average, 2.0%. Through the workings of the deanery share formula this will be different for each deanery with increases in a range from 1% to no greater than 3% for individual deaneries.
- Provision for an increase in clergy stipends and lay staff salaries of 2%. A decision about increases for stipend and salaries will not be taken until March 2012.

The budget is achievable with good stewardship on the part of those who manage the resources and sacrificial giving by all.

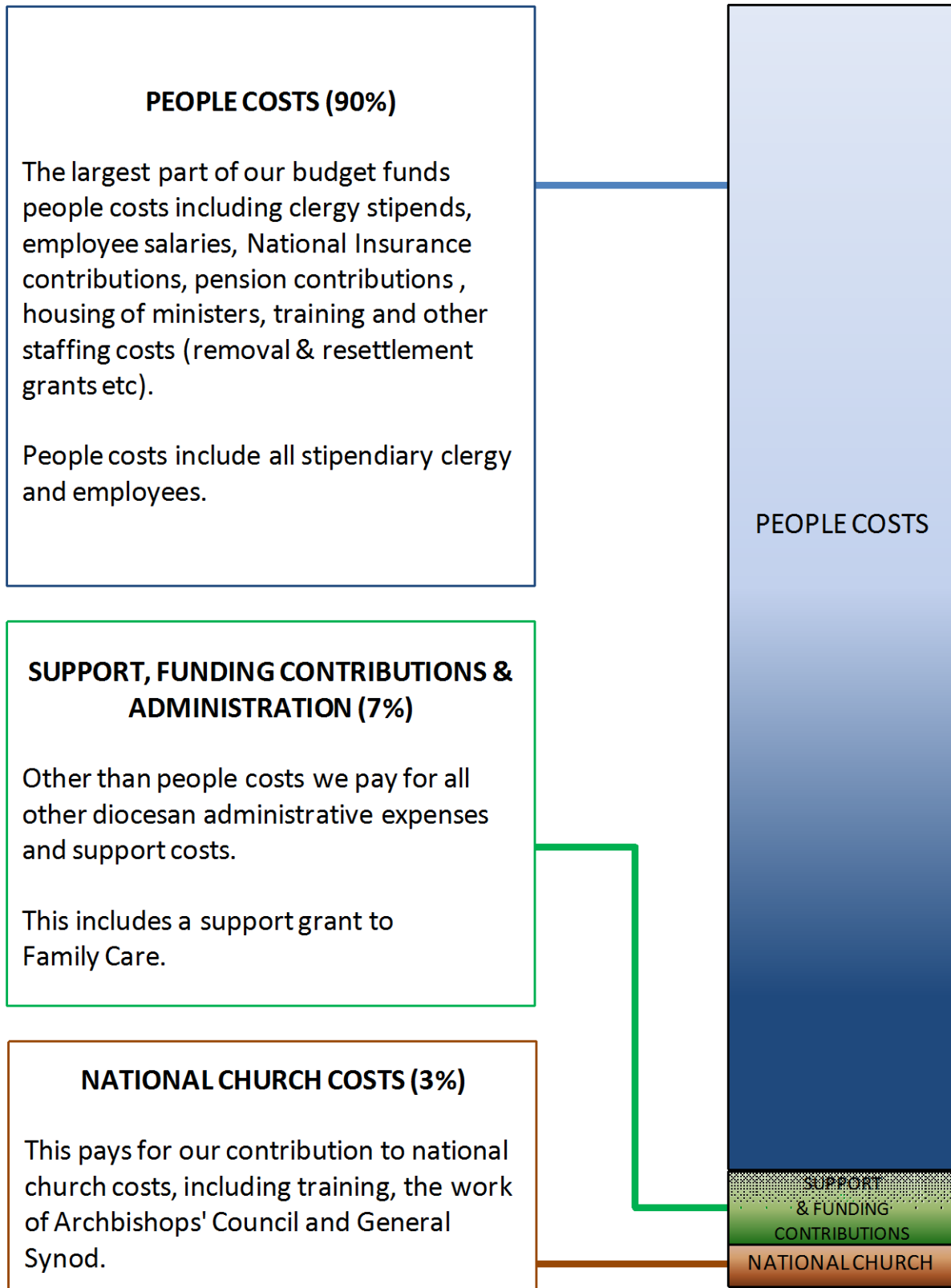
Nigel Spraggins
Diocesan Chief Executive

September 2011

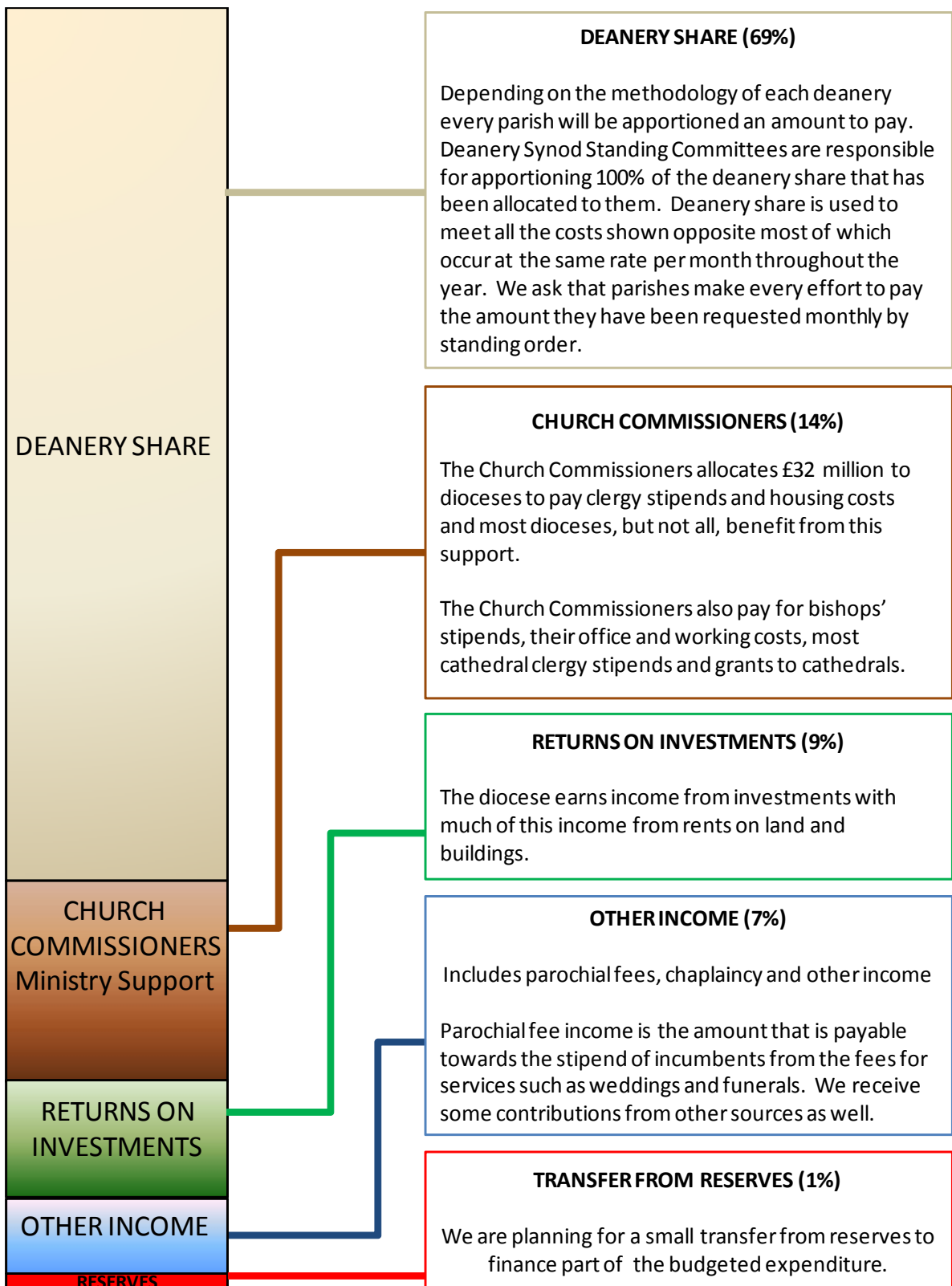
SOME FACTS & FIGURES

- Diocesan expenditure will be £8.9million.
- Most of this expenditure, 90% in all, is for people costs.
- The average cost of an incumbent status minister will be £42,554 (including stipend, employer's national insurance and pension contributions, housing maintenance, council tax and water charges, training and other staffing costs).
- Deanery share will provide 69% of total income.
- The Church Commissioners continue to provide over £1million in funding.
- Church members in Southwell & Nottingham diocese continue to give to PCCs on average 4% (gross of tax recovered) of their take-home pay, compared to the Diocesan Synod aspiration of 5%.

BUDGET 2012 - WHERE THE MONEY WILL GO...



BUDGET 2012 - WHERE WILL THE MONEY COME FROM...



BUDGET OVERVIEW

100% apportionment of deanery share

Depending on the methodology of each deanery every parish will be apportioned an amount to pay. Deanery Synod Standing Committees are responsible for apportioning 100% of the deanery share that has been allocated to them. We ask that every parish makes the effort to pay the amount apportioned to it by their deanery by monthly standing order.

Deanery share increase

The deanery share increase will be at an average of 2.0% across the diocese, but with increases in a range from 1% to no greater than 3% for individual deaneries.

Stipendiary clergy

This budget provides for the number of stipendiary clergy based on achieving Key Leadership Post plans for 2012. This represents a reduction of 3.0 full-time equivalent posts on last year's budget assumptions.

Church Commissioners

Our contribution from the Church Commissioners for ministry support has increased by £60,000. An allocation for mission development funding of £142,500 will be used to support Mission Development Fund grants already committed of £92,500 and £50,000 will be made available for new grants.

Mission Development Fund

Bishop's Council has proposed a further tranche of Mission Development Funding of £150,000 in each of the next three years. This is being met from 3 sources:

- £25,000 deanery share
- £50,000 Church Commissioners
- £75,000 sale of diocesan assets

Dunham House project

Planning application for new offices in the present grounds has been granted and the project will only move forward with no negative impact on deanery share.

PLANNING BEYOND 2012

This year the General Fund Summary page (page 8) includes additional annual forecast information for 2013 and 2014. 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 spending plans are affordable. General Fund surpluses made in the past have now been used so it is a key task to ensure that finances in the medium-term are on track.

Bishop's Council meets in early 2012 to further consider plans for deployment of people and other expenditure priorities.

Future annual budget setting will:

- Have regard for finances over a three-year planning cycle aiming to maintain 'breakeven' budgets, spending no more than is received. Also have regard to the overall level of General Fund Reserves and the priorities for these.
- Target an annual increase in total Deanery Share of no more than 3% (or, if necessary, inflation if this is higher).
- Seek ways to make continual provision for ongoing funds to resource creative mission projects through consultation with Deanery Leaders on mission priorities.
- Maximise the effectiveness of people costs.
- Meet its responsibilities for ensuring an adequate clergy remuneration package, including pension costs, according to future national decisions.
- Continually review the number of stipendiary posts according to the Diocesan deployment plans, the numbers available and the cost of provision.
- Phase out share capping (transitional relief) for deanery share.

KEY FORECAST 2013 & 2014 ASSUMPTIONS

	Budget	Forecast	
	2012	2013	2014
Number of stipendiary clergy (fte) posts	143.6	143.6	143.6
Provision for increase in stipends	2%	3%	3%
Provision for increase in lay staff salaries	2%	3%	3%
Inflation for non staff costs (see note 11, page 11)	2%	2%	2%
Average deanery share increase	2%	3%	3%

SOUTHWELL & NOTTINGHAM DIOCESAN SYNOD AND BOARD OF FINANCE

BUDGET SUMMARY

GENERAL FUND

INCOMING RESOURCES

DEANERY SHARE

Gross deanery share payable/paid

Share capping

Parish share discounts

Deanery share payable/paid net of discounts etc

CONTRIBUTIONS FROM CHURCH COMMISSIONERS

Ministry Support

Mission Development Funding

Amount transferred to Mission Development Funds

Extra Mission & Ministry Support

RETURNS ON INVESTMENTS

Land and Buildings

Other Investments

OTHER INCOME

Parochial Fees

Ecclesiastical Insurance Group Distribution

Education restricted funds

TOTAL INCOMING RESOURCES

RESOURCES EXPENDED

DIOCESAN OUTREACH COSTS

Stipends

National insurance

Clergy pension contributions

Housing costs

Grants payable and other staffing costs

Contributions to stipendiary staffing costs

SUPPORT FOR DEANERY LEADERSHIP

Bishop's Council, Senior Staff & Funding Contributions

SUPPORT

Department for Development

Education

Communications

Parish Support

Finance & Resources

Chief Executive & Registrar

Senior Staff and Sector Ministers (net) included above

NATIONAL CHURCH COSTS

Training for Ministry

National Church Responsibilities

National Church - CHARM subsidy and administrative costs

Ordination candidates' financial support grants

Contribution to/-from national pooling

General Synod Members' Expenses (Pooled)

TOTAL RESOURCES EXPENDED

DEFICIT (-) / SURPLUS (+) FOR THE YEAR

TO (+) / FROM (-) GENERAL FUND RESERVES

	2009 Actual £000	2010 Actual £000	2011 Budget £000	2012 Budget £000	2013 Forecast £000	2014 Forecast £000
DEANERY SHARE						
Gross deanery share payable/paid	5466.2	5508.2	6019.7	6140.1	6324.3	6514.0
Share capping	-	-	-9.4	-10.8	-10.0	-8.9
Parish share discounts	-59.9	-32.5	-40.0	-40.0	-40.0	-40.0
Deanery share payable/paid net of discounts etc	5406.3	5475.7	5970.3	6089.3	6274.3	6465.1
CONTRIBUTIONS FROM CHURCH COMMISSIONERS						
Ministry Support	1085.1	1134.4	1242.1	1300.4	1348.5	1403.4
Mission Development Funding	127.2	134.1	136.8	142.5	145.4	148.3
Amount transferred to Mission Development Funds	-54.7	-58.2	-136.8	-167.4	-145.4	-148.3
Extra Mission & Ministry Support	100.4	76.2	-	-	-	-
	1258.0	1286.5	1242.1	1275.5	1348.5	1403.4
RETURNS ON INVESTMENTS						
Land and Buildings	363.7	400.0	341.9	344.8	345.9	352.8
Other Investments	449.5	423.4	436.9	428.9	396.7	431.1
	813.2	823.4	778.8	773.7	742.6	783.9
OTHER INCOME						
Parochial Fees	441.7	431.3	428.9	430.0	438.6	447.4
Ecclesiastical Insurance Group Distribution	88.1	101.4	90.0	105.0	107.1	109.2
Education restricted funds	61.3	67.4	100.0	125.0	127.5	130.1
	591.1	600.1	618.9	660.0	673.2	686.7
<u>TOTAL INCOMING RESOURCES</u>	8068.6	8185.7	8610.1	8798.5	9038.6	9339.1
<u>RESOURCES EXPENDED</u>						
DIOCESAN OUTREACH COSTS						
Stipends	3341.1	3353.2	3365.2	3336.5	3429.3	3532.5
National insurance	199.0	199.7	283.9	270.3	277.8	286.1
Clergy pension contributions	1170.5	1349.6	1160.8	1163.7	1202.8	1239.1
Housing costs	1214.5	1226.9	1423.2	1595.7	1640.2	1687.8
Grants payable and other staffing costs	128.6	123.5	135.1	137.7	140.7	143.3
	6053.7	6252.9	6368.2	6503.9	6690.8	6888.8
Contributions to stipendiary staffing costs	-93.1	-93.9	-98.4	-95.3	-97.2	-99.2
	5960.6	6159.0	6269.8	6408.6	6593.6	6789.6
SUPPORT FOR DEANERY LEADERSHIP	59.4	58.3	75.0	76.5	78.0	79.6
Bishop's Council, Senior Staff & Funding Contributions	323.7	321.7	334.7	345.2	336.7	345.1
SUPPORT						
Department for Development	519.7	494.3	563.3	569.3	587.8	613.8
Education	444.2	433.7	498.1	532.2	544.2	560.0
Communications	125.2	125.2	128.5	151.8	147.6	153.6
Parish Support	178.9	189.9	215.2	216.7	222.7	214.0
Finance & Resources	340.8	342.1	350.0	353.9	349.4	373.0
Chief Executive & Registrar	221.7	218.5	181.8	178.8	165.1	169.7
	2213.6	2183.7	2346.6	2424.4	2431.5	2508.8
Senior Staff and Sector Ministers (net) included above	-533.6	-481.2	-474.7	-486.2	-500.1	-514.9
	1680.0	1702.5	1871.9	1938.2	1931.4	1993.9
	7640.6	7861.5	8141.7	8346.8	8525.0	8783.5
NATIONAL CHURCH COSTS						
Training for Ministry	176.0	174.3	180.6	185.9	191.4	197.2
National Church Responsibilities	184.5	187.1	184.4	183.6	189.1	194.7
National Church - CHARM subsidy and administrative costs	43.2	48.2	50.5	53.0	55.6	58.4
Ordination candidates' financial support grants	93.3	124.8	127.0	129.5	132.1	134.7
Contribution to/-from national pooling	-22.0	-15.8	-66.8	-54.2	-55.3	-56.4
General Synod Members' Expenses (Pooled)	8.6	11.5	8.1	8.3	8.5	8.7
	483.6	530.1	483.8	506.1	521.4	537.3
<u>TOTAL RESOURCES EXPENDED</u>	8124.2	8391.6	8625.5	+8852.9	+9046.4	+9320.8
<u>DEFICIT (-) / SURPLUS (+) FOR THE YEAR</u>						
<u>TO (+) / FROM (-) GENERAL FUND RESERVES</u>	-55.6	-205.9	-15.4	-54.4	-7.8	+18.3

Appendices to the budget are available on request from the Diocesan Chief Executive.

SOUTHWELL & NOTTINGHAM DIOCESAN SYNOD AND BOARD OF FINANCE

NOTES ON 2012 BUDGET

PEOPLE COSTS

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

	2012		2011	
	Stipendiary Incumbent	Stipendiary Curate	Stipendiary Incumbent	Stipendiary Curate
	£	£	revised £	revised £
Stipend	23,355	21,850	22,898	21,140
National Insurance (employer's share)	1,892	1,770	1,933	1,740
Pension and death-in-service benefits	8,080	8,080	7,790	7,790
Average housing costs	7,645	7,645	7,125	7,125
Training costs	631	631	725	725
Other staffing costs	946	946	909	909
Total cost per post	42,549	40,922	41,380	39,429

In addition to the training costs shown above, the Board meets the costs of future ministry totalling £262,200 (2011 - £240,800) 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 is subject to review by Bishop's Council.
3. The remuneration of the Diocesan Bishop, the Suffragan Bishop, the Dean and two Residentiary Canons at the Minster are met in full by the Church Commissioners.
4. The average housing costs are for routine maintenance and the cost of refurbishment only. Separate provision is made for the costs associated with impairment reviews carried out by the staff of the Property Department. 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
5. The budget incorporates a taxable housing allowance of £11,300 payable by the Board to stipendiary clergy of incumbent status required to live in their own house, and a parish share credit of £8,200 for Parochial Church Councils (PCCs) housing stipendiary assistant clergy in PCC owned property. The amount set aside for council tax and water charges payable by the Board of Finance totals £392,801 in the 2012 budget.
6. The average housing cost of a "house for duty" SSM, occupying a parsonage house amounts to £7,645 per annum as in the table above.

SOUTHWELL & NOTTINGHAM DIOCESAN SYNOD AND BOARD OF FINANCE

NOTES ON 2012 BUDGET

(continued)

NUMBER OF PEOPLE

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

	<u>2012 (FTE)</u>	<u>2011 (FTE)</u>
		revised
	FTE = Full Time Equivalent	
Office Holders		
Stipendiary ministers (incumbent status)	105.80	108.80
Licensed lay staff (incumbent status)	2.00	1.00
Stipendiary curates (training curacies)	24.00	26.00
Archdeacons	2.00	2.00
Bishop's Chaplain	1.00	1.00
Dean of Women's Ministry	0.25	0.25
Diocesan Registrar	0.60	0.60
Number of office holders	135.65	139.65
Employees		
Chief Executive & support	4.60	4.70
Communications & IT	3.40	3.10
Deanery Administrators	2.60	2.60
Development	11.85	11.15
Education	13.00	12.20
Finance & Resources	7.25	7.25
Parish Support	7.50	7.50
Church History Project	1.10	1.10
Number of employees	51.30	49.60
	<u>186.95</u>	<u>189.25</u>

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 2012 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 2012.

9. Payments are received from:

- (i) the Church Commissioners for the remuneration of the Suffragan Bishop's Personal Assistant (1.00 FTE).
- (ii) Education restricted funds to finance part of the remuneration cost of staff in the Education Department.
- (iii) Notts County Council to finance part of the remuneration & costs of the Diocesan Youth Officer in the Education Department.
- (iv) Southwell Cathedral Chapter to finance part of the remuneration costs of the Director of Communications and the Senior Finance Officer in the Finance Department.
- (v) Heritage Lottery Fund to finance the whole of the remuneration costs for the Church History Project.

NOTES ON 2012 BUDGET

(continued)

DBF EMPLOYEES (continued)

10. The Board operates a defined benefit pension scheme in respect of 4 current members of staff who are eligible employees. The Scheme was closed to new entrants from 1st April 1993. Following the preliminary results of the latest Triennial Actuarial Valuation for the Scheme, the Scheme Actuary has recommended a rate of contributions of 21.7% (previously 29.7%) of salaries for those lay staff who are members of the Scheme. This follows a change in the accrual rate for future pension benefits of members and a requirement for members to contribute 5% of salary to the Scheme.

For eligible employees whose employment began after 1st April 1993 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 2012 budget, the latest available figure for the Consumer Prices Index (CPI) was 4.5% (May 2011). 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 1.00% per annum on Central Board of Finance deposit fund accounts in 2012.

FOR MORE INFORMATION ON...

...for diocesan Finance and Administration please contact:

Director of Finance & Administration

Tel: 01636 817202 or email finance@southwell.anglican.org

... for Parishes Giving Programmes and Gift Aid please contact:

Director of Parish Support

Tel: 01636 817242 or email carolepark@southwell.anglican.org

Our website:

www.southwell.anglican.org