

Parish Share Budget 2021

Introduction

In presenting the 2022 Parish Share Budget to Diocesan Synod for acceptance I would draw your attention to the following areas.

1. The Budget deficit is estimated at £493,000 with a Parish Share Collection rate of 92%, if however only 89% collection is achieved the deficit could rise to £807,000. (page 2)
2. The forecast over the three years 2022 – 2024 indicates an investment from DBF Reserves of some £3.4 million. (page 8)
3. The forecast assumes maximum increases in the overall Share request of 3% per year.
4. The budget continues the process of investing in Vision 2026 and the initiatives introduced to increase regular weekly attendance, strengthen parish ministry and provide financial sustainability for the future.
5. The Share Support Fund remains at 8% but the Board are looking to decrease this by 1% a year from 2023 to 5% in 2025.
6. The Board are looking to a balanced Parish Share budget in 2025.
7. The Board will continue to review their reserves in order to continue investment in growth and sustainability beyond 2024.
8. Please note the budget process and assumptions made on pages 4 and 5.
9. The allocation of £150,000 from DBF reserves to provide transitional relief to help recovering parishes to a position of being able to pay their parish share request in full.

Recommendation to Diocesan Synod:

Synod Motion:

Mr David Barlow (Chair of the Board of Finance) will present the report and will move that:

“This Synod accepts,

- the 2022 parish share budget with expenditure of £13,200,981 and a projected budget deficit of £493,479 based on a support fund of 8% being sufficient to adjust requested shares.
- And the use of £150,000 of reserves to provide transitional relief to recovering parishes.

And is aware

The parish share requested has been adjusted by:

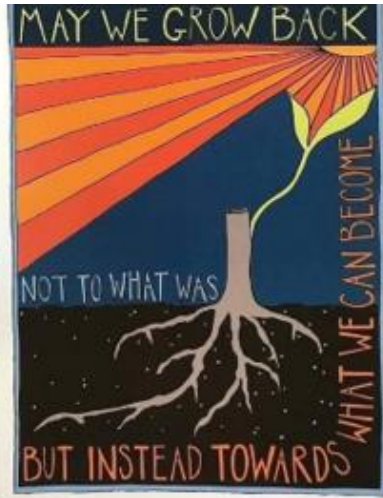
- a maximum 3% for those parishes who were capped in 2020 due to the change in allocation of LICF

- changes in the cost of ministry
- the decrease of 1.8% in total Diocesan regular weekly attendance rolling average used in the share calculation using 2019 RWA figures in place of 2020
- individual parish changes of regular weekly attendance.

VISION 2026 COMMITS US TO WORKING TOWARDS BEING HEALTHY CHURCHES TRANSFORMING COMMUNITIES BY



BME Lent Service -



The Joy of the Gospel // Weekly Message // 7th Apr...



Exciting fresh chapter for Whalley Abbey...



Christmas // Advent // Primary School Collective...



Welcome Back To School // Bishop Julian



United Barnstaple // Weekly Message // 24th Jan 2021

| Worship Together Across the Diocese | | Worship Together Across the Diocese | | Worship Together Across the Diocese | | Worship Together Across the Diocese | |
|---|--|---|--|---|--|--|--|
| Museum Week | | Ascension | | Star Wars | | St Mark | |
| 9:07 | | 12:49 | | 13:06 | | 9:56 | |
| Museum Week // Worship Together Across the... | | Ascension // Worship Together Across the... | | Star Wars Day // Worship Together Across the... | | St Mark // Worship Together Across the Diocese //... | |

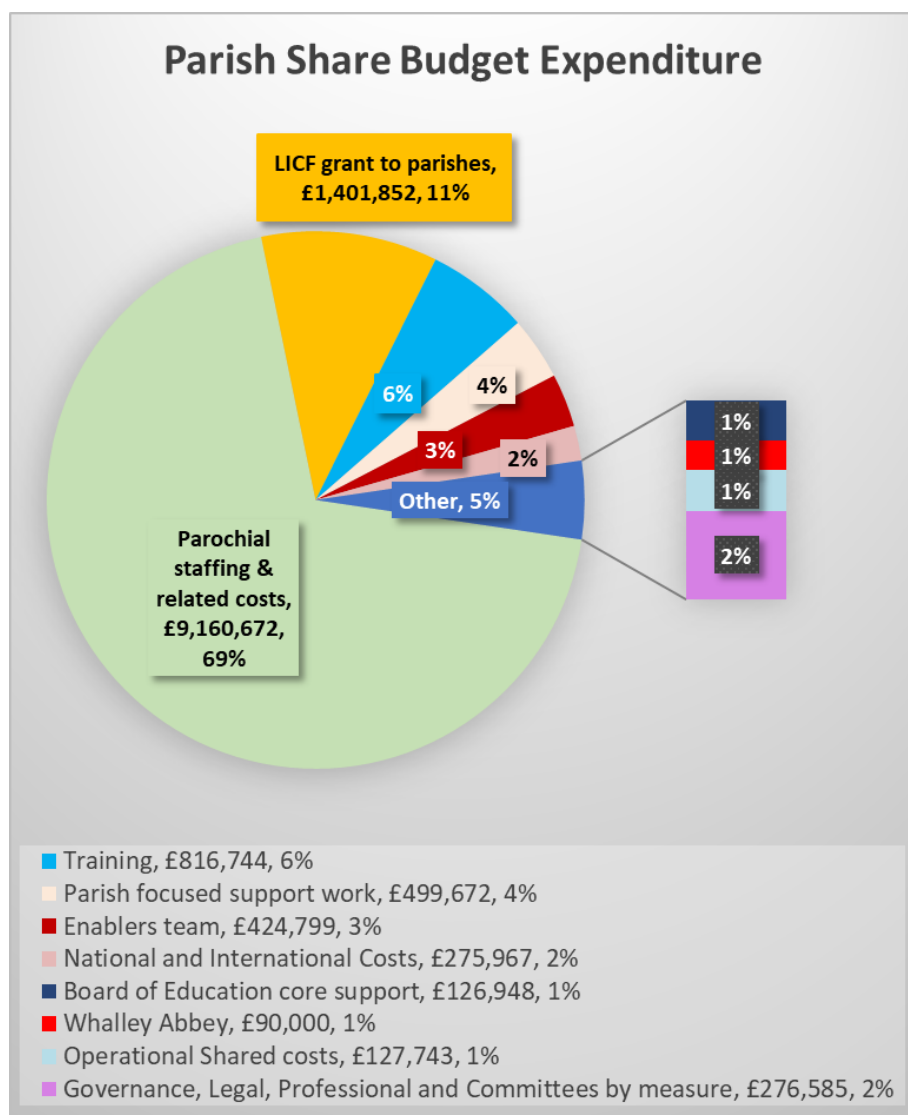
Making Disciples - Being Witness - Growing Leaders – Inspiring Children and Young People

RECOMMENDATIONS AGREED BY DIRECTORS

Approve the 2022 parish share budget with expenditure of £13,200,981 and the Synod Motion,

- with a projected budget deficit of £493,479 based on a requirement of support of 8% of the share requested.
- with a **further** projected budget deficit of £313,314 if a further 3% of support is required on top of the 8% support fund

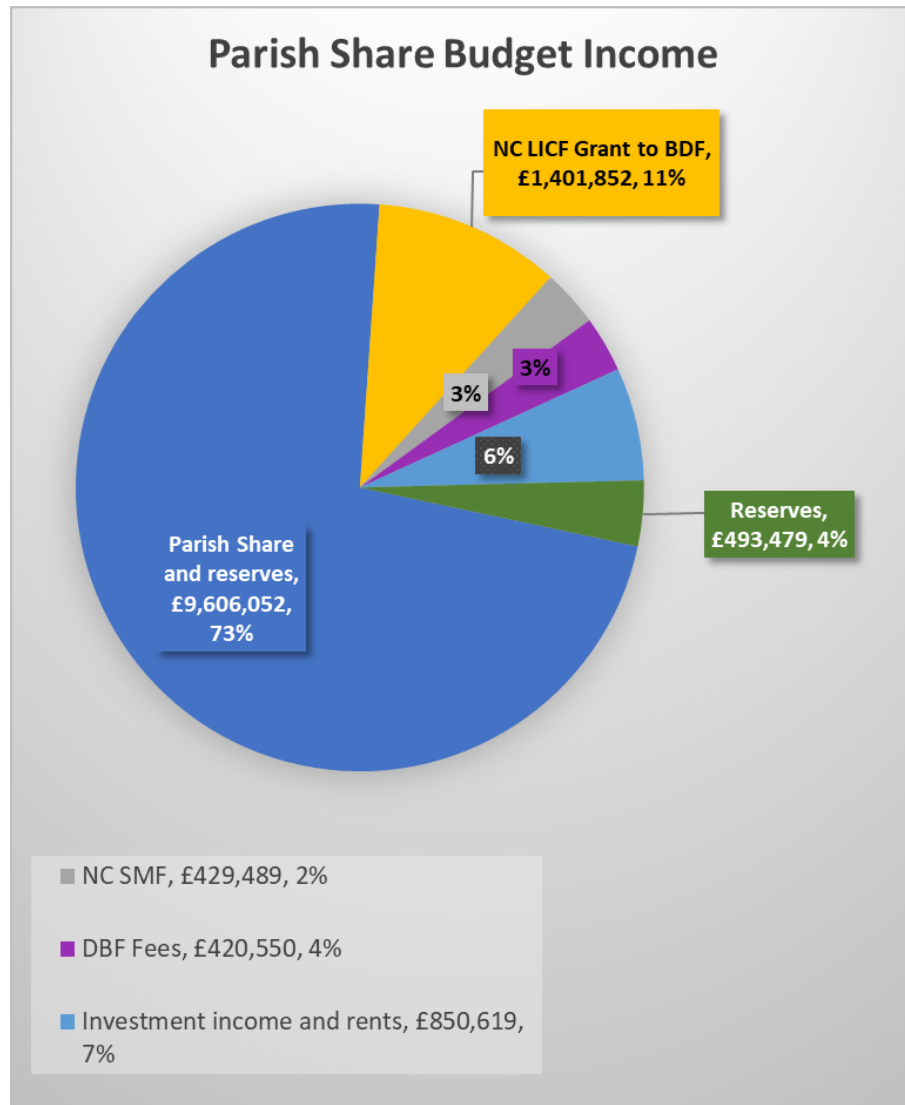
WHAT IS THE BUDGET USED FOR?



This means for every £1 received we spend ...

- Clergy stipends, housing (65p) and associated costs (4p)
- LICF grant (11p)
- Training (6p)
- Parish Focused support (4p)
- Enablers Team (3p)
- Other (7p)

HOW IS THE 2022 BUDGET FOR THE CHURCHES OF BLACKBURN DIOCESE FUNDED?



The main income of the Board of Finance is from parish contributions; this is called the parish share. This year our initial request will be for £10,444,000. Parishes can apply for support if their financial circumstances mean they are unable to fully meet their initial request. After support has been agreed our aim is to receive 100% of share requested.

The parish share is allocated to each parish based on its stipendiary ministry and the remaining costs are allocated by each regular attender. This figure is adjusted by a factor to take account of relative deprivation. The most deprived parishes receive a reduction and contribute 90% of the allocated costs. The least deprived parishes support these parishes by contributing up to an additional 25% of their costs. This allocation is then reduced by the DBF Fees paid by the parish to the BDBF.

In addition to this income source, there is the LICF grant to the Board of Finance from National Church of £1,402,000, Strategic Ministry Funding of £430,000 as well as investment income, rents and DBF Fees.

HOW HAS THE BUDGET BEEN SET?

The Bishop's Budget Team (BBT) met to decide the financial priorities for the coming year. The individual Vision Leaders then apply these priorities to set their area's budget.

A significant reduction to the budget deficit has again been made by the provision of Strategic Ministry Funding (SMF) from National Church which will support 5 of the 10 new curates for 2021 and 2022.

A bid for capacity funding from national church for additional roles to support the Vision within parishes is being sort. Some has been secured towards a second giving officer and a project manager for the strategic development funded projects.

The Parish Giving scheme for 2022 will be funded by the All Churches Grant received by the Board while the take up from parishes is evaluated.

The Budget scrutiny committee met to review the budget and the forecast for future years.

After final deliberations, the BBT present the budget to the Finance Committee for review and to the Directors for final approval, before recommending acceptance of the budget to Diocesan Synod.

Budget points for 2022:

1. Lowest Income Communities Funding (LICF) Grant is being directed towards supporting mission in our poorer parishes, which have been defined as those parishes in the bottom 20% nationally.
2. Retention of the 8% support fund to which parishes can apply if they require support with their initial share request.
 - Parishes will be encouraged to apply for support at the start of the year.
 - Any support figure agreed will be applied immediately so that parishes can be measured against the adjusted amount they need to meet.
 - Parishes are again strongly encouraged to make 12 equal payments through the year. We recognise that fluctuating income due to the pandemic will make this difficult for some.
 - Parish visits/meetings will continue to help parishes meet share and reduce underpayment. There will be an increased emphasis on those who don't contribute in full and have not voluntarily engaged.

3. Stipends and salaries have a 2% increase budgeted for April 2022.
4. Budget assumes ten new stipendiary curates starting in 2022 with strategic ministry funding for five of the curates.
5. Inflation increases on the property repairs budget.
6. Maintain the vacancy rate in the budget at 14 stipendiary vacancies based on current experience and anticipated situation in 2022. There will be no attempt to manage the figure for financial reasons. Curates are signed off and available for incumbency posts as soon as reasonable.
7. Various staffing adjustments including the end of strategic capacity funding for the vocation's role, a parish church buildings advisor, matched funding for the second funding advisor and support for parish reorganisations.

Unknowns at this stage for 2022

1. Ongoing effect from the pandemic and people returning to in person worship.
2. The impact of the ongoing 'Generosity, Gift and Grace' initiative and second advisor on future Parish Share contribution rates.

SUMMARY BUDGET 2021

| | Ref | 2019 | 2020 | 2020 | 2021 | 2022 | 2022 | 2022 |
|---|-----|--------------------|----------------------|---------------------|--------------------|---------------------|------------------|--|
| | | Actual | Actual | Budget | Budget | Budget | Variance to | Variance to |
| | | | | | | | 2021 Budget | 2019 Actual |
| Expenditure | | | | | | | | |
| Parochial staffing and related costs | A | 7,915,591 | 7,790,063 | 8,832,058 | 8,728,077 | 9,160,672 | 432,595 | 1,245,081 |
| Parochial training | B | 677,927 | 600,093 | 784,987 | 748,796 | 816,744 | 67,948 | 138,817 |
| Lower Income Communities support | | 251,844 | 1,309,909 | 1,309,908 | 1,355,087 | 1,401,852 | 46,765 | 1,150,008 |
| Parish focused work | C | 458,565 | 462,300 | 493,395 | 525,161 | 499,672 | (25,490) | 41,106 |
| National and international costs | D | 286,805 | 275,314 | 287,016 | 268,459 | 275,967 | 7,508 | (10,838) |
| Central Services Core Teams | E | 427,875 | 400,804 | 439,688 | 432,119 | 424,799 | (7,320) | (3,077) |
| Board of Education Central Support | F | 114,921 | 128,580 | 128,580 | 125,098 | 126,948 | 1,850 | 12,027 |
| Operational shared costs | G | 91,775 | 109,628 | 100,809 | 105,165 | 127,743 | 22,578 | 35,968 |
| Whalley Abbey | | 182,686 | 146,342 | 120,000 | 110,000 | 90,000 | (20,000) | (92,686) |
| Governance | H | 41,056 | 48,181 | 43,696 | 42,640 | 52,702 | 10,062 | 11,646 |
| Legal and Professional Fees | I | 80,407 | 197,089 | 92,473 | 86,076 | 110,111 | 24,035 | 29,704 |
| Committees (by measure) | J | 71,707 | 60,216 | 77,505 | 75,922 | 113,772 | 37,850 | 42,065 |
| Total Expenses | | 10,601,160 | 11,528,519 | 12,710,115 | 12,602,600 | 13,200,981 | 598,380 | 2,599,821 |
| | | | | | | | 1 | |
| Income (Excluding parish share) | | | | | | | | |
| Investments | | 637,249 | 629,640 | 608,247 | 605,247 | 605,430 | (183) | 31,819 |
| Rents | | 339,948 | 361,605 | 242,372 | 242,372 | 244,129 | (1,757) | 95,819 |
| National Church' Lower Income Communities Funding | | 1,284,001 | 1,309,908 | 1,309,908 | 1,355,087 | 1,401,852 | (46,765) | (117,851) |
| National Church' Strategic Ministry Funding | | 0 | 47,722 | 0 | 202,599 | 429,489 | (226,890) | (429,489) |
| National Church' Sustainability Funding | | 0 | 1,100,000 | 0 | 0 | 0 | 0 | 0 |
| Other Grants | | 0 | 0 | 0 | 80,000 | 0 | 80,000 | 0 |
| DBF Fees | | 484,967 | 341,422 | 495,000 | 451,632 | 420,550 | 31,082 | 64,417 |
| Total Non Parish Share Income | | 2,746,165 | 3,790,297 | 2,655,527 | 2,936,937 | 3,101,450 | (164,513) | (355,285) |
| | | | | | | | 2 | |
| Parish Share and Reserves required | | (7,854,995) | (7,738,222) | (10,054,588) | (9,665,664) | (10,099,531) | 433,867 | 2,244,536 |
| | | | | | | | 3 | |
| Variance | | | | | | | | |
| Increase in income | | | Decrease in income | | | | 1 | Amount by which 2022 budgeted expenditure more than 2021 budget |
| Decrease in expenses | | | Increase in expenses | | | | 2 | Amount by which 2022 budgeted non parish share income greater than 2021 budget |
| | | | | | | | 3 | Amount by which 2022 budgeted parish share and reserves are more than 2021 |

PARISH SHARE AND RESERVES REQUIRED

| | 2019 | 2020 | 2020 | 2021 | 2022 |
|---|------------------|------------------|-------------------|------------------|-------------------|
| | Actual | Actual | Budget | Budget | Budget |
| Parish share contributed/ budgeted | 7,585,122 | 7,159,880 | 9,123,071 | | |
| LICF offset parish share | 139,763 | 1,111,476 | 0 | | |
| Reserves Used/ (Added to) | 130,110 | (533,134) | 931,517 | | |
| Total parish share and reserves | 7,854,995 | 7,738,222 | 10,054,588 | | |
| If 8% support fund sufficient (a) | | | | | |
| Parish share contributed/ forecast | | | | 9,245,618 | 9,606,052 |
| Reserves | | | | 420,045 | 493,479 |
| Total parish share and reserves | | | | 9,665,664 | 10,099,531 |
| If contribution requires additional 3% support (b) | | | | | |
| Parish share contributed/ forecast | | | | 8,946,551 | 9,292,738 |
| Reserves | | | | 719,112 | 806,792 |
| Total parish share and reserves | | | | 9,665,664 | 10,099,531 |
| If contribution equal to 2020 actual | | | | | |
| Parish share contributed/ forecast | | | | 8,270,327 | |
| Reserves | | | | 1,395,337 | |
| Total parish share and reserves | | | | 9,665,664 | |

The above table shows three options on the use of reserves and contribution of parish share for 2021 and two option for 2022. A prudent expectation of receiving the same cash value as forecast for 2021 is £1.4mil and for 2022 £0.6mil.

Appendix 1 contains the notes to the 2022 summary budget

WHAT ARE THE PLANS FOR THE FUTURE THAT HAVE BEEN INCLUDED IN THE FORECAST FOR PARISH SHARE?

The plans around maintaining stipendiary numbers; with the need to increase curate numbers and ordinands have been forecast forward for the parish share budget for 2023 and 2024. It is assumed that the strategic ministry fund continues to provide grant funding for curates more than 5. In addition, the expected reduction in investment income due to utilising reserves and other changes including inflation have been mapped in.

Parish share increase held to 3% across all years.

The table also shows the aim to reduce the support fund by 1% per annum as the share contributions rate improves but for prudence in considering the company as a going concern the historic contribution rate has been used for the additional required.

| | 2021 | 2022 | 2023 | 2024 | Total |
|--|------------------|----------------|----------------|----------------|------------------|
| Shortfall on budget if 6% support required | | | | 95,107 | 95,107 |
| Shortfall on budget if 7% support required | | | 329,279 | | 329,279 |
| Shortfall on budget if 8% support required | 420,045 | 493,479 | | | 913,524 |
| Additional 3% 2022 4% 2023 5% 2024 required (standard | 299,067 | 313,313 | 322,713 | 443,192 | 1,378,285 |
| Possible additional covid shortfall | 676,225 | | | | 676,225 |
| Total | 1,395,337 | 806,792 | 651,992 | 538,299 | 3,392,420 |
| Taken from: | | | | | |
| DBE Reserves | 350,000 | | | | 350,000 |
| Free Reserves | 1,045,337 | 729,227 | | | 1,774,564 |
| Restricted - (Pastoral, sale of houses) | | 77,565 | 651,992 | 538,299 | 1,267,856 |
| Total Allocated | 1,395,337 | 806,792 | 651,992 | 538,299 | 3,392,420 |
| Estimated free reserves figures - in excess of policy at start of year | 1,774,564 | 729,227 | | | |

This demonstrates the parish share budget moving to a balance budget if contribution rates for the amount requested reduce as the financial sustainability of the Diocese improves. In 2024 if the support fund reduces to 6% the share request would need to increase by 4% to balance the budget.

APPENDIX 1 – NOTES TO THE 2022 SUMMARY BUDGET

| | 2019 | 2020 | 2020 | 2021 | 2022 | 2022 | 2022 |
|---|------------------|------------------|------------------|------------------|------------------|-------------------------|-------------------------|
| | Actual | Actual | Budget | Budget Total | Budget Total | Variance to 2021 Budget | Variance to 2019 Actual |
| A Parochial staffing and related costs | | | | | | | |
| Stipend NI Pensions | 6,019,672 | 6,413,350 | 6,600,533 | 6,578,817 | 6,887,682 | 308,865 | 868,010 |
| HR (Clergy) | 39,213 | 48,894 | 40,283 | 49,102 | 46,177 | (2,925) | 6,964 |
| Housing (Including property team) | 1,367,944 | 942,173 | 1,716,286 | 1,616,289 | 1,714,413 | 98,124 | 346,469 |
| National CHARM retirement housing for clergy (Vote 5) | 103,225 | 103,225 | 103,225 | 111,096 | 116,651 | 5,555 | 13,426 |
| Resettlement/ First App Grants | 206,028 | 116,924 | 191,700 | 191,700 | 200,000 | 8,300 | (6,028) |
| Archdeacons | 45,592 | 44,579 | 49,330 | 49,596 | 61,909 | 12,313 | 16,317 |
| Area Deans | 6,196 | 1,482 | 8,376 | 8,376 | 8,376 | 0 | 2,180 |
| Women's Ministries | 1,004 | 0 | 361 | 0 | 0 | 0 | (1,004) |
| Recruitment | 3,209 | 2,604 | 3,000 | 3,000 | 3,000 | 0 | (209) |
| DBS Checks | 11,732 | 7,868 | 10,000 | 10,000 | 10,000 | 0 | (1,732) |
| University Chaplains (DBE Grant) - net | 111,776 | 108,964 | 108,964 | 110,101 | 112,464 | 2,363 | 688 |
| | 7,915,591 | 7,790,063 | 8,832,058 | 8,728,077 | 9,160,672 | 432,595 | 1,245,081 |
| B Parochial training | | | | | | | |
| Growing Leaders Team | 122,117 | 104,401 | 133,800 | 134,406 | 151,920 | 17,514 | 29,803 |
| National Training for Ministry (Vote 1) | 301,889 | 301,889 | 301,889 | 301,883 | 310,939 | 9,056 | 9,050 |
| Continued Ministerial Development | 18,331 | 9,712 | 29,834 | 29,474 | 29,834 | 360 | 11,503 |
| IME 2 (Curate Training) | 26,708 | 16,036 | 34,690 | 27,990 | 27,990 | 0 | 1,282 |
| Ordinands' Grants | 162,428 | 104,153 | 183,873 | 184,907 | 203,607 | 18,700 | 41,179 |
| Vocations | 1,057 | 223 | 240 | 3,090 | 4,340 | 1,250 | 3,283 |
| Readers and All Saints contribution | 35,317 | 39,415 | 38,471 | 44,268 | 26,193 | (18,075) | (9,124) |
| Lay Training | 612 | 1,039 | 2,425 | 6,250 | 6,425 | 175 | 5,813 |
| Discipleship Training | 9,818 | 4,321 | 10,849 | 10,682 | 44,149 | 33,467 | 34,331 |
| Parish Officer Training | 0 | 0 | 1,000 | 0 | 0 | 0 | 0 |
| Diocesan Conference | (78) | 19,154 | 42,070 | 0 | 0 | 0 | 78 |
| Spiritual Directors | (565) | (250) | 2,500 | 2,500 | 8,000 | 5,500 | 8,565 |
| UPA/ Rural Conferences | 293 | 0 | 3,346 | 3,346 | 3,346 | 0 | 3,053 |
| | 677,927 | 600,093 | 784,987 | 748,796 | 816,744 | 67,948 | 138,817 |

| | 2019 | 2020 | 2020 | 2021 | 2022 | 2022 | 2022 |
|---|----------------|----------------|----------------|----------------|----------------|-------------------------|-------------------------|
| | Actual | Forecast | Budget | Budget Total | Budget Total | Variance to 2021 Budget | Variance to 2019 Actual |
| C Parish focused work | | | | | | | |
| Vacancy fee support | 33,334 | 12,495 | 26,373 | 26,373 | 33,500 | 7,127 | 166 |
| Out of parish expenses support | 15,675 | 3,421 | 7,462 | 7,462 | 15,962 | 8,500 | 288 |
| Safeguarding | 109,941 | 144,503 | 116,947 | 148,886 | 141,881 | (7,005) | 31,940 |
| Discipleship Team | 95,501 | 108,509 | 98,428 | 97,408 | 59,750 | (37,658) | (35,751) |
| Being Witnesses Team | 28,049 | 45,307 | 96,271 | 97,673 | 102,312 | 4,639 | 74,263 |
| Social Responsibility | 32,283 | 10,059 | 10,000 | 10,000 | 0 | (10,000) | (32,283) |
| Ecumenical Work | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 0 | 0 |
| Interfaith | 815 | 135 | 429 | 429 | 429 | 0 | (386) |
| Deliverance | 641 | 472 | 86 | 86 | 86 | 0 | (555) |
| Children's Work (DBE Grant) - net | 60,707 | 64,407 | 64,407 | 66,247 | 74,544 | 8,297 | 13,837 |
| Youth Work (DBE Grant) - net | 75,620 | 66,992 | 66,992 | 64,597 | 65,208 | 611 | (10,412) |
| | 458,565 | 462,300 | 493,395 | 525,161 | 499,672 | (25,490) | 41,106 |
| D National and international costs | | | | | | | |
| National/ International (Vote 2-4) | 268,819 | 268,819 | 268,819 | 250,262 | 257,770 | 7,508 | (11,049) |
| General Synod | 14,036 | 6,495 | 14,500 | 14,500 | 14,500 | 0 | 464 |
| Overseas Links | 3,950 | 0 | 3,697 | 3,697 | 3,697 | 0 | (253) |
| | 286,805 | 275,314 | 287,016 | 268,459 | 275,967 | 7,508 | (10,838) |
| E Enablers Core Teams | | | | | | | |
| Diocesan Secretary and PA | 120,624 | 123,221 | 122,119 | 121,135 | 124,194 | 3,059 | 3,570 |
| Support Services | 88,880 | 58,431 | 80,665 | 46,674 | 47,931 | 1,257 | (40,949) |
| Finance | 141,792 | 141,429 | 160,915 | 162,667 | 166,444 | 3,777 | 24,652 |
| HR (Staff) | 10,677 | 12,277 | 11,190 | 14,701 | 19,916 | 5,215 | 9,239 |
| Communications | 65,902 | 65,446 | 64,799 | 86,942 | 66,314 | (20,628) | 412 |
| | 427,875 | 400,804 | 439,688 | 432,119 | 424,799 | (7,320) | (3,077) |

| | 2019 | 2020 | 2020 | 2021 | 2022 | 2022 | 2022 |
|---|----------------|----------------|----------------|----------------|----------------|-------------------------|-------------------------|
| | Actual | Forecast | Budget | Budget Total | Budget Total | Variance to 2021 Budget | Variance to 2019 Actual |
| Board of Education Central Support | | | | | | | |
| Income | (42,654) | (48,506) | (32,655) | (37,500) | (37,500) | 0 | 5,154 |
| Director of Education and PA | 109,001 | 127,631 | 111,780 | 113,313 | 113,878 | 565 | 4,878 |
| Finance (BDBF Grant of Service) | 43,311 | 44,136 | 44,136 | 44,291 | 44,865 | 574 | 1,554 |
| HR (BDBF Recharge) | 5,263 | 5,319 | 5,319 | 4,995 | 5,704 | 710 | 441 |
| | 114,921 | 128,580 | 128,580 | 125,098 | 126,948 | 1,850 | 12,027 |
| Operational shared costs | | | | | | | |
| Diocesan Office costs | 30,346 | 36,389 | 36,315 | 42,195 | 44,230 | 2,035 | 13,883 |
| Operational costs | 61,429 | 73,239 | 64,494 | 62,970 | 83,514 | 20,544 | 22,085 |
| | 91,775 | 109,628 | 100,809 | 105,165 | 127,743 | 22,578 | 35,968 |
| Governance | | | | | | | |
| Bishops Council/ Directors and sub committees | 10,493 | 19,723 | 12,339 | 12,790 | 21,792 | 9,002 | 11,299 |
| Audit Fees | 18,426 | 19,293 | 19,025 | 19,025 | 19,976 | 951 | 1,550 |
| Diocesan Synod | 12,137 | 9,165 | 12,332 | 10,825 | 10,934 | 109 | (1,203) |
| | 41,056 | 48,181 | 43,696 | 42,640 | 52,702 | 10,062 | 11,646 |
| Legal and professional Fees | | | | | | | |
| Registrar and Chancellor | 45,989 | 98,349 | 44,833 | 62,436 | 65,721 | 3,285 | 19,732 |
| General Legal fees | 25,295 | 16,209 | 1,700 | 7,700 | 15,000 | 7,300 | (10,295) |
| Safeguarding, Legal and Professional Fees | 3,093 | 76,556 | 39,450 | 9,450 | 19,000 | 9,550 | 15,907 |
| HR Legal and Professional Fees | 3,216 | 7,828 | 3,930 | 3,930 | 7,830 | 3,900 | 4,614 |
| Accounting/ Tax/ VAT advise | 2,814 | (1,853) | 2,560 | 2,560 | 2,560 | 0 | (254) |
| | 80,407 | 197,089 | 92,473 | 86,076 | 110,111 | 24,035 | 29,704 |
| Committees (by measure) | | | | | | | |
| Mission and Pastoral | 11,700 | 11,737 | 11,989 | 11,989 | 28,195 | 16,206 | 16,495 |
| Diocesan Advisory Committee | 60,007 | 48,479 | 65,516 | 63,933 | 85,577 | 21,644 | 25,570 |
| | 71,707 | 60,216 | 77,505 | 75,922 | 113,772 | 37,850 | 42,065 |