



Presentation by Chair of the Diocesan Board of Finance, David Barlow

Diocesan Synod, October 2018

*This is the presentation given to Diocesan Synod by David Barlow in October 2018. It should be read in conjunction with the PowerPoint presentation which is also available on the Parish Share 2019 page of the Diocesan website. Where you see *** this means a change of slide. There is also a video version of this speech with a new introduction by David which will be available soon.*

Good morning Bishops, fellow members of Synod and the Board of Finance. I am pleased to present the 2019 Budget, which has been proposed by the Budget Committee, and with some amendment, approved by the Board of Finance Trustees.

I would like to place on record my thanks to the colleagues on the Budget Committee and the Bishop's Budget Team for their involvement and guidance in preparing the budget with particular thanks to Ruth, Mila and the Finance Team for all their hard work in bringing us the budget today.

This budget is about raising and allocating the investment required to undertake Our Shared Vision, but let's not forget the big picture, where our focus should be – to win Lancashire for Jesus. He wants us as partners not just followers.

In the main our budget is about funding people in the Diocese, Clergy and those employed at Clayton House, in order that they can support the work of Christ in the Diocese; that's 70% invested in people with a further 11% invested in the property to house those people.

In addition, of the remaining 19% Parochial training – excluding staff – is 5%

Just a brief reminder of the budget process. The Bishop's budget team ensures that the budget stays focused on our Vision, where to invest time and resources. If savings do need to be made, to ensure that they will be made in places which cause least harm to the whole Diocese.

There is challenge and refinement at various stages as the budget moved through the process with ongoing scrutiny by the Budget Committee, before recommendation to the Finance Committee of the Board.

The Finance Committee then recommended it to Trustees, which after one amendment is presented to you today.

So what are the main budget points for 2019?

1) Lower Incomes Community Funding was an area looked at carefully this year. The measures in place remain a stop gap to allow time for the review of a new share system. However, it was important to continue the process of giving the deprived parishes all of the funding earmarked for them and at the same time demonstrating to Church Commissioners that their funding is being directed to the deprived parishes. In effect we need more transparency with the process and a meeting has been arranged early in 2019 to get input and guidance from the parishes affected, chaired by +Philip

In order to specifically allocate money to the deprived parishes the net amount of National Church money used in reducing the main Parish Share budget had itself to reduce by some £259.7k.

This has been done partly by using reserves and 2% of the 4% increase in the Share request, relates to this redistribution of LICF money.

With this re-direction of money and our current share systems use of the socio-economic multiplier to target deprived parishes some £1.2m is distributed in this budget to the 20% most deprived by income nationally.

2) The Directors are recommending the use of some £312k of free reserves to reduce the increase to parishes. Alongside this is a cap of 5% on the increase, where the cost of ministry element of the parish share has not changed which we estimate at £70k, also from free reserves.

3-4) As with last year one of the main areas of challenge is the Share collection rate which if it continues at 89% will result in a further decrease in free reserves of some £328k making a total of some £710k from free reserves.

5) As in previous years we remain concerned about the general level of giving in our Parishes, which remains amongst the lowest in the country.

However, giving is not an end in itself, it reflects our own personal response to God, His grace and generosity. Hence the need to review our discipleship and what it means to live as a follower of Jesus today. That is why in the coming years we will be having a particular 'focus on discipleship'.

6) We have a commitment to maintaining our stipendiary numbers in the future

7) We know that stipendiary clergy housing is important and this budget allows for an increase of 5% for repairs and refurbishment

8) Vacancies will continue to be budgeted centrally. This means all parishes benefit every year from the vacancies, rather than having a reduction in share when they are in vacancy. The expected level of vacancies has increased by two to 14 this year.

9) As with previous years Whalley Abbey's funding for 2019 of £120k is from reserves.

Moving on then to the numbers...



You have all had the papers detailing the budget. From the graph here, you can see the key areas of income and expenditure. The main source of income is the Share received from the parishes and the biggest expenditure is parochial staffing and related costs - that is your parish incumbent and curates. The income we receive in share now equates to 97% of this parochial staffing.

As I mentioned earlier, the proposed increase in share is 4% but that will not be the actual increase for all Parishes because we also continue to take account of changes in Regular Weekly Attendance (RWA) which affects parishes differently. Hence the cap of 5% on any increase for individual parishes which is estimated to cost £70k.

This year the budget is in deficit and includes a substantial amount from free reserves. We have included both the amount requested from parishes and the expenses figure in the motion so that the full impact of the budget is considered.

As you can see – the non-share income and fees reduce the amount required as does the use of reserves. The share relief fund of 8% is added, to arrive at the final amount requested.

In effect the budget as stated utilises some £389k from reserves, including £77k from restricted reserves, but in truth, with share collection rates at only 89% the total shortfall in 2019 will likely be closer to £710k; that's the amount that our reserves are underwriting.

We have benefitted over the last few years from increases in the value of our investments, which the Investment Committee continues to manage well. This is addition to the income of £595k investment income included in the share calculation.

I don't have to remind you that we are due to leave the European Union in March next year and the impact on investments could be negative; investments going down as well as up.

However, I don't want to leave you on a negative note. This budget, together with other initiatives demonstrates trust in God's vision for our Diocese and I would remind you of the parable of the farmer sowing his seeds. Perhaps with God's help we will see the value of the £700k at 100 times over – that's £70m.

God wants Lancashire won for Jesus ... and He wants us involved. So, can I ask you to think about what we can do individually to further Vision 2026; perhaps giving encouragement to our Vision Champions, or having the Vision Prayer as part of your weekly church intercessions.

Because this budget, without prayer support, will not further the Vision as God wants; we might as well just burn £10 notes – if the new ones burn of course!

A healthy budget will enable us to experience what God has in store for us all: Healthy Churches Transforming Communities ... for Jesus.