

**DRAFT**

# Management Report for December 2024

DATE: 16<sup>th</sup> January 2024

**Portsmouth Diocesan Board of Finance**

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## General Fund Statement of Financial Activities for December 2024

The figures presented in this report show the results for the month against both budget (at 100% parish share collection) and prior year. These are the draft figures for December prepared on the same basis as we would usually prepare the month end accounts. This therefore does not take into account the one off adjustments that are made at year end, or the additional parish share and fee income received in January 2025 that relate to the 2024 accounts. These will be presented once further work has been completed towards the year end statutory accounts.

A detailed review of performance for the month is shown below. Please note this is for the month only, with the year to date picture following. Both full monthly and year to date figures are presented on a line by line basis in Appendix 1.

<b>Budgeted surplus for December 2024</b>	<b>193</b>
Parish share under collection	(115)
Rental income over collection	15
Fees over collection	25
Investment income lower	(25)
Other income movements	(0)
Underspend on Clergy Remuneration	26
Overspend on Clergy Housing	(63)
Underspend on Lay / Ordained Ministry	14
Other operational underspend	(11)
<b>Operating surplus as per management accounts above</b>	<b>59</b>

The table above shows a surplus in the month of £59k against a budgeted surplus of £193k. The largest income variance is lower parish share income, although 1.8% up on last year. Clergy housing repairs and improvements spend in the month was significant again, as we have concluded several major projects in Q4. Offsetting are lower clergy numbers being materially unchanged during the last four months, is higher rental and fee income, with savings in headcount in the lay and ordained ministry team driving savings against the budget.

Funds were drawn off deposit during December totalling £130k to support with operational cashflow, largely driven by the large value of housing repairs becoming due for payment, and expenditure for SDF projects for Q4 of £68k.

We received the full year's LINC grant in January (£598k) which has been placed on deposit. The net proceeds from the sale of Grindall Field, less the cost to purchase Lapwing Close in April were also placed back on deposit.

We continue to apply the pension surplus from the DBS scheme which equates to a saving of c.£15k per month (reduced from £18k due to the TUPE of the education team to the DBE).

Reconciliation of the year-to-date budgeted deficit to actual deficit for the period to the end of December 2024 shows is as follows;

<b>Budgeted deficit to December 2024</b>	<b>(488)</b>
Parish share under collection	(772)
Fees over collection	55
Rental income over collection	153
Grants income higher role recharge	55
Other income movements	25
Underspend on Clergy Remuneration	414
Overspend on Clergy Housing	(453)
Overspend on Parish Support	(70)
Underspend on Lay / Ordained Ministry	127
Underspend on Safeguarding	46
Overspend on Diocesan Office	(40)
Other operational overspend	(26)
<b>Operating deficit as per management accounts above</b>	<b>(973)</b>

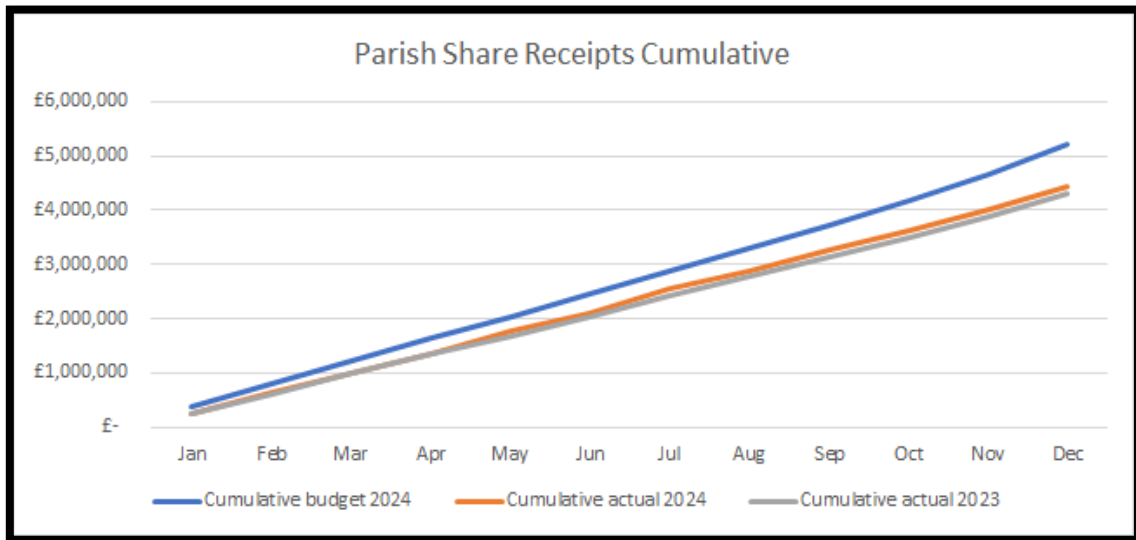
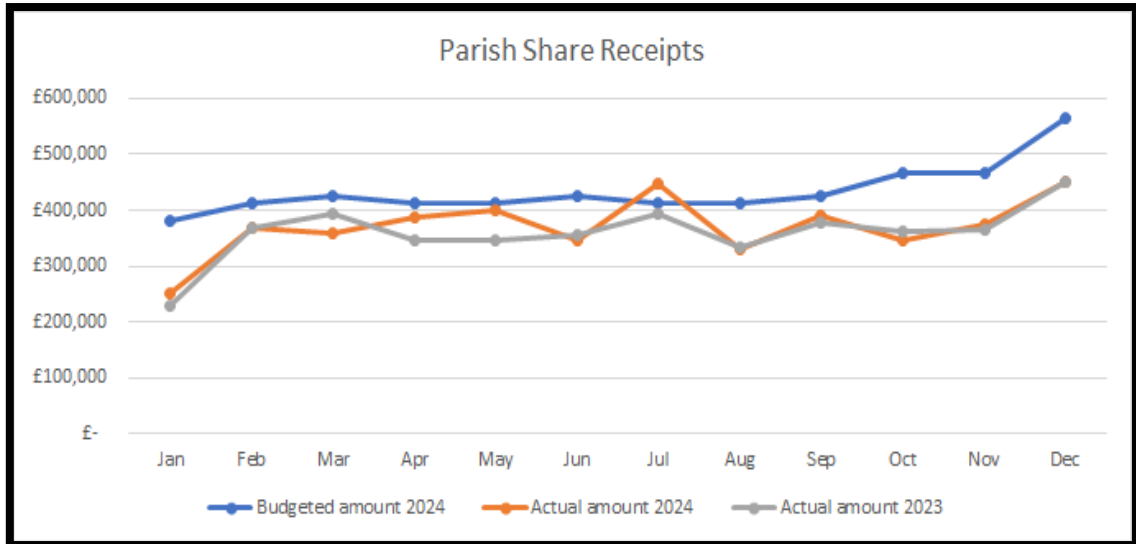
*NB: The budgeted deficit figure assumes full collection of parish share was achieved.*

## **INCOME**

### **1. Parish Share:**

December receipts at £451k were 20% higher than last month and at £4,451k (85.2% collection rate) are 3.7% higher year on year. The figures included in this report reflect the cash received to 31 December only. Any payments made up to and including 20 January which relate to 2024 parish share requests will still be included in the 2024 year end accounts, therefore the figures are subject to change.

As expected receipts in December have increased, with many parishes making their final payments. Current expectations are that the total could increase to £4,491k (86% collection rate), however there are still some parishes where the expectation for any final amount to be paid is unknown / subject to PCC meetings happening in January.



NB: the 2023 figures include all cash paid in January 2024 and allocated to 2023, and is therefore not fully comparable to the 2024 position.

**2. Fees:**

Fee income at £55k was £25k ahead of budget and included c.£35k of fees relating to earlier periods, reflecting the good work this year in improving our collection processes. The year to date variance is now £55k (24%) ahead of budget and £3k higher than last year. A full reconciliation will be completed to identify missing forms and payments to enable these to be included in the 2024 statutory accounts where amounts are known prior to the year end accounts being prepared.

**3. Rental Income:**

Rental income at £56k continues to be above budget year to date and £15k ahead in the month. This is largely to do with the number of properties generating rent being higher than budgeted, but we also benefitted from the recovery of rental arrears on three properties. We currently have 28 properties generating income, four less than last month, as expected.

The breakdown compared to 2023 is detailed below:

Description	Rental income	Glebe land rent	Glebe property rent	Total
2024 YTD	£564,562	£43,153	£69,835	£677,551
2023 YTD	£601,394	£34,241	£62,403	£698,038
Increase/(Decrease) year on year	(£36,832)	£8,913	£7,432	(£20,487)
Increase/(Decrease) year on year %	(6%)	26%	12%	(3%)
Budget YTD	£438,892	£32,000	£53,500	£524,392
Budget Variance	£125,670	£11,153	£16,335	£153,159

The budget expected a larger reduction to reflect recent and planned clergy appointments and rental income will fall further as properties are held vacant for future appointments.

#### 4. Grants:

Grants at £65k are £8k higher than budget for the month and £55k better year to date. December grants include 1/12 of the annual LINC grant and the recharge of staff costs from Portsmouth Diocesan Council for Social Responsibility (CSR). Year to date income continues to exceed budget, due to three additional members of staff in CSR with the additional costs offsetting in the Social Transformation line.

#### 5. Investment Income:

Investment income and bank interest in the month was £120k, £25k below the budget. This is £12k lower than that received Q4 2023, the majority of the variance being in bank interest, due to the decline in interest rates and lower levels of cash held. As an illustration, CCLA deposit rates have fallen from c.5.3% to 4.6% over this time. The year performance of our investments is shown below.

	2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Global equity	1.91	1.91	1.91	1.91	1.91	1.90	1.84	1.84
Investment	15.90	15.89	15.62	15.62	15.62	15.61	15.28	15.28
Property	1.63	1.62	1.62	1.77	1.60	1.57	1.57	1.77
Short Duration	0.99	0.95	1.07	0.90	0.82	0.78	0.70	0.80
Deposit	4.60%	4.90%	5.15%	5.25%	5.30%	5.20%	4.50%	3.90%

The breakdown of our global portfolio by percentage value holding is as below; this reflects all funds (general, restricted and endowment) and includes custodian funds held on behalf of parishes;

	% of portfolio value
Global equity	6.03
Investment	65.22
Property	9.04
Short Duration	1.56
Deposit	18.14
	<u>100.00</u>

**6. Other Income:**

Other income at £11k was £5k behind budget, with the main items being Legal Officer fees for the month, IT Q4 cost recharges to Bishopsgrrove, accrued Ecotricity Q4 income and monthly office cost recharges to the DBE. As a result of the reduction in IT costs, the amount recharged to Bishopsgrrove has reduced.

**EXPENDITURE**

**7. Clergy Remuneration:**

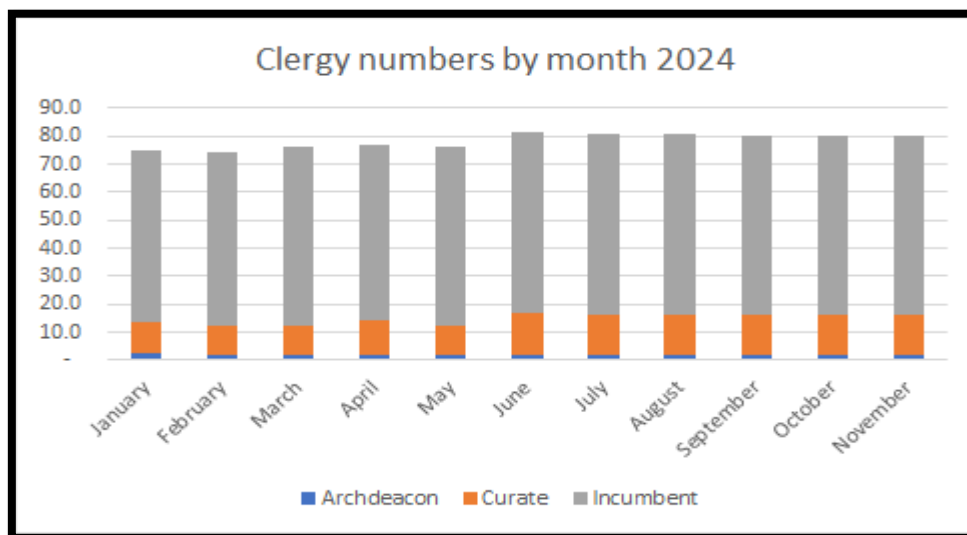
Clergy remuneration is £26k lower than budget in the month and £414k below budget year to date, the variance being similar over the last four months. Headcount levels accounted for £294k of the direct stipend saving. The stipend increase of 5% earlier in the year is the main driver of the cost increase year on year, in addition to the actual 6.5 FTE increase between 2023 and 2024.

Pension contributions have also reduced from 28% of the previous year’s national minimum stipend, to 25% (effective 1<sup>st</sup> April), which is the second aspect driving the £120k overall saving in Pension costs. A breakdown of the costs year to date compared to budget and prior year is shown below:

Year to date - December 2024					
	Clergy stipend actuals 2024		Clergy stipend budget 2024		Clergy stipend actuals 2023
Stipend	£	2,380,655	£	2,673,725	£ 2,200,498
Pensions	£	533,768	£	653,437	£ 582,980
NI	£	215,625	£	218,217	£ 188,393
Apprenticeship levy	£	9,368	£	13,268	£ 10,387
Housing	£	86,436	£	81,365	£ 95,074
	£	<u>3,225,851</u>	£	<u>3,640,012</u>	£ <u>3,077,332</u>

The head count at the end of the month was as follows:

	Actual Dec (for month)	Budget Dec (for month)	Var Month	Actual 2024 (average YTD)	Budget (average YTD)	Var YTD	Actual 2023 (average YTD)
Curates	14.00	17.00	(3.00)	12.92	17.00	(4.08)	14.19
Archdeacons	2.00	2.50	(0.50)	1.96	2.50	(0.54)	1.90
Stipendiary clergy	63.95	68.50	(4.55)	63.62	67.25	(3.63)	58.55
<b>Total</b>	<b>79.95</b>	<b>88.00</b>	<b>(8.05)</b>	<b>78.50</b>	<b>86.75</b>	<b>(8.25)</b>	<b>74.64</b>



From April onwards, one curate post noted above is funded under the Ryde SMMI bid and therefore although included in the headcount, the costs are charged to the SMMI restricted fund and are not reflected in the costs above.

*NB: the budgeted levels are split based on the timing of the annual stipend reviews which take effect in April and take an average based on the expected clergy levels to be recruited.*

**8. Clergy Support:**

Clergy support costs for the month of £30k were £2k higher than budget, due to recruitment costs for the incoming Cowes incumbent and appointment grants paid, offsetting lower salary / pension costs. We continue to support the parish administrators at Paulsgrove and Cosham & Wymering, which will be funded by the LINC funding as a recipient PCC. These amount to c.£0.8k each role, totalling £1.6k in the month.

**9. Clergy Housing:**

Clergy housing costs at £158k was £63k higher than budget in the month and £453k (41%) over year to date. This is driven by the large number of refurbishment and quinquennial works nearing completion. The main properties in the month in receipt of improvement expenditure were £30k at Blackmoor, £13k at Warsash, £13k at Argyll St, Ryde, £12k at Hook and £9k at Cosham. We will process relevant transfers from other funds to offset some of these overspends as part of the year end process.



Clergy housing costs can be further broken down as follows:

	2024 Actual	2024 Budget	2023 Actual
Repairs	£ 1,100,038	£ 550,000	£ 648,451
Council Tax	£ 249,203	£ 213,738	£ 203,457
Insurance	£ 5,950	£ 51,510	£ 49,099
Agency fees	£ 54,656	£ 48,794	£ 58,262
Other	£ 151,568	£ 149,511	£ 468,058
	<b>£ 1,561,416</b>	<b>£ 1,013,553</b>	<b>£ 1,427,326</b>

Included in other costs is £28k of rental costs relating to 1 Catherine Street (£21k) where the appropriate parsonage is not available for the incumbent, and The Laurels (£7k) where the tenants have failed to move out when given notice and we require housing for the incumbent.

**10. Safeguarding costs:**

Safeguarding costs were £3k under budget in the month and £46k below year to date. Savings were made on staff costs relating to the pension holiday; and legal costs being incurred budgeted at £1k in month, £16k year to date, which have not been required. The budget allowed for legal representation in relation to attendance at core group meetings if required, for which we have only required one attendance so far during 2024.

**11. Lay and Ordained Ministry:**

Costs are £14k below budget in the month of which lower staff costs account for £9k due to budgeted posts that have not been recruited to, with appointments planned early in the new year. The remainder of the saving in month relates to underspends on training and allowances. Year to date costs after accounting for the lower staff numbers are on budget.

**12. Social Transformation:**

Costs at £16k are £7k over budget in the month, due to the costs for the additional staff members which are recharged to the CSR (income included in grants). The overspend is partially offset by the pension saving, and costs are fully matched by income from CSR.

**13. Mission and Education:**

Costs are on budget for the month, with the DBF contribution to the DBE planned at £14k per month based on budgeted expenditure. This will be reconciled every quarter against the actual spend and there will be a small adjustment in December to ensure that the DBE has received sufficient grant income to cover costs. The costs of the team continue to be funded through the restricted fund; with costs reflected in the management accounts to present the level of support being provided by the DBF to the DBE.

**14. Communications:**

Costs are £4k below budget in the month from the early receipt in November of the Winter 2024 magazine printing invoice, budgeted in December. The £8k favourable variance year to date is a result of the pension saving.

**15. Parish Support:**

Costs in the month are £8k higher than budget, due to higher fees for covering vacancies and the investment in Choir Church sessions at Portsea, Havant, the Cathedral and Paulsgrove. Year to date costs are £70k higher than budget, of which £49k relates to parish vacancy / office cover fees and £25k in staffing, mainly from the unbudgeted post to August in the strategic programme team. Offsetting these variances are £16k of savings from the changes in ownership and funding of the Parish Giving Scheme. A transfer will be made from the designated mission fund during the year end process to cover the costs of Choir Church.

**16. Finance:**

Costs are on budget in the month and £6k better year to date. This is due to £3k of credits obtained for the legacy accounting system, relating to the last two years of the agreement. Also the saving on the CBIL loan interest (£2k year to date) which was repaid in full in December 2023. Offsetting this year to date, £4.7k of historic costs have been incurred in relation to the implementation of the Xledger accounts system which were not recharged as part of the IT consortium at the time.

**17. Diocesan Office:**

Costs are £2k above budget in the month, with IT spend being over budget due to laptop purchases, offsetting lower overall running costs as contracts expire and assets are fully depreciated. \*The remaining variances were in favourable staff costs, mainly relating to the ongoing pension saving, being offset by seasonal celebration costs and higher service charges for Pen House.

However, year to date spend is £40k over budget, largely driven by £54k of additional service charges relating to 2023-4 from Vivid, £16k of legal fees relating to employment advice and £27k higher IT costs mainly;

- Transputec, from the delayed RDS removal and new hardware/laptop costs.
- Propman, as the lower cost replacement system planned wasn't implemented.

This is offset by £17k of savings on training and £25k on recruitment, with minimal spend so far this year, though some costs for training and recruitment have been incurred specially within the team budget to which they relate.

**18. Governance:**

This includes costs in relation to Bishops Council, Diocesan Synod and General Synod, with no spend incurred in the month. Costs are £3k above budget year to date, due to spend incurred by the HR Advisory Board, not covered by the retainer with Kane HR.

#### 19. Registrar and Legal:

Registrar costs are determined by the Legal Officers Fee Order and are not under PDBF control. Costs are accrued for this and the Chancellor in line with budget until recharge invoices are received.

#### 20. National Church Votes:

The costs are determined by the Church Commissioners and are not under PDBF control and are as budgeted.

### Other funds:

Included in the total DBF income are restricted grants which include the following:

- Minor repairs and improvements grant funding now totals £52k being received in total. £2k was paid out in the month (YTD £10k) to parishes to cover small projects for which an application process is in place.
- Net Carbon Zero 'Quick wins' grants funding now totals £24k. Other Net Carbon Zero funding covers the salaries for two members of the PDBF team (0.8 FTE in total). The project manager is also funded but is employed through Guildford diocese and the associated grant payments for this post are made directly to Guildford.

The Quick Wins grants have so far have been allocated to 24 parishes from across the Diocese helping to fund LED lighting, temporary heating, general building repairs and improvements, with £8k paid in the month (YTD £14k).

- The first tranche of Flourish funding of £44k continues to fund the project leads in Bembridge, Sandown and Catherington. They are all recruited locally and have not required any additional diocesan staff.
- SDF 3 and Ryde SMMI funding are ongoing, we are still funding some projects under SDF2 for our matched commitments although expect to clear any remaining commitments early in the new year from the designated mission fund.

From January 2025, the new funding will be in place for the Rejuvenate SMMI projects and the first claim will be made in January for anticipated spend in the first half of 2025. As with the Ryde SMMI funding, we will place the money on deposit and draw down on a monthly basis as the funding is spent. Any investment income will be used to top up our matched funding commitments paid through the mission fund.

## Year End Progress Update:

As part of the year end process and preparation of the annual statutory accounts, the following changes are expected to the figures presented in this report:

- Parish share and parochial fee income which have been received in January 2025, but relate to the 2024 (and earlier) requests will be included
- Adjustments for rental income received in 2024 relating to January 2025.
- Adjustments for rental income relating to 2024 received in 2025.
- Adjustments for late cost invoices received in January 2025 but relating to 2024.
- One-off transfers from designated and restricted funds to cover costs expended by PDBF in 2024, for example to cover choir church expenses, property overspends where previously agreed by Bishops Council
- The inclusion of the surplus on disposal of Grindall Field in April 2024 totalling £97k.

Appendix 1: General Fund Income Statement with for the period ending 31 December 2024

PDBF	Dec-24							Year to date							Notes	Full Year			
	Actual	Budget	Actual	Variance		Variance		Actual	Budget	Actual	Variance		Variance			Budget	Actual	Variance	
	2024	2024	2023	Act vs Bud		Act vs 2023		2024	2024	2023	Act vs Bud		Act vs 2023			2024	2023	Forecast vs Bud	
£'000s	£'000s	£'000s	£'000s	%	£'000s	%	£'000s	£'000s	£'000s	£'000s	%	£'000s	%	£'000s	£'000s	£'000s	%		
<b>INCOMING RESOURCES</b>																			
Parish Share	451	566	450	(115)	-20%	1	0%	4,451	5,223	4,323	(772)	-15%	128	3%	1	5,223	4,323	(771)	-17%
Fees	55	30	82	25	85%	(26)	-32%	285	230	283	55	24%	3	1%	2	230	283	30	12%
Rental Income	56	41	48	15	35%	8	16%	678	524	698	153	29%	(20)	-3%	3	524	698	148	22%
Grants	65	56	54	8	15%	10	19%	817	762	771	55	7%	45	6%	4	762	771	55	7%
Fund transfers	11	14	10	(3)	-22%	2	16%	152	171	140	(20)	-12%	11	8%	5	178	140	(10)	-6%
Investment Income	120	145	132	(25)	-17%	(12)	-9%	508	501	517	6	1%	(9)	-2%	6	501	517	39	7%
Other Income	11	16	23	(5)	-33%	(12)	-52%	159	120	176	39	32%	(17)	-10%	7	120	176	44	27%
<b>Total Income</b>	<b>769</b>	<b>870</b>	<b>799</b>	<b>(100)</b>	<b>-12%</b>	<b>(30)</b>	<b>-4%</b>	<b>7,049</b>	<b>7,532</b>	<b>6,908</b>	<b>(483)</b>	<b>-6%</b>	<b>141</b>	<b>2%</b>		<b>7,538</b>	<b>6,908</b>	<b>(466)</b>	<b>-7%</b>
<b>RESOURCES EXPENDED</b>																			
Clergy Remuneration	284	310	324	26	8%	39	12%	3,226	3,640	3,077	414	11%	(149)	-5%	7	3,640	3,077	417	13%
Clergy Support	30	28	48	(2)	-8%	17	36%	385	388	413	3	1%	28	7%	8	388	413	9	2%
Clergy Housing	158	95	347	(63)	-67%	189	54%	1,561	1,108	1,427	(453)	-41%	(134)	-9%	9	1,108	1,427	(502)	-31%
	472	433	718	(40)		245		5,172	5,136	4,918	(36)		(254)			5,136	4,918	(76)	
Safeguarding	27	30	30	3	9%	3	9%	317	363	276	46	13%	(41)	-15%	10	363	276	43	14%
Lay and Ordained Ministry	32	47	41	14	31%	9	22%	411	538	426	127	24%	16	4%	11	538	426	126	31%
Social Transformation	16	9	8	(7)	-73%	(7)	-90%	139	107	106	(32)	-29%	(34)	-32%	12	107	106	(31)	-22%
Mission and Education	15	15	11	0	3%	(4)	-37%	195	181	182	(14)	-8%	(13)	-7%	13	181	182	(13)	-7%
Communication	8	11	10	4	32%	2	24%	102	110	96	8	8%	(6)	-7%	14	110	96	9	8%
Parish support	25	17	3	(8)	-47%	(23)	-798%	278	208	43	(70)	-34%	(235)	-554%	15	208	43	(65)	-24%
<b>Mission Development Total</b>	<b>595</b>	<b>562</b>	<b>820</b>	<b>(33)</b>	<b>-6%</b>	<b>225</b>	<b>27%</b>	<b>6,614</b>	<b>6,644</b>	<b>6,046</b>	<b>30</b>	<b>0%</b>	<b>(568)</b>	<b>-9%</b>		<b>6,644</b>	<b>6,046</b>	<b>(7)</b>	<b>0%</b>
Finance	18	18	9	(0)	-1%	(10)	-113%	216	223	180	6	3%	(36)	-20%	16	223	180	6	3%
Diocesan Office	56	54	71	(2)	-3%	16	22%	689	649	749	(40)	-6%	60	8%	17	649	749	(38)	-5%
Governance	-	1	4	1	100%	4	100%	13	11	14	(3)	-24%	0	3%	18	11	14	(4)	-25%
Registrar and Legal	10	10	8	0	1%	(1)	-17%	113	117	96	4	4%	(17)	-17%	19	117	96	4	4%
<b>Mission Support Total</b>	<b>84</b>	<b>83</b>	<b>92</b>	<b>(1)</b>	<b>-1%</b>	<b>9</b>	<b>9%</b>	<b>1,032</b>	<b>1,000</b>	<b>1,039</b>	<b>(32)</b>	<b>-3%</b>	<b>7</b>	<b>1%</b>		<b>1,000</b>	<b>1,039</b>	<b>(31)</b>	<b>-3%</b>
Training for ministry	14	14	14	0	0%	(0)	-1%	168	168	167	0	0%	(1)	-1%		168	167	0	0%
National Church responsibilities	9	9	9	-	0%	(0)	-3%	111	111	108	0	0%	(3)	-3%		111	108	0	0%
Grants and provisions	2	2	2	-	0%	(0)	-1%	19	19	19	(0)	0%	(0)	-1%		19	19	(0)	0%
Mission agency support	-	-	0	-	0%	0	100%	-	-	6	-	0%	6	100%		-	6	-	0%
Clergy retirement housing	6	6	6	-	0%	(0)	-6%	77	77	73	0	0%	(4)	-6%		77	73	0	0%
<b>National Church Votes 1-5</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>0</b>	<b>0%</b>	<b>(0)</b>	<b>-1%</b>	<b>376</b>	<b>376</b>	<b>373</b>	<b>0</b>	<b>0%</b>	<b>(3)</b>	<b>-1%</b>	20	<b>376</b>	<b>373</b>	<b>0</b>	<b>0%</b>
<b>TOTAL EXPENDITURE</b>	<b>710</b>	<b>676</b>	<b>944</b>	<b>(34)</b>	<b>-5%</b>	<b>234</b>	<b>25%</b>	<b>8,021</b>	<b>8,019</b>	<b>7,457</b>	<b>(2)</b>	<b>0%</b>	<b>(564)</b>	<b>-8%</b>		<b>8,019</b>	<b>7,457</b>	<b>(38)</b>	<b>0%</b>
Surplus / (Deficit) prior to one off income and transfers	59	193	(145)	(134)		204		(973)	(488)	(549)	(485)		(423)			(481)	(549)	(504)	
Gain/(Loss) on Sale of Fixed Assets	-	-	-	-		-		97	0	0									
Surplus / (Deficit) after one off income and transfers	59	193	(145)	(134)		204		(875)	(488)	(549)	(388)		(326)						