# Crest 2

# **PDBF GeNERAL FUND BUDGET 2020 Commentary**

**3 Key Financial Challenges**

1. Parish share - our single largest income line and the current collection rate of 98% needs to be maintained or increased in order to meet the budgeted expenses for 2020.
2. Parochial Fee income – having invested staff time to bring fee income up to date, we have seen a boost in fee income over the last four years from historic underpayments.  Parishes are now much more up to date. Fee income has now slowed, in line with a national trend of reduced numbers of weddings and funerals. Fees have therefore been adjusted in line with the forecast for 2019 plus inflation.
3. Clergy housing maintenance – costs for materials and contractors are rising faster than the current rate of inflation.

**General Fund Plan Assumptions**

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| --- | --- |
| Income | Assumptions Used |
| Parish Share | We have assumed an increase of 2% year on year |
| Fees | There is a high degree of uncertainty given the current shift away from using these traditional services so we have reduced the forecast collection for 2019 and projected an inflation increase for the 2020 budget. |
| Expenditure |  |
| General rate of Inflation | We have assumed a rate of 2% for 2020 as per the Bank of England projections |
| Stipends | Having regard to the National Stipend Benchmarks (NSB) projected at 2% p.a. to 2022 (Source: Letter from William Nye Jun18) |
| Clergy vacancy rates is one of the biggest uncertainties in a diocesan budget. The budget assumes that the rates of vacancies continue in line with the rates experienced in 2018 and so far in 2019. |
| Clergy pension contribution remains at 39.9%, despite the deficit having reduced from £236m to £56m This comprises 28% for future service and 11.9% for deficit recovery. The deficit recovery period is set to run until at least 31 December 2025. Average annual deficit funding required is £240k. |
|  | Curates- we have a commitment to increase Curate numbers and we have achieved this in 2018. 5 stipendiary curates will be assumed for 2020. |
| Vote 1 | Our assumption on cost increases are 0% for 2020. However, if nationally ordinand numbers increase by c. 10% p.a. Vote I costs could increase. National Church have said they will seek financial support from the Church Commissioners to offset some of those costs. There is a risk this will not materialise. |
| Votes 2-5 | National Church - Increases estimated at 2%-3%. |



**Notable Variances:**

1. Fund Transfers: Bishop’s council has previously approved the expenditure of repairs over a three year period to be funded from the Building Repair fund, 2019 is the final year, therefore the transfer of £200k per year will cease. The completion of these repairs has given rise to a decrease in pre-planned Clergy Housing expenses as well.
2. Mission Discipleship and Ministry: The Stewardship Advisor post remained unfulfilled in 2019 forecast but remains in the 2020 budget.
3. Mission and Society: A new part time Social Justice post has been included in the budget for 2020.
4. Education: the restructure of PWDAT has led to a reduced amount of staff.
5. Safeguarding: in line with increasing regulatory requirements we have made the role of the safeguarding officer a permanent one.
6. Diocesan office: There was a one-off increase for the purchase of new equipment and increased licencing fees in 2019 which is not expected to reoccur in 2020.

**Lisa Streeter**

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