

PDBF GENERAL FUND BUDGET 2021

Overview

The key risk facing us all at the moment is uncertainty due to COVID 19. Rules are changing quite rapidly and with very short notice. We have to be very agile and vigilant to accommodate these changes. In light of this uncertainty, the Bishop's Council upon the recommendation by the Diocese Secretary and myself have agreed that we would prepare a one-year budget, rather than a triennial budget. The details of this budget has been reviewed by both Diocesan Finance Committee and Bishop's Council over the recent months while consideration has been given to the ever-changing circumstances presented by 2020 and the likely impact moving into 2021.

Outlined below is the general fund budget for the year ending 31 December 2021. The forecast to the end of 2020 is based on the cash flows that are being reported on a regular basis and uses the parish share collection rate profile that has been projected for the year ending 31 December 2020. Ideally, the Budget for 2021 would be compared to the forecast for 2020, but given the unusual circumstances this year, and the one off savings arising out of furlough and reduced housing repairs etc, it has been compared to the 2020 budget instead.

Having considered all the above and the assumptions noted below, the budget for 2021 results in a deficit of £972k, compared to an optimistic forecast deficit of £1.06m for 2020 and a budgeted deficit of £236k.

	Budget	Budget	Bud 21 vs Bud 20		Forecast	Actual	Actual
	2021	2020	£'000s	%	2020	2019	2018
Parish Share	4,973	5,222	(248)	-5%	3,909	4,973	4,934
Other Income	1,943	2,408	(464)	-19%	2,048	2,469	2,801
Total Income	6,917	7,629	(713)		5,956	7,443	7,735
Expenditure	7,889	7,865	24	0%	7,017	7,754	7,747
Deficit	(972)	(236)	(737)		(1,060)	(311)	(12)
Collection rate	98.0%	98.0%			75.0%	97.1%	98.7%

The reduced overall parish share allocation for 2021 and the anticipated reduction in other income streams in 2021 has the combined impact of a reduction of £713k on the annual budget.

Steps have been taken in 2020 to make costs savings where possible which have included effective use of the Job Support Scheme. HR consultations are ongoing at present within the DBF team where reduced hours and redundancies are being discussed, as a consequence of the financial position of the DBF. This process is anticipated to conclude before the end of 2020.

Deaneries are also currently looking at the parish structures and deployment which will be necessary to support growth in depth, impact and number.

The budget for 2022 onwards will therefore map changes for the resource allocation in the diocese as we progress on a journey of change to support growth.

General Fund Plan Assumptions 2021

The following assumptions have been applied in the modelling of the 2021 budget.

Income		Assumptions Used
Parish Share		Set at 100% of parish share received in 2019. With a 2% provision for under collected share included in the Diocese Office Expenses. The collection rate target is therefore 98%. This means a reduction in the overall parish share ask for 2021 of £248k. Individual parish allocations will be subject to the usual formula which will use 2019 average weekly attendance figures submitted by parishes. Individual allocations, may go up or down depending on the impact of the formula in a particular place.
Fees		Given the already noted downward trend, combined with a reduction in services, this has been reduced to £125k
Rental Income		No material changes have been made existing rental income streams
Grants		Material grants are expected to continue as per previous years
Investment Income		Has been included at per CCLA predictions less a provision of 10%
Expenditure		
General rate of Inflation		We have assumed a rate of 2% for 2020 as per the Bank of England projections where relevant
Stipends		NMS will be increased by 2% for Curates and withheld for all other clergy and clergy related Clergy vacancy rates is one of the biggest uncertainties in a diocesan budget. The budget assumes a vacancy rate of 11%. 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.
Salaries		An annual cost of living allowance has been set at 0%
General Expenses	Diocese	All expenses have been reviewed in detail and reduced where appropriate given the new way of working remotely.

General Fund Budget for the year ending 31 December 2021

PDBF	Actual	Budget	Budget	Notes	Forecast	Budget	Variance	
	2019	2019	2020		2020	2021	Bud 20 vs Bud 21	
	£'000s	£'000s	£'000s				£'000s	%
INCOMING RESOURCES								
Parish Share	4,973	5,119	5,222		3,909	4,973	(248)	-6.4%
Fees	352	410	359		74	125	(234)	-317.8%
Rental Income	411	362	362		364	326	(36)	-9.8%
Grants & other income	867	816	852		440	874	22	4.9%
Fund transfers	246	553	267	1	684	106	(161)	-23.5%
Investment Income	540	542	542		461	487	(55)	-11.9%
Other Income	55	28	26		24	26	(0)	-1.1%
Total Income	7,443	7,830	7,629		5,956	6,917	(713)	
RESOURCES EXPENDED								
Clergy Remuneration	4,241	4,148	4,195	2	4,075	4,351	156	3.8%
Clergy Housing	1,111	1,225	1,095	3	854	1,079	(16)	-1.9%
Mission Discipleship and Ministry	499	567	596	4	403	494	(102)	-25.4%
Mission & Society	190	189	204		108	223	18	16.9%
Education	135	180	160		64	73	(87)	-135.9%
Safeguarding	96	77	84		87	83	(1)	-1.0%
Communication	76	63	74		74	77	3	3.6%
Mission Development Total	6,350	6,450	6,408		5,663	6,380	(29)	
Finance	142	108	158		160	183	25	15.3%
Diocesan Office	713	722	741	5	631	751	10	1.6%
Registrar and Legal	70	63	72		74	78	6	8.5%
Mission Support Total	925	893	970		866	1,011	41	
Training for ministry	184	182	184		184	188	4	2.0%
National Church responsibilities	162	161	165		159	168	3	2.1%
Mission agency support	2	2	2		5	2	0	0.8%
Clergy retirement housing	63	63	66		66	70	3	5.0%
Ordination Training	67	79	69		74	70	1	1.9%
National Church Votes 1-5	479	486	487		488	498	12	
TOTAL EXPENDITURE	7,754	7,830	7,865		7,017	7,889	24	
Financial Challenge	(311)	0	(236)		(1,060)	(972)	(737)	

Notable Variances as per above:

1. Fund transfers have been reviewed and amended. This can be adjusted as required following the outcome of the re designation of existing designated funds.
2. Clergy remuneration has been adjusted to defer any increase for 2020. This can be adjusted pending the outcome of the clergy transformation and pastoral reorganisation.
3. Clergy housing held at the 2020 budget level, pending a review of the property portfolio.
4. Lay staff transformation is also under review and any savings arising out of that exercise has not yet been finalised.
5. The diocesan office line of expenditure includes the provision for under-collected parish share of 2%, circa £99k.

Lisa Streeter
Finance Director
2 November 2020