

# The Diocesan Budget 2024

Supporting mission and ministry in  
greater Lincolnshire

# Letter from the Chair

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Dear Brothers and Sisters in Christ,

I write to you as Chair of the Board of Finance to present the budget for 2024, at the end of a year in which we have started to see the benefits of Time to Change Together and in particular the move to covenanted giving by parishes. As you will see from the pledged giving, parishes are rising to the challenge and the Local Mission Partnerships are beginning to make strategic decisions about how best to use the pledged giving that they can see. All this helps with the bigger challenge of growing the Kingdom of God and supporting ministry and mission to this end.

Although the national and international economic situation remains difficult, the careful work of our Finance Director and her team has enabled us to come through the year with a more secure financial base than predicted, and at present the deficit predicted for the end of 2023 is less than in last year's budget. We will say more about this when we review the end of year situation and the audited accounts next year, but a combination of shrewd management of our assets and some unpredicted savings have been good news at least as far as the deficit is concerned, though as you will see below, there are also strategic issues to address around recruitment of clergy.

In setting the coming year's budget, which sadly still suggests a likely deficit (though smaller than predicted in our 5-year plan) we have had to work with in the following factors and pressures:

1. Investment income. Over the past year, as LMPs have begun to be clearer about where clergy housing will be needed in future, we have been able to continue to sell properties and invest the surplus income. This gives us



*Canon Professor Muriel Robinson OBE DL  
Chair of the Lincoln Diocesan Trust and Board of Finance Ltd*

more flexibility for the future but also a challenge regarding total return and the draw-down from this (see below). Our Clergy Housing and Assets Committees have continued to exercise good stewardship and despite a slowing of the housing market, we have been able to sell several properties at above their book price. We continue to monitor our investments not just with an eye to market performance but also re their fit with our ethical principles and our commitment to Net Zero.

2. Covenant Pledges. Just as last year, we are extremely grateful to all those parishes who have made pledges and for the payments received so far. We hope that this year will see pledges from the small number of parishes who have not yet pledged, so that both we and their LMPs can have more certainty in planning for the years ahead. We are also well aware of the increased pressures on parishes from such things as energy costs and unexpected repairs, and encourage any parish that is struggling to keep us informed.
3. Salaries and stipends. You will recall that last year we agreed a 5% increase in the total sala-

## Letter from the Chair

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ry bill and in stipends. We have budgeted for a similar increase in stipends this year, as recommended by the national church, and 5% for the total salary budget for diocesan employees.

4. Total return. We continue to have conversations with our auditors about how we use Total Return. You will recall that this term refers to the accumulated capital growth which has been locked into our investments. Because we have been slowly reducing our glebe and housing portfolio and investing the resulting income, this figure has continued to grow. In accordance with Diocesan Synod approvals, a total of £20.9 million has been drawn down to date out of the available £49 million, but the growth alongside this means that we still have available around £42 million. (Our auditors believe that any use of this should be strategic and set against our long-term ambitions. This interpretation by them means that we are unlikely ever to reach a break-even budget on balance, as we would always want to be using the income we are generating from our increased investments to address diocesan needs; the dialogue on this continues.) Meanwhile, we are looking to reshape our expenditure so that where we have clear goals (for example, around Net Zero) and ambitions to reach these by, for instance, ensuring that some work on clergy houses is targeted at such issues as energy efficiency- solar panels, insulation, car charging points- these can be set against the drawdown from total return.

At present I am today presenting a budget which projects our expenditure for 2024 at a figure which is £522,013 less than that in the budget for 2023. This is a remarkable achievement by everyone concerned, as I set out below. Whilst it is with regret that I continue to present a budget to you that is predicting a deficit, it is due to the tireless efforts of our finance and central teams that our cash flow remains strong and that we continue to be protected from some of the hardship currently being felt by other charities and dioceses. We must not forget how fortunate we are to be able to adjust to these increasingly challenging times, when other dioceses face much bigger challenges. I would like to thank our Director of Finance and her team personally for their efforts in creating this budget and in finding positive and practical solutions throughout the year to every financial challenge that has come our way.



**Canon Professor Muriel Robinson OBE DL**

Chair of the Lincoln Diocesan Trust and Board of Finance Ltd

# The Budget 2024

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<b>INCOME</b>	<b>2024</b>
	<b>£'000</b>
Covenant Pledge	3,642
Mission Grant from the Church Commissioners	1,207
Income from Investments & Assets	3,000
Parochial Fees	470
Other Income	1,153
<b>Total Income</b>	<b>9,472</b>
<b>EXPENDITURE</b>	<b>2024</b>
	<b>£'000</b>
Clergy Stipends	4,688
Clergy Housing	1,522
Ministerial support	1,109
Responsibilities to the National Church	758
Parish Support	712
Legal & Professional	1,508
Board of Education	100
<b>Total Income</b>	<b>10,397</b>
<b>Net Deficit</b>	<b>(925)</b>

# Cashflow 2024

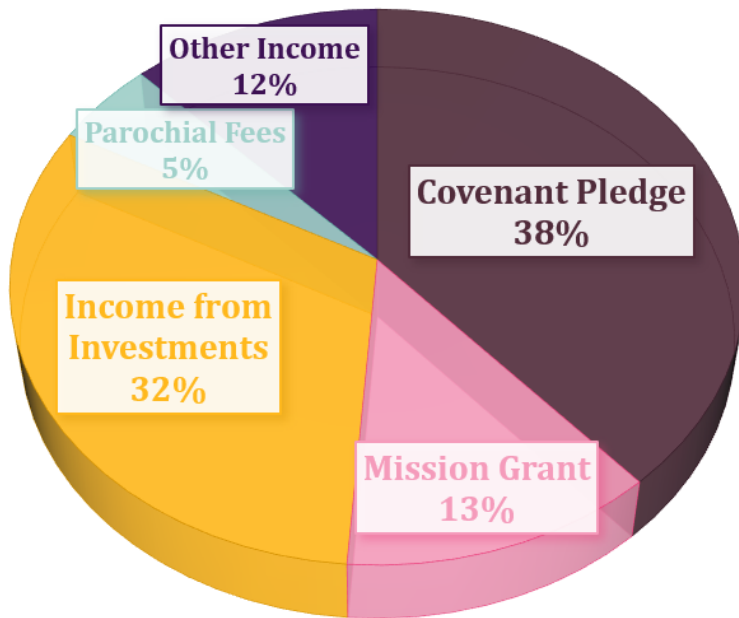
<b>INCOME</b>	<b>2024</b>
	<b>£'000</b>
Covenant Pledge	3,642
Mission Grant from the Church Commissioners	1,207
Investment Income	1,950
Glebe Income	1,050
Parochial Fees	470
Parsonage Rents	350
Grants– Benefact Trust	123
Other Income	680
<b>Total Income</b>	<b>9,472</b>
<b>OPERATING EXPENSES</b>	<b>2024</b>
Parochial Ministry Pay Costs	3,682
Curates Pay Costs	776
Other Salary Costs	1,944
Other Operating Costs	3,995
<b>Total Operating Costs</b>	<b>10,397</b>
<b>Net Cash/(outflow) from Operating Activities</b>	<b>(925)</b>
<b>CAPITAL SALES/EXPENDITURE</b>	<b>2024</b>
Receipts from the sale of Glebe land	760
Receipts from the sale of surplus housing	8,055
Capital Purchases/capital works	(800)
<b>Inflow/(Outflow) from Capital Expenditure</b>	<b>8,015</b>
Increase/(decrease in cash	7,090
Opening Cash Balance	15,906
Anticipated transfer of cash to investments	-
<b>Closing Cash Balance</b>	<b>22,996</b>

# Capital Expenditure 2024

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CAPITAL TYPE	2024
	£'000
<b>Proposed Glebe Sales</b>	
Estimated Glebe Sales	760
<b>Budgeted Glebe Sales</b>	<b>760</b>
<b>Proposed Property Sales</b>	
Estimated Property Sales	8,055
<b>Budgeted Property Sales</b>	<b>8,055</b>
<b>Total Capital Disposals</b>	<u><b>8,815</b></u>
CAPITAL EXPENDITURE	2024
Capital repairs to Clergy Housing & Edward King House	(785)
IT and Office equipment	(15)
<b>Total Capital Expenditure</b>	<b>(800)</b>
<b>Net Capital Receipts</b>	<u><b>8,015</b></u>

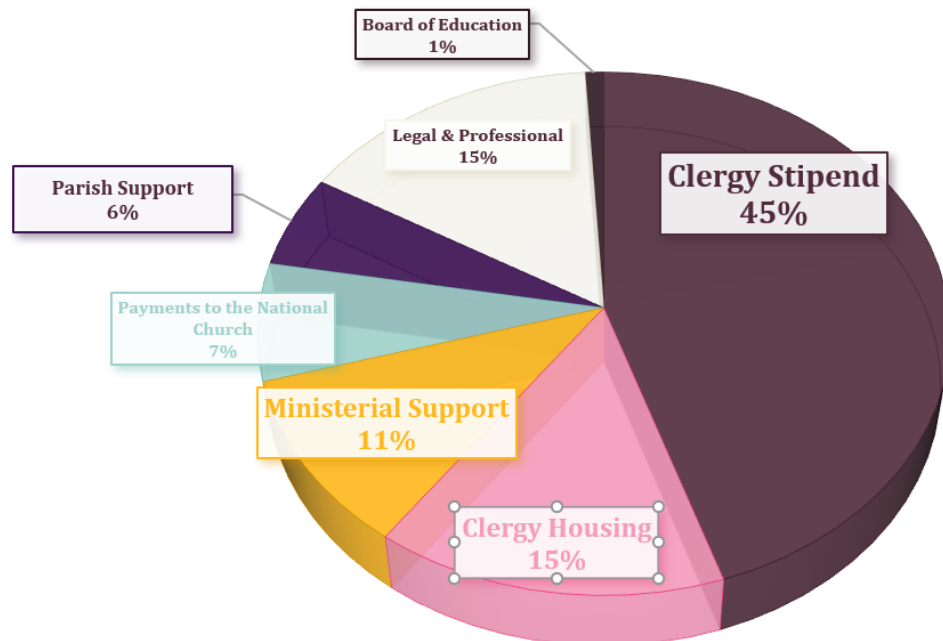
## Income 2024



	£'000
Covenant Pledges	<b>3,642</b>
Mission Grant	<b>1,207</b>
Income from Investments	<b>3,000</b>
Parochial Fees	<b>470</b>
Other Income	<b>1,153</b>
<b>Total Income</b>	<b><u>9,472</u></b>

## Expenditure 2024

	£'000
Clergy Stipend	<b>4,688</b>
Clergy Housing	<b>1,522</b>
Ministerial Support	<b>1,109</b>
Responsibilities to the National Church	<b>758</b>
Parish Support	<b>712</b>
Legal & Professional	<b>1,508</b>
Board of Education	<b>100</b>
<b>Total Expenditure</b>	<b><u>10,397</u></b>
<b>Net Deficit</b>	<b>(925)</b>



# An explanation of budgeted expenditure 2024

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**£5,167,797**

## Clergy Stipends/ Pensions/ Training

This budget provides for 112 full time clergy and curates including National Insurance and pension contributions. The direct cost to the Diocese of selecting and training candidates for ordination and the continuing ministerial development of our clergy is also included. This is essential in equipping our clergy to exercise their ministry.

**Vacancy Expenses:** These are there to ensure continuity of service in our churches when in a vacancy.

**Removal and resettlement:** These are costs incurred when clergy move into and across the Diocese to take up their post.

**Training:** This includes the Director of Ordinands and Vocations who encourages new ordinands and provides for their training needs, CMD and Wellbeing Officer supporting our existing clergy and an IME 2 Officer.

**The Warden of Lay Ministry:** This role offers support to those seeking to become authorised lay ministers and Readers and to those who currently exercise those ministries, through initial training, continuing ministerial development, network events, and advocacy.

**£1,522,244**

## Clergy Housing

For our clergy to be effective it is essential that they reside within the communities that they serve. The Diocese currently has 183 houses, mostly occupied by both stipended and non-stipended clergy, and some of which are rented during vacancies to generate income. It is the responsibility of the Diocese to maintain these properties as well as pay the council tax and water rates on behalf of the resident incumbent.

**£629,971**

## Ministerial Support

The cost of support for clergy in their Mission and Ministry including:

**Archdeacons** who assist the Bishop with the pastoral care of clergy as well as legal and practical matters.

**Mission:** Those working with parishes to spread the word of God and continue with the environmental work around Eco-Church and Generous Giving.

**Stewardship:** Providing advice and support direct to parish members on all funding issues such as grant funding, together with advice and support for stewardship and legacy campaigns.

**Transformation Fund:** A fund which is available for parishes to apply for grants for Missional projects.

**£757,864**

## Responsibilities to the National Church

This covers the work of the Archbishops' Council, which is considered to be most effectively and efficiently carried out at national level to support the Church's mission, under categories known at a national level as Votes 1 to 5, which are approved and voted on by General Synod. This includes:

**Training for Ministry (Vote 1):** This covers the majority of the costs of pre-ordination training for clergy for deployment in the Church of England.

**Archbishops' Council (Vote 2):** The operating costs of the Archbishops' Council departments and their share of the shared service departments such as Communications, Finance, Technology and Human Resources.



# An explanation of budgeted expenditure 2024

**Grants (Vote 3):** This covers the Church of England's contribution to the Anglican Communion Office, ecumenical organisations and the Church Urban Fund, the Council's Legal Costs Fund other minor grants.

**Mission Agency Pensions (Vote 4):** This covers pension contributions for clergy serving with the Partnership for World Mission (PWM) Mission Agencies who are regarded as being "in service" for the purpose of the clergy pension scheme.

**Clergy Retirement Housing (Vote 5):** This is a grant made in support of the Churches Housing Assistance for Retirement Ministry (CHARM) scheme operated by the Pensions Board on behalf of the wider Church.

**£712,216**

## Parish Support

**The Diocesan Advisory Committee (DAC)** fulfils the Diocese's statutory obligations laid down in the Care of Churches and Ecclesiastical Jurisdiction Measure 1991 (as revised 2000) to work with parishes, enabling them to maintain, grow and adapt their church buildings. The DAC coordinates quinquennial inspections of churches and administers the first stage of the faculty procedure in order to gain permission to carry out building work on their churches.

**Diocesan Synod** costs primarily cover venue costs and travel costs incurred by those people of the Diocese who offer their valuable time and skills to serve on Boards and Committees in order to improve the quality of strategic decision and policy making.

**The Diocesan Registrar** provides legal advice and support to the Diocese of Lincoln and deals with the second stage of the faculty process. The Registrar is also the Legal Secretary to the Bishop of Lincoln, and in this capacity provides advice to the Bishop on legal matters, which is covered by the Church Commissioners.

**Safeguarding** provides support and advice to encourage good practice in all areas of the Diocese's safeguarding.

**Trusts** covers the support provided where the diocese acts as a custodian trustee on behalf of parishes, support-

ing parishes with £18m of trust investments and ensuring the trust funds are managed in accordance with the original bequests.

**The Diocesan Chancellor** makes decisions on faculty petitions and other faculty proceedings under the Care of Churches and Ecclesiastical Jurisdiction Measure 1991.

**Administration** includes the cost of providing administrative support for local mission partnerships and the Parish Support Office.

**£1,507,557**

## Legal & Professional

**Core Services** are those such as the Diocesan Secretary, finance, IT, HR, communications, legal and professional services which are essential in order for our support services to function.

**Glebe** involves managing our glebe holdings with the support of our land agents.

**Audit Expenses** include the annual audit which is a statutory obligation, in order to remain registered as a charity. The audit provides assurance that the Diocesan accounts represent a true and fair view of its financial activities.

**£100,000**

## Education

Our commitment to continue to support our Church Schools.

# Key points on budgeted income for 2024

## Income

### Covenant Pledges

The covenant pledge is being assumed at £3,642,000.

### Archbishops' Council Grant

The figure for 2024 is £1,207,000. This is the figure which we receive from the Council to support lowest in-come funding communities with the provision of Clergy.

### Income from Investments and Assets

#### Investment Income

Our expected return on investments is CPI plus 4.5%. This is unlikely to be achieved with the current high level of inflation. We have assumed no disposal of investments in 2024 but are expecting to dispose of properties and increase the level of investments with budgeted income of £1,950,000.

#### Glebe Income

The estimated glebe rents for 2024 is £1,050,000.

#### Parochial Fees

Fees have been reducing over the last couple of years and whilst in the short term there has been some recovery for weddings post Covid, the long-term downward trend is likely to continue.



#### Parsonage rents

A figure of £350,000 has been included based on the level of lettings forecast to be available. Our surplus housing is being disposed of to enable us to generate more income to start to reduce the large deficit which we have year on year.

### Other Income

#### Grants

A figure of £123,000 has been included for 2024 which is the Benefact grant (formerly the Allchurches grant).

#### Other Income

This includes an estimate of £310,000 from rental income, wayleaves, income from mineral extraction, donations and grants from Historic England.



Ruskington Churchwarden Visitation Service and launch of Local Mission Partnership

# Key points on budgeted expenditure for 2024



Lincoln School of Theology end of term celebration

## Clergy Costs

The numbers have been assumed at 90 at the end of 2024. This is in line with our projections to 2025. This change is predicted to be achievable through the active recruitment for those identified clergy vacancies.

## Curates

Curates are estimated at 22 at the end of 2024. Curates are now training on three year curacies rather than the previous four years.

## Clergy Housing

The budget for 2023 is £1,522,000 excluding capital expenditure of £800,000. This has increased on the 5 year plan due to the increased cost of materials and labour inflation. A good level of refurbishment has been budgeted for.

## Parish Support

The budget assumes no changes to the staffing for 2024.

## Legal and Professional Services

### Glebe Management

There remains some work to be done to improve the quality of the properties which we own within the glebe portfolio and to ensure that we continue to be compliant with Health & Safety legislation. An amount of £400,244 has been included for 2024.

### Finance and Administration Costs

The budget assumes full staffing levels during 2024.

### Value for Money Assumptions

Some inflationary increases have been assumed on the majority of non pay costs. Budget holders will be expected to obtain value for money on all that they purchase and manage expenditure within the budgets allocated.

## Annual Pay Increase

An increase of 5% in the total cost of both stipends and salaries has been built in as recommended by the Remuneration and Conditions of Service Committee of the Archbishop's Council, and to continue to recognise the cost of living increases.

## Capital Expenditure

Capital Expenditure for housing and Edward King House has been included at £800,000 for 2024.

## Cashflow 2024

The Cashflow includes the proposed sale of property, glebe land and capital expenditure to existing housing. Cash is anticipated to be at £22m with investments being reviewed throughout 2024, and the cash possibly being reinvested depending on interest rates during the year.

## Total Return

To fund the journey to a more sustainable Diocese we will have to draw down from total return. This will involve the disposal of assets with a gross drawdown of £3.5m per annum, offset by the income from our glebe investments. This leaves a net requirement in line with the budget deficit.



South Kyme, St Mary and All Saints

**If you have any queries regarding the Budget  
2024 please contact**

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