

The Diocesan Budget 2023

Supporting mission and ministry in
greater Lincolnshire.

www.lincoln.anglican.org



From the Chair of the Lincoln Diocesan Trust and Board of Finance Ltd

Dear Brothers and Sisters in Christ,

I write to you to present my second budget as Chair of the Board of Finance, during what has been an even more challenging financial year than we could have predicted. The enduring impact of Covid on our churches and communities remains and has been compounded by war in Europe, high inflation and an energy and cost of living crisis the like of which some of us have never seen. Despite this, the Diocese has forged forward with their plans under Time To Change Together, the strategic plan agreed by Diocesan Synod after considerable consultation in November 2020. Many positive steps have been made on our journey despite the current financial climate, with Partnership Deans and Lay Co-Leads in place, working on how their Local Mission Partnerships and Deanery Partnerships will work together in the coming years. The pace of change should not be underestimated, and to have achieved this during such unusual times should be celebrated.

Due to the financial instability caused by recent events, the budget I present to you now represents an increase against the original 5-year plan devised as part of Time To Change Together. This increase in costs is £831k. Whilst it is disappointing to be in this position, we must remember what we have endured over the last two years and that the 5-year plan as originally proposed did not consider these exceptional events. This increase can be attributed to a number of factors:

- 1- Investment income. The original plan assumed that we would dispose of c.50 houses in order to reinvest that income into the stock market, which would increase our earnings. The volatility in the stock markets has lowered our income and the housing market bubble has made completing house sales more of a challenge.
- 2- Fees being paid to the DBF for weddings and funerals have reduced by £70k, which is a concerning trend.
- 3- Covenant Pledges. Whilst huge efforts are being made to increase and confirm parish pledges, the impact on individuals and parishes of increasing costs is inevitably reflected in the commitments people feel able to make.
- 4- Salaries and stipends. High inflation has meant that our original assumptions on salary and stipend increases needed to be reassessed in order to retain talent and ensure our people are looked after. It is likely that we will have to implement the 5% recommended for stipends and apply this to the overall staff salary budget as well. This would increase costs by £193k.
- 5- Changes to assumptions. There have been various other changes to assumptions for 2023 based on current volatility and unforeseen events, not least the rapid change in Prime Minister and Government fiscal strategy, which is still unclear at the time of writing.



DIOCESE OF LINCOLN
faithful · confident · joyful

Despite all of the above, I am presenting a budget which will see our expenditure for 2023 estimated at £389K less than the budget for 2022, largely because of the work that has been done to reduce central costs.

Whilst it is with a heavy heart that I present a budget to you that is not as previously hoped for, it is due to the tireless efforts of our finance and central teams that our cash flow remains strong and that we have been 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 challenging times, when others have no choice but to close their doors. I would like to offer personal thanks to our Director of Finance and her team 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.

Yours,

Muriel Robinson

Canon Professor Muriel Robinson OBE DL

Chair of the Lincoln Diocesan Trust and Board of Finance Ltd



The Budget 2023

INCOME	2023
	£'000
Covenant Pledges	3,570
Mission Grant from the Church Commissioners	1,168
Income from Investments & Assets	2,883
Parochial Fees	510
Other Income	790
Total Income	8,921

EXPENDITURE	2023
	£'000
Clergy Stipends	4,931
Clergy Housing	1,505
Ministerial support	1,006
Responsibilities to the National Church	733
Parish Support	801
Legal & Professional	1,279
Board of Education	100
Total Income	10,355

Net Deficit	(1,434)
--------------------	----------------

Cashflow 2023

INCOME	2023
	£'000
Covenant Pledges	3,570
Mission Grant from the Church Commissioners	1,168
Investment income	1,912
Glebe Income	970
Parochial Fees	510
Parsonage rents	350
Grants - Benefact Trust	123
Other Income	690
Total Income	9,293

Operating Expenses	2023
	£'000
Parochial Ministry Pay Costs	4,116
Curate Pay Costs	696
Other Salary Costs	1,856
Other Operating Expenses	4,154
Total Operating Expenses	10,822

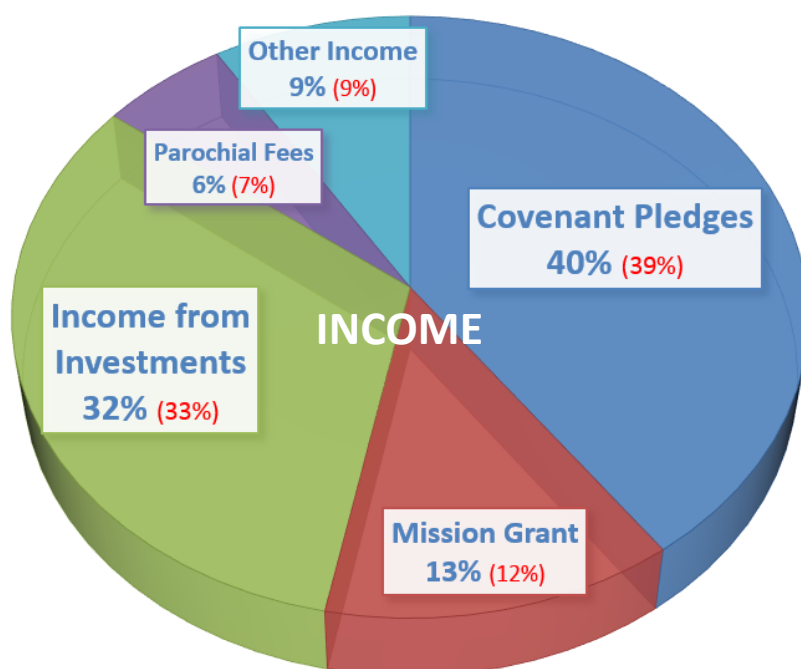
Net Cash/(outflow) from Operating Activities **(1,529)**

Capital Sales/Expenditure	
Receipts from the sale of Glebe land	2,000
Receipts from the sale of surplus housing	7,555
Capital Purchases/capital works	(551)
Inflow/(Outflow) from Capital Expenditure	9,004
Increase/(decrease in cash	7,475
Opening Cash Balance	4,629
Anticipated transfer of cash to investments	(9,104)
Closing Cash Balance	3,000

Capital Receipts and Expenditure 2023

Capital Type	2023
	£'000
Proposed Glebe Sales	
Estimated Glebe sales	2,000
Budgeted Glebe Sales	2,000
Proposed Property Sales	2023
	£'000
Estimated sales	7,555
Budgeted Property Sales	7,555
Capital Expenditure	
Capital repairs to Clergy Housing	(536)
IT and Office equipment	(15)
Total Capital Expenditure	(551)
Net Effect After Sales	9,004

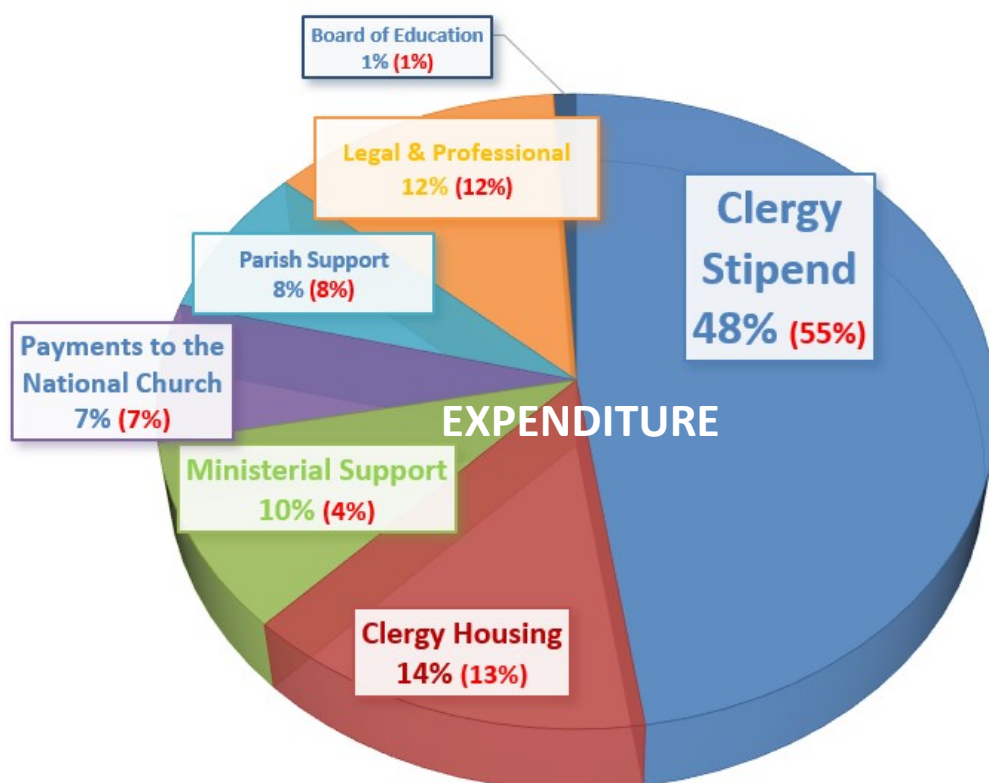
Income 2023



	£'000
Covenant Pledges	3,570
Mission Grant	1,168
Income from Investments	2,883
Parochial Fees	510
Other Income	790
Total Income	8,921

(%) 2022 Budget

Expenditure 2023



	£'000
Clergy Stipend	4,931
Clergy Housing	1,505
Ministerial Support	1,006
Responsibilities to the National Church	733
Parish Support	801
Legal & Professional	1,279
Board of Education	100

(%) 2022 Budget

Total Expenditure	10,355
Net Deficit	(1,434)

An explanation of budgeted expenditure in 2023

£5,441,144

funds Clergy Stipends/ Pensions/ Training

This budget provides for 118 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.

£1,505,300

funds Clergy Housing

For our clergy to be effective it is essential that they are resident within the communities that

they serve. The Diocese currently has 207 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.

£496,909

funds 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.



Diocesan Synod, July 2022

An explanation of budgeted expenditure in 2023



£732,537

funds 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): This supports the work of General Synod (the Church's Parliament), the Archbishops' Council, the House of Bishops and other central commissions, committees and permanent bodies. Additional funding comes from the Church Commissioners towards Safeguarding, Environment and

other cost pressures including irrecoverable VAT.

Grants (Vote 3): This covers the Church of England's contribution to the Anglican Communion Office, ecumenical organisations and the Church Urban Fund.

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.

The scheme makes rental properties available to retiring clergy at 60-70% of market rent as part of the Church's commitment to its clergy.



The Bishops and Archdeacons

Key points to note in relation to the budget for 2023

£801,105

funds 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, supporting 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.

£1,278,643

Funds Legal & Professional

Core Services are those such as the Diocesan Secretary, finance, IT, HR, communications, legal and professional 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 to note in relation to the budget for 2023

COVENANT PLEDGES

The covenant pledge is being assumed at the same level included in the Time to Change Together documentation at £3,570,000. This change is being supported with the Covenant Pastors who will help each parish determine what it can commit to pay.

ARCHBISHOPS' COUNCIL GRANT

The figure for 2023 is £1,168,000. This is the figure which we receive from the Council to support lowest income funding communities with the provision of Clergy.

INCOME FROM INVESTMENTS & 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 2023 but are expecting to dispose of properties and increase the level of investments with budgeted income of £1,912,500.

Glebe Income

The estimated income for 2023 is £970,000.

Parochial Fees

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

Parsonage rents

A figure of £350k 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 2023 which is the Benefact grant (formerly the All-churches grant).

Other Income

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



St Mark's, Grimsby

CLERGY COSTS

Parochial Ministry

The numbers have been assumed at 100 at the end of 2023. This is in line with our projections to 2025. This change is predicted to be achievable through anticipated retirement and movement of clergy to other posts outside of the Diocese.

Curates

Curates are estimated at 18 at the end of 2023. Curates are now training on three year curacies rather than the previous four years.

Key points to note in relation to the budget for 2023

Clergy Housing

The budget for 2023 is £1,505,300 including capital expenditure of £536,000. This has increased on the 5 year plan due to the increased cost of materials. A modest level of refurbishment will be carried out in the future.

Parish Support

The budget assumes no changes to the staffing for 2023. Staffing was reduced to 31.25 in 2021, which has put a strain on the staffing in Edward Kind House.

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 £336,013 has been included for 2023 with more likely to be required over the coming years.

Finance and Administration Costs

The budget assumes full staffing levels during 2023 and the additional cost of providing administration support to the Local Mission Partnerships are included in the budget.

Value for Money Assumptions

No inflationary increase has been assumed on the majority of non pay costs. Budget holders



St Mary's, Marshchapel

will be expected to obtain value for money on all that they purchase and manage expenditure within the budgets allocated. Staff are good at managing within their allocated budgets.

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 recognise the cost of living increases.

Capital Expenditure

Capital Expenditure for housing and IT has been included at £551,000 for 2023.

Cashflow 2023

The Cashflow includes the proposed sales of property, glebe land and capital expenditure to existing housing. Cash is anticipated to be at £3m at the end of December 2023, with planned reinvestment of £9m.

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.

If you have any queries regarding the Budget 2023 please contact

Ann Treacy

Director of Finance

T 01522 504054

E ann.treacy@lincoln.anglican.org

Muriel Robinson

Chair of the LDTBF

E muriel.robinson@lincoln.anglican.org