

The Diocesan Budget 2022

Supporting mission and ministry in
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From the Chair of the Lincoln Diocesan Trust and Board of Finance Ltd

Dear Brothers and Sisters in Christ,

Having taken over as Chair at the end of November 2020, I now present to you my first budget. Preparing the budget for 2022 has been even more challenging than usual, and I want to begin by paying tribute to Ann Treacy and her team for the excellent work they have done to find solutions to some particularly tricky challenges.

We go towards 2022 in a state of continuing national uncertainty and at the time of writing it is not even certain that by the time Diocesan Synod considers this budget we will have seen an end to the restrictions to life – and in particular to the life of our church communities- brought about through COVID19. And of course we came into this situation with a diocesan financial situation which was already challenging in its own right. It is in this context which we present the 2022 budget, but also in a context where we have hope for the future.

This hope, of course comes from the support you have already given to 'Resourcing Sustainable Church: A Time to Change- Together'(RSC). The budget has been prepared with RSC in mind and the work which we must do to ensure that we secure the future of the Church in greater Lincolnshire. To do this we must fundamentally change the way we operate and work together as one diocesan family under God.

During the RSC consultation we identified some key actions which should assist us with our financial challenges for the future:-

- 1) To sell Edward King House and move the Parish Support Services to smaller, more modern and cost effective offices
- 2) To sell surplus housing and reinvest the proceeds in investments, which we do not have to maintain and provide a greater income
- 3) To reduce staffing within Parish Support Services
- 4) To reduce the number of clergy in line with what we can afford
- 5) To move away from a 'formula based' Parish Share system.

"You said, we did" is a line which is often used these days in responding to feedback. So, what have we done in relation to items 1 to 5?

These have been taken into account in putting the budget together for 2022 and will continue to be monitored and implemented as we move through the budget year. Edward King House is now being actively marketed and we are hopeful that we will find a buyer.

Whilst housing has been identified for sale, this is not moving as quickly as we would like. We are working with the archdeacons, who have been most helpful in forward planning around likely future need, but we need to continue to work on this. In addition, we are limited due to the restrictions around ecclesial law on being able to dispose of benefice houses. I ask that you support us in allowing us to dispose of these houses which are empty, need updating and don't meet the energy performance requirements of the future. If a house is needed in the future for a member of the clergy, then we will provide it as a Diocesan Board of Finance.



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We have recently reduced staff numbers in our administrative support structures by 11 posts, although this has put pressure on some members of staff who have had to pick up additional work and caused a capacity issue in some areas. We will continue to look for opportunities to reduce staffing where opportunities arise but this will impact on the level of service that we are able to provide to parishes in the future. We have, however, added in staffing posts as promised to support the work of the new Deanery Partnerships (4.5FTE or one half time post for each of 9 DPs as a starting position). We have also used our existing resources to ensure that we can frontload support for RSC through the College of St Hugh. The College will not only continue to offer initial ministerial education for those preparing for ordination but will do so in a way which embeds that work in a wider level of support for mission and ministry, offering formation for lay and ordained ministry and mission at many levels. This will require some currently vacant posts being filled and a degree of pump priming for setting up the College, for which the allocated funding has been found by careful reallocation of our resources. I hope you will agree that to be successful with RSC, we need to ensure that the College- the engine room for much of what we hope to achieve- is funded appropriately.

The budget has assumed a total of 129 stipendiary clergy including curates, in line with the plans around RSC. The FTE figure for stipendiary parish priests is 110, a slight decrease in line with the RSC projections, achievable, we believe, through normal relocation and retirement.

The biggest change in the 2022 budget is to Parish Share. No formula has been used, but we have included a total based on the amounts received in the most recent years and the amount needed to pay stipendiary clergy in parishes. It is up to each of you to consider what your parish or benefice can aspire to offer, but also to understand as you make that decision the real cost of each stipendiary priest (currently around £55,000 a year). If we can raise more than we have planned, we will be able to employ more clergy. As 2022 will be the first full year for the covenant pastors to be at work, we cannot yet include a forecast budget figure based on your covenant decisions. This I leave to you, whilst asking that we all pray that we respond to the Lord's call to be cheerful and generous in our giving.

As you can tell from this letter, 2022 will not be an easy year, but it does represent a big step into our lives together within 'Resourcing Sustainable Church: A Time to Change- Together'. I ask that you support what will be a challenging budget for 2022 and thus enable us to work together to ensure that this programme of change is one which will have a clear focus on our collective ministry and mission to the whole population of our diocese.

Yours,

Canon Professor Muriel Robinson OBE DL

Chair of the Lincoln Diocesan Trust and Board of Finance Ltd

The Budget 2022

INCOME	2022
	£'000
Parish Share	3,500
Mission Grant from the Church Commissioners	1,105
Income from Investments & Assets	2,883
Parochial Fees	580
Other Income	803
Total Income	8,871
EXPENDITURE	
Clergy Stipends & Training	5,927
Clergy Housing	1,437
Ministerial support	397
Responsibilities to the National Church	772
Parish Support	803
Legal & Professional	1,308
Board of Education	100
Total Expenditure	10,744
Net Deficit	(1,873)

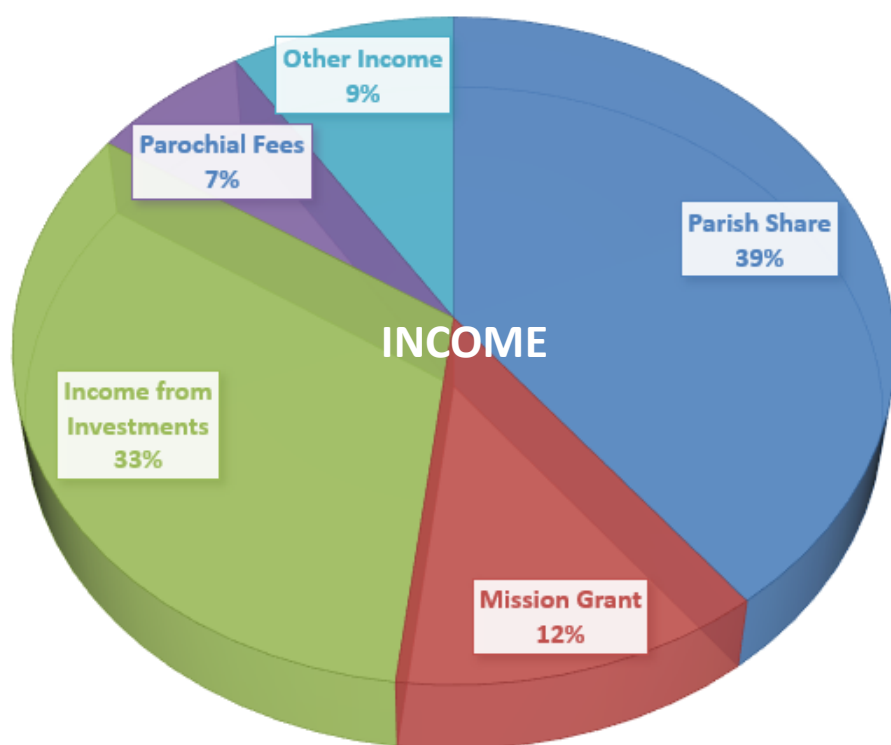
Cashflow 2022

	Total
Operating Income	£'000
Parish Share	3,500
Investment Income	1,912
Glebe Income	970
Mission Grant from Church Commissioners	1,105
Fees	580
Parsonage Rents	300
EIG - All Churches Trust	154
Other Income	350
Total Operating Income	8,871
Operating Expenses	
Parochial Ministry Pay costs	4,600
Curates' Pay costs	722
Other Salary costs	1,777
Other operating expenses	3,645
Total Operating Expenses	10,744
Net Cash Inflow / (Outflow) from Operating Activities	(1,873)
Capital expenditure	
Purchase of Glebe Land	-
Receipts from the Sale of Glebe Land	1,266
Purchase of Clergy Housing	-
Receipts from the Sale of Clergy Housing	2,242
Other Capital Purchases/Works	(500)
SDF Project	-
Inflow/(outflow) from capital expenditure	3,008
Increase/(decrease) in cash	1,135
Opening Cash Balance	3,000
Closing Cash Balance	4,135
Contingency	3,000
Available for Investment	1,135

Capital Expenditure 2022

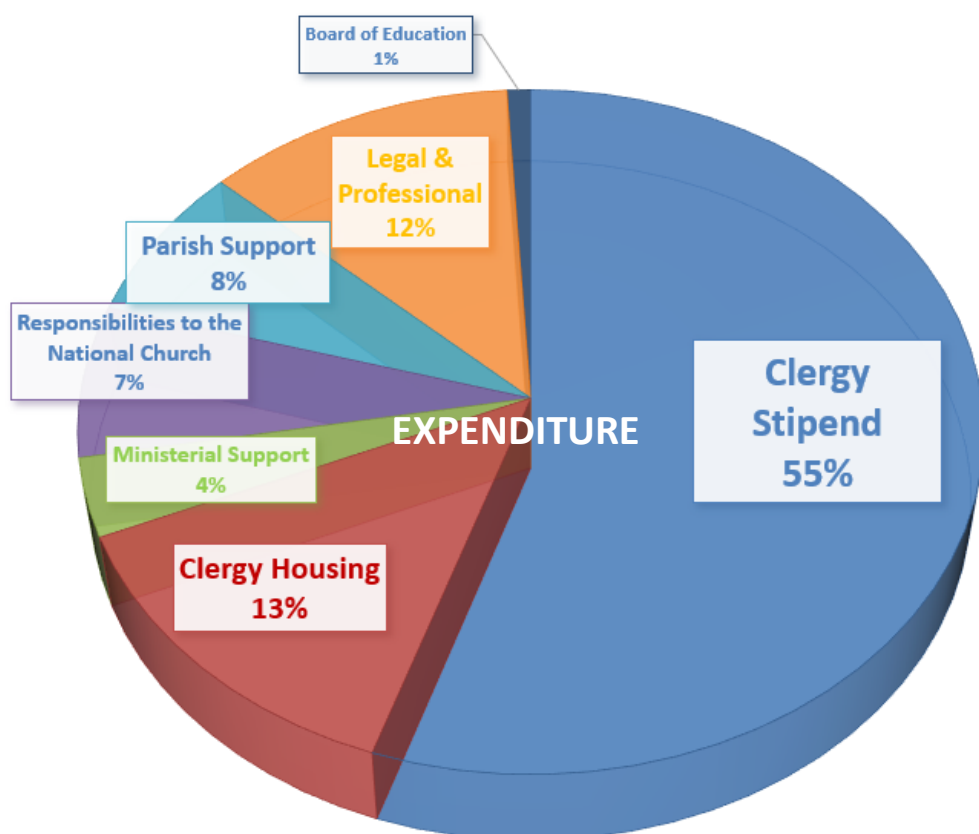
Capital Type	Budget 2022 £'000
Proposed Glebe Sales	
The Lodge	785
Other glebe sales	481
Budgeted Glebe Sales	1,266
Proposed Property Sales	
Estimated sales	2,242
Budgeted Property Sales	2,242
Capital expenditure	Capital
Clergy housing	485
IT and Office equipment	15
Total Capital expenditure	500
Net Effect After Sales	3,008

Income 2022



	£'000
Parish Share	3,500
Mission Grant	1,105
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Other Income	803
Total Income	8,871

Expenditure 2022



	£'000
Clergy Stipend	5,927
Clergy Housing	1,437
Ministerial Support	397
Responsibilities to the National Church	772
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Total Expenditure	10,744
Net Deficit	(1,873)

An explanation of budgeted expenditure in 2022

£5,927,165

funds Clergy Stipends/ Pensions/ Training

This budget provides for 129 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 to ensure continuity of service in our churches when in a vacancy.

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

Training including 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.

exercise those ministries, through initial training, continuing ministerial development, network events, and advocacy.

£1,437,188

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.

£397,000

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 working with parishes to spread the word of God and continue with the environmental work around Eco-Church.

Transformation Fund a fund which is available for parishes to apply for grants for Missional projects.



The Warden of Lay Ministry offers support to those seeking to become authorised lay ministers and Readers and to those who currently

An explanation of budgeted expenditure in 2022



£771,968

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) covers the majority of the costs of pre-ordination training for clergy for deployment in the Church of England.

Archbishops' Council (Vote 2) 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 from the Church Commissioners towards Safeguarding, Environment and other cost pressures including irrecoverable VAT.

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

Mission Agency Pensions (Vote 4) 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) 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.



An explanation of budgeted expenditure in 2022

£802,685

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. The cost of the faculty fees for the parishes is met centrally by the LDTBF.

Diocesan Synod costs primarily covers 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 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.

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.

£1,308,546

Funds Legal & Professional

Core Services 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 including 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 budgeted expenditure for 2022

PARISH SHARE

The parish share is being assumed at the same level included in RSC at £3,500,000. This change is being supported through the introduction in 2021 and 22 of Covenant Pastors who will help each parish determine what it can commit to pay.

ARCHBISHOPS' COUNCIL GRANT

The figure for 2022 is £1,105,113. 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%. We have assumed no disposal of investments in 2022 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 2021 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 £300k has been included based on the level of lettings forecast to be available. Our surplus housing will be disposed of in the future 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 £86,000 has been included for 2022 which includes 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.

CLERGY COSTS

Parochial Ministry

The numbers have been assumed at 110 at the end of 2022. This is to reflect our aim to reduce numbers to 100 by 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 19 at the end of 2022. Curates are now training on three year curacies rather than the previous four years.

Clergy Housing

The budget for 2022 is £1,437,188, including capital expenditure of £500,000. A modest level of refurbishment will be carried out in the future.

Parish Support

The budget assumes no changes to the staffing for 2022.

Key points to note in relation to the budgeted expenditure for 2022

LEGAL PROFESSIONAL AND GOVERNANCE

Staffing has been reduced to reflect those staff who have left under Voluntary Severance across different functions within Edward King 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 £347,068 has been included for 2022.

Finance and Administration Costs

Staffing adjustments have been made to reflect those who have left under voluntary severance.

Value for Money Assumptions

No inflationary increase has been assumed for 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

A pay increase of 1% has been assumed for both stipends and employees which is in line with what has been agreed nationally for 2022.

Capital Expenditure

Capital Expenditure for housing and other has been included at £500,000 for 2022.

Cashflow 2022

The Cashflow includes the proposed sales of property, glebe land and capital expenditure to existing housing. Cash is anticipated to be at £4.1m at the end of December 2022.

Total Return

To fund the journey to a more sustainable Diocese we will have to fund this from total return. The requirement over the next five years will be to draw down from Total Return £9,604,208. This will involve the disposal of assets to fund this.



Resourcing Sustainable Church: A Time to Change Together

If you have any queries regarding the Budget 2022 please contact

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