



The Church of England
Diocese of Ely

ely2025

Ely2025

Programme 2021-25

and

Budget Guide 2022

Explanatory Notes

September 2021

People Fully Alive: Ely2025

Foreword from The Rt Revd Stephen Conway

As a diocese, we pray to be generous and visible people of Jesus Christ. The main thing I want to say here as we look to the diocesan budget for 2022 is 'thank you'. The generosity displayed by parishes across the diocese throughout the pandemic has been extraordinary, in circumstances that continue to be very challenging indeed for many. None of us underestimates the difficulties of the protracted and repeated interruptions to our patterns of public worship, of planning, and of fundraising, nor of the economic uncertainty faced by many. Against that backdrop, the continued generosity of so many to their local parish churches, and of parishes in continuing to meet ministry share requests is remarkable.

Nonetheless, the impact of the pandemic on our diocesan income and budgeting has been significant, particularly because of the reduction we have experienced in our investment income. But we have reason to be both thankful and hopeful: through careful husbandry of our resources, we have been able to reduce the deficit in the 2022 budget to only around £200k, and our serious intention is to return to a balanced budget in 2023. We do not want to run the risk of deficits becoming structural.

We are thankful that we are able to maximise our assets through careful sale of land, and cautiously hopeful that investment income will improve with the wider economic growth that we seem to be beginning to see already. We are asking for a 1.5% ministry share increase for 2022, mostly to meet the cost of the agreed increase in clergy stipends (after they were frozen for 2021). Whether we are able to return to a balanced budget as hoped will depend, therefore, in no small part on maintaining the current high levels of parish share collection. The finances remain tight.

I write this as we embark in earnest on deanery development planning. This signals our serious commitment to continuity of the implementation of Ely2025, and of forward planning for mission and ministry in ways that are hopeful and realistic. This budget represents a key part of that realism and hope, and I am grateful to all who have worked so hard to steward our resources so carefully during this time of challenge, and to plan ahead, particularly to Brian Atling, Paul Evans, Lorraine Orbell, Martin Kenward, and James Owen.

But above all, thank you to each and every one of you for your generosity, as we together express our gratitude to God for his abundant provision, praying to be ever more the generous and visible people of his Son Jesus Christ.



Ely Diocesan Vision

We pray to be generous and visible people of Jesus Christ.

Believing that God calls us to discover together his transforming presence in our lives and in every community, in Jesus Christ we pray:

To engage fully and courageously with the needs of our communities, locally and globally

To grow God's church by finding disciples and nurturing leaders

To deepen our commitment to God through word, worship and prayer

Ely2025: Levers of Change

Lever 1 NURTURE a confident people of God

Lever 2 DEVELOP healthy churches and leaders

Lever 3 SERVE the community

Lever 4 RE-IMAGINE our buildings

Lever 5 TARGET support to key areas

*People Fully Alive : Ely2025
A strategy for growth (September 2015)*

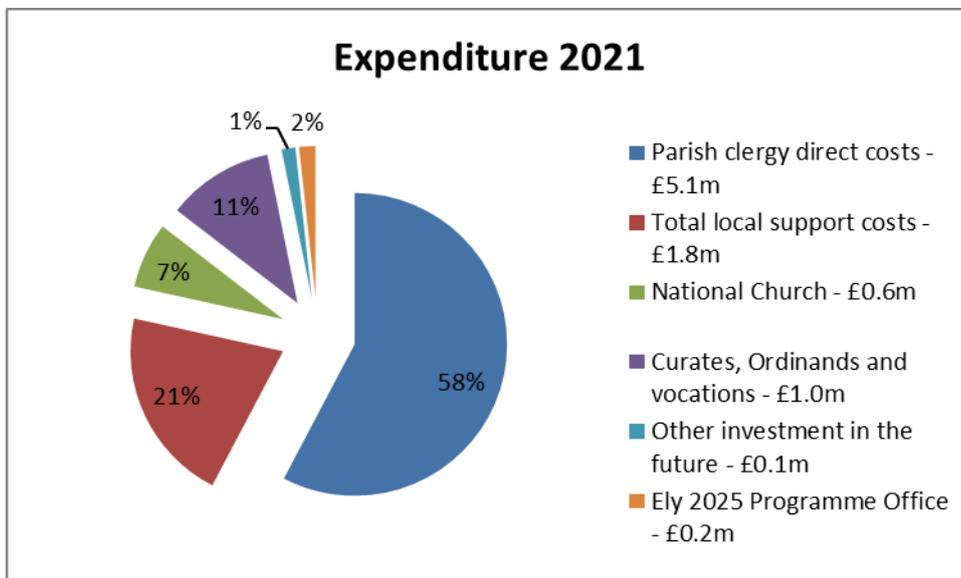
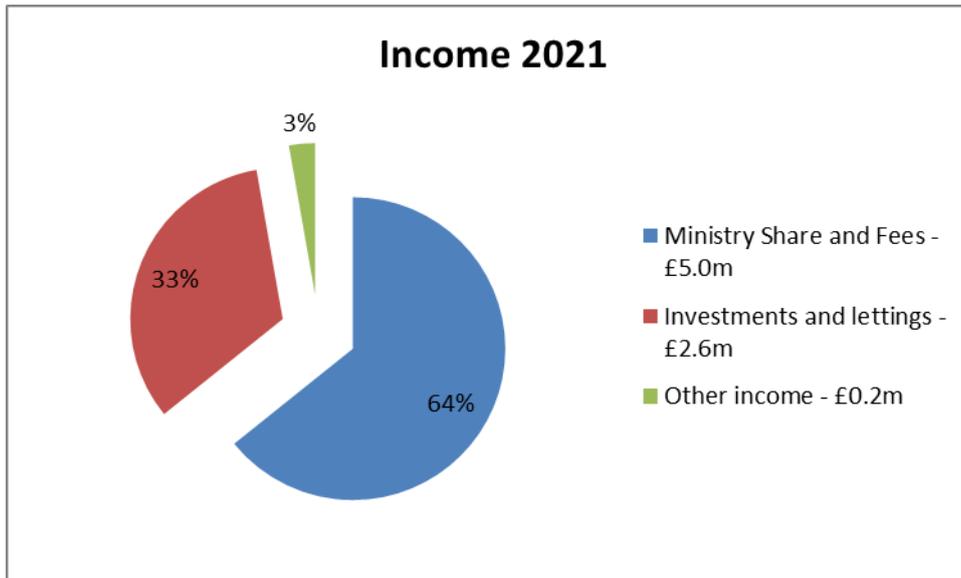
People Fully Alive : Ely2025 Budget 2022

Key Points

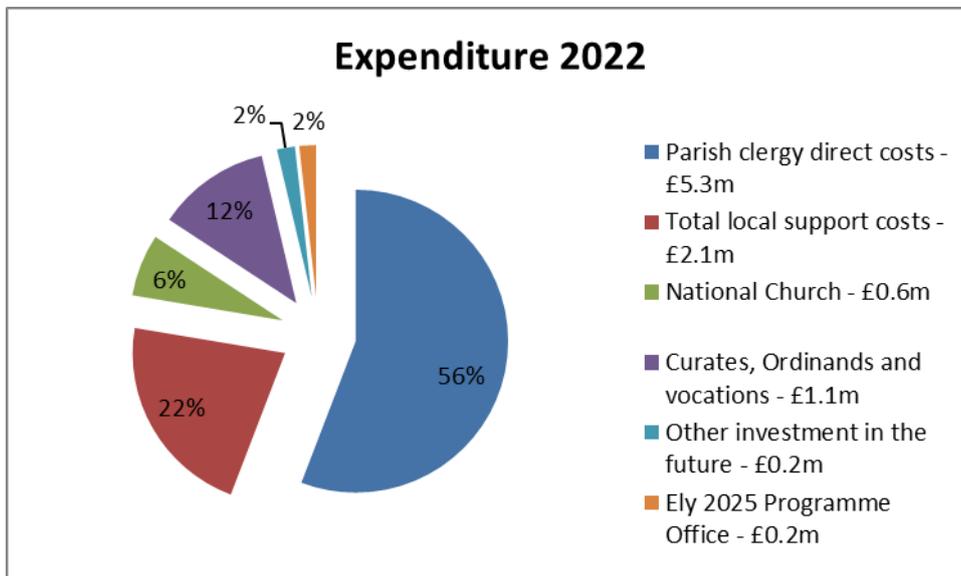
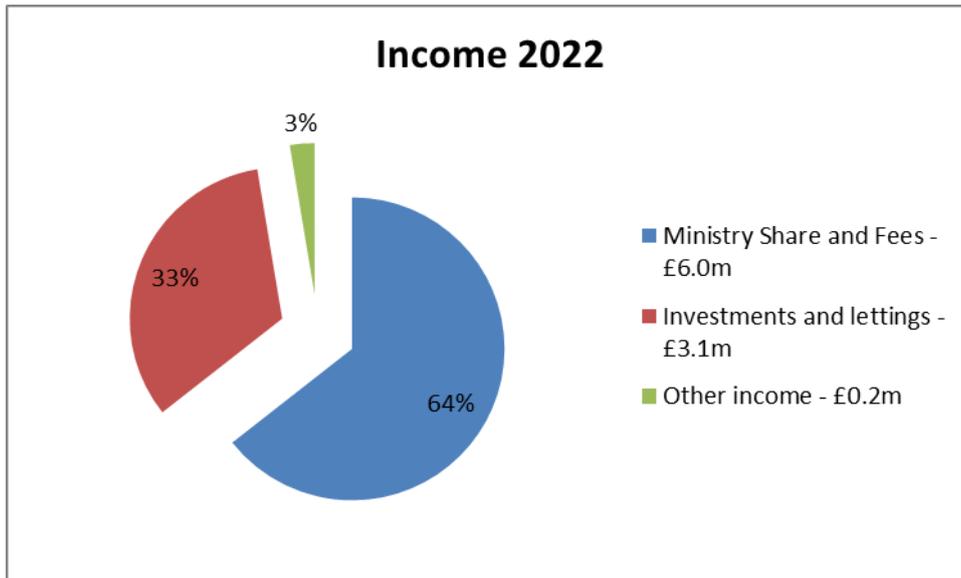
- Our overall **strategic financial objective** for 2022 is to achieve a near balanced budget with a forecast deficit of only £160k. We will achieve this by freezing costs and managing a sustainable deployment plan for clergy and Diocesan Office posts. Bishop's Council will be kept updated regularly throughout the year as our financial position develops. Our main assumptions for the construct of the 2022 Budget are set out below (and on page 9 in greater detail)
- **Ministry share** for 2022 is expected to cover 93% of clergy costs for existing clergy and curates. Investment income normally covers the balance of direct clergy posts, 100% of the local support and office running costs but is not expected to contribute to the costs of education which are separately funded. The overall collection rate for ministry share is expected to return to 96.2% in 2020, up from 84.3% in 2021. In 2022 investment income is anticipated to recover from the effects of Covid-19 and surpluses on sales of Glebe Land are planned to be invested in capital to increase the levels of investment income received.
- **Overall ministry share increase of 1.5%** for 2022 is being requested due to the proposed increase of 1.0% - 1.5% in clergy stipends by Church House to bring them into line with the National Stipend Benchmark figure of £27,270 per annum. However, the actual cost of a stipend to the Diocese is £39,788 which comprises the stipend plus employer's National insurance and clergy pension contribution of £2,530 and £10,081 respectively, before including housing costs which average £10,525. Investment income will continue to fund the activity approved by the Bishop's Council, Ministry and Mission programmes to continue the implementation of Ely2025, including the running of the Ely2025 Programme Management Office (part-funded by the Church Commissioners).

EDBF BUDGET 2022				
1.5% Parish Share Increase	2022	2021	2020	2019
	Budget for year	Budget for year	Actual for year	Actual for year
EXPENDITURE				
Clergy stipends	3,856,870	3,928,016	4,008,187	3,929,728
Curates exc. housing	841,668	785,885	756,443	697,252
Housing costs	1,230,694	972,553	1,256,254	1,347,126
Clergy other	192,500	180,500	119,064	234,768
	6,121,732	5,866,954	6,139,948	6,208,874
Archdeacons	158,625	143,123	149,812	154,339
Mission & Ministry	715,425	493,046	471,441	572,671
Education (net cost)	179,994	127,844	5,277	(72,808)
DDO & Vocations	67,783	27,671	26,874	26,006
Ordinands Grants & RME costs	230,000	184,421	203,220	62,629
Safeguarding	210,807	185,429	180,595	244,973
Registry, DAC & Legal costs	385,442	397,955	372,924	410,272
IT & Office running costs	269,021	313,162	257,285	304,077
Programme Office	167,092	152,148	151,521	146,466
Admin salaries	329,324	298,648	395,659	310,625
National Church	627,727	618,450	618,450	618,450
	9,462,970	8,808,851	8,973,006	8,986,574
INCOME				
Parochial Fees	300,000	300,000	291,567	286,941
Investment income	2,630,184	2,164,379	2,221,314	2,611,918
Investment income DPA	91,935	73,802	53,727	100,470
Letting income	348,000	348,000	228,217	187,180
Other income	243,346	216,361	352,351	143,375
	3,613,465	3,102,542	3,147,176	3,329,884
Surplus of expenditure over income	5,849,505	5,706,309	5,825,830	5,656,690
MINISTRY SHARE INCOME				
Ministry Share request	5,920,376	4,872,760	5,825,998	5,949,966
DDR Discount	(124,778)	(121,089)	(133,851)	(135,972)
Deanery Discount	(106,347)	(26,455)	(89,497)	(121,872)
	5,689,251	4,725,216	5,602,650	5,692,122
NET SURPLUS/(DEFICIT) FOR YEAR	(160,254)	(981,093)	(223,180)	35,432
Forecast stipendiary clergy numbers				
Stipendiary clergy fte posts	104.0	108.9	119.4	118.9
Stipendiary clergy fte budget	96.0	100.0	100.4	108.9
Stipendiary Curates fte	22.3	21.0	19.0	20.0

2021 Forecast



2022 Budget



BUDGET 2022					
ELY DIOCESAN BOARD OF FINANCE					
					2022 BUDGET version 13
1.5% parish share increase inc. inflation					(exc. Market Towns)
INCOME					
	2019	2020	2020	2021	2022
	ACTUAL	BUDGET	ACTUAL	BUDGET	BUDGET
	£000s	£000s	£000s	£000s	£000s
GIVEN BY PARISHES					
Net Ministry Share received	5,692	5,882	5,603	4,725	5,689
Parish fees	287	325	292	300	300
	5,979	6,207	5,894	5,025	5,989
INVESTMENT INCOME					
Investment income (incl Glebe, net of costs)	2,712	2,712	2,275	2,238	2,722
Property letting income (net of costs)	187	200	228	348	348
	2,900	2,912	2,503	2,586	3,070
OTHER INCOME					
	143	111	352	216	243
TOTAL INCOME	9,022	9,230	8,750	7,828	9,303
EXPENSES					
PARISH CLERGY DIRECT COSTS					
	5,512	5,605	5,384	5,081	5,280
Local Support Costs	1,382	1,082	1,175	1,220	1,470
Diocesan Office Costs	615	779	653	612	598
TOTAL LOCAL SUPPORT COSTS	1,997	1,861	1,828	1,831	2,069
CONTRIBUTION TO NATIONAL CHURCH					
	618	640	618	618	628
INVESTMENT IN THE FUTURE					
	860	1,112	1,143	1,278	1,487
TOTAL EXPENSES	8,987	9,218	8,973	8,809	9,463
(DEFICIT)/SURPLUS	35	11	(223)	(981)	(160)

DBF BUDGET ASSUMPTIONS - 2022

Ministry share	- 1.5% increase in parish share including inflation for 2022 and 2.0% thereafter
Parochial fees	- overall collection rate of 96.2% of allocation used for 2022 and 2023 (84.3% in 2021 budget) - assumed fairly stable but this income has been reducing over the years
Investment income	- updated detailed assumptions from Jon Green where 2022 Glebe sales have been incorporated
Letting income	- assumed fairly stable but this income has reduced as unused properties have been sold - inclusion of £148k rental for the Retreat House let to King's School, Ely
Other income	- £100,000 grant income assumed continues from Allchurches Trust (EIG)
Stipends	- clergy posts available set as 98 full-time, 12 part-time and 10 house for duty posts i.e. 108fte posts - 96fte budgeted stipendiary clergy posts equates to 104fte clergy posts less an average 8 vacancies - clergy stipends increase 1.375% per annum for 2022/2023 and 2.0% from 2023/24 onwards - an increase of 1.375% is needed to bring stipends into line with the National Stipend Benchmark - clergy pension contributions have increased by 2.0% per annum for 2021/22
Curates	- curate numbers have increased to the 22.5 by 2022; the 50% agreed increase on the base of 15 - curate stipends increase 1.0% per annum for 2022/2023 and 2.0% from 2023/24 onwards - assume SMF funding is received for 4.0 new curates in 2021 and then for another 2.0 in 2022
Housing	- housing maintenance budget increased from restricted £420k in 2021 up to £500k for 2022 <i>(this is £150k below the level of budget that been assessed by the department as being required)</i>
Clergy other costs	- no increases from 2021 budgeted figures; mainly removals costs and new appointment grants
Archdeacons	- the main cost is Archdeacon stipends costs. Costs have been increased by 1.0% annually as Archdeacons are on the national level stipend which is being increased by 1% in 2022
Salaries	- payrise of average 1.5% as of 01/04/2022 and 2.0% as of 01/04/2023 - office staffing (exc. Education) has been increased by 3.60 fte from the 2021 budgeted figures - includes 2 deployed office clergy posts now treated as staff posts after a policy change on salaries and 1.3 staff previously funded by market towns now included as direct salary costs
Pension scheme	- assumed there will be not be any further deficit arising in 2022 when DBS valuation is due
Ministry & Mission	- costs, apart from staffing are held at the 2021 budgeted figures for Mission & Ministry i.e. £290k programme costs. Staffing costs have increased by £220k over 2021 budget due to taking an ordained EDBF staff member off stipends and onto direct salary costs and staff that were part funded by the market towns project are now being funded by the department
Education	- separate Schools Fund/Education budget based on figures prepared by the DBE - Bishop's Officer for School Mission is no longer treated as a stipendiary clergy post
DDO and Vocations	- no increase on 2021 estimated costs; DDO and Vocations clergy post is now paid from salaries
Ordinands grants	- the number of ordinands being trained has increased from 32 in 2020 to approx. 43.5 by 2022 resulting in increased costs of ordinand maintenance grants and pooling charges - budget assumes no requirement to make up any shortfall in the RME Funding costs
Safeguarding	- DBS fees increased from 2021 as anticipated increase due to new 3 year renewal rule and also the reinstatement of support staff services not thought to be required during 2021
Legal and DAC costs	- Historic Places of Worship Support Officer (0.5 externally funded) ends in 2023 - Reach Buildings Audit project is completed by the end of 2021 so no costs in 2022
Administration costs	- no change from 2021 budgeted costs for office running and property costs - infrastructure & IT renewal budgets included, PR & Comms from part of Programme office
Programme office	- comprises staffing costs that do not relate directly to the Market Towns initiative - no increase in PR and general communications budget has been included
National Church	- estimated payment to Archbishops' Council will increase by 1.5% for 2022

What's what ...

These notes describe the principal areas of income and expenditure in the 2022 proposed budget.

Income

- Ministry Share request has been increased by 1.5% and no reduction in the rate of collection of 96.2% is anticipated for 2022 (was up to 20% for 2021).
- Investment income: The Assets Committee seeks normally to maintain a 5.0% increase in income each year over and above the level of inflation, but for 2021 significant reductions in dividend receipts were anticipated due to the impact of Covid-19 on the stock market but in 2022 the expectation is that levels will return to normal.
- Parsonage letting income is expected to remain steady but may be impacted by the new tenancy regulations. There is additional rental income from letting the Retreat House to the King's School, Ely.

Parish Clergy Direct Costs

The first and most significant area of expenditure includes all the items necessary for placing and supporting ordained and lay ministers within the Diocese.

- Clergy Stipends: For 2022 the budgeted number of stipendiary posts is 96 full time equivalent (FTE). The posts are a mix of parochial stipendiary posts, other stipendiary clergy and pioneer posts. The 2022 figure of £5.280m represents stipends, pension, National Insurance contributions, housing, removals/resettlement grants and the costs of vacancies. 65% of the budgeted expenditure relates to the direct costs of clergy.

The 2022 budgeted figure is calculated to reflect a 1.375% stipend increase from 1 April 2022 to bring stipends in line with the stipends benchmark set by the National Church.

Local (Clergy and Parish) Support Costs

These are the costs of providing support to parishes and clergy plus several statutory functions. They include:

- Archdeacons (with support staff)
- Ministry and Mission support and training
- Clergy support and counselling
- Stewardship support
- Safeguarding
- Legal fees
- Church inspection and faculty fees

Overall, 22% of the budget is spent on these operational items; including the costs of Ministry and Safeguarding to support the Ely2025 strategy. All expenses incurred by the Bishops and their

offices are paid by the Church Commissioners and are not included in this budget. Likewise, the Cathedral is directly funded by the Church Commissioners and not by the Diocese.

Diocesan Office Costs

These are the costs of administration for the Diocese which include:

- Salaries for administration staff
- Office running costs and maintenance
- Parsonage maintenance management
- Church Buildings Support (work carried out in-house)
- Board and Committee expenses
- Communications and Public Relations
- Audit and accountancy advice, finance, gift aid support, trusts administration
- Legal advice

Wherever possible, overhead costs are still being held at 2019 levels, although salaries have been increased by up to 1.5% in the 2022 budget. There was no percentage increase in staff salaries in April 2021. Parsonage maintenance cost rises are running ahead of inflation.

Contribution to National Church

This heading brings together all the costs associated with our support for the Church of England, together with costs associated with training new clergy in theological colleges. The main element in the National Church Support figure includes the central administration, some funding for retired clergy housing and some clergy associated with the Church of England's National Mission.

The Archbishops' Council has made a commitment to keep costs down. The average budget request per diocese was reduced by 1.6% nationally for 2021, apart from the pooling system for ordinands' maintenance grants.

Investment in the Future

- Curates
- Bishop's Change Officer for Market Towns
- Director of Ordinands and Vocations
- Local Ordinands maintenance grants

The 2022 budget is for 22.25 curates (21 for 2021) in line with National Church Guidelines for increasing numbers by 50%. Overall, 16% of the budget is spent on these operational items; it is set at a slightly higher figure than the 2021 budget as it incorporates anticipated changes in the costs of Ministerial Education, particularly residential training.

Deficit

As a charity and not-for-profit organisation, the Diocese aims to break even over time. Due to fluctuations in circumstances, surpluses and deficits are made annually. Recent years up to 2019 have returned a small surplus, while in earlier years deficits have been incurred. Due to the impact of Covid-19, the 2020 outcome was a deficit, albeit lower than originally forecast. In 2021 a significant deficit is expected to arise due to the ongoing loss of income by the Diocese because of the pandemic.

However, the Diocese has made cost savings wherever possible for the 2022 budget and it is hoped there may only be small deficit of £160k arising for the year.

Reserves policy

Any surpluses which have been built up over years are known as reserves. The Charity Commission requires us to have a policy. The Diocesan Reserve Policy is a target for free reserves (net of tangible fixed assets and investments) currently set at an amount equivalent to three months' gross expenditure from unrestricted funds estimated at £2.13m (2020). The Dioceses also needs to retain sufficient reserves to support a potential major drop in annual ministry share receipts. At 31 December 2020 the free reserves of the Diocese amounted to £6.4m, of which up to £1m or thereabouts will be used to cover the deficits for 2021 and 2022.

CONTACT

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This guide is also available on the Diocesan website

www.elydiocese.org