

Autumn Briefing – Finance

Diocesan Finances Review, 2025 forecast, 2026 budget and outyears forecast

Diocesan Finances Review (DFR)

- Undertaken by National Church
- After a long process of consultation have arrived at following measures:
 - NCI spending will increase from £1.2bn to £1.6bn for the new Triennium (36% increase). This is a 36% increase before taking into account inflation.
 - Increased support for clergy including inflationary catch up on National Minimum Stipend (NMS) and suggested National Stipend Benchmark (NSB) as well as a review of pension benefits.
 - Replacement of the old “Vote” system with a new Ministry Training Fund (MTF).
 - Removal of training grants from September 2026 and the removal of pooling adjustment allowance which finishes in 2027.
 - Time limited support available for Dioceses over 9 years on a tapered basis.
- Oxford impact due to exclusion from centrally funded projects and high MTF

Impact from DFR

- Underlying impact without tapered relief:

<u>£'000</u>	2026	2027	2028	2029	2030
Stipend, Er's NIC and Pension impact	(669)	(1,028)	(1,183)	(1,312)	(1,412)
Vote 1 removed	953	965	978	991	1,004
Removal of training grants (finish 2026)	173	498	476	486	496
MTF	(1,346)	(1,854)	(1,922)	(1,972)	(2,023)
Vote 2-5 removed	1,137	1,174	1,212	1,253	1,295
Impact of DFR	249	(245)	(439)	(554)	(640)

- Tapered relief gives short term help but longer term requires course correction

Forecasts and 2026 Budget



	2025 Budget	2025 Forecast	2026 Budget Post DFR	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
	Net £'000	Net £'000	Net £'000	Net £'000	Net £'000	Net £'000	Net £'000
Total Parochial Stipends, NICs & Pensions	(13,983)	(13,333)	(14,960)	(15,432)	(15,882)	(16,427)	(16,735)
Statutory Fees & Other Contributions to Stipends	6,664	6,409	6,573	6,700	6,848	7,001	7,157
Ministerial Oversight & Grants	(822)	(1,050)	(1,157)	(1,185)	(1,210)	(1,236)	(1,261)
Total Ministry Training Costs	(2,392)	(2,278)	(2,538)	(2,771)	(2,889)	(2,922)	(2,938)
Buildings	(3,603)	(3,601)	(3,759)	(3,898)	(4,026)	(4,158)	(4,293)
Apportionment of support costs (FTE - not including support posts)	(949)	(1,044)	(1,064)	(1,096)	(1,125)	(1,152)	(1,179)
Resourcing Ministry & Mission Total	(15,085)	(14,897)	(16,907)	(17,682)	(18,284)	(18,894)	(19,248)
Support for Parish Ministry Total	(2,335)	(2,345)	(2,276)	(2,367)	(2,551)	(2,573)	(2,674)
National Church Costs (Votes 2-5)	(1,102)	(1,102)	-	-	-	-	-
Grants Expenditure Total	(610)	(594)	(593)	(598)	(602)	(616)	(630)
Adjusted Parish Share	18,823	18,816	19,571	20,276	20,903	21,548	21,985
Core Budget (Deficit)/Surplus	(310)	(122)	(205)	(371)	(534)	(535)	(569)
Potential for Tapered relief			205	371	534	535	569
Core Budget (Deficit)/Surplus after Tapered relief			-	-	-	-	-

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Budget Assumptions



Key Assumptions:	2025	2026	2027	2028	2029	2030
Annual increase in Parish Share on prior year	3.10%	3.00%	3.00%	2.50%	2.50%	2.00%
Stipendiary clergy & layworkers posts	302.32	300.95	300.95	300.95	300.95	300.95
Average clergy vacancies (from stipends sheet)	40	30	30	30	30	30
Curates in training - expected average nos	52.23	54.68	47.10	47.10	47.10	47.10
Associate Archdeacons	3.20	3.20	3.20	3.20	3.20	3.20
Stipend increase from 1 April each year	3.00%	6.85%	3.20%	2.80%	2.60%	2.40%
NMS inflation	5.02%	10.70%	3.20%	2.80%	2.60%	2.40%
Salary cost increase from 1 Sept each year	3.00%	4.00%	3.20%	2.80%	2.60%	2.40%
General inflation assumption	2.00%	3.00%	2.00%	2.00%	2.00%	2.00%
Clergy pension contribution rate (from 1st April)	22.00%	22.00%	22.00%	22.00%	22.00%	22.00%
Anticipated share under collection rate	6.00%	5.50%	5.00%	4.50%	4.00%	4.00%

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Parish Share

- 2026 will be the last share to be based on the old National Church Funding model
- 2027 onwards will have to take into account the move to MTF
- Budget assumes lower than Stipend adjustment increases
- Cap held down to avoid higher than inflation increases for Parishes
- £5.37m of UTR relief built into model limiting impact of central costs on Parishes
- Collection rate remains slightly lower than hoped for
- Direct Debit preferred method of collection
- Thank you for supporting the Parish Share payments which is vital to running the Diocese