

## Oxford Diocesan Board of Finance

### 2019 Draft Outline Revenue Budget and Share Allocation

#### Overview from the Diocesan Secretary

The 2019 budget has been developed with two points of reference – the important task of resourcing the regular missional work of parishes through the provision and support of parochial clergy and related services- and the need to resource the developing strategic work.

Bishop's Council understands that the practice of increasing share, on average across the diocese, in line with or just short of stipendiary increases, can in itself put pressure on parishes if they are not seeing a growth in income, and that there is therefore limited scope to increase share at a higher rate to fund strategic work. It has therefore been agreed to take a "Total Return" approach to a section of the glebe investments and to utilise a small proportion of the unrealised capital gains, (see section D below). **In addition** to covering the costs of managing the glebe investments and to maintaining the level of support given to the share, it should enable us to allow about £2.5m a year for three years, to be allocated to the diocesan wide strategic work, which will be an investment for the future. This will support a step change in the way we are church in a rapidly changing environment. We can then review what level of drawdown would be appropriate at the end of the three year period. Bishop's Council will be giving detailed consideration to the proposals that are ready, at its July meeting.

However the full contribution of parish share to fund core parochial ministry, ordinand training, central support services and national church costs remains vital. In general, the tight control of the revenue budget has continued, allowing only the normal staff salary increases. The exceptions to this are very limited.

A 2% increase is included in the clergy housing repair budget to enable a comparable amount and quality of work to be continued at a time of rising costs in the building sector.

In response to the external national audit of the diocesan safeguarding provision an additional safeguarding caseworker is to be appointed to help deal with the demanding caseload. The requirement that safeguarding training is provided to all licensed ministers and to key church officers has increased the diocesan training cost, but the raising of awareness has also increased the level of reporting and safeguarding casework. This has also generated increased indirect costs in terms of supervision and the impact on HR team of which Safeguarding is a part. The staffing level will be kept under review but the needs are unlikely to diminish, certainly in the short term.

Finally, a part time academic administrator is needed in response to the increasing number of learners, including curates, registering under the Durham Common Awards process who use the National Church's new Virtual Learning Environment (Moodle).

As the strategic proposals become clearer staff will be reviewing their current workload to see where refocussing of time is possible. However, the budgetary constraint which has applied for a

number of years has left very little scope for flexibility and is already having an impact. It will be important to build capacity in a variety of ways if the core working of supporting parochial ministry is not to suffer.

**Rosemary Pearce**  
**Diocesan Secretary**

## 2019 Draft Outline Budget and Share Allocation

### A Introduction

This is the draft budget for 2019, recommended by Bishop's Council as the basis for the 2019 draft share allocation. Further work on the budget will take place over the summer in the light of the mid- year results and changing circumstances, with a revised 2019 budget presented to October Bishop's Council and November Synod, though this will not change the parish share allocation except in an exceptional situation.

### B Overview

The draft 2019 revenue budget shows an overall surplus of **£66K** (2018: £104K). The draft budget has first been set on a business as usual basis, with the impact of additional income generated by the adoption of total return now included, together with the application of this income in funding the Diocesan Common Vision strategy.

### C Key Budget Assumptions

The key assumptions used at this stage are:

1. Stipend increase 2% (2018:2%)
  2. Share increase 1.75% (2018: 1.75%)
  3. Share under collection 2.4% (2018: 2.5%)
  4. Clergy vacancies 28 (30 less 2 emergency posts) (2018: net 26)
  5. Buildings repairs increase 2% (2018: nil)
  6. Stipendiary clergy posts 321 (2018: 321)
  7. Curates in training average posts 50 (2018: 52)
1. A provisional 2% increase in clergy stipends has been included in the 2019 budget from April. The 2019 budget includes the apprenticeship levy and National Insurance contributions are included at 8.25%, in line with the current average after HLC allowances.
  2. The appropriate level of annual average share increase has been considered in detail, acknowledging the need to keep in balance clergy stipend increases and share increases, and Bishop's Council recommend to Diocesan Synod an average share increase of 1.75% for 2019. It is 0.25% below the stipends increase, as the share increase is held down by a lower provision for under collection of share and growth of glebe income.
  3. Share under collections are budgeted at a 0.1% improvement from the 2018 budget (2.5%), i.e. at 2.4%, £492K in total. Under collections in 2017 totalled 3%, £606K. It is anticipated that the 2019 target is achievable, due to the progress of recovering deanery plans.
  4. Vacancy levels are the most difficult area of the budget to predict, and underestimates have resulted in significant budget surpluses in previous years – although not in 2016 nor 2017. The vacancy provision for 2019 has been increased to net 28 (2018: net 26) in light of 2018

vacancies to date and discussions with Archdeacons of forthcoming clergy movements and retirements. Any change to vacancies would result in an additional cost or saving in the region of £39K per post in 2019.

5. The draft budget includes a 2% increase in the repairs budget for clergy housing for 2019, given cost inflation in this sector.
6. The share scheme allows for changes in stipendiary post numbers to be confirmed over the summer for the second draft budget to be presented to Bishop’s Council in October and Diocesan Synod in November. A decrease in stipendiary posts decreases ministry costs by £39,196 per post in 2019, with an equal reduction in share requested from the deanery. No changes have been requested by Archdeacons to date - the first draft 2019 budget has been prepared on the basis of consistent post numbers from the changes applied to the 2018 budget last autumn.
7. The budgeted average number of curates in training has been set at 50, assuming that most curates leave some months earlier than before. This is a short-term reduction with the total number of curates expected to increase over the next five years.

**D Total Return**

2018 is the first year that a total return approach will be applied to the Glebe investment portfolios of stocks and shares and managed funds. We are therefore showing, as Glebe income, an amount which represents the withdrawal, agreed by the Bishop’s Council, of 7% of the value of the portfolio. From this sum we will now have to pay for the investment management fees.

The level of glebe investment income included in the draft 2019 revenue budget to support Parish Share is based on the 2018 budget plus RPI inflation. The remaining income is allocated to investment management costs and then to Diocesan Common Vision expenditure. The 2019 budget has been prepared on this basis, and the 2018 budget has been restated to include the comparatives. (See the table below)

The financial impact on the budget is summarised as follows:

	<b>2019 £K</b>	<b>2018 £K</b>
Value of portfolio at 1 <sup>st</sup> January 2018 (Estimate 2019)	94,209	88,909
7% withdrawal to income	6,595	6,223
Allocated between:		
Glebe investment income support for revenue budget/share	3,687	3,542
Investment management costs	350	350
Diocesan Common Vision expenditure provision	2,558	2,331

## **E Other significant budget areas**

### **Development posts**

Four posts are being funded from the designated fund set aside in previous years for development posts in new communities and this fund has now been fully allocated. It has been agreed that one post in Arborfield Green is funded by the 2019 draft revenue budget, as in 2018, at a cost of £39K. These development posts are excluded from parish share calculations.

### **Pension scheme deficit contributions**

The contribution rate to the clergy pension scheme remains 39.9% of the National Minimum Stipend (NMS) of the previous year which results in an underlying increase of 2.3% from April 2019.

The outcome of the triennial valuation for the closed staff pension scheme run by the Pensions Trust is not known and currently no deficit payments are included in the 2019 budget.

### **National Church costs**

National church costs vote 1-5 are included in the draft budget with a 4% increase on 2018, from £1,996K to £2,076K (£80K increase). This is an estimate awaiting further information from Archbishops' Council. Their forecasts for 2019 indicate an increase in the region of 9.4% but dioceses have questioned the affordability so the full forecast increase has not been included in the 2019 budget.

### **Mission Development Grants**

The draft budget includes £100K for mission development grants. Funding is no longer received from the Church Commissioners and at the Spring Consultation deanery officers expressed a preference for the funds to continue to be available, funded through share.

### **Staff changes and salary increases**

The 2019 draft budget includes a 2% provisional cost of living increase from September 2019. For the purpose of budgeting we have assumed that staff will be judged as competent and move to the next spine point from September 2019 unless they are already at the top of the band. The 2019 draft budget includes provision for the following changes from the 2018 staff numbers:

- New safeguarding officer
- New HR Officer
- New part time Academic Administrator in the Department of Mission

The cost to the 2019 budget of the above changes is approx. £94K.

### **Grants to the Board of Education**

The 2019 budget includes a 2% annual uplift for grant to the Board of Education (ODBE) to £264K. From 2016 to 2018 an additional grant of £60-65K a year has been paid to ODBE for supporting an additional staff post for free school bids, a fixed term post not requiring further funding from ODBF in 2019.

ODBE also currently receives a grant of £60K a year from Mission Development Funds to support collaborative work between parishes and schools by the appointment of an additional school adviser to enable all the advisory team to spend a proportion of their time on this work. This has been funded from grant funding for 6 years. ODBE have requested £70K per annum on-going to continue this work. It has been recommended that this is considered for funding from the Diocesan Common Vision strategic expenditure.

### **Buildings budget**

The 2019 draft budget includes an increase of £190K from 2018 budget for Buildings net expenditure, due to buildings repairs cost inflation, council tax increases and additional costs of curates housing. Buildings repair costs inflation is included at 2%, an increase from £2,040K to £2,081K.

Council tax is a significant cost to the Diocese, due to the number of houses, and the Director of Buildings estimates that costs will rise by 6% in 2019, in addition to an increase due to the additional new community properties. Together with inflationary rises for water rates and insurance, this gives an overall increase of £73K from the 2018 budget.

An additional £50K is included in the 2019 budget for rental costs for curates, in line with the proposal taken to the Buildings Strategy Committee in March.

### **F Forecast outturn for 2018**

Currently the forecast remains as budget. The 2018 budget was approved by November Synod with a £104K surplus, based on a parish share average rise of 1.75%, stipend increase of 2% and share under collections rate of 2.5 %.

### **G 2019 draft Share allocation**

The attached 2019 draft share allocation is based on the 2019 draft budget, with an average **1.75%** increase in share from the 2018 allocation. We are not proposing to make any significant changes to the methodology used in this allocation for 2019, reflecting deaneries' requests for stability, and no changes for 2019 have been identified by the Share Review Group (see below.)

Clergy post numbers, community profile score, electoral roll, attendance and fees data have been updated. Attendance and electoral roll data includes estimates where parishes have not

completed Statistics for Mission returns. The 2019 draft share allocation includes capping at 4% and a floor of -1% as before.

We have allocated the same total amounts as in 2018 for support for rural areas and areas of deprivation, £900K for each and have kept the support allowances to deaneries the same as in 2018 as the calculations using updated data and incorporating changes to parish structures give significant swings. PBSC felt it was important to maintain the stability of share allocation from one year to the next while we review the methodology. This is an area we would particularly want to simplify for 2020.

A newly constituted Share Review Group has begun to meet to consider amendments to the share allocation. This is at an early stage – initial meetings so far have generally covered feedback from different stakeholder groups on the current system and some review of available data. Findings and any recommendations for change will be presented to PBSC, Bishop's Council and Diocesan Synod later in the year.

To enable deaneries to plan their allocations to parishes, we are intending to maintain a consistent share allocation between the June and November Synods, with potential revisions resulting only from changes to ministry posts agreed by Archdeacons prior to 31 August.

**Members are requested to note the draft ODBF 2019 budget and draft share allocation.**

Alison Jestico

May 2018

**OXFORD DIOCESAN BOARD OF FINANCE**  
**2019 Draft Budget presented to June Diocesan Synod**

	Draft Budget 2019			Budget 2018			Favourable / (Adverse) Variance	
	Costs £000	Income £000	Net £000	Costs £000	Income £000	Net £000	Net £000	Net %
Parochial stipends	(9,288)		(9,288)	(9,210)		(9,210)	(79)	(0.9)%
National Insurance and Apprenticeship levy	(812)		(812)	(782)		(782)	(31)	(3.9)%
Pension contributions	(3,314)		(3,314)	(3,282)		(3,282)	(32)	(1.0)%
<b>Total parochial stipends, NICs and pensions</b>	<b>(13,415)</b>	<b>-</b>	<b>(13,415)</b>	<b>(13,274)</b>	<b>-</b>	<b>(13,274)</b>	<b>(141)</b>	<b>(1.1)%</b>
Statutory fees and other contributions to stipends		1,109	1,109		1,184	1,184	(75)	(6.3)%
Ministerial oversight and grants	(1,702)	-	(1,702)	(1,571)	-	(1,571)	(131)	(8.3)%
Glebe costs /income	(645)	7,247	6,602	(667)	6,875	6,208	395	6.4 %
National Church - Central Fund for Training	(927)	(10)	(937)	(891)	(10)	(901)	(36)	(4.0)%
<b>Total Buildings expenditure &amp; income</b>	<b>(4,425)</b>	<b>691</b>	<b>(3,734)</b>	<b>(4,327)</b>	<b>782</b>	<b>(3,545)</b>	<b>(190)</b>	<b>(5.4)%</b>
<b>Head 1 Parochial Ministry</b>	<b>(21,115)</b>	<b>9,038</b>	<b>(12,077)</b>	<b>(20,730)</b>	<b>8,832</b>	<b>(11,898)</b>	<b>(178)</b>	<b>(1.5)%</b>
Services to parishes	(342)	-	(342)	(362)	-	(362)	20	5.4 %
Finance, Compliance and Secretariat	(469)	194	(275)	(479)	192	(287)	12	4.0 %
Legal and Chancellor	(200)		(200)	(180)		(180)	(19)	(10.8)%
<b>Head 2 Administration</b>	<b>(1,011)</b>	<b>194</b>	<b>(817)</b>	<b>(1,022)</b>	<b>192</b>	<b>(829)</b>	<b>12</b>	<b>1.4 %</b>
Interest		27	27		27	27	-	
Trust income		8	8		8	8	-	
All Churches Trust grant & sundry income		282	282		274	274	8	2.8 %
<b>Head 2 Finance</b>	<b>-</b>	<b>316</b>	<b>316</b>	<b>-</b>	<b>309</b>	<b>309</b>	<b>8</b>	<b>2.5 %</b>
<b>Head 2 Administration and Finance</b>	<b>(1,011)</b>	<b>510</b>	<b>(501)</b>	<b>(1,022)</b>	<b>501</b>	<b>(521)</b>	<b>19</b>	<b>3.7 %</b>
Board of Mission	(2,130)	52	(2,078)	(2,142)	81	(2,061)	(18)	(0.9)%
Board of Education grant	(264)		(264)	(324)		(324)	60	18.5 %
Ecumenical Grants and appointments	(81)		(81)	(92)		(92)	11	12.5 %
Grants -ODCD, PACT & deanery mission funds	(274)		(274)	(261)		(261)	(13)	(4.8)%
Communications department	(274)	3	(271)	(269)	3	(266)	(6)	(2.2)%
Partnership in World Mission	(48)	-	(48)	(56)	-	(56)	8	15.0 %
Pioneer Minister	(39)	-	(39)	(38)	-	(38)	(1)	
<b>Head 3 Mission in the Diocese</b>	<b>(3,109)</b>	<b>55</b>	<b>(3,055)</b>	<b>(3,182)</b>	<b>84</b>	<b>(3,098)</b>	<b>43</b>	<b>1.4 %</b>
<b>Head 4 National Church - Votes 2-5</b>	<b>(1,139)</b>		<b>(1,139)</b>	<b>(1,095)</b>		<b>(1,095)</b>	<b>(44)</b>	<b>(4.0)%</b>
<b>Diocesan Common Vision expenditure</b>	<b>(2,558)</b>		<b>(2,558)</b>	<b>(2,331)</b>		<b>(2,331)</b>	<b>(227)</b>	<b>(9.7)%</b>
Parish Share- gross budget requirement		20,519	20,519		20,166	20,166	353	
-anticipated under collection		(492)	(492)		(504)	(504)	12	
- rebates		(630)	(630)		(616)	(616)	(14)	
<b>Head 6 Net Parish Share</b>		<b>19,397</b>	<b>19,397</b>		<b>19,046</b>	<b>19,046</b>	<b>350</b>	
<b>Total costs and income</b>	<b>(28,933)</b>	<b>28,999</b>		<b>(28,360)</b>	<b>28,463</b>			
<b>Surplus / (Deficit) for the year</b>			<b>66</b>			<b>104</b>	<b>(38)</b>	

**Key Assumptions:**

	2019	2018
Annual increase in Parish Share on prior year	1.75%	1.75%
Stipendiary clergy & layworkers posts	321	321
Curates in training - expected average nos	50	52
Average clergy vacancies (net of 2 emergency posts)	28	26
Stipend increase from 1 April each year	2.0%	2.0%
Salary cost increase from 1 Sept each year	2.0%	2.0%
Oxford Diocese General Cost Inflation	0.0%	0.0%
Annual increase in clergy housing repairs	2.0%	0.0%
Clergy pension contribution rate	39.9%	39.9%
Staff defined benefit contribution rate for old scheme	29.2%	29.2%
Staff defined contribution rate for new scheme	12.5%	12.5%
Share capping ceiling	4.0%	4.0%
Share capping floor	-1.0%	-1.0%
Anticipated share under collection rate	2.40%	2.50%

2019 Draft Share Allocation

ODS 18.09

1. Costs of Ministry										2. Church of the Future		3. Support Costs		Gross Allocation					
Ministry costs for posts financially supported by the Diocese										Electoral Roll average		October Sunday Attendance (OSA)		Relative Deanery Community Profile score	Membership proportion x Deanery Profile Score = Ability to contribute	National Church and direct training costs	National and Diocesan Support Costs		
Final stipendiary posts as per 2018 allocation			Archdeaconry Posts	Total stipendiary cost		House for Duty		Gross Ministry Cost		Average	Diocesan Proportion	Average	Diocesan Proportion	Deanery Average Value	Ability to contribute	£4,045,000	£5,246,000	£	
£39,196	£9,907	£	£	£	£	£13,500	£	£	%	%	%	%	%	%	£	£	£	£	
Posts	Houses				Posts														
Deanery																			
Oxford Archdeaconry																			
Cowley																			
Oxford																			
Berks Archdeaconry																			
Bracknell																			
Bradfield																			
Maidenhead and Windsor																			
Newbury																			
Reading																			
Sonning																			
Bucks Archdeaconry																			
Amersham																			
Aylesbury																			
Buckingham																			
Burnham and Slough																			
Claydon																			
Milton Keynes																			
Mursley																			
Newport																			
Wendover																			
Wycombe																			
Dorchester Archdeaconry																			
Abingdon																			
Aston and Cuddesdon																			
Bicester and Islip																			
Chipping Norton																			
Deddington																			
Henley																			
Vale of White Horse																			
Wallingford																			
Wantage																			
Witney																			
Woodstock																			
OXFORD DIOCESE																			

