



**DIOCESE** *of* **OXFORD**

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*Berkshire, Buckinghamshire, Oxfordshire and Milton Keynes*

**SPRING FINANCIAL CONSULTATION**

**2019**

# AGENDA

- Setting the context – Current financial position
- Update on Common Vision plans and the Development Fund
- Discussion and Questions
- Coffee
- 2020 Budget assumptions
- Update on 2020 Parish Share and Review
- Questions and Discussion
- Prayers and close

# Setting the context

## 2018 ESTIMATED OUT-TURN

	2018		2017
	Actual £000	Budget £000	Actual £000
Parochial Ministry	14,420	14,229	14,232
Administration & Finance	409	520	484
Mission in the Diocese	2,946	3,097	2,712
National Church Responsibilities	1,095	1,095	1,055
Parish Share (Net)	18,986	19,046	18,750
Surplus	116	105	268

# **How are we funding the Diocesan Common Vision?**

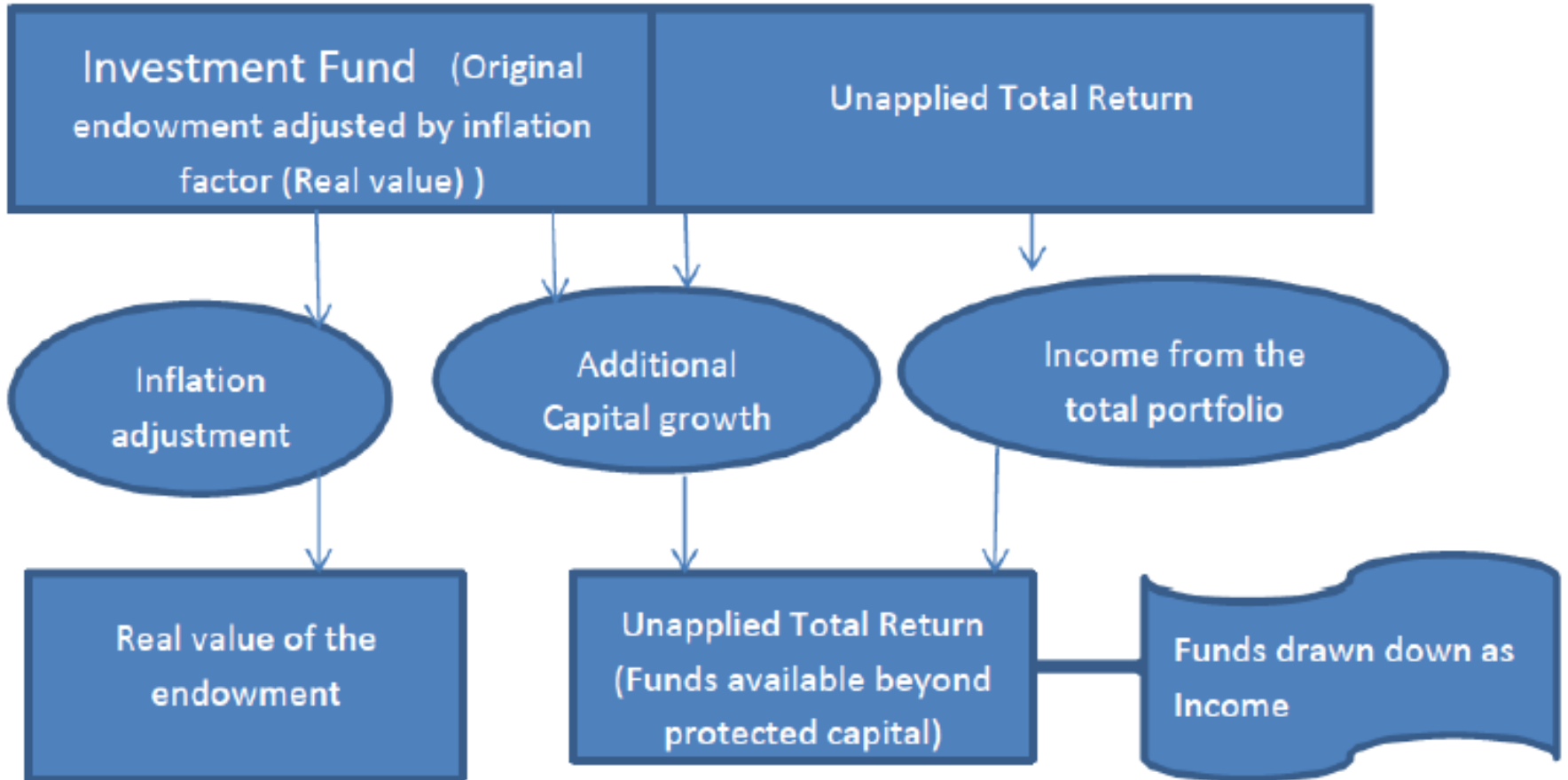
- **Use of Total Return Accounting in respect of Glebe investments to release some of the capital gains that we have made on our stocks and shares while maintaining the ‘real’ value of our investments**
- **Grant(s) from Church Commissioners**

## Growth of Glebe Total portfolio



# **Total Return Accounting**

- **Permitted for Dioceses since May 2016**
- **Allows a portion of the increase in endowment from original levels to be distributed in the present day while continuing to maintain the endowment in real terms for future generations**



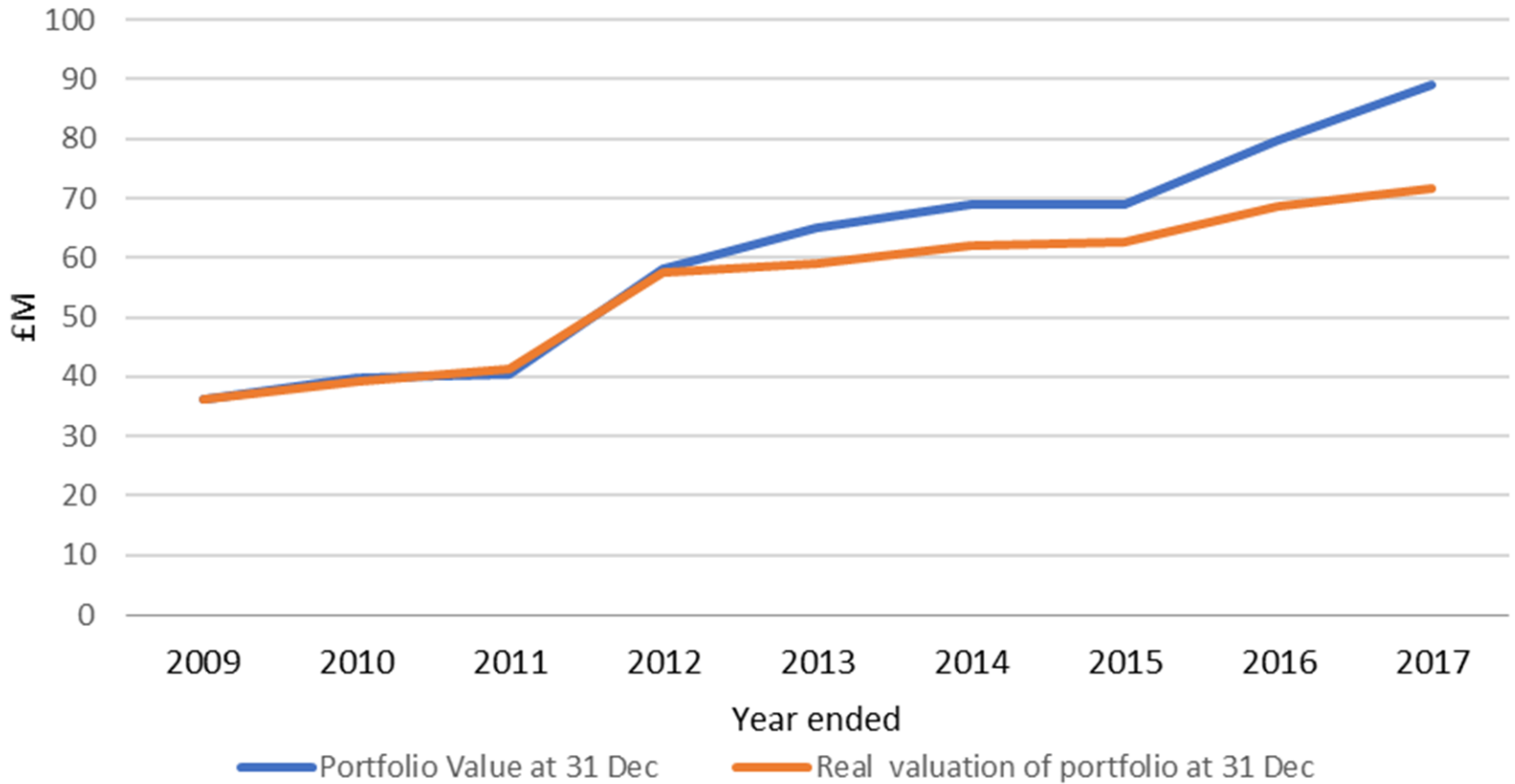


## **The Diocese's approach**

- **Application only to Newton managed portfolio of Stocks and Shares (currently c.£90 million)**
- **Base year of 2000 and endowment maintained in real terms by using RPI**
- **Newton will be able to diversify from high income yielding stocks such as oil companies**
- **Annual withdrawal from Unapplied Total Return pot limited annually to 7% of opening value of Newton managed portfolio, a percentage which has been achieved (above inflation) by Newton since they took over the portfolio.**
- **Legal advice approves this approach**



## Glebe investments



## **The Diocese's approach**

- **Limited to three years initially**
- **Will keep withdrawal rate under review.**
- **Should yield around £7.5 million over first three years.**
- **This will be split between Development Fund and Strategic Initiatives**

# Questions

What questions would your group want to ask about the Common Vision process?



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# **2020 Diocesan budget and Parish Share**

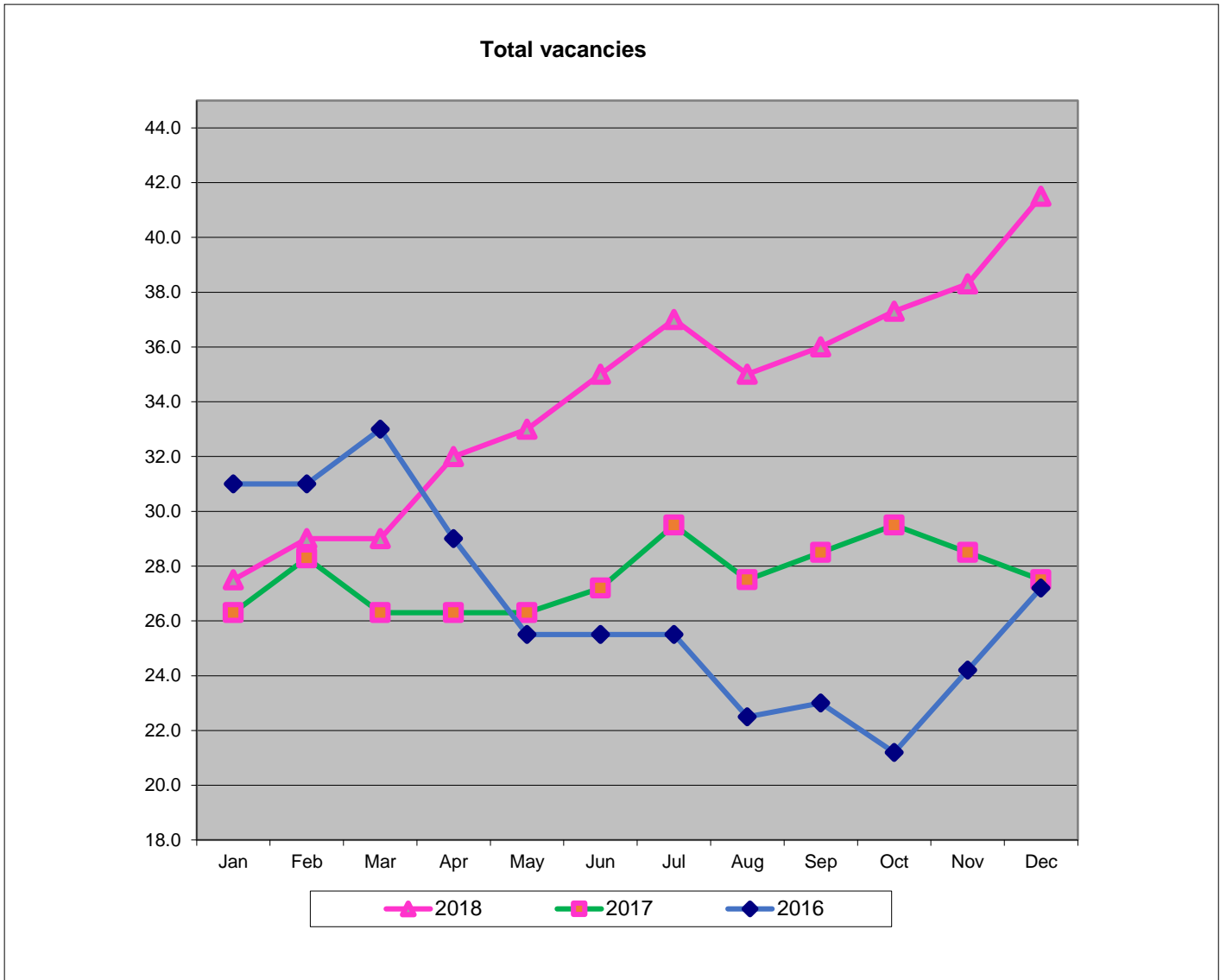
## Parameters

Clergy stipends and salary increases 2%(2%)

Curates in training 52 (50)

Clergy vacancies 30 (28)

*(2019 numbers are included in brackets)*



## **Non-Ministry related areas**

Buildings repair costs inflation	2% (2%)
Central controllable costs	0% (0%)
Share under-collection rate	2.25% (2.4%)
Share increase	1.8% (1.75%)



**Can we operate a share  
scheme which is fair for  
all?**



# **Principles of the Oxford diocesan parish share scheme:**

- 1. Must be fair and not be seen to be unfair**
- 2. Should reflect the ability to pay**
- 3. Should not immediately penalize growth**
- 4. Should be allocated at deanery level except where diocesan engagement is necessary**

## **Principles of the Oxford diocesan parish share scheme (cont'd.)**

- 5. Should be based on generous and gracious giving plus mutual support**
- 6. Should be easily communicated**

**We apply a formula-based system rather than an offer-based system**

## **Outcome of the Share Review Group**

- **No change to principle of allocation at Deanery level**
- **Temporary increase of rural allowance by £200k to cover certain rural deaneries which are not currently able to contribute an amount consistent with clergy numbers but will need more clergy to meet opportunities of the Oxford to Cambridge corridor**

## **Outcome of the Share Review Group (cont'd)**

- **Further review of inconsistencies in the allocation of rural allowances will be done for the 2021 allocation**
- **Other changes considered and modelled but the outcome would be unattractive in terms of recoverability**

# How do we compare?

- **We asked for £499 per member in 2018, compared with £602 for the highest diocese and an average of £466 for all English Dioceses**
- **The average unrestricted income per member for parishes across the Diocese in 2017 was £1,200**
- **Church of England national guidance is that church members should contribute 5% of their net income in voluntary giving.**



## Costs per Minister - 2019

	2019 budget Costs per minister £	2018 budget Costs per minister £
Stipends, NI and Pension contributions	39,196	38,345
Housing costs	11,826	11,231
Ordinand and Curate training costs	12,813	12,711
Parochial Ministry support	4,670	3,994
Diocesan Mission Strategy	5,989	6,950
Compliance and Governance	2,574	2,698
National Church costs	3,556	3,363
Fees and other income	(4,245)	(4,480)
Total weighted cost per minister	<u>76,379</u>	<u>74,812</u>
Glebe income support per minister	<u>(12,646)</u>	<u>(12,121)</u>

# Questions and comments?