

The Diocese in 2024/2025

Spring Financial Consultation | April 2024

Sir Hector Sants | Chair of ODBF

Mark Humphriss | Diocesan Secretary

John Orridge | Director of Finance



Spring Financial Consultation Agenda



- 6.35pm Current financial position and general financial context – Sir Hector Sants
 - 6.50pm 2025 Budget assumptions – John Orridge
 - 7.05pm Questions and Discussions
 - 7.30pm Break
 - 7.45pm Parish Share Review Consultation – Mark Humphriss
 - 8.05pm Feedback and wider discussion – facilitated by Mark Humphriss
 - 8.30pm PRAYERS – Archdeacon Jonathan Chaffey
- Closing remarks – Sir Hector Sants

Sir Hector Sants – ODBF Chair

2023 Outturn & 2024 Forecast

	2023 Actual £'000	2023 Budget £'000	2024 Budget £'000	2024 Re-forecast £'000
Resourcing Ministry & Mission	-14,601	-15,401	-15,425	-15,037
Support for Parish Ministry	-1,682	-1,908	-1,796	-1,855
National Church Costs	-1,030	-1,030	-1,037	-1,037
Grants	-578	-579	-593	-598
Parish Share (net of rebates, etc)	18,426	18,751	18,888	18,872
Surplus/(Deficit)	535	-167	37	345

Note: The above does not include Common Vision Fund spend.

2023 & 2024 Headlines



- CCLA deposit fund interest has been higher than budgeted (rate related)
- Clergy vacancy rate is higher than budgeted (2023 & 2024). Forecasting to return to historically normal levels at the end of 2024.
- Consequent saving in stipend budget; increase in property rental income.
- Clergy pension contribution rate falls by a further 3% (to 25%) w.e.f. 1 April 2024.
- Stipends increase amended to 6% (previously budgeted for 5%), w.e.f. 1 April 2024.
- Staff salary increase of 6% w.e.f 1 April 2024. Will revert back to 1 September increase in 2025.

Application of 2023 & 2024 surpluses



Bishop's Council agreed in February that:

- £125k (est) to be paid into the (closed) Lay Workers final salary pension scheme as a one-off contribution to the Scheme deficit (2024 payment).
- £250k be transferred into a Designated Fund for the support in the Share system for long term clergy absence.
- £200k a year, for at least 2 years, be added to the Development Fund to be used specifically for the Diocesan children & youth strategy.
- Proposed amendment of Share floor to 0% for 2024 (and 0% for 2025). 2024 cost £74k. 2025 incremental impact £153k. To be further debated by Finance Committee on 25th April, therefore incremental cost not reflected in current 2024 forecast & 2025 budget.

John Orridge – Director of Finance

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2025 budget



	2023 Actual £'000	2023 Budget £'000	2024 Budget £'000	2024 Re-forecast £'000	2025 Budget(draft) £'000
Resourcing Ministry & Mission	-14,601	-15,401	-15,425	-15,037	-15,779
Support for Parish Ministry	-1,682	-1,908	-1,796	-1,855	-2,145
National Church Costs	-1,030	-1,030	-1,037	-1,037	-1,057
Grants	-578	-579	-593	-598	-607
Parish Share (net of rebates, etc)	18,426	18,751	18,888	18,872	19,553
Surplus/(Deficit)	<u>535</u>	<u>-167</u>	<u>37</u>	<u>345</u>	<u>-35</u>

Nb: Draft 2025 budget does not include the incremental impact (£153k) of 0% floor adjustment, as the impact is yet to be concluded on by the ODBF Finance Committee.

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Draft 2025 budget assumptions

Key Assumptions:		2025
	Annual increase in Parish Share on prior year	3.00%
	Stipendiary clergy & layworkers posts	309.75
	Average clergy vacancies	28
	Curates in training - expected average nos	56.00
	Stipend increase from 1 April each year	3.00%
	NMS inflation	7.00%
	Salary cost increase from 1 Sept each year	3.00%
	Annual increase in clergy housing repairs	2.00%
	General inflation assumption	2.00%
	Clergy pension contribution rate	25.00%
	Share capping ceiling	5.00%
	Share capping floor	0.00%
	Anticipated share under collection rate	5.00%

2023 - Spring Financial Consultation Parish Share Limited Review



- New Diocesan Parish Share allocation scheme from 1st January 2023
- As promised – a limited review to take place in Autumn 2023
 - Any changes to be implemented from 1st January 2025
- What would deaneries like reviewed?
 - Within the context of the Core Principles of the share scheme

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Core Principles of Parish Share Scheme



- Must be fair and seen to be fair
- Should reflect the ability to pay
- Should not immediately penalise growth
- Should be administered as a partnership between diocese and deanery
- Should be based on generous and gracious giving plus mutual support
- Should be easily communicated
- Should be a formula-based system

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Limited Review Conclusions – focus areas



- Allocation of training costs
- Distribution of Glebe support
- Statutory fees
- Long term absence support
 - Maternity
 - Other absence
- Deanery recovery plans
- Year-end cut-off
- Management reports
- Timeline for future share reviews

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Limited Review Conclusions – Training costs (from 1 Jan 25)



Existing allocation methodology (change in yellow)

Budgeted training costs are allocated based on the relative proportion of the full-time equivalents of each stipendiary, house for duty, locally supported, self-supporting and licensed lay ministers.

- Full-time equivalents (FTE) are based on: -
- Stipendiary: actual FTE.
- House for Duty: each post included at 0.4 FTE.
- Locally Supported: 0.5 FTE for ministers already in post as at 31st March 2024. All new appointments after 1st April 2024 to be included at 1.0 FTE.
- Self-Supporting Ministers: each post included at 0.4 FTE. (Amended to 0.1 FTE)
- Licensed Lay Ministers: each post included at 0.05 FTE.

NB: The total training costs to allocate are unaffected by the above.

2024 - Spring Financial Consultation Limited Review Conclusions – Glebe Support (from 1 Jan 25)



Existing methodology

£1.8m of budgeted glebe investment income is specifically distributed to support church communities where it is needed. An additional amount of £40,000 in 2024, reducing to zero by 2025, is distributed to the 5 deaneries within the Oxford to Cambridge Arc. The balance of the budgeted Glebe Investment income is distributed through the parish share scheme in accordance with the cost of stipendiary ministers in each deanery.

Feedback

The £1.8m support through the Community Support Allowance had not increased since 2016.

Solution

- The proportion of the budgeted Glebe Investment Income that is allocated as Community Support Allowance is increased in line with the budgeted increase in stipends each year. For 2025, therefore, the amount of Community Support in the Share allocation is £2.3m.
- The remaining aspects of the methodology are unchanged, but any future review of Parish Share should include the application of the Community Support Allowance.

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Limited Review Conclusions – Statutory Fees (from 1 Jan 25)



Existing methodology

The budgeted Oxford Diocesan Board of Finance proportion of statutory Parochial Fees are credited to the Parish Share allocation in accordance with Minister full-time equivalents (stipendiary and house for duty posts only).

Feedback

Concern was expressed that the current methodology “disincentives clergy to prioritise occasional offices in a way which does damage to the mission of the church”.

Solution

- a) Statutory fees will be reimbursed through the parish share scheme based on the 4-year average of actual fees returned to ODBF. This will help to smooth any year-on-year significant fluctuations in fee receipts.
- b) The difference between the actual fees received by ODBF and the amount reimbursed through the Parish Share allocation each year will be adjusted through reserves. This will be reviewed annually by the Finance Committee as part of the budgetary process.
- c) Statutory fees will continue to be reimbursed through the Parish Share allocation before the application of any transitional mechanism.

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Limited Review Conclusions – Absence support (from 1 Jan 24)



Feedback

The ODBF Finance Committee had been asked to consider support for parishes where clergy have been absent for more than 6 months at a similar level to that introduced for parishes in vacancy.

Solution

a) 10% of 1/12th of the parish's share allocation is given for each full month that the parish is without a stipendiary or house for duty minister due to absence longer than 6 months. Support will be given on a pro rata basis to total full time equivalent stipendiary and house for duty ministers in the benefice.

Long term absence to include where clergy are off sick, not working due to suspension or other exceptional circumstance as decided by the Archdeacon.

This support will normally end in full when clergy next lead Sunday worship (i.e. there is no transitional support aligned to any phased return to work agreement).

b) This support will also apply from day 1 of maternity or shared maternity leave.

2024 - Spring Financial Consultation Limited Review Conclusions – Deanery Recovery Plans (tbc from 1 Jan 24)



The Finance Committee has proposed that there are two scenarios that create the need for a Recovery Plan for any Deanery:

- a)** A voluntary Deanery Parish Share Recovery Plan shall be put in place with the mutual agreement of Deanery Synod, the Archdeacon and ODBF Finance Committee, or
- b)** Where a Deanery has been contributing less than 90% of parish share contributions for 2 years, or more, the deanery will be expected to enter a parish share recovery plan.

The detail of this policy has still to be concluded by ODBF Finance Committee & Bishop's Council. Further announcements to follow.

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Limited Review Conclusions – other (from 1 Jan 24)



Year-end cut-off extension

- Receipts recognised in year if received by 14th Jan (i.e. 2023 receipt if received by 14th Jan 2024).

Management reports

- ODBF budget – Share to be budgeted for in two elements:
 - Authorised under-collection (i.e. reflects an agreed Deanery Recovery Plan)
 - Unauthorised under-collection (the remaining under-collection)
- Monthly Share receipts reports
 - To disclose under-allocation by Deanery (this aligns with the Operating Principle that Deaneries should fully allocate Share to identifiable revenue sources).

Share System Revision timetable

- ODBF Finance Committee will consider in 2027 when there should next be a Parish Share Review.
- The Finance Team will inform the Finance Committee of any emerging issues in the intervening period, but there will not be a scheduled annual review in the meantime.

2024 - Spring Financial Consultation Limited Review – Communications



- The outcomes of the limited review of parish share are to be communicated as follows:
 - At the meeting on 18 April for deanery officers via powerpoint slides, which will then be shared with deaneries after the event
 - Communication to PCC treasurers by mid-May: a covering letter plus a document setting out the agreed changes and up to a page on each showing the change, why it is being made and its effect, including deanery recovery plans
- We will also, as usual each year, by mid-May be updating
 - 'On the Money' (based on 2023 accounts and 2025 draft budget and updated costs of ministry figure)
 - 'The difference we make' leaflet
- We have also been waiting before producing new longer-lasting communications on parish share until we were not in a constant review/ amendment cycle. We therefore propose this year (by early autumn) to preparing additionally:
 - Leaflet on how parish share works with a blank page for the deanery to add how it allocates to parishes
 - A film on parish share