



The Church of England
Diocese of Ely

ely2025

Ely2025
Programme 2024-25
and
Budget Guide 2024

Explanatory Notes

People Fully Alive: Ely2025

Foreword from Canon Tim Walters

Dear Colleagues,

This is my first presentation to the Diocese of our annual budget having taken over as Chair from the Revd Canon Brian Atling at the beginning of the year. I have very big shoes to try and fill and must offer our gratitude to Brian for his careful and diligent stewardship of our financial standing and his ongoing engagement and support to us all. The final outturn for 2022 was a slight improvement on the budgeted deficit, but remained a deficit for the year despite the valiant efforts of all Parishes to try and achieve their budgeted Ministry Share contributions. The current forecast for 2023 is showing a slight improvement against the budgeted deficit, but there remain concerns relating to some Ministry Share collections.

We are all experiencing the challenges of the current financial strains, whether it be the day to day increases in cost of living or the significant recent increase in interest rates. The rise in inflation to a peak of 11% has created an earnings gap for most people in the UK and, whilst the rate is now coming down, there is still considerable earnings rise pressure. Consequently, the budget is based on a recommended increase in stipends of 5% to help to alleviate the increase in living costs our Clergy are enduring. Understanding that we are all enduring this together, but with an absolute desire for the Diocese to restrict the cost increases as far as possible, we have limited the increase in Ministry Share to 4% and have based the budget on the same rate of collection as in previous years. The resulting budget based on our previous years budgeting principles is a deficit of £201k.

We recognise the fact that it is not sustainable to continue to propose and approve a deficit budget year on year. The aim during 2024 is to appraise our activities and to set a foundation for future years from 2025 of at least breakeven budgets. This will not be because of reducing our mission, ministry and educational activity or our Clergy numbers but to balance our resources with deliverable and purposeful activity.

Finally, the fantastic news is that by Easter 2024 we will have taken possession of our new offices, meeting and training facilities at Lancaster Way Business Park. There has been a considerable work undertaken by the relocation team and through staff and stakeholder engagement in the designing of a facility that will fulfil our Diocese's needs for many years to come. The new offices are at no cost to parishes nor any normal Diocesan running expenses. We have utilised restricted funds that have accumulated over many years in the Diocesan Pastoral Account from property sales, which can only be spent on Diocesan buildings. This ensures that there is, and will not in the future, be any call on Ministry Share contributions to provide funding and protects the Diocese from future costs that were inevitable at Bishop Woodford House.

I hope that you find the following pages informative and my personal thanks for everyone's ongoing support for our Diocese.

Tim Walters
Chair of the Diocese Board of Finance

November 2023

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 2024

Key Points

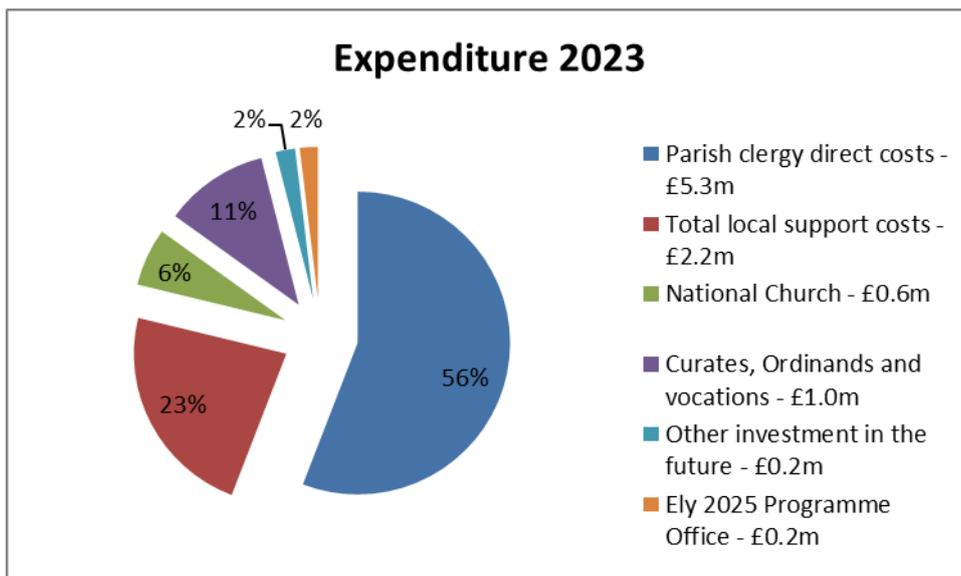
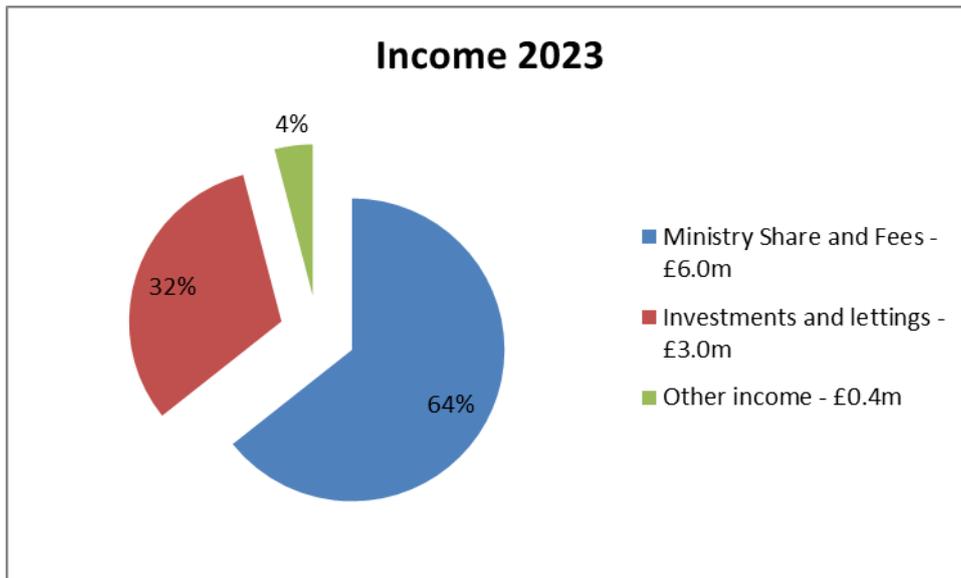
- Our overall **strategic financial objective** for 2024 is to achieve a near balanced budget with a forecast deficit of only £201k. We will achieve this by freezing costs and managing a sustainable deployment plan for clergy and Diocesan Office posts. Bishop’s Council will be kept updated regularly throughout the year as our financial position develops. Our main assumptions for the construct of the 2024 Budget are set out below (and on page 9 in greater detail)
- **Ministry share** for 2024 is expected to cover 94% 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 remain at 95.1% in 2024, the same rate as achieved in 2022. In 2024 investment income is anticipated to improve slightly due to surpluses on sales of Glebe Land which are planned to be invested in capital to increase the levels of investment income received.
- **Overall ministry share increase of 4.0%** for 2024 is being requested due to the likely proposed increase Church House of between 5.0% - 7.0% in clergy stipends. However, the actual cost of a stipend to the Diocese for 2024 is £39,964 at a 5% stipendiary increase, comprising the stipend plus employer’s National insurance and clergy pension contributions of £2,844 and £7,413 respectively, before including housing costs which average £12,826. 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).

EBDF BUDGET - 2024			
Stipends Budget for the Year Ending 31 December 2024			
	per Minister	in Total	
	£	£	
Stipend	29,707	2,851,897	
NIC	2,844	265,470	
Pension	7,413	711,646	
Other		35,995	
	39,964	3,865,008	
Housing	12,341	1,462,405	
Grants	1,483	175,750	
Curates		840,873	
	53,788	6,344,036	

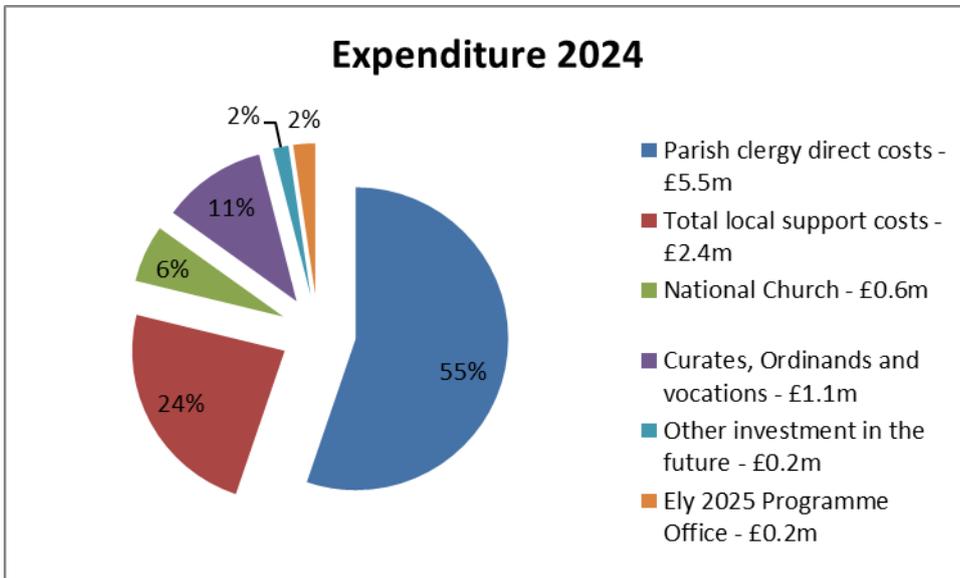
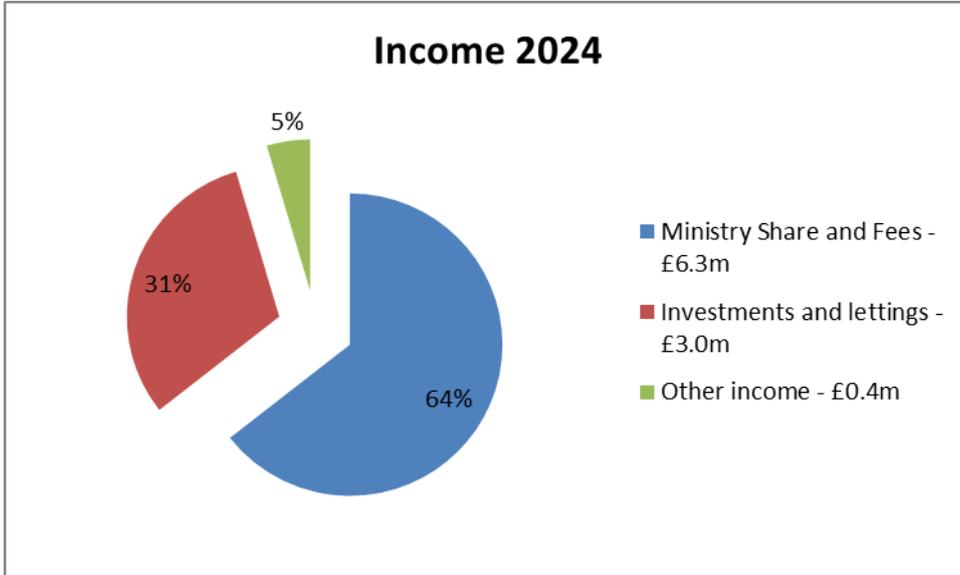
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EDBF BUDGET 2024				
4.0% Parish Share Increase				
5.0% Stipend Increase				
	2024	2023	2022	2021
	Budget for year	Budget for year	Actual for year	Actual for year
EXPENDITURE				
Clergy stipends	3,865,008	3,730,722	3,674,454	3,831,273
Curates exc. housing	840,873	812,243	815,016	988,819
Housing costs (maintenance)	1,462,405	1,388,130	1,608,005	1,164,983
Clergy other	175,750	192,875	200,376	149,103
	6,344,036	6,123,970	6,297,851	6,134,178
Archdeacons	171,182	163,901	144,859	150,553
Mission & Ministry	826,342	784,244	510,017	494,836
Education (net cost)	163,709	157,302	63,726	(2,110)
DDO & Vocations	94,797	85,484	41,059	52,919
Ordinands Grants & RME costs	170,000	165,305	146,890	193,243
Safeguarding	260,820	222,661	236,656	202,838
Registry, DAC & Legal costs	396,121	377,328	394,574	388,367
IT & Office running costs	305,582	289,786	281,253	332,371
Programme Office	232,562	180,644	144,536	136,381
Admin salaries	394,296	375,049	335,979	321,366
National Church	609,592	586,146	586,147	608,639
	9,969,039	9,511,819	9,183,547	9,013,581
INCOME				
Parochial Fees	300,000	300,000	322,073	304,448
Investment income	2,753,016	2,662,811	2,665,752	2,765,783
Investment income DPA	24,309	100,852	25,372	100,258
Letting income	250,000	200,000	300,561	254,888
Other income	448,620	380,110	241,737	158,198
	3,775,945	3,643,772	3,555,494	3,583,575
Surplus of expenditure over income	6,193,094	5,868,047	5,628,053	5,430,005
MINISTRY SHARE INCOME				
Ministry Share request	6,246,603	5,952,184	5,716,172	5,728,000
DDR Discount	(142,477)	(144,890)	(124,778)	(121,089)
Deanery Discount	(111,934)	(83,976)	(94,616)	(53,171)
	5,992,192	5,723,318	5,496,778	5,553,740
NET SURPLUS/(DEFICIT) FOR YEAR	(200,902)	(144,729)	(131,274)	123,734
Forecast stipendiary clergy numbers				
Stipendiary clergy fte posts	104.0	104.0	104.0	108.9
Stipendiary clergy fte budget	96.0	96.0	94.1	97.0
Stipendiary Curates fte	22.50	22.50	19.50	19.70

2023 Budget



2024 Budget



BUDGET 2024					
ELY DIOCESAN BOARD OF FINANCE					2024 BUDGET version 6
4.0% parish share increase inc. inflation					(exc. Market Towns)
5.0% increase in stipends					
INCOME					
	2021	2022	2022	2023	2024
	ACTUAL	BUDGET	ACTUAL	BUDGET	BUDGET
	£000s	£000s	£000s	£000s	£000s
GIVEN BY PARISHES					
Net Ministry Share received	5,554	5,689	5,497	5,723	5,992
Parish fees	304	300	322	300	300
	5,858	5,989	5,819	6,023	6,292
INVESTMENT INCOME					
Investment income (incl Glebe, net of costs)	2,866	2,722	2,691	2,764	2,777
Property letting income (net of costs)	255	348	301	200	250
	3,121	3,070	2,992	2,964	3,027
OTHER INCOME					
	158	243	242	380	449
TOTAL INCOME	9,137	9,303	9,052	9,367	9,768
EXPENSES					
PARISH CLERGY DIRECT COSTS					
	5,145	5,280	5,483	5,312	5,503
Local Support Costs	1,237	1,470	1,286	1,548	1,654
Diocesan Office Costs	654	598	617	665	700
TOTAL LOCAL SUPPORT COSTS	1,890	2,069	1,903	2,213	2,354
CONTRIBUTION TO NATIONAL CHURCH					
	609	628	586	586	610
INVESTMENT IN THE FUTURE					
	1,369	1,487	1,211	1,401	1,502
TOTAL EXPENSES	9,014	9,463	9,184	9,512	9,969
(DEFICIT)/SURPLUS	124	(160)	(131)	(145)	(201)

DRAFT EDBF BUDGET- 2024 - ASSUMPTIONS

Ministry share	- 4.0% increase in parish share including inflation for 2024 and 3.0% thereafter - overall collection rate of 95.1% of allocation used for 2024 (same as actual rate for 2022)
Inflation	- Assumed 4% as a working estimate
Parochial fees	- assumed fairly stable but this income has been reducing over the years
Investment income	- assessment of forecast income by investment manager, incorporating anticipated Glebe sales
Letting income	- assumed fairly stable as unused properties have been sold but rents have increased
Other income	- £90,125 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 5.0% per annum for 2024/2025 and 5.0% from 2025/26 onwards - clergy pension contributions have reduced to 28% of NMS per annum for 2024/25
Curates	- curate numbers held at 22.5 for 2024; the 50% agreed increase on the base of 15 - curate stipends increase 5.0% per annum for 2024/2025 and 3.0% from 2025/26 onwards - assumed SMF funding is received for 2.5 new curates in 2023 and then for another 3.0 in 2024
Housing	- housing maintenance budget increased by 5% to £676K which is extremely tight tree maintenance works and listed wall repairs paid for from designated funds from property sales
Clergy other costs	- some changes from 2023 budgeted figures; mainly removals costs and new appointment grants
Archdeacons	- costs increased by 5.0% annually as the main cost is Archdeacon stipends
Salaries	- payrise of average 5.0% as of 01/01/2023 and 5.0% as of 01/04/2024 - office staffing has been increased in number by 2.83fte from the 2023 budgeted figures
Pension scheme	- assumed there will be not be any further deficit arising in 2023 when DBS valuation published
Ministry & Mission	- overall costs held at similar level to 2023 budgeted figures for Mission & Ministry - i.e. £295k programme costs, including CME, LLM and LCOM training, and Mission initiatives - detailed narrative provided to support proposed budget figures
Education	- separate Schools Fund/Education budget based on figures prepared by EDEC
DDO and Vocations Ordinands grants	- additional 0.2fte clergy Vocations Officer and some increases to 2023 budgeted expenses - the number of ordinands being trained is forecast to average 33 students overall in 2024 - some increased costs of ordinand maintenance grants and pooling charge credit expected - budget assumes no requirement to make up any shortfall in the RME Funding costs
Safeguarding	- DBS fees further increased due to 3 year renewals and the additional costs of digital DBS checks - extra costs for "out of hours " support for phone line
Legal and DAC costs	- Historic Places of Worship Support Officer (0.5 externally funded) ends in 2025 now - Net costs of £41k for Net Zero Carbon project/recruitment after allowing grant funding - Community Support Advisor for Church Buildings Partnership with 50% grant funding
Administration costs	- 4% increase from 2021 budgeted costs for most office running and property costs - DPO and GDPR support additional costs included - office move in Summer 2024, additional service charges for new offices, £8k per annum - infrastructure & IT renewal budgets included, PR & Comms form part of the Programme office
Programme office	- comprises staffing costs that do not relate directly to the Market Towns initiative - additional staff member (Planning manager) 50% funded by CofE - 4% increase in PR and general communications budget has been included
National Church	- Archbishops' Council have said apportionment payment will be held down, allowed 4% increase

What's what ...

These notes describe the principal areas of income and expenditure in the 2024 proposed budget.

Income

- Ministry Share request has been increased by 4.0% and no reduction in the rate of collection of 95.1% is anticipated for 2024 (same level as for 2022).
- 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 due to high level of inflation being anticipated in 2023 and into 2024 this may not be achievable. However, additional endowments from the sales of Glebe land will help to mitigate the effect.
- Parsonage letting income is expected to remain steady. Additional rental income from letting the Retreat House to the King's School, Ely is being used to support Education in the Diocese.

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 2024 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 2024 figure of £5,503m represents stipends, pension, National Insurance contributions, housing, removals/resettlement grants and the costs of vacancies. 64% of the budgeted expenditure relates to the direct costs of clergy.

The 2024 budgeted figure is calculated to reflect a 5.0% stipend increase from 1 April 2024 to keep stipends from falling behind inflation and in line the National Church guidelines.

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, 24% 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 being increased at less than 4.0%, although salaries have been increased by up to 5.0% in the 2024 budget. There was a 5.0% percentage increase in staff salaries in January 2023. Parsonage maintenance cost rises are running significantly 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 and the actual apportionment request for 2023 was in line with the budgeted figure. The budget for 2024 for the diocese has been increased by 4.0%, 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 2024 budget is for 22.5 curates (22.5 for 2023) in line with National Church Guidelines for maintaining the numbers previously increased by 50%. Overall, 15% of the budget is spent on these operational items; it is set at a slightly higher figure than the 2023 budget as that incorporated an anticipated credit from the National Church pooling system for Ordinands' Maintenance grants related to expenditure in 2021-22.

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 have returned a small surplus, while in earlier years deficits have been incurred. Due to the generosity of parishes in their gifting and an unexpected large one-off receipt of investment income, the outcome in 2022 was a small deficit of £131k. In 2023 a small deficit is expected to arise due to the impact on the Diocesan costs and on parishes of rising inflation rates.

However, the Diocese has made cost savings wherever possible for the 2024 budget and it is hoped there may only be small deficit of £201k 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 £2.07m (2022). This policy is under review at the suggestion of the auditors to ensure it has been set at a sufficiently high level so that the Diocese is retaining adequate reserves to support a potential major drop in annual ministry share receipts. At 31 December 2022, the free reserves of the Diocese amounted to £5.7m, some of which will be used to cover the deficits for 2023 and 2024.

CONTACT

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This guide is also available on the Diocesan website

www.elydiocese.org