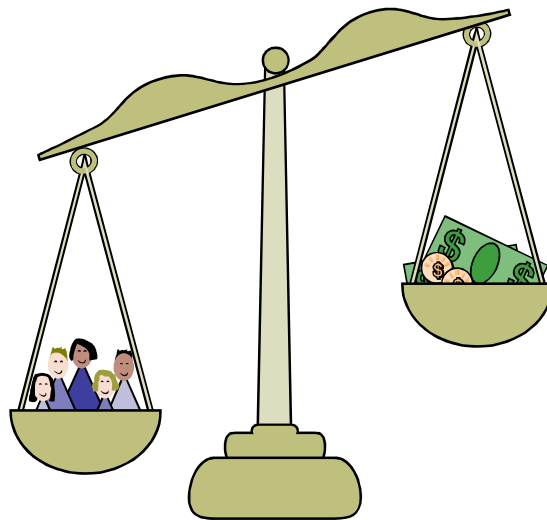


2005-07 Budget Book



Peterborough Diocesan Board of Finance

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Peterborough Diocesan Board of Finance

2005-07 Budget Book

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1. INTRODUCTION

This the second year in which the Budget Book has been produced in this format.

Pages 4 to 8 detail the approved 2004 budget, the actual income and expenditure for 2004 (out-turn), the 2005 budget as approved by the Synod in July 2004, the anticipated out-turn for 2005, the proposed budget for 2006 and the forecast budget for 2007.

Once again there is no revised budget for approval in 2005 as there is no requirement for an increase in the total approved expenditure. It should be noted however that there are a number of differences between the original budget and the anticipated out-turn reflecting changes in circumstances and activity levels over the last year. Some of these are highlighted later in the narrative.

The budgets for 2006 and 2007 are based on the policy to move to a balanced budget by 2006 and on realistic expectations in terms of parish share income.

On page 3 you will find the budget strategy and the resulting parish share requests for 2006 and 2007.

2. GENERAL

(a) Format

The budget shows the anticipated financial costs of all areas of diocesan work in 2006. The headings continue to be those used in previous years. A new financial system is being introduced this year and new headings will be used in next year's Budget Book to show more clearly the costs of specific areas of activity. For example, sector ministers stipends

will be included under the major areas of activity listed under *Boards and Committees* rather than under *Stipends*.

One move towards greater clarity has been the replacement of the annual grant (£38,250 in 2005) to the schools capital fund with an equal amount to the education budget, reflecting its use for general educational matters.

There has also been a significant increase in the use of the pastoral account for housing improvements, from £50,000 to £250,000 in 2005, reflecting the need to update houses, particularly when there is a change of incumbent. This now extends to minor improvements which can no longer be met from the hard pressed maintenance budget.

The bulk of income continues to come from parish share with approximately 73% being requested from the parishes. The balance (27%) is from other funding, the majority of which is restricted.

(b) Strategy

In November 2004 the Diocesan Synod adopted a new strategy for the diocese, **The Diocese of Peterborough, A Diocese Inspired by God's Passion for the World**. This builds on the Bishop's pastoral letter **Our Common Task**, endorsed by the Synod in 1997. This budget takes account of the developing new strategy. In particular increased provision has been made for both clergy and lay training.

In addition, from 2006 a new designated mission fund is being established. This will be made up of income from the

parish mission fund and the diocesan pastoral account. The fund will be available for the investment in and resourcing of new church initiatives, particularly in new housing areas. Further details on this will appear in next year's Budget Book.

During 2002, the diocese reviewed the basis upon which the parish share is calculated in order to make the burden fairer. The principles of the share are *simplicity, transparency and openness in the calculation*, and of encouragement to parishes, benefices and deaneries to mutually support each other in a practical way by sharing the burden of the parish share if possible.

(c) Inflation and Other Assumptions

General inflation of 3% and salaries inflation of 3% have been assumed.

For clergy stipends provision has been made for a higher stipend increase of 5.1% for those on the incumbent's scale in 2006 as was done in 2005. This is as a result of the final part of the implementation of the first two aspirations of *Generosity and Sacrifice*, in line with the decisions of the General Synod.

Provision has also been made for the additional costs of pensions arising from the latest triennial actuarial review. This increased the contribution rate from 29.5% to 33.8% of the previous year's national minimum stipend from 1 April 2005.

There continues to be major changes in the funding streams between the national church and the dioceses. The cost of apportionment, the diocesan share of national church costs, increased significantly in 2005

(from £378,000 in 2004 to £454,000 in 2005) as costs of the retired housing scheme were passed from the Church Commissioners to the diocese. Guaranteed annuity payments, statutory payments from the Church Commissioners towards the costs of stipends, were reduced from 1 July 2005 following new legislation.

On the income side the diocese is beginning to receive a small allocation, as more money becomes available for the poorer dioceses from the sums released by the Church Commissioners.

(d) Investment Income

Investment Income continues to be a mixture of dividends, rental income and interest from money on deposit.

Budgeted levels have been set based upon the performance of previous years and no significant growth has been built into the budgeted projections.

3. MINISTRY COSTS

(a) Clergy Numbers

The national allocation of clergy numbers continues to reduce. Latest figures (July 2005) are 159 for 2005, 157 for 2006, 154 for 2007 and then reducing to 149 in 2009. The forecasts in the table are those on which the budget is based.

Central provision has also been made for two Church Army posts based in parishes. Additional appointments are also likely to be made from the diocesan mission fund.

(b) Stipends

The diocesan policy of positioning itself on the National Sti-

justed has continued. Stipends of £19,650 have been paid with effect from 1 April 2005 to those of incumbent status. This is an increase of 5.1% on the 2004 figure.

(c) Clergy Pensions

From 1 April 2005 the employers pension contribution increased to 33.8%. The cost of clergy pensions (like all pensions) is rising steeply. The burden of clergy pay and pensions now falls entirely on the parishes. The Church Commissioners continue to fund the cost of pensions for clergy service prior to 1998.

4. RESERVES

General cash reserves are

used to provide the day to day funding required for the diocese to function, including the need to provide bridging finance for educational projects. The Board's policy is that a minimum of £1.25 million is required for those purposes.

5. DIOCESAN FINANCE STRATEGY

The ability to finance all aspects of ministry, both now and in future years, is the primary concern of the Board of Finance.

The Board has a responsibility to manage the historic and current resources of the diocese in a careful and professional manner.

Clergy Numbers Forecast (forecast)

At the end of	2005	2006	2007
Parochial Clergy			
Incumbent Status	132	128	127
Assistant Curates	15	16	15
Total Parochial	147	144	142
Non Parochial Posts (1)			
	7	7	7
Dignitaries (2)			
	7	7	7
Total Stipendiary	161	158	156
Non Stipendiary	20	25	30

Notes

(1) Non Parochial Posts

Chaplain amongst Deaf People, Vocations Adviser and Diocesan Director of Ordinands, Social Responsibility Adviser, Mission Enabler, Youth Officer, Adult Education (1.4 fulltime equivalent), Bishop's Administrator and Press Officer*.

(2) Dignitaries

The Diocesan Bishop*, Suffragan Bishop*, the Dean*, 2 Archdeacons, 2 Residentiary Canons*.

* These clergy are paid for by the Church Commissioners and are therefore not a charge on diocesan finances.

The management of the Board's significant investments in clergy housing and in glebe is carried out in conjunction with Smiths Gore and Carter Jonas.

A further responsibility of the Board is to assist parishes to contribute to the work of the diocese through payment of parish share. The Board's Parish Finance Strategy is:

"To support all parishes in meeting the cost of all normal operating expenses for funds generated by regular tax-efficient giving, including the full payment of parish share by monthly instalments."

The Budgets are prepared on the basis that parish share is paid in full.

Peterborough Diocesan Board of Finance

Statement of Budget Strategy:

The Diocese intends to move to a balanced budget by the end of December 2006 by reducing expectations in line with current trends of parish share receipts, to maximise returns on investments held, to reduce budgeted spend in line with income received and to review spending levels regularly.

Parish Share

	2004	2005	2006	2007
Parish Share requested	5,172,405	5,301,947	5,405,000	5,655,000
Increase in share requested	275,338	129,538	103,053	250,000
As a percentage	5.6%	2.5%	1.9%	4.6%
Received in 2004 and anticipated in 2005, 2006 and 2007.	4,905,591	5,152,000	5,405,000	5,655,000
Increase	275,338	246,409	253,000	250,000
As a percentage	5.6%	5.0%	4.9%	4.6%

The anticipated share for 2005 is based on an anticipated collection rate of 97.2%. The 2004 figure was 95%, with smaller increases in 2005 and 2006 the target of 100% becomes realistic.

**Peterborough Diocesan Board of Finance
Final Budget 2005 For Approval and Forecast for 2006-2007**

Notes	Approved 2004 Budget £	Final 2004 Out turn £	Approved 2005 Budget £	Anticipated 2005 Out turn £	Proposed 2006 Budget £	Projected 2007 Budget £
INCOME						
PARISH SHARE & OTHER INCOME	5,172,405	4,905,591	5,301,947	5,152,000	5,450,000	5,675,000
1.0 DIOCESAN MANAGED ASSETS						
1.1 Historic Assets	950,460	944,157	1,003,773	930,000	950,000	913,480
1.2 Current Assets	258,300	363,261	280,000	350,000	310,000	310,000
	1,208,760	1,307,418	1,283,773	1,280,000	1,260,000	1,223,480
3.0 FEES AND DONATIONS	286,620	302,233	261,038	300,000	306,000	315,180
CENTRAL CHURCH	107,000	169,087	50,000	112,000	95,000	70,000
DONATION PARISH MISSION	50,000		50,000	63,800	65,400	68,000
PASTORAL ACCOUNT- Transfers for Housing Improvements	100,000		50,000	250,000	250,000	250,000
Other (Miscellaneous)		14,248				
	6,924,785	6,698,577	6,996,758	7,157,800	7,426,400	7,601,660
EXPENDITURE						
4.0 MINISTRY						
4.1 Stipends	4,141,748	4,061,358	4,335,132	4,335,541	4,465,104	4,538,406
4.2 Housing including minor improve	1,026,321	1,008,552	920,454	1,000,000	1,017,416	1,064,399
4.2a Housing Improvements	100,000	88,667	50,000	150,000	150,000	150,000
4.3 Training	310,736	274,911	301,737	313,233	333,439	336,992
4.6 Grants	149,625	104,095	147,431	106,000	114,000	117,420
4.4 Asset Management	109,140	89,346	114,000	95,000	100,000	105,000
4.5 Boards & Committees	128,928	138,813	114,312	131,701	134,411	138,443
6.2 DBE (net cost of administration only) *				153,804	158,418	166,339
Other		72				
	5,966,498	5,765,814	5,983,066	6,285,279	6,472,788	6,616,999
7.0 ADMINISTRATION						
7.1 General Office Costs	230,431	181,766	231,032	231,000	241,000	255,012
7.2 Staff Costs	294,620	267,390	271,040	271,040	283,000	297,090
	525,051	449,156	502,072	502,040	524,000	552,101
8.0 LEGAL & PROFESSIONAL	161,019	141,139	149,390	150,000	156,000	160,680
CENTRAL CHURCH	154,000	198,223	255,000	255,000	270,000	270,000
	6,806,568	6,554,332	6,889,528	7,192,318	7,422,787	7,599,779
2.0 INCOME EDUCATION	12,842,847	10,968,440	10,000,000	7,020,000	5,200,000	5,200,000
6.0 EXPENDITURE EDUCATION	13,003,481	11,174,584	10,200,000	7,020,000	5,200,000	5,200,000
Balance including subsidy from DBF and contributions to build costs.	160,634	206,144	200,000			

Budget Position -42,418 -61,899 -92,770 -34,518 3,613 1,881
 *NB These figures exclude the cost of bridging the payments to contractors pending reimbursement from the DFES. If this bridge over finance was not required additional monies could be invested in interest bearing accounts. The estimated lost opportunity cost of this exercise is £80,000 in 2006 and £60,000 in 2007.
 It should be noted however that the provision of improvements to Church Schools and new buildings is a continuing and important part of Diocesan Strategy and is fully supported by the DBF.

Peterborough Diocesan Board of Finance

Details of Income

Notes	Approved 2004 Budget £	Final 2004 Out turn £	Approved 2005 Budget £	<i>Anticipated 2005 Out turn £</i>	Proposed 2006 Budget £	Projected 2007 Budget £
1.0 DIOCESAN MANAGED ASSETS						
1.1 Historic Assets						
Income from CBF Investments						
Investment Fund	300,000	316,129	341,813	<i>317,000</i>	329,680	339,570
Fixed Interest Securities Fund	8,160	8,001	8,826	<i>8,000</i>	8,320	8,570
Income from M&G Charifund	15,300	57,355	46,954	<i>75,000</i>	78,000	80,340
Income from Investment Properties						
Rents from Glebe Land & Buildings	357,000	407,760	336,180	<i>400,000</i>	400,000	400,000
Rents from Commercial Properties	270,000	154,912	270,000	<i>130,000</i>	134,000	85,000
	<hr/> 950,460	<hr/> 944,157	<hr/> 1,003,773	<hr/> <i>930,000</i>	<hr/> 950,000	<hr/> 913,480
1.2 Current Assets						
Rent from Clergy Houses	153,000	131,843	130,000	<i>130,000</i>	130,000	130,000
CBF Deposit Account Interest	70,000	80,472	100,000	<i>100,000</i>	90,000	90,000
Church Commissioners Interest	20,000	66,574	30,000	<i>50,000</i>	40,000	40,000
Bank Interest	15,300	53,445	20,000	<i>40,000</i>	30,000	30,000
Other interest	-	30,927		<i>30,000</i>	20,000	20,000
	<hr/> 258,300	<hr/> 363,261	<hr/> 280,000	<hr/> <i>350,000</i>	<hr/> 310,000	<hr/> 310,000
	<hr/> <hr/> 1,208,760	<hr/> <hr/> 1,307,418	<hr/> <hr/> 1,283,773	<hr/> <hr/> <i>1,280,000</i>	<hr/> <hr/> 1,260,000	<hr/> <hr/> 1,223,480
2.0 EDUCATION						
Department for Education & Employment	12,599,084	10,747,778	9,830,000	<i>6,850,000</i>	5,030,000	5015000
School & Trust Contributions	213,112	195,455	150,000	<i>150,000</i>	150,000	160000
other	30,651	25,207	20,000	<i>20,000</i>	20,000	25000
	<hr/> 12,842,847	<hr/> 10,968,440	<hr/> 10,000,000	<hr/> <i>7,020,000</i>	<hr/> 5,200,000	<hr/> 5,200,000
3.0 FEES, GRANTS & DONATIONS						
Fees from Weddings, Funerals, etc	191,760	223,143	195,595	<i>234,000</i>	238,680	245840
AllChurches Trust (EIG)	59,160	79,090	60,343	<i>61,000</i>	62,220	64087
Donations	35,700		5,100	<i>5,000</i>	5,100	5253
	<hr/> 286,620	<hr/> 302,233	<hr/> 261,038	<hr/> <i>300,000</i>	<hr/> 306,000	<hr/> 315,180

Peterborough Diocesan Board of Finance

Details of Ministry Expenditure

Notes	Approved 2004 Budget	Final 2004 Out turn	Approved 2005 Budget	Anticipated 2005 Out turn	Proposed 2006 Budget	Projected 2007 Budget
	£	£	£	£	£	£
4.1 STIPENDS						
Parochial Stipends Clergy of Incumbent Status	2,467,082	2,278,227	2,496,957	2,502,600	2,632,568	2,648,946
Assistant Staff	277,452	399,206	268,879	304,768	276,995	266,285
Archdeacons	55,031	50,335	56,682	55,546	56,831	58,535
Chaplains to the Deaf	34,408	9,952	34,408	36,128	37,212	38,328
Sector Ministers (incl pension & NI)	177,404	174,924	147,404	202,000	208,060	214,302
National Insurance	168,218	166,126	170,081	172,608	178,836	185,015
Pension Contributions	752,588	743,495	851,156	852,326	858,750	904,667
Removal & First Appointment Grants	95,506	131,714	95,506	95,506	98,371	101,322
Sequestration (Interregnum) Expenses	37,492	48,658	37,492	37,492	38,617	39,775
Other	76,567	58,721	76,567	76,567	78,864	81,230
	4,141,748	4,061,358	4,235,132	4,335,541	4,465,104	4,538,406
4.2 HOUSING						
Repairs to Clergy Houses/Minor improvements	360,060	418,254	350,000	350,000	350,000	367,500
Improvements to Clergy Houses	100,000	88,667	50,000	150,000	150,000	150,000
Maintenance during Vacancies	94,860	142,173	90,000	140,000	140,000	144,200
Council Tax	261,120	294,101	233,398	262,944	278,721	287,082
Water Rates	71,400		54,636	54,636	56,275	57,963
Administration Salaries and Agents Fees) (incl	121,581	134,619	118,040	118,040	118,040	123,942
Insurance	19,380	19,405	19,380	19,380	19,380	19,961
Rent/Housing Allowance	91,800		55,000	55,000	55,000	57,750
Other	6,120				6,000	6,000
	1,126,321	1,097,219	970,454	1,150,000	1,167,416	1,214,399
4.3 TRAINING						
National Training Costs	180,089	179,814	184,843	187,105	192,718	198,500
Director of Ordinands	37,272	32,724	38,766	42,000	43,260	44,558
Ordination Candidates Support Costs	53,901	28,423	40,331	40,331	41,138	42,372
Post Ordination Training	4,187	1,923	2,296	2,296	2,342	2,412
Continuing Ministerial Education	23,530	22,633	24,001	24,001	36,481	37,575
Clergy conference	9,180	9,180	9,000	15,000	15,000	9,000
Liturgical Officer	2,577	214	2,500	2,500	2,500	2,575
	310,736	274,911	301,737	313,233	333,439	336,992
4.4 ASSET MANAGEMENT						
Costs of Managing Assets	109,140	89,346	114,000	95,000	100,000	105,000

Peterborough Diocesan Board of Finance Details of Ministry Expenditure

	Approved 2004 Budget £	Final 2004 Out turn £	Approved 2005 Budget £	Anticipated 2005 Out turn £	Proposed 2006 Budget £	Projected 2007 Budget £
BOARDS & COMMITTEES						
Lay Training	10,433	9,059	9,340	9,340	9,526	9,812
Common Ground				1,700	3,500	3,605
PDMO (Lay Trg Support)				4,725	4,820	4,964
Pastoral Care				2,000	2,040	2,101
Youth	9,429	9,096	8,459	8,459	8,629	8,888
Clergy Widows				2,000	2,040	2,101
Child Protection				2,300	2,346	2,416
Children	6,151	4,989	6,030	6,030	6,030	6,211
Stewardship	9,364	4,324	5,789	5,789	5,905	6,082
Communications	15,008	8,892	11,647	11,647	11,880	12,237
Ecumenical Committee	1,734	1,742	1,700	1,700	1,700	1,751
Readers Association	4,041	5,782	3,570	3,570	3,641	3,751
Pastoral Assistants	4,420	3,995	3,914	3,914	3,992	4,112
Parish Evangelists	2,550	2,925	2,500	2,500	2,500	2,575
Local Ministry Officer	3,935	16,737	4,635	0	4,774	4,917
Social Responsibility	1,968	3,449	2,007	5,250	5,355	5,516
Flame	510	500	520	575	587	604
Council for Evangelism	2,568	-42	107	107	1,000	1,030
Council for the Countryside	1,530	265	1,500	1,500	1,500	1,545
World Missionary Council (inc Bungoma)	1,203	2,691	1,227	1,227	1,252	1,289
Healing Ministry	1,020	381	487	487	497	512
Interfaith	1,346	0	279	279	284	293
Faith in the City/Church Urban Fund	1,030	151	332	332	339	349
Woman s Ministry	689	1,954	269	269	275	283
Parish Mission	50,000	61,923	50,000	56,000	50,000	51,500
	128,928	138,813	114,312	131,701	134,411	138,443

	Approved 2004 Budget £	Final 2004 Out turn £	Approved 2005 Budget £	Anticipated 2005 Out turn £	Proposed 2006 Budget £	Projected 2007 Budget £
4.6 GRANTS						
Family Care	69,160	69,160	67,804	67,804	70,516	72,632
Widows & Dependants	12,024	5,320	11,788	11,788	12,260	12,627
Bishops' Discretionary Funds	5,320	4,268	5,216	5,216	5,425	5,587
St Luke's Hospital	4,353	6,443	4,268	4,268	4,439	4,572
Shared Churches Peterborough	7,140	9,525	7,000	7,000	7,280	7,498
World Missionary Council (inc Bungoma)	5,100		5,000	5,000	5,200	5,356
Schools Capital Account	37,750	38,250	37,750			
Other	8,777	9,379	8,605	4,924	8,881	9,147
	149,625	142,345	147,431	106,000	114,000	117,420
TOTAL MINISTRY EXPENDITURE	5,966,498	5,803,992	5,883,066	6,131,475	6,320,369	6,448,660

Peterborough Diocesan Board of Finance Details of other Expenditure

Notes	Approved 2004 Budget	Final 2004 Out turn	Approved 2005 Budget	Anticipated 2005 Out turn	Proposed 2006 Budget	Projected 2007 Budget
6.1 EDUCATION						
Minor Improvements (Sec 554)	773,700	605,466	545,793	520,000	700,000	700,000
Major Improvements (Schools Fund)	1,621,796	1,111,567	1,000,000	1,000,000	500,000	500,000
New Schools	10,455,000	9,290,119	8,500,000	5,500,000	4,000,000	4,000,000
Salaries, NHI & Pension	120,636	155,196	121,210			
Administration	20,233		20,638			
Other (incl Travel)	12,117	12,236	12,359			
Total Education	13,003,481	11,174,584	10,200,000	7,020,000	5,200,000	5,200,000
6.2 Education Admin (DBE)						
Salaries & Wages				139,907	144,104	151,309
Other Cost (net of income)				13,897	14,314	15,030
Total Admin (DBE)				153,804	158,418	166,339
7.0 ADMINISTRATION						
7.1 General & Syndical Costs						
Stationery, Postage, Telephone etc	56,100	58,693	59,108	59,076	61,439	65,740
Office Overheads - Rent, Rates, Heat etc	86,651	92,065	91,473	91,473	95,132	97,986
Office Equipment & Depreciation	66,300	61,181	59,403	59,403	61,779	67,957
Syndical Expenses	21,380	23,548	21,048	21,048	22,650	23,330
	230,431	235,487	231,032	231,000	241,000	255,012
7.2 Staff Costs						
Salaries, NIC & Pensions	291,777	267,390	268,112	268,112	279,955	293,953
Training Costs	2,843	1,279	2,928	2,928	3,045	3,137
	294,620	268,669	271,040	271,040	283,000	297,090
Total Administration	525,051	504,156	502,072	502,040	524,001	552,102
8.0 LEGAL & PROFESSIONAL						
Diocesan Advisory Committee	56,042	53,927	55,341	55,341	57,555	59,281
Faculty Costs	31,972	31,689	31,971	31,971	33,250	34,247
Chancellor & Registrar	30,454	29,014	31,439	31,439	32,696	33,677
Audit	15,411	15,543	15,719	15,719	16,348	16,838
Bank & Borrowing Charges	1,640	341	500	500	520	536
Legal & Professional	25,500	10,625	14,420	15,030	15,631	16,100
	161,019	141,139	149,390	150,000	156,000	160,680