



Draft Bristol DBF Budget 2023 Diocesan Synod – September 2022

The following paper presents an outline of the **draft** Budget for 2023. This is purely based on submissions from budget holders, recognising the existing constraints under which the DBF currently operates. The budget is largely based on continuing business as usual with the exception of initial seed funding of early work on the TCT project. Due to staff absences some significant assumptions have been made regarding business as usual activities in preparing these figures and these will be refined over the coming months.

1. INTRODUCTION

This paper sets out details of the 2023 Budget for the Bristol Diocesan Board of Finance Ltd. It is based on the expected outturn for 2022 and assumptions as below:

Assumptions:

Specific assumptions used in the preparation of the figures are:

- Staffing reflects known changes in resources including vacancies. Any interim or consulting costs are shown in non-payroll.
- Clerical posts are based on 2022 forecast levels plus an assumed **5% COLI** with effect from 1 January 2023.
- Staff costs are also based on 2022 forecast levels plus an assumed **COLI of 5%** with effect from 1 July 2023.
- Strategic funding / TCT assumptions on £5.6m (£151k inc. in Forecast 2022 and £110k in Budget 2023)

The next version of the budget will incorporate a detailed review of clergy movements and staff head count together with inflationary assumptions for general expenditure.

Work still needs to be undertaken over the summer to firm up various figures and projections and to incorporate feedback from the Finance Committee, more up to date information and any additional direction from the Bishop's Staff.

Finance Committee will have a second opportunity to consider the final draft budget in September, before the recommended budget is presented to the Board of Directors and subsequently Diocesan Synod. The overall timetable is set out below.

The budget presented in September is likely to have a number of changes to the version presented in the following paper. The main areas of uncertainty and sensitivity that are likely to affect the final budget are as follows:

Income

- The level of Parish Share deemed to be achievable.
- Assumptions around the likely amount of fee income to be received
- The timing and size of and investment sales or purchases transactions
- National Church funding levels and funding streams
- Timings of SDF expenditure and therefore grant income
- Confirmation Strategic Ministry Funding based on final curate numbers
- Arrangements for the commercial let of the Pattern Church offices

- Confirmation of the Bishop Monk Horfield Trust income streams and their treatment
- Grant and other income

Expenditure

- Number of clerical posts and vacancies (including vacancy rate)
- DSS staff planning and any planned changes
- Property expenditure and timings
- National Church apportionment
- Family maintenance grants and pooling adjustments

The Finance Committee has considered the early draft budget for 2023 and will further review areas of focus for the remaining budget formation work and note the financial challenges that are represented in the narrative and numbers

TIMETABLE

The overall timetable for the development and approval of the 2023 Budget is as follows:

19th July 2022 Draft outline budget to Finance Committee

Early September 2022 Parish Share requests sent out

5th September 2022 Budget steer from Board of Directors

27th September 2022 Budget approval by Finance Committee

13th October 2022 Budget approval by Board of Directors

31st October 2022 Parish Share commitments deadline

19th November 2022 Budget approval by Diocesan Synod

TRANSFORMING CHURCH TOGETHER

The initial stage 1 funding for detailed planning work of £151k and £110k for 2022 and 2023 is included in the Forecast 2022 and Budget 2023 respectively.

It is currently assumed that the initial £151k approved will be invested in the following activities:

Activity	Cost £k
6 months Transformation Director	£32.5k (poss less)
6 months Prog Manager + 2 Project Officers	£50k (£20k + 2 X £15k)
6 months TCT Comms Officer	£15k
Consulting for Total Return Accounting made up of: Accounting/Finance/Legal/Investment advice	£33.5k (£13k +£10k +£10.5k)
Consulting for Partnerships	£20k
Total	£151k

The impact of the Strategic funding for Transforming Church Together project is currently reflected in the 2022 forecasts or 2023 budgets as Grant Income and matching costs lines made up as follows:

Strategic Funding/TCT	£k
Total over 5 Yrs	5,600
Annualised	1,120
Approved/spent in F'cast 2022	151
Balance in 2023	969
Already in Bud 2023	110
Total Approved as initial funding	261

Once the initial development phase has been completed more detailed expectations of the proposed outcomes of the projects will be included in the next Budget draft. This will be presented to Fin com in due course.

2. WHERE WE ARE IN 2022 Forecast

- 2.1. While still some way off from the end of 2022, we can already make projections about where we might end up at the end of the year.
- 2.2. The 2022 Budget deficit of **£680k** was predicated on achieving Parish Share of **£5.5 million**. As things stand, Parish Share commitments are only **£5.36 million** meaning that the starting deficit increased by **£144k** to **£824k**.
- 2.3. However, late contributions for 2021 and additional contributions for 2022 currently total £76k, reducing the shortfall to £68k.
- 2.4. Given the effective starting point of a **-£824k** deficit, the projected result for 2022 of a **-£583k** deficit represents a significant recovery. This is largely achieved through increased movements in clergy posts leading to reduced clergy numbers and increased rental income from vacant houses, together with the reduction in clergy pension costs.
- 2.5. This projection does come however come with a warning, that is based on current information and various estimates may change before the end of the year.
- 2.6. The Strategic Funding of £151k approved is included in both Grant income and offset by costs in the Diocesan Secretary department.

3. BUDGET 2023

- 3.1. Budget Income is up on 2022 by £821k to £9.8m due mainly to TCT Strategic funding income. Expenditure of £10.6m is up £336k from the STC funding contra to grant income and lower payroll and property costs. The net deficit improves by £79k from £(583)k expected in 2022 to £(504)k in 2023.
- 3.2. The 2023 **early draft** Budget shows expenditure outstripping income by **£761k** overall. However, with **£354k** of this expenditure constituting improvement works to property and being funded by the Diocesan Stipends Fund (DSF) Capital Fund, this effectively means that the DBF's main funds budget is in deficit by **£401k**.
- 3.3. The Strategic funding adds £969k to Grant income slightly less than the annualise £5.6m due to £151k approved in 2022.
- 3.4. Diocesan support costs shows the contra cost entry to the grant funding.
- 3.5. Parish Share is estimated at £5.5m in 2023.
- 3.6. The 2023 Budget is summarised below alongside the initial forecast estimates for 2022:

BUDGET SUMMARY £	2022 FORECAST	VARIANCE	2023 BUDGET	2023 Budget vs 2022 Forecast
Description	Full year	Forecast v Budget	Full year	Full Year
INCOME				
Parish Share	5,432,000	-68,000	5,500,000	68,000
Grants	1,907,166	195,746	2,705,804	798,637
Investment income				
Investment income	1,008,631	-40,200	1,033,631	25,000
Other income	678,709	120,000	608,709	-70,000
TOTAL INCOME	9,026,506	207,546	9,848,144	821,638
EXPENDITURE				
Parish ministry	4,058,078	155,831	3,964,888	-93,190
Future ministry	1,610,238	129,416	1,589,824	-20,415
Property costs	2,091,093	-532,534	1,736,522	-354,570
Diocesan support services (staff)	1,203,261	7,094	1,278,429	75,168
Diocesan support services (non-staff)	880,770	-328,990	1,614,574	733,804
Other specific central costs	160,805	6,400	155,805	-5,000
National Church	269,669	0	269,669	0
TOTAL EXPENDITURE	10,273,914	-562,783	10,609,711	335,797
NET INCOME BEFORE OTHER FUNDS	-1,247,408	-355,236	-761,567	485,841
Other fund income	263,026	-4,175	269,201	6,175
Other fund expenditure	-258,513	-3,500	-262,013	-3,500
NET INCOME BEFORE TRANSFERS	-1,242,895	-362,911	-754,379	488,516
Funding from DSF Capital Fund	660,000	460,000	250,000	-410,000
Funding from DBF Capital Fund	0	0	0	0
NET INCOME / (EXPENDITURE)	-582,895	97,089	-504,379	78,516

The detailed budget can be found in Appendix A below.

Further analysis will be provided required for Draft 3 including:

- i. Cashflow
- ii. Staffing positions and FTE's split Clerical and Lay
- iii. Specific Project reporting

Appendix A: Draft Budget 2023 – Income

BUDGET SUMMARY - INCOME £k	2022 BUDGET	2022 BUDGET	2022 ACTUAL	VARIANCE	2022 FORECAST	VARIANCE	2023 BUDGET	Budget Variance
Description	Full year	To period end	To period end	To period end	Full year	Forecast v Budget	Full year	2023 vs 2022
Parish Share	5,500	2,551	2,591	40	5,432	-68	5,500	68
Grants					0	0	0	0
For ministerial training and deployment	1,306	691	626	-65	1,272	-33	1,147	-125
For Education	159	97	95	-3	156	-4	186	30
For general use or Support Services	246	39	33	-6	328	82	222	-106
Furlough grant income	0	0	0	0	0	0	0	0
SF/TCT Grant	0	0	0	0	151	151	969	818
Innovation Grant	0	0	0	0	0	0	82	82
Fundraising	0	0	0	0	0	0	100	100
	1,711	828	754	-74	1,907	196	2,706	799
Investment income								
Dividends and interest received	962	277	246	-31	956	-6	956	0
Commercial property income	34	0	0	0	0	-34	25	25
Glebe income	53	37	24	-12	53	0	53	0
	1,049	314	270	-44	1,009	-40	1,034	25
Other income								
Parsonage rental	250	139	222	83	370	120	300	-70
Charges / fees for central services	32	16	20	4	32	0	32	0
Local fee income	277	104	82	-22	277	0	277	0
	559	259	324	65	679	120	609	-70
								0
TOTAL INCOME	8,819	3,951	3,938	-12	9,027	208	9,848	822

Appendix A: Draft Budget 2023 – Expenditure

BUDGET SUMMARY - Expenditure £k	2022 BUDGET	2022 BUDGET	2022 ACTUAL	VARIANCE	2022 FORECAST	VARIANCE	2023 BUDGET	Budget Variance
Description	Full year	To period end	To period end	To period end	Full year	Forecast v Budget	Full year	2023 vs 2022
EXPENDITURE								
Parish ministry								
Stipends, salaries, NIC	3,374	1,694	1,573	121	3,240	134	3,129	-111
Other ministry	414	210	173	37	382	33	365	-16
Grants to ministers	52	36	15	21	52	0	88	37
Deanery costs	48	24	13	11	45	3	47	3
Ministry support and training (inc staff)	326	159	173	-14	340	-14	335	-5
	4,214	2,123	1,947	176	4,058	156	3,965	-93
Future ministry								
Training curate stipend cost	1,205	641	570	71	1,127	78	1,071	-56
National training costs (Vote 1)	225	113	113	0	225	0	225	0
Grants to ordinands & curates	97	52	63	-11	70	28	110	40
IME support and training (inc staff)	212	104	85	18	188	24	184	-4
	1,740	909	831	78	1,610	129	1,590	-20
Property costs								
Housing costs (inc staff)	1,482	737	833	-96	1,968	-487	1,660	-308
Non-parochial housing costs	77	50	88	-38	123	-46	76	-47
Commercial property costs	0	0	4	-4	0	0	0	0
	1,559	787	925	-138	2,091	-533	1,737	-355
Diocesan support services (staff)								
Governance, Finance and Administration	544	277	280	-3	550	-6	651	100
Diocesan Board of Education	192	96	89	7	180	12	190	10
Parish and External Relations	453	232	272	-40	457	-5	368	-89
SF/TCT staff	0	0	0	0	0	0	55	55
Staff related costs	21	12	9	3	15	6	15	0
	1,210	617	649	-32	1,203	7	1,278	
Diocesan support services (non-staff)								
Training and other services provided	75	37	29	8	72	2	71	-1
Professional costs and services	104	44	47	-3	122	-18	110	-12
Information services, admin and expenses	155	73	81	-8	321	-167	179	-142
Other DBE expenditure	42	22	9	14	37	4	69	32
Office rent, rates & service charge	176	108	99	9	176	0	176	0
Other costs	1	0	0	0	1	0	1	0
Innovation Expenditure	0	0	0	0	0	0	95	95
SF/TCT Costs	0	0	0	0	151	-151	914	763
	552	284	265	19	881	-329	1,615	734
Other specific central costs								
Cost of borrowing	39	20	14	6	33	6	28	-5
IT systems and support	40	32	20	13	40	0	40	0
Cost of historic pension scheme	88	44	47	-3	88	0	88	0
	167	96	81	15	161	6	156	-5
National Church	270	135	126	9	270	0	270	0
TOTAL EXPENDITURE	9,711	4,951	4,823	128	10,274	-563	10,610	336
NET INCOME BEFORE OTHER FUNDS	-892	-1,000	-885	115	-1,247	-355	-762	486
Other fund income	267	14	14	0	263	-4	269	6
Other fund expenditure	-255	-16	-23	-7	-259	-4	-262	-4
NET INCOME BEFORE TRANSFERS	-880	-1,002	-893	109	-1,243	-363	-754	489
Funding from DSF Capital Fund	200	100	230	130	660	460	250	-410
Funding from DBF Capital Fund	0	0	0	0	0	0	0	0
SURPLUS / (DEFICIT) BEFORE GAINS	-680	-902	-663	239	-583	97	-504	79