

## **Text of presentation by David Froude, Chairman of the Board of Finance, to Diocesan Synod, 2 December 2010**

### **Introduction**

Chairman

As I said in the briefest of introductions that accompanied the figures that were circulated to you in preparation for tonight's meeting, the process of preparing the budget this year has been markedly different. As I will explain later, it has also been considerably more difficult to achieve a budget that is not balanced but is one that the Bishop's Council feels able to recommend to you.

The figures that have been circulated have already been scrutinised and examined in considerable detail by the Budget Committee and Bishop's Council and the spending committees have already made reductions from the figures originally proposed at the beginning of the process, back in March.

But, as you will have seen from the adjustments that we have made to get to the present budget, we have had to make even further reductions.

And so, this is one of the more serious and difficult presentations I have had to give to you, but I believe it represents a fair reflection of the position we are in, showing you both the truth of the situation and an imaginative approach to manage as we move forward.

### **Slide 1**

But I shall speak first about income and starting with Share.

For the 2010 Budget, you approved a sum of £5.959m, the same as was requested of parishes in 2009 and this was based on a collection rate of 100% in the Budget.

When we asked parishes to make pledges to go against the Share line in the Budget, the pledges received for 2010 amounted to £5.423m, about 91% of the figure in the budget.

However, that 91% was pretty much the same as Share actually received in 2009, in fact £43,000 more.

And I'm able to report to you that so far in 2010 the money actually received against your pledges is, based on figures at the end of November, just two days ago, almost in line with those pledges overall. In total, the Diocese is about 15 days behind expectations, as most, but not all, give monthly as requested.

But now moving on to 2011. Because we have used the actual pledges received from parishes as the figure in the budget, we believe we are now correctly budgeting for reality. That reality for 2011 is £5.142m, £281,000 less than the pledges for 2010. We have changed the way we relate as a Diocese over Share, but the responses from parishes has been variable.

However, once again, I wish to repeat – and will continue to do so – my thanks to parishes and to the individuals in the churches for their generosity for every individual gift that collectively become the Share receipts into the diocesan budget, and allows us to support one another and the mission of the Diocese. What is true to say is that research statistics say that parish incomes are increasing and, with as you can see Parish Share receipts level or a little less, more money is being left in parishes, one of the stated aims of the Diocesan Strategy.

You will know that Deanery leadership teams wrote to parishes in November with an appeal which included a letter from Bishop Mike to raise their pledges by £200,000 overall. If, as we hope and pray, parishes respond with a further £150,000, the total will increase to £5.292m, £88,000 less than received in 2009, and 89% of the budget for 2010.

## Slide 2

Moving on to the rest of income. The figures show we are budgeting for an overall total of a little less than in 2010, £1.844m in 2011, a reduction of £21.000.

But there are changes that reflect outside influences, significantly resulting from the pressure from the wider economic climate.

We benefited in the last 3 years, 2008-2010, from transitional funding from the Church Commissioners to support dioceses in the extra costs they were having to find to meet the increased costs of the clergy pension scheme, about which I've spoken many times in the past. The funding is not there for 2011, but we are to receive additional funding from the pooled resources of the Commissioners that go to support less well off dioceses. The effect is £29,000 less to be received from the Church Commissioners.

We continue to make use of empty parsonages where possible and rent them on the open market.

The largest trust that supports us, Temple Ecclesiastical – like so many individuals, trusts and anyone with long-term investments – has seen a reduction in the income from those investments. They have supported us continuously and generously for many years, but are reducing their support for 2011. We have however been able to budget for an overall increase in the income from the many other trusts that support us.

Our own investment income is budgeted to increase slightly, a reflection of the fact that our Investment Fund Managers, CCLA, have responded to their clients needs, by preserving income yields, if not at the expense of, then certainly in preference to longer-term growth.

## Slide 3

And so to expenditure.

You will have seen that the overall cost of clergy and parochial staff has fallen against the budget for 2010. There are two elements to this reduction, firstly a small reduction in the number of clergy in parochial posts, as was planned in the Strategy, and secondly an adjustment to reflect our attempt to provide a more accurate figure for the total, dealing with the comings and goings throughout the year.

I have also spoken about the process that we had already gone through to arrive at the line-by-line departmental totals for non-staff costs. Bishop's Council has now agreed that each spending committee will be challenged to reduce non-staff costs by at least 7.5% of the 2010 agreed budget. Make no mistake, this will not be easy and this is appreciated.

Bishop's Council has also agreed that £100,000 should be cut from the budget for diocesan officers and staff. This will almost certainly result in redundancies and the process has already started. This again will not be easy, some actual work will have to be curtailed.

The final adjustments to achieve the budget before you tonight are to transfer monies from other Funds, to support the General Fund. Since 2002, the Church Commissioners have been granting us monies to fund mission initiatives; at present there is an unspent balance that will allow us to draw £100,000 in each of the years 2011-2014 to support the transition resulting from the implementation of the Strategy. We are further able to release £53,000 held in reserve from monies received for chaplaincy work, and originally ear-marked for the possibility of a second Pastoral Adviser. But with the rethinking of the role and the arrival of Ian Tomkins, it has been agreed that a second adviser will not be needed.

So, a resultant £260,000 deficit in 2011. But this is quite in line with our expected transitional change, from where we were to where we are going. It is a positive step to report.

And where are we going? You will have heard of the 11% growth in attendance in 2009 in Bristol Diocese, alongside the very many other important areas of growth right across our Diocese. The challenge, as ever, is how positively each of us responds to God's call upon our lives.

**Questions were taken and answered, following which Diocesan Synod approved the Budget for 2011.**