

## **2020 Budget and Sustainability Plan**

### **Executive Summary**

1. The proposed 2020 budget shows an Operating Surplus after Reserve Transfers of £53k. This is a £798k reduction from the latest 2019 forecast principally due to a fall in grants from the National Church as Restructuring Funding comes to an end and core funding continues to reduce.
2. The Sustainability Plan has been updated and extended to 2024. Having included new income and cost saving targets, the deficit is forecast at £221k in 2024.
3. Long term cash flow forecasts show that the LDBF will have sufficient funds to fund both the unrestricted deficit and pension deficit payments over the next five years. Assuming the majority of the Sustainability Plan can be achieved, it is proposed to invest £1.8m from the sale of properties in a Mission Fund and environmental investment measurers for clergy property.
4. In 2020 it proposed to launch a parish financial support package, which will include promoting the existing parish loan offering, reinvigorating building grant programmes and introducing Parish Mission Grants.

### **2019 Financial Update**

5. There is forecast to be an unrestricted operating surplus before reserve transfers of £438k in 2019, which is £492k favourable to budget. The principal drivers for this are lower costs of the Support of Parishes and Schools and lower Property costs, which more than offset lower than budgeted Parish Share and Parochial fees.
6. Including reserve transfers increases the surplus to £1,071k, which is £225k ahead of budget. However, once the payment of Pension deficits are also included, there is forecast to be an unrestricted cash deficit of £339k.

### **2020 Budget**

#### Assumptions

7. The 2020 budget planning assumptions were presented to and agreed by the Finance Assets and Investments Committee ('FAIC') and LDBF Board in June and July respectively. The primary assumptions are as follows:
  - 7.1. Parish Share – a 2% increase in the base share request (i.e. the total amount input into the calculation process). However, the actual change in individual parish requests will vary depending on other factors in the calculation, such as whether a parish has reached the level calculated under the new share system (again capped at a 10% increase or 5% decrease) and changes in deployment, attendance and unrestricted income.
  - 7.2. Stipends - a 1% increase in stipends for the year commencing April 2020. This follows a freeze in 2019/20 and will result in incumbent stipends of £27,388 and curates in the range £25,179 to £26,159.

The incumbent's stipend compares to the National Minimum Stipend of £25,018 and an average of £26,727 across the Northern Province. It is expected to leave Leeds ranked around 14th in the country.

7.3. Staff Salaries – a 1% increase, in line with clergy stipends.

7.4. Casual Duty Fees – an increase from £32 to £35.

#### Proposed Budget

8. The proposed Unrestricted Operating Deficit before Reserve Transfers is £547k, which is £985k worse than the latest 2019 forecast. The primary drivers of the change are as follows:

- 8.1. £798k lower grants from the National Church as Restructuring Funding comes to an end and core funding continues to reduce;
- 8.2. £310k higher costs across Ministry in Parishes, Property and Support for Parishes, principally due to underspends seen in 2019 not being expected to repeat at the same level, though all three budgets are either in line with the 2019 Budget or lower; and
- 8.3. £108k higher net expenditure on SDF projects as activity increases.

These are partly offset by:

- 8.4. £274k higher parish share income reflecting the agreed increase.
9. Following a review of the funds available for utilisation from restricted reserves, the assumed transfers have been reduced to £600k. Therefore, the Operating Surplus after Reserve Transfers is forecast at £53k. Post the payment of pension deficits the Unrestricted Cash Deficit is forecast at £1,163k.
10. Further details of the proposed budget are included in the Appendix.

### **2020 – 2024 Sustainability Plan**

#### Income and Expenditure

11. In 2018 a Sustainability Plan was developed that covered the period to 2022. This has now been updated and aligned to the Diocesan Strategy period of 2019-2024. The Diocesan Strategy has set the objective of balancing the budget by the end of 2022, although the 2018 Sustainability Plan did not show this being achieved.
12. The first step in updating the Sustainability Plan was to develop a forecast on a “continue-as-is” basis. For this the following assumptions have been adopted for the period 2021-2024:
- 12.1. Parish Share growth of 1% per annum;
  - 12.2. Other income lines growing at 2% per annum;
  - 12.3. Stipend and salary inflation of 1.5% and 2.0% for 2021 and 2022+ respectively;
  - 12.4. A continued freeze in the overall Ministry in Parishes budget (including pension deficit payments);
  - 12.5. Property costs inflation of 2% per annum; and
  - 12.6. Other non-staff costs budgets frozen.
13. On the above assumptions the Operating Deficit before Reserve Transfers in 2024 would be c.£1m.

14. In considering how the £1.0m gap is bridged, it is suggested that the first point to acknowledge is that a 2022 target looks incredibly challenging. Therefore, it is proposed to adjust the target to the end of the strategy period (i.e. 2024).
15. In targeting a “balanced budget” by 2024 the following is noted:
  - 15.1. The definition of “balanced budget” should be the Operating Surplus/(Deficit) after Reserve Transfers;
  - 15.2. The cash requirement to fund pension deficits should be considered separately – see below;
  - 15.3. The Plan should not rely on significant increases in Parish Share but rather assume that 1% increases in Parish Share be adopted for planning purposes;
  - 15.4. A target of £150k of new income and £300k of Realised Gains;
  - 15.5. A reduction in Ministry in Parishes budget of £200k;
  - 15.6. A reduction in Support for Ministry and Schools budget of £120k; and
  - 15.7. The ongoing transfer of £400k from Restricted Reserves (Education: £150k, Pastoral: £150k, Inglefield: £45k and Other: £55k).
16. The above would reduce the Operating Deficit after Reserve Transfers to £0.2m.

#### Cash Flow and Investment

17. During 2018 the level of available cash and investments became a major concern which, combined with the ongoing nature of the deficit, resulted in commencement of a number of property disposals. As a result of those disposals (including properties sold subject to contract), unrestricted cash and investments are forecast to be £7.3m at 31 December 2019. Other DBF properties identified for sale total £1.6m. Therefore, the total unrestricted cash available for allocation for the period to December 2024 is £8.9m.
18. This is assumed to be allocated as follows:
  - 18.1. Minimum cash and investment balances - £4.0m
  - 18.2. Unrestricted deficit - £1.1m
  - 18.3. Lay pension deficit - £1.0m
  - 18.4. Permanent loan repayments - £0.5m
  - 18.5. Surplus - £2.3m
19. In addition to unrestricted funds, restricted cash is being generated through the sale of Glebe and Benefice properties, which depending on the nature of the sale will either return to the Stipends fund, be ring-fenced in the pastoral account for future parsonage property provision or be released to the DBF. Such potential sales currently identified, net of potential purchases, total £2.7m. Of these it is proposed that £2.5m be allocated to funding the clergy pension deficit payments, which leaves a potential surplus of £0.2m.
20. Over recent months a number of additional cash requirements or investment opportunities have been highlighted above the covering of unrestricted deficits and the payment of pension deficit payments. These are highlighted below, along with proposed planning assumptions:
  - 20.1. **Environmental Investment** – In March 2019 Diocesan Synod raised a number of questions about energy saving and carbon reduction measures relating to our clergy properties. To date there has been no significant investment in such matters, which given the status of the Diocese of Leeds and the Anglican Church in the public square is not a satisfactory position. Therefore, it is proposed to reinvest £500k of unrestricted cash from property sales into energy saving and

carbon reduction measures. Early discussions are taking place with West Yorkshire Combined Authority's Energy Accelerator Project about potential energy reduction and solar projects.

- 20.2. **Mission Fund** – Over recent months the FAIC has been discussing the possibility of establishing a Mission Fund, which would set aside funds for future SDF bids (all bids require some funding from the DBF) and provide funding for a Parish Growth Scheme. It is proposed to allocate £1.3m to this, with £0.3m set aside for future SDF bids and £1.0m for a five year Parish Growth Scheme.
- 20.3. **Repayment of Permanent Loans** – The DBF currently has £0.9m of Permanent Loans outstanding against historic property purchases, which are being repaid incrementally but have relatively high interest rates - ideally it would be good to repay some or all of this to reduce ongoing interest payments. Whilst no funds have been ring-fenced for this purpose at this time, should savings be achieved this will be considered.
- 20.4. **Additional Property Capital Works** – The current LDBF accounting policy is to expense all expenditure under £25k but to consider capitalisation for expenditure above that level where value has been added to the property. Such works are likely to include extensions, the conversion of garages or the addition of garage where one was not previously present. At present it is not proposed to set aside budget from unrestricted budgets for such works but to assume capital works are met from the annual property budget or by utilising the Stipends or Pastoral funds.

#### Parish Financial Support

21. There is a desire for the DBF to both better use the funds it has on its Balance Sheet and to make new funds available to support parish/benefice ministry. There are principally three areas where this can be achieved:
  - 21.1. **Parish Loans** – The DBF offers loans of up to £25k for periods of up to 5 years. At present loans outstanding total around £75k. The FAIC have previously agreed portfolio limit of £250k and therefore, there is capacity to make further loans.
  - 21.2. **Building Grants** – An initial review of restricted funds implies there are c.£1m of funds on the Balance Sheet to support church building grants or loans, although some of it has specific restrictions (e.g. only available to churches in the Harrogate area). The outline aim is to make c.£40k available per year in small grants (between £500 and £5,000).
  - 21.3. **Parish Mission Grants** – As per the above, it is proposed to establish an initial fund of £1m that will provide seed funding to parishes or benefices over the following five years. The details of such a fund are still to be worked out but potential criteria could be one off grants up to £10k or three year grants of up to £5k per year, limited to 50% of project cost. Further details will be provided in due course.

#### **Recommendations**

22. The Reverend Nigel Wright will propose the following motion:
  - 22.1. "That the Diocesan Synod authorise the Diocesan Board of Finance to raise and expend a sum not exceeding £22,023,181 for the calendar year 2020".

#### Appendices

##### **Appendix 1** – Proposed 2020 Budget and Sustainability Plan 2020 – 2024

# 2020 BUDGET AND 2020-24 SUSTAINABILITY PLAN

OCTOBER 2019



# SUMMARY & KEY POINTS

## 1. 2019 Update

- Forecast to be an unrestricted operating surplus after reserve transfers of £1,071k, which is £225k favourable to budget.
- Once the payment of pension deficits are included, there is forecast to be a cash deficit of £339k.

## 2. 2020 Budget

- Budgeting 2020 unrestricted operating surplus of £53k.
- After payment of pension deficits, the cash deficit is £1,163k.
- Largest change from 2019 is reduction in funding from the National Church (£798k) as three year Restructuring Funding finishes in 2019 (£640k) and ongoing funding continues to decrease (£150k).

## SUMMARY & KEY POINTS

### 3. 2020-2024 Sustainability Plan

- Without action there is an ongoing unrestricted deficit of c.£1m in 2024.
- Planning four work streams to review specific areas: (1) Parish Share Working Group, (2) New Income Generation, (3) Clergy Deployment and (4) Support Costs.
- With suggested work stream targets, the unrestricted deficit at 2024 would be c.£0.2m.

### 4. Cash Flow Forecast

- The forecast shows that the DBF has sufficient cash for the duration of the 2020-24 Sustainability Plan, whether or not the work stream targets are achieved.
- If the Sustainability Plan is delivered up to £2.3m is potentially available for other activities.

## SUMMARY & KEY POINTS

### **5. Investment Plan**

- Assuming the utilisation of a maximum of £1.8m of surplus funds, it is proposed to allocate £0.5m to environmental investment in clergy property and £1.3m in a Mission Fund.

### **6. Parish/Benefice Financial Support**

- Desire to launch a parish/benefice support package in 2020 including the existing Parish Loans Scheme, revitalising old Buildings Grant Funds and commencing Mission Grants.





# 2019 UPDATE



# 2019 UPDATE

	2019 Forecast	2019 Budget	Change £
Parish Share	13,718	14,290	(572)
National Church	4,470	4,358	112
Clergy Fees	1,014	1,285	(271)
Investment Income	654	612	42
Property Income	702	540	162
SDF Income	223	96	127
Other	1,018	875	143
<b>Total Income</b>	<b>21,799</b>	<b>22,056</b>	<b>(257)</b>
Ministry in Parishes	11,417	11,483	(66)
National Church	1,230	1,251	(21)
Property Costs	3,465	3,696	(231)
Support for Parishes & Schools	5,092	5,558	(466)
SDF Expenditure	157	122	35
<b>Total Expenditure</b>	<b>21,361</b>	<b>22,110</b>	<b>(749)</b>
<b>Unrestricted Operating Surplus / (Deficit)</b>	<b>438</b>	<b>(54)</b>	<b>492</b>
Transfer from reserves	633	900	(267)
<b>Unrestricted Surplus / (Deficit) Post Transfers</b>	<b>1,071</b>	<b>846</b>	<b>225</b>
Clergy pension deficit	(1,102)	(1,102)	0
Lay pension deficit	(308)	(337)	29
<b>Unrestricted Cash Surplus / (Deficit)</b>	<b>(339)</b>	<b>(593)</b>	<b>254</b>

- There is forecast to be an unrestricted operating surplus before reserve transfers of £438k in 2019, which is £492k favourable to budget. The variance is driven principally by lower costs, which outweigh lower than budgeted Parish Share and Parochial Fees.
- Including reserve transfers increases the surplus to £1,071k, which is £225k ahead of budget.
- However, once the payment of Pension deficits are also included, there is forecast to be an unrestricted cash deficit of £339k.
- See the Supporting Information for more details.



# 2020 BUDGET



# CONTEXT AND BUDGET ASSUMPTIONS

## Context

- Deficits have been run in recent years (2017: £2,453k and 2018: £720k on a statutory basis), though 2019 expected to be surplus as the tail of restructuring funding is received and costs are running below budget.
- Diocesan Strategy targeted 2022 to balance the budget – likely to be later (see following slides).
- Revaluation of the clergy pension scheme ongoing – will have material impact on the numbers (see following slides).

## Key Assumptions

- **Parish Share** – a 2% increase in the base request (actual request changes will vary significantly due to other factors).
- **Clergy Stipends & Staff Salaries** – increase by 1% (Incumbents - £27,388; Curates - £25,179 – £26,159; NMS - £25,018).
- **Casual Duty Fees** – increase from £32 to £35, having been fixed for a number of years.

# 2020 BUDGET SUMMARY

	2020 Budget
Parish Share	13,992
National Church	3,672
Clergy Fees	1,020
Investment Income	682
Property Income	666
SDF Income	435
Other	1,009
<b>Total Income</b>	<b>21,476</b>
Ministry in Parishes	11,483
National Church	1,262
Property Costs	3,534
Support for Parishes & Schools	5,267
SDF Expenditure	477
<b>Total Expenditure</b>	<b>22,023</b>
<b>Unrestricted Operating Surplus / (Deficit)</b>	<b>(547)</b>
Transfer from reserves	600
<b>Unrestricted Surplus / (Deficit) Post Transfers</b>	<b>53</b>
Clergy pension deficit	(908)
Lay pension deficit	(308)
<b>Unrestricted Cash Surplus / (Deficit)</b>	<b>(1,163)</b>

## Income

- Total income of £21,476k down £580k (2.6%) compared to 2019 budget as funding from National Church reduces, partly offset by higher Parish Share and SDF Grants.

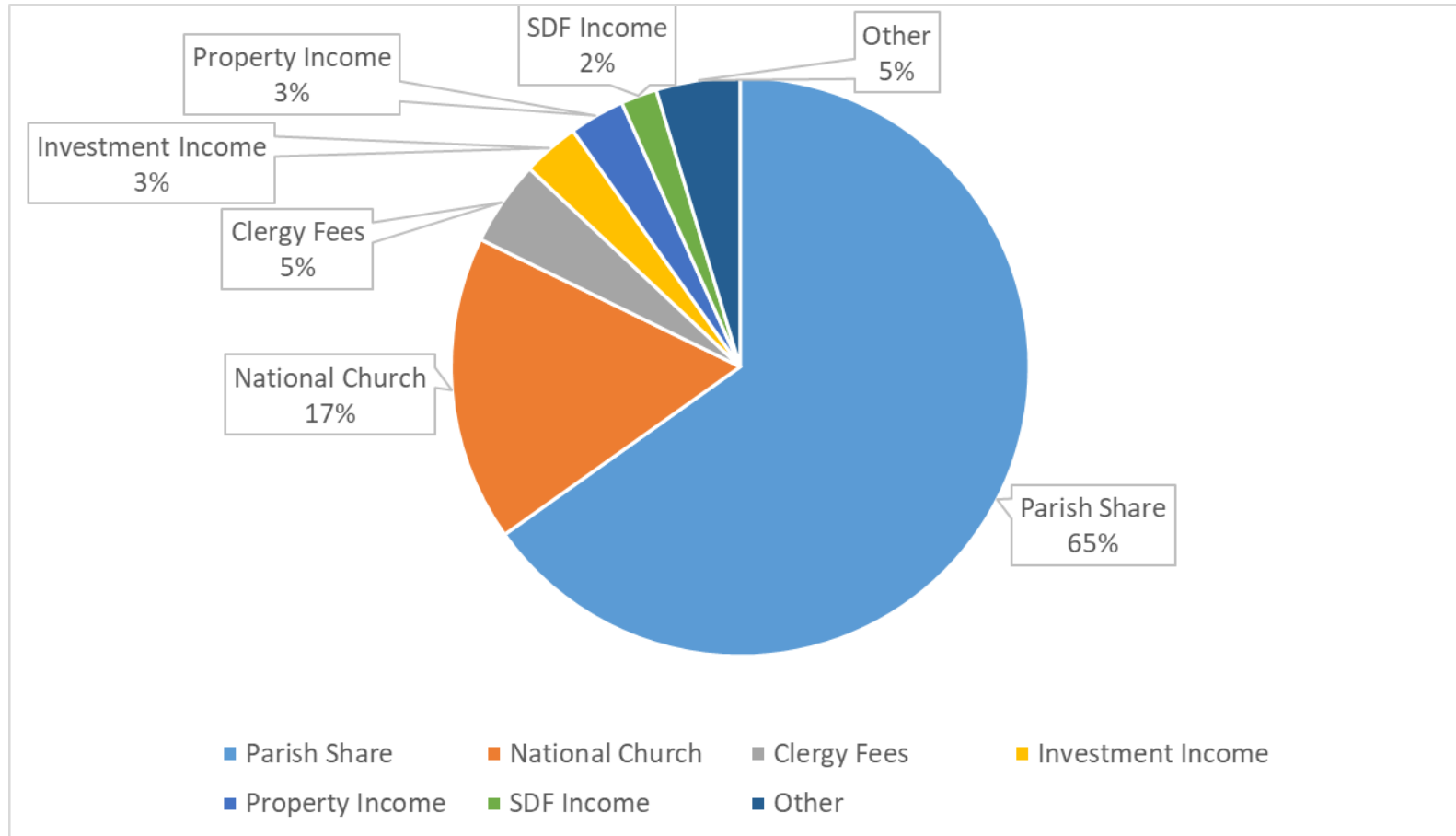
## Expenditure

- Total expenditure of £22,023k down £77k (0.3%) compared to 2019 budget due to lower Support and Property budgets, partly offset by higher SDF project costs.

## Overall

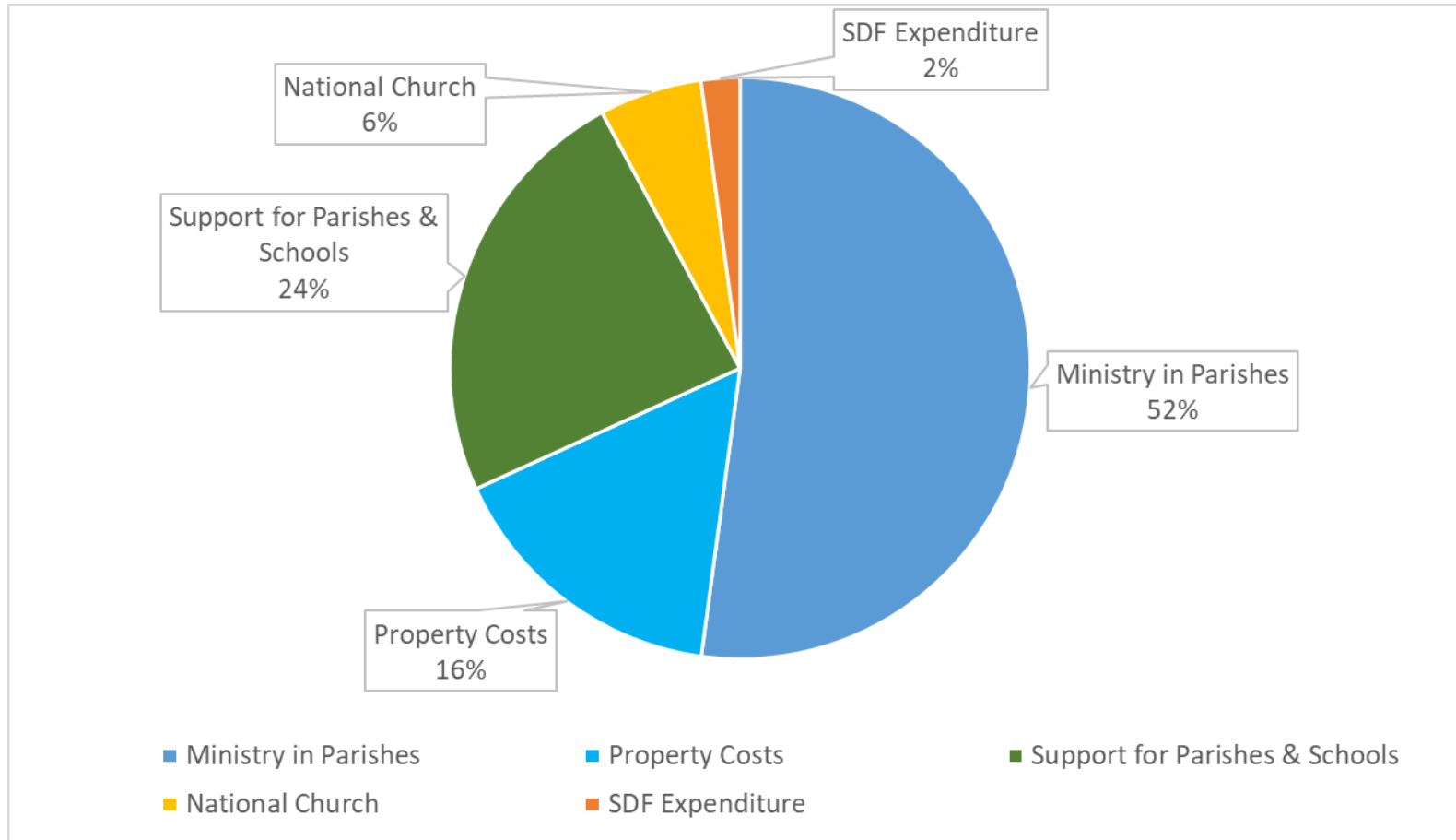
- Including transfer of £600k from restricted reserves, forecasting a surplus of £53k for the year.
- Full comparison to 2019 included in Supporting Information.

# 2020 BUDGET INCOME BREAKDOWN



- The largest income streams for the DBF remain the Parish Share and National Church funding, which are budgeted to provide 65% and 17% respectively of the total income in 2020.

# 2020 BUDGET EXPENDITURE BREAKDOWN



- Ministry in Parishes and Property costs combined account for 68% of the DBF's budgeted costs in 2020.



# 2020 – 2024 SUSTAINABILITY PLAN





## STARTING ASSUMPTIONS

1. Parish Share received grows at 1% per annum;
2. Other income lines grow at 2% per annum;
3. Stipend and salary inflation of 1.5% and 2.0% for 2021 and 2022+ respectively;
4. A continued freeze in the overall Ministry in Parishes budget (including pension deficit payments);
5. Property costs inflation of 2% per annum; and
6. Other non-staff costs budgets frozen.

**Based on these assumptions the Unrestricted Operating Deficit after Reserve Transfers would be c.£1m in 2024.**

## PROPOSED WORK STREAMS TO BALANCE BUDGET

1. **Parish Share** – a review of the Parish Share system has commenced but for this Plan it is assumed any changes in the system and process will not result in higher receipts.
2. **New Income Generation** – working to generate additional ongoing income from existing assets (£150k pa) and generate one-off investment returns (£300k pa).
3. **Clergy Deployment** – the continue-as-is scenario implies clergy numbers falling from 302 in 2019 to 277 in 2024 in order to maintain a fixed budget. This work stream will seek to understand how this may occur (e.g. impact of natural retirement rate) and seek up to another £200k in savings, alongside reviewing the impact of other proposals included in the Diocesan Strategy (e.g. increased number of curates, changes in ministry models, etc).
4. **Support Costs** – the 2020 budget includes savings of £450k against submitted departmental budgets. These are assumed to be largely recurrent underspends (£250k) and staff vacancies (£100k), however, £100k of savings will need to be identified. This work stream will seek to identify these savings and a further £120k.

## PROPOSED WORK STREAMS (CONTINUED)

### Financial Effect of Changes 2024:

	<i>£000's</i>
New income	150
Realised gains	300
Clergy cost reduction	200
Support savings	119
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Total	769
Operating deficit before changes	(990)
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Operating deficit after changes	(221)
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# 2020 -2024 SUSTAINABILITY PLAN

	2018 Actual	2019 Budget	2019 Reforecast	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget
Parish Share	13,812	14,290	13,718	13,992	14,132	14,274	14,416	14,561
National Church	4,713	4,358	4,470	3,672	3,515	3,322	3,129	2,928
Clergy Fees	1,153	1,285	1,014	1,020	1,040	1,061	1,082	1,104
Investment Income	601	612	654	682	696	697	704	718
Property Income	635	540	702	666	672	685	698	711
SDF Income	57	96	223	435	463	447	418	118
Other	1,134	875	1,018	1,009	990	1,030	1,089	1,148
Realised gains	-	-	-	-	100	200	300	300
<b>Total Income</b>	<b>22,106</b>	<b>22,056</b>	<b>21,799</b>	<b>21,476</b>	<b>21,608</b>	<b>21,716</b>	<b>21,836</b>	<b>21,588</b>
Ministry in Parishes	11,563	11,483	11,417	11,483	11,811	11,761	11,708	11,663
National Church	1,145	1,252	1,230	1,262	1,287	1,312	1,339	1,366
Property Costs	3,412	3,696	3,465	3,534	3,567	3,603	3,639	3,676
Support for Parishes & Schools	5,498	5,558	5,092	5,267	5,273	5,299	5,331	5,367
Reorganisation / SDF	525	111	157	477	514	499	471	137
<b>Total Expenditure</b>	<b>22,143</b>	<b>22,100</b>	<b>21,361</b>	<b>22,023</b>	<b>22,452</b>	<b>22,474</b>	<b>22,489</b>	<b>22,209</b>
<b>Unrestricted Operating Surplus / (Deficit)</b>	<b>(37)</b>	<b>(44)</b>	<b>438</b>	<b>(547)</b>	<b>(844)</b>	<b>(808)</b>	<b>(652)</b>	<b>(621)</b>
Transfer from reserves	1,069	900	633	600	500	400	400	400
<b>Unrestricted Surplus / (Deficit) Post Transfers</b>	<b>1,032</b>	<b>856</b>	<b>1,071</b>	<b>53</b>	<b>(344)</b>	<b>(358)</b>	<b>(252)</b>	<b>(221)</b>
Clergy pension deficit	(1,039)	(1,102)	(1,102)	(908)	(530)	(530)	(530)	-
Lay pension deficit	(313)	(337)	(308)	(308)	(308)	(308)	(77)	-
<b>Unrestricted Surplus / (Deficit)</b>	<b>(320)</b>	<b>(583)</b>	<b>(339)</b>	<b>(1,163)</b>	<b>(1,182)</b>	<b>(1,196)</b>	<b>(859)</b>	<b>(221)</b>

## INVESTMENT OPTIONS 2020 - 2024

Cash flow forecasts suggest surplus liquidity of £2.3m over the minimum balance at December 2024, however, this assumes the deficit reduction measures are achieved. It is proposed to cap the utilisation of the funds at £1.8m given the uncertainty in the figures. Investment is proposed as follows:

1. **Environmental Investment** – £500k, potentially towards a solar and/or energy reduction project for clergy housing - exploring option of support from WYCA Energy Accelerator.
2. **Mission Fund** – £1,300k (additional £300k SDF and £1,000k Parish/Benefice Grants).
3. **Repayment of Permanent Loans** – at 31 December 2019 there will be £780k outstanding across 14 loans with an average of 5 years left. Don't propose to accelerate payments.
4. **Additional Property Capital Works** – either included in unrestricted budget or spent from Stipends or Pastoral Funds.

## PARISH FINANCIAL SUPPORT

There is a desire for the DBF to both better use the funds it has on its Balance Sheet and to make new funds available to support parish ministry. There are principally three areas where this can be achieved financially:

- 1. Parish Loans** – The DBF offers loans of up to £25k for periods up to 5 years. At present loans outstanding total around £75k. Current portfolio limit of £250k.
- 2. Building Grants** – An initial review of restricted funds implies there are c.£1m of funds on the DBF Balance Sheet, although some of it has specific restrictions (e.g. only available to churches in the Harrogate area). Aim to make c.£40k available per year in small grants (between £500 and £5,000).
- 3. Parish/Benefice Mission Grants** – As per the previous slide, it is proposed to establish an initial fund of £1m that will provide seed funding to parishes/benefices over the following five years. Potential criteria of one off grant up to £10k or three year grants of up to £5k per year, limited to 50% of project cost. Full criteria to be developed.



# SUPPORTING INFORMATION



## 2019 FORECAST VS. 2019 BUDGET

	2019 Forecast	2019 Budget	Change £	Change %	Narrative
Parish Share	13,718	14,290	(572)	(4%)	Budget assumed increase from 2018 but now expected to be lower.
National Church	4,470	4,358	112	3%	Additional capacity funding grant provided by National Church.
Clergy Fees	1,014	1,285	(271)	(21%)	Assumed fees would be in line with 2018 but significantly lower.
Investment Income	654	612	42	7%	Higher dividends received.
Property Income	702	540	162	30%	Strong increase seen due to rental of vacant properties.
SDF Income	223	96	127	132%	Timing of claims from National Church has been amended.
Other	1,018	875	143	16%	Various items, including higher income from Education services.
<b>Total Income</b>	<b>21,799</b>	<b>22,056</b>	<b>(257)</b>	<b>(1%)</b>	
Ministry in Parishes	11,417	11,483	(66)	(1%)	In line with expectations.
National Church	1,230	1,251	(21)	(2%)	In line with expectations.
Property Costs	3,465	3,696	(231)	(6%)	Expenditure currently tracking lower than budget.
Support for Parishes & Schools	5,092	5,558	(466)	(8%)	Both staff and non-staff costs have run below budget in year.
SDF Expenditure	157	122	35	29%	Dependent on individual projects.
<b>Total Expenditure</b>	<b>21,361</b>	<b>22,110</b>	<b>(749)</b>	<b>(3%)</b>	
<b>Unrestricted Operating Surplus / (Deficit)</b>	<b>438</b>	<b>(54)</b>	<b>492</b>	<b>(911%)</b>	
Transfer from reserves	633	900	(267)	(30%)	Reduced following initial review of funds.
<b>Unrestricted Surplus / (Deficit) Post Transfers</b>	<b>1,071</b>	<b>846</b>	<b>225</b>	<b>27%</b>	
Clergy pension deficit	(1,102)	(1,102)	0	0%	Actual not known until year-end.
Lay pension deficit	(308)	(337)	29	(9%)	Forecast based on actual payments being made in 2019.
<b>Unrestricted Cash Surplus / (Deficit)</b>	<b>(339)</b>	<b>(593)</b>	<b>254</b>	<b>(43%)</b>	



## 2019 FORECAST VS. 2018 ACTUAL

	2019 Forecast	2018 Actual	Change £	Change %	Narrative
Parish Share	13,718	13,812	(94)	(1%)	Share broadly in line with 2018.
National Church	4,470	4,713	(243)	(5%)	Reduction due to both lower ongoing and one-off funding.
Clergy Fees	1,014	1,153	(139)	(12%)	Actual fees received to date in 2019 behind 2018.
Investment Income	654	601	53	9%	Higher cash and investment balances being held in 2019.
Property Income	702	635	67	11%	Higher rental income from vacant properties.
SDF Income	223	57	166	291%	More projects active in 2019 than 2018.
Other	1,018	1,134	(116)	(10%)	Minor changes.
<b>Total Income</b>	<b>21,799</b>	<b>22,106</b>	<b>(307)</b>	<b>(1%)</b>	
Ministry in Parishes	11,417	11,563	(146)	(1%)	Average number of clergy in role 3 lower than 2018.
National Church	1,230	1,145	85	7%	Increased pooling contributions.
Property Costs	3,465	3,412	53	2%	Small increase in actual expenditure expected.
Support for Parishes & Schools	5,092	5,498	(406)	7%	Impact of staff changes seen in 2018.
SDF Expenditure	157	75	83	209%	More projects active in 2019 than 2018.
Reorganisation	-	450	(450)	(100%)	Reorganisation completed in 2018.
<b>Total Expenditure</b>	<b>21,361</b>	<b>22,143</b>	<b>(782)</b>	<b>(4%)</b>	
<b>Unrestricted Operating Surplus / (Deficit)</b>	<b>438</b>	<b>(37)</b>	<b>475</b>	<b>1,284%</b>	
Transfer from reserves	633	1,069	(436)	(41%)	Reduced requirement for funds transfer
<b>Unrestricted Surplus / (Deficit) Post Transfers</b>	<b>1,071</b>	<b>1,032</b>	<b>39</b>	<b>4%</b>	
Clergy pension deficit	(1,102)	(1,039)	(63)	6%	Actual not known until year-end.
Lay pension deficit	(308)	(313)	5	(2%)	Forecast based on actual payments being made in 2019.
<b>Unrestricted Cash Surplus / (Deficit)</b>	<b>(339)</b>	<b>(320)</b>	<b>(19)</b>	<b>(6%)</b>	

# PROPOSED 2020 BUDGET VS. 2019 FORECAST

	2020 Budget	2019 Forecast	Change £	Change %	Narrative
Parish Share	13,992	13,718	274	2.0%	Consistent with increase request
National Church	3,672	4,470	(798)	(17.9%)	End of Restructuring Funding and ongoing reduction in core funding
Clergy Fees	1,020	1,014	6	0.6%	Assuming consistent with 2019 experience
Investment Income	682	654	28	4.3%	Expect to hold higher cash and investment balances than 2019
Property Income	666	702	(36)	(5.1%)	Fewer properties available for letting
SDF Income	435	223	212	95.1%	Reflects full year of approved projects
Other	1,009	1,018	(9)	(0.9%)	Minor changes
<b>Total Income</b>	<b>21,476</b>	<b>21,799</b>	<b>(323)</b>	<b>(1.5%)</b>	
Ministry in Parishes	11,483	11,417	66	0.6%	2020 budget is same as 2019 – actual currently under budget
National Church	1,262	1,230	32	2.6%	As per National Church guidance
Property Costs	3,534	3,465	69	2.0%	Assuming inflationary increases
Support for Parishes & Schools	5,267	5,092	175	3.4%	2019 is £466k under budget, therefore this is a 5% budget reduction
SDF Expenditure	477	157	320	203.8%	Reflects full year of approved projects
<b>Total Expenditure</b>	<b>22,023</b>	<b>21,361</b>	<b>662</b>	<b>3.1%</b>	
<b>Unrestricted Operating Surplus / (Deficit)</b>	<b>(547)</b>	<b>438</b>	<b>(985)</b>	<b>(224.9%)</b>	
Transfer from reserves	600	633	(33)	(5.2%)	Slowly reducing support from restricted funds to sustainable level
<b>Unrestricted Surplus / (Deficit) Post Transfers</b>	<b>53</b>	<b>1,071</b>	<b>(1,018)</b>	<b>(95.1%)</b>	
Clergy pension deficit	(908)	(1,102)	194	(17.6%)	Forecast based on number of clergy in post
Lay pension deficit	(308)	(308)	-	-%	No change
<b>Unrestricted Cash Surplus / (Deficit)</b>	<b>(1,163)</b>	<b>(339)</b>	<b>(824)</b>	<b>243.1%</b>	

# PROPOSED 2020 BUDGET VS. 2019 BUDGET

	2020 Budget	2019 Budget	Change £	Change %	Narrative
Parish Share	13,992	14,290	(298)	(2.1%)	2020 Budget reflects latest experience
National Church	3,672	4,358	(686)	(15.7%)	End of Restructuring Funding and ongoing reduction in core funding
Clergy Fees	1,020	1,285	(265)	(20.6%)	2020 Budget reflects latest experience
Investment Income	682	612	70	11.4%	Expect to hold higher cash and investment balances than 2019
Property Income	666	540	126	23.3%	Property income tracking consistently above budget in 2019
SDF Income	435	96	339	353.1%	Reflects full year of approved projects
Other	1,009	875	134	15.3%	Other income tracking above budget in 2019
<b>Total Income</b>	<b>21,476</b>	<b>22,056</b>	<b>(580)</b>	<b>(2.6%)</b>	
Ministry in Parishes	11,483	11,483	0	0.0%	2020 budget is same as 2019
National Church	1,262	1,252	10	0.8%	As per National Church guidance
Property Costs	3,534	3,696	(162)	(4.4%)	Property costs tracking below budget in 2019
Support for Parishes & Schools	5,267	5,558	(291)	(5.2%)	Support costs tracking below budget in 2019
SDF Expenditure	477	111	366	329.7%	Reflects full year of approved projects
<b>Total Expenditure</b>	<b>22,023</b>	<b>22,100</b>	<b>(77)</b>	<b>(0.3%)</b>	
<b>Unrestricted Operating Surplus / (Deficit)</b>	<b>(547)</b>	<b>(44)</b>	<b>(503)</b>	<b>1143.2%</b>	
Transfer from reserves	600	900	(300)	(33.3%)	Slowly reducing support from restricted funds to sustainable level
<b>Unrestricted Surplus / (Deficit) Post Transfers</b>	<b>53</b>	<b>856</b>	<b>(803)</b>	<b>(93.8%)</b>	
Clergy pension deficit	(908)	(1,102)	194	(17.6%)	Forecast based on number of clergy in post
Lay pension deficit	(308)	(337)	29	(8.6%)	2020 Budget reflects latest experience
<b>Unrestricted Cash Surplus / (Deficit)</b>	<b>(1,163)</b>	<b>(583)</b>	<b>(580)</b>	<b>99.5%</b>	