



2018 Budget Report

The 2018 budget and plans to 2020 in summary



280
paid parish
ministers

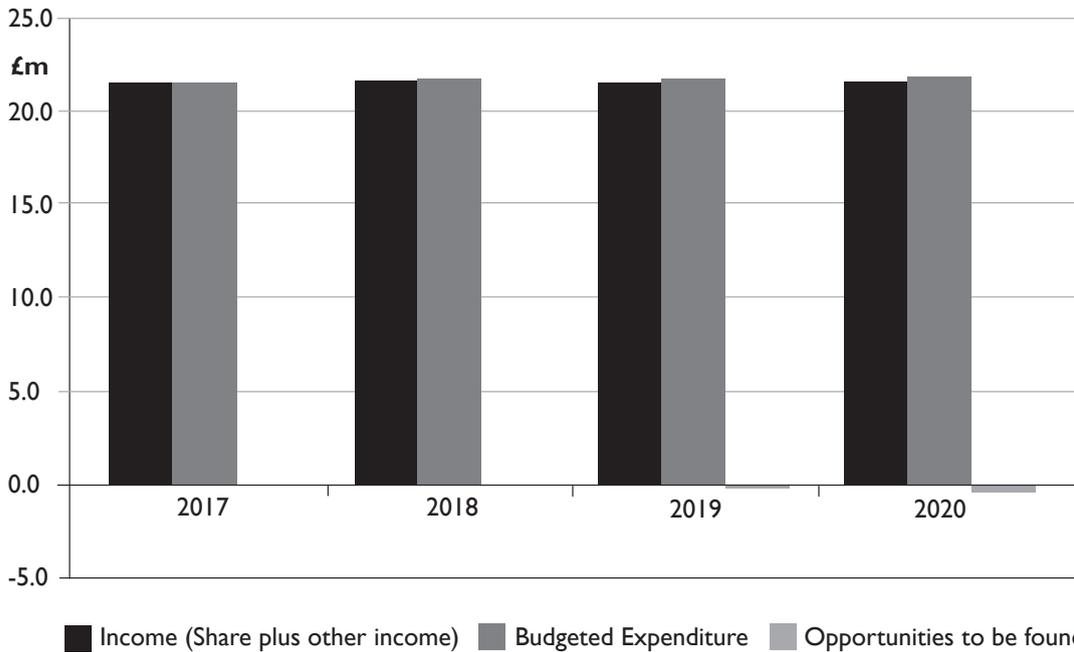


Record
growth
in vocations

18 paid and
13 self supporting
new deacons in 2018



£5m
in mutual
support fund
income



2.5%
cap on
benefice
gross share
increases

2%
increase
in stipend

Funding from
National Church
reduces c£95k

Balanced budget
for 2018

Significant investment
in growing lay and
ordained ministry

Introduction

1. Since 2005 we have produced a report each summer setting out the main themes for the budget for the coming year and inviting responses to help with planning. Last year we asked about longer term budget assumptions. The feedback¹ was really helpful and has heavily influenced the budget for 2018 and plans for 2019-2020 set out in this report.
2. As last year, the Diocesan Synod considered and approved the budget at its June meeting, partly to support the new Share scheme which is operating with the first set of commissioned Mission and Ministry Units for the first time this year.² For parishes not in Mission and Ministry Units, transitional benefice share arrangements will again apply, and Synod has set a cap on Gross Share increases.
3. Synod agreed this motion: *‘That this Synod*
 - a) *approve the Diocesan Budget for 2018 and the total Share of £16,858,676*
 - b) *note the outline plans for 2019 and 2020*
 - c) *approve the apportionment of the total Share according to the approved Share scheme; and*
 - d) *agree a cap of 2.5% in increases in gross share (before credits) compared with 2017, for benefices operating under transitional Benefice Share, except where specific agreements are made.’*

PCCs can estimate their 2018 Shares based on the 2017 figures and Synod’s agreed cap on gross Share increases. The difference between gross and net Share is (mainly) the share credit for weddings and funerals in the year to April. If the number of weddings and funerals in a parish is similar to the previous year, there will be little difference in percentage change terms between gross and net Share.

4. This year’s report summarises the budget based on the Synod paper.³ It also discusses and invites some feedback on the handling of the Fees Credit in the Share system.
5. Responses to this report are welcome, whether from individuals or PCCs. Please respond as soon as you can and no later than Friday 13 October 2017. This report and an on-line survey for responses may be found at: www.chelmsford.anglican.org/parish-finance/2018-budget. You are welcome to contact John Ball or Mark Spraggins at the diocesan office if you have any questions about this report.
6. This year the report is being sent by email rather than post. This follows overwhelming support for electronic distribution (69%) in last year’s feedback. However printed copies have been sent to respondents who preferred paper copies and the diocesan finance office will happily post out hardcopies to individuals or PCCs on request.

Context

7. The budget continues to be set in the context of the Church of England ‘Renewal and Reform’ programme. From 2017 this has significant implications including a substantial but phased

¹ A summary of consultation responses was presented to the November 2016 Synod and can be found at: www.chelmsford.anglican.org/committees/diocesan-synod, paper DS(2016)12.

² For details of the new share scheme please see <http://www.chelmsford.anglican.org/share>

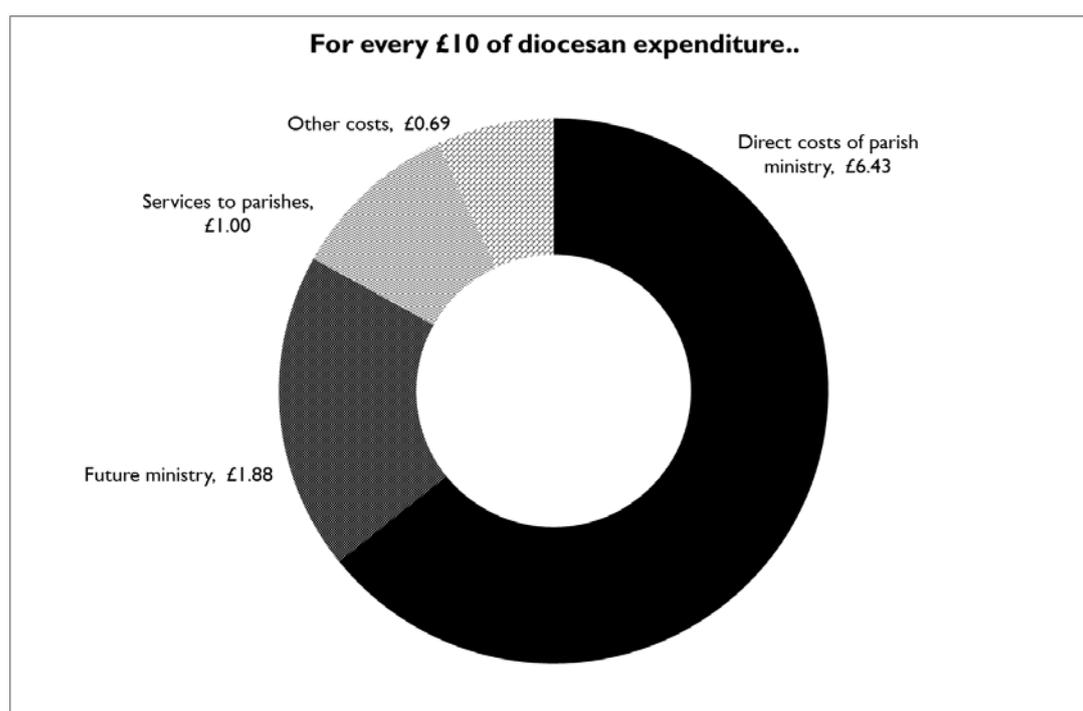
³ The Synod paper also includes further commentary not repeated here. This paper, DS(2017)04, is available from www.chelmsford.anglican.org/committees/diocesan-synod

reduction in the support this diocese receives from the national church, plus increased costs to meet the aspirations to recruit and train more clergy. You might like to ask your local General Synod member to tell you more about this package which also includes discipleship and evangelism, and simplification of the church rule book.

8. In last year's survey 86% of respondents agreed with the principle that the budget should continue to follow the ministry plan rather than determine it and this is our starting point. This means for example that the number of parish clergy is not determined by money.
9. It has been an aspiration for some time to give a three year view on the budget. Thanks to the feedback from last year's report, this is the first year in which we set out a budget for the coming year and outline plan for the following two years. The figures for 2019 and 2020 are not final, but they do show the policy intent, namely to cap the budget at an increase in line with a stipends increase of 2% per annum. There are efficiencies and opportunities in planning to be worked through to ensure that balanced budgets can be proposed when Synod considers the 2019 budget next year.

Budget in summary

10. The overall budget for 2018 is balanced with income and expenditure of £21,861,335. The 'diocesan doughnut' chart below shows how each £10 of expenditure breaks down:



11. Current and future ministry represents 83% of total expenditure, at a cost of £18.2 million. By contrast, the total requested through the Share scheme is £16.9 million. So **we request less in Share than we spend on current and future ministry**. The balance comes from other income and our Mutual Support Fund.

Stipendiary Numbers and Ministry Costs

12. The direct costs of ministry in parishes and Mission & Ministry Units (“A” in the Share Scheme⁴) show an increase in the cost per stipendiary minister of 2.2%. This arises mainly from the nationally-recommended increase in stipends of 2%, plus costs of the government’s new Apprenticeship Levy, and inflationary increases in housing costs including Council Tax. This, together with equivalent figures for other types of minister, is set out in table 1; a comparison of stipend growth against inflation is shown in table 2.

Table 1: Direct Costs of Ministries 2018-20

2017 Stipendiary		Stipend Minister	Self-Supporting	Reader / LLM	House for Duty	2019 stip	2020 stip
25,730	Stipend	26,220				26,744	27,279
373	Related Costs	383				389	395
2,058	NI & Levy	2,177				2,221	2,265
9,334	Pension	9,442				9,631	9,823
2,078	Council Tax	2,162			2,162	2,205	2,249
506	Water rates	513			513	523	534
383	Insurance	388			388	396	404
4,990	Prop costs	5,198			5,198	5,328	5,461
1,191	Prop mgmnt	1,222			1,222	1,240	1,259
698	Net vac costs	686			686	696	707
27	DBS Checks	28	28	28	28	28	29
497	Training	508	508	274	508	513	518
47,865	Total	48,927	536	302	10,705	49,915	50,923
284.4	Number	280	79	170	25	276	272

NB where totals do not sum this is simply due to rounding. “Stipendiary Minister” excludes stipendiary title curates. Note the stipend changes each April so the figures quoted are averages across the whole year. Pension contribution is 39.9% of national minimum stipend.

Table 2: Clergy stipends vs inflation

% change in	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Average
Stipends	1.5%	2.0%	2.0%	1.0%	2.0%	1.5%	1.5%	2.0%	2.0%	2.0%	1.8%
Inflation (CPI)	4.5%	2.8%	2.6%	1.5%	0.0%	0.8%	2.4%	2.3%	2.0%	2.0%	2.1%

Estimates of CPI for 2017-202 taken from March 2017 OBR forecasts

13. The national picture of clergy numbers continues to show the coming ‘retirement tsunami’. **The supply of stipendiary clergy is declining due to retirements** outstripping clergy completing curacy despite recent growth. This means we are planning on the basis that stipendiary numbers will fall, at least to 2025. For 2018 we assume a reduction of 4.4, which is at the low end of the average rate, and vacancies at around 8% on current trends. Overall total current deployed ministry costs increase by 0.69% (£96,587) in 2018.

Investing in ministry for the future

14. Future ministry costs (“B1” in the Share scheme) cover ordinands and lay ministers in training, plus the costs of curacies. This part of the budget continues to show most growth as **the call for more vocations is heard**. The increase of £129k (3.24%) for 2018 is mainly driven by ordaining a record 18 (Full Time Equivalent) new stipendiary deacons. Even with this record

⁴ References to A, B1, B2, B3, C etc refer back to the headings in the budget on pages 8 and 9. These headings are used in the new Share Scheme.

number we will be releasing six ordinands to serve stipendiary curacies in other dioceses. We are budgeting to ordain **all** our self-supporting ordinands completing training in 2018.

15. More stipendiary curates in recent years has meant that more houses are required. We have in place a £10m loan facility to purchase curates houses. Compared to the alternative strategy of renting houses, this not only provides better security of tenure for our curates but also delivers significant cost savings estimated at over £70k per annum against rental costs.
16. Lay training shows an increase of 4.4% in response to positive trends in vocations.
17. Beyond 2018, the outline budget assumes 16 new stipendiary deacons each year, which reflects what we can see of current trends. This still means a slight rise in the *overall* number of curates in training due to the 2018 bulge and growth in self-supporting curacies. The national church anticipates the costs of pre-ordination training (which are met by dioceses collectively) to rise at around 10% a year if the hoped-for numbers come forward.

Diocesan services to parishes and schools, and other costs

18. With the exception of one post in safeguarding, the budget is not proposing additional staffing for Services to Mission and Ministry Units and Parishes (“B2”) or other expenditure (“B3”). The benefits of c£54k of efficiencies identified last year continue to work through, and while many cost lines are held constant in cash terms, some areas such as professional fees see an increase. The largest increase comes from our contribution to the national church which rises by 4% in 2018 which is partly offset by savings and other income.

Expenditure summary

Table 3: Expenditure Summary

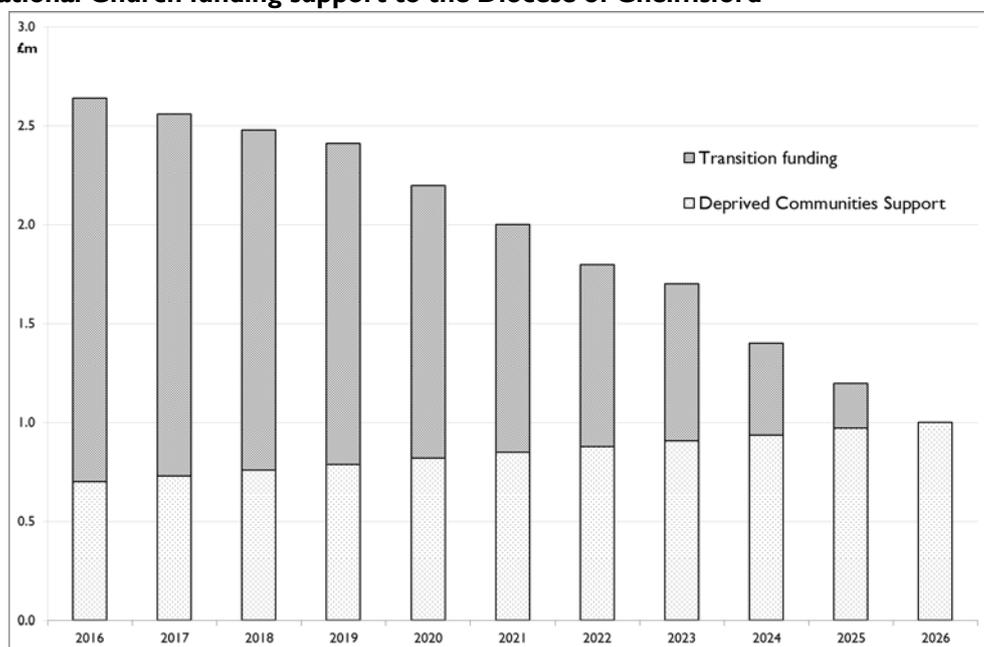
2017			2018	% Total Spend	% Change	2019	2020
13,964,282	A	Current Ministry Costs	14,060,869	64.3%	0.69%	14,145,274	14,227,427
3,968,237		B1: Future Ministry	4,096,927	18.7%	3.24%	4,337,740	4,532,127
2,133,008	B	B2: Services to Parishes	2,192,181	10.0%	2.77%	2,236,151	2,275,461
1,491,219		B3: Other costs	1,511,358	6.9%	1.35%	1,542,746	1,574,465
21,556,746	C	Gross expenditure	21,861,335		1.41%	22,261,910	22,609,479

Mutual Support Fund

19. In the new Share Scheme, income from the national church, our investment income, net income from statutory fees, and vacant-post savings accrue to the Mutual Support Fund.
20. Net national church funding falls dramatically over ten years as illustrated on the next page. The cut in 2018 is over £94,000. This is a net change resulting from a 3% increase in the funding to support deprived / low income communities (‘DI’ in the Share scheme), together with a 6% reduction in national transition support. This pattern will continue through to 2026 when support for low income communities will be approximately £1m per annum and transitional support will be nil.
21. Despite this, the Mutual Support Fund remains at just over £5m in 2018, partly through savings from casual vacancies but chiefly from increased investment income. This has come about through careful stewardship of assets in recent years. The CDBF Trustees have discussed a goal of increasing the level of investment capital – and therefore investment

income flowing back to parishes – over the next decade. There has already been some success in this area and the budgeted investment income has been increased by 9% to £1.27m in 2018. This is an aggressive target, but the Trustees feel it is deliverable. We are looking for further increases of 2.5% in each of 2019 and 2020.

National Church funding support to the Diocese of Chelmsford



22. Again responding to feedback on last year's report, a small contingency against shortfall has been created within the mutual support fund by holding back £100k of the increased investment income. Any larger contingency would lead to further increased Share.

Table 4: Mutual Support Fund Income

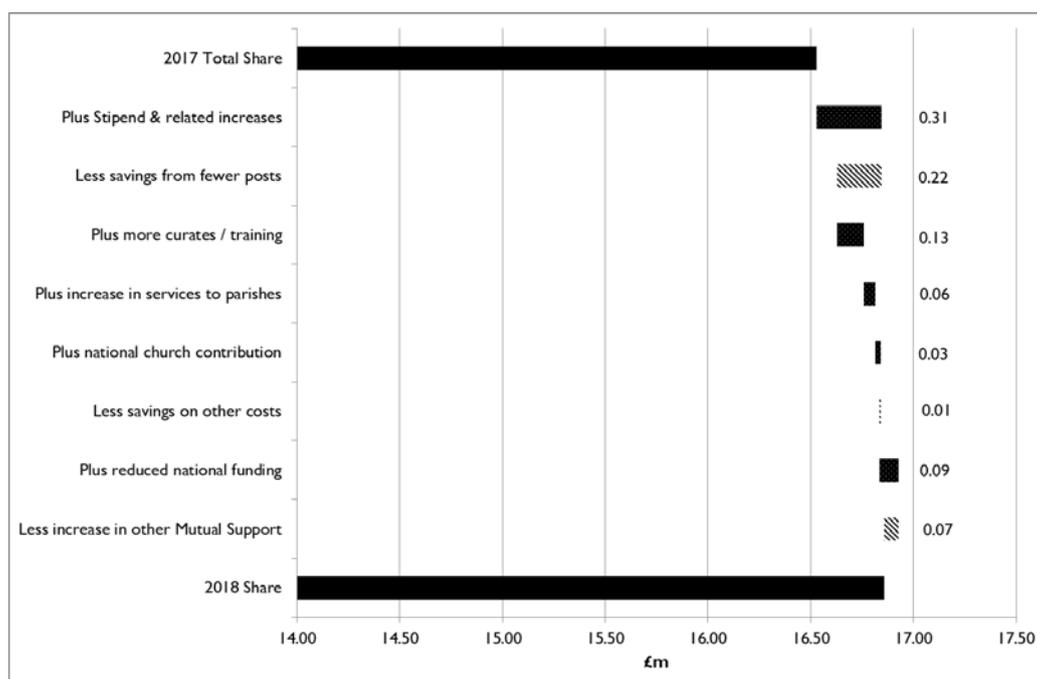
2017	£	2018	2019	2020
689,908	National Church deprivation funding	712,042	734,751	825,000
1,850,092	National Church transition funding	1,733,260	1,617,666	1,400,000
1,159,376	Investment income	1,267,094	1,298,414	1,330,674
490,000	Fee income (net of credits to parishes)	485,000	489,075	493,179
837,520	Savings from vacant posts	905,262	923,422	942,068
0	Retention (shortfall contingency)	-100,000	-100,000	-100,000
5,026,896	Total	5,002,659	4,963,328	4,890,921

23. This £5m is before offers into the Mutual Support Fund from Mission and Ministry Units. In 2017 there is around £1.26 million in Mutual Support between parishes in the diocese.

Share

24. The main source of income remains the generosity of individuals and parishes through Share. In line with the budget consultation, the increase in total share is held to 2%, matching the stipend increase. Individual benefice gross Shares (before credits) are capped at 2.5% to allow for continuing transition.
25. Total income for 2018 is budgeted at £21,861,335 representing a balanced budget.
26. The increase in total Share in cash terms is just under £329,000. Almost £100,000 relates to direct ministry costs and just over £129,000 relates to increased expenditure on future

ministry. The chart below summarises the key movements in the budget, starting with the total Share for 2017, adding increased costs and subtracting savings as described above.



Beyond 2018

27. The assumptions behind the indicative budgets for 2019 and 2020 are described more fully in the appendix to the Synod paper, but can be summarised as follows:
 - a. Falling national church support and increased national church contributions.
 - b. A very gradual reduction in parochial clergy numbers (4 posts a year) despite the expectation of increased retirements, and gradual stipend increases
 - c. Further increases in future ministry costs, partly as the effect of the bumper year in 2018 works through, but also as we hope to see a continuation of the increased numbers coming forward for both lay and ordained ministry. Some of this is of course uncertain at this point.
28. Last year's responses showed just under half of respondents felt a range of 1-2% was sensible as a longer term trajectory for Share, and a further 30% felt that the stipend change should be the reference point. We are very mindful that a small number of respondents felt that no increase ought to be contemplated.
29. In order to keep Share increases at around 2% and grow future ministry, further savings need to be crystallised or additional income found. There are a number of areas under active consideration and the Trustees expect to present to Synod next year a balanced budget for 2019.
30. The budget for 2018 and outline plans for 2019-20 are shown on the following pages.

Budget 2017						Budget 2018	% total	Increase
<u>A Direct Costs of Ministry</u>								
	Parochial Staff	ministers	Inc status	SSM	Lay	House for Duty		
284.4	No. of People (Stipendiary)	280.0	280.0					
	No. of People (Other)			79.0	170.0	25.0		
25,730	Stipend		26,220					
373	Related Costs		383					
2,058	National Insurance		2,177					
9,334	Pension		9,442					
2,078	Council Tax		2,162			2,162		
506	Water rates		513			513		
383	Insurance		388			388		
4,990	Clergy House repairs and improvements		5,198			5,198		
1,191	Housing management		1,222			1,222		
698	Vacancy Costs (net of rent)		686			686		
27	DBS Checks		28	28	28	28		
	In service training - LLM	0.5			274			
497	In service training - clergy	1.5	508	508		508		
							13,793,244	
<u>47,865</u>	Total for Stipendiaries		<u>48,927</u>					
	Total for House for Duty					<u>10,705</u>		
	Total for SSM & Lay			<u>536</u>	<u>302</u>			
<u>13,964,282</u>	Direct Costs of Ministry Total					<u>14,060,869</u>	64.3%	0.69%
<u>B1 Future Ministry Training & Curates</u>								
2,354,993	Direct Costs of Stipendiary Title Posts	53.0				2,432,068		
528,000	Housing & Appointment Costs of Title Posts					550,000		
986,449	Pre-Ordination (inc DDO & St Mellitus)	2.5				1,012,440		
31,483	Direct Costs of SSM Title Posts					32,113		
67,312	Lay Training & Discipleship	0.5				70,306		
<u>3,968,237</u>	Future Ministry Training & Curates Total					<u>4,096,927</u>	18.7%	3.24%
<u>B2 Services to Mission & Ministry Units</u>								
			Barking	Bradwell	Colchester			
480,322	Area Teams Staff & Expenses	9.25	3.25	3.0	3.0	478,304		
696,907	Archdeacons (plus Area Bishops' houses)	7.0	165,848	159,940	152,516	713,966		
73,500	Area Deans & Other Parish Support					73,000		
169,593	Parish Legal & Church Building Services					174,570		
115,090	Education (net cost)					119,064		
60,874	Children & Youth Work					61,900		
76,483	DAC					82,221		
60,724	Parish Finance					61,950		
191,743	Safeguarding Services to Parishes					219,664		
171,567	Diocesan & Bishop's Advisers	3.0				171,324		
36,205	Chaplaincy & Partnerships					36,218		
<u>2,133,008</u>	Services to Mission & Ministry Units Total					<u>2,192,181</u>	10.0%	2.77%
<u>B3 Other Expenditure</u>								
657,454	Diocesan Services	1.0				656,654		
192,159	Communications incl The Month					192,206		
55,900	Finance & Governance costs					56,650		
638,277	National Church					664,201		
50,000	Contingency					50,000		
(102,571)	Trading & Income from other sources					(108,353)		
<u>1,491,219</u>	Other Expenditure Total					<u>1,511,358</u>	6.9%	1.35%
362.3	Stipendiary Numbers Total	<u>358.25</u>					100.0%	
21,556,746	Gross Share					21,861,335		1.41%
<u>D Mutual Support Fund</u>								
(1,850,092)	National Church Support Transition					(1,733,260)		
(689,908)	National Church Support Deprived Communities					(712,042)		
(1,159,376)	Diocesan Support from Investment income Share Shortfall Provision					(1,267,095)		
(1,110,000)	Income from Statutory Fees					100,000		
150,000	less Parochial Fees Paid					(1,110,000)		
470,000	less Fee Credits to Parishes					155,000		
(837,520)	Vacant posts					470,000		
						(905,262)		
<u>(5,026,896)</u>	Mutual Support Fund Total					<u>(5,002,659)</u>		(0.48%)
<u>16,529,850</u>	Share Apportionment net of MSF					<u>16,858,676</u>		1.99%

	Budget 2018	<i>Indicative Budget 2019</i>	<i>Indicative Budget 2020</i>
<u>A Direct Costs of Ministry</u>			
Parochial Staff	Inc status 280.0	Inc status 276.0	Inc status 272.0
	No. of People (Stipendiary)		
Stipend	26,220	26,744	27,279
Related Costs	383	389	395
National Insurance & Levy	2,177	2,221	2,265
Pension	9,442	9,631	9,823
Council Tax	2,162	2,205	2,249
Water rates	513	523	534
Insurance	388	396	404
Clergy House repairs and improvements	5,198	5,329	5,461
Housing management	1,222	1,240	1,259
Vacancy Costs (net of rent)	686	696	707
DBS Checks	28	28	29
In service training - clergy	508	513	518
Total cost per Stipendiary	48,927	49,915	50,923
		2.02%	2.02%
Direct Costs of Ministry Total	14,060,869	14,145,274	14,227,427
		0.60%	0.58%
<u>B1 Future Ministry Training & Curates</u>			
Direct Costs of Stipendiary Title Posts	2,432,068	2,575,346	2,675,694
Housing & Appointment Costs of Title Posts	550,000	579,562	599,855
Pre-Ordination (inc DDO & St Mellitus)	1,012,440	1,075,305	1,143,761
Direct Costs of SSM Title Posts	32,113	35,471	38,963
Lay Training & Discipleship	70,306	72,056	73,854
Future Ministry Training & Curates Total	4,096,927	4,337,740	4,532,127
		5.88%	4.48%
<u>B2 Services to Mission & Ministry Units</u>			
Area Teams Staff & Expenses	478,304	486,879	495,583
Archdeacons (plus Area Bishops' houses)	713,966	726,535	739,322
Area Deans & Other Parish Support	73,000	73,460	73,929
Parish Legal & Church Building Services	174,570	180,138	185,244
Education (net cost)	119,064	120,636	122,158
Children & Youth Work	61,900	62,928	63,975
DAC	82,221	83,574	84,954
Parish Finance	61,950	63,139	64,350
Safeguarding Services to Parishes	219,664	228,516	232,442
Diocesan & Bishop's Advisers	171,324	174,104	176,931
Chaplaincy & Partnerships	36,218	36,242	36,573
Services to Mission & Ministry Units Total	2,192,181	2,236,151	2,275,461
		2.01%	1.76%
<u>B3 Other Expenditure</u>			
Diocesan Services	656,654	669,851	682,710
Communications incl The Month	192,206	194,993	197,835
Finance & Governance costs	56,650	57,175	57,711
National Church	664,201	682,899	702,241
Contingency	50,000	50,000	50,000
Trading & Income from other sources	(108,353)	(112,172)	(116,032)
Other Expenditure Total	1,511,358	1,542,746	1,574,465
		2.08%	2.06%
Gross Share	21,861,335	22,261,911	22,609,480
		1.83%	1.56%
<u>D Mutual Support Fund</u>			
National Church Support Transition	(1,733,260)	(1,617,666)	(1,400,000)
National Church Support Deprived Communities	(712,042)	(734,751)	(825,000)
Diocesan Support from Investment income	(1,267,095)	(1,298,414)	(1,330,674)
Share Shortfall Provision	100,000	100,000	100,000
Income from Statutory Fees	(1,110,000)	(1,121,100)	(1,132,311)
less Parochial Fees Paid	155,000	157,325	159,685
less Fee Credits to Parishes	470,000	474,700	479,447
Vacant posts	(905,262)	(923,422)	(942,068)
Mutual Support Fund Total	(5,002,659)	(4,963,328)	(4,890,921)
		-0.79%	-1.46%
(Opportunities) to be found		(102,553)	(178,609)
Share Apportionment net of MSF	16,858,676	17,196,030	17,539,950
		2.00%	2.00%

Your Budget Questions

31. Why do clergy pensions cost nearly 40% of Stipend?

The Clergy Pension Scheme is determined by the General Synod. It is currently a 'defined benefit' scheme but not a 'final salary scheme', i.e. the annual pension is based on a proportion of the National Minimum Stipend set by the Church of England in that year. (The National Minimum Stipend is the stipend level is about £2,000 lower than the Chelmsford incumbent's stipend). The contribution rate is currently 39.9% of *National Minimum Stipend*. This is made up of a future service element - c26% - and a further 14% to recover the deficit on the scheme. Even at 26% the contribution rate looks high, though it should be kept in mind that it is expressed as a proportion of stipend only, and not the total remuneration package.

32. Do Archdeacons really cost £100k each?

This budget line under the 'B2' heading totals £714k. It includes the costs of Area Bishops not picked up by the Church Commissioners – mainly housing – which is about £30k of the total. The rest relates to Archdeacons plus office and staff. The standard 'cost of an Archdeacon' is a bit higher than the cost of a parish priest because the stipend is higher. In addition the diocesan budget picks up costs which for parish clergy would be met by the PCC, notably working expenses. Expenses include travel which can be considerable especially for those archdeacons serving wider geographical areas. Each archdeacon has the support of a part time secretary and fully equipped office, and these are also included in the total cost. So yes, the archdeacon does nearly cost £100k... but only if you also include the office, expenses and admin costs. It should be noted that the change from four to seven archdeacons in 2012 was paid for by permanently removing 6.2 FTE 'adviser' posts.

33. What is the diocesan reserves policy?

The Trustees have set a policy that free general reserves should not fall below 10 days' expenditure, which is about £0.6 million. As at 31 December 2016, free general reserves totalled £0.9 million which is about 15 days' expenditure. Any share shortfall above the budgeted provision will directly hit on levels of reserves, unless offsetting savings are achieved in the year. In the longer term, some investment capital can be used to support reserves but this would come at the cost of reducing annual investment income.

34. How do our diocesan costs compare to other dioceses?

There is limited data on this aside from some benchmarking conducted a few years ago against dioceses in the region. A helpful general comparator is 'salaried staff as a proportion of stipendiary ministers'. In Chelmsford this was 12%, which compares to a regional average of 16%, with some dioceses as high as 20%. This partly reflects the economies of scale from being a large diocese. Where there has been growth in staffing paid through the general fund, this has largely related to Safeguarding and Vocations. But there have also been some other roles (often time limited) funded from grants or other income. There is a rolling efficiencies programme overseen by the Finance Executive which includes reviews of contracts, staffing and other costs.

35. Where does glebe income go?

The 'glebe' is the land which once provided the 'living' for an incumbent. Since 1976 care of the glebe and the income arising has been the responsibility of the Diocesan Board of Finance. Today this land generates around £500,000 which is part of our investment income in the Mutual Support Fund. Where glebe land has been sold the funds are invested and also contribute to investment income.

‘Credits’ in the Share System: Your Views Please!

36. ‘Share’ is the contribution made by each worshipping community towards the costs that are paid through the diocesan budget. Our diocesan Synod agreed the new Share scheme following a review and consultation. The system of Share ‘credits’ was identified in the consultation as a popular feature to retain in the new arrangements, and that happened. However the work on 2017 Shares showed that some further thought might be needed on the credits arrangements and your input into this would be welcome.

Fee Credit

37. There are statutory fees for various parish services, notably weddings, funerals in church and funerals at crematoria. The statutory fee is set by the General Synod of the Church of England. It comprises two parts. The first part belongs to the local Parochial Church Council (PCC) – this all stays local and does not come through the diocesan system. The second part is the fee due to the Diocesan Board of Finance (the DBF fee). It shows in the diocesan budget and is worth about a bit over £1 million a year.

38. Each diocese decides what it does with its DBF fee. In this diocese we first offer two thirds of each fee to the officiating minister if they are self-supporting. Not everyone claims this but most do. Of the remainder, half goes into the Mutual Support Fund and the other half is returned locally through the ‘Fee Credit’ in the share scheme. (This is the main difference between Gross and Net Share.)

39. Before 2017 we operated a deanery share scheme. In most deaneries the fee credit was taken off the Share of the parish responsible for generating it. Some deaneries ‘pooled’ the fee credit so all parishes gained some benefit. Generally, the legacy arrangement continued for 2017 (and will do so for 2018 at least).

40. On closer analysis the current treatment of fee credit introduces some difficulties:

- a. It is inconsistent between parishes in different deaneries
- b. It can make Share volatile – e.g. a change in the number of weddings and funerals can have a big effect on the year-on-year change in net Share, even if the gross Share is fairly stable.
- c. The fee credit could act as a disincentive to increasing the number of services led by self-supporting ministers (SSMs/LLMs): if they personally receive part of the fee, there is less to return to the parish via the fee credit.
- d. The fee credit from any given January is based on fee returns in the year to the previous April, so there is quite a big lag. This is because in the past there was a need align with the tax year, which is now not required.
- e. Gross v Net can be confusing.

41. We would like to explore, and seek feedback on, whether Synod should look to amend the fee credit system to keep the concept but help it work better. Some options:

- a. **Pool it:** Put the whole of the DBF Fee not due to self-supporting ministers into the Mutual Support Fund so the benefit is shared widely. This weakens the link to local generation of the fee income (though the PCC fee is unaffected) but reduces volatility and

largely gets rid of gross/net Share differences. The Mutual Support Fund distributions would have to be adjusted in the first year of change so that no benefice / Mission and Ministry Unit suddenly sees a big change; this would have no net cost.

- b. **Receive as you go:** instead of a calculation in the Share scheme based on services that took place up to 20 months previously, the fee credit could simply be paid out on a quarterly basis as it arises. Parishes would see the benefit far more immediately than they do now, through a quarterly rebate on Share. In addition, the Share calculation would not be complicated by the Fee Credit, and it may also encourage PCCs to send fee returns in promptly. If so... the fee credit could be added to the parishes Share account, with consequent change in direct debit, or potentially it could be remitted as a bank transfer where the Share has already been achieved in full?
- c. **Adopt PCC based fee credit everywhere:** this option would continue the fee credit as now, but for those deaneries where fee credit is currently pooled, this would be replaced with fee credit directly to parishes. This would have to be managed carefully to avoid large movements.
- d. **Manage locally:** a radical option could be to devolve the DBF fee to PCCs in its entirety, leaving PCCs to pay self-supporting ministers and retaining the rest. Unfortunately this would not reduce admin as the DBF would still be required to account for the income it is legally entitled to receive. The other downside is that it would remove around £0.5 million from the Mutual Support Fund, which would require an additional 3% increase in Share to make up the difference. The upside is more income at a local level provided weddings and funerals etc take place.

Prolonged Vacancy Credit

42. The budget and Share already allows for there being parochial vacancies (the budgeted number of stipendiaries-in-post is less than the total number of posts) and on average vacancies last around 9 months to a year. Where stipendiary vacancies last longer than 12 months, PCCs are eligible for a reduction on their Share. The calculation reflects the proportion of Share achieved in the previous year and the cost of the post.
43. The vacancy credit is popular because it provides a measure of Share relief for parishes who are likely to have been unsuccessful in recruiting at least once. There is a risk though that parishes may become used to an artificially lower level of Share and then see a large increase when an appointment is made.
44. The overall 'loss' of Share due to the credit is about £135,000 per annum. In other words, removing the credit would take around 0.8% off the total Share.

Your views

45. Please share your thoughts on these issues via the consultation questions. Please note that any changes would be subject to the agreement of Diocesan Synod and could not be operative before 2019 at the earliest.

Budget Report for 2018: Your Responses

Name	
Parish (or BMO etc)	
Position (e.g. incumbent, treasurer)	
Email address	

Is this an individual or a collective response?

- Individual
 Collective, on behalf of _____

1. Did you find this report helpful in explaining the 2018 budget?

- Yes
 No (please elaborate below)

Please provide any specific comments on the budget itself in the text box at the end.

Fee Credits (paragraphs 37-41):

2. Do you agree that we should continue to offer part of the DBF Fee to self-supporting officiating ministers (paragraph 38)?

- Yes
 No
 Don't Know

3. Do you have a preference for future fee credits (paragraph 41)?

- No change
 Pool it all
 Receive as you go
 PCC credits
 Manage locally
 Other (specify)
 Don't Know / No opinion

Prolonged Vacancy Credits (paragraphs 42-44)

4. Should we continue the prolonged vacancy credit as now or discontinue and reduce Share accordingly?

- Continue
 Discontinue
 Something else (please specify)
 Don't know / no opinion

Other comments:

Our Chief Executive & Diocesan Secretary would be pleased to receive your responses by Friday 13 October 2017, using one of the following methods:

- On-line using the electronic form at:
www.chelmsford.anglican.org/parish-finance/2018-budget
- Scan / Email to jball@chelmsford.anglican.org
- Post this form to John Ball, 53 New Street, Chelmsford, CMI IAT

Thank you