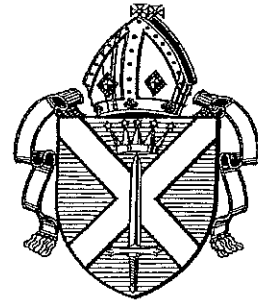


## DIOCESE OF ST ALBANS



### NOTES TO THE DRAFT BUDGET FOR 2010

The draft budget has been prepared in consultation with diocesan boards and committees, the Bishop's Council and the General Committee of the Board of Finance. It has been subject to detailed review by a budget scrutiny group which has sought to keep increases in parish share to the minimum consistent with maintaining the mission and ministry of the parishes and meeting the Diocese's statutory obligations.

Total expenditure is forecast to increase by 2.79%. After allowing for total income available, the increase in Common Fund expenditure is 3.4%. Increases in individual parish shares will vary according to the proportions attributable to stipend costs and the Ministry Support contribution.

A significant part of the increase in parish share is the result of an increase in the contribution rate for the clergy pension scheme. In the light of the turmoil in the financial markets the Pensions Board asked its actuaries to review the current state of the scheme as at 31 October 2008 in advance of the normal triennial review due as at 31 December 2009. In response to that review, and the increase in the deficit on the scheme, the Pensions Board agreed that there should be an increase in the contribution rate from 1 January 2010 from the current rate of 39.7% to 45% of pensionable stipend. The cost of this increase amounts to £253K or 2.39% compared to the parish share requested for 2009.

Numbers and letters below correspond to those on the left hand side of the budget.

#### **(1) Parochial Ministry and Mission**

*This item accounts for 74% of the total amount requested from parishes. It includes the stipends, national insurance and pension costs of all parochial clergy in the diocese, as well as removal and resettlement grants and retired clergy housing costs.*

##### **a. Clergy stipends**

It has been the policy of the diocese to follow the Regional Stipend Benchmark determined by the Archbishops' Council after consultation with dioceses. At the date of this report a final recommendation has not been received: some dioceses have indicated that in the current financial climate, and with the increase in pension costs, it would be inappropriate to have any increase: others have suggested that some increase would make up for the erosion of stipends by comparison to the Average Earnings Index. The budget provides for an increase of 1.29% in incumbents' stipends, but a reduction of five parochial clergy in line with the decline in the national allocation of stipendiary clergy.

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**(1) Parochial Ministry and Mission** *(continued from page 1)*

**d. Housing Assistance for Retired Clergy**

This item represents costs associated with Church Housing Assistance for Retired Ministry (CHARM) and relates to a subsidy to cover part of the funding and maintenance of property, and some of the Pension Board's costs.

**g. University Chaplains**

This relates to contributions towards two University Chaplains' posts.

**(2) Housing**

*This item accounts for 15% of the total amount requested from parishes. It covers the housing costs of parochial clergy throughout the diocese.*

**c. Water rates**

The budget reflects actual expenditure in 2008 which was above the budget figure for 2008. The figure varies depending on how many properties are let during vacancies, and how many changes of occupancy take place, when water companies routinely install water meters.

**e. Repairs / Excess Insurance**

The budget is intended to keep pace with the work necessary on the 238 parsonage houses and Team Vicarages for which the Property Committee is responsible. Expenditure fluctuates according to the number of quinquennial inspections carried out in any year and the consequential need for major repairs. The figure includes a transfer of £40,000 to the Quinquennial Reserve for repairs which is likely to be virtually exhausted by exceptional expenditure on two properties. At the first, damage caused by a burst water main in the roof of an empty property cost considerably in excess of the limit imposed by the insurers on unoccupied properties, and at the second, further treatment of death watch beetle, which has already cost £140K, is required.

**l. Land registration of PH properties**

The Property Committee has begun to register its land voluntarily in anticipation of possible compulsory registration as a result of the Land Registration Act 2002. There were payments to Peterborough Land Registry totalling £4656 in 2008 and similar expenditure is anticipated in 2010

**m. Parsonage Property Enhancements**

The cost of improvements, such as new kitchens and bathrooms, is met in part from this budget with the remainder being met from the proceeds, or income on proceeds, from sales of parsonage houses set aside in a ring-fenced fund. The amount charged to the Common Fund will be offset in full by income on the ring-fenced fund.

**p. Council Tax**

This figure is based on the average increase considered likely across the fifteen district and borough councils in the diocese.

### **(3) Other Ministry Costs**

*The largest item under this head is the support of ordinands in training. Other items include the cost of Rural Deans, Archdeacons and the Child Protection Officer.*

#### **a. Archdeacons' Staff costs**

The increase includes the increase in pension contributions.

#### **c. & d. Child Protection Officer**

The budget covers the cost of a part-time officer and includes the costs of CRB checks for clergy.

#### **f. Ordinands' Training**

The budget covers the diocese's share of national training costs.

### **(4) Board for Christian Development**

*The Board is responsible for proposing and steering policy in development and learning for the Diocese. In particular, the Board is concerned with adult learning, recruitment to ministry, ministerial training and appraisal, work with children and young people, and stewardship.*

#### **a. Staff costs**

All heads include increases in pension costs.

#### **e. Candidates in training**

The budget has increased to reflect an increase in the number of married candidates in training.

Otherwise there are no significant changes in the budget for 2010.

### **(5) Board for Church and Society**

*The Board is responsible for promoting the whole mission of the Church in wider society throughout the Diocese. In particular, the Board has special regard for social responsibility, evangelism, ecumenism, interfaith relations, workplace ministry and international links.*

Again, staff costs reflect increases in pension costs. Overall, the budget has increased by 4.76% with variations in individual items to reflect the Board's current priorities.

### **(6) Administration and Legal**

*The Budget covers DBF staff, excluding the Estates Team included under item 2, office and building costs, Committee and Synod expenses, and the costs of the Registrar and Chancellor.*

#### **a. Staff costs**

These allow for an increase in the contribution rate for the lay pension scheme, from 27.74% to 30.4% plus the recovery of the deficit on the scheme over 5 years.

#### **b. Diocesan Office/ Building Repairs**

This includes printing, postage, stationery, telephones, computing and photocopying costs, insurance and personnel costs. The costs of meeting health and safety requirements, internal decoration and routine maintenance are also charged to this budget.

### **(7) National Church Requirement**

The General Synod budget comprises 5 'votes'. Vote 1 is included in (3) Other Ministry Costs, and Vote 5 in (1) Parochial Ministry and Mission. This head covers Votes 2, 3 and 4 which are General Synod budgets for central establishment costs, legal aid for clergy, minor grant schemes and mission agency clergy pensions.

### **(8) Communications and Information Technology**

The Budget covers the cost of the Communications Officer and Assistant, and associated office costs. It includes a provision for IT support for Diocesan staff and officers.

### **(9) Resources Centre**

The cost of work with Church Schools carried out by the Director of Education and his team is mainly funded by grants from the Consolidated Fund for Statutory Education. The budget under this head is a contribution towards the running of the Resources Centre.

### **(11) Sums Available**

*15% of the total expenditure is met from historic income, fees and grants.*

#### **a. Guaranteed Annuities, Selective and Transferred Allocation**

This Diocese no longer receives any selective allocation from the Church Commissioners. The majority of income from Guaranteed Annuities was transferred to the Archbishops' Council from 2006 for redistribution among dioceses.

#### **d. Income from Lettings and Rents**

This item represents rental income from vacant corporate and parsonage properties and is included net of any expenditure on improvements to the properties concerned.

#### **l. & m. Mission Support Fund**

As set out above, funding in 2010 will come from the supplementary grant from the Archbishops' Council.