



## DIOCEAN SYNOD

### 2025 Budget

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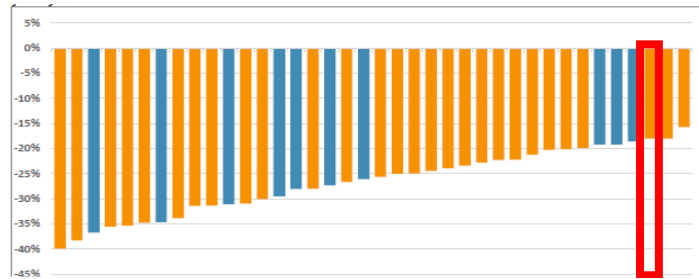
The Chair of the DBF to move that the consolidated budget for 2025 now be considered and that:

“This Synod approve the total 2025 budgeted expenditure of £30,066,468 which is based on total 2025 budgeted income of £29,818,129.”

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1. The Diocesan Council of Trustees (DCT) recommended a draft budget for presentation to the Synod at its meeting on 12 October 2024. The Policy and Finance Committee in September has also scrutinised and recommended the draft budget to the DCT.
2. Since the DCT met the Chancellor delivered a budget with significant National Insurance changes affecting the Diocesan budget. The Chancellor increased Employer's National Insurance in two ways. Firstly, the rate at which it is charged increased by 1.2% to 15%. Secondly, the starting point at which the tax is levied was lowered from £9,100 to £5,000. This increases the amount of pay that is taxable.
3. The changes take effect from April 2025, affecting three quarters of the Diocesan budget year. The increase in cost is £291,000. For forward planning context this would be an annual increase in cost of £388,000. The full year extra National Insurance cost for one member of clergy or staff is approximately £1,000.
4. The draft budget for 2025 had a deficit of £255,000 which was less than 1% of turnover. The DCT were content to recommend this as the budget could be considered broadly balanced, although the deficit should not be allowed to widen. Adding a further £291,000 of cost would take the deficit to £546,000.
5. Accordingly, two adjustments have been made to bring the budget back to the deficit recommended for approval by the DCT.
6. Firstly, the budget did include a proposed increase in stipend and DBF salaries of 4%. The budget presented to Synod includes an increase of 3%. Secondly, since the DCT met the Investment Committee has also met. The Diocese is appointing two new investment managers. A prudent assumption of a 3.5% return on the investment portfolio had been assumed in the budget. Following the meeting of the Committee and projections from the investment managers this assumption looks overly prudent and a return of 3.875% has been budgeted.
7. Taken together these measures each cover approximately half on the increased deficit. The budget presented to Synod has a deficit of £248,000.
8. The principal area of risk as in previous years is the level of PSF, which makes up over half of our annual income. In cash terms the level of PSF in August 2024 is around 2% higher than the pre pandemic level in August 2019. While this is an increase in cash terms, taking account of inflation, it is a fall in real terms of around 17%. Parishes have seen real terms increase in costs with real terms decreases in giving, putting pressure on parishes' ability to increase their PSF.
9. Our PSF income is encouraging if placed in the national context. In comparison to the same period in 2019, before the pandemic, dioceses have experienced a fall of 8.7% in cumulative year to date receipts. Since August 2019 inflation has been in the region of 20%. All dioceses have seen a real terms reduction

in Parish Share over this period. We are one of four dioceses which have experienced a year-to-date cash increase from 2023. Southwark is the diocese in the red box.



*YTD % change in cash received to end August 2024 compared to August 2019, adjusted for inflation.*

10. PSF is on budget in 2024 and the central assumption in this budget is of a rise in PSF of 0.75%.
11. PSF materials circulated to parishes showed an increase in indicative costs of 3.5% for 2025 compared to 2024. Of parishes who have pledged:
  - 74% have increased
  - 17% maintained
  - 9% have decreased
12. The 2025 pledges include a significant decrease from several of our largest parishes, pushing down the average increase to date and resulting in a budgeted increase of 0.75%.
13. As in previous years there will be a full PowerPoint presentation including budget assumptions presented at Synod, which will be circulated subsequently to all members.

Nicola Thomas  
 Diocesan Secretary  
 November 2024

**Budget 2025**

	2025 Budget £	2024 Budget £
<b>Incoming Resources</b>		
Parish Support Fund	16,246,261	16,125,321
Parochial Fees	401,281	418,001
Grants Received	6,442,736	4,602,787
Investment Income	1,170,206	1,125,093
Property Income	918,584	879,572
Other Income	1,039,061	929,407
Property Gain	3,600,000	3,600,000
<b>Total Incoming Resources</b>	<b>29,818,129</b>	<b>27,680,181</b>
<b>Resources Expended</b>		
Clergy Costs	13,460,599	12,973,456
Property Costs	3,799,683	3,686,858
Vocations and Clergy Formation	564,620	1,037,776
Ministry & Discipleship	498,357	500,106
Mission, Pioneering Ministry & JPIC	1,079,032	1,129,321
Strategic Development	1,430,485	1,889,582
Diocesan Investment Programme	2,347,307	-
Area Mission & Office Costs	812,939	818,970
Safeguarding	511,224	552,720
Communications	371,309	358,882
Office Buildings	367,649	359,457
IT	506,385	472,468
Administration	1,900,588	1,781,014
Human Resources	212,313	222,861
Board of Education	376,705	369,675
Contributions to National Church	1,827,272	1,699,160
	<b>30,066,468</b>	<b>27,852,306</b>