



Diocese of Newcastle Budget proposal 2019



Budget Consultation: Overview

Timetable

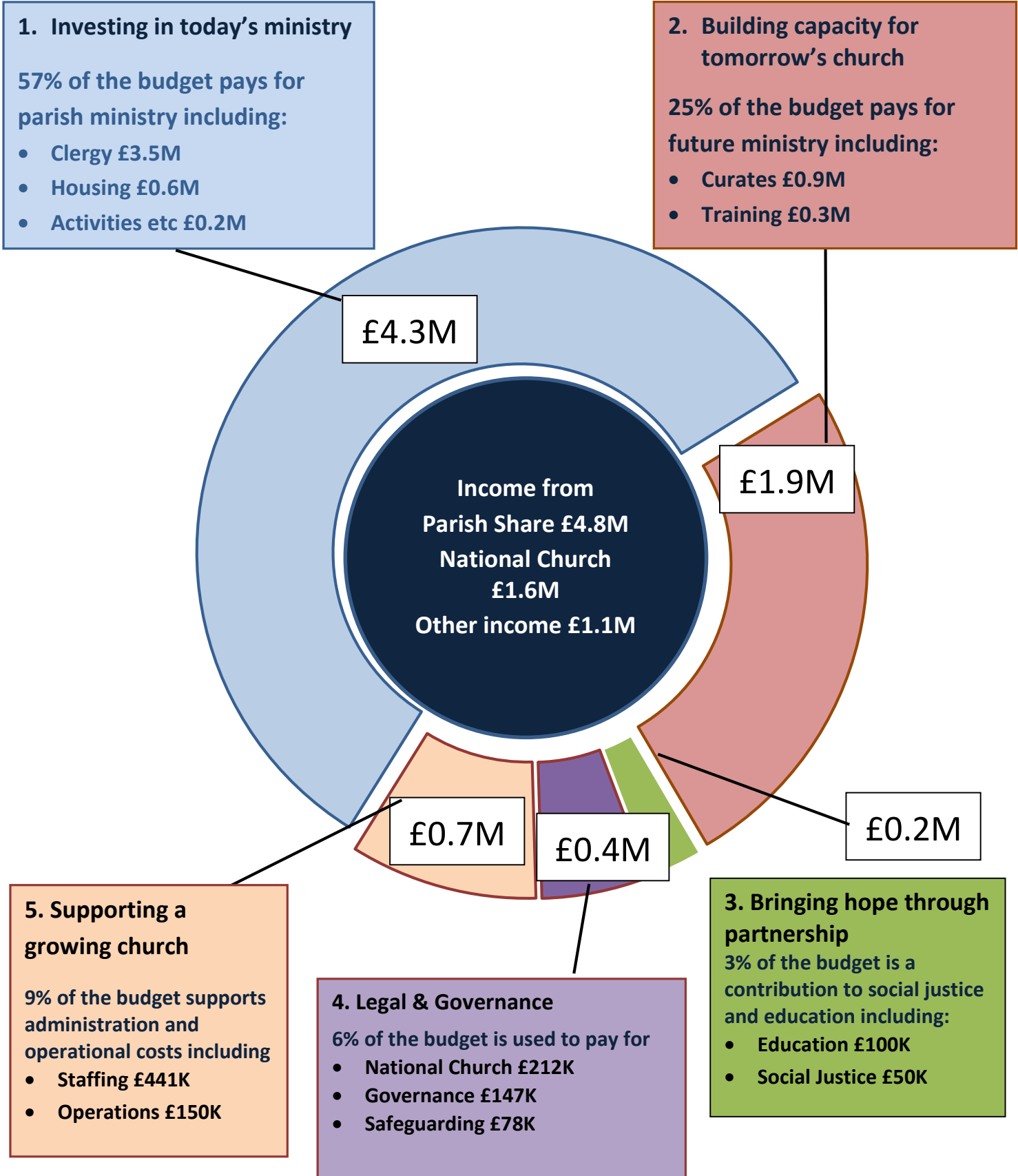
1. In 2018 the budget consultation was brought forward to help deaneries with their own budget planning and the consultation for 2019-2021 has followed a similar pattern with a consultation which commenced at a Finance Synod on 24th July which ran through to September. The consultation was framed around the following timetable:

Date	Group	
Tuesday 3 July	NDBF & Bishop's Council	Budget shaping
Thursday 12 July	Finance Group	Budget shaping
Tuesday 24 July	Finance Synod	Consultation commences
24 July to 10 September	Open to consultation	Budget shaping
Thursday 13 September	Finance Group	Review consultation
Tuesday 18 September	NDBF & Bishop's Council	Review consultation
Wednesday 19 September	The Bishop's Staff Team	Review consultation
Thursday 4 October	Diocesan Finance Group	Final consideration
Saturday 20 October	Diocesan Synod	Decision making

2. Reaching a proposed budget for 2019 has been challenging and through the stewardship of the many gifts and resources made available to us our hope is that the accompanying proposal will help to grow church and bring hope throughout the diocese and address many of the points offered during the budget consultation (see **Appendix A**). These included safeguarding some items of expenditure whilst recognising the concerns expressed around the level of Parish Share. It also represents a focused effort to secure additional other income and to limit expenditure in order to achieve a £192,000 reduction in the Parish Share request for 2019 compared with 2018.
3. The proposed budget provides for:
 - Sufficient funding for **85.0FTE** of the 101.8FTE permanent stipendiary posts. This assumes 16.8FTE will be vacant at any one time during 2019. (see paragraphs 8 & 9)
 - Sufficient funding for **18.0FTE** stipendiary curates. (see paragraph 11)
 - Our financial contribution to the National Church activities which is set by the General Synod. (see paragraphs 12 and 14)
 - New fully funded work: 3.0FTE Missioner posts and 1.0FTE interim ministry post.
 - **Zero** inflation increase on budget headings except where anticipated and beyond our control. This approximates to a real cut of **1.8%** in these areas.
 - Funding **21.22FTE** employed posts through Church House which includes support for parishes as well as our legal and governance obligations as an employer and charity. (see Appendix D)
 - The part-funding of **5.5FTE** posts based at Church House or within partner institutions. Our contribution to these posts enables us to achieve more through our partnership with others. (see Appendix D)
 - A maximum envelope to provide a +2.0% uplift to stipend and salaries wef April 2019.
 - A diocesan contribution to the work of the Diocesan Education Board of £100K.
 - Investing £100K into our Strategic Mission Fund to help us resource ongoing and future projects across the diocese.
 - A Parish Share request in 2019 of **£4,807,066** (2018 was £4,998,498) to achieve a balanced budget will require all deaneries to meet their Parish Share request in full.

Introduction

Where does our Parish Share contribution go? In 2019, contributions from Parish Share together with income from other sources will fund the following activities.



Expenditure

Budget Priority Areas

4. The proposal for 2019 keeps the five main themes established for the 2018 budget to support and deliver the diocesan vision for **growing church bringing hope**. The proposal has used the contingency budget agreed by the Diocesan Synod on 28 April 2018¹ as a base and this summary highlights the changes proposed for 2019.

Investing in today's ministry	Full budget heading is £4.358M (2018 was £4.376M) Minimum Parish Share requirement is £2.414M (2018 was £2.320M) Reduction of funding to resource permanent stipendiary ministry from 87.0FTE to 85.0FTE .
Building capacity for tomorrow's church	Full budget heading is £1.876M (2018 was £1.700M) Minimum Parish Share requirement is £1.215M (2018 £1.179M) Includes provision for 18.0FTE training curacies plus 3.0FTE new missionary posts plus 1.0FTE interim ministry.
Bringing hope through partnership	Full budget heading is £186K (2018 was £233K) Minimum Parish Share requirement is £165K (2018 £229K) Reduction to the grant made available to the Diocesan Education Board from £137,500 to £100,000. Budget heading includes funding of Task Groups and contribution to partner agencies.
Legal & governance supporting our mission	Full budget heading is £437K (2018 was £423K) Minimum Parish Share requirement is £437K (2018 £395K) Includes increase in National Church activities via apportionment and nationally published/agreed costs for legal advisory (Chancellor and Registrar).
Supporting a growing church	Full budget heading is £663K (2018 was £684K) Minimum Parish Share requirement is £475K (2018 £431K) Reduction in income and some expenditure (a time limited post ending in 2019) together with a move from a deficit budget to a balanced budget
Transfer to strategic mission fund	Minimum Parish Share requirement is £0.100M (2018 £0.093M) Proposal to transfer £100K to our own Strategic Mission Fund to help to fund existing and new projects across the diocese for spiritual, missional and numerical growth.

5. When added together the expenditure for the above priority activities is **£7.520M**. Of this, one-third will be funded from income from the National Church and other sources which leaves two-thirds, **£4,807,066**, to be funded from Parish Share (see page 14). This is the **minimum income** required to fund the activities set out in this proposal and will require the Parish Share request to be met in full. A detailed summary of the budget can be found at **Appendix B**.

¹ Comparative Parish Share figures for 2018 in brackets represent 93% of the original Parish Share request made for 2018. The contingency budget adopted by the Synod forecast a 93% collection of the requested amount. The contingency budget included a forecast deficit of £167K.

Expenditure

6. Overall Parish Share is therefore **3.8%** less than the amount requested in 2018. However, the amount is **£258,463** above the actual contributions that parishes are forecast to make to Parish Share in 2018. This will be a significant challenge.
7. At the time of writing this budget proposal Parish Share receipts for the period 1 January to 30 September 2018 highlighted a **£106K** shortfall in receipts had we followed the same trend in receipts that we experienced in 2017². In terms of year-on-year cash we received **£35K less** than at the same point in 2017. This position, when added to other known reductions in income, will have a significant impact on our ability to resource activities in 2019. We are hopeful however that efforts in the remaining part of 2018 will help to improve this position.

Investing in today's ministry

8. Resourcing permanent parish clergy posts forms the largest proportion of this budget heading which is used to pay the direct costs of clergy and chaplains (stipends/salary, employers' national insurance, pension contributions, housing and training):
 - The budget has provision to accommodate an uplift to the diocesan stipend **of up to +2%** with effect from 1 April 2019. This would lift the current full-time stipend of £25,433 p.a. to a maximum stipend of **£25,937p.a.**
 - The budget includes the cost of annual membership of the clergy pension scheme (full-time status) increasing from **£9,686 per person p.a.** on 1 April 2019.
 - Employer national insurance is typically **£2,180 per person p.a.**
 - The **basic cost** of full-time ministry (stipend, pension, national insurance) wef April 2019 would be **£37,803p.a.**
9. The proposed budget has sufficient resource to fund **85.0FTE** parish clergy and **2.0FTE** archdeacons. The vacancy rate would be **16.5%** (vacancy rate at 30 Sept 2018 was 25.3% and 30 Sept 2017 was 16.6%). See **Appendix C** for the current allocation of permanent posts.
10. Other expenditure includes:
 - 2.5FTE chaplaincy posts (universities and Northumbria Police).
 - Relocation grants and expenses together with the expenditure for vacant parishes and locums.
 - housing maintenance, repair and insurance of **153** properties. These are parsonages, team vicarages and diocesan houses all of which are maintained by the Board of Finance.

Building capacity for tomorrow's church

11. This budget heading places an emphasis on our ministry for tomorrow and the bulk of the expenditure relates to the cost of 18 full-time stipendiary curates in training together with the relevant pension, national insurance and housing costs. Curates represent a significant investment in ensuring we can provide ministry to the next generation.
12. Other expenditure is mostly not discretionary in that it is a national requirement and responsibility to our clergy and includes:

² At 30 September 2017 parishes had contributed 61.2% of the total Parish Share request. At 30 September 2018 this was 59.07%

Expenditure

- Initial Ministerial Education (IME).
IME1 (pre ordination) and IME2 (post ordination).
- The work of the **Diocesan Ministry Council**.
This is a sub group of the Bishop's Council and brings together the work of evangelism, children and youth, discipleship, vocations, local ministry and continuing ministerial development.
- The diocesan contribution of **£172K** (2018 was £166K) to the national selection and training for the wider Church of England (of which Newcastle is a subsequent recipient).
- A contribution of **£24K** into the national pooling arrangements which help to provide the financial maintenance for those in training.
- The post of Transformation and Strategy Programme Manager which the National Church has agreed to part fund (70% National Church 30% Diocese). This is a three year post to oversee the delivery of the diocesan vision for growing church bringing hope. 2019 will be the second year for and the post.

Bringing hope through partnership

13. This budget heading places an emphasis on our engagement with society through partnership working. The budget represents **2.7%** of overall diocesan expenditure and includes:

- The employed posts for Partners Officer (0.33FTE) and the Interfaith Officer (0.53FTE). The latter is engaged in diocesan activities associated with the Committee for Interfaith and Ethnic Relations (CIFER) as well as resourcing the secretariat for the Newcastle Council of Faiths. This budget heading previously included the employed post for Church in Society (0.50 FTE) which came to an end in September 2018.
- A contribution to the work of the Newcastle Diocesan Education Board (**NDEB**), a separate charity and company, which supports Church Schools across the Diocese. NDEB has an agreement with the Diocese of Durham and together the two organisations form the **Joint Education Team (JET)**, located at Church House, North Shields. NDEB is the managing employer of the staff employed within the JET. The budget proposal for 2019 is for the diocese to make a contribution of £100,000 (2018 was £137,025).
- £46.8K for the Bishop's Council to use to help resource partnership activities including social justice and the work of Diocesan Task Groups (total in 2018 was £46.8K).

Legal and governance supporting our mission

14. This budget heading places an emphasis on items that are essential functions supporting mission activities across all parishes and diocesan structures including:

- The Diocesan Safeguarding Team
- The work of the Diocesan Advisory Committee (DAC) and the Diocesan Mission & Pastoral Committee (DMPC).
- The Diocesan Chancellor and the Diocesan Registrar (including the Registry).

Expenditure

- Our own Boards & Committee expenditure for our boards (e.g. Diocesan Synod) and also the costs for General Synod, borne by dioceses including the expenses of elected representatives attending the General Synod.
- Diocesan contribution to the wider Church of England (National Church Responsibilities) **£211,895** (2018 was £204,449). This is part of the Apportionment agreed by the General Synod at its sitting in July 2018. For clarity, the whole sum is divided as follows:
 - the national administration £136,714 (2018 was £132,453)
 - national grants and provisions £14,579 (2018 was £14,443)
 - pension contributions for mission agencies £1,811 (2018 was £1,620)
 - CHARM Housing Scheme for clergy in retirement £58,791 (2018 was £55,933).

Supporting a growing church

15. Church House at North Shields is the administrative home for resourcing activities across the diocese and provides accommodation for the following organisations:

- The Newcastle Diocesan Board of Finance;
- The Newcastle Diocesan Education Board and Joint Education Team;
- Lindisfarne College of Theology;
- The North East Religious Resources Centre

This budget heading includes those staff employed by the Newcastle Diocesan Board of Finance in administrative roles, finance and communications. A full list of staff employed by the Board of Finance is included at **Appendix D**. The budget heading also includes:

- Staff employed by the Board of Finance, travel and training
- Phone, postage, printing and stationery
- Annual audit, depreciation and miscellaneous
- IT infrastructure supporting Church House, Archdeacons' Offices and remote workers.
- Church House energy costs, repairs, maintenance and insurance

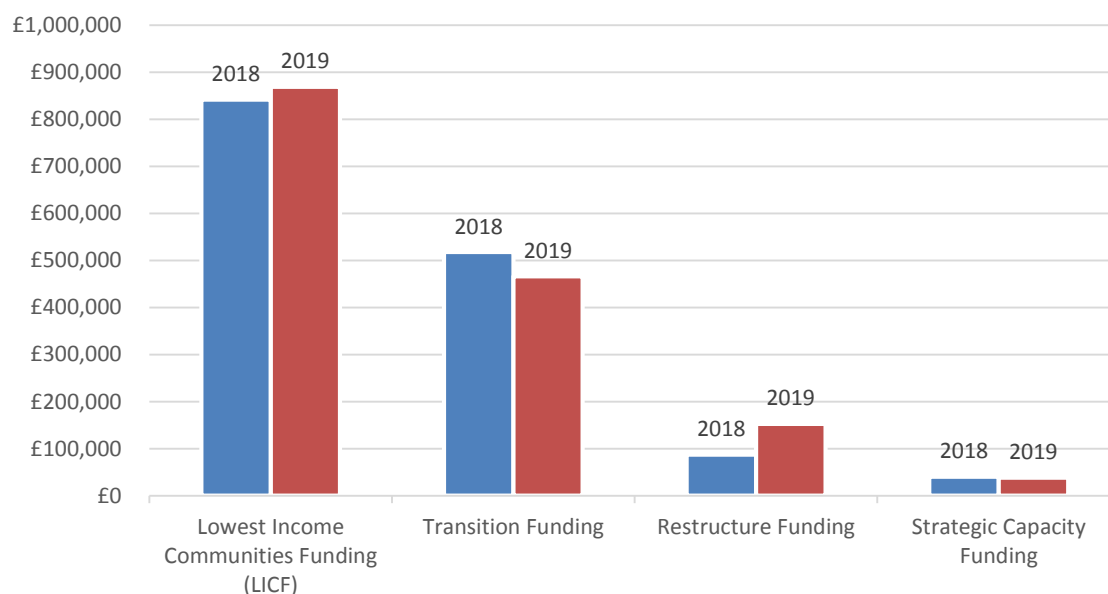
Income

Income from the National Church

16. Since 2017 the National Church³ has made significant changes to the way in which central funding is distributed. The new funding arrangements identified other dioceses which were in greater need of central funds. As a result, the Diocese of Newcastle is one of the dioceses receiving less money to support general expenditure than it did through the arrangements in place in 2016 and it is fair to recognise that concern has been expressed across the Diocese about the impact of these funding changes. 2019 will be the third year of the national funding changes and will see the Diocese lose a further £50K of transition funding (see para 17b).

17. That said, overall funding from the National Church will be greater than 2016 due to the Diocese receiving support from new funding streams. In 2019 we will receive **£1.526M** (2018 was £1.487M) of funding from the National Church via the following funding streams:

- (a) **Lowest Income Communities Funding (LICF);**
- (b) **Transitional Funding;**
- (c) **Restructure Funding; and**
- (d) **Strategic Capacity Funding**



a. **Lowest Income Communities Funding (LICF)**

£868.9K [2018 was £842K]

The National Church distributes this funding for mission in communities with the lowest incomes. It is given to those dioceses which have the greatest number of people living in these communities. Using income data from HM Revenue & Customs (HMRC) and benefit data from the Indices of Multiple Deprivation (IMD) average income figures are calculated for all dioceses. The Diocese of Newcastle, together with twenty four other dioceses, has

³ National Church in this document refers to two National Church Institutions

The Archbishops' Council:

<https://www.churchofengland.org/about/leadership-and-governance/archbishops-council>

The Church Commissioners:

<https://www.churchofengland.org/about/leadership-and-governance/church-commissioners>

Income

an average income below the average for all dioceses and as a result we are given financial support from the **Lowest Income Communities Fund (LICF)**.

We use this funding to support the cost of paid ministry (we call this *stipendiary* ministry) that we have deployed in our most deprived areas. We use population data together with data from the Indices of Multiple Deprivation (IMD) 2015⁴ to help identify the amount of Lowest Income Communities Funding that is applied to support the cost of ministry in our most deprived area.

In line with 2017 and 2018, it is proposed that the incoming LICF grant for 2019 be split as follows:

- **90%** of the grant is used to support the cost of ministry in the parishes which fall within the 15% most deprived neighbourhoods of England using the overall IMD score; and
- **10%** of the grant is used to support the cost of ministry in the parishes within the 15% most deprived neighbourhoods using a geographical measure where the population of a deanery residing in those areas exceeds 15% of the deanery population.

In 2019 the National Church has granted us £868,900 from the Lowest Income Communities Fund and if we use the above methodology this will be used as follows:

£782,010	which is used to support stipendiary ministry in 34 parishes
£86,890	which is used to support stipendiary ministry in 23 parishes
£868,900	Applied to support the cost of ministry in 57 parishes

Over the last two years some of our deprived areas have been without permanent stipendiary ministry and the balance of LICF that was designated to support the cost of ministry in that area is held within a designated fund. The accrued LICF balances have been used to provide additional time limited ministry posts and in 2019 these additional posts will include:

- **1** fully funded three year full-time interim stipendiary ministry at Seaton Hirst (Morpeth Deanery). NB: This is in addition to the substantive post for Seaton Hirst.
- **3** part-funded⁵ three year full-time Missioner Posts (1.0FTE in Denton, 1.0FTE in Newbiggin Hall & Cowgate and 1.0FTE in Percy Main & Balkwell).

b. Transitional Funding

£466.3K [2018 was £517.9K]


Due to the funding changes from the National Church some dioceses, like Newcastle, are receiving less money than it did through the arrangements in place in 2016. The National Church is providing transitional funding to dioceses receiving less funding than they used to and Newcastle is a recipient of this funding.

2019 is the third year of a ten year transition which reduces the amount of funding the Diocese of Newcastle receives from the National Church. For each year of the transition the Diocese receives an annual reduction in the amount of transition funding, equivalent to about £50K to £60K per annum. This in turn equates to the amount required for one full-time stipendiary minister or a **+1.0%** change to Parish Share. The transition is illustrated as follows:

⁴https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/465791/English_Indices_of_Deprivation_2015_-_Statistical_Release.pdf

⁵ These posts are funded from the Lowest Income Communities Fund (LICF) and Restructure Funding both of which are funds provided by the National Church.

Income



2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
£571K	£518K	£466K	£408K	£348K	£290K	£230K	£170K	£110K	£49K
Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9	Yr10

In 2018 transition funding was used to limit the impact of Parish Share increases due to the changes in National Church funding arrangements. As a result seven of our twelve deaneries were helped with transition funding:

Deanery	Transition funding in 2018 (£)
Alnwick	132.7K
Bamburgh & Glendale	14.5K
Corbridge	53.2K
Hexham	112.4K
Morpeth	3.5K
Newcastle Central	140.9K
Norham	60.6K

The proposal for 2019 is that transitional funding continues to be used to limit Parish Share increases.

c. Restructure Funding

£152.8K [2018 was £87K]

This funding has been made available to fund strategic work to help the diocese transition to a position where it is less reliant on National Funding. The use of this money has been agreed with the National Church and in 2019 the money will:

- fully fund the post of Director of Discipleship & Ministry for Mission; and
- part-fund **3.0** full-time Missioner Posts (1.0FTE in Denton, 1.0FTE in Newbiggin Hall & Cowgate and 1.0FTE in Percy Main & Balkwell).

d. Strategic Capacity Funding

£38.3K [2018 was £40.1K]

The National Church has awarded the diocese a three-year funding arrangement to increase strategic capacity. The money we receive part-funds (70%) a three-year post of *Transformation and Strategy Programme Manager*.

Other funding from the National Church Funding

18. In addition to the funding set out above the National Church is also supporting the following:

a. Strategic Development Funding: Resource Church Project

As part of a £27M drive to create 100 new churches the National Church has awarded the diocese **£2.6M** to establish our first Resource Church for the Diocese of Newcastle. This is our first Strategic Development Funding award and is a 5 year project to help revitalise and bring growth to the church in all parts of our diocese.

At the launch of the budget consultation All Saints Church, close to Newcastle Quayside, was earmarked as the preferred building in which to establish the Resource Church. During the summer work has progressed with the plans to bring the building back into use

Income

as a place of worship including the proposed reordering that would be required for the Resource Church to flourish. Work with Historic England, the City Council Conservationists and the Georgian Group has however led us to conclude that the Resource Church would be compromised by restrictions governing the proposed reordering and, as such, a new home for the Resource Church is being sought.

What does this mean for the project to establish a diocesan Resource Church? The Church Commissioners are aware of the need for us to find a new home for the Resource Church. In the interim, the plans for a soft launch in 2019 continue. Once a more permanent home is agreed the project costs will be reviewed with the Church Commissioners.

b. Church Commissioners: Bishops' working costs

The National Church through the Church Commissioners, pay for the costs of the Diocesan and Suffragan Bishop, the Bishop's Chaplain and administrative staff employed at the Bishops' offices.

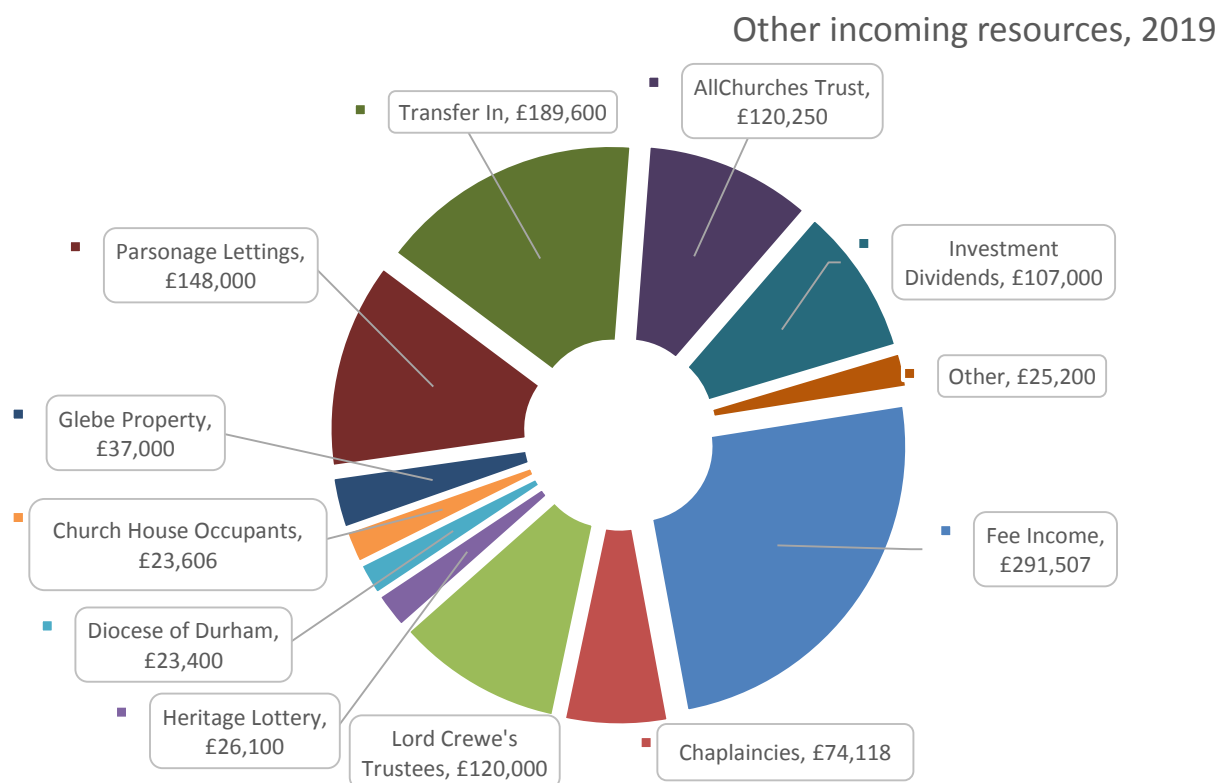
Expenditure for the Diocesan Board of Finance in relation to the Bishops' working costs is limited to the provision of housing (including Council Tax and Water Rates) for the Suffragan Bishop and the Bishop's Chaplain.

c. Cathedral working costs

The National Church, through the Church Commissioners, pay for the costs of the Dean of the Cathedral and two clergy (Residentiary Canons). The Cathedral provides housing for the Dean and two Residentiary Canons.

Other incoming resources

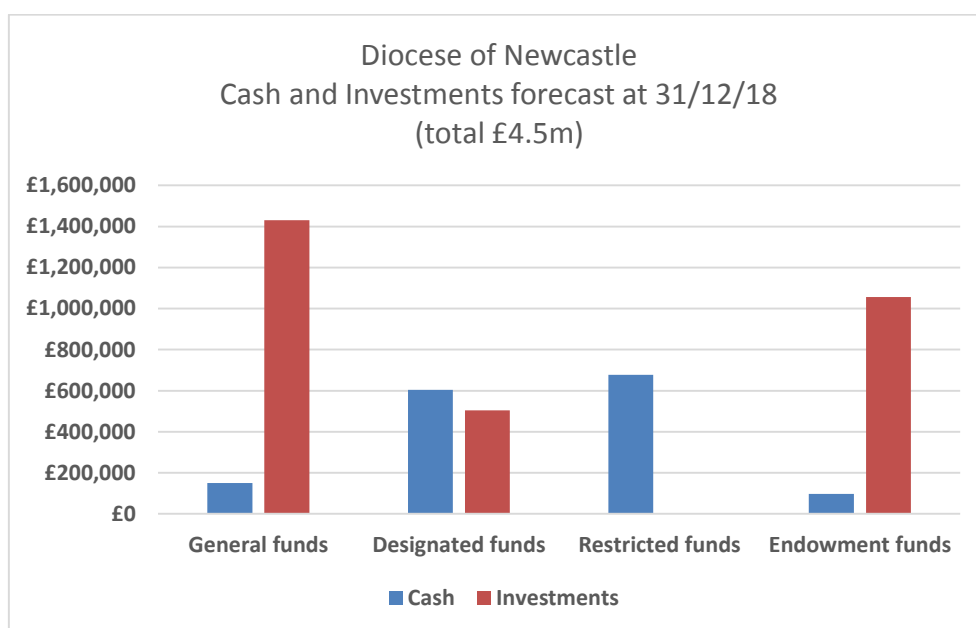
19. A total of **£1.186M** other income [2018 was £1.075M] is generated from a variety of sources summarised in the chart below:



Income

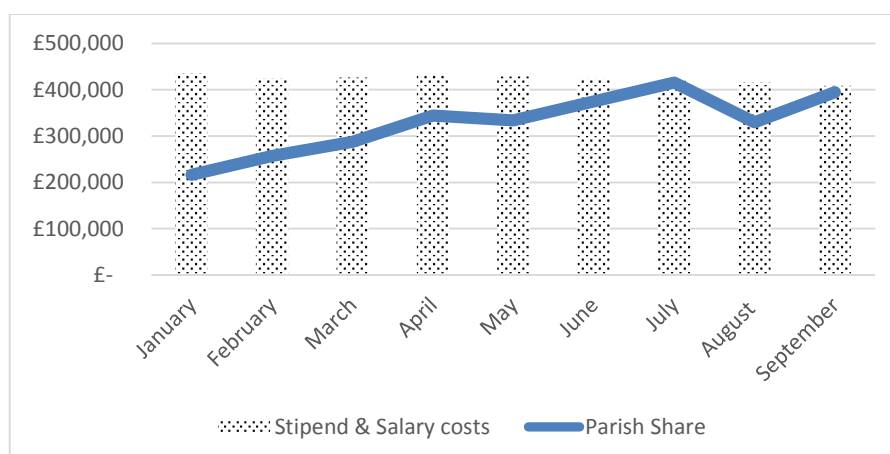
Cash Flow considerations

20. While thinking about our priority areas it is also important that we consider our cash flow projections. **Appendix E** sets out the forecast based on the assumptions in this paper. The Board of Finance works to a reserves policy to fund 3 months revenue expenditure and is working to correct the position highlighted in the cash flow projections.
21. The Reserves Policy is also challenged by the way in which expenditure falls and Parish Share contributions are made. Parishes which make regular monthly contributions have helped with this challenge and the Board encourages other parishes to consider making regular monthly contributions. It is critically important that Parish Share receipts in 2019 are in line with budgetary targets. Any shortfall would place additional pressure on cash reserves which would result in further budgetary reductions in 2019.



Why are cash flow considerations so important?

22. The chart below illustrates the actual expenditure on stipend and salary costs for the period 1 January to 30 September 2018. The blue line shows the Parish Share received in the period is significantly below the amount expended. The Finance Group is concerned that the level of cash reserves is below the reserves requirement.



Income

Income from Parish Share: Proposed allocation for 2019

23. The amount of Parish Share to achieve a balanced budget and not fall into deficit in 2019 is £4,807,066. Whilst this is £191,432 less than requested in 2018 it will require all deaneries and Local Ecumenical Partnerships (LEPS) to meet their allocation in full.
24. The amount of Parish Share to be allocated across the 12 deaneries is £4,765,219 and this represents a **-3.3%** reduction to the 2018 request. The proposal in this budget paper is that each of the 12 deaneries should receive a -3.3% reduction. This is set out in the table on the following page.
25. From the table you will see that there is a larger change to the Parish Share allocated to the Local Ecumenical Projects (LEPS). An agreement between the ecumenical partners for one of the LEP churches will, in future, result in the ministry costs being paid in full in addition to an amount towards the national and diocesan expenditure. This change has reduced the LEP share allocation for 2019. However, should stipendiary ministry be deployed in 2019 the agreement is that church will cover the cost of that ministry.

Method for allocating Parish Share to Deaneries

26. The method used to allocate Parish Share to deaneries remains the method agreed by the Diocesan Synod. This is weighted: (i) 70% towards parish income; (ii) 15% to attendance; and (iii) 15% to clergy points. The proposal set out in the table below uses the average income and attendance data from statistics for 2015, 2016 and 2017 (the 2018 allocation used the years 2014, 2015, 2016). The clergy points are based on permanent posts at September 2018.
27. In response to feedback about the inclusion of the Lowest Income Communities Fund (LICF) within the previous allocations of Share the proposed allocation of Share for 2019 no longer includes this income. However, this income is used to support the cost of paid ministry in our most deprived areas and will continue to be managed through our monthly management accounts.
28. For 2019 there are four steps in the allocation to the deaneries

STEP 1 is the starting position and distributes the overall Parish Share

This is the amount that would be requested without the transitional funding we receive from the National Church.

STEP 2 allocates transitional funding received from the National Church

This funding is to help us move to the new funding arrangements and has been applied to limit the change to year on year Parish Share request for the deanery.

STEP 3 introduces **mutual support** between the deaneries

To achieve a -3.3% change for all deaneries those who would have a greater reduction have the reduction capped at -3.3% and the balance is shared with the other deaneries so that all achieve a -3.3% change.

STEP 4 is the Parish Share request for 2019

This is the sum from STEP1 less STEP2 less STEP3.

Proposed Parish Share allocation for 2019

29. The table below sets out at STEP 4 the proposed Parish Share allocations to the deaneries in 2019. These sums represent the amounts required to fund the proposed budget for 2019.

DEANERY	STEP 1	STEP 2	STEP 3	STEP 4		
	Allocation of 2019 Parish Share before application of transition funding from the National Church	Transition funding from the National Church is used to limit change between 2018 and 2019	Mutual Support between deaneries to limit changes for all deaneries	Parish Share Request 2019 (A less B less C)	Change to 2018 Parish Share request as a %	Change to 2018 Parish Share Request in cash terms
	A	B	C	D	E	F
Bedlington	421,829	2,785	1,547	417,497	-3.3%	-14,436
Newcastle Central	866,474	68,302	2,947	795,225	-3.3%	-27,497
Newcastle East	329,500	50,042	1,032	278,426	-3.3%	-9,628
Newcastle West	553,050	104,667	1,656	446,727	-3.3%	-15,447
Tynemouth	684,040	19,113	2,455	662,472	-3.3%	-22,906
Alnwick	486,110	62,554	1,564	421,992	-3.3%	-14,591
Bamburgh & Glendale	222,727	7,627	794	214,306	-3.3%	-7,410
Bellingham	145,310	9,402	502	135,406	-3.3%	-4,682
Corbridge	376,945	0	-16,204	393,149	-3.3%	-13,416
Hexham	385,847	63,360	1,191	321,296	-3.3%	-11,111
Morpeth	502,525	26,758	1,757	474,010	-3.3%	-16,391
Norham	257,202	51,730	759	204,713	-3.3%	-7,080
Deanery Totals	5,231,559	466,340	0	4,765,219	-3.3%	-164,595
LEPs	41,847	0	0	41,847	-39.1%	26,837
TOTALS	5,273,406	466,340	0	4,807,066	-3.8%	-191,432

The consultation included the following questions:

1. Should our priorities budget include investment into our Strategic Mission Fund?

The priority activities within the budget consultation had included a proposed investment of £100K to our Strategic Mission Fund to help to fund the diocesan commitment to the Resource Church Project and to strengthen our financial ability to help deliver other new projects.

Comment following the consultation:

The proposed budget continues to include a £100K investment in the Strategic Mission Fund to help establish financial capacity to deliver new projects in support of a vision for growing church bringing hope across the communities we serve.

2. Should our budget include grant funding to partner organisations?

Grants totalling £46.8K are excluded from the proposed priority activities. In 2018 the following grants were made: Shepherds Dene £5K; Together Newcastle £10K; St Nicholas Cathedral £4K; Alnmouth Friary £2.7K; NE Churches Acting Together £9K; Northumbria Industrial Mission £2.6K; and Diocesan Task Groups £13.5K.

Comment following the consultation:

Responses to the consultation included support for the resourcing of activities to help deliver our work in disadvantaged areas. This included support provided by Together Newcastle and through Diocesan Task Groups. The diocesan response to Social Responsibility has been included within the role description of the next Archdeacon of Northumberland who will oversee the re-shaping of how this area of work will be delivered and a financial provision has been included within the proposed budget to help the Bishop's Council to agree the policy and resource this work.

An amount equal to the sum previously given as grant funding to partner organisations has been included within the proposed budget for the Bishop's Council to agree the policy for awarding contributions to organisations working across the Diocese.

3. Are there other options we should consider?

Regretfully, it is not possible to rehearse all options through this paper. Are there options that you would wish us to consider which have not been addressed in the paper? If so, please let us know the options you wish to put forward.

Options submitted during the consultation included:

- **A freeze to stipends/salaries**

Comment: The Board of Finance is mindful that stipends are a living allowance and need to be comparative with other dioceses to help with the recruitment of clergy to the Diocese. Salaries are reviewed annually and the Board of Finance uses local and national data and trends when considering changes to remuneration, which include recruitment and retention.

- **Appoint a diocesan social responsibility officer**

Comment: New posts within the expenditure for 2019 are limited to interim ministry and missioner posts in designated areas. Budget expenditure for 2019 is significantly below the original 2018 proposals and as a result no new diocesan officer posts are proposed.

- **Appoint a diocesan official to help the 'less professional' churches**

Comment: The Board of Finance is mindful of the need to offer help to churches through, for example, the development of training and peer support and will continue to deliver support through existing resources but the reality of the budget proposal is that there are no new diocesan officer posts proposed for 2019.

4. **What should be the change to the Parish Share request in 2019?**

The minimum funding requirement to deliver the priority areas in the budget consultation was £4,776,795 which would have resulted in a +£228,192 cash increase (or +5.02%) on the forecast Parish Share receipt for 2018. The consultation highlighted the risk that should parishes find themselves unable to meet a 100% contribution to the Parish Share requested through the Deanery the diocesan cash reserves would be further reduced. The consultation asked if the Synod should seek an amount higher than the minimum funding requirement and, if so, what should that request be?

Comment following the consultation:

Few responses commented on this question but those that did suggested the Synod should budget on achieving 95% of the total amount requested through Parish Share. If this suggestion was followed it would result in either a greater request for Parish Share or further reductions from the 2019 budget. To achieve a balanced budget and not fall into deficit in 2019 will require all deaneries and Local Ecumenical Partnerships (LEPS) to meet their allocation in full.

Budget Summary

Appendix B

Newcastle Diocesan Board of Finance 2019 Budget Summary						
Investing in today's ministry						
	2018	2019			2020	2021
Income	Budget	Budget	Difference	Difference	Budget	Budget
	£	£	£	%	£	£
Parish share	2,320,562	2,414,235	93,673	4.04%	2,550,335	2,723,899
National church	1,489,861	1,378,685	-111,176	-7.46%	1,324,585	1,233,485
Clergy fees	360,000	291,507	-68,493	-19.03%	294,422	297,366
Grants & contributions	35,593	107,743	72,150	202.71%	107,893	108,043
Chaplaincies	73,000	74,118	1,118	1.53%	75,031	75,957
Glebe rents	37,000	37,000	0	0.00%	37,000	37,000
Stipend dividends	55,000	55,000	0	0.00%	55,000	55,000
Total Income	4,371,016	4,358,288	-12,728	-0.29%	4,444,266	4,530,751
Expenditure						
Stipends/salaries, NI, pension	3,585,363	3,551,900	-33,463	-0.93%	3,622,938	3,695,397
Council tax/water	26,160	26,513	353	1.35%	27,043	27,584
Housing costs	534,267	537,331	3,065	0.57%	548,078	559,039
CMD Activities	31,725	31,725	0	0.00%	32,360	33,007
Relocation/grants	92,000	92,000	0	0.00%	93,840	95,717
Transport/activity expenses	20,127	20,127	0	0.00%	20,328	20,328
Chaplaincy - Northumbria Police	0	12,500	12,500		12,625	12,625
Grants - Readers Board	8,750	8,750	0	0.00%	8,838	8,838
Contingency/miscellaneous	77,442	77,442	0	0.00%	78,216	78,216
Total expenditure	4,375,833	4,358,288	-17,545	-0.40%	4,444,266	4,530,751
Surplus/-deficit	-4,818	0	4,818	-100.00%	0	0
Building capacity for tomorrow's church						
Income						
Parish share	1,272,306	1,315,363	43,057	3.38%	1,469,590	1,535,804
National church	0	149,693	149,693		109,602	61,203
Grants & contributions	69,695	104,082	34,386	49.34%	104,657	105,243
Rents	148,000	148,000	0	0.00%	148,000	148,000
Fund transfers in	75,000	159,144	84,144	112.19%	81,190	54,395
Total income	1,565,001	1,876,281	311,280	19.89%	1,913,040	1,904,644
Expenditure						
Stipends/salaries, NI, pension	978,751	1,172,788	194,037	19.82%	1,196,244	1,173,945
Council tax/water	16,624	16,848	224	1.35%	17,185	17,529
Housing costs	130,000	90,000	-40,000	-30.77%	91,800	93,636
Training & development	129,609	105,823	-23,786	-18.35%	107,939	110,098
Relocation/grants	105,000	108,000	3,000	2.86%	110,600	114,742
Transport/activity expenses	80,581	86,581	6,000	7.45%	87,387	87,000
National training	166,389	171,938	5,549	3.33%	177,096	182,409
Pooling 2017/18	0	24,303	24,303		24,789	25,285
Fund transfer out	93,000	100,000	7,000	7.53%	100,000	100,000
Total expenditure	1,699,954	1,876,281	176,327	10.37%	1,913,040	1,904,644
Surplus/-deficit	-134,952	0	134,952	-100.00%	0	0
Bringing hope through partnership						
Income						
Parish share	229,377	165,383	-63,994	-27.90%	177,915	180,497
Grants & contributions	10,000	10,000	0	0.00%	10,000	10,000
Funds transfers in	10,491	10,491	0	0.00%	10,701	10,915
Total income	249,868	185,874	-63,994	-25.61%	198,616	201,411
Expenditure						
Stipends/salaries, NI, pension	43,359	34,625	-8,734	-20.14%	35,317	36,024
Council tax/water	1,460	426	-1,034	-70.84%	434	443
Transport/activity expenses	4,384	4,024	-360	-8.21%	4,064	4,105
Grants, social responsibility & task groups	183,825	146,800	-37,025	-20.14%	158,800	160,840
Total expenditure	233,028	185,874	-47,153	-20.24%	198,616	201,411
Surplus/-deficit	16,840	0	-16,840	-100.00%	0	0

Budget Summary

Appendix B

Supporting a growing church						
	2018	2019			2020	2021
	Budget	Budget	Difference	Difference	Budget	Budget
	£	£	£	%	£	£
Income						
Income						
Parish share	430,980	475,468	44,488	10.32%	519,086	531,032
Grants & contributions	111,012	92,091	-18,921	-17.04%	66,012	66,012
Funds transfers in	40,000	20,000	-20,000	-50.00%	0	0
Rents	23,000	23,606	606	2.63%	24,078	24,078
Investment income	62,000	52,000	-10,000	-16.13%	52,000	52,000
Total income	666,992	663,165	-3,827	-0.57%	661,176	673,123
Expenditure						
Stipends/salaries, NI, pension	451,645	440,662	-10,983	-2.43%	449,476	458,465
Council tax/water	3,150	3,193	43	1.35%	3,256	3,322
Training & development	3,720	3,720	0	0.00%	3,757	3,795
Transport/activity expenses	76,517	65,360	-11,157	-14.58%	52,168	52,689
Running costs	148,591	150,230	1,639	1.10%	152,520	154,852
Total expenditure	683,623	663,165	-20,458	-2.99%	661,176	673,123
Surplus/-deficit	-16,631	0	16,631	-100.00%	0	0
Legal & governance supporting our mission						
Income						
Parish share	395,378	436,616	41,237	10.43%	449,035	460,621
Total income	395,378	436,616	41,237	10.43%	449,035	460,621
Expenditure						
Stipends/salaries, NI, pension	94,675	98,523	3,848	4.06%	100,493	102,503
Transport/activity expenses	27,847	27,847	0	0.00%	28,125	28,407
National church costs	204,449	211,895	7,446	3.64%	219,428	226,011
Governance & legal	27,190	27,190	0	0.00%	27,692	28,206
Chancellor fees	6,750	8,390	1,640	24.30%	8,642	8,901
Registrar fees	61,934	62,770	836	1.35%	64,653	66,593
Total expenditure	422,845	436,616	13,771	3.26%	449,035	460,621
Surplus/-deficit	-27,467	0	27,467	-100.00%	0	0
All workstreams income	7,248,255	7,520,224	271,969	3.75%	7,666,133	7,770,550
All workstreams expenditure	7,415,283	7,520,224	104,941	1.42%	7,666,133	7,770,550
All workstreams surplus/-deficit	-167,028	0	167,028		0	0

Overview of paid ministry posts

Paid ministry posts	2019 FTE	2018 FTE	Change
Funded by the Church Commissioners			
Bishop of Newcastle	1.00	1.00	0.00
Bishop of Berwick	1.00	1.00	0.00
Dean of Newcastle Cathedral	1.00	1.00	0.00
Residentiary Canons (Newcastle Cathedral)	2.00	2.00	0.00
Bishop's Chaplain and Adviser	1.00	1.00	0.00
<i>Sub total: funded by the Church Commissioners</i>	<i>6.00</i>	<i>6.00</i>	<i>0.00</i>
Posts funded from Parish Share¹			
Archdeacons	2.00	2.00	0.00
Alnwick Deanery ^P	7.70	7.70	0.00
Bamburgh & Glendale Deanery ^P	4.00	5.00	-1.00
Bellingham Deanery ^P	3.00	3.50	-0.50
Corbridge Deanery ^P	5.90	5.90	0.00
Hexham Deanery ^P	7.00	8.00	-1.00
Morpeth Deanery ^P	9.70	9.70	0.00
Norham Deanery ^P	4.50	5.00	-0.50
Bedlington Deanery ^P	11.00	11.00	0.00
Newcastle Central Deanery ^P	13.50	13.50	0.00
Newcastle East Deanery ^P	9.00	9.00	0.00
Newcastle West Deanery ^P	12.50	14.00	-1.50
Tynemouth Deanery ^P	14.00	14.70	-0.70
Training curates	18.00	18.00	0.00
<i>Sub total: posts funded from Parish Share</i>	<i>121.80</i>	<i>127.00</i>	<i>-5.20</i>
Posts funded by other sources			
Children & Families/Community Missioner	3.00	0.00	+3.00
Interim Minister Seaton Hirst	1.00	0.00	+1.00
<i>Sub total posts partly funded by other bodies</i>	<i>4.00</i>	<i>0.00</i>	<i>+4.00</i>
<i>Need for consistency as with other categories?</i>			
Total paid ministry posts	132.30	133.00	-0.70

Notes

1 Of the **101.8FTE** permanent paid (stipendiary) ministry posts allocated to deaneries and identified above with the letter '^P' the proposed Parish Share would fund **85.0FTE**. Therefore the budget assumes a vacancy rate of **16.5%**. This rate excludes House for Duty and self-supporting appointments.

Overview of diocesan posts

For 2019 the Board of Finance (NDBF) will have **29.88FTE** posts across a range of activities.

Areas of work	Posts	2019 FTE	2018 FTE	Change
funded from Parish Share				
Diocesan Secretary	1	1.00	1.00	0.00
Finance & Accounting	3	2.60	2.60	0.00
Administration/Reception (<i>see note 1</i>)	4	3.70	3.70	0.00
DMPC & DAC	2	1.60	1.60	0.00
Property	2	2.00	2.00	0.00
Safeguarding	3	1.33	1.33	0.00
Human Resources	2	0.80	1.00	-0.20
Communications	2	1.60	1.60	0.00
Adviser in Local Evangelism	1	1.00	1.00	0.00
Children & Youth Team	1	1.67	1.67	0.00
Church in Society Officer	0	0.00	0.50	-0.50
Vocations	2	1.10	1.10	0.00
Initial Ministerial Education (IME2) (<i>see note 2</i>)	1	0.50	0.00	+0.50
Interfaith & Ethnic Relations	1	0.49	0.53	-0.04
Continuing Ministerial Development	1	0.50	0.50	0.00
Rural Affairs	1	0.33	0.33	0.00
Caretaker (Church House)	1	1.00	1.00	0.00
<i>Sub total: posts funded from Parish Share</i>	28	21.22	21.46	-0.24
part funded by Parish Share and other funding				
Programme & Strategy Manager (<i>see note 3</i>)	1	0.80	1.00	-0.20
Stewardship (<i>see note 4</i>)	2	1.20	1.20	0.00
Inspired North East (<i>see note 5</i>)	1	1.00	1.00	0.00
Chaplain: Newcastle University (<i>see note 6</i>)	1	1.00	1.00	0.00
Chaplain: Northumbria University (<i>see note 7</i>)	1	1.00	1.00	0.00
Chaplain: Northumbria Police (<i>see note 8</i>)	1	0.50	0.50	0.00
<i>Sub total posts partly funded by other bodies</i>	7	5.50	5.70	-0.20
fully funded from other sources				
Director Discipleship & Ministry for Mission (<i>see note 9</i>)	1	1.00	1.00	0.00
Support to Director (<i>see note 9</i>)	1	1.00	1.00	0.00
Partners (PICA) (<i>see note 10</i>)	1	0.33	0.33	0.00
Pastoral Care & Counselling (<i>see note 11</i>)	1	0.50	1.00	-0.50
Spirituality (<i>see note 11</i>)	1	0.33	0.33	0.00
<i>Sub total: posts funded from other sources</i>	5	3.16	3.66	-0.50
Total posts resourced through NDBF	39	29.88	30.82	-0.94

Notes to the above

- 1 Restructured in 2017 includes reception and front office staff plus 1.0FTE support to Archdeacons
- 2 This post was previously provided by Durham DBF and the NDBF met 50% of the costs.
- 3 A three year post 70% Funded from the National Church Institutions through Strategic Capacity Funding
- 4 Part funded by Allchurches Trust
- 5 Heritage Lottery Funding resources 0.50 of one post with anticipated end date of 31 July 2019
- 6 Part funded by Newcastle University
- 7 Part funded by Northumbria University
- 8 Part-funded by Northumbria University
- 9 Wholly funded from the National Church Institutions from Restructure Funding (for three years wef Oct 2017)
- 10 Wholly funded from the Partners in Community Action Fund
- 11 Wholly funded from a grant made available by the Lord Crewe's Trustees

Appendix E

NDBF 2019 Budget
12 Month Cashflow Forecast

	Jan-19 £	Feb-19 £	Mar-19 £	Apr-19 £	May-19 £	Jun-19 £	Jul-19 £	Aug-19 £	Sep-19 £	Oct-19 £	Nov-19 £	Dec-19 £
Cash b/f	1,527,813	1,340,817	1,196,974	1,085,094	1,033,302	970,504	950,672	990,320	897,950	916,517	939,553	985,037
Revenue income - Parish Share	228,562	271,715	303,679	363,766	352,761	395,726	455,206	323,189	434,125	438,595	461,042	778,700
Revenue income - Transition Funding	38,862	38,862	38,862	38,862	38,862	38,862	38,862	38,862	38,862	38,862	38,862	38,862
Revenue income - LICF	72,408	72,408	72,408	72,408	72,408	72,408	72,408	72,408	72,408	72,408	72,408	72,408
Revenue income - other	99,024	99,024	99,024	99,024	99,024	99,024	99,024	99,024	99,024	99,024	99,024	99,024
Revenue expenditure	-625,852	-625,852	-625,852	-625,852	-625,852	-625,852	-625,852	-625,852	-625,852	-625,852	-625,852	-625,852
Cash c/f	1,340,817	1,196,974	1,085,094	1,033,302	970,504	950,672	990,320	897,950	916,517	939,553	985,037	1,348,178
Reserves Requirement	1,877,556	1,877,556	1,877,556	1,877,556	1,877,556	1,877,556	1,877,556	1,877,556	1,877,556	1,877,556	1,877,556	1,877,556
Performance Against Reserves Requirement	-29%	-36%	-42%	-45%	-48%	-49%	-47%	-52%	-51%	-50%	-48%	-28%