

Diocesan Synod November 29th 2025
2026 Budget Proposal
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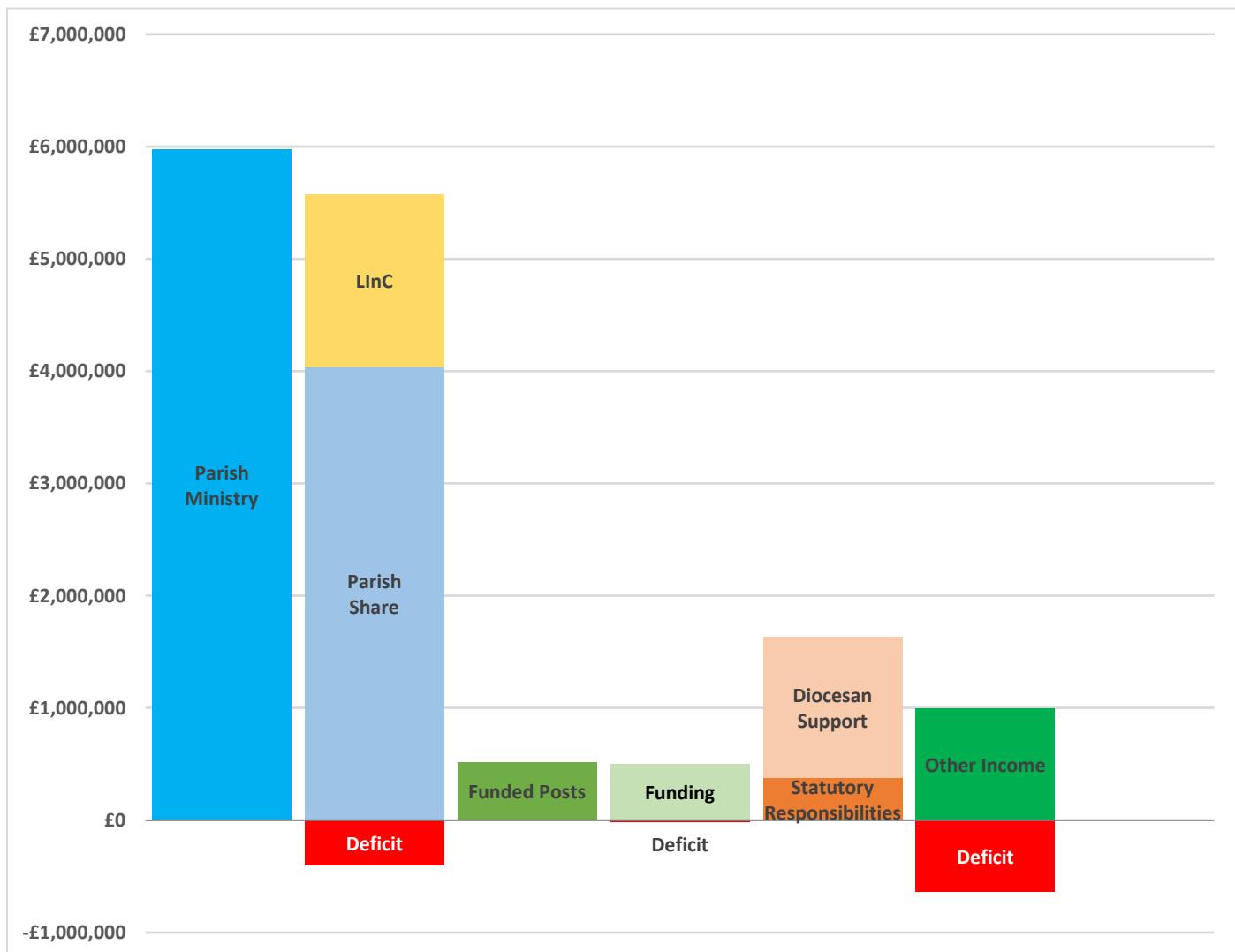
1. Introduction

This paper sets out a draft budget proposal for discussion with a view to recommending a budget proposal to be considered by Diocesan Synod for approval at their meeting on 29th November.

This paper covers the following:

- A summary chart to illustrate how the main areas of activity are funded and the remaining deficits that need to be funded.
- Summary information on parish share trends and prospects.
- Summary outcomes from the 2026 budget consultations with parishes.
- Summary of the main budget assumptions.
- An overall budget summary.
- Budgeted income detail.
- Budgeted expenditure detail.
- A 3-year forecast.
- Funding budget deficits.
- Illustrative savings options for consideration.

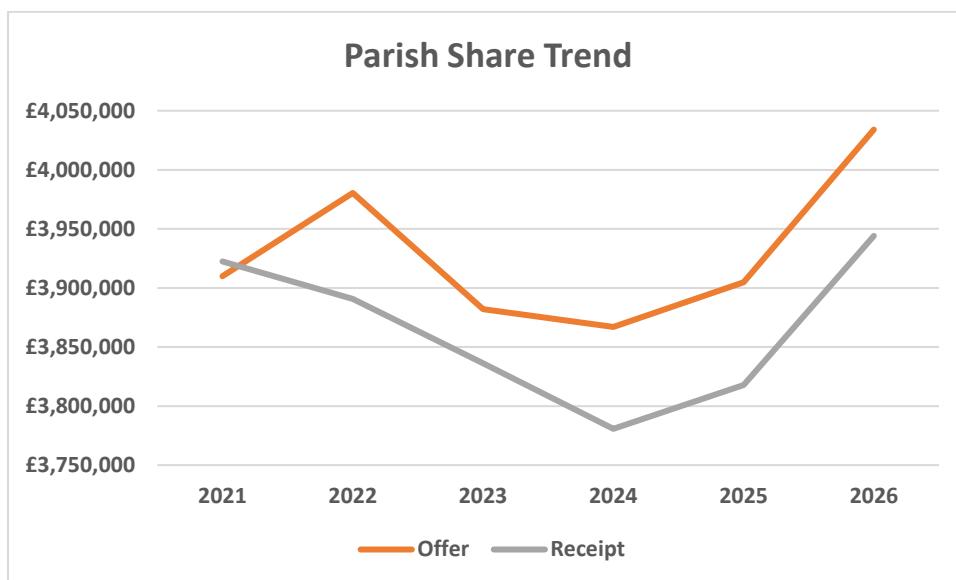
2. Visual summary of costs and funding



This chart helps illustrate how costs and funding split across the main areas of activity and where the deficits arise. Some key points that are useful to keep in mind:

- The chart includes normal operating costs and income and illustrates the underlying structural deficit that exists.
- Parish Share and LInC (lowest Income communities) funding totaling £5.575m does not fully cover the £5.974m costs of Parish Ministry and the deficit amount is £399k.
- There are a number of posts (costing £515k in total) which are financed through specific funding streams such as grants and contributions totaling £501k. There is a small deficit of £14k.
- All the remaining other income of £993k does not fully cover the £1.629m costs of *diocesan support and statutory responsibilities* and the deficit amount is £636k.
- The summary figures are:
 - Income £7.069m
 - Costs £8.118m
 - Deficit to be covered £1.049m

3. Parish Share trends and prospects



Some key points that are useful to keep in mind:

- The chart covers from 2021 which is when the present offer system was put in place.
- Offers and receipts were on a downward trend up to 2024 (offers down 1.1%, receipts down 3.6%).
- For 2025 the offer increased from 2024 and receipts are forecast to also increase from 2024. It is estimated this trend will continue into 2026.

The table above shows shortfalls in receipts against offers for each of 2022 to 2024. The £4.034m offer figure showing above for 2026 is included in the budget. However, members may wish to put in a more prudent figure of £3.944m which includes a provision for a shortfall of 2.2% as per the 2024 shortfall.

Year	Offer	Receipt	Shortfall	Shortfall
2021	£3,909,904	£3,922,282	-£12,378	-0.3%
2022	£3,980,416	£3,890,669	£89,747	2.3%
2023	£3,881,983	£3,836,233	£45,750	1.2%
2024	£3,866,984	£3,780,710	£86,274	2.2%
2025	£3,904,861	£3,817,742	£87,119	2.2%
2026	£4,034,041	£3,944,040	£90,001	2.2%

4. 2026 budget consultation results

The table below provides a summary.

2026 Target	
2025 offer	£3,904,861
2026 target (10% increase)	£4,295,347
Increase on 2025	£390,486
Offers received at 10/11/25	
Number of responses	149
Total number of places	184
Response rate	81.0%
2026 offers received to date	£3,589,069
2025 offers from those places	£3,459,889
Increase on 2025	£129,180
Increase on 2025 %	3.7%
2026 forecasting at 10/11/25	
2026 Offers received to date	£3,589,069
Forecast for places yet to respond	£444,972
2026 forecast	£4,034,041
Increase on 2025	£129,180
Increase on 2025 %	3.3%
Shortfall from target	£261,306

Some key points that are useful to keep in mind:

- The target was for an increase of 10% on the 2025 offers (£390k in cash terms).
- To date responses have been received from 149 of the 184 places (81% response rate). Reminders have been sent to places yet to respond. Of those several have advised of PCC meetings scheduled for November and December and will respond after those meetings.
- Of the 149 places that have responded there is an overall increase of 3.7% on the 2025 offers (£129k).
- For the 35 places yet to respond, in order to produce a draft budget, it is estimated that their 2026 offers will be the same as 2025.
- On this basis the latest 2026 forecast is £4.034m which is a 3.3% increase on 2025 (£129k in cash terms which is £261k short of the target).

The Deanery breakdown is:

Deanery	2025 Offer	2026 Offer	Variance	Variance
Alnwick	£381,348	£388,739	£7,391	1.9%
Bamburgh and Glendale	£171,844	£173,661	£1,817	1.1%
Bedlington	£288,133	£277,895	-£10,238	-3.6%
Bellingham	£105,835	£101,769	-£4,066	-3.8%
Corbridge	£369,182	£412,810	£43,628	11.8%
Hexham	£252,536	£272,085	£19,549	7.7%
Morpeth	£338,009	£335,490	-£2,519	-0.7%
Newcastle Central	£717,734	£778,744	£61,010	8.5%
Newcastle East	£192,027	£203,988	£11,961	6.2%
Newcastle West	£318,486	£312,537	-£5,949	-1.9%
Norham	£247,779	£250,989	£3,210	1.3%
Tynemouth	£521,948	£525,334	£3,386	0.6%
Total	£3,904,861	£4,034,041	£129,180	3.3%

Some summary figures at parish level for places based on the first 140 places that have responded are:

6 places making 2026 offer that made no offer for 2025 (total +£68k).

88 places offering increases (total +£161k):

% increase	No of places
Up to 2%	8
3% – 4%	14
5% - 9%	23
10%	39
Over 10%	4

25 places offering no increase.

23 places reducing their offer (total -£103k):

% reduction	No of places
3% – 4%	2
5% - 9%	3
11% to 15%	3
16% to 17%	4
21% to 25%	3
28%	1
50%	3
59% to 63%	3
100%	1

5. Budget Assumptions

The table below sets out some key assumptions upon which the budget is based.

Description	Assumption	Detail
Clergy numbers FTE	71	Expected average for 2026
Cost Inflation (CPIH)	3%	2026 forecast per Bank of England Monetary Policy Report (Aug 2025)
Investment dividends & bank interest	3.5%	2026 forecast base rate per Bank of England Monetary Policy Report (Aug 2025)
Clergy stipend increase (from April 2026)	10.7%	As per the National Stipend Benchmark from April 2026
Staff cost of living increase (from April 2026)	3%	In line with cost inflation

6. 2026 Budget

The table below provides a headline summary of the draft budget.

Diocese of Newcastle
2026 Budget Draft
Summary

Description	£
Operating income	£7,068,675
LESS Operating expenditure	£8,117,909
EQUALS Operating deficit	-£1,049,234
LESS other income	£
Total return	£60,533
National Church time limited support	£487,584
TOTAL Other income	£548,117
EQUALS deficit after other income	£501,117

Some key points that are useful to keep in mind:

- Operating expenditure exceeds operating income so the underlying budget deficit covering just the normal recurring operating activities is £1.049m.
- Other income reduces this deficit to £501k.

7. Income

The table below provides a breakdown of income:

Diocese of Newcastle		
2026 Budget Draft		
Income		
Operating income	£	Detail
Parish Share	£4,034,041	Budget consultation responses
National Church:		
- Lowest Income Communities funding	£1,480,573	Per Church Commissioners
- Lowest Income Communities funding (Oxford)	£60,000	£60k/year for 5 years
- CBSO	£48,847	Covers staff cost
- Net zero	£80,093	Covers 64% of Net Zero team staff cost
TOTAL National Church	£1,669,513	
Grants:		
- Lord Crewe	£189,630	Expected 2025 grant
- Benefact Trust	£61,952	Expected 2025 grant
TOTAL Grants	£251,582	
Clergy fees	£217,781	2025 forecast outturn at Sep 25
Chaplains:		
- Police	£25,000	Assumed as 2025
- Northumbria University	£27,784	Assumed as 2025
- Bishop's Discretionary Fund - LGBTQI Chaplaincy	£8,042	Covers staff cost
- Bishop's Discretionary Fund - Safeguarding Chaplaincy for Survivors	£14,476	Covers staff cost
TOTAL Chaplaincies	£75,303	
Rental of houses	£398,442	Assumed as 2025
Rental of offices & Glebe rents	£53,350	Assumed as 2025
Investment dividends & bank interest	£272,086	2025 forecast
Recharges		
- NDS Xledger	£2,384	Pro rata 2025 actuals to Oct 2025
- LCoT Xledger	£3,907	Pro rata 2025 actuals to Oct 2025
- LCoT Moorepay	£1,218	Pro rata 2025 actuals to Oct 2025
- NDEB Moorepay	£1,282	Pro rata 2025 actuals to Oct 2025
TOTAL Recharges	£8,791	
Other income		
- NDS fee	£12,735	2022 actual plus pay awards 2023 to 2026
- Fund transfers in	£45,052	Covers balance of net Zero team staff cost
- Bishop Alec Graham legacy	£30,000	Contribution to Safeguarding costs
TOTAL Other income	£87,787	
TOTAL OPERATING INCOME	£7,068,675	
Other Income		
Total return	£60,533	4% of DBF Brewin Dolphin portfolio
National Church time limited support	£487,584	Per Church Commissioners
TOTAL other income	£548,117	

8. Expenditure

The table below provides a breakdown of expenditure:

Diocese of Newcastle		
2026 Budget Draft 29/10/25		
Expenditure		
Description	£	Detail
Resourcing Parish Ministry:		
Clergy stipend, NI & pension	£4,064,456	71 FTE Clergy, 16 FTE Curates, 2 FTE Archdeacons
Vacancy costs	£23,660	2025 forecast & inflation
Housing costs	£829,052	2025 forecast & inflation
Council tax & water	£38,560	2025 forecast & inflation
Appointment & relocation grants & removals	£126,198	2025 forecast & inflation
Training & development - Parish Ministry	£145,057	2025 forecast & inflation
Activities & expenses - Parish Ministry	£37,538	2025 forecast & inflation
TOTAL Resourcing Parish Ministry	£5,264,522	
Supporting Parish Ministry:		
Staff salary, NI & pension	£1,813,979	2026 expected staff deployment
Activities & expenses - Support	£237,718	2025 forecast & inflation
Training & development - Support	£4,084	2025 forecast & inflation
Office & governance costs	£272,341	2025 forecast & inflation & £2.5k supplier cost
Legal & other fees	£178,149	2025 forecast & inflation
TOTAL Supporting Parish Ministry	£2,506,271	
Other expenditure:		
Partnership working	£28,000	Provision
Contributions to National Church	£199,235	Ministry Training Fund per Church Commissioners
Glebe property costs	£16,271	2025 forecast & inflation
Houses rental costs	£103,611	2025 forecast & inflation
TOTAL Other expenditure	£347,117	
TOTAL OPERATING EXPENDITURE	£8,117,909	

9. 3-year forecast

The table below gives detail of a 3-year forecast to 2028:

Diocese of Newcastle	2026	2027	2028
2026 Budget Draft			
3 year forecast			
Operating Income	2026	2027	2028
Parish Share	£4,034,041	£4,163,130	£4,296,350
National Church	£1,669,513	£1,729,920	£1,790,172
Grants	£251,582	£241,126	£230,683
Clergy fees	£217,781	£222,137	£226,579
Chaplaincies	£75,303	£76,809	£78,345
Rental of houses	£398,442	£406,411	£414,539
Rental of offices & glebe rents	£53,350	£54,417	£55,505
Investment dividends & bank interest	£272,086	£277,528	£283,078
Recharges	£8,791	£8,967	£9,146
Other income	£87,787	£89,542	£91,333
Total Operating Income	£7,068,675	£7,269,986	£7,475,732
Operating Expenditure	2026	2027	2028
Clergy stipend, NI & pension	£4,064,456	£4,145,746	£4,228,661
Other resourcing parish ministry	£1,200,065	£1,224,067	£1,248,548
Staff salary, NI & pension	£1,813,979	£1,850,258	£1,887,263
Other supporting parish ministry	£692,292	£706,138	£720,261
Other expenditure	£347,117	£354,059	£361,140
Total Operating Expenditure	£8,117,909	£8,280,267	£8,445,873
Operating Deficit	£1,049,234	£1,010,281	£970,141
Other Income	2026	2027	2028
Total return	£60,533	£62,955	£65,473
National church time limited support	£487,584	£410,190	£332,797
Total other income	£548,117	£473,145	£398,270
Deficit after other income	£501,117	£537,137	£571,871

The three-year forecast includes the following:

- A 3.2% increase in parish share year on year.
- Actual figures for LInC and time limited support funding from the National Church.
- Gradual reduction in grants as we see Benefact Trust grant income ending in 2029.
- All other income lines increasing by 2% inflation.
- Expenditure increasing by 2% inflation.
- A 4% increase in total return income year on year.

On the basis of these projections an additional £1.61m is required to cover the year on year deficits.

10. Covering budget deficits

A number of actions are already underway focused on different things that will all assist the Diocesan financial position over the medium to longer term:

- Active planning covering the range of diocesan held property and land in order to maximise growth in value and financial returns from these assets.
- Active planning of the use of the Bishop Alec Graham legacy funding to help realise the aims and ambitions of diocesan strategy.
- Active work around identifying and pursuing income generation and innovation opportunities.

The strategy pursued up to now and for the short term is to sell diocesan properties. In terms of current activity there are 4 properties where it is hoped sale will be completed over the period November 2025 to February 2026. It is hope this will yield receipts of around £1.49m.

Through recent pastoral reorganization work a further 5 parsonages have been transferred to DBF property for disposal.

11. Illustrative savings options for consideration

The alternative to addressing the deficit through the use of existing assets or by growing income would be to identify areas for cost reduction. As shown in the *Visual Summary of Costs and Funding* in Section 2 of this document, the two principal areas where savings could be considered are:

a) **Parish Ministry Costs**

This represents our largest area of expenditure. However, any reduction here would significantly diminish the Church's ability to serve local communities and would have a detrimental impact on the morale and wellbeing of clergy, lay ministers, parish teams, and others involved in ministry.

b) **Diocesan Support Costs**

Savings in this area could involve reductions in budgets for teams providing essential support to diocesan and parish ministry — such as housing maintenance, children and youth work, diocesan communications, training and development for lay ministry, DAC support, and administrative services.

While these measures are highly undesirable, they are presented to illustrate the limited and challenging options available to balance the budget.