

The Diocese of Truro



Setting the Diocesan Budget for 2020 – 2022

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**See, I am doing a new thing! Now it springs up; do you
not perceive it? I am making a way in the wilderness
and streams in the wasteland.**

Isaiah 43 v 19

In this Chapter from Isaiah, God starts by reminding the Israelites of all he has done for them, but then tells them not to live in the past, but to look to the future. “See, I am doing a new thing”. When we look at our budget let us also look to the future as well as remind ourselves of where we have come from, and let us discern where God is doing a new thing, and join in.

Setting the budget for 2020 – 2022

Whilst we are presenting a three-year budget, it is the 2020 budget that Synod is being asked to approve. The budget summary is shown in Appendix 1.

2019 saw the introduction of the new approach to allocating MMF, moving from basing MMF on historic parish income to one based on ministry costs at deanery level. During the diocesan-wide consultation process on the new proposal, the one thing nearly everyone agreed on was that the old system was not fit for purpose and needed to be changed.

Following the consultation, Diocesan Synod approved a policy in 2018 that “Today’s giving should resource today’s church” and “Deaneries will be where giving and the cost of ministry are matched”. The diocese would use the Total Return approach to release reserves that can be used to tackle any historical issues such as pension deficits, and to support parishes and deaneries in mission activities to grow their churches and reach the missing generations.

The introduction of any new system for MMF was always going to be challenging. It is inevitable that some deaneries and some parishes would see reductions in their MMF call, whilst others would see increases. The transitional provisions built into the system seek to help move from the old system to the new system, by limiting the amount of increase or decrease in call at the deanery level. The aim is to give deaneries time to put in place plans to deal with the changes.

As was clear from the discussions at the September Diocesan Synod, this has been a difficult budget to set. After much discussion throughout the budget-setting process the BDC is reluctantly recommending a deficit General Fund budget for 2020, of £310,000. The three-year budget shows that we are close to a balanced general fund budget for 2022. This is based on the following assumptions:

- The number of stipendiary ministers will follow the deanery plans, which show a fall in the next two years.
- Investment income will continue to grow due to investing profits from the sale of glebe.
- MMF receipts will increase by inflation – 2% growth in each of 2021 and 2022.
- We will draw down slightly more on the pastoral account in 2021 and 2022.

It is possible that despite the aim that “Today’s giving should resource today’s church”, MMF receipts continue to fall. If that proves to be the case there are only two possibilities to tackling a deficit – increasing income or reducing costs.

Increasing income

Our original budget had a higher payment of MMF, but whilst the number in the 2020 budget is hopefully a pessimistic one it is still above the current level of MMF payment. Unless the collection rate improves, what was initially seen as pessimistic could turn out to be all too realistic, or even too optimistic!

So, what about our other sources of income? We are already budgeting for increases in investment income, even though we are starting to use reserves under Total Return. As indicated above, this is because of expected future gains from the sale of glebe land.

Our other external income is also under pressure. Indeed, we have consistently used both the Church Commissioners’ grant (2020: £877,000) and the grant from Allchurches Trust (2020: £100,000) to plug the hole in our budget. However, both grants have now switched from a general grant to one that must be targeted, primarily being aimed at tackling poverty. We will have to report on how this money is being spent, and more importantly, what impact it is having. We can no longer afford to take these grants as a guaranteed source of income. Instead we need to justify how they contribute to our mission among the poor and marginalised. This is not difficult to do if we are clear about our mission and why we invest/spend ministry and other resources in these areas.

To provide this level of justification, however, requires a deeper understanding of deprivation itself, where and how deprivation exists in Cornwall (it is often hidden and not obvious from looking at data which is usually too ‘high level’), and what sorts of ministries are most appropriate. Only then can we report properly and with confidence to the awarding bodies. When we are able to do this, we will be able to enter into conversations about their long-term commitment to addressing poverty of all sorts in the Duchy.

If we have to spend these grants in a new way, that will leave nearly £1m hole in our budget. If we keep just using it as general income, we could lose it. Either way we can no longer afford to take these grants as a guaranteed source of income.

Reducing costs

Our ministry costs represent 75% of our income, and it is difficult to envisage any cuts in costs that would not impact significantly on ministry costs as well as central costs. The diocese is already one of the least resourced dioceses in the Church of England. Any cuts would have a significant effect on the ability to provide the range of services currently provided. Our view at this stage is that given the relative newness of the current approach to MMF, any immediate cuts could be seen as precipitous and institute a “race to the bottom”.

We need to understand how deaneries are approaching MMF allocation and what are their expected collection rates. That will enable us to see whether there is an expectation that they will be able to move towards the goal that “Today’s giving should resource today’s church” at deanery level.

The budget headlines

- In 2019 we started to use Total Return to help fund intergenerational activities. This is now built into the budgets.
- As last year, the budget highlights the activities to be funded through Total Return and arrives at the budget position for “Today’s Church”. We then look at which other funds we can use to cover expenditure, before arriving at the impact on the General Fund.
- The budget shows a General Fund deficit of £310,000 for 2020, falling to £168,000 in 2021 and just £6,000 in 2022.
- The overall MMF **call** for 2020 is £79,000 (1.6%) down on 2019, based on the 2020 transitional provision for deaneries of 5%. This follows a £111,000 (2.3%) decrease in MMF **call** in 2019.
- We have budgeted for an MMF **collection** for 2020 of £3,670,000. That represents a collection rate of just 78%.
- Stipendiary clergy numbers are budgeted to fall, based on the latest information on the likely deanery plans. They fall from 68.5 in 2019, to 67.3 in 2020, 66.8 in 2021 and 62.3 in 2022.

Income

We have included a 2019 forecast, as well as the original 2019 budget, in the various tables below. Each quarter during the year, we take the current actual position and project it forward to estimate the likely final position at the end of the year. The forecast figures in this paper are those from the June 2019 reforecast.

Summary	2019 Budget £'000	2019 Forecast £'000	2020 Budget £'000	2021 Budget £'000	2022 Budget £'000
Income					
Ministry and Mission Fund	3,986	3,535	3,670	3,743	3,818
External Income	614	744	1,085	1,009	915
Investment Income	1,424	1,600	1,589	1,664	1,690
Parsonage Rental Income	190	250	240	240	240
Parochial Fees	325	303	319	326	325
Church Commissioners' Grant	860	860	877	894	912
	7,399	7,292	7,780	7,876	7,900

Mission & Ministry Fund (MMF) – 2020: £3.670m

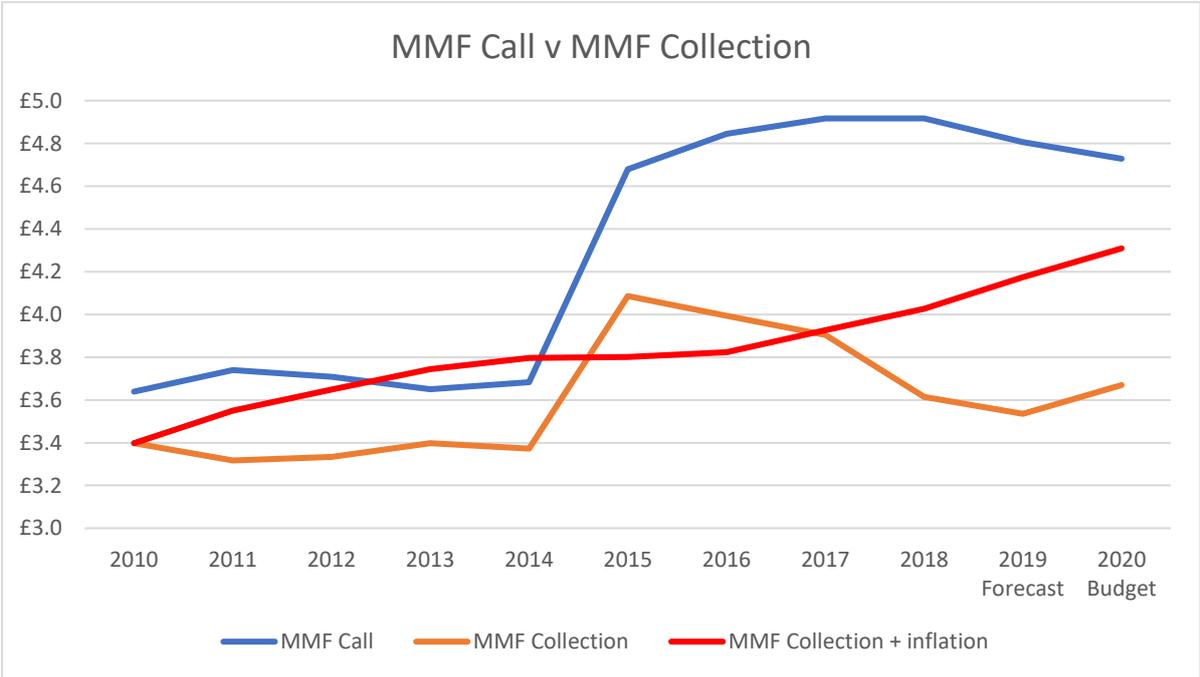
As we said at the beginning, we have taken what we hope to be a pessimistic view on the 2020 MMF collection. The graph below shows MMF call (blue line), the MMF collection

(brown line) and what the MMF collection would have been had it simply increased in line with inflation from the 2010 MMF paid (red line).

In the November 2014 Diocesan Synod meeting the unprecedented decision was taken to increase MMF call by 28%. This was done because MMF payments had been flat for so long, whilst costs increased. The deficits ate into reserves until they were looking dangerously low. As the graph shows, year on year since then the MMF collection has fallen. If the 2019 forecast and 2020 collection continues its downward trend the amount paid by parishes for MMF will end up in the same region as 2014, which in turn was slightly less than 2008, the start of the flat line. Clearly, this is unsustainable, especially when viewed alongside the uncertainty around the future of the Church Commissioners' and Allchurches Trust grants.

We are now providing much more information to help deaneries consider the level of giving across parishes from our analysis of the 2018 Returns of Parish Finance and 2018 Statistics for Mission received. We have also provided more information about the level of reserves held by parishes.

Most of the deanery plans have focused on reducing stipendiary clergy numbers to drive costs down towards the current MMF payment. During the September Diocesan Synod group sessions there was some discussion about how parishes might seek to increase income, and the Parish Resources team have considerable experience and resources available to help individual parishes or whole deaneries.



External Income – 2020: £1.085m

	2019 Budget £'000	2019 Forecast £'000	2020 Budget £'000	2021 Budget £'000	2022 Budget £'000
Transforming Mission: SDF ¹ Grant	230	319	656	610	511
Allchurches Trust	99	99	100	102	104
RME ² Block Grant	84	119	84	80	80
Department for Education	46	46	47	47	48
Café income	69	70	73	75	76
Various other sources	86	91	125	95	96
	614	744	1,085	1,009	915

The main increase in external income comes from the successful bid for Transforming Mission (TM) phase 2. Whilst the funding will be available from 2019, we do not expect significant expenditure on phase 2 until 2020, due to the time involved in the recruitment process.

TM funding will be drawn down against specific expenditure, with the SDF covering 60% of the funding, and the diocese covering 40% through Total Return. You will notice that the funding reduces. The aim is that as the TM churches grow, they start to pay for some of the costs, so that 5 or 6 years after the start of funding they are fully self-sufficient.

Allchurches Trust has been a helpful contributor to the diocesan budget for many years. However, as indicated, we will have to report on how this is being targeted and what impact it is having. The budget assumes that we are able to meet the Trust's criteria without having to spend the money in a significantly different way.

The RME block grant for resourcing ministerial education is also matched by the costs of training ordinands, as is the Department of Education grant, which represents 90% of the relevant expenditure. All these sums are therefore "in and out" sums in our budget.

The café income comes from the Huddle café in Falmouth, which is an integral part of Transforming Mission Falmouth.

Investment Income - 2020: £1.589m

	2019 Budget £'000	2019 Forecast £'000	2020 Budget £'000	2021 Budget £'000	2022 Budget £'000
Dividends & Interest	1014	1065	1,092	1,158	1,173
Glebe Income	309	402	381	390	401
Rents from Board Properties	65	97	80	80	80
Rents from Redundant Schools	36	36	36	36	36
	1,424	1,600	1,589	1,664	1,690

¹ SDF is the Strategic Development Fund grant from the Church Commissioners for Transforming Mission in Cornwall.

² RME (Resourcing Ministerial Education) is the central grant we receive towards training ordinands.

We are budgeting a significant increase in our dividend income as a result of investing the recent and expected future proceeds of the sale of glebe land, primarily for development purposes.

Our glebe is performing well, and the budgeted income from glebe is expected to continue to increase in the coming years, despite the sale of some land. We are continuing to explore other ways of using glebe land that might provide enhanced income and improve mission.

Other income – 2020: £1.375m

	2019 Budget £'000	2019 Forecast £'000	2020 Budget £'000	2021 Budget £'000	2022 Budget £'000
Parsonages rental income	190	250	240	240	240
Parochial Fees	325	303	319	326	325
Church Commissioners' Grant	860	860	877	894	912
	1,375	1,413	1,436	1,460	1,477

You will see a positive increase in income from vacant parsonages. This has come about from improved planning which in turn allows properties to be marketed and let much faster. With a minimum of 6 months tenancy required, this proactive approach is vital if we are to maximise income from what might be a relatively short period of vacancy.

Expenditure

	2019 Budget £'000	2019 Forecast £'000	2020 Budget £'000	2021 Budget £'000	2022 Budget £'000
Ministry	(5,863)	(5,657)	(5,865)	(5,942)	(5,912)
Discipleship	(174)	(138)	(136)	(136)	(137)
Mission	(610)	(881)	(1,594)	(1,550)	(1,391)
Board of Education	(285)	(304)	(342)	(324)	(327)
Governance	(391)	(431)	(424)	(427)	(431)
Support Costs	(430)	(369)	(435)	(422)	(427)
National Church Support	(140)	(140)	(140)	(144)	(149)
Churches and Bishop's advisors	(236)	(226)	(296)	(229)	(222)
	(8,129)	(8,146)	(9,232)	(9,174)	(8,996)

Ministry costs – 2020: £5.865m

Ministry costs still represent our biggest cost, amounting to 75% of our total income.

The budgeted full-time equivalent (FTE) numbers of stipendiary clergy are:

FTE numbers	2019 budget	2020 budget	2021 budget	2022 budget
Archdeacons	2.00	2.00	2.00	2.00
Stipendiary clergy	68.53	67.32	66.83	62.86
Curates	14.58	16.04	16.55	16.55
Total	85.11	85.36	85.38	81.41

The stipends budget is based on conversations with deaneries, the deanery plans and on the clergy numbers agreed at Episcopal College. The expected number of stipendiary clergy in the deanery plans for 2022 is 64.48. The difference between this and the number above (62.86) is a timing difference relating to periods of transition and does not represent a permanent fall in numbers.

Within the amount under the heading of “Stipends” in the table on the next page is the actual stipend paid to the clergy, plus National Insurance and the government’s Apprenticeship Levy. In addition, the amounts include the sums paid into the clergy pension scheme.

In terms of the base stipends, the actual stipend increases are determined by a remuneration committee. In the meantime, we have budgeted for an increase of 2% in line with our expectation of future inflation levels.

	2019 Budget £'000	2019 Forecast £'000	2020 Budget £'000	2021 Budget £'000	2022 Budget £'000
Stipends	(3,441)	(3,050)	(3,538)	(3,601)	(3,517)
Parsonages	(1,358)	(1,613)	(1,154)	(1,204)	(1,256)
Costs of managing glebe	(158)	(187)	(183)	(186)	(190)
Ministry Development	(334)	(301)	(385)	(384)	(389)
Ordinands	(262)	(262)	(258)	(256)	(255)
Readers	(38)	(38)	(39)	(40)	(40)
Other ministry costs	(5)	(4)	(6)	(6)	(6)
Transforming Mission Falmouth	(267)	(202)	(302)	(265)	(259)
	(5,863)	(5,657)	(5,865)	(5,942)	(5,912)

Some of the budgeted maintenance backlog on parsonages was not completed during 2018. We therefore carried it forward into 2019, resulting in the increased forecast for 2019. 2020 will be our first “normal expenditure” year for parsonages.

Most of the cost of ordinands relates to the educational cost (for which we receive the RME Block Grant), the support for their families, and their travel and accommodation.

The Transforming Mission Falmouth budgets are in line with the original bid submitted to the Church Commissioners.

The Transforming Mission costs for phase 2 are largely in mission, as at least three of the four new churches are planning to employ the additional staff directly.

Discipleship – 2020: £0.136m

	2019 Budget £'000	2019 Forecast £'000	2020 Budget £'000	2021 Budget £'000	2022 Budget £'000
Discipleship	(174)	(138)	(136)	(136)	(137)

The main reason behind the reduction in discipleship costs relate to reduced staffing costs.

Mission – 2020: £1.594m

The main constituents within mission are:

	2019 Budget £'000	2019 Forecast £'000	2020 Budget £'000	2021 Budget £'000	2022 Budget £'000
Transforming Mission phase 1	(146)	(207)	(216)	(203)	(172)
Transforming Mission phase 2	-	(158)	(616)	(599)	(479)
Allchurches Trust	-	(99)	(100)	(102)	(104)
Parish resources	(214)	(182)	(378)	(370)	(369)
Interns	(43)	(32)	(39)	(39)	(39)
Communications	(91)	(98)	(112)	(113)	(114)
Other costs	(116)	(105)	(133)	(124)	(114)
	(610)	(881)	(1,594)	(1,550)	(1,391)

As indicated above Transforming Mission phase 2 will start to come through in 2020.

The Allchurches Trust grant is being used to finance about 80% of the Parish Resources department salary costs along with some mission grants.

The increase in Parish resources is due to a budget of £250,000 for mission grants which have been made available through the Total Returns mechanism. This budget line also includes the remaining 20% of the salary costs of the diocesan Parish Resources department, which are not funded from the Allchurches Trust grant, along with the diocesan subscription to the Parish Giving Scheme (so that it is free to parishes).

The intern programme is for individuals exploring their vocation within the church.

Most of the costs for communications are for salaries, consultancy fees and related costs for the communications department. The remainder relates to the costs of the website, design and printing and professional fees.

The other mission costs include the work of the Diocesan Mission and Pastoral Committee; the World Church Committee; Social Responsibility; Environment; University Chaplaincy; and Churches Together in Cornwall.

Board of Education – 2020: £0.342m

	2019 Budget £'000	2019 Forecast £'000	2020 Budget £'000	2021 Budget £'000	2022 Budget £'000
Education Department	(101)	(100)	(107)	(108)	(109)
Education Trust Funds	(184)	(204)	(235)	(216)	(218)
	(285)	(304)	(342)	(324)	(327)

The Education Department oversees all the work that the diocese does with schools, which is not restricted to church schools. The main costs within the Education Department budget are for the salaries and related costs of the education team at Church House and legal and professional costs.

The diocese receives money from the sale of closed church schools which goes into the Education Trust Funds. These are restricted funds that can only be used to support the diocese's educational work. This work includes payments under Private Finance Initiatives (PFI), 90% of which is covered by grants from the Department of Education, included in the diocesan income section above.

Governance & Support – 2020: £0.859m

	2019 Budget £'000	2019 Forecast £'000	2020 Budget £'000	2021 Budget £'000	2022 Budget £'000
Rent, rates and associated costs of Church House	(83)	(85)	(102)	(103)	(105)
IT costs, storage, telecommunications printing and other such costs	(87)	(84)	(92)	(94)	(95)
Salaries and other staff costs for governance and support staff	(466)	(407)	(468)	(473)	(477)
Legal and professional fees	(138)	(180)	(170)	(152)	(153)
Other governance and support costs	(47)	(44)	(27)	(27)	(28)
	(821)	(800)	(859)	(849)	(858)

No organisation can operate without its governance and support functions. These include all the Church House operating costs relating to the building, such as rent, rates, IT costs, telephones, heat & light, and printing costs. There was a five-year rent review due in September 2019 which is still pending and we've budgeted for an expected increase from 2020.

On the staff side, the salaries include the Diocesan Secretary; Head of Church House Operations; Assistant Diocesan Secretary, all the diocesan Finance function and all the front office support staff.

Legal and professional fees include the costs of the Diocesan Registrar, general legal advice, audit and accounting, the Chancellor's retainer, diocesan records office and any other general professional fees.

National Church Support – 2020: £0.140m

	2019 Budget £'000	2019 Forecast £'000	2020 Budget £'000	2021 Budget £'000	2022 Budget £'000
National Church Support	(140)	(140)	(140)	(144)	(149)

As a diocese, we benefit greatly from grants from the National Church, but we also have to make our own contribution as well. These costs reflect our contributions to the Archbishops' Council for National Church costs; Pooling of Support; and the Mission Agency (which pays the pensions for staff working for mission partners).

Churches and Bishop's advisors – 2020: £0.296m

	2019 Budget £'000	2019 Forecast £'000	2020 Budget £'000	2021 Budget £'000	2022 Budget £'000
Diocesan Advisory Committee (DAC)	(57)	(57)	(68)	(68)	(69)
Safeguarding	(135)	(122)	(183)	(114)	(104)
Churches Uses Committee costs	(30)	(36)	(30)	(31)	(33)
Other committees and advisors	(14)	(11)	(15)	(16)	(16)
	(236)	(226)	(296)	(229)	(222)

The main change in costs is in 2020 and relates to safeguarding. The increase relates to the national requirement to carry out a second review of past cases (PCR2). A contribution to the increased cost will be made by Church Commissioners and is included in external income.

Additional analysis: total staff salaries and numbers

	2019 Budget £'000	2019 Forecast £'000	2020 Budget £'000	2021 Budget £'000	2022 Budget £'000
Total lay staff salaries across all departments	1,345	1,291	1,668	1,660	1,595

Lay staff salaries include the salaries, National Insurance and pension costs of all staff working at or through Church House, plus the lay staff from Transforming Mission (TM) Falmouth and TM Phase 2 for Camborne, for which the Church Commissioners contribute over 60% of the total costs.

In terms of staff numbers, the 2019 budget showed 36.69 FTE and the 2020 budget is showing 43.67 FTE, an increase of 6.98 FTE, which is wholly attributable to TM Falmouth and Phase 2.

Reserves policy

Working capital to cover the normal cash flow within a balanced budget

Most of our expenditure streams are evenly distributed, with stipends and pensions being the main items. Although there are long / medium term trends in MMF receipts, there are a significant number of contributors (more than 200) and no single monthly payment is sufficiently large to merit specific provision, so that the month-by-month variation is limited. Most of the cash flow working capital is needed within one month, covering the timing differences between regular incomings and outgoings. We recommend that 2 times the average MMF monthly receipts should be held in this category. **(2020: £0.70m)**

Bridging loans for parsonage houses being replaced

This reserve is for those cases where it proves necessary to diverge from the normal policy to seek sale before purchase. Receipts from permanent disposals are not included in this calculation as they are, in the first instance, additions to specific funds. Past experience suggests that between 2 and 3 transactions may be outstanding at any point. We recommend that 2.5 times average parsonage cost should be held in this category. **(2020: £1.00m)**

Provision for covering an unexpected deficit

Within any one year, the reserves should include sufficient at the start of the year to cover any unexpected deficit. **(2020: £0.50m)**

Working capital for parsonage and Board houses regular property maintenance and repair

The company has a policy of regular maintenance and repair such that its buildings are kept in a continual state of sound repair. During the past two years a period of catch up has taken place to bring the condition of the properties up to a good state of repair. The budget includes a figure to continue the regular maintenance but if the level of spend is higher than budgeted then provision is made to finance further spend for unexpected works. **(2020: £0.20m)**

Future unplanned developments

The Diocese continues to work towards a sustainable future. There are significant costs included in the 2020 budget for financing Transforming Mission, using Total Returns. Sometime after the 2020 budget has been approved, Bishop Phillip will launch a new diocesan strategy which may have a budgetary impact, and this is currently not budgeted for. **(2020: £0.25m)**

Loans to PCCs

The Diocese is approached from time to time by PCCs wishing to undertake projects for which they require a loan to provide the necessary liquidity to enable the project to go ahead. An amount needs to be held to cover this activity. **(2020: £0.40m)**

Designated Funds

The Bishop's Diocesan Council has designated the following Unrestricted Funds:

Designated Fund	£m
Board Houses Fund – representing the clergy and other houses that are not parsonages	10.67
Church House Fund – proceeds from the sale of Diocesan House, and used to pay the rent on Church House	0.56
Total	11.23

Diocesan Pastoral Account (DPA) Benefice Accounts

The Diocese is required to hold the sale proceeds received when a parsonage is sold until such time as approval has been received to release them. **(2020: £6.0m)**

Summary

In summary, the 2020 budget process needs to work within a Reserves Policy level:

	General Fund £m	Total Return £m	Designated Funds £m	Pastoral Account £m	Total £m
Working Capital	0.70				0.70
Bridging loan - replacing parsonages				1.00	1.00
Unexpected deficit	0.50				0.50
Parsonage repairs				0.20	0.20
Future unplanned developments	0.25				0.25
Loans to PCCs	0.40				0.40
Designated Funds			11.23		11.23
Diocesan Pastoral Account - Benefice Accounts				6.00	6.00
Total	1.85	0.00	11.23	7.20	20.28
Expected fund balances at the start of 2020	2.09	4.03	11.23	7.90	25.25

Capital Expenditure

The following capital expenditure budget is proposed for 2020:

Property enhancement costs – 2020: £100,000

A programme of property rationalisation continues which, along with a policy of non-speculative development works, is expected to lead to less money being spent on capital improvements to property. However, we do need to incur capital costs on properties from time to time.

Glebe – 2020: £30,000

We will continue to look at opportunities to sell glebe land that has development potential or explore other opportunities to enhance our income from glebe. In order to do so, it is sometimes necessary to incur capital costs in advance of any such sale or opportunity.

Conclusion

We started with Isaiah 43v19: “See, I am doing a new thing. Now it springs up; do you not perceive it? I am making a way in the wilderness and streams in the wasteland.”

When we look at our diocese, we too have been doing a lot of new things. We have a new Bishop of Truro and we are working through the process of developing the priorities for the diocese. We are also in the first year of a new approach to MMF, and we started using Total Return to free up diocesan reserves so we can invest in mission initiatives, including the new Transforming Mission Phase 2.

Any change can take time to settle in, and the transition period can be difficult. In particular, the change in approach for MMF always had the danger that deaneries with reducing calls gratefully accepted the lower amount being asked of them, whilst deaneries with an increase in call could not or would not increase the amounts paid. Whatever the reasons behind it, and there are many, we are experiencing a new low in MMF collection rates. It does make budgeting for future years difficult. Under the new approach to MMF the overall call reduced in 2019 and will reduce again in 2020, but the amount paid has reduced even more. The gap is getting larger, not smaller. Will the new approach settle in and collection rates start to increase, or will they continue the downward trend?

After much discussion we have set a deficit budget for 2020 so that we end up with a lower General Fund reserve at the end of the year than at the start. That deficit is budgeted to reduce in 2021, and almost return to a balanced budget by 2022. However, this is based on modest overall increases in the amounts paid by the parishes, aimed at simply covering inflation.

We are also facing challenges from grant income. We have to now report on how the Church Commissioners’ grant, called the Low-income Communities grant, is allocated and what impact it is having. What was once assumed to be an automatic grant to support poorer dioceses can no longer be considered a guaranteed source of funds.

But all is not doom and gloom. Our investment portfolio, including our glebe land is doing extremely well, and we are maximising the income from vacant parsonages as much as possible. This has been vital in helping to reduce some of the deficit from falling MMF collection.

We are also investing heavily in mission, and not just in the Transforming Mission areas. Other parishes have applied for and been awarded mission grants to start new initiatives to "Discover God's Kingdom and grow the Church".

Sometimes, when we look at things through our own eyes, problems can seem insurmountable. But as the people of God we are called to rely on Him, so let us remember Jesus' words: "With man this is impossible, but not with God; all things are possible with God."

Appendix 1: Budget 2020 - 2022	2019 Budget £000s	2019 Forecast £000s	2020 Budget £000s	2021 Budget £000s	2022 Budget £000s
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Expenditure					
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<i>Discipleship</i>	(174)	(138)	(136)	(136)	(137)
<i>Mission</i>	(610)	(881)	(1,594)	(1,550)	(1,391)
<i>Board of Education</i>	(285)	(304)	(342)	(324)	(327)
<i>Governance</i>	(391)	(431)	(424)	(427)	(431)
<i>Support Costs</i>	(430)	(369)	(435)	(422)	(427)
<i>National Church Support</i>	(140)	(140)	(140)	(144)	(149)
<i>Churches and Bishop's advisors</i>	(236)	(226)	(296)	(229)	(222)
	(8,129)	(8,146)	(9,232)	(9,174)	(8,996)
Operating surplus / (deficit) including inter-generational expenditure	(730)	(853)	(1,451)	(1,298)	(1,096)
Activities funded from Total Return					
<i>Catch up on property maintenance backlog</i>	200	-	-	-	-
<i>Transforming Mission Phase 1</i>	114	116	135	124	123
<i>Transforming Mission Phase 2</i>	-	55	267	254	192
<i>Mission grants</i>	66	189	250	250	250
<i>Lay staff pension scheme deficit</i>	23	-	-	-	-
Operating surplus / (deficit) for "Today's Church"	(327)	(493)	(800)	(670)	(531)
Deficit to be funded from:					
<i>Church House Fund (Designated)</i>	43	44	58	58	58
<i>Intern Programme (Designated)</i>	43	4	-	-	-
<i>Pastoral Account (Restricted)</i>	100	244	276	307	340
<i>DCMU (Restricted)</i>	21	20	18	19	8
<i>Education Trusts (Restricted)</i>	81	127	132	112	113
<i>Mission Fund (Restricted)</i>	34	50	-	-	-
<i>Bishop Philpott Library (Restricted)</i>	5	4	6	6	6
Overall impact on General Fund	0	0	(310)	(168)	(6)