

The Diocesan Budget 2025

Supporting mission and ministry in
greater Lincolnshire

Letter from the Chair

Dear Brothers and Sisters in Christ,

I write to you as Chair of the Board of Finance to present the budget for 2025, at the end of a year in which we have started to see the benefits of Time to Change Together and the move to covenanted giving by parishes. As you will see from the pledged giving, parishes are rising to the challenge and the Local Mission Partnerships are beginning to make strategic decisions about how best to use the pledged giving that they can see. All this helps with the bigger challenge of growing the Kingdom of God and supporting ministry and mission to this end.

Although the national and international economic situation has improved in the last 12 months, financial recovery remains fragile and there are still many challenges that lie ahead and despite the ongoing good work to stabilise the financial position the 2025 budget remains in deficit.

1. Investment income. We continue to dispose of those assets that have been identified as excess to requirements, reinvesting funds to provide income streams for future years, although it is likely that by the end of 2025, we will be at or near the required number of properties. The Clergy Housing and Assets Committees continue to exercise oversight and stewardship and despite a housing market that continues to be challenging, we have been able to sell several properties at above their book price. We continue to monitor our investments not just with an eye to market performance but also re their fit with our ethical principles and our commitment to Net Zero.
2. Covenant Pledges. As always, we continue to be extremely grateful to all those parishes who have made pledges and for the payments received so far. We continue to hope that this year will see pledges from the small number of parishes who have not yet pledged, so that both we and their LMPs can have more certainty in planning for the years ahead. We are also well aware of the increased pressures on parishes and encourage any parish that is struggling to keep us informed.
3. Salaries and stipends. You will recall that last year we agreed a 5% increase in the total salary with a further 2% rise taking effect in April



*Canon Professor Muriel Robinson OBE DL
Chair of the Lincoln Diocesan Trust and Board of Finance Ltd*

Letter from the Chair

In 2025 we have budgeted for a 3% increase in stipends this year, as recommended by the national church, and 3% for the total salary budget for diocesan employees; there is also an additional pressure in 2025 with the recently announced increase in Employer's National Insurance contributions which will increase to 15% from April 2025. Additionally, the starting point for payment is being reduced from £9,100 to £5,000. This change has been calculated as a further cost of £111,000 for the nine months from April in 2025.

4. Total return. This term refers to the accumulated capital growth which has been locked into our investments. Because we have been slowly reducing our glebe and housing portfolio and investing the resulting income, this figure has continued to grow. In accordance with Diocesan Synod approvals, a total of £23.4 million has been drawn down to date out of the available £49 million, but the growth alongside this means that we still have available around £42 million. Our auditors believe that any use of this should be strategic and set against our long-term ambitions. This interpretation by them means that we are unlikely ever to reach a break-even budget on balance, as we would always want to be using the income we are generating from our increased investments to address diocesan needs; the dialogue on this continues.

Today we are asking you to approve a budget which projects our expenditure for 2025 at a figure of £11,903,785. This reflects the increase in clergy posts we anticipate being able to recruit in 2025 plus the inclusion of inflationary uplifts and the increased costs relating to Employer National Insurance contributions as set out in the budget on the 30th of October 2024.

Whilst it is with regret that I continue to present a budget to you that is predicting a deficit, it is due to the tireless efforts of our finance and central teams that our cash flow remains strong and that we continue to be protected from some of the hardship currently being felt by other charities and dioceses. We must not forget how fortunate we are to be able to adjust to these increasingly challenging times, when other dioceses face much bigger challenges. I would like to thank everyone involved for their efforts in creating this budget and in finding positive and practical solutions throughout the year to every financial challenge that has come our way.



Canon Professor Muriel Robinson OBE DL

Chair of the Lincoln Diocesan Trust and Board of Finance Ltd

The 2025 Budget

Income and Expenditure Plan 2025

INCOME	
	£'000
Covenant Pledge	3,851
Mission Grant from the Church Commissioners (LInC)	1,249
Income from Investments & Assets	3,442
Parochial Fees	537
Other Income	1,267
Total Income	10,345
EXPENDITURE	
Clergy Stipends	4,934
Clergy Housing	1,474
Ministerial support	1,046
Responsibilities to the National Church	748
SDF Project	761
Parish Support	788
Glebe Management Costs	648
Legal & Professional	1,396
Board of Education	110
Total Income	11,904
Net Deficit	(1,559)

Cashflow 2025

2025 Planned Cashflow

INCOME		£'000
	Covenant Pledge	3,851
	Mission Grant from the Church Commissioners (LInC)	1,249
	Investment income	2,368
	Glebe Income	1,108
	Parochial Fees	511
	Parsonage rents	322
	Grants	580
	Other Income	599
	Total Income	10,588
Operating Expenses		£'000
	Parochial Ministry Pay Costs	4,086
	Curates Pay Cots	791
	Other Salary Costs	2,243
	Other Operating Expenses	5,071
	Total Operating Expenses	12,191
	Net Cash/(outflow) from Operating Activities	(1,603)
Capital Sales/Expenditure		
	Receipts from the sale of Glebe land	183
	Receipts from the sale of surplus housing	7,080
	Capital Purchases/capital works	(1,105)
	Inflow/(Outflow) from Capital Expenditure	6,158
	Increase/(decrease in cash	4,555
	Opening Cash Balance	470
	Anticipated transfer of cash to investments	(4,928)
	Closing Cash Balance	97

Capital 2025

2025 Planned Capital Receipts and Expenditure

Capital Receipts	£'000
Planned Glebe disposals	183
Planned disposals	7,080
Planned Disposal Receipts	7,263
Capital Expenditure	
Essential works to Edward King House	(545)
Parsonage Capital	(500)
IT and Systems replacements	(60)
Total Capital Expenditure	(1,105)
Net Capital Receipts	6,158

Income 2025

Planned income is **£10.3m** for 2025, a slight increase on the expected year-end position for 2024; the table below shows the income plan for the year by income type. Covenant pledge income has been based on the pledges that have been received for 2025 and the amount of LInC funding in 2025 has already been agreed. Investment income has been calculated using the current view of the likely market and interest rate performance in 2025.

Income Class	£'000s	%
Covenant Pledge	3,851	37
Mission Grant (LInC)	1,249	12
Investment and Glebe	3,442	33
Parochial Fees	537	5
Other Income	1,267	12
Total Planned Income	10,345	100

Expenditure 2025

Expenditure for 2025 is included in the budget at **£11.9m**; expenditure plans have been fully reviewed across the diocese with each budget holder, and relevant uplifts applied; pay inflation has been budgeted at **3%**, whilst non-pay inflation has generally been included at **2.6%** with some exceptions such as insurance and other areas where costs are anticipated to run higher than this figure.

Expenditure Type	£'000s	%
Clergy Stipends	4,934	41
Housing Costs	1,474	12
Ministerial Support	1,045	9
National Church	748	6
Parish Support	788	7
Glebe Management	648	5
Admin, Legal & Other	1,396	12
Board of Education	110	1
SDF Project Support	761	6
Total Planned Income	11,904	100

An explanation of budgeted expenditure 2025

£5,120,334

Clergy Stipends/ Pensions/ Training

This budget provides for 116 full time clergy and curates including National Insurance and pension contributions. The direct cost to the Diocese of selecting and training candidates for ordination and the continuing ministerial development of our clergy is also included. This is essential in equipping our clergy to exercise their ministry.

Vacancy Expenses: These are there to ensure continuity of service in our churches when in a vacancy.

Removal and resettlement: These are costs incurred when clergy move into and across the Diocese to take up their post.

Training: This includes the Director of Ordinands and Vocations who encourages new ordinands and provides for their training needs, CMD and Wellbeing Officer supporting our existing clergy and an IME 2 Officer.

The Warden of Lay Ministry: This role offers support to those seeking to become authorised lay ministers and Readers and to those who currently exercise those ministries, through initial training, continuing ministerial development, network events, and advocacy.

£1,476,649

Clergy Housing

The Diocese currently has 177 houses, mostly occupied by stipendiary and non-stipendiary clergy, and some of which are rented during vacancies to generate income.

The Diocese is responsible for maintaining properties as well as paying the council tax and water rates on behalf of the resident incumbent. In 2024, the diocese extended its offer to clergy to maintain and upkeep vicarage gardens and there has been a pleasingly high take up of this offer.

£677,434

Ministerial Support

The cost of support for clergy in their Mission and Ministry including:

Archdeacons who assist the bishop with the pastoral care of clergy as well as legal and practical matters.

Mission: Those working with parishes to spread the word of God and continue with the environmental work around Eco-Church and Generous Giving.

Stewardship: Providing advice and support direct to parish members on all funding issues such as grant funding, together with advice and support for stewardship and legacy campaigns.

Transformation Fund: A fund which is available for parishes to apply for grants for Missional projects.

£748,331

Responsibilities to the National Church

This covers the work of the Archbishops' Council, which is most effectively and efficiently carried out at national level to support the Church's mission, under categories known at a national level as Votes 1 to 5, which are approved and voted on by General Synod. This includes:

Training for Ministry (Vote 1): This covers most of the costs of pre-ordination training for clergy for deployment in the Church of England.

Archbishops' Council (Vote 2): The operating costs of the Archbishops' Council departments and their share of the shared service departments such as Communications, Finance, Technology and Human Resources.

An explanation of budgeted expenditure 2025

Grants (Vote 3): This covers the Church of England's contribution to the Anglican Communion Office, ecumenical organisations and the Church Urban Fund, the Council's Legal Costs Fund other minor grants.

Mission Agency Pensions (Vote 4): This covers pension contributions for clergy serving with the Partnership for World Mission (PWM) Mission Agencies who are regarded as being "in service" for the purpose of the clergy pension scheme.

Clergy Retirement Housing (Vote 5): This is a grant made in support of the Churches Housing Assistance for Retirement Ministry (CHARM) scheme operated by the Pensions Board on behalf of the wider Church.

£787,579

Parish Support

The Diocesan Advisory Committee (DAC) fulfils the Diocese's statutory obligations laid down in the Care of Churches and Ecclesiastical Jurisdiction Measure 1991 (as revised 2000) to work with parishes, enabling them to maintain, grow and adapt their church buildings. The DAC coordinates quinquennial inspections of churches and administers the first stage of the faculty procedure to gain permission to carry out building work on their churches.

Diocesan Synod costs primarily cover venue costs and travel costs incurred by those people of the Diocese who offer their valuable time and skills to serve on Boards and Committees to improve the quality of strategic decision and policy making.

The Diocesan Registrar provides legal advice and support to the Diocese of Lincoln and deals with the second stage of the faculty process. The Registrar is also the Legal Secretary to the Bishop of Lincoln, and in this capacity provides advice to the bishop on legal matters, which is covered by the Church Commissioners.

Safeguarding provides support and advice to encourage good practice in all areas of the diocese's safeguarding.

Trusts covers the support provided where the diocese acts as a custodian trustee on behalf of parishes, supporting parishes with over £20m of trust investments and ensuring the trust funds are managed in accordance with the original bequests.

The Diocesan Chancellor makes decisions on faculty petitions and other faculty proceedings under the Care of Churches and Ecclesiastical Jurisdiction Measure 1991.

Administration includes the cost of providing administrative support for local mission partnerships and the Parish Support Office.

£647,606

Glebe Management Costs

Glebe involves managing our Glebe holdings with the support of our land agents.

£1,396,026

Admin, Legal and Support

Core Services are those such as the Diocesan Secretary, finance, IT, HR, communications, legal and professional services which are essential for our support services to function.

Audit Expenses include the annual audit, which is a statutory obligation, to remain registered as a charity. The audit provides assurance that the Diocesan accounts represent a true and fair view of its financial activities.

£110,000

Education

Our commitment to continue to support our Church Schools. This figure is an increase of 10% on previous years and we have also revised the way in which it will be calculated in future.

Key points on budgeted income for 2025

Income

Covenant Pledges

The covenant pledge is being assumed at **£3,850,742** which is based on the pledges that have been received for 2025.

Archbishops' Council Grant

The figure for 2025 is **£1,248,711**. This is the figure which we receive from the Council to support lowest income funding communities with the provision of Clergy.

Income from Investments and Assets

Investment Income

Our target return on investments is CPI plus **4.5%**. We have assumed no disposal of investments in 2025 but are expecting to dispose of properties and increase the level of investments with budgeted income of **£2,368,285**.

Glebe Income

The budgeted rental income from glebe land and properties in 2025 is **£1,073,357**.

Parochial Fees

Fees have been reducing for several years, and we have seen this trend continue in 2024, therefore the plan for 2025 assumes that this trend will continue, and fees will reduce on the expected outturn for 2024.

Parsonage rents

A figure of **£322,320** has been included based on the level of lettings forecast to be available. Our surplus housing is being disposed of to enable us to generate more income to start to reduce the large deficit which we have year on year.

Other Income

Grants

Grant income has been included for the income we receive from the Central Church, for projects such as SDF and Net Zero Carbon team. A total of **£580,695**, has been included for grants in the 2025 budget.

Other Income

This includes an estimate of **£363,915** from rental income, wayleaves, income from mineral extraction, donations and grants from Historic England.

Key points on budgeted expenditure for 2025

Clergy Numbers

The planned clergy numbers have been assumed at **94** at the end of 2025 an increase of around 12 full time equivalents compared to 2024.

Curates

Curates are estimated at **22** at the end of 2025. Curates are now training on three-year curacies rather than the previous four years.

Clergy Housing

The budget for 2025 is **£1,473,649** excluding capital expenditure of **£500,000**.

Parish Support

The budget assumes no changes to the staffing for 2025.

Legal and Professional Services

Glebe Management

Work continues to improve the quality of the properties which we own within the glebe portfolio and to ensure compliance with Health & Safety legislation. The budget for the ongoing management of the Glebe estate has been set at **£647,606** for the year.

Finance and Administration Costs

The budget assumes full staffing levels during 2025.

Value for Money Assumptions

Inflationary increases on most non-pay budgets have been assumed at **2.6%** on most non-pay costs. Budget holders as always will be expected to obtain value for money on all that they purchase and manage expenditure within the budgets allocated.

Annual Pay Increase

An increase of **3%** in the total cost of both stipends and salaries has been built in as recommended by the Remuneration and Conditions of Service Committee of the Archbishop's Council, this is budgeted to be paid with effect from January.

National Insurance

The change to employers' National Insurance contributions contributes an additional **£111,339** of costs in 2025. The full annual effect of the increased cost would be **£148,452** based on this year's figures.

Capital Expenditure

Capital Expenditure for housing and Edward King House has been included at **£1,105,766** for 2025.

Cashflow 2025

The Cashflow includes the proposed sale of property, glebe land and capital expenditure to existing housing. Cash is anticipated to be at £22m with investments being reviewed throughout 2025, and the cash possibly being reinvested depending on interest rates during the year.

Total Return

As the budget presented is still in deficit, there will be a requirement as in prior years to draw down on Total Return with a gross drawdown estimated at **£3.5m** offset by the income from our glebe investments. This leaves a net requirement in line with the budget deficit.

**If you have any queries regarding the Budget
2025, please contact**

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