

DBF Report to Hertford and Ware Deanery Synod 22nd November 2022

My last report in July stated that the two years of the pandemic resulted in financial deficits totalling £913,000 driven by a reduction in Parish Share collections, but helped, in 2021 by a better investment performance than expected when the budget was set. Parish Share collections in 2022 are running at a slightly improved rate and we are now projecting a deficit for 2022 in the order of £500,000 compared to the forecast £744,000. Recovery is slow and we are seeing the first signs of systemic issues in parishes, having lost significant givers and seeing costs rise making balancing the books very difficult, and in some cases impossible.

I mentioned before that the DBF was taking an extended look at possible budget scenarios for 2023 and would not be in a position to recommend a budget until the Diocesan Synod in October. In the event a budget was recommended to, and agreed by Synod, The Parish Share increases by 2% overall to £14.28m with stipends increasing by 5% (making 6% over the two years 2022/3). This was managed by a welcome reduction in pension contributions.

In a major change, the Diocese has adopted a Total Return investment approach, enabling us to take some current benefit from our long-term assets and particularly from land sales for development in the last few years.

This has substantially increased our investment income, enabling us to soften the impact of cost increases in Parish Share and to invest in Net Zero Carbon initiatives (following Synod's adoption of a Net Zero Carbon Plan) and in Mission opportunities to assist growing churches.

We have been able to designate £642,000 for investment to be allocated:

- £425,000 for energy audits, advice to parishes and grants towards Net Zero Carbon initiatives. (The first grants for Energy Audits have been launched), and
- £217,000 for investment in parish initiatives focused on mission opportunities.

A new Parish Grants Committee of the DBF is being set up to oversee the awarding of grants.

We hope to be able to add a further £500,000 for additional grants in these areas by the end of 2023.

We give massive thanks to the Parishes for their ongoing support whilst recognizing that they too are facing the same challenges in maintaining the income to fund the parochial system.

Colin Bird

November 2022