



THE CHURCH  
OF ENGLAND  
Diocese of Manchester

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WORLD

# Budget update for Diocesan Synod

Date: 11<sup>th</sup> October 2025

## 2026 Budget

- Diocesan Finance Review
- MDBF budget movements
- Stipend
- Parsonage Improvement Programme
- Strategic Financial Plan

# Diocesan Finance Review - Overall Aim

The Review has sought to identify mechanisms to **ease dioceses' current financial stress** in a way which helps to develop the Church's **longer-term missional and financial health**, focusing on:

- a) The **financial support** of dioceses by the national Church
- b) The **simplification** of the Church's financial systems primarily in respect of financial flows between dioceses and the NCIs



The Review has sought to take account of other related workstreams which impact on the financial position of dioceses, including **proposals developed to improve clergy stipends and pensions** in light of the February 24 General Synod Motion; and a review of **Ordinand Maintenance arrangements** under RMF by the Ministry Development Board.

## Diocesan Finance Review

- Additional LINC funding (inflation linked going forward)
- Time Limited Support – tapered funding for support towards the stipends uplift for a period of nine years
- Uplift of stipends by 10.7% from 1 April 2026 due to inflation catch up
- Removal of national church costs
- Introduction of a Ministry Training Fund
- Ordinands Maintenance Grants to be paid by national church from September 2026

## 2026 Budget – DFR Financial summary 2026

	<b>Saving / (Pressure)</b>
<b>Income</b>	<b>£'000</b>
LINC funding	667
Time Limited Support	851
<b>Expenditure</b>	
Stipend uplift	(482)
National church costs	611
Ordinands Maintenance	87
Grants	
Ministry Training Fund	(470)
<b>Total</b>	<b>1,264</b>

## 2026 Budget summary

	£'000
<b>2025 Budget (Deficit)</b>	<b>(1,827)</b>
Diocesan Finance Review	1,264
MDBF budget adjustments	(635)
<b>2026 Budget (Deficit)</b>	<b>(1,198)</b>

## MDBF Budget adjustments

- Parish Share – Increased income of £167k from D&A process
- Stipends – Increased costs of £288k (NI and pay award)
- DBF Payroll – Increased costs of £254k (NI, pay award and new service structure)
- Operating costs – Increased by £114k (Resettlement costs, IT costs and SJH operating costs)

## 2026 Budget – Stipend (direct costs)

	<b>2025</b>	<b>2026</b>
	<b>Actual</b>	<b>Budget</b>
	<b>£</b>	<b>£</b>
<b>Stipend</b>	31,295	34,950
<b>NI</b>	3,599	4,019
<b>Pension</b>	6,885	7,689
<b>Total</b>	<b>41,779</b>	<b>46,658</b>

## 2026 Budget – Parsonage Improvement Programme

- 2023 budget process - approved £600k p.a. for 2023, 2024 and 2025 to be invested into our parsonages and funded from the Pastoral account
- 2023 expenditure - £484k
- 2024 expenditure - £470k
- Improvements include – Roof replacements, kitchens, bathrooms windows
- Staff resource implications
- Recommend to maintain the Parsonage Improvement Programme allocation of £600k p.a. for 2026 and reassess for the 2027 budget

## Recommendations:

- a) MDBF and Diocesan Synod are asked to review the report and approve the 2026-2028 Budget.
- b) Approve the Parish Share apportionment as set out in appendix B in the report

# Strategic Financial Plan

Manchester Diocese has a projected operating deficit of £2.2m for 2025.

We are working to achieve financial sustainability in the long-term by:

- **Growing** our congregations
- Continuing to plan for an affordable level of **stipendiary clergy**
- Working with parishes to maintain - and in many cases - index-link their **Parish Share**
- Utilising **LInC Funding** for our most deprived parishes although there is little scope to re-allocate this at the current time
- Proactively supporting the closure of **church buildings** which no longer align with missional opportunities
- Providing direct support to parishes with **stewardship, giving and generosity**
- Disposing of **property assets** including surplus parsonages and reinvesting in managed funds for capital growth and increased investment income

Based on this financial strategy, our budget projections show us achieving a break-even position from 2033.