LDBF 2027 Budget

Background

In recent years we have made a number of changes to the LDBF budget to reflect changes in national funding and the range of challenges facing the church and its financial sustainability. The budget proposals for 2027 are made within that same landscape, with uncertainty in the wider economy but a clarity of purpose in our pursuit of missionally healthy and financially sustainable churches throughout the Diocese. The most significant challenges that this budget proposal aims to respond to are the sustainable funding of mission and ministry through Parish Share, higher-quality housing provision and the ongoing challenge of clergy recruitment and retention.

Review of Diocesan Finances

During 2025 the National Church Institutions set out the outcomes of its Review of Diocesan Finances, which included Diocesan benchmarking and an analysis of the flows of money between different parts of the church economy.

Changes emanating from that exercise began in 2026 and included:

- Establishing a national level of stipend and an increase in most stipends of 10.7%
- Removal of the Apportionment system and the introduction of a Ministry Training fund
- Release of additional funding by the Church Commissioners for:
    - Additional Lowest-Income Communities funding
    - Time-limited funding to support Dioceses through significant financial pressures

The 2026 budget set a new starting point for our Diocesan Finances, with the use of this time-limited funding to meet our priorities whilst we transition to a position of sustainable resourcing in all key areas.

Parish Share

Diocesan Synod commissioned a review of Parish Share system in the Diocese. The review group reports on its work and proposals at this synod, but the overall sum required to support local mission in our churches, parishes and schools, for today and tomorrow, remain and are not impacted by consideration of the Parish Share system. The Parish Share proposals will determine the mechanism by which those costs of mission and ministry are shared across the Diocese and how we determine and account for the use of Lowest-Income Communities Funding, but the overall total Parish Share required is not impacted by the system itself.

Our Parish Share funding is calibrated to fund the largest proportion of the direct and indirect costs of mission and ministry needed in the Diocese, with Lowest-Income Communities Funding also providing support towards these costs.

In 2027 Parish Share is budgeted to support 70% of the costs related to local mission and ministry including a contribution towards Safeguarding costs, the recruitment and training of future clergy and lay leaders and higher-quality housing provision. Lowest-Income Communities Funding supports 25% of the costs and time-limited funding from the Archbishops' Council funds the remaining 5%. As this time-limited funding reduces over time, Parish Share needs to increase by an additional 0.25% (a quarter of one percent) above the increases in the costs of ministry each year to maintain a balanced budget.

Budget proposals

1. Parish Share

After a substantial decrease in 2025 and a below-inflation increase in 2026, the 2027 budget sets a Parish Share increase of up to 4% against the backdrop of a 3% Stipend increase and a 20% increase in funding for Clergy Housing. Our long-term plans aim to support parishes to improve their financial capacity for mission, through targeted interventions, support for generating new income streams and increased giving. Achieving this will help to reduce Parish Share as a proportion of parish incomes over the medium term. At the same time, we aim to see Parish Share reach a total sufficient to sustain the ongoing costs of ministry at the level required in the Diocese and this will require an increase of up to 4% in 2027.

2. Clergy Housing

We are pleased to have secured significant funding to enable an investment in stock condition improvements to our Clergy Housing. But this cannot simply be a one-off exercise and it is critical that our budget has sufficient capacity to continue to maintain and improve our Clergy Housing. To enable this, we are increasing funding for ongoing Clergy Housing maintenance and improvements by 20% to £1.5m.

3. Clergy Stipends

In 2026 a National Stipends Benchmark was introduced, aiming to equalise the stipend rate paid across different Dioceses, applying a 10.7% increase to Stipend in 2026 to restore stipend value lost to inflation in previous years. In 2027 the National Stipends Benchmark will increase by a further 3%. Whilst clergy vacancies remain an ongoing challenge for all Dioceses, we have adjusted the vacancy rate applied to the budget from 10% to 15% and reduced funding for Episcopal Discretionary posts.

Diocesan Synod is invited to endorse an LDBF budget with the following parameters:

- A budget to breakeven
- A Clergy Stipend increase of 3% in line with the National Stipends Benchmark
- A Parish Share increase of up to 4%
- Provision for an increase in St James' House staffing costs of up to 3%
- An increase in funding for Clergy Housing and Moves to £1.5m

Matt Elliott

October 2026

Liverpool DBF Budget Summary

	2026	2027	2028	2029
INCOME				
Parish Share	£6,775,802	£7,008,286	£7,201,014	£7,399,042
DD Discount	(£61,702)	(£43,800)	(£45,005)	(£46,242)
Lowest Income Communities Funding	£2,406,884	£2,505,085	£2,603,034	£2,681,125
Investment Income	£143,137	£143,137	£147,431	£151,117
Rental Income	£491,825	£681,200	£701,636	£729,701
Funeral and Wedding Fees	£400,000	£400,000	£412,000	£424,360
DBF Earned Income	£622,122	£607,982	£601,764	£595,951
AB Council Time-Limited Funding	£725,137	£609,999	£494,860	£379,722
Total Income	**£11,503,205**	**£11,911,889**	**£12,116,734**	**£12,314,776**
EXPENDITURE				
Clergy Costs	£7,267,334	£7,050,101	£7,130,759	£7,309,028
Ordinands and Mission Grants	350,244	530,040	469,335	483,415
Clergy Housing	1,249,652	1,500,887	1,544,518	1,589,429
Closed Churches Uses and Disposals	100,000	80,000	82,400	84,872
Support for Church Schools	347,190	345,369	353,100	361,011
Safeguarding	265,632	328,710	335,611	342,659
Vocations & Learning	275,914	231,307	236,372	241,552
Pension Scheme Surplus Release	(£260,147)	(£75,520)	-	-
SJH Support for Parishes	1,907,385	1,920,994	1,964,640	1,902,811
Total Expenditure	**£11,503,205**	**£11,911,889**	**£12,116,734**	**£12,314,776**
Surplus / (Deficit)	**£0**	**£0**	**£0**	**£0**