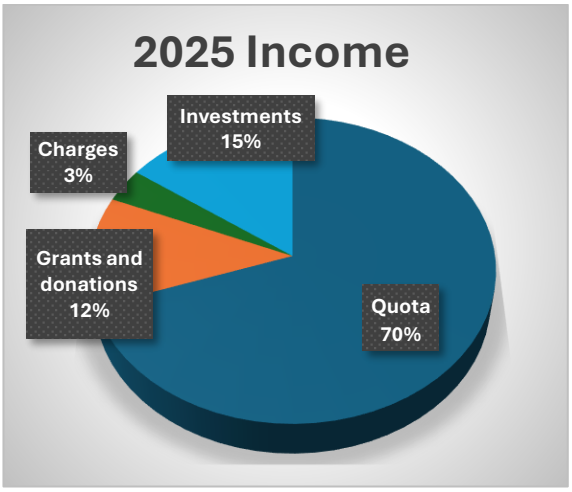
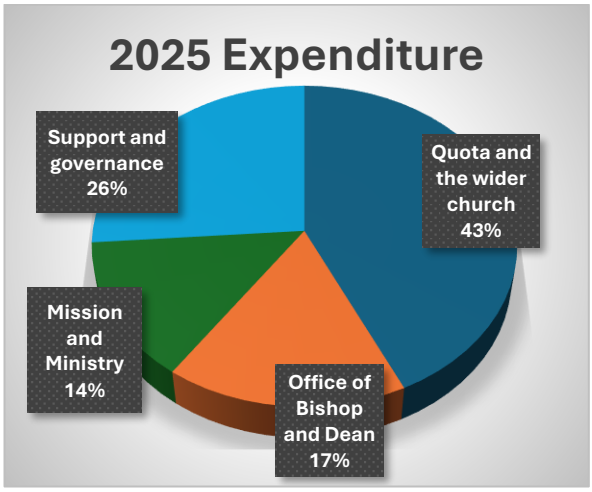
Diocese of Edinburgh

Report to Synod on financial position and budget for 2027

General Fund

The Diocese's General Fund deals with the core running costs of the Diocese, funded mainly by quota, Provincial grants and investment income. Other income comes from external grants and charges to congregations for some services and events, notably the clergy conference. In pictorial terms, based on 2025 results:





General Fund projected outcome for 2026 and Budget for 2027

INCOME	Budget 2026 £'000	Projected 2026 £'000	% incr/ (decr) vs 2026 budget	Budget 2027 £'000	% incr/ (decr) vs 2026 projection
Quota from Charges	569	569	0%	586	3%
Grants and donations	93	96	4%	100	4%
Other income	33	33	1%	33	1%
Investment income	115	120	4%	118	(2%)
	809	818	1%	837	2%
EXPENDITURE					
Support for SEC and the wider church	341	336	(2%)	358	7%
Office of Bishop and Dean	156	197	26%	148	(25%)
Mission & Ministries	126	102	(20%)	150	48%
Support and administration	182	177	(3%)	156	(12%)
Governance	27	30	10%	31	4%
	833	842	1%	843	0%
Surplus/(deficit)	(24)	(23)	(2%)	(6)	

Basis of projections and budget

The projected outcome for 2026 is based on the results for the first eight months and the budget for the next four. The budget for 2027 is based on:

- Bids for funds from the Mission & Ministry Committee for spending in that area and from the Diocesan administrator for support and admin costs.
- Information from the Province on 2027 grants and quota.
- The provisional final UTP distribution for 2026 announced by the Provincial Investment Committee.
- Other estimates using known or estimated future amounts. In the absence of other information, 3% has been added to the equivalent costs/income.

The increase in CPI in the year to July 2026 was 2.9%. The budget for 2027 allows for an increase in quota of 3%, resulting in a planned deficit of £6,000.

The projected outcome for 2026

Despite the uncertainties affecting budgeting for 2026, the projected outcome – a deficit of £23k – is very close to budget. Comments on larger variances:

- Grant income includes accelerated receipts in 2026 and 2027, and will reduce in subsequent years
- Investment income from the UTP was a little more than budgeted.
- Our share of Provincial quota will rise by 5% in 2027
- Office of Bishop and Dean: affected by the episcopal vacancy and significant works on the bishop's house during it. The 2026 budget reflected uncertainty in both these areas. In the event, the Province funded most of the Bishop search costs, and the installation cost (met by the Diocese) was bang on budget, while greater cost was incurred on improvements to the Bishop's House: of these some £13k had been budgeted in 2025, but the work was delayed to 2026. (The budget for 2027 is back to normal levels.)
- Mission & Ministries: Fiona Reynolds left in June 2026 and has not yet been replaced, pending a review of the role.
- Support and admin. The 2026 budget for office rent was based on the cost of commercial premises. The saving in renting from the Cathedral was balanced by underbudgeting in other areas, notably IT costs, some of which related to the office move.
- Governance: the variance represents a proposed increase in audit fee for 2026. Although the request may be reasonable, it has triggered a review of our audit provision.

The budget for 2027

The budget recognises a return to normal in terms of day-to-day running costs. The variances compared to 2026 reflect the lack of exceptional costs relating to the Episcopal vacancy, and a new staff appointment in Mission and Ministries. Lower support and admin costs reflect the lack of costs associated with the office move, reduced spend on IT equipment, and a reallocation of the communications role to sit within Mission & Ministries.

With a new bishop in post for only a few months at the time of budgeting, it was not practical to project any changes in costs that might arise from the development of new strategies. For 2027, therefore, Standing Committee agreed that quota should increase only by inflation, which was effectively 3% in the year to July 2026.

Based on estimated costs, this will result in a small deficit of £6,000.

The new Diocesan office

At the start of the year, broad agreement was reached with the Cathedral for the conversion of the former stonemason's workshop into office space for the Diocese. The workshop was part of a 12-year-old building erected by NHS Lothian on space leased to them by the Cathedral for 25 years. The rest of the building is occupied by a medical practice. The Diocese's lease is therefore for the remaining 13 years of the medical centre's lease.

The rent payable of £30,000 pa is more than we paid the Province for 21a Grosvenor Street, but much less than we would have had to pay for commercial rent, and of course it keeps the funds within the Diocese, providing much needed additional income for the Cathedral.

Work to convert the space into offices was carried out by the Diocese and the total cost of £145k, plus future interest, is to be refunded by the Cathedral over the 13 years by way of rent reduction.

Other Diocesan Funds

Designated project funds

The Diocese has funds arising from the sale of former church properties that are invested in the UTP, the income from which is designated for special purposes.

The St Hilda's Fund for Mission supports curacies, medium term projects and makes one-off congregation grants. Half of its annual income (around £70k) has been committed this year to Borders projects, the rest is available for smaller grants (£8k awarded to date) or to carry forward for future use.

The St Andrew's Fund for Buildings awards grants from an annual income of around £11k, of which £6k has been expended in grants to date.

The St Paul's Fund for other projects has been utilised in2026 to pay for professional assistance in updating the Register of Controlled Interests in Land, following the retirement and appointment of a new property trustee (the Bishop), and to cover the cost of Net Zero grants which are otherwise unfunded. The St Pauls' Fund has an annual income of just £1,200, so even the one Green Grant paid this year has reduced the capital of the fund. I don't want to pass the full cost of these grants onto quota funding, and will ask Standing Committee to redesignate part of our capital funds to pay for future Net Zero grants.

Investing in the Future ("IIF")

In 2023, £750k of the Diocese's 'capital funds' (held to generate income for the General Fund) were redesignated as a fund to provide support for congregations and other major projects in areas with potential for growth. The broad intention was to use the money over 5 years with IIF projects becoming self-sustaining in that time.

During 2026 we will pay out a total of £110k in grants to the current seven assisted congregations. That will leave a balance of £431k still to spend, both on these IIF projects and on new projects under development. Some tapering of grants on the seven original projects has begun, and three-year reviews now in progress will help to determine the pace of future tapering and identify longer-term funding requirements.

Dunderdale Funds

We receive recurring grants each month from the Province to help fund our ongoing work: Mission and Ministries Support, Curate grants, and contributions towards the Bishop's stipend and the Dean's expenses. We also receive an annual 'Dunderdale' grant (in 2026 £13k) to help support 'needy congregations'. Earlier this year we paid twelve grants of £1,000 each to congregations identified by the Dean as either needy, or as Charges whose additional needs are sometimes overlooked. These grants were paid from 2024 income. A further round of grants will follow later this year or early next.

To see the full range of Diocesan funds and a broader illustration of its finances and activities, read the annual accounts for 2025 on the Diocesan website:

https://edinburgh.anglican.org/wp-content/uploads/2026/06/Diocesan-Accounts-2025-v3-FINAL-SIGNED.pdf

Ian Lawson
Diocesan Treasurer
12 October 2026