I am writing to you at a time which is very serious financially for the diocese to explain some of the background and underlying issues. All of us – individuals, parishes, deaneries and the Diocesan Board of Finance (DBF) are experiencing real financial pressures and we need to find our way through it together.

Historically Bath and Wells has relied on a parish share collection rate that was second to none in the Church of England, but the amounts that were being requested were not enough on their own and the gains made on property sales, diocesan reserves and a variety of loans had to be used to bridge the gap. Covid however exposed the weaknesses - income dropped considerably, notably in churches that depended on collections in ‘the plate’. The reduction in size of church congregations, which has been happening for a number of years, increased, and it appears that a significant proportion of our regular worshippers are not going to return in the short term. Diocesan reserves are now at the lowest prudent level - 3 months - and we have outstanding loans of £4m.

The situation is beginning to improve but it is recognised that it will take some time for parishes to recover their historic ability to give and in the meantime we need to make some tough decisions. Diocesan Synod has agreed an approach which we believe will enable us to get back to financial sustainability over 5 years. We have already reduced the costs of providing support to parishes from the diocesan Support Services team by £250,000 and we are planning to reduce the number of stipendiary clergy that we deploy – probably to 150 from 178 but this will depend on the income received. We are saddened to do this. Other dioceses have already reduced the number of stipendiary clergy they fund, while we have maintained numbers at the 2010 level – but the economics show that this is no longer sustainable. Even by reducing the number of clergy to 150 we will need to restore the funding received from parishes to at least the £10.3m we received in the past. To help us to achieve build more resilience into parish finances one of the steps we have committed to is to sign up to the national Parish Giving Scheme. This enables giving by standing order, which is much more reliable. We are also part of a national Church pilot on contactless giving.

While we take these steps we encourage you to pay what Parish Share you can, as soon as you can, to help with cashflow.

But this is not just about money – its about making sure that we are as well positioned as we can be, with the resources we have in our hands, to be open to God working through us. That is why we need to be both faithful in our stewardship and expectant in prayer. Across the diocese we have experienced God working through our churches in wonderful ways during the pandemic, but we are experiencing some serious resourcing issues and need to think about how we can help each other at this challenging time.

We feel it is very important to be open and transparent about the challenges we face and I would encourage you to discuss the issues I have raised in this letter with your PCCs and church members. We have prepared some materials to help with that discussion, including a short video in which I provide some context to the financial challenges and Lay Chair of Diocesan Synod, Caroline Mason explores, in conversation with Bishop Ruth, some of the issues that have led to the challenges and how we can respond. Also included in this message is an infographic which illustrates how things stand and some of the actions being taken and an updated ‘How much does a stipendiary minister cost’ sheet.

• Watch the video of on our YouTube or our Vimeo channels.

• Download our infographic: Tackling the financial challenges

• Download 'How much does a stipendiary priest cost?'

We understand that this is a very challenging time for everyone - individuals, parishes and the DBF - and we would welcome your reflections on the way forward, as we work on it together. You can send those reflections to me using the email dbfchair@bathwells.anglican.org.

Yours sincerely

Ian Theodoreson

Chair

Diocesan Board of Finance