Facing the financial challenge together - Questions and Answers

What has been the effect of the Coronavirus pandemic on diocesan income?

Historically, 75% of our income as a diocese comes from our parishes and our previous collection rate for parish share was 97%. In 2020, as parishes found their traditional sources of income impacted by the pandemic and lockdown in particular, the collection rate fell to 87% and it is likely to be at a similar or slightly lower level in 2021. We are projecting a partial recovery in 2022 to 92% of the amount requested. We are then projecting similar levels of collection rate across the next four years.

The chart below shows that for 2021 the Common Fund receipts with parochial fee income and rental income does not match the direct parish related expenditure. This means that in the past two years, and projected for next year and beyond, the income from Parish Share is being subsidised by other diocesan income and currently significant levels of reserves.

How is the diocese getting through the current financial climate?

In the short term we have been able to bridge the gap between our income and expenditure by drawing on diocesan reserves at the rate of around £2m per annum in 2020 and expected for 2021. We are projecting a similar draw down in 2022. However, this is clearly not sustainable. Unless parish share collection rates recover, or we can access other sources of income, we will be forced to make further adjustments, on top of the changes already underway, to bring our expenditure in line with income.

In short, we do have to recognise that we cannot sustain a budget where we draw down further monies from a depleting resource, by selling property or borrowing from investments.

Does that mean our parish share is going up?

In Bath and Wells we recognise the shortfall in our income cannot be sought solely from PCCs so are committed to looking at other ways to address it. Synod is currently considering a five-year plan which aims to get us to a break-even position by 2026.

How is the diocese cutting its costs?

We have already had to make some adjustments in reshaping the support services we offer parishes and schools. We have sought to do so with care and an eye to where we perceive we can have the best local and sustainable impact. The main areas of diocesan expenditure are stipendiary clergy, housing costs, training costs and support staff costs. All these areas are being looked at to ensure they are being spent in the most efficient manner. Any cost reductions are being made with due consideration to the impact this has on our ability to grow the Kingdom.

Are any changes planned for calculating parish share?

As the impact of the pandemic cannot be consistently or reliably calculated across the diocese, the 2022 parish share request for the Common Fund will remain based on pre-pandemic regular worshipping numbers. There will also not be a Consumer Price Index (CPI) inflationary adjustment applied to this year’s requests.

The Parish Share is calculated by apportioning the total anticipated diocesan costs of ministry across all the parishes, considering each parish’s socio-economic category and regular worshipping community size. In 2022, the same system will be utilised, but using the category and size details as notified in 2020.

We have been considering the way we work out parish share, and how to make it a sustainable way of calculating our Common Fund requests. We appreciate that challenges exist within the calculation method, especially when dealing with falling congregation numbers across the diocese and how it impacts on individual PCCs.

What about ministry costs?

Prior to the pandemic, work was already underway to look at the shape of future ministry across the diocese. The Deployment Report, published in spring 2020, recommended that the diocese explored focal ministry and supported a reduction in stipendiary, or paid for, ministry. Focal ministry is a commitment to work with deaneries and parishes to discern what mix of lay and ordained ministry would provide the best opportunities for growing the Kingdom locally. Work on exploring what focal ministry may look like in the diocese is ongoing.

Whilst focal ministry in some areas may result in cost reductions for the diocese, these discussions were scheduled to take place before the pandemic, as the diocese seeks to deploy the resources available in the most effective manner.

What support are we getting from the national church?

While sustainability funding has been made available from the national church, this has been distributed to the most financially challenged dioceses in the country, so Bath and Wells does not qualify.

However, we do receive funding from the National Church in the form of Strategic Ministry Funding, which assists with providing curates, and Strategic Development Funding which has partly funded the work on pioneering being carried out in the diocese.

What support is available to those who can’t pay their Parish Share?

Firstly, don’t worry. While we do need to reach our Common Fund request in order to continue to sustain our ministry and mission, we do recognize that it is not always possible for parishes to pay their full parish share. It will not mean resources being pulled away from your PCC. However, we would encourage you to take steps to consider how you can improve your parish’s regular income.

The average parish in this diocese receives around 70% of its income from planned giving and money on the offertory plate. If you need to increase your income, you may be able to increase it by considering encouraging more regular giving through Standing Orders, or utilisation of modern technologies to assist within the church such as [contactless giving](https://www.bathandwells.org.uk/parish-support/christian-giving-and-funding/digital-fundraising-and-donations/) machines. You may also wish to consider if you are utilising the [Gift Aid and the GASDS](https://www.bathandwells.org.uk/parish-support/christian-giving-and-funding/gift-aid/) (Gift Aid for Small Donations Scheme) to their full potential.

You can ask the Giving and Fundraising Adviser for help with preparing a programme to encourage increased giving, which is both Christian and effective.

If you are facing expensive building repairs, there are many grant funding bodies available to provide financial assistance. The Giving and Fundraising Advisers can provide advice and guidance. More information is available on the [Christian Giving and Funding section of the diocesan website](https://www.bathandwells.org.uk/parish-support/christian-giving-and-funding/grant-funding-latest/), including the latest information on [grant funding](https://www.bathandwells.org.uk/parish-support/christian-giving-and-funding/grant-funding-latest/) and [giving](https://www.bathandwells.org.uk/parish-support/christian-giving-and-funding/giving-latest/). (LINK)

Want to know more about Parish Share?

Please do take the opportunity to watch the Common Fund video if you have not already seen it. This can be viewed at <https://youtu.be/5Ax6kgG8jBY>

What is Parish Share?

Parish Share is the sum of money contributed by each parish every year to the diocese to support local ministry.

What is Common Fund?

Common Fund is the total of all 485 Parish Shares in our diocese.

Common Fund enables generous giving in support of mission and ministry. Everybody gives and everybody receives. Every parish contributes *to* Common Fund each year through their Parish Share, and every parish receives fromthe Common Fund in the form of their priest and access to the Diocesan support services. The cost of a priest includes; monthly stipend, clergy pension contributions, housing costs and clergy training. The Diocesan Board of Finance (DBF) offers a wide range of support services for parishes and clergy.

The DBF shares out these contributions, so that whether a parish is rich or poor, its level of ministry is assured and the priests are remunerated the same as any other priest in that role.

Common Fund is a way that we express being one body, by doing more together than we could ever do alone.

What is Parish share spent on?

The predominant costs that the Parish Share pays for are the cost of the clergy/priests, this includes housing and training them, as well as a contribution to ministry support and development provided by the diocese’s support services team.

The majority of the Common Fund is used to ensure that we provide the best quality and locally available access to ministry across the diocese that we can.

How much does a priest cost?

The current level of Clergy stipend is £27,270, pension contributions are currently 39.9%, which equates to around £10,900 of contributions, Employer’s National Insurance is just over £3k incorporating the additional contributions required from April 2022. In addition, as the clergy payroll is run by the National Church as a national payroll, there is apprenticeship levy payments to make of around £150 per clergy member.

On average, housing a clergy person costs approximately £8k a year.

The continued professional development of clergy costs approximately £750 per clergy.

So if you combine all three of these, you get the cost of employing a clergy member to be approximately £50,250.

These costs do not include the support services costs provided by staff employed by the DBF, or the costs of employing curates or providing training for new ordinands and lay individuals.

How is Parish Share calculated?

The Common Fund has been calculated by apportioning the total costs anticipated to be occurred across all of the parishes in the diocese, based on their comparative socio-economic category and worshipping community sizes relative to the rest of the diocese.

The concept of mutual support is a key biblical principle which underpins the parish share system and, to help, we are looking at changing the way we formulate the ‘ask’ from 2023 onwards to give greater clarity to parishes, detailing the component parts of the amounts requested, including the elements of mutual support and generosity.

From 2023, we are looking at improving the link between the amount “asked” and the resource available for benefices to access, with clear distinction given to benefices seeking support to cover the cost of resources applied to those areas. This will mean a continued commitment to Magnificat and other socio-deprived areas within a sustainable model.

We are in vacancy. Why do we have to pay our Parish Share?

If your parish is without a priest due to a vacancy, or has a House-for-Duty priest, there is no discount offered because the ministry which Common Fund pays for continues throughout the whole diocese. In it is expected that every parish will go through a vacancy so that the effect will even out over time.