

Financial Conversations November 2022

Questions & Answers

Why are we in this financial situation?

The health of our finances as a diocese together is linked to the level of parish share payments that are made. Pre pandemic, parish share payments were in excess of 98% of the requested figure. Since the pandemic, the amount paid across in parish share has dropped to under 90%. This equates to an in excess of £1m reduction in parish share receipts.

In addition to this, various other external factors are increasing the financial pressures on us all, these include cost of living crisis and bank interest rises.

The only mechanisms that we have as a diocese together to support such shortfalls is to use historic reserves or to sell assets held by the Diocesan Board of Finance.

These assets are not endless in supply and difficult decisions are required to be made to match expenditure to expected income levels. By the end of this year our general reserves will be sufficient to cover just one month's expenditure - well below our target range of three to six months.

Across our parishes we have been seeing a steady decline in regular worshippers over the last decade, so the tough decisions which we are currently having to make, would have had to be made without the pandemic. Though it is true that the pandemic has increased the need to take urgent action.

How confident are you that our income is going to be back at 2019 levels by 2026?

Our financial modelling shows that even with a fall in worshipping numbers, we can aim to budget to receive the same amount of income in 2026 as we received in 2019. This in real terms is still a significant reduction in resource after taking into account inflationary impacts over the period. While it is a challenging time to be confident, we are hopeful this can be achieved, though we need to keep a close eye on how we are performing and this is why we have introduced a five-year rolling plan for reviewing our progress.

How do we graciously approach people to ask them to increase standing orders as a reflection of the increased cost of living?

This is a challenge, but one you have to approach with honesty and compassion. We know that people give because they are connected with church in many ways and for many

reasons. The current approach we recommend to churches follows the pattern “Inform”, “Inspire” & “Invite”. Generosity flows from a clear understanding of need (Inform), an appreciation of the difference that we make (Inspire) and a sense that they can be part of the solution (Invite). This principle would also apply to those in our communities who do not regularly worship with us as there are many other reasons why they too could have a sense of connection to our churches.

How can we ever hope to reach our environmental commitments when we are facing such financial pressures?

Our whole world is facing climate emergency. In response to that, we have a vision and commitment to seek to be Carbon neutral by 2030. The work to undertake this is not going to come without financial consequence. But if our vision is strong to secure the future of our children and grandchildren, then together we are confident that resources can be found to undertake the work that needs to be done. Addressing climate is a key issue for young people and so our activity in this area is both about justice and mission. As a diocese together we are assessing where financial resources can be found and asked for, as well as the benefits that will accrue to us all by becoming more energy efficient.

Is there value in having regular follow up meetings such as this to enable us all to monitor the big picture and the potential ongoing impact on PCCs throughout the diocese?

Absolutely and we are committed to continuing the conversation with other sessions like these in the future.

Is financial help available from the diocese for parishes to get a card reader?

Later in 2023 the diocese will be receiving a small batch of contactless card readers to provide to PCCs.

Parish Share

When will the Parish Share figure you expect from us be available?

This information will be available after Synod. Normally Synod would take place in October, but this year it has been delayed due to the installation of Bishop Michael and is taking place on 26 November. We will get the information out as quickly as possible after it has been approved by Synod.

Is the basis for calculating parish share remaining the same for 2023 or is it being revised?

Our current target is to return our parish share receipts to the level they were at in 2019. Whilst our diocese is looking at a different way of allocating parish share, it has been decided that 2023 is not the sensible year to implement such change. Therefore the 2023 parish share request is based on the 2022 parish share requests. In addition, due to

challenges in obtaining reliable regular worshipping numbers across all of our diocese, there has been no adjustment made to the 2023 allocation for worshipping number changes. The proposal being asked to be approved by Synod is a 2% increase on 2022 parish share requests.

Can we choose not to have a vicar, lead our own services, and not pay parish share?

Our approach to parish share based in biblical principles of mutual support, which is the basis for operating the Common Fund into which parish share is paid. Stipendiary ministry is deployed to benefices in order to maintain and renew the life of our churches into the future. We are always open to new ways of offering the ministry of the church to the communities in which we serve. But we want to ensure that supports the long term, is of good quality and reaches out to whole communities, not just to existing church members.

There has been no October count this year. For Parish Share how are things to be worked out with no true worshipping community numbers?

It will be based on the last completed parish share count. Some areas will have grown in worshipping community, so the parish share request may be an easier task to achieve than for those who have lost worshipping communities, so that is where we will have conversations with each benefice and parish individually. If you cannot make that request, then please have a conversation with us. We're still in post-pandemic era trying to work out what our stable count is so when a count for parish share purposes may be requested again is still to be confirmed.

Clergy numbers

Isn't reducing stipendiary clergy numbers managing decline? How is it a serious commitment to growth?

Our diocese is only able to deploy resources that matches the income that it can generate each year. Whilst our diocese is able to draw upon a number of other forms of income such as investment income it is predominantly reliant on parish share income.

Whilst there is a link between stipendiary clergy numbers and parish share receipts, it is not a direct link, so therefore it is not as simple as deploying as many resources as possible and the financial support will follow.

As a diocese we are keen to ensure that the stipendiary clergy resource is deployed across the whole diocese and not just in areas that are financially affluent enough to afford it. But at the same time we envisage the deployment of a range of other, non-stipendiary ministries, both lay and ordained, to nourish and grow our mission to our diocese

Each Deaneries Mission and Pastoral Group is meeting to discuss how to deploy these resources in the most effective manner to seek to facilitate growth and provide support to parishes.

We've been asked to reduce our number of stipendiary vicars by 2026, is that shown in the small reduction in stipend costs?

Yes, it is reflected in the numbers, though stipends will increase over the period to 2026 to avoid stipendiary ministers experiencing financial hardship, and will therefore not remain flat, so the reduction will dwindle in value by 2026.

There has been shown to be evidence that the presence of stipendiary clergy is directly related to church attendance and giving. How does reducing parish ministry therefore form a solution in the long term?

Whilst there is evidence of a link, there is also a counter argument that we have been doing ministry under that model for years and that its result has in general been of congregations that are diminishing.

Together we are looking to enable the gifts of all of our people, and maximise the ministry resources we can utilise across our the parishes of our diocese. These gifts may be lay, ordained, chaplains, youth workers, and may be paid and unpaid roles.

Central funding & support

The Church of England is extremely wealthy – can't they direct more funds towards us?

Whilst the Church of England, and the Church Commissioners in particular, has significant assets, the majority are endowed funds which are held to provide a flow of income to the wider church in perpetuity.

In recent years the Church Commissioners have accelerated their rate of distribution of funds and have committed to distribute over £1 billion over the next nine years, some of which we as a diocese are able to bid for.

The funding is focused on supporting initiatives to promote mission and new ministries and is not available to supplement shortfalls in diocesan budgets.

How can I explain why we need to fundraise for our church when they hear that the Church of England has lots of money?

Whilst our diocese – and the Church of England - has assets on its balance sheet, the majority are endowed funds which are held to provide a flow of income in perpetuity.

The income from those endowed funds is not enough to pay for ministry and maintaining our church buildings for which we rely on the generosity of our worshipping and wider communities.

When will we receive an update about mergers of dioceses and a reduction in the overall infrastructure cost of the C of E?

Discussions about mergers in dioceses remain ongoing. Like the diocese, the national church is continuing to review its staffing levels and structures to ensure they are delivering the support that is needed in the most cost-effective manner. It has also recently committed a large amount of resources to support growth and sustainability in the church, and environmental work.

Support staff costs

Do we need all the support staff that are paid through the Diocesan Board of Finance (DBF) payroll?

We believe we have got the balance about right but it is something we keep under constant review. The principal object of the diocesan Support Services is to promote, assist and advance the work of the Church of England in the Diocese of Bath and Wells, and all our staff are employed with that objective in mind, most of whom are in roles that directly support our parishes, chaplaincies and church schools.

The DBF also has various statutory responsibilities and some staff are employed to ensure those responsibilities are met.

A number of DBF staff are employed on a part time basis and other roles are undertaken by volunteers in order to seek to maximise the resource that can be deployed to advance the work of our churches across our diocese.

What is the full-time equivalent number for administrative roles.

The FTE equivalent number of 68 support staff includes a variety of roles, that both support our churches and schools in a number of ways. These include missional work, school governance and effectiveness, training for stipendiary and non-stipendiary ministers as well as compliance assistance with safeguarding and finance.

Our education team, which provides support to schools, in effectiveness and working with young people as well as ensuring that good governance is in place, accounts for approximately 15% of our FTE.

Statutory responsibilities exist for our diocese, as they will for any charity, so we therefore have individuals employed with experience and skills, in areas such accounting, finance,

Human resources, communications and building management. These individuals are not only providing statutory support for the DBF, but also provide assistance to our PCCs.

Purely administrative roles make up less than 10% of the diocesan FTE workforce.

Are significant reductions being made in DBF staffing levels at the same time as significant reductions in stipendiary clergy?

Yes. A significant restructuring of the diocesan support services took place in autumn 2021, with a number of roles reshaped to provide a greater clarity and focus to their work. We have also chosen not to replace a number of time-limited posts, which together generates savings of over £300k per annum compared to 2021.

Buildings

At what point do we accept that having a church building in every community is not sustainable by the local community? Should there be more done nationally to support keeping churches opened and preserved?

The decision to close churches is not undertaken by the Diocesan Board of Finance, a decision to close a church is formulated through conversation with the PCC and the local community.

Why did we buy new diocesan offices? Is this the cause of our financial problems? At a time of hybrid working, do we really need such a large place?

The decision to acquire Flourish House was made in 2018 and was financed by the anticipated proceeds from the sale of The Old Deanery and by diocesan reserves. The rationale for approving the move is still valid – namely providing a functional office environment that would allow better collaborative working in a building that didn't require a substantial capital spend to bring it up to standard. It also provides a suite of meeting rooms which are in high demand for parish, deanery and diocesan use and has the advantage of having a lower Energy Performance Certificate (EPC) rating.

We will, however, continue to monitor how we utilise this space as working practices brought about by Covid, coupled with the reduction in support staff has meant there are fewer staff working out of the building than originally anticipated. We already sublet part of the building to the Bath and Wells Multi-Academy Trust and will consider further opportunities to sublet in the future.