

April 2021

Dear Parish Treasurer

Diocesan Finance Update

Introduction

I very much hope this letter finds you well and that this season of Eastertide brings added joy with the successful roll-out of the vaccine, gradual easing of lockdown restrictions and the arrival of Spring, all contributing to a real sense of Renewed Hope for you, your churches and communities.

Having written to you last in November with news of the 2021 budget I thought it was timely to provide an update on diocesan finances as we enter the second quarter of 2021. We are not quite ready to go to print with our annual report and accounts pending completion of our Glebe revaluation, but I can give you some initial indications as to how our finances fared in 2020.

I would also like to give you an update on the steps we are taking to address our diocesan finances at this challenging time. I hope to give reassurance that the steps being taken are in the interests of the common good, and finally I wish to ask for your continued support as we prepare to move out of lockdown and towards a changed, uncertain, but with God's blessing, a thriving future for the Church in this diocese.

Thank you

May I start by recording a huge thank you to you and your Church members for your extraordinary financial support through Share during the difficult days of 2020. With the inevitable pressures put upon you by lockdown, periods of Church closure, and lack of fund-raising events, it is cause for deep gratitude and thanksgiving that our parishes ultimately contributed nearly 90% of the Share we requested.

Some parishes have clearly weathered the pandemic better than others. The early adopters of the Parish Giving Scheme are in a stronger position and many have begun to make use of online giving alongside online worship to enable donations. Whatever your particular circumstances as a parish, the huge efforts made to pay Share last year are recognised and warmly appreciated – thank you.

A difficult year

Besides a reduction in Share the diocese, like many parishes, was also impacted by a reduction in income from fees, as well as reduced income from investments. More positively we were fortunate that income from our property company and from rental of vacant houses both held up well, and that we benefited from increased support from the National Church Institutions.

On the expenditure side we were able to take advantage of the government's furlough scheme for those of our central staff who were unable to operate during the first lockdown. We also put a freeze on stipend and salary increases, cut non-essential expenditure and through a restructure of Church House staff have been able to achieve future salary savings of around 8% per annum to date.

Crucially and thanks to the creativity, flexibility and superlative efforts of all our staff under the leadership of our diocesan secretary David Pain, we were able to maintain Church House operations on a "business as usual" basis throughout the year, in spite of everyone working from home.

Whilst our operating deficit for 2020 will be in the region of £1.5m, significantly worse than budget, it was thankfully not as bad as we might have feared in the early days of the first lockdown.

But it does add to an already challenging financial situation for the diocese following smaller deficits in both 2018 and 2019, which was being addressed through our Five-Year Financial framework agreed with Synod in early 2020. The outcome of our 2020 financial year makes the challenge of addressing the deficit that much more acute, but it remains equally important that we make the right decisions for the long term.

As an immediate step we have, as many parishes have done, dipped into our reserves to cover essential payments for stipends, clergy pension contributions, housing, central Church and other support costs. Our cash flow has been helped by a Covid loan and whilst that needs to be repaid in time, it will give us confidence we can continue to meet our financial obligations in the meantime, without further sales of assets when market conditions may not be at their best.

The essential dilemma

Like the country as a whole and pretty much every organisation within it, our parishes included, the diocese is wrestling with the immediate economic, financial and social consequences of the pandemic, without knowing its medium- and longer-term impact. The wish to find early solutions to our immediate financial challenges needs to be weighed against the risk that in acting precipitously, we damage the more important longer-term recovery.

Given that the largest financial commitment of the diocese is to the provision of stipendiary clergy, the key decisions are about how long it is prudent to hold off larger scale reductions in stipendiary clergy - do that too quickly and we damage the local church; delay it too long and we will damage the capacity of the diocese to support and sustain the provision of stipendiary ministry as local leadership and organising resource.

That for us is the key dilemma and I hope what follows will help explain the approach we are taking to address this through close interaction between the Mission and Pastoral Plan and the Five-Year Financial Framework under the guidance of Bishops' Council and Diocesan Synod.

Planning for the future

Looking ahead to the remainder of 2021, whilst we may be optimistic about a gradual return to more normal pre-lockdown rhythms of Church and community life, we must also be realistic and recognise that a further significant deficit in 2021 is inevitable as our Church communities and already stretched finances face up to the challenges of working towards a sustainable recovery.

We must also be open to the likelihood that things will not go back to exactly how they were previously. In fact, some might see the disruption caused by the pandemic as an opportunity, as we are finally forced to take decisions that may have been coming at us for some time, particularly about the continued use of buildings. On-line worship for example has created new relationships and patterns of behaviour that may mean we come out of lockdown better able to respond to the more varied uses of church buildings.

As we plan for the future and a return to some kind of normality we are also aiming for a gradual reduction and elimination of the deficit within a five-year timescale, or sooner if possible. At the heart of our vision lies an ongoing commitment to a thriving Christian presence in every community and central to this is the deployment of our clergy and lay leaders as determined by, and reflected in, our Mission and Pastoral Plan, an evolving piece of work being developed and led by Bishop Andrew.

We continue to be driven by the wish to avoid making significant cuts to parish clergy numbers which have remained broadly at the same level for the last 7 years or so, but the geography and type of deployment will continue to evolve to reflect ever changing needs and circumstances within our parishes and of course, what we can afford.

Our deployment plan for 2021 reflects a loss of four stipendiary posts, or around 2% of our total establishment numbers, to be achieved as part of ongoing pastoral reorganisation in the course of this year. At the same time our vacancies are running at a lower rate than in recent years and therefore our overall levels of stipendiary clergy are likely to remain fairly stable for the time being.

During 2022 a further reduction of five stipendiary posts is envisaged in both the Financial Framework and the Mission and Pastoral Plan, which will mean overall clergy numbers are still at

around 95% of average over recent years. This diocese continues to show amongst the highest rates of church attendance in the country and there is clearly a strong correlation between this figure and the numbers of clergy deployed.

Our stipendiary clergy will of course continue to be complimented by non-stipendiary ministry, house for duty posts and lay leadership in a pattern that has become familiar to us over recent years. Only time will tell whether our patterns of worship will alter substantially post lockdown or return to something recognisable from before the pandemic.

It is to be hoped that the welcome addition of on-line worship, devotional, prayer and learning resources such as we have seen in abundance over the last 12 months will remain an ongoing and positive legacy of the pandemic – giving the best of what the churches of our diocese have to offer digitally, to anybody and everybody with an internet connection.

Tackling the deficit

Beyond the gradual evolution of deployment through the Mission and Pastoral Plan other actions we are taking with a view to strengthening our financial position include:

- ongoing scrutiny of central costs to enable further reductions where possible
- a review of office and meeting room requirements and future use of Church House
- a more proactive approach to management of our Glebe, exploring development opportunities as well as supporting the need for affordable and other housing in the diocese, balanced carefully against our commitment to the environment
- diligent stewardship of our housing stock to ensure adequate maintenance, and that houses not immediately needed are either rented out or disposed of
- maximising income opportunities from our Property Company
- review of investments to ensure they are managed for optimum value in the long term
- working with parishes to embrace the digital world including better IT support and communications
- helping as many parishes as possible adopt the Parish Giving Scheme
- exploring grants and other funding available including funding from National Church
- looking for ways to work collaboratively and more cost effectively across all Church institutions, including central Church and other dioceses
- revisiting the Five-Year Financial framework to show a steady return to a balanced budget.

This year we will be recognising the lack of a pay/stipend award last year with inflationary awards for clergy and staff, and whilst I have already acknowledged with thanks the crucial role of our staff over this last year, I would like to take this further opportunity to recognise and thank all our clergy for their unfailing dedication and resilience during these most difficult of times, thanking them for all they do on our collective behalf.

During quarter 2 of this year, we will be developing the budget for next year and consulting with deaneries in terms of the approach for Share in 2022. It is clearly critical we address income as well as expenditure before making medium- and longer-term decisions about deployment. That is why we will also be providing resources and support for the Generous Giving diocesan stewardship campaign to encourage financial support to our parishes and the diocese through the challenging times that lie ahead.

A brighter future?

Whilst the future of Church is uncertain, as the world post lockdown remains uncertain, the opportunity for our Church to emerge stronger, true to its purpose, more closely reflecting current needs and yet holding onto all that is best from the past, is an exciting and compelling one.

This is a Church where ministry and pastoral care is shared between ordained and lay leaders; where mission is outward facing into the communities we serve and beyond the constraints of our Church buildings; where technology, a shared commitment to best practice and good communication help relieve the administrative burden that currently takes so much of our clergy and volunteers' time and resources.

This would surely also be a Church where we are better connected across deaneries, archdeaconries and the diocese than before; a Church showing leadership for the modern world, as the Church has shown leadership over the last 2000 years; a Church confident in its role as the beating Christian heart at the centre of our community, a Church for everyone built on the example and teachings of Our Lord Jesus Christ.

It's up to us

As we now look ahead to the retirement of Bishop Nicholas in July, to an inter-regnum of unknown duration under Bishop Karen's leadership whilst the process of discernment to identify the new diocesan bishop is underway, however tempting it may be to pause, we must address with vigour the challenging financial situation in which we find ourselves, and prepare for the future with optimism, confidence and faith.

Last year we had a simple message for parishes around the payment of Share which was to 'pay what you can and don't worry too much about what you can't.'

This year the message is a little different reflecting a new reality and a new urgency in our appeal – that if we truly value the Church and believe it has an ongoing, perhaps a reinvigorated and thriving future post Covid, then we must cherish it, serve it and support it.

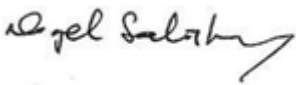
So please support us by doing your utmost to pay Share this year so we can address the deficit, get our diocesan finances onto a sustainable footing and plan for the uncertain but promising future that lies ahead.

Fundamentally we need to ensure that Parish Share covers the cost of parish ministry, otherwise our current patterns of ministry and numbers of stipendiary clergy and houses will need to be reduced.

In conclusion, and apologies for the length of this letter, thank you for your support through the last 12 months, please bear with us and work with us as we find our way together through the challenges ahead.

With thanks and every blessing to you and yours this Eastertide,

Yours



Nigel Salisbury

Chairman, Diocesan Board of Finance

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