



**Diocese of Canterbury**  
CHANGED LIVES → CHANGING LIVES

# Parish Finance Health Check

## Introduction

This 'health check' is designed to help parishes look in detail at their finances, to get a clear idea of where your finances are strong, where you need to improve, and where the risks to your financial stability are.

This health check is about the everyday running costs of your church – it is not about fundraising for re-ordering or repairs to the fabric of your building. If you need to raise money for these purposes, information and advice is available from the Stewardship Advisers.

Any review of finances should take place within the context of your planning for mission, and be checked against the three priorities of:

- Growing the Church, numerically and spiritually
- Re-imagining ministry for lay and ordained
- Building partnerships that enrich communities

## Analysis of parish finances

Don't just take a snapshot of where your finances are today – by looking at patterns over a few years you will have a better idea of where you are heading and be able to see where it will be helpful to focus your attention.

Much of this information is easily available at your fingertips. Every parish administrator has access to Parish Returns. The administrator can access the 'Statistics for Mission' Dashboard and the Finance Dashboard, which has lots of useful information on the finances and attendances for individual parishes. The administrator can also give others in the parish a login so they can access this information as well.

## Income

	2014	2015	2016	2017	2018
Usual Sunday Attendance					
Total unrestricted income					
Planned giving – envelopes (numbers of givers)					
Planned giving – envelopes (amount)					
Planned giving – standing orders (numbers of givers)					
Planned giving – standing orders (amount)					
Cash collections					
Special collections (e.g. Christian Aid)					
Planned giving per head per week					
Restricted income					
One-off donations to general funds					
Gift aid income					
Legacy income					
Fundraising income					

## Expenditure

These are suggested sorts of expenditure – you can add or subtract categories according to your particular circumstances.

	2014	2015	2016	2017	2018
Parish share					
Clergy expenses					
Worship costs (music etc)					
Children/Youth work					
Administration (Stationery/photocopying/bank charges etc)					
Maintenance of church grounds					

Maintenance and repair of church fabric					
Cost of running the church (utilities/insurance/cleaning etc)					
Salaries					
Giving outside the church					
Hospitality					
Unplanned expenditure					

## Patterns of giving chart

It can be useful to work out your patterns of giving. You may find that although your overall giving per head figures look OK, you are relying on a small number of generous givers. If one of those givers were to leave it could have a big impact on your church's finances.

Number of people	Amount given per week	Total £ per week
	Up to £3.00	
	£3.00 - £5.00	
	£5.00 - £10.00	
	£10.00 - £20.00	
	Over £20.00	
Total		

## How does your parish compare?

In 2017, in the diocese of Canterbury the average weekly gift to the Church was £14.88, including Gift Aid.

## Patterns of attendance

Income declines as people leave the church, and new people often don't join the planned giving scheme immediately. People who are new to attending church often don't know how much it costs to run the church.

- How many people have left the church over the last five years?
- Why did they leave? (died, moved to a different church, stopped going to church?)
- How many people have joined?
- How many joiners have set up a standing order?

What type of service do people go to? (BCP, weekday services, parish communion, family service, Fresh Expressions, etc) If you know the patterns of giving for each of your 'different congregations' you will see where your levels of giving are particularly low, and can do something about it.

(If you find that you have lost people to a different church, or lost people because they have stopped going to church at all, it may be time to ask why, and look at your mission planning.)

## Property

What property does your parish own? For most parishes this will be a church hall or perhaps another property, which can be let.

### Church Hall

- Can it be used more frequently?
- Are you promoting its use in your locality? Can you do more?
- Who are your potential tenants/users?
- Are you charging the right level of fees (compare your fees to comparable places in your locality).
- Would refurbishment increase the attractiveness to potential users and/or the level of fees you can charge?
- What does it cost you to run (maintenance and running costs)?
- Do lettings cover these costs?

Can you list your hall on <https://www.hallshire.com/> (It's free.)

## Purchasing

Energy, stationery, photocopying, IT software and fire safety are significant items of expenditure for many parishes.

The Church of England has set up a co-operative buying scheme where you will find a range of competitive deals all focussed on saving time and money. Each supplier and contract has been thoroughly reviewed and many parishes are making significant savings.

You need to register with the website, which is quick and simple. It's free to register at [www.parishbuying.org.uk](http://www.parishbuying.org.uk)

## digital giving and card readers

Have you thought about encouraging donations through online platforms or text messaging?

It is now possible to take card payments for fees or donations. To find out more about card readers or different options for online donations, go to:

<https://www.parishresources.org.uk/digital-giving/>

## Stewardship

Many Anglicans are reluctant to talk about money, and rarely do it. Stewardship is about more than asking for money. It helps people connect giving with faith, seeing giving as a response to God's generosity to us. It helps people understand that giving enables mission and ministry, rather than simply paying the bills and that they, and their gifts, are valued by the church.

- Do you have an annual Stewardship Sunday?
- How often do you hear preaching and teaching on God's generosity?
- When was your last major stewardship campaign?
- Do you thank people, individually, for their gifts every year?

## Parish Giving Officer

Good stewardship practice can be enabled by appointing a Parish Giving Officer.

Their role is to encourage giving from within their congregation, not only by encouraging clergy and Readers to teach and preach on generosity and by providing resources, but by actively championing generosity within the parish. More information can be found at: [www.parishresources.org.uk/giving](http://www.parishresources.org.uk/giving)

## Gift Aid

Gift Aid makes an enormous difference to our parishes. Most are very organised, but there may be a little scope for improvement.

- Do you have a declaration from everyone who is eligible to Gift Aid their donations?
- Do you claim regularly?
- When a regular donor fills in a gift aid declaration for the first time, do you claim gift aid for their donations over the previous four years?
- Do you have envelopes with a Gift Aid declaration for one off donations in the pews?
- Are you claiming under GASD?

For information on any matters relating to Gift Aid contact Alexis Stuart Young at Diocesan House, [giftaid@diocant.org](mailto:giftaid@diocant.org), tel 01227 459401

## Higher Rate Taxpayers

If you are a higher rate tax payer you can claim the difference between the rate you pay and basic rate on your donation through you Self-Assessment tax return, or by asking HM Revenue and Customs (HMRC) to amend your tax code if you pay tax through PAYE. You can keep this extra money for yourself.

## Communication

- Do members of your church family (and the wider community) know how much it costs to run your church?
- Do they know how parish share is spent?
- Do members of your Church family understand how the Church of England is funded, and do they understand that you are responsible for the costs of ministry in your parish?
- Do you thank your individual donors regularly? Do you show people how their gifts have made a difference to your parish?

## Legacies

Many charities receive a large proportion of their income from legacies, and in 2017 charities received a total of £2.8 billion in bequests. Church of England parishes receive about £50 million per year, but if we compare with, say £186.6 million for Cancer Research UK or £73.3 million for the British Heart Foundation, we have not reached our potential.

- How many legacies have you received in the last five years?
- Do you actively promote legacy giving?
- Does the PCC have a stated policy for what the church will spend legacy income on?
- Do you people know that if they leave a legacy to your church that amount of money will be deducted from the value of the estate, or if they leave more than 10% of their estate to the church they will pay tax at a lower rate.
- Do you tell people in your church when you have received a legacy, and let them know what it will be used for?

For information on how you can encourage legacy giving in your parish visit <https://www.parishresources.org.uk/legacies/>

The Church of England also has a website for people considering leaving a gift in their will to the Church. It can be found at [www.churchlegacy.org.uk](http://www.churchlegacy.org.uk)

Can you link to this from your church website?

## Visitors and Friends

Many people on the fringe of the church can be encouraged to support the church. They will not replace the contribution made by the regular committed giving of the church family, and they are far more likely to support the costs of maintaining the fabric of the building than the mission and ministry of the church, but there is an enormous amount of good will towards the church.

Many parishes have a Friends' group, but more information on maximising income from the church fringe and visitors can be found in the booklet 'Turning Goodwill to Good Account', available for free from the Diocesan House.

## Protocol and process

### Financial Controls

Financial controls are important in ensuring that risks are identified and managed. They also help make sure that money is managed and spent as wisely as possible. It is a good idea for every parish to review their financial control systems regularly. Do you:

- Monitor spending against your budget?
- Review your expected income against actual income?
- Share detailed financial information with the PCC?
- Have procedures in place to minimise the risk of fraud (for example by always having two people present when money is counted)?

The charity commission has some detailed advice, which can be found at <http://www.charity-commission.gov.uk/publications/cc8.aspx>

### Risk Policy

It is good practice to have a risk management policy in place, and such a policy will help you cope if something unexpected happens. For more information look at:

<https://www.parishresources.org.uk/pccs/managing-risk/>

### Reserves and investment policies

Every parish should use reserves for the benefit of the church, and should link in with the mission of that parish. If you spend time and prayer in deciding what your priorities are, and the current and future financial needs of the church, you should be able to come up with a policy which is transparent.

- Do you have a reserves policy?
- How often do you review it?

Most parishes have some reserves. You will probably need to be able to access some of your reserves quickly, but some money may earn a better rate in a notice or short-term account. It is good practice to review investments from time to time.

A short guide to investing reserves can be found at:  
[www.parishresources.org.uk/charity/reserves](http://www.parishresources.org.uk/charity/reserves)

### Designated and restricted funds

A restricted fund is a fund where money was given for a specific purpose – e.g. to buy hymn books, or to maintain the organ. These funds must be used for this purpose. It may be

possible to use these funds for another purpose by applying to the Charity Commission for a 'Scheme'. A designated fund is a fund in which the PCC has decided to allocate money from the general fund for a specific purpose. Designated funds can be 'un-designated'.

- What funds do you have?
- Which are restricted, and which are designated?
- How much is in each fund?
- Do you have any paperwork relating to them?
- Do you have any restricted funds which can't be used because the original purpose is no longer in place? If so consider applying to the Charity Commission for a Scheme.
- Do you have a number of very small funds which could be amalgamated?

## Budget

It is important to prepare a budget in as much detail as possible each year, and to regularly monitor expenditure against the budget. Your budget should contain:

Income, including:

- Planned giving
- Gift Aid
- One-off donations
- Cash Collections
- Grants
- Legacies
- Dividends and interest
- Church Hall lettings
- Fees
- Fundraising events and activities
- Any other income

Expenditure, including:

- Parish Share
  - Clergy Expenses
  - Worship costs (music etc)
  - Cost of children/youth work
  - Admin costs (including photocopying, stationery, postage, bank charges)
  - Salaries
  - Maintenance of church grounds
  - Maintenance and repair of fabric
  - Cost of running the church (Insurance, utilities, cleaning etc)
  - Giving outside the church
  - Hospitality
  - Any unusual expenditure which is planned (e.g. replacement of equipment or quinquennial repairs)
- How does your planned expenditure compare with your expected income?
  - How realistic is your budget? (Is the projected income from fundraising events really going to happen? Have you allowed enough for maintenance of the fabric of the building? Etc?)
  - How do you monitor your spending?
  - Does the PCC look at expenditure in detail at every PCC meeting?
  - Do you review your spending priorities at least once a year (but don't cut back on parish share)?



- Are you running a deficit? If so, is it a one-off, or an ongoing situation? What do you plan to do about it?
- Are the accounts up to date?

## Parish Share

Parish share is important. This is what pays for ministry, the training of clergy and lay ministers and the parish support available to every parish.

- Do you pay parish share by standing order?
- If you have arrears of parish share, do you have a strategy in place to ‘catch up’?

If you are having difficulties paying Parish Share contact your Deanery Treasurer and Doug Gibb (Diocesan Director of Finance) as soon as possible – don’t ignore it. Arrears of parish share do matter, and in the medium to long term it will affect the levels of ministry in the Diocese as a whole, and your parish in particular.

## Mission

It may seem odd to consider questions about mission when looking at your parish’s finances, but mission is at the heart of what we do in our churches, and our money is there to support that mission, and the ministry which resources it, so it makes sense to think about what is really important to us when we are thinking about our scarce funds.

- Do you have a mission action plan?
- What is your mission?
- Does the whole parish share your goals and mission, or is it being driven by the incumbent and/or a small group of people?
- What would you like to be doing, but can’t at present because you don’t have the money? (It is helpful to be specific here – perhaps you want to set up a messy church, or tithe PCC income to important causes in developing countries, for example)

## Further Resources

[www.parishresources.org.uk](http://www.parishresources.org.uk)

[www.parishbuying.org.uk](http://www.parishbuying.org.uk)

[www.churchlegacy.org.uk](http://www.churchlegacy.org.uk)

[www.canterburydiocese.org.uk](http://www.canterburydiocese.org.uk)