



2022 Parish Offer

Frequently Asked Questions¹

1. In summary

a. What is Parish Offer?

Parish Offer is the way in which all Parochial Church Councils (PCCs) contribute to a Common Fund for the provision of frontline ministry and mission across the 400 church communities in Hereford Diocese.

Parish Offer enables local ministry and outreach to be provided regardless of wealth, and gives each parish the opportunity to model generous discipleship that we commend to each Christian.

Parish Offer supports our strategic diocesan priorities of growing Christians of all ages and background (spiritual and numerical growth), contributing to the common good, and reimagining ministry.

Every year, we ask each PCC to consider prayerfully how much they will commit in Parish Offer for the following year. This reflects both our responsibility and our privilege to provide for local mission and ministry. We invite PCCs to reflect on their local situation as they make a Parish Offer that is guided by faith in our generous God, yet is also realistic and sustainable.

The Diocese of Hereford introduced its generosity-based Parish Offer scheme in 2017 to replace the previous Parish Share arrangement which was considered too formulaic.

b. What is our financial challenge?

Since 2011, parish contributions towards local ministry and mission have declined every year in real terms, and do not cover the cost of providing such ministry. This trend accelerated in 2021, with some of our churches seeing sharp reductions in voluntary income due to the COVID-19 restrictions. As a result, overall Parish Offer in 2021 is expected to be just £3.3m, £0.5m (13%) lower than in 2020.

There is now an urgent need to restore and increase giving through Parish Offer, so that we can continue to invest in frontline ministry and outreach. We want to train the next generation of clergy and lay leadership, and avoid having to make reductions to existing clergy numbers.

A PCC that is unable to increase its Parish Offer over time places an additional burden on other parishes to cover shortfalls, and reduces the Diocesan Board of Finance's ability to support ministry.

¹ We acknowledge with thanks the DBF officers and senior clergy who have helped to prepare this section. We are also very grateful to the Diocese of Bristol for allowing us to use some of their FAQ material.

If Parish Offer levels do not rise, we will need to review the number of current and future clergy we can support, and may need to reduce essential support to our parishes and church schools.

2. Our approach to Parish Offer

a. Why do we contribute to a Common Fund, rather than just pay for our own clergy?

One of the joys of the Church of England is that we work together rather than each church being independent and paying for their own clergy. This means that we share the financial resources God has given us so that, recognising that we are connected to each another across the Diocese, we commit to provide local mission and ministry for all on the basis of need and opportunity, rather than ability to pay.

Some areas in our Diocese are among the financially poorest in the country, while others are among the wealthiest. Collectively we are all part of one Church working together in God's mission in our five counties, so we pool our resources – we don't simply focus on our own needs.

It's part of our calling as Christians who are living and working as one body, reflecting the character of God as Trinity, showing practical mutual love that is focussed on others. We have a principle of shared resources so that all may thrive.

The principles of Parish Offer are rooted in St Paul's words in 2 Corinthians 8 and 9. Paul urges the Corinthian church to follow the example of the poorer Macedonian churches who gave beyond their ability to support other churches. The goal is to "excel in the grace of giving" and to achieve equality in resources across the Church so that we can reach all our local communities with the Good News of Jesus Christ.

There are a number of calls on each PCC's income: insurance, building maintenance, outreach, administration, work with children and young people, and mission giving. But the largest cost relates to ordained ministry and this is met by the Diocesan Board of Finance, funded by parish contributions to our Common Fund. The Parish Offer system invites each of us to take responsibility for meeting the costs of local mission and ministry, and to be generous in supporting those with whom we are connected across our Diocese.

b. How should a PCC decide how much to give in Parish Offer?

We ask each PCC to think carefully and prayerfully about how to use God's gifts to us to further the work of the Church in our diocese. This will involve collaborative discussions with neighbouring PCCs to identify how we can support each other across parish boundaries and ensure that we provide sufficient resources to cover, as far as possible, the full costs of local ministry in our own deanery. Of course, giving more than this will support parishes that are unable to be as generous as they would like to be – and help fund new initiatives for church growth.

c. How can we set a generous, yet realistic and sustainable Parish Offer?

Here are some suggested practical steps as you approach this vital exercise:

i) Book a meeting with other treasurers and PCC members in your benefice. Prayerfully consider together how to **resource your Mission Action Plan priorities** in the year ahead. PCCs should be aiming to meet the full costs of parish ministry within their deanery. Your deanery leadership team should be able to provide you with this information.

ii) In your own PCC, develop an outline **budget** for the year ahead.

iii) **Review levels of giving**, planned and occasional. Consider whether your PCC could adopt or expand roll-out of the [Parish Giving Scheme](#).

iv) Examine outgoings: are there areas where the PCC could **save money**? Expect costs to rise (inflation as measured by CPI is forecast to be 2.0% in 2022). Why not get a quote or take advantage of discounts available through [Parish Buying](#)?

v) Make sure the PCC has a simple **reserves policy**. The Charity Commission tells us it's not good enough just to save 'for a rainy day'.

vi) Share your findings with the full PCC and decide how much your Parish Offer will be for 2022: aim to be generous, yet realistic.

vii) Complete the 2022 Parish Offer response form no later than 6 August 2021.

d. Will our Parish Offer be published?

Yes, every Parish Offer will be visible to the public in a PCC's annual report & accounts. Deanery leadership teams and Archdeacons also have access to this information. Many dioceses publish Parish Offer (or Share) details on their website and, in the interests of transparency and our shared responsibility to one another, we may do this in future too.

3. What Parish Offer covers

a. What does Parish Offer pay for?

Parish Offer pays for local ministry and mission. Individual PCCs do not employ clergy; instead, Parish Offer contributions enable the Diocesan Board of Finance to meet the costs of clergy training, stipends, pensions, housing, and ongoing support. In this way, we can provide appropriate ministry in every community. Whilst the majority of costs relate to paid clergy, there are also support costs for self-supporting ordained and lay ministers and House for Duty clergy.

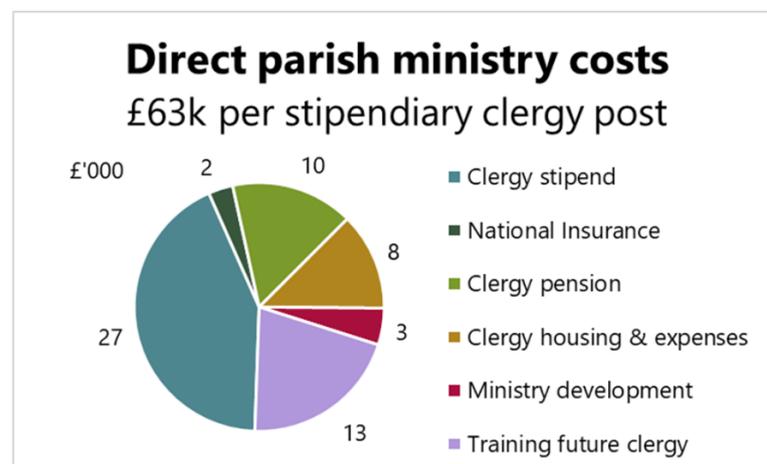
We need to resource not just current clergy, but those who will lead the Church of the future. Through our Common Fund, we pay for those who will be the future ministers in our parishes – through their selection, training and curacy.

In addition, the Diocesan Board of Finance provides the essential services that support parish ministry, alongside Diocesan Board of Education colleagues who support school leaders and education resources across our 78 church schools. Other resources provided by the DBF include:

- Child and vulnerable adult safeguarding expertise
- Local ministry and Intergenerational Mission teams
- Guidance from Church Buildings, Community Partnership & Development, and Church & Society Link officers
- Pastoral reorganisation advice
- Management of clergy houses and glebe land
- Finance, Generous Giving and Stewardship support.

b. What is the actual cost of ministry to the Diocese per parish or benefice?

For 2021, the average cost per paid clergy post is around £63,000. The following chart provides a breakdown of this figure:



In 2021, our incumbents and priests-in-charge receive a stipend of £26,880. Until 2020, Hereford Diocese paid the lowest stipend of all 40 English dioceses. We raised it slightly as the trustees (Bishop's Council) recognised the need to offer enough to attract and retain the best clergy.

c. Why are clergy pension contributions so high?

The national Church operates a form of defined benefit scheme for its stipendiary clergy – the Church of England Funded Pension Scheme (CEFPS). The C of E's Pensions Board has been in regular contact with the actuary and the Pensions Regulator to determine the precise funding requirements for this Scheme. Hereford, like every participating diocese, is required to pay a contribution rate prescribed by the Pensions Board. For a number of years, this has been set at 39.9% of the prior year National Minimum Stipend (NMS), which in 2021 totals just over £10,000.

The 39.9% contribution rate has two components: a future service rate (currently 32.8%) and a deficit contribution (7.1%). In one sense, everyone would like both these components to reduce, but this will depend on various assumptions agreed between the Scheme's actuary and Pensions Board trustees: future investment returns, expected stipend increases, mortality, and inflation.

On the other hand, we want to ensure that after a lifetime of service in parish ministry, our clergy have reasonable provision for their retirement. A member of clergy completing over 40 years of pensionable service would receive half the previous year's National Minimum Stipend at their normal retirement date – in 2021, that translates to a pension of just over £12,300 per year – a modest income.

d. Training new ministers seems to cost a lot. Can we afford to sustain this level of investment?

Perhaps a better question is, "Can we afford not to?" With the 'baby boomer generation' retiring, the national Church is expecting a shortage of clergy and is trying to increase by up to 50% the number of new ministers being trained and ordained. Even achieving this goal will not maintain current levels over the next few years. So this is perhaps the most important investment that we can be making.

In order to select the right kind of people, there is an intensive selection process at both diocesan and national levels; this needs resourcing.

Pre-ordination maintenance costs (on courses and in colleges) can range from less than £5,000 to over £20,000 per person per year, over 2-3 years. Our curates placed with a training incumbent have a slightly lower stipend, but other costs are broadly similar to priests-in-charge, vicars and rectors.

We should never forget that our many Self Supporting Ministers and Licenced Lay Ministers give generously of their precious time. Without them, we would struggle to maintain ministry in some of our churches. However, there are still costs attached to training, equipping and supporting them in their roles. Initial training for an SSM costs around £8,000 a year, and they benefit from ongoing ministry development, and support from Archdeacons and others.

e. What about central diocesan costs?

The Diocesan Board of Finance employs a number of support ministers to enable ministry in our parishes and church schools. It makes sense to share their expertise at diocesan level as this ensures good coordination and value for money.

Prior to the COVID-19 pandemic, the Hereford DBF had forecasted a balanced budget. We targeted savings in the diocesan office by changing the way we do things (in particular reducing agents' fees, closing offices, seeking external funding and reducing the amount of work we do) and through not replacing a number of diocesan staff. From 2017 to 2020, we have had decisions

to reduce the number of full-time equivalent staff through reorganisation and voluntary redundancy, which has generated cost savings of over £400,000.

This enabled the DBF to prioritise parish ministry posts, although we have overseen a small decrease in this area too. We have also chosen to make some of our historic assets available today rather than just increase in value for tomorrow. We describe this as our 'Total Return Mission Fund', and we use this to resource projects with objectives that clearly show how they will grow the local church (through intergenerational mission projects, youth church etc.).

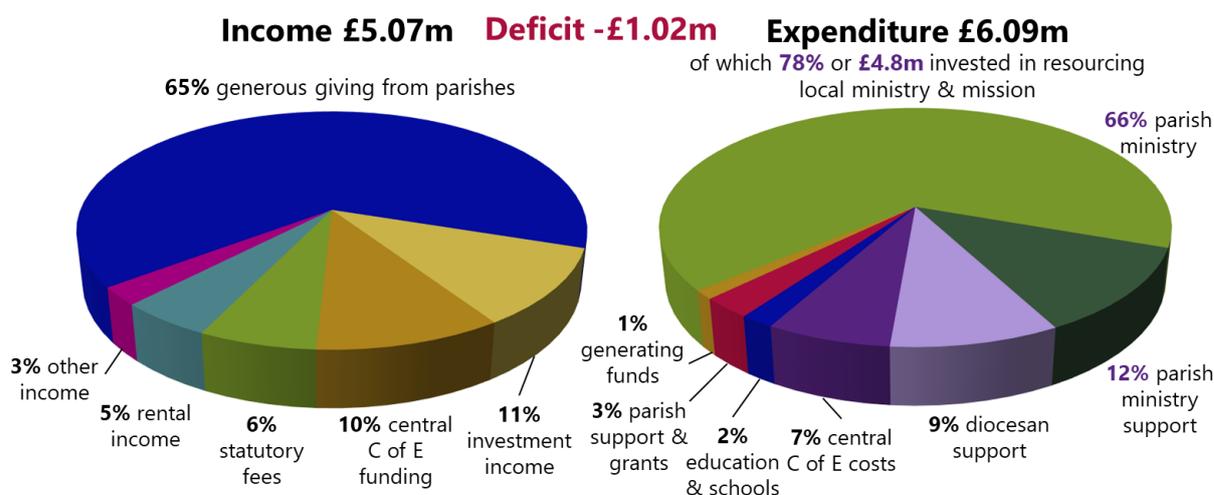
4. How is the Diocese of Hereford funded?

a. What proportion of diocesan expenditure does Parish Offer fund?

In 2021, we budgeted £4.04m for parish clergy costs, and £0.72m for ministry support costs. This includes clergy development and training, conferences, mission projects, and support minister salaries. Total 2021 Parish Offer commitments of **£3.31m** will cover **70%** of these local ministry and mission costs, although only 54% of total diocesan expenditure of £6.09m. This leaves the Diocesan Board of Finance with a core budget deficit of £(1.02)m for 2021, as illustrated below:



Another way of looking at total income and expenditure is shown below:



b. What other kinds of income does the Diocese get?

The Diocesan Board of Finance receives income from statutory fees, rents, investments and grants. This income significantly subsidises the frontline ministry in our parishes.

The nature of the organisation means that the Hereford DBF does own significant assets. However, the DBF deploys these assets primarily to support parish ministry, or to generate long-term returns from investments. Currently £52m is invested in properties for our parish clergy. The DBF may sell a vicarage or develop glebe when such assets are no longer required for local mission and when market conditions are favourable. The DBF re-invests proceeds from such sales to generate long-term income to support local ministry. However, sometimes the one-off benefit of 'selling the family silver' results in a loss in future revenue, and charity regulations specify that sale proceeds can be used only for specific purposes.

In recent years, as Parish Offer contributions have declined, the DBF has had to use some of these proceeds to maintain sufficient liquidity to pay stipends and suppliers. Hence it's vital that PCCs contribute as generously as they can to ensure that together, we can resource local ministry appropriately.

c. What do we get from the national Church?

In 2021, the Hereford Diocesan Board of Finance will send £375,000 to the Archbishops' Council as part of our Diocese's share – this covers training for ministry, national church responsibilities, and retired clergy housing costs. In return, we will receive £390,000 split between Lowest Income Community and 'Transition' (restructuring) funding. Hence net income from the national church in 2021 is £15,000.

We also benefit from national church expertise, and continue to receive 50% funding for our Intergenerational Missioner project through the Strategic Development Fund.

d. How is the diocesan budget managed and scrutinised?

As you would expect from a charitable organisation with a significant budget and multiple stakeholders, we monitor our financial position closely.

Every year, the trustees in Bishop's Council ask a dedicated Budget Review Group to scrutinise the annual budget and assumptions, before it goes to Finance Committee for review, and to Bishop's Council who recommend the budget to Diocesan Synod for approval.

Through the year, the diocesan Finance Team generate monthly management accounts and cash flow forecasts for review by senior management and Finance Committee. The annual statutory report and accounts are subject to external audit and extensive review by Audit and Finance Committee before approval by the full Board of directors and trustees. Once Diocesan Synod approves the annual report and accounts, they are submitted to Companies House and the Charity Commission, and shared publicly on the diocesan website.

5. Do parishes have to make a Parish Offer?

a. There are so many calls on our finances – how do we prioritise?

As church members, it is primarily our duty and joy to provide the financial resources for local mission and ministry. We know how much those living in our parishes value the contribution we make to the common good, and how much they appreciate our buildings as wonderful examples of heritage, and places where many significant moments of life are marked by prayer. We can invite them to partner with us in finding funds to help maintain the buildings, and some of our wider community events.

b. What happens if parishes do not give at, or beyond, the level that is requested, or reduce their Parish Offer giving?

Put simply, someone else has to pay! In the medium-term, there will be tough decisions about where to allocate limited resources to local ministry and mission.

If PCCs do not give generously, in effect they are asking other parishes to contribute more. As PCCs, we are responsible and accountable to one other for how much we give. Where Parish Offers to the Common Fund do not meet local ministry costs, the Diocesan Board of Finance has to step in with its reserves to close the gap.

At the end of 2016, the Diocesan Board of Finance wrote off over £1.1m of Parish Share arrears. Between 2017-2020, the DBF has used its reserves to cover a further £1.1m of operating losses on its General Fund. In order to ensure that the Board has sufficient resources to sustain the breadth of its charitable activities over the long-term, the trustees are keen to return to a balanced budget position at the earliest opportunity, although recognise that this may take a little longer than anticipated following the coronavirus pandemic.

Few organisations can allow expenditure to exceed income over the long-term. For now, we continue to prioritise funding for frontline parish ministry, maintain investments in future ordained clergy and lay ministers, and check that central diocesan support remains effective yet cost-effective. We invite every PCC to partner with us to sustain ministry and outreach in our local communities.

Parish Offer works best when we all give, in St Paul's words, "as much as we are able and even beyond our ability" (2 Corinthians 8³).

c. Our parish/benefice is in vacancy – why are we still asked to make the same level of Parish Offer?

Vacancies are hard for everyone, especially when they go on for a long time, which is why in Hereford Diocese we have a policy of filling them as soon as is practicable, of providing support and, where appropriate, putting in place interim ministry if we need to consider new arrangements for future ministry during a vacancy.

It's important to note that the average cost of a stipendiary clergy post of £63,000 in 2021 includes vacancies. If one or more PCCs stopped their Parish Offer contributions during a vacancy, everyone else would have to pay more! So when we maintain our Parish Offer contributions during an interregnum, we show our mutual support to other parishes, and this avoids sudden changes to the amount needed from each deanery every year.

Nationally we need to train clergy and lay ministers to replace those coming to retirement, and these aspects of the Common Fund remain the same whether or not a parish is in vacancy. We continue to offer ministry experience programmes to some, and provide for those already in training for ordained and licensed lay ministry.

d. We are planning a large project in our parish. Can we reduce our Parish Offer for a while to meet this additional local need?

We ask PCCs to prioritise Parish Offer contributions every year – since we still pay our clergy and suppliers every month! With some careful planning, it may be possible to raise additional income through fundraising or attract grant funding to resource a particular project.

Please speak with one of our Parish Giving Advisers, or our Community Partnership & Funding Officer, for guidance on how to finance a large project.

6. Encouraging generosity within parishes

a. What support is available to help us to encourage generous giving within our parish?

Our Parish Giving Advisers are available to support you and discuss any questions you may have about stewardship, giving, and generosity.

Christians have a distinctive understanding of giving and sharing; it shapes and changes how we live and all our decisions and actions. Giving is at the heart of faith when we choose to follow Jesus

Christ. Our team is available to advise you on all the many ways to enable and encourage generosity and giving within the life of your church and to support its mission and ministry.

Please refer to our [Staff Directory](#) for contact details for our Generous Giving & Stewardship team.

We encourage PCCs and church officers to refer to the eight-point **Giving for Life** guide and take proactive steps to nurture and grow a culture of generous giving and sharing so that the work and life of every local church family can flourish. You can find these resources on the [Generous Giving](#) area of the diocesan website.