

Welcome to Diocesan Synod

Financial position of the Diocese

May 2023

Background

- Money as missional choice
- Structural deficit of up to £1 million
 - Structural = not one-off; doesn't go away through normal means
- Caused by reduced income rather than increased expenditure
- Plan A = more income
- Plan B = reduced cost

Last time's conclusions ...

- Whatever happens we're in a different landscape
 - Problems are not going away
 - Can't simply go back to what was before
- No financial support puts us in very different territory
- Absolutely maintain 3-fold partnership
- May be the first, but definitely not last diocese, to face this
- Sticking with plan A

Since last time...

- Completed initial assessment with National Church staff
- Made an initial bid to SMMIB and received a response
- Today –
 - Reminder of our financial position
 - Three elements of SMMIB support

Today

- £1 million problem
- Liverpool's unique finances
- Financial support for 2023
- Tackling financial underperformance
- 2023 Independent Review

£1 million problem

- Underlying deficit of £1 million in parish share payments
 - Fewer people post-Covid – 10 years' decline in 2
 - People have less money (cost of living crisis)
 - Utility costs and other cost pressures for parishes
- Despite continuing Liverpool overperformance
 - Holding down parish share (asking for less cash than in 2019)
 - Good stewardship practice (highest level of PGS takeup)
 - Continuing high levels of commitment to parish share
- Depleted parish reserves
 - Typically now under £20K

£1 million problem

- Liverpool is not unusual
- Every part of the country faces similar challenges
 - Long-term decline
 - Covid
 - Economic factors
- Liverpool not a significant outlier relative to other dioceses
 - e.g. in attendance, new joiners, giving
- Diocesan deficits in 2023 will be £39m (2022: £43m)

Liverpool's unique finances

We have no significant land or investment assets

- Typical endowment/glebe is **£35m**; Liverpool's is **£1m**
- Causes are historic distribution plus low land values
- Minimal additional working capital

- Assets mean resilience
- Assets bring additional income

Liverpool's unique finances

Liverpool DBF 2023 budget

- £8m Deanery Parish Share (70%)
- £1.7m LInC funding (15%)
- £0.7m Investments & rentals (6%)

Another diocesan budget

- £3.8m Parish Share (48%)
- £0.9m LInC funding (11%)
- £2.6m Investments & rentals (33%)

Current plan – 5 elements

National church facing:

- i. Breathing-space solution for 2023
- ii. Get agreement with National Church around root cause of our financial challenge
- iii. Begin to tackle areas of outlying financial performance
- iv. Ask parishes to pay as much Parish Share as possible
- v. Continue with Fit for Mission

Current plan

- 3 parts of SMMIB's offer
 - Financial support for 2023
 - Tackling financial undercontribution – Category C
 - 2023 Independent Review

Financial Support for 2023

- Up to £1 million to offset parish share underpayment
- Should be enough that the DBF can meet its obligations
 - if everyone pays as much as possible
- Affect on 2023 parish share arrears yet to be agreed
- Currently a one-off, don't know what will happen in 2024

Category C

- 3 categories of parish from a financial perspective
 - A, covers costs and makes suitable contribution to others
 - B, receives subsidy at a suitable level
 - C, undercontributes compared to others with similar deprivation
- We will commit to tackling undercontribution
 - Fairness – between parishes
 - Accountability – for the LInC funding we get now
 - Contributing to reducing the deficit

Category C

- Category C team, funded by SMMIB will
 - Make a fair assessment of parishes' category
 - Identify practical routes out of category C status
 - Work with deaneries to plan and implement improvement
- Solutions may include
 - Increasing actual and potential financial contribution
 - Reducing ministry costs
 - Stopping some things

Category C

- We are not changing our intentional bias to the poor
 - Most deprived pay on average £17K per stipendiary post
 - Least deprived pay on average £89K per stipendiary post
- Benefits will accrue to deaneries
 - potential for more realistically affordable parish share
 - help to make good plans about stipend allocations and parish share

Independent Review

- A consultant employed by the national church
 - Embedded in the diocese for c. 4 months (from June 2023)
 - Access to all decision-making at deanery and diocesan level
 - Developing a candid partnership
- An agreed report with a plan for improvement
 - What can be done within the diocese
 - What can be done with SMMIB resources
 - What will need to be recommended elsewhere

Independent Review

- Core question: can we find a solution to the £1 million problem?
 - can we manage our way out of the problem
 - in the short term? - in the long term?
 - Can we grow our way out of the problem
 - in the short term? - in the long term?
- Keeping the focus on the core question
 - Don't be distracted by other issues

What to do next

- Pray
 - For God's blessing and guidance
 - For one another
 - For members of SMMIB, the reviewer and others
- Talk
 - About the core financial challenge: lack of assets and associated income
- Help
 - By engaging with the independent review as necessary
 - By encouraging as much full parish share payment as possible

Reminder

Liverpool DBF 2023 budget - £1million endowment

- £8m Deanery Parish Share (70%)
- £1.7m LInC funding (15%)
- £0.7m Investments & rentals (6%)

Another more typical diocese - £35million endowment

- £3.8m Parish Share (48%)
- £0.9m LInC funding (11%)
- £2.6m Investments & rentals (33%)

