

## **Indicative Offers - FAQs**

### **What is the Common Fund?**

In keeping with the implementation of Called Together, the Unrestricted General Fund has been renamed the 'Common Fund'. This emphasizes how Parish Offers are used to fund the Diocese as a whole and that all parishes are sharing in the collective mission and ministry of the Diocese under the Diocesan strategic framework, Called Together.

A Common Fund is the means through which we collect financial contributions from our parishes towards the cost of all Anglican churches' work in the Rochester Diocese in sharing the Good News.

The Common Fund, an Offer system with Indicative Offers being provided to support informed decisions, brings together the principles of proportionality, informed generosity, and an aspiration and encouragement toward becoming self-financing.

These principles are underpinned by a commitment to transparency and mutual accountability and are biblically based and fundamental in the way we think about how we respond to the call to support God's mission here in our Diocese.

### **What are Parish Offers?**

The Parish Offer is the formal pledged offer made by a parish as its contribution for the ensuing year towards the Common Fund. The Parish Offer system is based on principles of relationship, trust, mutual commitment and freewill offering, coupled with the responsibility for ministry in one's own place. It recognises that all giving is a freewill response to the generosity of God related both to opportunity and need.

There are three key reasons why the Parish Offer was introduced: to be open about the voluntary nature of all giving (just as congregational giving to parishes is voluntary); to ensure there could be clergy in all parts of the Diocese, not just those able to afford their own minister(s); and to encourage generosity from those parishes which are better off, to support those which are struggling.

The principal income stream of the Diocese as a whole (representing 88% of income) is derived from voluntary giving from the parishes. This is in the form of Parish Offers that are made following the publishing of the Budget for the forthcoming year and historically with guidance for annual growth in pledges from Diocesan Synod.

Parish Offers are essential to the mission of the church in the whole Diocese; without it, clergy and parishes cannot be supported in their mission. Accordingly, we ask parishes to make a pledge that is challenging, realistic and generous.

### **What are Indicative Offers?**

Indicative Offers seeks to represent a fair and reasonable rate of contribution for parishes to support mission and ministry across the Diocese and act as the basis for its Parish Offer. It seeks to ensure an equitable share of the cost of ministry and mission across the Diocese. The apportionment methodology proposed is based upon the principle that each parish should contribute to the costs of shared ministry and mission across the whole of the Diocese according to its ability to do so.

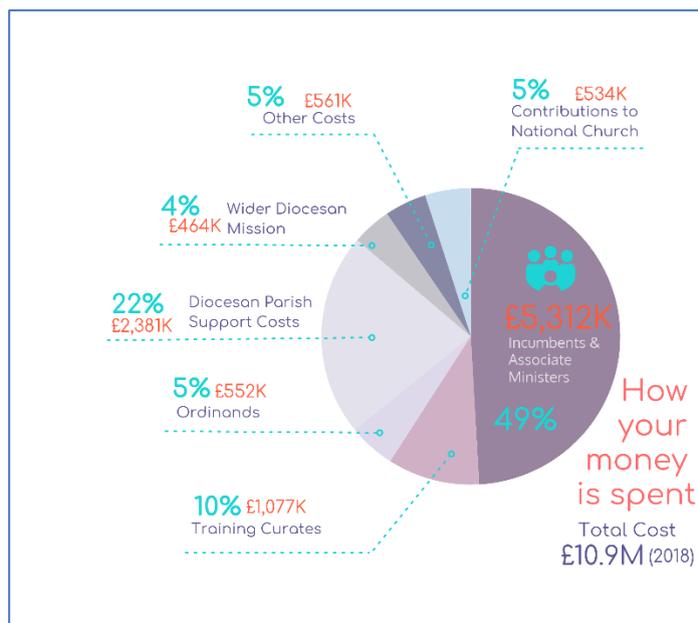
Indicative Offers are provided to parishes to support their decisions when considering the pledged level of the Offer they will make, based on the cost of ministry and the overall funding requirement of the whole Diocese for mission and ministry.

It is hoped that by introducing a system of Indicative Offers that the level of Parish Offers may be increased to a level that will enable the Diocese to cover its costs.

## **How does the Common Fund get its income and what is the money spent on?**

88% of Income for the Common Fund is derived from Parish Offers.

The following infographic shows the breakdown of Diocesan Expenditure for the year ending 31 December 2018:



This shows that about a half is for the direct employment of incumbents and associates and two-thirds is for the employment and training of current and future clergy.

## **What is the Definition of Gross Income (Unrestricted)?**

Most of the money a PCC receives will be for spending on the PCC's normal activities. This money is 'Unrestricted Income'. Sometimes the giver will specify particular activities that they wish the money to be used for. This money is 'Restricted Income'. Occasionally money may be given for the PCC to retain rather than spend on activities. This money is 'Endowment Capital'.

If you have unrestricted funds which the PCC want to use for a particular purpose, the chosen amount can be earmarked as an unrestricted 'Designated Fund' for that particular purpose. Each time you receive or spend money you need to say which fund it is for. It still is however 'unrestricted' income.

In relation to the definitions of funds and fund types, including Unrestricted and Restricted Income, these are set out in the 'Green Book' (PCC Accountability: The Charities Act 2011 and the PCC, 5th Edition) at 2.7 to 2.10 (on pages 21 to 25). This can be obtained from Church House Publishing and can be found online at:

<https://www.parishresources.org.uk/wp-content/uploads/PCC-Accountability-5th-Edition.pdf>

Further guidance can be found at:

<https://www.parishresources.org.uk/resources-for-treasurers/accounting-for-different-types-of-funds/>

## **What about income with associated costs?**

If, for example, your church holds fundraising events or activities towards the general ministry of the church or rents out property, there will be associated costs which will not be taken into account when calculating the Indicative Offer. Parishes will need to show the gross income and associated expenditure of events and activities in their accounts without 'netting off'. As Indicative Offers include a percentage of unrestricted gross income, where such activities are material this could distort the Indicative Offer calculation. In such circumstances, parishes may wish to make reference in the Additional Data Return on the Annual Finance Return and an adjustment will be made to the published Indicative Offer calculation.

## **How are Preschools and Playgroups to be treated?**

If our church runs a Preschool or Playgroup, how should this be treated, especially as there will be expenditure involved and it is unlikely to make a surplus? As the income for Preschools and Playgroups

is typically provided for the purposes of the group, this income and the associated expenditure should normally be restricted. Only surplus income that is usable for the wider mission purposes of the PCC is technically unrestricted income. If there is rental income paid to the PCC by the Preschool or Playgroup, then this should be included in unrestricted income. If this is done by way of fund transfer and is not included in unrestricted income in the accounts, in such circumstances, parishes may wish to make reference in the Additional Data Return on the Annual Finance Return and an adjustment will be made to the published Indicative Offer calculation.

### **How are Legacies treated?**

If legacies are 'unrestricted' they form part of unrestricted income of the PCC. However, as the income is intermittent, the Indicative Offer spreads the calculation over 5 years i.e. 2% p.a..

It should be remembered that Parish Offers are voluntary contributions made by the parish. PCCs may wish to reconsider their legacy policy if it adopts the current model policy which states, 'to use gifts to help fund significant development projects, whether buildings, equipment or staff' and going forward this would ideally need to be altered to make it broader. Notwithstanding, legacies that are not restricted by the donor may be spent as decided by the PCC, according to its objects.

### **Why is there a charge for Self-Supporting Ministers?**

The 'Ministry Cost' element of the Indicative Offers will include a charge of £4,000 p.a. for Licensed Self-Supporting Ministers acting as Incumbents or Associate Ministers, to cover the cost of selection, training and ministerial oversight.

Self-supporting ministry is acknowledged as being a 'gift' and is most gratefully received and indeed an essential part of sustaining ministry in the Diocese. The calculation is not intended for roving PTOs or SSMs, but for those who are licensed to specific ministries in leadership roles. If this covers several churches, then an appropriate allocation of time may need to be applied.

### **Partnering with Parishes across the Diocese?**

Partnering typically involves one or more parishes in different parts of the Diocese partnering with another to provide support in ministry and mission. It is distinguished from local partnering, such as through team or group ministries. Such support can include prayer, relationship building, and exchange of resources; both financial and human. Partnerships often work where one parish is more 'wealthy' than another and it can offer financial support. However, partnerships work both ways and can bring mutual benefit and flourishing to those involved.

Parishes remain responsible for paying their own Parish Offers in full to the Diocese. However, one or more parishes may wish additionally to support directly another parish in the payment of its Parish Offer, to cover the cost of its Stipend and Diocesan Support Costs. They also may wish to provide direct financial support toward mission and ministry and capital projects. Parishes receiving contributions from other parishes in the Diocese towards their income may wish to make reference in the Additional Data Return on the Annual Finance Return and an adjustment will be made to the published Indicative Offer calculation.