HERTFORD & WARE DEANERY 21 March 2022

REPORT ON BOARD OF FINANCE

You won't be surprised that parish share collections for the Diocese as a whole dropped over the last 2 years. In fact some £2.6m in parish share requested has not been paid. This is about 9% in total, just about twice the normal rate.

Through cost containment and better than budgeted investment income we have reduced the overall deficit to just under £1m for the two years. These deficits are being covered by reserves but clearly are unsustainable for any length of time. Historically, small deficits have been added to the next year's parish share request but clearly, we could not do this to cover 2020 and 2021. At present we do not see a big improvement this year, for which we are presently forecasting a loss of £750K. If this comes to pass, we will have another write off to reserves.

Since the 2021 outturn became apparent in December a lot of work has gone into addressing the financial situation, ranging from planned cuts at Holywell Lodge, to reducing curate numbers from the next cohort (back to 10 – which is where they were pre pandemic – they increased with part funding from the central Church. We are also planning further small strategic reductions in stipendiary posts. How many posts depends on how successful we are in taking all the other actions we have in the plan – reductions in clergy numbers will be a last resort.

In this first quarter a lot of financial information, including forecasts covering the next 5 years, has been shared by the officers with the DBF, Bishop's Council and Diocesan Synod and with leaders in the Deaneries. Key to facing up to the challenges is the harnessing of our deanery leaders to look critically at the ministry in their areas. It is interesting to note that some dioceses are appointing full time Rural/Area Deans to be accountable for the delivery of agreed strategies – we haven't gone that far yet!

The key question for 2022 for our overall finance is the parish share collection rate. It is too early to assess trends in 2022, but we know that parishes and our supporters are facing headwinds – in 2021, 1/3rd of our parishes did not pay what was asked of them and the parish share per member is increasing much more than the rise in the overall request (2021 – 4.7% v 1.4%).

We can do our bit by ensuring that paying parish share is a priority for each of our parishes. We have 3 that have not paid anything so far this year, and overall we are a bit behind where, ideally, we should be, with another 4 parishes well behind, dragging down our averages.

The officers and the DBF are doing everything they can to maximise income into the Common Fund, but we have to recognise that most of our assets are in our endowment or restricted and there is a limit on how creative we can be. The 2023 costs budget will be particularly challenging, given the inflationary pressures facing us, and the inevitable squeeze on living standards leading to a wage/price spiral.

We are getting quite a lot of comments about how the plans already presented manage decline. As + Alan said at Synod, the big problem we have is not financial, it is one of declining membership. We all know that you can’t cut your way to prosperity – this applies to all organisations - so alongside the necessary slimming down short term plans we have to fuel growth.

At least we are now looking at giving grants to growing parishes, as well as to struggling ones – 3 are being approved and the first one over the line was for this very church - but that is not enough and our existing budget for grants is needed to support struggling parishes. If we cannot invest serious money in places where growth can be achieved, then the church will die by a thousand cuts. We are looking seriously at a project to inject serious growth funding directly into parishes with a good case - this would be a better use of our money than writing off deficits.

Colin Bird