

DIOCESE OF CHICHESTER

**FINANCIAL ASPECTS
OF MINISTRY**

A guide for clergy and parishes

2018

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1. INTRODUCTION

The responsibility for providing ministry in our churches is shared between people in parishes, the bishops, archdeacons and diocesan Church House, and the Church Commissioners. Between them they ensure our churches and ministers receive financial and administrative support and pastoral care.

The largest cost of the diocese is paying and housing the parish clergy. In addition the diocese funds the training of ordinands, curates and experienced clergy, and provides support to parishes such as buildings advice and safeguarding checks. The diocese also provides guidance and support to our Church schools.

Historically, most of the funding for stipends came from the Church Commissioners, together with income from glebe property. As the cost of providing realistic stipends as well as proper pension and provision for retirement rose significantly, the responsibility for funding shifted to parishes and diocesan authorities. Commissioners' grants for stipends slowly declined, and ceased altogether in 1995. There is no government funding for the costs of ministry or support. As a result these costs must be found from within the parishes and dioceses.

The vast majority of the diocese's income comes from the generosity of parishes through Parish Share. Other sources of income include investment income, rents from vacant parsonages and payments for certain services. This income and expenditure is managed by the Diocesan Board of Finance (DBF) under the authority of the diocesan synod.

In order to help parishes understand the cost of providing ministry in the Diocese the total budgeted expenditure is divided across the total number of parish clergy. The costs associated with each member of the clergy are known as Parish Ministry Costs ('PMC'). In order to allocate costs the type of post (full time, part time, House for Duty etc) is taken into account and the costs are apportioned appropriately. For 2019 the average Parish Ministry Cost for a parish with one full-time stipendiary post is £71,883.

Parish Share is the amount which a PCC pledges to give to the Diocese as its contribution towards the costs of the Diocese. The name Parish Share reflects the joint responsibility we all have for maintaining the Church of England through parochial ministry and other shared resources.

More information about Parish Share and Parish Ministry Costs is available in the leaflet entitled 'Parish Share: Paying for our Churches.'

This booklet (known as the **Blue book**) aims to explain how together we find the money, and how it is spent. There are also sections covering parochial expenses, occasional duty fees, housing and pension information which will be of interest not only to clergy but also to churchwardens, parish treasurers and, we hope, all members of congregations. We feel it is important that everyone concerned with the financial, administrative and pastoral support of the ministry should have as full a picture as possible.

OUR POLICY

It is our policy that ministers should have:

- a stipend adequate "to live in reasonable comfort without anxiety";
- proper reimbursement of expenses incurred by them on behalf of the parish;
- a house for them and their family;
- the prospect of a fair pension and somewhere to live on retirement;
- access to such other financial help as may be needed from time to time.

A few parishes are classed as ***light duty*** posts where 50% or less of a standard stipend is paid. These posts are usually held by clergy who have another source of income, a pension or hold a dual post.

SUMMARY OF STIPENDS ETC FOR 2018

STIPENDS

	From 1 April 2018 £	From 1 April 2019 £
Archdeacons	35,395	36,110
Additional payment to rural deans	1,430	1,450
Incumbents and team vicars	26,490	26,890
Additional payment to team rectors	750	750
Assistant curates, parish deacons and licensed lay workers – standard	25,470	25,980
Assistant curates, parish deacons and licensed lay workers – with 3+ children	25,825	26,340
Assistant curates, parish deacons and licensed lay workers – with special responsibilities	26,175	26,700
National stipend benchmark	25,950	26,470
National minimum	24,280	tbc

GRANTS

The grants payable from 1 April 2018 are as follows. (See page 19 for more details.)

	Incumbents £	Curates £	SSMs £
Resettlement	2,428	2,428	N/A
First appointment	N/A	2,428	1,214
Second appointment	2,428	2,428	N/A
Training incumbent	375	N/A	N/A

PENSIONS

Stipendiary clergy and eligible lay workers are members of the Church of England clergy pension scheme (unless the individual has chosen not to join). The DBF makes contributions of £9,493 per annum (2018/19) on behalf of eligible licensed clergy and lay workers. Lower contributions are paid on behalf of those who work part time. Members do not have to pay contributions but may wish to make voluntary contributions. More information about the Clergy Pension Scheme is available from the Church of England Pensions' Board.

2. STIPENDS

Where does the money come from to pay the clergy working in the parishes of this diocese?

Money to pay stipends comes mainly from the following sources:

PARISHES

1 *Parish Share*

Every parish in the diocese, through the deanery, is asked to contribute an amount, known as the Parish Share, towards the overall cost of maintaining the Church of England in Sussex. The greater part of this goes towards providing stipends. The Parish Share is a substantial part of the diocesan budget.

Stipends are paid each month. It is therefore essential for parishes to pay their Parish Share monthly so that the diocesan bank account is not overdrawn which would mean incurring heavy bank charges. Most parishes pay by monthly standing orders through their bank or by direct debit.

INVESTMENTS OWNED BY THE DIOCESAN BOARD OF FINANCE

2 *Diocesan stipends capital account*

This fund comprises proceeds of sales of glebe properties plus legacies and gifts which have been given to provide income for stipends. The income from this account is earmarked to help pay clergy stipends.

3 *Diocesan pastoral account*

The capital in this fund has arisen from surpluses on the sale of redundant parsonages, churches and other property. The income goes towards stipends.

CHURCH COMMISSIONERS

4 *Guaranteed annuities from the Church Commissioners*

The Church Commissioners make grants to some dioceses by way of Lowest Income Communities funding, but not the Diocese of Chichester. Payment of guaranteed annuities attached to certain benefices represents the only payment made by the Commissioners to the diocese. Due to legislation this will be gradually withdrawn as the incumbent of each benefice departs, and is already a very modest amount of income to the diocese.

OTHER MAJOR SOURCES

5 Glebe land income

Historically, glebe belonged to a particular benefice, and the income was to provide for an incumbent. In 1978 glebe was put under diocesan administration. The income is used to support clergy across the diocese.

6 Lettings

The diocese is making increasing efforts to generate additional income by letting out parsonage houses when not required for parochial use (for example during vacancies).

How is the stipend paid?

The stipend is paid by 12 equal monthly payments from the Church Commissioners (net of tax and national insurance) not later than the last working day in the month. The Commissioners act as agents in paying the clergy for this diocese as they do for dioceses throughout the country.

What about income tax?

The monthly stipend paid into the bank by the Church Commissioners is net of income tax and national insurance.

Working expenses not reimbursed

It is diocesan policy that ministers should be reimbursed expenses incurred by them on behalf of the parish. However, all stipendiary ministers may set against their taxable income any working expenses for which they have not been reimbursed. Nevertheless, this still means they have to find, at present tax rates, 80% of these expenses out of their own pocket.

Heating, lighting and cleaning

Full time clergy and most full time parochial lay workers, provided they occupy an official residence, *ie* not their own home, are entitled to claim tax relief for running their office. In practice this amounts to a percentage of the cost of heating, lighting and cleaning the whole residence. For further information, see <https://www.churchofengland.org/more/clergy-resources/clergy-payroll/hlc-scheme>

Further information

Further information on income tax is contained in a booklet published by the Churches Main Committee *The Taxation of Ministers of Religion*, and in a leaflet *Tax on Service Benefit* written by the Church Commissioners in the form of questions and answers.

Useful information about taxation issues can be found at <https://www.churchofengland.org/more/clergy-resources/clergy-payroll/ministers-religion-tax-return-pages>

What happens when clergy are sick?

The stipend continues to be paid in full for as long as the individual is entitled to receive statutory sickness payments. It is important that a self-certificated sickness form available from the Church Commissioners (or Diocesan Church House) is completed and returned to them. A doctor's certificate must be obtained for illness lasting longer than a week. Clergy (Terms of Service) legislation stipulates that all on Common Tenure must notify the Diocese's HR Officer (tash.islam@chichester.anglican.org) of any periods of illness either by email or by post to Church House.

Further information can be found in the Diocesan Clergy Manual.

In the case of an incumbent or priest-in-charge, the DBF may pay occasional duty fees for services taken in the parish (see section on occasional duty fees on page 11).

Other Leave

Information about Parental Leave is available in the Family Friendly Policy. Information about annual leave, compassionate leave and other forms of leave such as to undertake jury service can be found in the Clergy Manual. Both are available on the diocesan website.

It is important to note that the Diocese's HR Officer (tash.islam@chichester.anglican.org) must be notified of all intended leave other than annual leave as soon as possible so that funds can be reclaimed from the government. This is needed particularly early for maternity and paternity leave: see the Family Friendly Policy for timescales.

What about House for Duty priests or curates-in-charge?

As their name implies, House for Duty priests do not receive a stipend but are provided with a house in exchange for providing ministry.

3. PAROCHIAL WORKING EXPENSES

Like many workers, clergy often pay for incidental working expenses (travel, stationery etc) from their own pockets. ***Diocesan policy is that all expenses properly incurred on behalf of the parish should be reimbursed.*** We encourage all clergy to put in regular itemised claims for all expenses to the PCC, so that the Church can understand the full real costs of ministry.

If all expenses are not claimed then the full cost of running a parish is not known. Furthermore it is unfair on future clergy who may not be able to afford to subsidise a parish. If clergy want to donate part of their expenses to the parish, they should make the full claim, and then make a separate voluntary donation, preferably *Gift Aided*. This is a tax efficient and fair way of proceeding.

Types of expenses payable by PCCs

The main types of expenses for which a PCC is responsible are:

- 1 ***Travel:*** eg car expenses or cost of public transport incurred on parochial business.
- 2 ***Office:*** eg postage, telephone, stationery, administrative assistance and the provision and depreciation of office equipment or computers as appropriate.
- 3 ***Professional:*** eg maintenance of robes, teaching aids, literature, books and church publications.
- 4 ***Locum tenens:*** eg the provision of a locum to do holiday duty or to cover during sabbatical leave. However, the payment of a locum when the priest is sick is normally paid by the diocese. (See page 11 for information on occasional duty fees.)
- 5 ***Hospitality:*** to visiting preachers and so on.

In addition to these parochial working expenses PCCs are responsible for meeting the council tax, water rates and environmental charges for all houses occupied by parish stipendiary staff including licensed lay workers.

Full details of parochial working expenses are contained in the Archbishops' Council's booklet ***The Parochial Expenses of the Clergy - A Guide to their Reimbursement***, available at

<https://www.churchofengland.org/sites/default/files/2017-10/parochial-expenses-guide-2017.pdf>

All these legitimate expenses should be reimbursed monthly by the PCC in full. Where a minister officiates in a plurality or a multiple parish benefice, ie a benefice

with two or more parishes, the expenses should be shared by the PCCs by prior agreement. One way of working out the shares would be in proportion to the Parish Share.

We recommend that expenses are set out on a proper form every month so that there is no doubt as to what has been spent and how much should be reimbursed. The Diocesan expense form can be adapted for PCC use and blank forms may be obtained from Diocesan Church House. If expenses are not reimbursed, clergy have to pay them from their stipend. This is grossly unfair, because the level of the stipend has been set on the assumption that all such expenses are reimbursed.

We recommend that reimbursements for the use of a car on parochial duty should be based on a fixed sum per mile and not in terms of road tax, insurance and so on. HM Revenue and Customs issues rates each tax year commencing 6 April, which will not involve any potential tax liability on any so called profit. The 2018/19 rates are:

Car **45p** for the first 10,000 miles, dropping to
25p for any further mileage

Motorcycle **24p** per mile

Bicycle **20p** per mile

Whether parishes use the rates set out, or any other basis, full records *ie* details of all official and private mileage and all car running expenses, including invoices, should be kept. Such records are required to substantiate a tax relief claim for any un-reimbursed element of car expenses, or to use in any dispute with HMRC about over reimbursement.

Self-supporting ministers

SSMs do not receive a stipend or housing but are entitled to reimbursement of appropriate working expenses from the appropriate PCC. SSMs are not normally entitled to occasional duty fees during interregna or sickness, but may claim travelling expenses for these services from the DBF.

4. PAROCHIAL FEES

There are statutory fees payable for services which the incumbent is under a legal obligation to provide (such as marriages and funerals). The amount of the fee is set centrally by law and it is the PCC's responsibility to collect the fee due for any service. The fee consists of two elements: an amount due to the PCC and an amount due to the DBF. When a service is taken by a retired minister then the diocese has agreed that 80% of the DBF's fee can be paid to the retired minister instead.

It is the diocese's policy that the whole fee due should be paid directly to the PCC. It is the PCC's responsibility to forward the correct amounts to the DBF and the retired minister as appropriate. More information about parochial fees, including the up-to-date fees table and DBF forms, can be found on the diocesan website: <http://www.chichester.anglican.org/church-finances/>

5. OCCASIONAL DUTY FEES

These are the amounts payable to a minister for taking a service in church because the church is in vacancy (known as sequestration), or the incumbent or priest-in-charge is ill. In these circumstances the diocese is responsible for paying occasional duty fees.

Stipendiary clergy, SSMs, clergy in full time employment and Readers are not entitled to a fee, but are entitled to travelling expenses.

For retired stipendiary ministers the DBF will pay occasional duty fees within certain financial ceilings (see below). The scales are:

Fees (from 1 January 2019)

Full Sunday duty (<i>two or more services</i>)	£65.00
Main Sunday service (<i>or major festival service</i>)	£40.00
Weekday service (<i>or short Sunday service or baptism service which is not part of the Main service</i>)	£25.00

Subject to a maximum of £90 per church per week

Travel expenses

The diocese will also pay travelling expenses at the current mileage rate, 45p, subject to a usual maximum return journey of 30 miles. However mileage in excess of 30 miles incurred by a priest living in the same deanery may be paid in full. Travel expenses over and above this figure should be met by the parish.

How to claim

Clergy and readers should complete the appropriate claim form and give it to the churchwarden or rural dean. It should be signed by both the person taking the service and the churchwarden or rural dean. The churchwarden or rural dean should then send it to Diocesan Church House so that payment can be made. Copies of the form are available from the Stipends Administrator at Church House, Hove or from the diocesan website.

<http://www.chichester.anglican.org/documents/forms/occ-sequestration-duty-form/>

Further information

For further information, see ***The payment of parochial and other fees*** (guidelines prepared by the DBF in February 2015), copies of which may be obtained at <http://www.chichester.anglican.org/documents/guidance/fees-guidance/> or from Church House, Hove. If any questions or queries arise, please contact the Stipends Administrator or the Diocesan Secretary at Church House, Hove.

6. HOUSING

A stipendiary minister is entitled to a house, free of rent, repairs and rates or charges, to serve as both office and home. There is no obligation to use it for PCC or other meetings.

Parsonages

The DBF normally provides a parsonage for an incumbent or priest-in-charge. All parsonages are administered by the Property Director and his/her staff under the auspices of the parsonage sub-committees.

The PCC is responsible for the payment of water rates, environmental charges, and Council Tax. It is suggested that parishes in a multiple parish benefice or in plurality should share the costs in the same way as they share working expenses.

The priest pays for services (gas, electricity, telephone, broadband, etc) and insurance of contents but may be able to claim tax relief. Accountancy advice should be sought where necessary.

The DBF is responsible for virtually everything else including:

- Insuring the fabric but not contents. Claims must be made through the Property Department staff.
- Fabric repairs and exterior decoration on a five-yearly cycle (including the installation of at least two smoke detectors, if not already done).
- Repairs to the fabric on an interim basis, eg storm damage, but not: the cleaning of gutters; maintenance of the garden (except mature trees); repairs to sheds, greenhouses, washing lines or television aerials; repairs to gas fires or cookers or any other appliance. These items are the responsibility of the occupant of the house although the PCC may assist.
- All property repairs, other than emergency repairs, must be authorised by the Property Director or his/her staff, who issue orders to contractors. In extreme emergency situations, provided that the total value of the contract, excluding cost of materials, does not exceed £250, any reliable firm may be instructed to undertake the repairs. If the total value of the contract, excluding cost of materials, exceeds £250, instructions must only be given to firms on a list provided by the Property Director.
- Improvements: the cost of major improvements is usually shared with the PCC. For details of how to apply, see the Property Strategy at <http://www.chichester.anglican.org/documents/guidance/property-strategy/>
- Under government safety regulations, all gas boilers and appliances must be inspected annually by a registered operator. For benefice and glebe properties

and those owned by the DBF, the property department will set up an annual servicing contract for boilers and heating systems. The DBF will cover the cost for this. The diocese will also inspect and pay for the servicing of oil fired heating systems.

The PCC or parish or parochial trusts retain the responsibility for making similar arrangements and paying the cost for **all properties** owned or held in trust by the PCC, parochial officers or parish trusts.

The DBF also makes grants to incumbents for:

- Interior decoration on the production of receipted accounts for work done or materials purchased:
 - (a) Up to £350 for the five-year period to 31 December 2022 and each subsequent 5 year period.
 - (b) Up to £350 on removal to another benefice.
 - (c) Up to £350 after ten years in the same house (not transferable to a new incumbent).
- Security measures (e.g. locks on doors and windows, burglar alarms, security lighting); up to £120.

Applications for all grants must be made **before the work is started**.

The Parsonages Board strongly recommends that each year one room of the parsonage is decorated, for which the PCC should pay the full cost. Alternatively, the PCC should put aside money each year for this cost.

During an interregnum, the churchwardens with the Rural Dean are automatically appointed sequestrators. Part of their duty is to be responsible for the parsonage and any other benefice property. Details of their responsibilities are contained in ***Notes for churchwardens during a vacancy***, a copy of which is issued when sequestrators are appointed. Further copies are available from the Stipends Administrator at Diocesan Church House. If the parsonage is to be empty during the winter months, the plumbing and heating systems must be fully drained down; the property department can help with this if required.

Further information can be found in the Diocese's Housing Handbook:

http://www.chichester.anglican.org/media/documents/document/2015/02/150213_Property_Handbook_updated_FINAL.pdf

Houses for assistant ministers

Parishes are usually expected to provide housing for assistant ministers.

Where the house is owned by the DBF, rent will be either determined by the local rent officer (if a fair rent is in operation), or assessed as close to the local fair rent

as possible. The DBF will maintain the fabric, but the PCC is responsible for internal decoration of these houses.

Where the PCC owns the property they must bear the full cost of housing assistant clergy.

Where the house is owned by the DBF the responsibility for the servicing and inspection of the gas installation and appliances rests with the DBF. Where the house is owned by the PCC, it rests with the PCC.

The Property Department at Church House Hove is very willing to advise and offer guidance at any time. Please contact the Property Director in the first instance.

7. PENSIONS & RETIREMENT BENEFITS

In this diocese Rural Deans have pastoral responsibility for retired clergy and clergy widow(er)s living within their deanery. In most instances the parish priest will have day to day pastoral concern.

Mr Jonathan Prichard, at Church House, Hove, is the Retired Clergy and Clergy Widow(er)s Officer and tries to be as helpful as possible with practical and financial matters.

Many clergy are members of the Retired Clergy Association which has a number of active groups within the diocese. For information contact: Canon Richard Orchard, 7 Love Lane, Rye, TN31 7NE (01797 225916).

Clergy and licensed lay workers

Currently all stipendiary clergy and licensed lay workers are automatically members of a non-contributory pension scheme. For members who are able to complete the maximum reckonable service (full service) before their scheme retirement age, the position is as follows:

1. Members who have completed full service before 1 January 2011 will be entitled to a maximum pension of $\frac{2}{3}$ of National Minimum Stipend.
2. Members who joined on or after 1 January 2011 and complete full service will be entitled to a maximum pension of $\frac{1}{2}$ of National Minimum Stipend.
3. All other members will receive a maximum pension of somewhere between $\frac{1}{2}$ and $\frac{2}{3}$ of NMS dependent on the proportion of service completed before and after 1 January 2011.

The following table summarises the maximum benefits payable at scheme retirement ages to members in the first 2 categories (outlined above) from 1 April 2018.

	April 2018 ($\frac{1}{2}$ NMS)	April 2018 ($\frac{2}{3}$ NMS)
Pension:		
Basic	£11,900	£15,867
Retirement lump sum	£35,700	£47,600

Clergy with fewer years of service will normally get lower pension benefits.

If clergy are unsure whether they qualify for a full pension they should contact the Church of England Pensions Board for advice, using the contact details given below.

Retirement Housing

For those clergy requiring help with their retirement housing both when leaving ministry and into their retirement, the Pensions Board offers assistance. The two main offers are:

- CHARM Housing – clergy can apply up to 5 years before their proposed retirement date. The Board offers shared ownership for those who have savings but not enough to buy outright, or subsidised rented accommodation for those who have limited savings. Clergy can choose from properties in locations all over England and some in Wales.
- For those looking for a more supported environment the Board owns 7 sheltered housing schemes where residents enjoy communal living in a Christian environment.

Further details are available from the Housing Team on 020 7898 1824 or email pbcustomerservices@churchofengland.org.

Early retirement through ill health

The Pensions Board has the ability to grant a pension if early retirement is necessary on the grounds of ill health. As the regulations and calculation of benefit payable are complicated, reference to the Pensions Board is advised.

Clergy dependants

Widow(er)s receive two-thirds of their spouse's pension. Widow(er)s of clergy who have died in post having completed two years of pensionable service receive a pension of two-thirds of the disability pension which would have been received if retirement due to ill-health had occurred on the day of death. The pension takes into account potential service to pension age.

Orphans may also receive a pension. The first and second child would receive one sixth each of their parent's pension entitlement. If there are more than two, they share a one third pension. This means a widow(er) and children effectively receive the equivalent of the spouse's pension.

Widow(er)s are entitled to remain in a parsonage house for a minimum of two months after the death of their spouse. In this diocese it is the practice for them to be allowed to stay for three months. They become responsible for all outgoings from the date their spouse dies, though there are funds available to help if required. In the first instance, talk to the archdeacon.

Archdeacons have pastoral responsibility for separated or divorced spouses of the clergy.

Voluntary contributions scheme

Clergy and lay workers may improve their retirement benefits by making additional voluntary contributions.

Life Assurance

Stipendiary clergy and licensed lay workers are treated similarly under the Pensions Board's life assurance scheme. In the unfortunate event of death in office a lump sum is payable. For clergy and lay workers still in service beyond pension age, payment under life assurance ceases after 5 years, on a sliding scale.

The Pensions Board has discretion as to who this lump sum death benefit is payable to. To assist the Board in exercising this discretion, all stipendiary clergy and licensed lay workers should complete a nomination form indicating their wishes in this respect. The nomination form is at the back of the pensions booklet (available from the Pensions Board).

For further information

Further information is contained in the booklets issued by the Church of England Pensions Board: ***please see*** <https://www.churchofengland.org/more/pensions/clergy-pensions>

The Pensions Board will be pleased to answer any questions about pension benefits and related matters. Their address is: **29 Great Smith Street, London SW1P 3PS (020 7898 1800 Email pensions@churchofengland.org)**. Please quote your national insurance number in any correspondence.

8. OTHER FINANCIAL HELP

Stipendiary ministers may be entitled to certain benefits to help them in their work and to support their families. Some of these may be open to self-supporting ministers in certain circumstances.

Car loans

The Church Commissioners formerly made loans for cars. The scheme has been discontinued, but the Churches Mutual Credit Union offers an alternative - see <https://cmcu.org.uk/>

First appointment grants

Grants are made to stipendiary ministers on their first appointment after ordination and to those taking up their second appointment, whether or not that is an incumbency. From 1 April 2018 each of these grants is £2,428. SSMS will receive £1,214 on ordination followed by appointment in the diocese.

Resettlement and removal grants

Resettlement grants aim to help with costs of carpets, curtains, etc. Currently the grant is 10% of the national minimum stipend set by the Central Stipends authority. For all clergy (**incumbent status and assistant ministers**) the grant from 1 April 2018 will be £2,428. Grants are not normally made to SSMS.

Any stipendiary minister moving into or within the diocese is also entitled to reclaim the cost of the removal carried out by a removal firm, provided three independent estimates are obtained. Pickfords and GB Liners offer 10% discount to clergy and at least one quote should therefore be obtained from them. The Stipends Administrator can assist with contact details for firms. The diocese will usually meet the cost of the lowest quote subject to an upper limit of £5,000. Quotes should be obtained at least three weeks in advance.

Charitable funds

There are charitable funds available to help clergy or their families. Most national charities restrict their giving to clergy who find themselves in particular financial need. However there are some organisations which will help with extra costs such as music lessons for children. The Church of England website lists some grant-making trusts: <https://www.churchofengland.org/more/clergy-resources/national-clergy-hr/supporting-clergy-health-and-wellbeing#na> Archdeacons are usually able to help with applications.

The diocese has a number of charitable funds for designated purposes to benefit both clergy and their families through either interest free loans or grants. For example, one fund offers grants for up to half the cost of retreats and another for more general financial needs. The archdeacons should be contacted in the first instance about applying for help from these funds.

9. BRIEF EXPLANATION OF PARISH AND DIOCESAN FINANCES IN THE DIOCESE OF CHICHESTER

Each parish is a legal charity in its own right. PCC members (as charity trustees) are legally responsible for generating, managing and then spending the funds needed to run the parish. PCC members act collectively rather than individually. Currently many parishes are 'excepted' from needing to register with the Charity Commission, and the annual reporting that this entails, but this 'exception' only applies to parishes with income of less than £100,000 (see next paragraph).

Since 2008 parishes with gross annual income greater than £100,000 have been required to register with the Charity Commission and will need to send annual reports and accounts and an information sheet to the Commission. The straightforward registration process is done online, and follows a standard national format applicable to all English parishes.

ALL PARISHES are required to submit their annual report and accounts and a finance return to the diocese (which are then forwarded to the national Church authorities), and to answer Articles issued by archdeacons etc.

Parish finances

Parishes have a number of potential sources of income. Although these are all accounted for as income, it is helpful to see the sources in two distinct categories:

Income to support normal running expenses

- Regular giving by church members (through the Parish Giving Scheme, standing orders, weekly envelopes etc.)
- Gift Aid reclaims (currently worth an extra 25% on eligible donations)
- Other cash collections (uplifted by Gift Aid where possible)
- Trading activities (e.g. bookstall, magazines, letting of premises to external bodies)
- Parochial fees for weddings and funerals etc.
- Dividends and interest from investments
- Grants from public funds or charitable trusts earmarked for running costs (e.g. youth worker's salary)

Income to support capital projects

- Legacies and gifts of shares, property or other assets
- Gift Days (for specific church purposes or missionary giving)
- Fundraising events (e.g. fêtes, concerts)
- Proceeds of sale of investments
- Donations or grants from associated Friends of St X or similar local bodies
- Grants from public funds or charitable trusts earmarked for specific capital projects

In times of economic uncertainty it is vital for parishes to keep a close watch on their finances. An annual budget should be debated and agreed by the PCC each autumn. The Treasurer should report to the PCC actual progress against the budget at least every quarter, and the forward budget should be adapted to reflect changing circumstances.

Committed, regular giving is always important. Parishes are advised to run an annual 'stewardship renewal' promotion at roughly the same time each year. Of the programmes available, 'Giving in Grace' (<http://www.givinginGrace.org/>) is probably the most widely-used, with a wide range of web-based resources (sermons, letters, agendas, leaflets, children's etc.) that can be adapted to local needs. The Parish Giving Scheme, which is now being used by Chichester and many other dioceses, offers a simple method by which donors can automatically uplift their gifts each year, if they so choose. Please remember to thank donors regularly and report back to them on what their gifts have achieved.

The diocese's Parish Adviser (Finance, Governance, Stewardship) can offer advice and guidance, so it may be helpful to involve him in planning, or to access the wide range of web resources available at www.chichester.anglican.org/money.

Diocesan finances, Parish Ministry Costs (PMC) and the 'parish share'

The Diocesan Board of Finance (DBF) makes the arrangements to pay all clergy costs and most lay workers centrally. It also pays centrally for training, parish support, clergy housing, administration etc. In total these centrally-paid items are called Parish Ministry Costs (PMC) and are calculated for each parish.

PMC does not track inflation for a number of reasons, of which the most significant are the steadily increasing costs of providing adequate clergy stipends and pensions, and the transfer of certain administrative costs from the Church Commissioners to dioceses and parishes.

Each autumn, the DBF calculates how much of the following year's PMC it will need to recoup from deaneries in the form of 'Parish Share'. The actual amount of Parish Share for each parish is then negotiated by local Deanery Treasurers with individual PCCs. At the current time, Deanery Treasurers are encouraged to balance the books of the Deanery, and, where necessary, grants from historic resources can be made to needy Deaneries by the Credit for Mission Group (formerly Deanery Grant Allocation Group (DGAG)).

The whole budget for each year is approved in advance by the Diocesan Synod at its autumn meeting. The individual Parish Shares are then collected the following year – usually by monthly direct debit – by the DBF, thus enabling PCC Treasurers to budget more accurately.

The Diocesan Strategy challenges all parishes and deaneries to become fully self-supporting (paying their own way) over the rest of this decade. The vast majority will need to do so if the current level of ministry provision is to be maintained and developed. However, it is recognised that there are parishes with faithful ministries that are never

likely to be financially self-sufficient, and the Credit for Mission group is beginning to concentrate its grants on such places and other areas of emerging ministry need, in consultation with bishops, archdeacons and deanery officers.

For further information about parish or diocesan finances, please contact the Accounts Department in Hove (01273 421021).

Help for local churches seeking to resource their ministry:

The Diocesan Parish Adviser (Finance, Governance, Stewardship) is here to help: please call 01273 421021 and ask for John Kemp or see www.chichester.anglican.org/

Online resources:

www.chichester.anglican.org/money

- a good starting point for all Diocesan money matters

www.parishresources.org.uk

- an excellent website setting out all aspects of stewardship in the local church

www.churchlegacy.org.uk

- a site with information about gifts in wills, or legacies

www.parishgivingscheme.org.uk/

- a scheme to help with the administration of regular giving in a parish

www.parishbuying.org.uk/

- Centrally negotiated discounts available to parishes on a range of products and contracts

Four key points from Giving for Life – the C of E's stewardship approach:

1. Preach and teach generous giving
2. Link giving to mission and ministry
3. Encourage annual review of giving
4. Thank givers annually

For more information, see

www.parishresources.org.uk/givingforlife