THE COMMON MISSION FUND AND DIOCESAN CASH FLOW

Why we ask you to make contributions every month

Context

All parishes are aware of the need to balance their cash flow, this is no different at a Diocesan level.

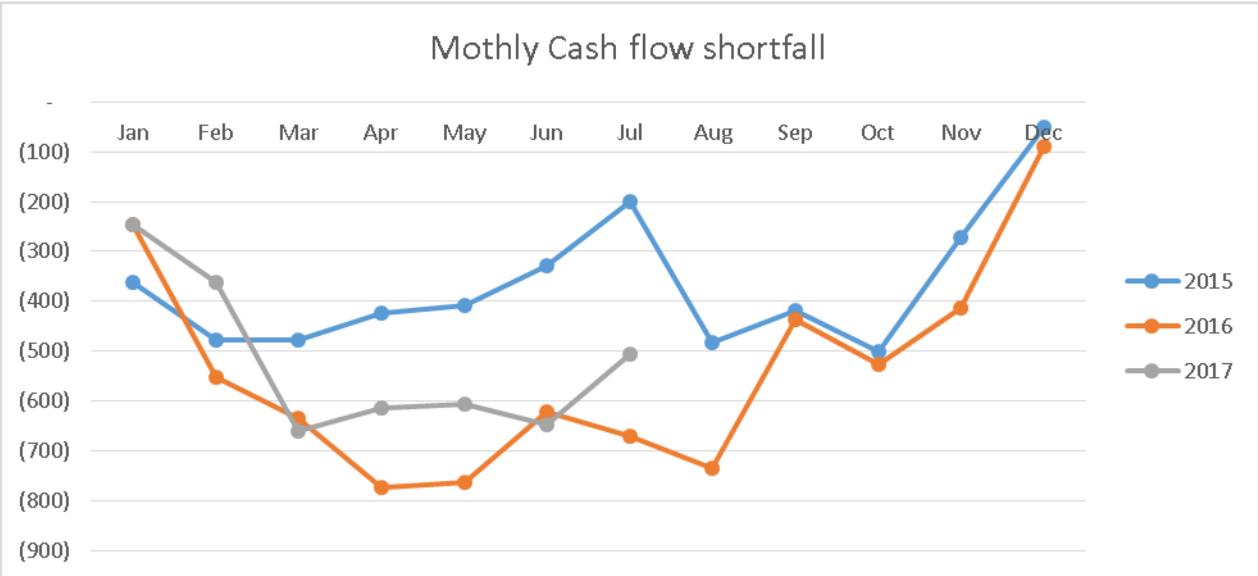
In the last 5 years we've seen total parish income in our diocese increase by over £3m. During this same period, the total amount we've requested from parishes has stayed broadly flat (a reduction of around £2m in real terms when inflation is taken into account).

We've done this by maximising efficiencies and making savings wherever possible. This means that now, despite being the diocese with the second lowest level of historic income, we now ask for the second lowest percentage of parish income as Common Mission Fund.

This position is only sustainable if all parts of our diocesan community work together.

The Challenge

Despite careful monitoring and management, the diocesan cash flow has been a real challenge in recent years as the chart below illustrates:



There are a number of factors that feed into this.

1. We are legally required to pay our clergy stipends, national insurance and pension contributions every month – this accounts for a substantial percentage of our usual expenditure;

2. Common Mission Fund contributions usually start slowly in January and February as PCCs get round to updating their direct debits or standing orders.
3. Council tax and water rates are paid in April/May so that creates a bulge.
4. Most of the external decorating and repairs to our clergy housing stock has to be done during the summer months so that makes these months higher.
5. Parish fees (which account for nearly 7% of our total income) are transferred by parishes quarterly in arrears.
6. We have some of the lowest levels of historic income and endowment of any diocese in the Church of England, meaning we are more reliant on parish contributions than almost any other diocese.

This all results in us having to keep more cash in our general fund to smooth cash flow, rather than investing it to achieve more income for the Diocesan Community. In addition, it also limits the loans we can make to PCCs, and our ability to purchase new houses for clergy and other ministers when needed.

Our request

We ask every PCC to consider whether they can make their Common Mission Fund contributions in 10 (or 12) instalments throughout the year, ideally by direct debit.

CH
December 2017