DIOCESE of WINCHESTER

Walking the Wessex Way

A Strategic Mission & Ministry Development Plan

Appendix 6: Strategic Financial Plan

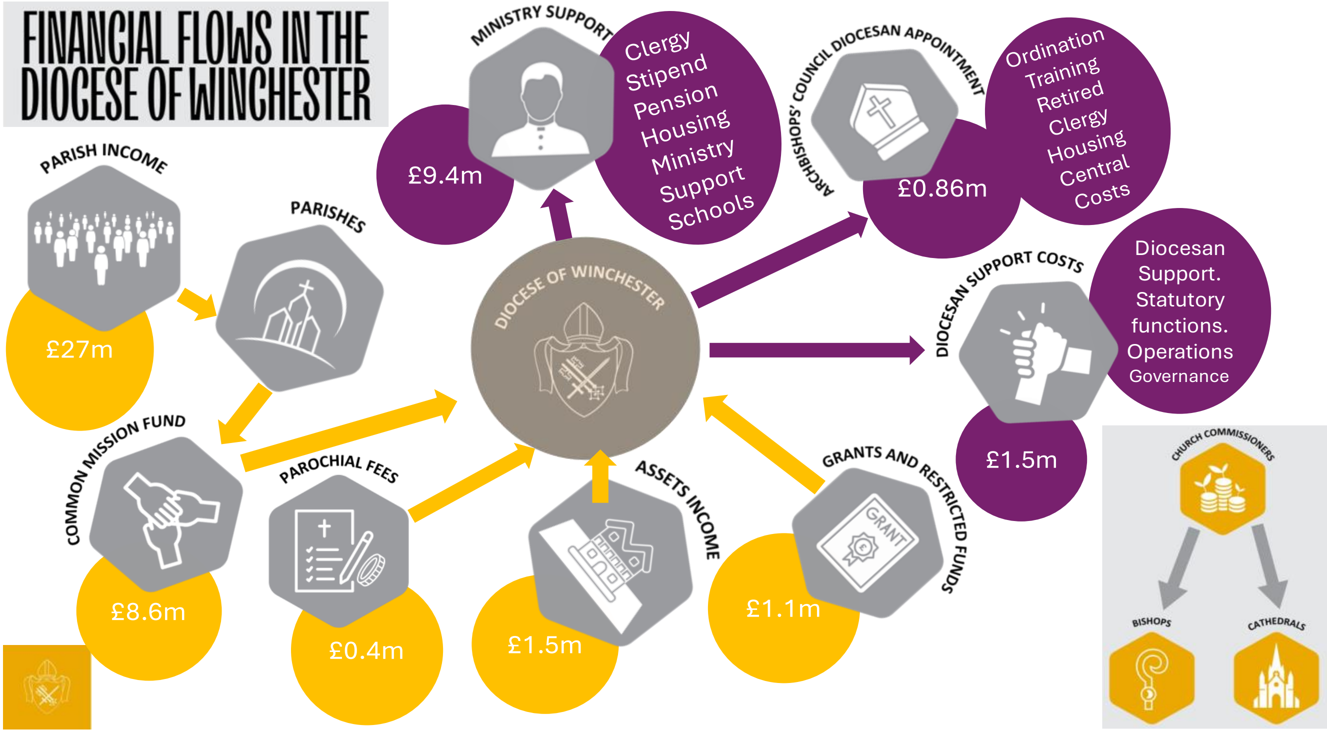
Financial Context

1. In 2023, Winchester Diocesan Synod, and the Directors of the WDBF adopted a new financial strategy and 3-year financial plan. This was developed after a 9-month process of consultation and discernment. As part of this plan, the Diocesan Synod adopted a series of 7 budget tests and aspirations:

Budget Tests & Aspirations	
a.	Stipends should increase in line with the national Stipends Benchmark each year.
b.	At least 80% of our total expenditure should be allocated to 'Ministry Support' and 'Parish & Schools Support'.
c.	'Diocesan Support Costs' should not exceed total non-CMF income.
d.	Total 'Diocesan Support Costs' (net of external funding and recharges) should increase by an average of no more than 2% from 2024 to 2026.
e.	The annual increase in total Common Mission Fund request will be no more than the total annual cost of clergy stipend increase. *A 4% increase in stipends for example will lead to a 2.6% increase in CMF.*
f.	The Common Mission Fund collection rate to return to at least 95% by the end of 2024, increasing by at least 1% a year for 2025 and 2026. *(2022 collection rate was 86%)*
g.	We will maintain a minimum of 116.5 stipendiary clergy across our diocese until 2026, funding any shortfalls in income from reserves.

2. In 2024 all but one of these aspirations was met, with CMF Collection falling well below the 95% target.

3. The diagram below (with commentary) summarises the financial flow in our diocese:



Income:

1. Our 233 PCCs raise a combined total of around **£27m** a year, predominately funded by giving, parochial fees, trading (hall hire etc) grants and legacies.
2. Parishes are then asked to donate **£8.6m** of this total income (around 32%) to the Common Mission Fund (CMF).
3. Along with around **£400k** from the diocesan share of Parochial fees.
4. The WDBF receives a further **£1.5m** from asset income (investments, rental income from vacant properties.)
5. A further **£1.1m** is budgeted for from external grants, and income from restricted funds that the WDBF hold.
6. This leads to total budgeted income of **£11.6m**

Expenditure:

7. The primary call on our income ministry support – the costs of our clergy, houses, stipends, NI, Pensions, training, curates, our ministry with schools and dedicated parish support functions in the diocesan team (such as safeguarding). That totals **£9.4m a year.**
8. A further **£860k** is giving to the Archbishops' Council as part of our Diocesan apportionment to the National Church structures – this includes the costs of training ordinands at theological colleges, support for retired clergy housing, and some national central costs.
9. A further **£1.5m** is then used to fund the remaining support costs and statutory functions of the WDBF.
10. This leads to total budgeted income of **£11.76m**
11. The costs of our bishops and cathedral are funded direct by the **Church Commissioners** and are therefore no cost to us or our parishes.

Mission Resource Cycle

4. The next diagram offers a simple overview of the intrinsic link between mission and finance in our diocesan ecosystem.

Figure 1 Mission Resource Cycle

5. Theoretically, if we can increase any point in this cycle, we should see an increase at every subsequent stage – becoming a **cycle of growth and renewal.**

6. The reverse is sadly also true. Any reduction at any point in this cycle will lead to decrease at every subsequent stage – a **spiral of decline.**

7. Whilst accepting the limitations of this diagram, we believe it offers a useful window into our missional and financial sustainability.

8. Over the last 20+ years, we have seen significant reductions (around 40%) in our stipendiary clergy numbers as we have sought to balance our budgets and achieve financial sustainability by reducing expenditure. This approach has not worked.

9. As we are not able to reduce the underlying structures (church buildings, PCCs, governance, compliance etc.) in a significant or timely manner, all we end up doing is diluting our remaining ministry capacity across a broadly similar sized structure. This results in an ever-increasing percentage of our ministry capacity invested in admin, operations and compliance, with an ever-reducing percentage invested in mission, pastoral care, outreach, discipleship and evangelism. This is not a model that can lead to growth and sustainability.

10. As a diocese we receive no Lowest Income Community Funding (LInC) despite having large urban areas with high levels of deprivation. Around ?600k? people in our diocese live in deprived communities. We also have a very low level of assets per capita, ranking 31st out of the 42 dioceses for this measure.

11. We have therefore had to adopt a financial strategy of subsidising deficit budgets for the next few years, whilst we urgently seek to invest in growth and sustainability. To date we have deployed a variety of tactics to improve our mission resource cycle:

- Invested heavily in new training pathways and opportunities for lay authorised ministers. This has seen a phenomenal growth in our total number of authorised ministers (now over 840) leading to more people exploring vocations to LLM and ordained ministry. At present our numbers of ordinands are holding firm, bucking the national trend of decline.
- Introduced new policy to allow us to appoint '1 day a week' stipendiary posts, giving us greater options to make SSM, PTO and LLM ministers more deployable. We believe these will be of significant benefit to our multi-parish rural benefices
- Reviewed the support and approach to supporting Racial Justice, Women's Ministry and Neuro diversity across our diocese, appointing specialist advisers to work alongside the diocesan team to advocate, advise and lead change in these vital areas.
- Changed our policy to now allow PCCs to appoint locally funded ministers (with clear agreements) where worshipping communities can evidence the need and resources to do so, helping to increase the total ministry capacity across our diocese.

- Our investment in growth (supported by SDF and SMMIB) continue to bear fruit, with the provisional Stats for Mission showing a 6.8% increase in Worshipping community in 2024 (national average 1.2%).
- Have carried out (supported by V&S Team) detailed Health & Vitality Review of all benefices, identifying trends, risks and opportunities.

- Over 60% of our parishes with active digital accounts (card readers and online giving accounts)
- Over 65% of our parishes use PGS
- Saw a **5%** increase in average weekly giving between 2021 and 2022, followed by an **8%** increase in 2023 to £19.44.
- Agreed a retainer with a Fundraising Consultancy to work with PCCs and the DBF.
- Fund a Diocesan wide membership of ACAT for all PCC Treasurers, providing support and training on PCC accounting and good financial management.
- **Despite this, the number of Planned Givers continues to decline, dropping from just over 14,000 in 2013, to just 9,693 in 2023. This continued decline in the number of givers effectively wipes out the benefits from all our other interventions and support identified above.**

- Carried out a detailed Common Mission Fund (CMF) review during 2023/2024.
- Launched a new CMF Comms strategy in Q4 2024
- Adopted a policy of selling properties that were surplus to ministerial requirements investing the proceeds invested with the income formally designated to fund clergy stipends. This approach has increased annual income by over £270k pa so far.

- Re-launched a programme of CMF engagement and PCC visits during 2024 and 2025.
- Launched a diocesan wide Finance Consultation process across 13 Deaneries during Q1-2 2025, addressing myths, communicating our shared challenges and seeking feedback and suggestions.
- Have seen an 11%+ year-to-date increase in CMF contributions in Q1 2025.

12. Taken together, these show signs of positive hope and progress in our missional resource cycle. What is clear is the high level of vulnerability that still exists within this model especially in the area of converting growth in attendance into committed Planned Givers.

13. Increasing costs, mirrored by the endless growth and complexity of compliance and governance, risks any improvement made in our missional resource cycle being absorbed without benefit to our long-term sustainability.

14. The **Diocesan Strategic Mission & Ministry Investment Plan** is therefore paramount to allowing our Diocesan community to look forward for the next 10 years to a cycle of growth and renewal.

Financial Impact of Diocesan Strategic Mission & Ministry Development Plan

15. The heart of our plan is to see more of our benefices become both missionally and financially sustainable. Although we are drive by our calling to share the Gospel and make disciples, we cannot divorce this vision from our financial realities.

16. As the above analysis of our financial model identifies, one of the greatest risks to our financial sustainability is the ever-reducing number of Planned Givers.

Year	Planned Givers	% Change
2013	14,020	
2016	13,029	-7%
2019	11,858	-9%
2022	10,680	-10%
2023	9,693	-9%

17. There is of course a direct link between the number of Planned Givers and the number of people in our Worshipping Communities. Whilst we have seen growth in the last couple of years – especially through our SDF funded Resource Churches - much of this has been from new worshipping communities, fresh expressions or growth in the number of students. It is recognised that none of these types of growth lead to a quick increase in planned givers.

18. An average giver in our diocese currently contributes around £19.44[1] a week, or just over £1,010 a year (before gift aid).

19. Our 9,693 givers represent about 50% of our total Worshipping Community of 19,490. Across the three strands of our Missional Plan, we seek a net annual increase in Worshipping

[1] 2023 figures

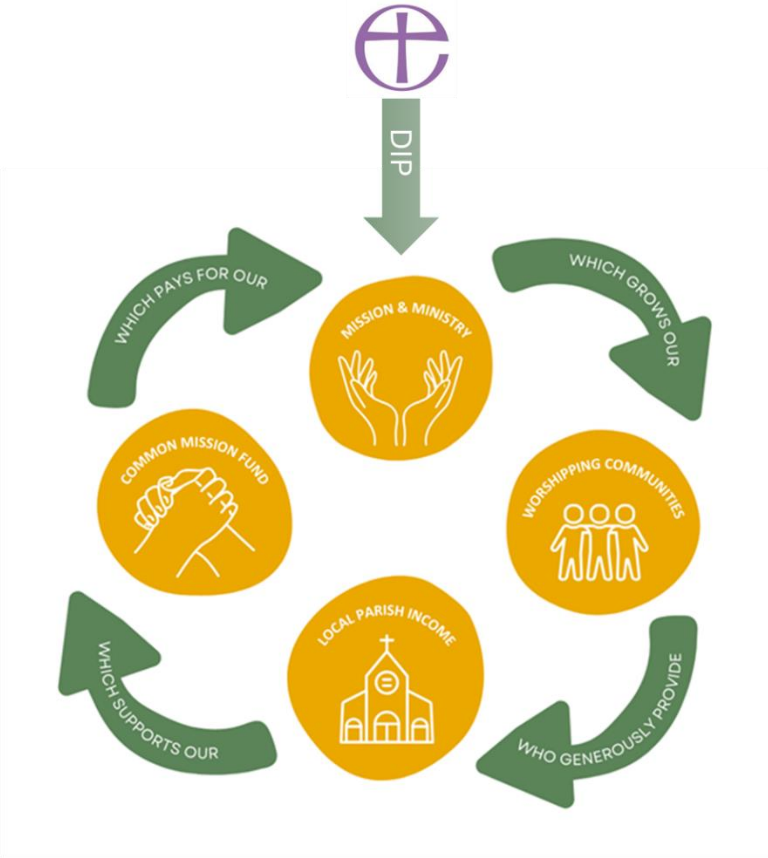
Community of around x% a year (xxx in year one). If 50% of those become average planned givers it would have the following impact on our total diocesan financial context:

Insert table modelling potential impact over 4 years, accounting for lag of attendees becoming givers etc.

20. These figures make no assumption of average giving levels increasing with inflation, nor do they include any gift aid. They should therefore be viewed as conservative.

21. By the end of 4 years, we would expect to see total annual increase of nearly £400k in PCC income across those benefices impacted by the project during that time scale. This amount should continue well beyond the lifespan of the projects.

22. In summary, it is our hope and belief that with the targeted strategic support from the Diocesan Investment programme, our Mission Resource Cycle will change from being a spiral of decline, to being a sustainable cycle of growth and renewal:



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