

Rejoicing, in a desert place

Towards a 2021 budget for Truro Diocesan Board of Finance



Isaiah 35

The wilderness and the dry land shall be glad,
the desert shall rejoice and blossom;
like the crocus it shall blossom abundantly,
and rejoice with joy and singing.

The glory of Lebanon shall be given to it, the majesty of Carmel and Sharon.
They shall see the glory of the Lord, the majesty of our God.
Strengthen the weak hands, and make firm the feeble knees.

Say to those who are of a fearful heart, 'Be strong, do not fear! Here is your God.'

Rejoicing in a desert place

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Contents

1.	What is this paper about?	page 2
2.	How are we doing?	page 3
3.	What is God doing?	page 10
4.	What are we going to do?	page 13
5.	Summary	page 15

1. What is this paper about?

This paper is addressed to the members of the Bishops Diocesan Council (BDC) in the summer of 2020. It seeks to inform the decision-making process for the 2021 budget and ten year plan, by engaging with three questions:

1. To answer part of the question, **“How are we doing?”** Specifically by describing the current financial health of the Truro Diocesan Board of Finance.
2. To address a question that follows (or probably precedes) No.1 above, **“What is God doing?”** In other words, to propose a theological response to the opportunities and challenges of our current financial situation.
3. To discuss the question, **“What are we going to do?”** Some questions and decisions follow from numbers 1 and 2, and in this section I discuss the questions that our planning and budget-making will need to consider.

Where are all the numbers?

This paper is deliberately more about the ideas and the decisions than it is about columns of numbers, so there are very few numbers in the main text. This is not the Annual Report, or the formal budget document (which will follow in October), or a set of accounts, but we hope that it will be useful for your thought and prayer.

What are we meant to do about it?

In the autumn, at the October BDC, we will be looking at a proposed budget for 2021 and plans for the following five to ten years. This paper gives the background to that as we see it now in August, it suggests a direction of travel, and, most importantly, it gives a context for your prayers and thoughts.

Simon Cade

Chair of the Rejoicing in the Generosity of God Working Group,
and Diocesan Secretary August 2020

Rejoicing in a desert place

2. “How are we doing?”

2.1 For this paper “we” means the Truro Diocesan Board of Finance (TDBF) which is the legal body (a charity and a corporation) that needs to produce a budget.

“We” is also our wider life as the Diocese of Truro, but this paper does not attempt to add up all the finances of all the churches to see how we are all doing. Legally TDBF and the churches of the diocese are different things, but members of BDC will need to hold the health and interests of the whole in mind as we seek God’s will.

2.2 This is mainly about money, rather than about the other things that we could measure or discuss. Money is not the most important part of our shared life; but we need to get the money right so that we are not distracted, oppressed, or led into temptation by it. When we are getting the money right we can use it to do good things.

2.3 How TDBF works

Before discussing how well TDBF is doing, we need to set out in simple terms how it is supposed to work. Businesses have a “business model” and if we were a business, we could describe two main ideas within such a model:

- **Cost of ministry should be met by MMF income**
- **Investment in growth will come from reserves and grant funding**

Our 2019 Annual Report calls these two statements our “business model”. In this paper, I am calling it our *stewardship model* particularly thinking of the “parable of the pounds” in Luke 19.

We are not principally “a business” - we are stewards of gifts that we do not earn or deserve. By calling it a stewardship model I am reminding us that what we have, all that we have, comes from God and belongs to God.

It is a stewardship model because what we have does not ultimately come from doing business or from our ingenuity, or our strategy or from bright ideas, it comes from God and is God’s gift with which we might choose to do God’s work.

2.4 The stewardship model described above is under pressure. The main challenges that it faces can be summarised as follows:

- MMF income does not meet the cost of ministry, and the gap overall is getting wider
- We are using reserves to pay for everyday costs
- We have not been good at using reserves to fund growth
- The stewardship model does not describe how we will pay for shared costs such as Church House
- The model treats income that relates to poverty as general fund income and does not seek to use it in places of poverty

We also know that Covid-19 is likely to amplify these challenges.

The next six sections (2.5-2.10) look at these challenges in more detail.

Rejoicing in a desert place

2.5 MMF income does not meet cost of ministry, the gap is getting wider

The real cost of ministry is not counted in pounds and pence. We know that God has paid “the price” – it is God’s work before it is ours. We also know that the ministry that happens in parishes is offered by all sorts of people in many different ways, and that all manner of people can be said to “pay a price” for it. Does the child of the Reader who leaves home to preach at midnight mass on Christmas Eve “pay a price” when her Mum isn’t there? Of course she does. It may be willingly paid or grudging, it may be trivial or profound, but there is all sorts of generous giving going on to enable the ministry of the church.

For our budget, “cost of ministry” is a calculation of financial cost mainly for ordained stipendiary ministry, but also for Reader, house for duty, self-supporting ordained ministry and those with “Permission to Officiate”. The calculation includes costs such as stipend, pension, National Insurance, housing costs, and training. Cost of ministry also includes the financial cost of archdeacons and curates.

Every deanery has an allocated “cost of ministry” figure based on the actual deployment of clergy and readers at a certain date each year, plus a share of the curate and archdeacon costs. There are some important details: for instance, what happens when there is a clergy vacancy, and how we organise the change from the previous system where some deaneries paid more than their cost of ministry, and others less, but generally, this actual cost of ministry figure becomes the Mission and Ministry Fund (MMF) “call” for the deanery.

Our stewardship model is that cost of ministry and MMF paid should match at deanery level. The deanery as a whole should “pay for” its ministry, but within a deanery, one parish has the opportunity to support ministry in a neighbouring parish.

In 2019 deaneries ranged from 47%-96% of call paid and the overall rate across the diocese was 73% of call paid. Although the overall collection rate (the percentage of call paid) has fallen year on year for the last six years, some deaneries have been getting closer to paying their cost of ministry.

As a whole diocese the “gap” between cost of ministry and actual MMF paid has risen year on year. The gap was £782,000 in 2018 and rose to £1M in 2019.

It is important to understand that the whole diocese figure is not the whole story. In some deaneries, the “gap” has been closing and balance between cost and what is paid is within reach, or at least it was before the pandemic. In some deaneries this part of the stewardship model is working, and in some it is not.

We can see that the diocese operates a call/cost of ministry model for MMF, but we think that an increasing number of parishes are operating an offer model and paying an amount that is not related to call/cost of ministry.

MMF can be a focus of anxiety and tension at parish and deanery level. We know that the expectations around MMF have been described as “oppressive” and that there are places where the call has become *the* overwhelming imperative. Even where MMF call is matched by what is paid there is anxiety that “the goalposts will be moved”.

Rejoicing in a desert place

2.6 We are using reserves to pay for every day costs.

When MMF does not pay for the cost of ministry we use reserves and other income to bridge the gap.

The Diocese of Truro is blessed with generous endowments or reserves. As a diocese, we are not “poor” in any meaningful sense, although we serve some of the most economically deprived communities in the country, and many of our churches live “hand to mouth”.

There are different sorts of “reserves” allocated in different ways, and they can be used for different purposes. This is important, not all of what I am calling “reserves” is available to spend as we choose, but much of it is.

We are not about to run out of money, either the permanent endowment that we will probably never want to spend, or the reserves that we might choose to spend or to keep. As a small diocese we also know that something as simple as selling a couple of surplus houses can make an enormous difference to how healthy things look in any given year.

There is a simple question that it seems sensible to ask, “When will the reserves run out?” This is surprisingly hard to answer because it depends on so many variables, such as the number of stipendiary clergy, levels of MMF income, the value of investments on the stock market, and other decisions about how we invest in ministry and mission. It is also complicated because most of our reserves are held in trusts and endowments that can only be used for specific purposes, or are in the form of property that we need to continue our work.

In broad terms, as things stand we will run out of general cash reserves in 2022 or 2023. We will then need to start selling investments in a way that will eventually, not immediately, do real damage to our historic endowment. Beyond 2023, it depends on our appetite for using up the endowment but realistically within ten years, we would probably choose to take drastic action to control costs.

A side effect of using reserves is that as well as using up the capital we lose the income that would have been generated from the investment, this starts to accelerate the need for reserves.

The best summary of our reserves is to say that they give us time to change, but not permission to stay the same.

Rejoicing in a desert place

2.7 We have not been good at using reserves to fund growth

Money from reserves has been made available to fund growth, we planned two main ways of using that money: *Transforming Mission* and *Funds for Mission*.

The Transforming Mission (TM) programme sees projects in five communities across Cornwall; the intention is that in each case the TM churches will become a resource for a wider area. In each case, there is a mix of funding from diocesan reserves and national funding from the Church Commissioners, and in some cases significant additional funding sourced locally.

The TM programme is ambitious but still at a very early stage. We remain confident in the vision, but it is not yet “proven.” TM has also not yet begun to integrate into the wider diocesan life, with the exception of Falmouth it is still a programme for those locations rather than the rest of the deanery or diocese.

Beyond TM we have had little success at using reserves to fund growth. Whilst earlier budgets made large sums available (more than £200,000 as a first tranche of Funds for Mission), and while some applications have been put forward, apart from TM no large investments for growth have been made.

Taken together, these observations about funding growth are worrying. Key numerical indicators such as weekly and Sunday attendance, numbers of pastoral offices, average age, numbers of children and young people etc. have been deteriorating steadily at diocesan and deanery level. We know that there are a number of churches “at risk” of closing and that this has been accelerated by Covid-19.

We do not know in detail what the pattern of decline and flourishing in the diocese is. We know that some things look very different from town to village, along the coast or inland, and even from east to west: we don’t know if the pattern of flourish/decline is evenly spread across all sizes of church or all patterns of ministry.

The need for flourishing churches has never been greater. We need our churches to flourish, and the communities we serve need flourishing churches across Cornwall, not just in a few places.



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2.8 The stewardship model does not describe how we will pay for shared costs such as Church House

The stewardship model described on page 3 is an over-simplification, but it only tries to answer the questions of how we fund parish ministry and how we can support growth. The model doesn't help us to understand how Church House and other shared non-parish costs are met.

Some "Church House" costs can legitimately be included in "cost of parochial ministry" - costs such as clergy training and some legal costs, for instance. Other costs can still be legitimate things that we need to pay for, but are not obviously parochial ministry.

Controlling costs at Church House is an important part of building trust between DBF officers and parish leaders; people rightly want to know that we are not wasting money. To do this, we need to be straightforward and transparent about what the costs are and how they are met.

As the number of stipendiary clergy has fallen over time, "Church House" has tended to grow as a proportion of the whole budget. Some of the things that Church House does, do not take x% less staff time with x% fewer clergy. Other Church House roles have grown significantly for reasons outside our control, and we have made decisions that have increased what we spend in some areas of work. These have tended to inflate the cost of Church House as a proportion of the whole. At the same time we have deliberately reduced our spending and capacity in some other areas of work from Church House.

We have tended to be defensive about the shared costs of the DBF that include Church House. This has made transparency and accountability less likely rather than more likely.

Rejoicing in a desert place

2.9 The stewardship model treats income that relates to poverty as general fund income and does not seek to use it in places of poverty

Almost £1 million of income comes to us as a response to poverty in Cornwall. Our current practise is to include this in the general fund rather than spend it in ways that respond specifically to poverty.

Many areas of Cornwall experience acute poverty and we can be confident that much of the money is used in ways that relate to mission in those communities.

However, there is an argument that the current stewardship model is likely to mean that we spend more in more prosperous areas, and there is some evidence that richer communities are more likely to receive more ordained stipendiary ministry than poorer areas.

If we want to be a prophetic voice, calling for *the unjust structures of society to be transformed*, as the “Five Marks of Mission” put it, then there is a strong argument that we should do better with this money and literally put money where our mouth is.

Rejoicing in a desert place

2.10 The Covid-19 pandemic

The pandemic has had a profound effect on all our lives and on every part of society. The financial impact on the Diocesan Board of Finance is certainly not the most important part of that effect but it is something that we need to consider when thinking about how we are doing.

MMF income collapsed in April and May, the Diocese of Truro experienced the largest percentage fall in common fund / MMF income of any diocese in the Church of England.

MMF income in June recovered significantly but was still 10% lower than June 2019. In July 2020 MMF income was 25% lower than July 2019.

Our planning for 2020 is on the basis that MMF income will continue to recover and that for the second half of the year will be close to 2019 levels, this is optimistic. Our planning beyond 2021 will have to make best-guesses about MMF and other income, and about what the social and mission need will be in the communities that we serve.

We know that parishes are finding it hard to plan far in advance and that asking about likely MMF payments in 2021 is not likely to be helpful. Our 2021 budget will have to make some educated guesses.

Fees income has been sharply down in 2020 with virtually all weddings postponed or cancelled, dividend income from investments is down, and rents from Glebe are down.

Overall the drop in income for the whole year, relative to 2019 income, will probably be between £750,000 and £1.25million.

Our expenditure in 2020 will be lower than planned. The largest factor in this is that we will spend less on stipendiary clergy than budgeted, partly because of delays to making appointments, although this is not all Covid related. There are also savings in Church House.

To put all this in perspective, if you think of the biggest number in our annual accounts that includes the value of parsonages and Glebe as well as more typical investments, but not the value of church buildings or schools, then Covid-19 in 2020 will probably take less than two percent from our total “value.” That is less than the impact of stock market fluctuations in 2019.

However, in some places the impact of Covid 19 will be profound. We think that there may be a small number of churches that were already “fragile” or “vulnerable,” with very small and elderly congregations, where the pandemic has pushed them much closer to the point of not being able to carry on.

Deaneries and parishes tell us that they expect the pandemic to continue to affect income, but that they are also seeing new and increasing demands arising from the economic impact of the pandemic in the community. More people will be in more need and the demands on the church will be greater, just as the resources of the church seem to be more limited.

Rejoicing in a desert place

3. What is God doing?

3.1 The faithfulness of God

The previous section ended with the rather gloomy suggestion that this is a time when “the resources of the church seem to be more limited.” A simple financial assessment may reach this conclusion, but such an assessment would be wrong.

The only resources of the church are God’s gifts, and the only work of the church is God’s work, other things are ultimately a distraction.

God’s resources are no less today than yesterday or ten years ago, and God’s love is not diminished. God is not asleep, distracted or negligent. God is not self-isolating or quarantined away from us, God is with us. God is faithful and God calls the faithful people of Cornwall, the Isles of Scilly, and the two most fortunate parishes in Devon, to the glorious liberty of service. For that service, and for that work, God gives more than we could ever need.

To slightly paraphrase the Saints Way; God is at work here already, before us and beyond us. The challenge to us is to join in with what God is already doing, and to play our part faithfully in the story that God is still shaping here in this beautiful part of creation. Our prayer is simple, that we become an ever more hopeful and confident church that seeks the mind, heart and will of God for Cornwall, for the communities that we are called to serve, and for the wider world beyond these shores.

Rejoicing in a desert place

3.2 The faithfulness of God's people

We know that faithfully following God's call does not always lead to popularity, prosperity, or even "strength" in worldly terms. God repeatedly chooses the humble and meek, the fragile and small. God is great, we do not need to be.

Faithfully following God's call led the Hebrew people into the desert. They specifically had to leave behind the things that they had relied on, and it was in the wilderness that they learnt to be truly faithful. In the desert places, they rejoiced; in the wilderness, the crocus blossomed.

In the desert, God's people discovered real abundance. If our data does not seem to show much abundance, it could be that we are measuring the wrong thing.

God chose David, we don't need to try and measure how much like Goliath we are becoming. God called Moses, we don't need to build like Pharaoh. Less biblically, a satsuma is not a failed orange. However, sustaining a diocese of satsumas will require us to change significantly.

Being small is not itself the virtue, a bitter satsuma obsessed with staying small and with no interest in being fruitful is not a failed orange, but it is not the satsuma that God made it to be. Equally, a big sour orange with no interest in being fruitful and obsessed with just being bigger is getting something wrong. No more fruit metaphors!

The pattern for a church that is not afraid of the desert is Christ of course, who was humbled and broken, and in desolation revealed the victory. He who gave up everything, won all things.

Perhaps God is making us more like David, more ready for Moses, even perhaps more Christ-like. That is the sort of thing that God does. What sort of church would that be?

Back to Saints Way; it would be a church that conspicuously celebrates children and young people at its heart; a church that unashamedly embraces an innovative pioneering culture; a church that is increasingly confident in its calling; a church that rejoices in strong, warm and mutually encouraging international links; and a church that rejoices in the generosity of God.

To put these things another way, a church that reaches the young, serves the poor, and cares for the earth.



Rejoicing in a desert place

3.3 Faithful planning

We have seen in 3.1 and 3.2 that The Saints Way gives us useful but challenging measures to set alongside any plans that we make. The Saints Way also gives us ways of interrogating how we are now: to what extent are we currently a church that... celebrates children, embraces innovation, is confident in its calling etc. Such an examination will not lead any of us into complacency.

In the passage from Isaiah 35, quoted on the cover, we see a vision of radical transformation. This is not optimism based on a pragmatic evaluation of geopolitics or economics, it is courageous prophecy spoken into despair. However, at a crucial moment a few verses later, the Assyrian envoy taunts the Jewish leaders, “On what do you base this confidence of yours? Do you think that mere words are strategy and power?”

We have learnt this year that confidence in human strength, hope in economic stability, optimism based on the relentless progress of society, these are “mere words.” A microscopic virus closed every church in the land and confounded even the grandest and most well-resourced plan. What seemed like a sound foundation for strategy, turned out to be sand. Plans that continue to trust in these things will be plans built on human foundations.

The Saints Way seems to anticipate this by reminding us that our tradition is more like steering a coracle over an ocean without a compass, than plotting a perfect course with a GPS. This means that we need to plan to carry humility like ballast, we need to be prepared to get things wrong and find ourselves up proverbial creeks, and we need to be very patient with those in the boat with us.

The Saints Way reminds us that we are not just put anywhere, we are put here, in Cornwall in these times. We know that in Cornwall now many people are experiencing significant poverty, while nearby others enjoy extraordinary economic wealth. We know that Jesus has a heart for the poor, he tells us that he is with those who are poor, and he tells us that they are blessed and will inherit the Kingdom.

A church that is faithful to its calling will be a church for the poor, a church that is more Christlike will be a church of the poor. We sometimes hear, “you can’t eat the view,” but neither will fine words sustain us. We are called to speak for, and then to serve, those who are least able to speak for themselves.

We could probably write a budget to maintain our wealth, add to our reserves, and consolidate our balance sheet; but it would be hard to argue that such a budget was focussed on being faithful to God’s call. A church that sets out into the desert trusting in God’s faithfulness has to be prepared to be a poorer church.

To be a Christlike church in these times will require prayerful attention to what we carry with us and what we are ready to set down.

Rejoicing in a desert place

4. What are we going to do? Some of the big questions that our budget will need to answer.

4.1 Do we abandon the stewardship model and find a new one?

We have seen that the two core principles of our stewardship model are under real strain and that we need to address this. We have noted that in some deaneries parts of the model work well, but that other deaneries are far from making it work. We need a plan that can be a blessing in both sorts of places.

Even if we wanted a new way of paying for ministry and calculating MMF (and no-one has so far asked for this outright) there is simply not time to do the work for 2021. We also know that there is no “perfect” method, and we should remember that this method is only two years old in this diocese.

We must modify what we have, particularly in the places furthest from making it work, but a wholesale change for the next few years is unrealistic.

“Sticking with” the stewardship model will not mean carrying on as we are, we will have to plan for real change with proper timelines and a realistic expectation of making it work.

4.2 How can we best support parishes in the challenges they face?

Bishops Diocesan Council and Diocesan Synod will be making decisions for the whole diocese, but “diocesan” decisions must support the ministry and mission of the church at the most local level. We know that churches, clergy, schools, lay ministers, churchwardens and treasurers have faced the most extraordinary challenges this year, and there is no reason to think that everything is suddenly going to be lovely in January. There will be crocuses, but they will blossom in the wilderness.

Most of what we spend is already directly supporting parish ministry, but we know that the shape and pattern of ministry is changing, and that these changes will be accelerated by the pandemic.

Parochial ministry has tended to change gradually over time, priestly roles have stretched and grown, expectations of lay leaders have multiplied and become more complex, these changes have sometimes been driven as much by economics as by a clear sense of the vocation of God’s church - although they may well reveal a deeper reality of how ministry ought actually to be shaped.

We will need budgets and plans this year before we are ready to fully describe the new patterns of ministry that will emerge after the pandemic, but we will not allow cash to lead long term strategies for mission and ministry.

Many places have highlighted particular forms of ministry that they want to explore but which seem beyond reach, these include responding to the online life of the church, and more generally being able to engage with children, young people and families in new ways.

Our budget will need to be a different shape for some years and will need to support significant change and challenge across different landscapes.

Rejoicing in a desert place

4.3 How can we help parish leaders to have confidence in our plans?

We have seen that we need more transparency in key areas, for instance in how we pay for Church House and how we control shared costs.

We also need to be realistic about what we expect from one another. This means what we expect one another to contribute in giving, for instance understanding when we are being asked for too much, and other times when we are simply making choices. It is also about what we can reasonably expect one another to be able to do, when among us some are exhausted, some doing new things, some excited, some celebrating and some weeping.

Growing trust, particularly as we travel together in some difficult territory, will be critical and one part of this will be a budget that is credible. As trustees we must balance our proper responsibility as guardians of an historic endowment, with the needs of God's people in this time.

4.4 There is every reason to think that the impact of Covid-19 will be profound. How can we respond to this with integrity?

We are seeing that communities in Cornwall are among those that are being changed most quickly as a consequence of Covid-19. We also know that the shape of the church has been changing in recent years, more quickly in Truro Diocese than in most others. Planning to be "nimble" does not come easily in the Church of England, our structures are not always well suited to responding quickly to novel challenges.

Some church communities have responded to the Covid-19 pandemic with creativity and flexibility - they have been nimble. A good diocesan response to the impact of the pandemic will learn from this and help other places to follow suit.

It seems that Cornwall may need the Church of England more than ever before, just at the time when we are facing profound challenges about how we work and about what is sustainable. However, if we only think of what "we" need we will miss some of the places where Jesus is. We need to find a prophetic voice and to act with integrity as we respond to God's call.

4.5 How can we respond whole-heartedly to the call at the heart of The Saints Way?

Throughout this document I have referred to The Saints Way, I have suggested that it starts to provide useful measures for what we are now, as well as a narrative that can carry us forward.

The Saints Way is deliberately not a detailed blueprint for every aspect of the church in Cornwall, but over the next ten years we can expect it to be the inspiration and departure point for many new ideas, journeys and adventures. We want to be able to respond to those ideas and journeys with courage and enthusiasm, this will need us to leave space in our plans and budgets for adventures that we cannot yet imagine.

Rejoicing in a desert place

5. Summary

This paper sets out to address three questions: How are we doing? What is God doing? And, what are we going to do?

To agree a budget for 2021 and longer term plans for years ahead, we will need to have thought and prayed about these questions and we will need to have found some answers. Finding God's answers to human challenges will give strength to our weak hands for the hard work ahead. God's answers will firm up our feeble knees for a long journey over an uneven and sometimes perilous landscape.

This may not be an easy budget to draft or to agree, but we say to those of a fearful heart, 'Be strong, do not fear! Here is your God.'