



## Assets strategy

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### Summary

The Budget and Assets consultation “Tending the Vineyard” (included at TDS23(24) for reference) proposes taking roughly £22million from diocesan reserves over the next ten years, 2024 to 2033 to support plans made by parishes and deaneries. The proposals are in line with the diocesan priorities as described in The Saints Way, from the deanery plans which have themselves been combined to form the Diocesan Plan for Change and Renewal.

Bishops Diocesan Council has considered the feedback from the consultation and is recommending the proposed assets strategy to Diocesan Synod.

Members will note that the Board of Finance sets an annual budget and each year it stands on its own, so this decision made by Synod in November 2023 indicates a direction of travel and an intention. Synod cannot irrevocably bind the budget decisions of future Synods and in any event we will want to review our plans and our spending depending on whether the changes we are making are successful, and on the changing picture of our assets and reserves. This November Synod will also be asked to approve the 2024 budget which is itself in part based on the assumption that we will use our reserves in the way outlined in “Tending the Vineyard”.

By approving these proposals Synod will be indicating a shift in the balance of our planning; away from building up financial assets and towards building up the life of the church.

### The core proposal

The core proposal is to use more of our assets and reserves than we would otherwise to support deanery plans, particularly to sustain and where possible increase clergy numbers. We can do this because On the Way deanery planning has allowed us to take control of our expenditure and income in a way that was not previously the case.

If we stick to our plans to try and balance the budget and grow our assets then over the next ten years we would still take roughly £11million from reserves. The MMF call would increase with inflation and because we know that many parishes could not afford this we fear that clergy numbers would fall further. This proposal is to take roughly £22million from diocesan reserves over the next ten years.

Roughly half of that large sum will be to directly support parish ministry, mainly stipendiary clergy by keeping the MMF call as low as possible. We also intend to end the steady fall in numbers of clergy, and where possible to begin to increase those numbers again. Most of the increase from £11m to £22million will be used in that way.

All the deanery plans identify work with children, young people, and families as a priority, we want to support work that goes beyond these initial plans and we think that this would be good use for the reserves. If Synod approve these proposals we will start detailed work and consultations on how to make progress, but we think that up to an additional £3million over ten years would start to match the scale of the ambition and would form the starting point for seeking further additional support from the national church.

Every deanery plan describes something about the challenge to parishes of maintaining historic church buildings, but if we are going to continue to maintain almost 300 churches in Cornwall then many PCCs will need more support. We are proposing that over the next ten years we should allocate up to £2million of DBF reserves to support parishes in their stewardship of historic church buildings.

Implementing these proposals would still see the diocese holding very significant reserves, so we think that the proposals are prudent and measured.

### Consultation responses

Paper TDS23(25) summarises who the consultation document was sent to, what responses were received and whether there was general approval or dissent to the proposals being made.

Some responses challenged whether deanery plans are good plans, and how much space there had been for the local church to contribute. This is important feedback and the Change and Renewal team will be taking this up locally.

A small but significant number of responses challenged the proposal to sell surplus houses. We are acutely aware of the sensitivities around this issue. We need to keep the right houses in the right places, and to keep enough houses to allow us to begin to grow stipendiary ministry again in due course. We believe that we should also sell surplus houses that will likely never be right for ministry, and which can be used by their sale to support ministry now. We are certainly not rushing to sell dozens of houses quickly, and we will continue to take a careful and measured approach.

### Proposed use of reserves

The breakdown of the use of reserves in the proposal is in the table below. Remember, this is not all new money, as we already had plans in place to use £11million of reserves over this time, including existing commitments using the Total Return mechanism.

	2024-2033 £million
Support for parish ministry, honouring costs of ministry now, and protecting parishes from inflationary pressures on MMF beyond 2025	10.0
Support work with children, young people, and families	3.0
Carbon net zero	3.0
Supporting parishes as they face the challenge of historic buildings	2.0
Mission funding (TM + Deanery Plans)	2.0
Supporting Deanery Plans	1.0
Promoting the vision for education	1.0
<b>TOTAL</b>	<b>22.0</b>

We do not expect the use of reserves to be evenly spread over the ten years. Instead, we anticipate higher numbers in years 1-5, with the use of reserves tailing off to an annual spend of around £1m towards the end of the period. This broadly matches what is in the deanery plans, with the highest single use of reserves expected in 2026.

In recent years our deficit was not well controlled, parish ministry was often not planned at deanery or parish level and consequently the MMF contribution often did not match the call. In some places it became almost a matter of “honour” not to pay the call. This has changed and continues to change. MMF collection rates are now the highest they have been for years (and need to continue to improve) and appointments are being made to reverse years of decline in the life of the church. All this means that we need to see an impact of the use of reserves. For example, as the deanery plans are implemented, so we should see a growing Christian presence; we should see

that the MMF call is sustainable; and, with God's grace, we will be able to increase the number of stipendiary clergy in places where there is growth.

The MMF review will need to help parishes to understand what MMF is for and how it is calculated and engage them more with 'the diocese'. Hopefully this will result in an improvement to MMF contributions, although there is a risk that any change in the MMF formula could lead to a reduction in contributions.

Now that we are 12-18 months into the implementation process for the deanery plans, they are starting to be reviewed to establish if they are the 'right plan' for the deanery. Changes will no doubt be made, some more significant than others and this could impact on the draft budget, for example if clergy numbers change.

There are detailed workings behind the £22m to ensure it is an affordable amount and that the Truro Diocesan Board of Finance has adequate cash levels to cover the work proposed in the next 12 months. However, further work is needed when the 2025 budget is prepared to establish when or if assets may need to be sold to realise the cash to enable these proposals to happen beyond 2025. We also need to monitor and report back to FAR and BDC regularly on how the spend is going against budget and try and establish the impact this spend is having on parishes and the wider diocese.

### **Conclusion**

The proposals were, on the whole, supported by those who responded and have been supported by the Bishop's Diocesan Council. There are some proposed uses of reserves which have to be worked on to establish what that support will look like for parishes. Work has started on that and it will grow in the coming 12 months.

The £22million is considered to be affordable.

The core proposals have been included in the draft 2024 budget, agenda item 10, and will be monitored and reported on regularly as part of the existing reporting processes.

### **Recommendation**

That the Diocesan Synod approve the Assets Strategy.

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20th October 2023