



Tending the vineyard

A consultation on the 2024 Diocesan Board of Finance budget, and on the use of diocesan assets over ten years



DIOCESE OF TRURO

DISCOVERING GOD'S KINGDOM
GROWING THE CHURCH

The image on the cover is from a 13th century French manuscript “Miracles de Notre Dame” held as MS0551 in the Biblioteque Municipale, Besancon. It is used with permission under the French CRPA code; articles L. 300-1 et suivants

Dear Friends,

This paper makes proposals about two important parts of our life together as the Diocese of Truro:

- the **2024 Diocesan Board of Finance budget**, and
- the **use of diocesan assets over the next ten years**.

This consultation is addressed to parish leaders, our parish clergy, churchwardens, PCC and deanery treasurers and secretaries, and to members of Diocesan Synod. We will gather all your feedback and put it to those who will work on detailed proposals, and we will summarise the feedback for Synod itself. The paper isn't confidential, do forward it on, and if you want a paper copy then let us know.

We have produced consultations like this for the last three years, and the format may now be familiar, starting with a theological introduction, then a one-page summary, followed by more detail. This year's consultation is a bit different, there is less about the 2024 budget (because we made some key decisions on this last year) and more about the use of assets over the next ten years.

For those who want more detail on the proposed assets strategy please let us know, either ask specific questions or there are some more detailed papers.

I am asking for your prayers, thoughts, and feedback, as I assure you of my prayers and thanks for your work in the vineyard of the Lord.

Simon Cade
Diocesan Secretary

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1. Foreword Tending and planting

Proverbs 31

*She considers a field and buys it; with the fruit of her hands she plants a vineyard.
She opens her hand to the poor, and reaches out her hands to the needy.
She is not afraid for her household when it snows, for all her household are
clothed in crimson.*

Like the woman in Proverbs 31, we are called to provide for the household, in this case for the Church of England in Cornwall, the Isles of Scilly and those two parishes in Devon. Like the woman in the proverb, we need to be attentive both to the needs of the household but also to the opportunities that we see around us. Like her, we are to have a special care for the poor and those in need, and to be mindful that not every day is for planting or even harvesting. Sometimes we will need to use what we or our grandmothers have wisely stored up against the lean times.

This paper looks at the needs of the household by responding to the twelve deanery plans; - the proposals here grow from those plans. Because the deanery plans are closely linked to the fruitfulness and sustainability of local churches, and our diocesan plans are mostly formed by combining the deanery plans, then we can say that by “the household” we mean the church at its most local - the parishes, the schools, the priests and the people - rather than some abstract “diocesan” need. The ongoing fruitfulness and sustainability of the local church in Cornwall is our focus - that’s why we need to hear from you.

Our plans and our budgets cannot just be inward looking. We know that there are more and more “hands reaching out” from and to the poor and those in need. We sometimes speak of the “rainy day,” and Proverbs reminds us of the times when it snows - arguably our context today is one where we can reasonably expect “bad weather” for years rather than for a day or a season.

The woman in Proverbs chooses when to plant a vineyard. We remember that the True Vine is not planted by us, John 15 tells us that the Father is the gardener. We have in mind the encouragement in Isaiah 65 to *build houses and inhabit them, to plant vineyards and eat the fruit of them*. In this context we understand that to plant and build is to fully inhabit and invest in the place where God has called us to be - our parish churches and schools, the villages and towns of Cornwall and the islands. We create a place for the household to flourish, a place where it can be nourished and cared for, a place where it can be hospitable, a place for going out and coming in.

Finally, we note that real wealth is not found in budgets or balance sheets. Wealth beyond measure is ours in the grace freely given by God, in the poor whom we serve, in the suffering and service wherein we find true freedom. These profound truths inform our approach to our plans and hence to our budgets and our use of assets.

This paper proposes part of the answer to these questions: how do we create a place for the household to flourish? How do we know when to buy or to sell? Is this the time to plant or to harvest, to store away or to open the store?

2. The one-page summary

These proposals flow from our diocesan priorities as described in The Saints Way, from the deanery plans, and from the Diocesan Plan for Change and Renewal.

The **first core proposal** that runs through all of this paper is to support parishes by helping them to implement their locally created plans. The proposal is for the 2024 budget to be based on deanery plans, as it is this year 2023. By “*based on deanery plans*” we mean the number and deployment of parish clergy, the use of reserves to keep the MMF call down, the shape of the Church House team, where we invest for mission, and the MMF contribution that we can expect parishes to make.

Last year’s budget consultation proposed giving parishes stability for the three years 2023, 2024, and 2025. That proposal was supported by parishes and synod, and we propose to continue along those lines.

Parishes and deaneries have made plans and have begun to implement them, but the work is hard, to pick up the motif from Proverbs, the household is hard pressed, many of us are cold and afraid. This proposal assumes that God is faithful and has given us what we need, it notes the significant growth in the wealth of the Diocesan Board of Finance shown in the strength of our balance sheet (the value of our assets) and proposes using a substantial part of that wealth in the next ten years to support the local church.

The second core proposal in this consultation is for us to use more of our reserves than we would otherwise to support our plans, particularly to sustain and where possible increase clergy numbers.

If we continue along the same lines outlined last year for 2023, 2024 and 2025 using reserves in the same way as outlined in deanery plans, our plans for carbon net zero, and to support the education team, then over the next ten years we will probably take roughly £11million from reserves. These proposals are to go well beyond that and take roughly £22million from diocesan reserves over the next ten years.

We are proposing that roughly half of that large sum should be to directly support parish ministry, mainly stipendiary clergy by keeping the MMF call as low as possible, we 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 our reserves. We don’t have plans beyond what is in the deanery plans at present, but we think that up to an additional £3million over ten years would start to match the scale of our ambition.

We also note that every deanery plan describes something about the challenge to parishes of maintaining historic church buildings, but that 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, we think that the proposals are prudent and measured. There is more detail later in the paper.

3. Background: how are we doing, what are the assets?

There is a lot of detail in the annual report, it is available [HERE](#). The headlines in the report are as follows:

- We are using the budget to support the deanery plans. We have reduced Church House costs, but out in the parishes implementation of plans has sometimes been slow. In some places this means that there are far more clergy vacancies than we expected, and the new things that were planned are not happening yet.
- MMF contributions from parishes have not recovered to pre-pandemic levels and are not yet matching commitments in deanery plans, this is probably connected to the first bullet point above, but the picture is patchy - in some places patterns of church seem to have changed and fewer people are coming and fewer are giving, in other places the recovery has been much stronger.
- The value of our assets (properties and investments) continues to perform strongly despite difficult economic conditions, this allows us to consider using more of those assets to support the life of the local church.
- The Diocesan Board of Finance (DBF) has been able to continue to provide direct financial support for parishes, through using reserves and income to lower MMF, and through initiatives such as the energy costs grants over the Christmas and New Year period.

In last year's budget consultation we noted that the value of our assets had grown in value relative to the size of our budget, this has continued, but what are those assets and how much are we talking about?

Remember, the total DBF budget this year is roughly £9.5million, the total value of our assets at the end of 2022 was £115million.

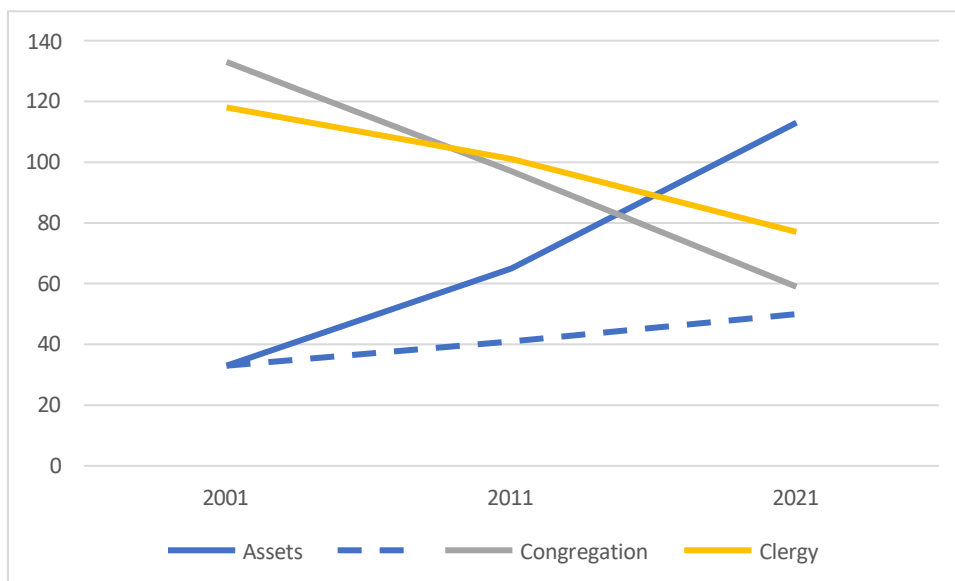
Of that £115million, roughly half is the value of houses that the DBF owns or manages, about £35million is held in investments, the Glebe estate, mostly agricultural property in Cornwall, is valued at a little over £10million. The investments and the houses are held through different funds or accounts but one notable fact is that overall we own many more houses than we need currently, or are likely to need in the next five to ten years. To provide houses for current clergy plans, to allow some flexibility, and some for potential growth in the number of clergy we will need about 85 or 90 houses, but we own almost 130, so part of the plan is to dispose of between 20 and 30 houses that we know are surplus.

So how do we find £22million from £115million of assets? We expect roughly £10million to come from house sales, we don't need to sell them all straight away and in some places it might be right to rent a house for a while, but this is one of the big decisions that we are making (house sales will make more than £10million but we will reinvest some of the proceeds). A roughly equal amount, a little over £10million, will come from the Stipends Capital Account, some from the sale of Glebe for development but also from investments.



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When we ask “how are we doing” in these consultations we usually mean “how have the last eighteen months gone?” but for these proposals we think that it is useful to look further back. The chart below shows some key numbers in 2001, 2011 and 2021.



The dark blue line is the total value of the DBF assets as shown in the Annual Report for those years, it shows an increase in value from £33million in 2001 to £113million in 2021. This is mainly, but not only, because of the way that property values in Cornwall have increased. The blue dashed line shows how that number would have changed if it just kept pace with inflation, it would have risen to £56million.

The grey line shows the total average Sunday attendance for the diocese in each of those years, it fell from 13,300 to 5,900.

The orange line shows the average number of stipendiary clergy, falling from 118 to 77.

There are lots of other numbers that we could have used, and there is a lot about the life of our churches that is wonderful and hard to show on a little chart like this. But these bald facts are a significant part of the motivation for the proposals in this paper.

We could have plotted some numbers for children and young people, they tell some different stories. The numbers of children who attend church services follows a slightly steeper decline than the grey and orange numbers, but the number of children that we work with through schools has **increased not decreased** over time.

Data of decline not only inform, but also oppress; our responses are not always helpful, we might get fed up, or even give up. Or we might respond by ignoring the negative data and concentrating on the positives. These are all valid responses!

These proposals accept that the little chart above is telling us something important and that we can choose to do something about it. The little chart isn't telling us everything that is important, not even the most important thing, which is God's love for us in his Son, but at its most simple it suggests that we can use some of what the blue line tells us, to make a difference to what the grey and orange lines are telling us.

4. The big decisions

Last year we asked you about some big decisions in the DBF budget that roll on into the next couple of years. You supported those proposals, the four biggies were; using reserves to support ministry, honouring the ministry costs in deanery plans even though inflation was higher than expected, planning for an increase in stipend and salary levels, and reviewing the MMF formula in 2026.

We still think that these were the right decisions, and we propose to carry them forward, for the 2024 budget this will look like:

- Support the ongoing commitment to the implementation of deanery plans and the Diocesan Plan for Change and Renewal, including the use of Lowest Income Communities Funding (a grant from the national church to support mission and ministry in communities experiencing deprivation) and mission grants to support parish ministry.
- Continue to honour the ministry costs used in deanery planning, keeping any inflationary increase in the MMF call to a minimum and below the overall inflation.
- Assume inflationary increases in stipend and staffing costs of 4-6%.
- Increase stipendiary clergy numbers at least in line with deanery plans.
- Keep tight control on additional costs, but prioritise spending that allow parishes to implement their plans.
- We will plan for deaneries to honour the MMF commitments in their deanery plans, or to revise their deanery plans.
- We continue to honour our commitment to carbon net zero, but we will need to look very carefully at the cost of reaching this target in our clergy houses.

This year we are asking you to think beyond the 2024 budget and to think about how we use our diocesan assets for the longer term, maybe for the next ten years. If we project our current plans forward for the next ten years we will probably draw roughly £11million from reserves (this is a similar rate to that of the last ten or more years). We would spend the money as follows:

The use of reserves, if we extend our current plans over the next ten years

	£million
Support for parish ministry, honouring costs of ministry and protecting parishes from inflationary pressures on MMF beyond 2025	4.0
Carbon net zero	2.5
Mission funding (TM + Deanery Plans)	2.5
Supporting Deanery Plans	1.0
Promoting the vision for education	1.0
TOTAL	11.0

The proposal is to increase that first line, support for parish ministry, to £10million. Most of this will be used to keep the MMF call low, that keeps stipendiary ministry affordable for parishes, it helps to stop the constant erosion of stipendiary ministry and hopefully will allow us to actually *increase* the number of stipendiary clergy over time.

The next big change in the proposal is to make £3million available from reserves to support work with children, young people, and families. We don't know yet what work this will look like, and it won't be a blank cheque, but we think that this level of support begins to match our ambition.

The third major proposal is to recognise the challenge faced by PCCs in their stewardship of historic church buildings, and to note that in this diocese with our very small central team there is hardly any support available “from the diocese” beyond the excellent work of the DAC. We think that if we are going to continue to support almost 300 churches in Cornwall then more diocesan support will be needed and that this isn’t going to come from MMF and so we are proposing to use £2million from reserves.

Once these and other changes are taken into account, the revised table for the use of assets over the next ten years adds up to £22million and would look like this:

	£million
Support for parish ministry, honouring costs of ministry 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
TOTAL	22.0

This is genuinely a consultation, we don’t have detailed plans for how we would use the initial sums beyond modelling clergy numbers and the changes in the value of the various DBF funds, if you want more information on this please ask.

5. What follows from the big decisions?

If we adopt these proposals then several things will follow:

- Detailed plans will be produced to describe outcomes with milestones and reviews so that we will be able to monitor whether the money is being spent well. We expect to sharpen up scrutiny of how reserves are being used in line with the increased value of the expenditure.
- Reviews will show how we are being successful in supporting parish ministry, engagement with children and young people, reducing carbon emissions and the other work described above/
- The value of our assets will be lower than would be otherwise - we will have spent some of our reserves. Our projections are that if we work as proposed then our balance sheet will still increase, but by less, our projections are for an increase from £115million to around £140million by 2032.
- Income from our assets overall will be lower than would otherwise have been the case. Because we will fund quite a lot of the cost from selling houses, which have a low income yield, the impact on income will be reduced, and we will have taken out the capital investment costs that those properties would have needed.

6. What are the questions that we are asking?

We want to know what you think about these proposals, we will not make these changes unless there is significant support for them. At Diocesan Synod in November there will be at least two separate votes, one as usual on the budget and another on the use of assets over time. Before anything gets to Synod we want your feedback, this will be provided in full to Finance, Assets and Risk Committee and to the Bishops Diocesan Council, and there will be a summary of the responses available for Synod members.

1. **Do you agree that in the 2024 budget we should continue to focus on supporting parishes and deaneries to implement their plans?**

This will mean keeping MMF low through the use of DBF reserves, sticking to our agreed mission funding, and use of Lowest Income Communities Funding, and shaping the Church House team around those plans?

The alternative to using reserves and other funds in this way would be either a very significant increase in the MMF call, or further reductions to clergy numbers.

2. **Would you support an increase in stipends and salaries in the range of 4-6%?**

We increased salaries and stipends by 6% in 2023, inflation is currently running close to 10% and is projected to fall much lower by the end of the year. There is clearly still significant volatility but groups supporting clergy have recommended an increase of 9% in recognition that the value of stipends has fallen over the last seven years.

3. **Do you accept that we need to keep parishes and deaneries to the MMF commitments in deanery plans, or to change the plans, but that we need to maintain discipline over parishes making their contribution to the cost of ministry?**

Without this discipline we will have to either reduce clergy numbers or change how we use reserves and other funding such as Lowest Income Communities Funding.

4. **Do you agree that with the growth in the value of our assets we should use more of our reserves to support parish ministry and our other priorities?**

We think that £22million over ten years is a prudent use of the blessings we have received, but we will need wide support from across the diocese if we are to do this. Using less would mean a higher MMF call and/or less support for growing parish ministry.

5. **Do you think that the list on page 8 looks about right? Are these the right priorities?**

We have taken these priorities from deanery and parish plans, but there are choices to be made. What do you think?

Of course, if you have questions or other responses we want to hear from you! If you want specific information then get in touch. We will summarise all the feedback and responses for Synod. Members of Bishops Council and the Finance, Assets and Risk Committee will see all the responses in full.

7 What might go wrong? The challenges

There are risks with the approach proposed.

- **The gap between MMF call and actual contributions could grow, requiring the use of reserves to sustain a large operating deficit.** *We already monitor this closely and are ready to act, but we should note that most of the proposed use of reserves is to directly support parish ministry. In the medium to long term it will be vital that a new MMF formula from 2026 gathers widespread support both in principle and in application.*
- **The value of properties and investments could fall sharply.** *We believe that we have been prudent in planning for some “headroom” in our approach. We continue to stress-test our use of Total Return and will incorporate projections of fund movements into this work. Existing budget control measures should allow us to make decisions in a timely manner.*
- **The plans to reverse the decline in numbers worshipping may fail, engagement with schools, children and young people may not foster a growth in engagement in the life of the church.** *Deanery plans for fruitfulness and sustainability are monitored closely through the Change and Renewal team using project management disciplines that describe the desired outcomes, to some extent the plans are dynamic and can be modified but we will need strong leadership to pull the plug on work that isn't working.*
- **The proposals might cause parish leaders to ask, “why pay MMF if there is all that money?”** *The plan is literally to use reserves to reduce the MMF call. Part of the consultation is to consider whether the balance between supporting stipendiary ministry and other priorities is right.*

8 Some Frequently Asked Questions

- **Why are we spending so much on Carbon Net Zero?**
Responding to the climate crisis is an essential part of our responsibility to safeguard God's creation and achieve a just world. Climate change hits hardest in the poorest countries, while widespread destruction of the natural world is a crisis for God's creation. The General Synod of the Church of England set the target of carbon net zero by 2030, this was endorsed by Diocesan Synod. Most of the £3million is to achieve carbon net zero in clergy houses, apart from the environmental benefits we are working to reduce fuel bills for clergy and to improve the quality of life in their homes. There will also be more support for churches and church schools to play their part.
- **What happens in ten years?**
The proposal is that most of the £22million will be used to directly support parish ministry, of course much will have changed by 2032 but care will need to be taken to avoid a “cliff edge” in funding for core ministry. The regular budget cycle and the need to review our approach to Total Return will present opportunities to judge ongoing affordability and whether it might be right to adjust spending from reserves (up or down).

A significant review in year six (2028) would allow us to consider the effectiveness of the new MMF formula (to be introduced for 2026) and to look forwards to arrangements after 2032.

Although £22million is a lot of money our approach is prudent and we expect that in “year 11” there will capacity to sustain ongoing support for parish ministry from DBF resources.

- **Why don't we use more? We aren't really eating into the reserves at all...**
We need to take a very long term approach and remember that most of our assets are tied up in the properties that clergy live in, and investments that generate income, if we go much beyond these proposals now then we will be really closing down our options over the next ten to twenty years. We have “stress-tested” the plans, we know that they can withstand big falls in the international financial markets as well as falls in property values in the UK, if the next five years are better than we think they might be then by all means we will think again.
- **Why don't we just pay for more vicars?**
These proposals put most of the 2024 budget and most of our use of reserves into “paying more vicars” - *that is the proposal*. The plans that deaneries and parishes have made tell us that children and young people, and our historic church buildings are also key priorities for local PCCs - but tell us if you think we have got that wrong.

9 Please let us know what you think - by 23rd September

Please let us know what you think, we are particularly interested in your answers to the five questions on page 10 but welcome other comments or questions. You can respond as an individual or on behalf of a PCC or deanery synod (please tell us which!), these are significant proposals, and we want to hear from as many people as possible.

If you want me or someone from the finance team to come to your PCC or deanery synod then we are happy to do that, but please let us know soon so that we can get dates into diaries. We will also be offering online consultations by Zoom in July or early September for individuals or groups that want that.

Please let us have your response *as soon as possible* but by **23rd September** at the latest - that lets the Finance Committee and Bishops Council see your responses and for your ideas or questions to get into the detailed budget work.

For your prayers, the critical dates after the 23rd September are 17th October when the proposals go to Bishops Diocesan Council and 18th November Diocesan Synod.

You can email me: simon.cade@truro.anglican.org

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Thanks in advance for your feedback, and heartfelt thanks for all that you do for our common life as the Church.