

# MMF

## Proposal for a revised formula

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Truro Diocesan Synod  
June 2025

## 1. Introduction

At our meeting on 21<sup>st</sup> June the Chair of the Diocesan Board of Finance will propose a revised formula for calculating MMF.

If Synod *approve* the proposal, then this new formula will be incorporated into the 2026 budget and will be in place from January 2026. If Synod *amend* the proposal, then the amendments would need to be costed and “signed off” by the Bishop’s Diocesan Council before being incorporated into the 2026 budget that will then come back to Synod in November. If Synod *reject* the proposals, then Bishop’s Diocesan Council will need to decide whether to stick to the current formula or return with new proposals later.

Synod had a first look at this in February 2025, that session included a detailed background paper which is still available [here](#) on the diocesan website with the papers for that meeting, if you can’t find it let us know.

Following the February synod we have consulted on the proposals, receiving more than 100 responses. All but three responses supported the proposals (some very positive, others more of a “yes, but...”). The three responses that rejected the proposals made important points about the fundamental model of funding ministry in the Church of England and in the diocese.

The proposals outlined in this paper are broadly in line with what we looked at in February and reflect what we heard in the consultation.

Before getting into the detail it is worth giving thanks for the goodness of God and the generosity of God’s people. Every penny of MMF is a gift to the church, it can’t be reduced to a dry formula or even a complex policy.

**Section 2** of the paper is a “**two-minute read**” that summarises the proposals at a very high level, we hope that you will read past this for more detail!

**Sections 3 & 4** are background that is similar to what you received in February, if you read it then, you might want to skip these sections this time.

**Section 5** explains the proposed formula in more detail.

**Section 6** looks at the feedback we received in the consultation.

**Section 7** helps you to think about what the risks are with what is proposed, and the risks of not making the proposed changes.

**Section 8** explores different ways of funding our work that are not part of the proposal, and tackles some of the questions that we have heard posed in the consultation

The final part of the paper, **Section 9**, explains what will happen at Synod.

There is one appendix as a separate document, we have added the slides that we used in the consultation, including one that shows what difference the proposals would make applied to the 2025 MMF (note **NOT** next year’s budget figures).

## 2. Summary of the proposals - the two minute read

The proposals focus on supporting parishes and deaneries to implement their existing plans, noting that since the beginning of 2024 we have made more than 25 appointments of incumbent status clergy based on those plans. Where plans are being implemented or already working, we don't want to disrupt things, and where plans may need to change, we want there to be a clear and fair way of costing those changes.

These proposals are deliberately modest, they aim to produce an MMF call in each deanery that is close to the call already planned for. We are aiming at **stability, affordability, transparency**, a formula that **allows plans to change** and be easily costed, and plans that allow MMF contributions to sustain a slightly larger **proportion of the total** cost of ministry.

The first proposal is to recalculate the "benefice charge" element of the MMF formula. Rather than every benefice having an equal share of these costs, the calculation will be a share based on the cost of ministry in that deanery. The reasons for basing the call on this element are:

- in most deaneries it produces an answer close to their existing planned call,
- it is transparent and easy to calculate, and
- it allows us to incorporate ministry costs that don't operate with a benefice model.

We are proposing to cap any change in the call at 5.5% in the first year, and that will be the cap we aim at in following years, subject to Synod's annual approval of the budget of course. The "cap" introduces a "transitional" period that does complicate the formula but protects deaneries and PCCs from unpredictable fluctuations in the call.

The third proposal is for new arrangements for clergy vacancies; the call will be adjusted to reflect the cost saving to the Board of Finance as the vacancy begins, until a new appointment is made.

The final main proposal is to review and support the way in which the deanery MMF call is divided between parishes.

### 3. What is MMF?

The **Mission and Ministry Fund** - MMF - is a voluntary contribution made by parishes to support the mission and ministry of the church, it helps to pay for parish clergy and the shared costs of being a Church of England diocese.

MMF contributes the largest single part of the Diocesan Board of Finance (DBF) budget, about £3m of our total income of £7.5m.

The DBF uses a formula to calculate how much MMF to ask in each deanery, what we ask is known as the “MMF call”. Each deanery then allocates the deanery call at benefice, parish or church level (different deaneries do this in different ways).

Every diocese has something like an MMF formula, but they vary - there isn’t one system that is obviously better than all the others. The longer briefing paper that you saw in February [\[here\]](#) lists the different ways in which dioceses create their formula. Some dioceses base the formula on a proportion of the income of the PCC, or the relative wealth of the congregation or the average income in the area the clergy serve. We talked about some of these different formulae in the consultation meetings.

In this diocese the current MMF formula, and the proposed formula, is based on “cost of ministry”. To put it crudely, each deanery is asked to pay for the cost of ministry in that deanery, and a share of the diocesan or “Church House” costs.

We reduce the overall MMF call by deducting some diocesan and other income such as income from fees, diocesan investments, and national grants. For the last few years we have reduced the MMF call by using diocesan reserves. Most deaneries also use Lowest Income Communities Funding (a grant from the Archbishops Council) and other diocesan grants to help pay their call.

Our current formula has two main parts (so does the proposed formula):

- The most straightforward part of the MMF formula is the “**cost of ministry**” element. This is based on the cost of the stipends, pensions, national insurance, housing, training, and other direct costs for the clergy and readers in that deanery. We deduct some income (parochial fees, for instance) and this becomes the “cost of ministry” part of the call.
- The other part of the formula is the “**benefice charge**”. The benefice charge takes the total cost of what that isn’t in the “cost of ministry” line; mostly the Church House team, some of what we pay to the national church, legal and other professional fees and adds all that up. Some of the Church House team are paid for from grants, and there is some other income, so this gets deducted. At this point the current formula doesn’t do anything fancy, it just divides the total by the number of benefices and this is the “benefice charge”. Each benefice is asked to pay the same amount.

**The main proposal is to change the way the benefice charge gets shared out.**

## 4. Why make changes?

The current formula was introduced in 2019, it isn't very old, but since then two things have distorted the way the call works:

- We have used diocesan reserves to keep the call low through the pandemic, mainly to support PCCs when income fell in 2020, and then to protect from the high inflation we saw in the early 2020s. This approach ensured that new deanery plans didn't need to be revised almost as soon as they were made, and parishes had stability when they needed it most. The additional support has rolled over from year to year and in 2025 the MMF call is about £1.8m lower than it would be if we strictly applied the 2019 formula - in other words, we will take about £1.8m from reserves to reduce the call.

We need to start catching up some of the £1.8m as well as passing on future inflationary increases. The Assets Strategy plans to use about £1m per year for this (it is part of the supporting ministry element), this should be affordable for the long term beyond the 10 year Assets Strategy, and some other changes will help us to catch up, but we need to use the MMF formula to help catch up at least £500k over the next few years - the call will have to rise.

- The second thing that has distorted the 2019 formula is that we have deliberately prioritised supporting parishes and deaneries to implement their deanery plans. Several deaneries planned to reduce the number of benefices - and therefore reduce the benefice charge. At the same time there were a large number of clergy vacancies in 2022/2023 coming out of the pandemic and to allow them to make appointments (25 in the last 18 months) we adjusted the MMF call to match their plans, even where changes in the benefice had not yet been implemented.

These distortions mean that we are now not applying the 2019 formula as it was designed, and some deaneries and benefices are being dealt with differently - the call isn't the "level playing field" that it should be. This also means that as further changes are proposed - changes that might affect the call - we haven't got a transparent way of agreeing what the new call would be.

There are some other reasons for making changes in the MMF formula, but they aren't as significant, the main ones are as follows:

When the 2019 formula was agreed we didn't make Lowest Income Communities Funding (LICF) and Mission Funding\* available to deaneries and allow them to use it to offset their MMF call. These arrangements don't sink the 2019 formula, but the way the formula works does make it harder to show parishes how they are using LICF and Mission Funding, and what is available where.

Finally the current formula doesn't take account of churches that don't have a benefice like New Street in Falmouth and St Gregory's in Newquay (so they don't pay a benefice charge) - we need to include these churches and any new worshipping communities formed along similar lines.

*\*A note on page 12 explains what LICF and Mission Funding are*

## 5. What is the proposed formula?

In every diocese the formula for the call will reflect the priorities in that place. Whilst other priorities may be attractive and have merit, we think that continuing to support local churches to be fruitful and sustainable, and to do this by supporting the implementation of deanery plans, is the right thing at this time.

Deanery plans were made locally and reflect local priorities, more than 25 clergy have been appointed to support that work in the last eighteen months but in many places implementation is in the very early days - and in some places the plans are under review to ensure they are fit for purpose. This is why we are prioritising “**stability**.” We need to revise the formula, but we want the call figure that we end up with to be close to the call agreed in deanery plans. We think this helps places where the plans are working, and places that need different plans.

There are two strong arguments that challenge prioritising stability in this way, we have to consider these carefully:

- First, making stability the priority means, for the time-being, not prioritising some of the other things that are important. There is a list of some of the alternatives in the paper we shared in February [here](#).
- Second, “stability” is only attractive in places where there are credible plans for fruitfulness and sustainability. The “cost of ministry” model may not look good in sparse rural areas, or in areas of significant economic deprivation; in these areas the local church may not be able to “afford” models of ministry that support fruitfulness and sustainability. We will come back to this in Section 6 of this paper.

Almost all those who responded supported the idea that stability would give the best chance of implementing plans and would give clergy appointed under those plans the confidence they needed to thrive.

Achieving stability means making sure that the call is **affordable** to both the DBF and to parishes, and this is our second objective or priority. The proposals limit any increase (or decrease) in the call at deanery level to 5.5% in the first year (and we will aim to stay within that cap in future years) this is deliberately above expected inflation and balances the finances of the DBF and parishes.

Those who responded to the consultation supported the idea of improving **transparency** for non-parish roles such as the “BMOs” - Bishop’s Mission Orders, currently New Street and St Gregory’s. The proposals also mean that we can apply the same formula across every deanery.

The proposal allows us to easily calculate what the call will be if plans **change**, and again we can do this in a straightforward and transparent way that is fair to everyone.

The final objective is to gradually **increase the share of “cost of ministry”** that is supported by MMF rather than from DBF reserves. For the last few years the DBF hasn’t passed on inflationary increases in cost of ministry to the MMF call, in 2025 the total increase not passed to parishes is about £1.8m, we need to catch up some of that over the next few years, and start passing on future inflationary increases.



### The proposed changes in more detail....

To achieve the objectives set out above (**stability, affordability, transparency, planning for change, catching up inflationary increases**) there are four main changes to the current formula, the first is by far the most significant.

The main change is to abolish the “benefice charge” and replace it with “shared costs”. The current benefice charge divides the diocesan costs equally between each benefice. In the 2025 budget the total of the benefice charge is £730,944 and this is divided with each benefice asked to pay £15,228. In the current arrangement each benefice is treated equally no matter how many churches, how much its income is, or how many clergy there are. In the proposal the same £730,944 gets shared out in proportion to the total cost of ministry in each deanery; so if your deanery has 8% of the total cost of ministry, the “shared costs” part of the MMF call will be 8% of the shared costs total. The reason for using this calculation rather than another was because it gives us stability, affordability and transparency.

The second proposal is to cap the change in call in each deanery at 5.5% for 2026. This should help treasurers to plan and should give confidence that the MMF call will not suddenly fluctuate by a large amount. In years following 2026 the cap may need to vary, but a maximum of 5.5% is our target. Setting the cap would come back to synod each year as part of the budget setting process. Once we have “caught up” enough of the £1.8m the increase can fall back to track inflation. This arrangement is sometimes called “transitional relief” - it helps stability and affordability, but it makes the formula more complicated and less transparent, it should help a little in catching up with inflationary increases.

The third proposed change is to revise the arrangements for clergy vacancies. This was strongly supported by the consultation. The MMF call would be reduced immediately in a deanery where a vacancy occurred. The reduction would reflect the actual cost “saving” to the DBF (stipend, pension, Council Tax etc) and would then revert back when a new appointment is made.

The fourth major proposal for change reflects the most consistent feedback we heard in the consultation; that is that arrangements for allocating the MMF call within the deanery need to be addressed. It is clear that some PCC treasurers don’t know how their call is calculated within the deanery. Whilst most of those who responded supported changing how the deanery call is allocated, there wasn’t a consensus on how to do this. We propose to consult further on this across deaneries, noting that it will probably not be a “one size fits all” approach, but will prioritise **transparency**.

There are a few other more minor changes, the most interesting of these is to introduce a mechanism where a parish can ask for emergency changes to the call if the PCC suffers an unexpected loss of income or assets. PCCs can already ask for this, of course, but this proposes to make that more transparent. There will also be a mechanism to show how the call would change if there are changes to the deanery plan.

## 6. What came out of the consultation?

The consultation heard from more than 100 people, mostly PCC and deanery treasurers, clergy, and a handful of churchwardens. Of these responses almost all were positive to varying degrees - from “enthusiastic,” to “I suppose so,” and everything in between. There was widespread recognition that by not passing on inflationary increases to parishes the DBF had helped a lot in the last few years, and an acknowledgment that there needs to be some catch up. There was strong support for making stability a priority and avoiding big fluctuations in the call.

The single most consistent response from nearly all the consultations was that the allocation of the call within the deanery needs to be improved. The second most consistent response was to support more work to promote “what MMF is” and what it pays for.

In some consultation meetings we discussed future possible revisions of the formula that could have different priorities. We heard suggestions that the MMF formula could move towards promoting growth, supporting work with children and young people, helping parishes reach out to the elderly, recognition of the burdens of caring for historic buildings, more support for rural churches, more support for town churches and prioritising ministry in areas of economic deprivation. The proposals before synod on this occasion are deliberately modest, it was clear that more radical proposals would need much prayer, careful listening and wisdom! It would be good to hear from members; how soon do you want a more comprehensive look at the MMF formula?

As noted above, not all the responses were in favour of the proposals.

Two responses challenged the priority of “stability” because they felt that their current plans and financial arrangements were unlikely to lead to fruitfulness and sustainability - for them the status quo doesn’t work and so a more radical response is needed. One of these two responses was on behalf of a Deanery Implementation Team so although a single response it clearly represents a wider view.

A third response was ambivalent about the MMF formula proposals but suggested a different approach to the overall DBF budget. We touch on this in Section 8.

Following the consultation, the Bishops Diocesan Council is recommending the proposals to Diocesan Synod, at the same time we need to take these more challenging responses very seriously.

In the areas where the current plans and financial arrangements were, according to two responses, unlikely to lead to fruitfulness and sustainability (in other words, “we don’t want the formula to support our plans, because we don’t think our plans are good”) there is clearly work to do to understand concerns and if necessary to review and revise plans, this work is underway. The question is whether to respond with a more fundamental review of the whole “cost of ministry” basis of the formula across the diocese; this was not the approach recommended by the Bishop’s Diocesan Council.



This is a judgement call, we need a formula that can gain wide support, and just as important a formula that is for the whole diocese, not just for some bits. We clearly need to constantly revisit our budgets and plans for ministry, but much more importantly continue to seek God's will for the church and respond faithfully to that calling.

## 7. What are the risks with this proposal?

Like every diocese we rely on a three-way partnership to fund our work: **national** funding, funds from shared **diocesan** resources, and **local** funding from parishes. In this diocese the proportion of costs carried by parishes is lower than in most other dioceses, but it is vital and relies on the generosity of local people and the willingness of PCCs to make those funds available through MMF contributions.

Synod and the Diocesan Board of Finance must not take the generosity of the people of Cornwall, and the willingness of PCCs, for granted. Any MMF formula is only as good as the local support for our work. MMF is a voluntary contribution made by PCCs, it relies on goodwill, PCC finances in turn rely on the commitment and support of faithful parishioners - these truths carry risks and opportunities that we need to understand.

The simple bit about these proposals was finding a formula that gives us stability, it happened to be changing the benefice charge to a share of costs based on cost of ministry. The more difficult part, and the part of the proposals where there is more risk, is the need to “**catch up**” some of the inflationary costs that haven't been passed on to parishes. The consultation suggested that a capped increase of 5.5% would be affordable, but we note that not every parish fed back to us and that for some this level of increase may not be affordable. Parishes have worked incredibly hard to achieve a “collection rate” above 90% and we have to be very careful not to squander that.

Every formula has **unintended consequences**. The current formula probably changed the shape of deanery plans in some places, and the proposed new formula may also have unintended consequences.

The proposed formula is more open about the **shared costs** of being a diocese - what are sometimes called the central costs or “Church House” (it is more than just Church House). Because we are a small diocese and we still need the core functions of any diocese, then the shared part of our budget, the shared costs, are a larger proportion of the whole. We think that we need to be open about the work we ask our Church House team to do and about what it costs to be a Church of England diocese, but there are risks in being more transparent.

It is worth noting that some respondents, including members of synod, are keen to look at a **more radical approach** to MMF in due course. As noted above, there is no consensus yet on what that approach would prioritise, but it would be good to hear what the appetite is among synod members, should we look to next year to start work on a completely new formula or do we need a longer period of stability?

## 8. What are the alternatives to this proposal?

- **Do we have to make any changes?**

We don't *need* to make changes, but if we don't change anything we continue to accept the uneven call between deaneries, and officers (or someone) will have to create the rationale for what the MMF call should be where parishes or deaneries propose to change their plans.

Simply re-instating the current formula and applying it rigidly would be disastrous in several deaneries where their call would shoot up suddenly.

- **“Is it true that the diocese can actually afford many more clergy?”**

This was the premise of one of the consultation responses, it said that for about £3m of MMF the diocese should be able to afford closer to 100 clergy. As this might seem an attractive, or even obvious, idea to some, we want to give a full response as to why this is neither desirable nor feasible.

We probably all agree that increasing the number of stipendiary clergy in post is a good plan, and that is our plan, we are one of only a few dioceses that are doing this. That is part of what we mean when we talk about implementing deanery plans, it is why we think that supporting current plans is the right thing to do with these proposals for the MMF formula - we want more vicars and a bigger church. Nationally, and in this diocese, there are more clergy retiring than being ordained, so the overall clergy “workforce” is shrinking fast and nationally there are more jobs going than clergy to fill them. In 2024, 363 people entered ordination training in the national church against a target of 600. This has been a pattern for the last 4 years leading to a widening gap in the number of clergy available to serve in parishes. That means Church House and parish teams working increasingly hard to get good candidates, and the need to encourage more vocations: please pray for more priests. The simple maths means that overall patterns of ministry will need to change whatever decisions we make in Cornwall, and although there are more clergy in post in the diocese now than two years ago, most deaneries still have fewer clergy in post than they had four or five years ago.

Even if this were not the case, we don't think that “more vicars” alone solves everything; the only way to fund close to 100 stipendiary posts would be to end diocesan and national funding for Parish Nurses, CAP debt counsellors, parish administrators and Foodbanks, as well as for work with children and young people; all our experience tells us that to grow we need priests *and* a wider team around them - and that is what deanery plans describe and what our proposals support. Over time we could pay for more priests if we didn't do any of those other things, whether we could actually recruit clergy to a diocese that had taken that decision is another question. Remember, when there were 100 priests in Cornwall, not that long ago, the church was still shrinking fast.

The proposals for increasing the overall number of stipendiary priests to 100 didn't include paying for curates, clearly any move towards more priests will need *more* curates not *zero* curates. The alternative proposals also omitted our contribution

to the national church. The alternative proposals don't include parishes contributing to any other shared costs such as safeguarding, the finance team, parish support, training for lay roles, they simply say that these costs should be saved. The proposal for increasing to 100 posts assumes that all the grants and income we have from the national church and others can be used for running costs. In fact almost all those grants are for specific work, like paying for the Generous Giving Advisors, or to administer grants for net zero or church buildings.

Most of these are questions for the budget debate in November, that is when we will discuss what we want to pay for and how to fund the work of the church in Cornwall. Synod, like every deanery and every parish, makes plans and makes choices.

○ **“What happens if a church doesn't pay their MMF?”**

We note elsewhere in this paper that ministry everywhere in the Church of England relies on a three-way partnership of national, diocesan and parish funding. Where that partnership breaks down there is less support for ministry.

There are different reasons for a church or parish not making an MMF contribution, and there will need to be different responses:

- We know that in a handful of places there is still a mis-match between the call and what the local church can afford. This doesn't happen much now, but where it does, we are working with local leaders to understand what the best response is, sometimes it will be temporary support from neighbouring parishes or the diocese, or it may be that plans need to change.
- In one or two places the parish or church can afford the MMF call but is choosing not to pay. In these places we need to understand the reasons and work through the issues with local leaders to restore that three-way partnership.
- The most common reason for not paying is still misunderstanding about what the MMF call is for, how it is calculated, or what is actually in the deanery plan. If Synod approve these proposals we intend to use time this summer and autumn to help parish leaders explain the call and how ministry in Cornwall is resourced.

Until the last few years the number of parishes not contributing their MMF call was growing and collection rates were falling. There were too many places not making their contribution, the three-way partnership was breaking down. The decisions that Diocesan Synod have made in the last four years; supporting new plans to reallocate LICF locally, supporting the Diocesan Plan for Change and Renewal, and the Assets Strategy which increased the use of DBF reserves to support parish ministry, these and other decisions have begun to restore that three-way partnership, collection rates are now well over 90% and the days when a place could just “opt out” are gone. There is more to do, plenty of places are still fragile, but the church in Cornwall has begun to slowly grow again. When a church makes an MMF contribution they help to support that work.

## 9. What will happen at Synod in June?

Usually the discussion about MMF happens in the budget debate. DBF rules mean that Synod cannot make amendments to the budget, members vote to either accept it or refer it back to the Bishop's Diocesan Council. We want to give a better opportunity to suggest alternatives or amendments to the formula and have a more open debate separate from the main budget debate, hence bringing it to you in June in this way.

The Chair of the DBF, Justin Day, will propose the revisions to the formula and introduce the debate. Members will have the opportunity to ask questions, to comment, suggest amendments, tell us about what works and doesn't work in their place.

The timing of the debate well ahead of the budget will let us take suggestions or amendments away, and if necessary, cost them and incorporate changes into the budget that will come back to synod later in the year.

A key question that arose from the consultation is about our appetite for a more radical reform of MMF - in other words not making "stability" the priority for ever. It would be very good to get a sense of where members are on this, what would your priorities be and how long do you think we should wait before returning to this?

If members approve the proposals, they will form part of the budget that comes back to synod in November. If synod amends the proposals, then we will cost the changes and subject to the approval of the Bishop's Diocesan Council the revised formula will form part of the 2026 budget. If synod reject the proposals, then the Bishop's Diocesan Council will need to decide whether to continue with the current formula next year or, taking into account what we hear at synod, whether to come back with further revisions.

### What is LICF and Mission Funding?

Lowest Income Communities Funding is an annual grant of almost £1m received from the Church Commissioners via the Archbishops' Council. The grant (we call it LICF, but nationally it is known as "LInC") is to support the ministry of the church where it serves low income communities. LICF used to be part of the main DBF budget allocated at diocesan level, but as part of the "On the Way" planning process each deanery's share of the grant was made available locally for deanery leaders to allocate. Deanery Plans have to show how the grant is used to support the mission or ministry of the church in a community experiencing deprivation, that aligns with how the DBF reports on the grant to the Archbishops Council. 40% of LICF is used to support ordained ministry, the rest supports work like parish nurses, CAP projects, foodbanks, and other outreach in communities experiencing deprivation.

### What is Mission Funding?

Deaneries that don't receive support through the "TM" projects receive an allocation roughly in proportion to the diocesan TM contribution to support mission. The total across the diocese is about £2m but unlike LICF this is a total one-time grant from DBF reserves. Mission Funding is intended to support ministry where it isn't currently sustainable as it move towards sustainability - there should usually be a plan for how that will happen.