

Who decides how much each parish contributes?

Diocesan Synod agrees the diocesan financial plan each year (see – How much is needed?). This involves setting the total amount of the Common Fund.

Bishop's Council then decides each year how to divide the total amount required for Common Fund between parishes. The division has to be fair, realistic and consistent.

The division includes a fixed element of £12,000 for each paid clergy post in each parish, with the remainder based on the means and size of the congregation.

In this way, all parishes have to take some financial responsibility for themselves.

The variable elements taken into account in the calculation are:

- Number on Electoral Roll (20% weight);
- Average Sunday Attendance (80% weight); and
- Average income of congregation compared with the overall diocesan average (income factor).

Each parish provides the data for these elements to the Diocesan Office – every three years for the income factor, annually for the remainder. The Church of England receives no direct state funding for ministry or mission. However, each parish receives tax repayments on the amounts given to it under the Gift Aid scheme.

What happens if the Diocese does not receive enough Common Fund?

The Common Fund depends wholly on trust between the parishes as regards collection of accurate parish data and making the financial contributions in full and on time. The Bishop, Bishop's Council and the diocesan officers have a responsibility to manage income and resources and spend money wisely. In the past, the vast majority of parishes have been highly responsible in making full contributions to Common Fund. The total contribution rate has often been 98%, and this rate (or better) needs to continue if confidence is to remain in the system. The rate in 2009 was 92%, which is too low and credibility is being threatened.

The inevitable result of shortfalls in Common Fund will be a reduction in the number of paid clergy. This is because clergy costs represent over 80% of total diocesan expenditure (see-How much is needed?).

The sale of assets would be a short term response to a shortfall in Common Fund but would in any case result in a reduction in future years' investment income, with the consequences that would bring. The ability to significantly reduce the cost of central services and initiatives is very limited and would also be reflected in service levels to parishes.

For further information on Common Fund, please contact Finance at Church House
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THE CHURCH
OF ENGLAND
BIRMINGHAM

COMMON FUND

*God provides
Everyone receives
Everyone gives*

2012 Edition

www.birmingham.anglican.org

Foreword

We all face an uncertain economic time, particularly with regard to the announced public sector spending cuts, changes to benefits, increasing unemployment and rampant inflation.

Recognising this, the total amount requested for 2012 Common Fund has been held at 2010 and 2011 levels, and the diocesan finances are being managed to reflect the pressures facing parishes.

Thank you for all your support in past years. Please remember that most of our costs have to be paid monthly, and that paying your Common Fund monthly helps us, like you, in managing our cash flow without having to incur expensive borrowing costs.

*Phil Nunnerley—Chair of Birmingham
Diocesan Board of Finance*

What is Common Fund?

Common Fund is contributed by every parish in the Diocese of Birmingham to provide and support clergy and to further God's work across the diocese. Each parish is able to make its contribution only because of the generous giving of the members of its congregation.

God provides, Everyone receives, Everyone gives.

Through Common Fund, ministry and mission are sustained and promoted in all parts of the Diocese of Birmingham.

Why should we contribute to the Common Fund?

- In response to God's generous provision
- As a sign of our love for God and in thanks for God's generosity towards us;
- Because we believe wholeheartedly in Christ as Saviour of the world
- As a sign of our commitment to proclaim Christ's Gospel and because we recognise the importance of the Church's mission for the present and future;
- To share our resources with our fellow Christians;
- To assist the Church to carry out its work throughout the Diocese of Birmingham;
- To contribute as fully as possible to our own Parish's ministry costs.

How much is needed?

The Diocese of Birmingham's financial planning for 2012 is dependent on raising a total Common Fund of £5.4 million. This is the same as in 2010 and 2011. The Diocese has made savings to absorb inflation averaging over 4% per annum.

Expenditure	£ million
Total cost of clergy and housing	7.0
Diocese-wide ministry and mission	0.8
Clergy training	0.5
Governance and Parish services	0.5
Total Expenditure	8.8

Income	£ million
Common Fund	5.4
Fees and stipend sources	1.1
Church Commissioners	1.6
Investment and other income	0.7
Total Income	8.8

What do parishes receive? or What does my vicar cost?

Whilst the basic running costs (light, heat, repairs, books, music etc.) of each parish in the diocese are paid directly by the parish from the gifts of its congregation, clergy are paid by the diocese, and principally funded by the Common Fund.

Although there are variations from parish to parish, particularly in housing costs, the average budgeted cost for 2012 is over £40,000, made up as follows:

	£
Stipend (from 1/4/12)	23,000
Employer's National Insurance	2,442
Pension Contributions	8,435
Housing costs	4,660
Council tax (B'ham Band E)	1,540
Total cost	40,077

The stipend is the part that is paid to the vicar to meet day-to-day living costs.

The pension scheme arrangements are the same for the whole of the Church of England, and are organised such that each diocese makes all contributions for clergy working within it.

Most of the Common Fund goes towards clergy costs, which account for around 80% of our expenditure, almost all of which is incurred monthly. For this reason, contributions from parishes need also to be on a regular monthly basis, preferably by standing order.