

## What happens next?

- Having considered their share of the costs of providing stipendiary ministry, housing, support teams, training future clergy, we ask PCCs to make a Common Fund commitment by the end of July.
- Having written to each PCC, Archdeacons and Area Finance Advisers are available to answer questions and to engage directly with PCCs and parish clergy as decisions are made.
- An LDF budget will be drafted this summer and scrutinised by the Bishop's Council in the light of the Financial Plan and Common Fund pledges before recommendation to Diocesan Synod.

## Building parish income

Area and Diocesan teams are committed to helping local parishes raise income. They will signpost resources to help encourage generous giving from the congregation, advise on contactless and online giving, assist with increasing rent from hall hire and help provide professional input to grant applications. We will be increasingly focusing on resourcing this vital aspect of church life in the coming months.

## And finally...

The vision for every Londoner *to encounter the love of God in Christ* relies on the vital provision of parish priests and on active, professional, support for local church leadership. This is as costly as it is vital.

Over many years, we have seen God's financial provision through this collaboration between local churches and the LDF. We continue to trust in that for the year ahead.

Thank you for your time and prayerful consideration as you and your PCC respond to this challenge through your Common Fund commitment.

*Oliver Home (Gen. Sec.), the Archdeacons & Area Finance Advisers  
May 2024*



## The PCC Guide to Common Fund 2025

PCCs are now considering their contribution to Common Fund for 2025. Alongside a parish letter from the Archdeacon, Common Fund meetings, and a range of additional support material, this PCC Guide is intended to help inform and support that decision process.

More than 500 parishes and worshipping communities across the Diocese are resourced through a unique collaboration between local churches and the London Diocesan Fund charity (the LDF). Parish Common Fund contributions, alongside substantial LDF funding, make possible the provision of parish priests, parsonages, parish support teams and training the next generation of clergy.

All of this happens to pursue the vision for every Londoner to encounter the love of God in Christ.

## The challenge

Common Fund practically expresses the commitment to resource parishes in every community, independent of capacity to contribute. Funding this approach has become increasingly challenging, as the Covid crisis, increased cost-of-living and inflationary pressures have impacted every aspect of church life.

Against this challenging backdrop, the combined income of Common Fund and the LDF has not been able to keep up with costs. The LDF took responsibility for easing as much of this financial pressure as possible, maintaining levels of parish ministry and supporting the diocesan vision by investing an additional £14m in parish ministry from capital reserves

between 2019 and 2023. However, the LDF's deficit and consequent capital investment is likely to rise to an unsustainable £5m per year out of expenditure of £40m in 2025 if current patterns continue.

The LDF is therefore developing a robust financial plan to increase income and reduce expenditure while maintaining its commitment to parish ministry. But since Common Fund contributions are the core of the LDF's income, we need urgently to close the gap between the costs of resourcing parish ministry and the contributions of parishes.

We recognise that, like the LDF, PCCs may well be facing challenging financial circumstances as they set a budget for next year. Nevertheless, we trust that parishes will prioritise contributing as fully as possible to their own ministry costs, so that together we can secure the future of local church ministry for years to come.

## Deciding your parish contribution

Archdeacons are now writing to each parish and worshipping community with a proposal of how much a realistic commitment from their church towards costs in 2025 might be. In deciding a Common Fund commitment, PCCs are asked to consider the costs of ministry they rely on which is underwritten by the LDF (indicated by their 'Parish Standard Cost'), alongside their available financial resources.

Many will be able to commit to meeting their costs in full, as well as considering giving more to support other parishes. There are parishes that need to be supported by the LDF and other churches, but it is still important that all parishes contribute as much as they can.

## Parish Standard Cost

The Parish Standard Cost (PSC) is offered as an indication of the cost of clergy provision, parish support teams and the training of future priests. It acts as a benchmark against which PCCs can assess their contribution and gives a starting point for conversations about an appropriate contribution in 2025. A paper on the PSC is available for PCCs.

The PSC is based on this year's budget, set by the Diocesan Bishop's Council which includes representatives across church traditions and Episcopal Areas. Predicted additional costs, such as inflation, are added to this and likely savings subtracted.



[A breakdown of the PSC is available separately.](#)

Each part of the budget is then averaged across the diocese, and this gives the PSC: the average cost of providing a parish with a priest, a parsonage, parish support teams and training future clergy.

The PSC for 2025 shows what we believe it will cost to:

- Sustain the number of parish clergy posts across the Diocese.
- Continue to increase stipends following the cost-of-living crisis.
- Prioritise clergy wellbeing by improving our parsonages.
- Provide practical training and advice for local church teams.

The 2025 PSC is 9.5% higher than for 2024 and we are acutely aware of the steep rise this represents. This increase is unrelated to the deficit, since the PSC relates only to predicted costs, and nor is it created by the addition of new items of expenditure.

The most significant increase comes in the cost shown for providing parsonages (their maintenance, management, and safety) since, in addition to sharply rising building costs, we have removed a substantial 'subsidy' figure, which had previously hidden the true cost of parsonage provision. There has also been a root-and-branch reappraisal of how we show all costs to give a clearer and more realistic benchmark figure.

Although the re-stated Parish Standard Cost is higher than before, it still represents very good value for PCCs. In the provision of housing, for example, the £1,985pcm parsonage cost is significantly less than an equivalent rental costs almost anywhere in the Capital.