

I want to know...

why is the Church no longer “free”?



One of the greatest mysteries to long standing churchgoers is why the Church of England once provided ministry for ‘free’ but now, despite having fewer clergy, it needs ever increasing donations.

There are two basic reasons why the Church has become much more reliant on donations: the cost of running the Church has increased well ahead of inflation and the historic contribution made by the Church Commissioners has decreased significantly.

Increasing costs of ministry

A report by the National Church in 2008 (*Financial Overview 2000-06*) enables us to answer this question as it contains a section which compares the cost of running the Church in 2006 with that of running it in 1963, adjusted for inflation (RPI). A summary of this is given below.

Cost of running the CofE 1963 cf 2006



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In just 43 years the cost of running the Church has gone up in real terms by 70 per cent from £600m a year to just over £1bn. Here we try to explain why.

Improving clergy living standards

Without private means or wealthy benefactors clergy in the 1950s often lived in dreadful conditions. Anecdote and memory recall the poverty in which many were forced to live out their vocations and the penury in which many died.

A series of measures through the 1970s and 1980s sought to ensure a fairer treatment of clergy; addressing stipend levels (1975: minimum stipends introduced), pensions (1980: current pension scheme introduced) and housing (1986: Church Commissioners led reform of housing provision).

All this essential reform however came with a financial cost. Whilst it was often borne initially by the Commissioners it has slowly passed to dioceses and so to parish share.

Although direct comparison is difficult the average equivalent stipend in 1963 was £14k, in 2006 it was £21k (including national insurance). The cost implications of the pension scheme are easy to see on the chart: a five fold increase from an equivalent £21.5m in 1963 to over £112m in 2006.

Overall a stipendiary cleric in 2006 costs the Church almost three times as much in real terms as the equivalent in 1963. This has been partially offset as a total cost due to the decline in stipendiary clergy from around 16,000 in 1963 to just over half that in 2006.

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Worship and ministry

This category covers virtually all the ‘other’ parish costs and initiatives by dioceses and the national Church to support parish ministry and mission. Such costs have increased from £186m to £313m over the period.

The reasons for this appear connected to the rise of new costs, such as youth workers and travel, which have been introduced to help cope with declining clergy numbers. Also notable is the cost of heating; a warm Church is now an expectation, not a luxury.

Buildings

The cost of maintaining, reordering and extending our church buildings has doubled in real terms. Three factors are thought to be causing this:

- The decline in the availability of traditional craftsmen and materials
- Increasing regulation (disability access, conservation, health & safety etc)
- Higher expectations of facilities (e.g. lavatories, lighting etc)

Together these mean that church buildings cost more than ever to keep open. The Listed Places of Worship Grant Scheme (VAT refund), English Heritage and other funders have only a limited role in helping with this challenge.

Central administration

This includes Diocesan and national Church administration. Due to the efficiency of modern business systems it is the only cost that has gone down over the period (in real terms).

Outward giving

It is heartening that despite all these cost pressures the Church has maintained a principled approach to outward giving to other charitable causes.

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Reducing income from the Church Commissioners

Over the period 1963 the Church Commissioners' revenue contributions to the Church have halved in real terms.

In 1963 the Church Commissioners paid for 75 per cent of stipends. Today they fund around 10 per cent of the cost of parish clergy nationally, but in many dioceses and parishes there is no ongoing support.

The reasons for this are an imbalance between the investment earnings of the Commissioners' funds and the amount they have historically paid for in the life of the Church. It is an open question why this has happened but it is clear that the Church has been living beyond its means for a number of years and funding from the Commissioners can no longer be the comfort it once was.

Impact on personal giving

Due to rising costs and the decline of the Commissioners' contributions other income sources, primarily personal giving has had to more than double in real terms. If the level of stipendiary clergy had not declined over that period it would have needed to treble.

This hopefully helps explain why we all need to contribute more to the Church to sustain its ministry.