

Finance in the Church of England

From a talk given by Nic Tall (Stroud, St Laurence) to Stroud Deanery Synod, April 2026

This paper has been written to explain how finance operates at the levels of the parish, diocese and nationally, and to look at the connections between the different levels. It is hoped that it will educate in an area that is often complex and misunderstood. I must say that I am not a financial expert, but I have worked for a diocese and I am a member of General Synod, along with having served for many years on a PCC. I therefore approach this as an interested lay person.

What is the Church of England?

Before I get into things, I have to say something which will blow your mind, and that is that there is no such thing as the Church of England. It doesn't exist.

OK, what I mean by that is there is no legal entity called the Church of England. There is no charity or no limited company called the Church of England, rather that is a term we use to refer to a whole cluster of separate legally constituted bodies. 12,500 parishes and their PCCs, 42 dioceses, 7 National Church Institutions, Church Schools and Academy Trusts, Religious Communities, Theological Colleges and more. Collectively they are the Church of England, but the C of E itself is not a single body.

I say that because whenever someone says "the Church of England should do this", or "the Church of England should pay for that" you need to ask "which bit of the Church of England?". And should anyone ever say "the Church of England has plenty of money" or "the Church of England is financially cash strapped" you again need to ask exactly which bit.

Finance at Parish Level

For most parishes income is primarily from parishioners, with Gift Aid applied where possible. Some churches benefit from being able to hire out a church hall or some other property, or might be able to run a café or community shop for some extra income, or might have some investment income from historic resources, but this is by no means guaranteed. In terms of costs, again you will be familiar with the usual things – maintaining a building, utility bills, insurance. There might be staff costs if there's an administrator, caretaker, families worker or whoever. And then there's the parish share, also called common fund, diocesan share or the quota depending on where you are based.

This payment is between the parish and the diocese. How it is calculated varies between dioceses. Some base it on average Sunday attendance. Some base it on a church's income. Sometimes there are complicated formulas involving the socioeconomic status of your parish, your income, worshipping numbers and just about anything else the Diocesan Board of Finance can put in there. And in others, as I think happens here in Gloucester, are primarily based on stipendiary ministry that's deployed to a benefice. A ballpark figure across the church is that one stipendiary priest costs around £55k per year. That's not how much they receive, it's their stipend, housing, pension, cost of training (as somewhere in a theological college right now is someone being trained to be your priest at some point in the future) and the on costs such as payroll, diocesan support, Archdeacons giving oversight and so on.

The idea of parish share is that everyone pays in, and from the money collected the diocese provides clergy into parishes. If you are a poorer part of the diocese it doesn't matter, because it is a collective fund. And should you be in a vacancy between clergy you continue to pay, because your parish share is to cover the cost of ministry across the whole diocese, not your specific benefice. So if you have a priest in post at the moment, they are being funded in part from parishes currently in vacancy. Should you be in vacancy in the future you will be returning the favour.

Technically parish share is a donation, freely given, and the diocese cannot compel a church to pay its parish share request. But before you go back to your PCC and say "I've got a great idea to save thousands of pounds" let me explain a bit more. Overall, nationally, parish share raises roughly £300 to £350m per year. Providing parish clergy also costs around £300 to £350m per year. If parishes decided not to pay parish share, the knock on effect is that dioceses wouldn't be able to pay for clergy, and clergy numbers would be cut, vacant posts left unfilled. And I wouldn't blame any diocesan board of finance deciding to wield the axe in the direction of parishes who weren't paying parish share, sparing those who were still contributing to mission across the diocese.

In general terms, giving to your parish church supports your parish church. It helps to maintain the building, covers maintenance and running costs, and the money passed onto the diocese through parish share covers the cost of clergy.

Finance at Diocesan Level

For money coming in and out, the biggest source of income for a diocese is parish share, the largest outgoing is paying for and supporting clergy. In 2024 for Gloucester this was about £6.5m coming in from parish share (of a total income of around £10m), and around £6.7m supporting clergy (from around £10.2m). The extra bits of income are from investments, renting out spare housing, some income from the national church, some grants, and the like. The extra expenditure includes things like clergy training, retired clergy housing, some grants, but the largest "other" is described as "support for parish ministry", which is much of the central administration, including things like safeguarding, governance, supporting lay ministry, DAC, diocesan comms, church schools and more. But in big picture terms, the large part is parish share in, which then goes out to pay for clergy.

Overall, dioceses are struggling at the moment. Collectively the dioceses have a combined annual deficit of around £60 million per year, around £1.5 million per diocese. Roughly 35 of the 42 dioceses are operating at a deficit in some way or another. This problem has been exacerbated over the last five years by the drop in numbers attending church following covid and also the increase in the cost of living. And while numbers going to church have been slowly increasing in the last few years, we still aren't anywhere near where we were before 2020.

Not all dioceses are created equal. Most dioceses have some historic assets, which can either be sold off to cover any deficit or which help income by the investment returns they generate. The best off in this regard is Oxford, with around £160m in historic assets. The least well off is Liverpool, with around half a million. As in life, wealthier areas tend to find it easier to raise resources and also tend to have more in the bank. Many dioceses have bridged their year on year deficit by selling off resources, such as clergy housing. This is using capital as revenue, and it can't go on forever.

So parishes are struggling, dioceses are struggling, what about the national picture?

Finance at the National Level

Here I need to explain a few of the National Church Institutions, that are part of the Church of England that I have told you doesn't legally exist. There are 7 NCIs:

- two that support the Archbishops
- one that does Church Schools and education
- another is the central administration,

leaving three others that are more concerned with money.

- One of those is the Pensions Board, of great interest to clergy, especially those approaching a well earned retirement, but it largely does pension fund things and is less relevant to this paper.

The remaining two are

- the Church Commissioners and
- the Archbishop's Council.

The Archbishop's Council is a charity set up to co-ordinate, promote, aid and further the work of the Church of England. It's a bit like a government cabinet, forming policy and setting overall strategic direction. The Archbishop's Council does quite a bit of allocating funds, and a lot of its resources come from the Church Commissioners.

The Church Commissioners run a perpetual investment fund on behalf of the Church. They hold historic assets passed onto and owned by the Church, and they invest them to generate an income. Being a perpetual fund means that the total amount managed by the Commissioners cannot be reduced if we suddenly want to spend more money. Rather, they invest the money and they are instructed by an independent actuary how much they have to give to the Archbishop's Council to support the wider church. The idea is that historic assets will be of benefit to the church in the future, up until Christ returns or the end of the Church of England, whichever happens first.

That may sound a cautious approach, but it is designed to give inter-generational fairness so that one generation of churchgoers don't use all the assets up for themselves. However, the amounts in question mean the Commissioners are more than a bit player in C of E finance.

At the end of 2024 their assets under management were valued at £11.1 billion pounds. The amount being distributed to the Church is allocated in three year periods, and 2023-25 saw £1.2 billion passed on to the Archbishop's Council. Plans for the 2026-28 period are for even more, with £1.6 billion being distributed over three years, around £530m per year.

That is a lot of money, but there is also much call on it.

Around £153m per year will be supporting clergy pensions and retirement housing.

About £46m supports the ministry of bishops and archbishops, who are not directly funded by dioceses.

Around £17m supports the ministry of Cathedrals, again these are not funded by the local diocese.

There's around £40m for national safeguarding, including funding for the Redress Scheme for survivors and victims of church based abuse.

There's a specific allocation of £33m to help directly support dioceses, so this will help to alleviate some pressure. However, there is also due to be an increase in the clergy stipend, much needed, but the cost of that will fall on dioceses which will use up most of that money.

One of the big areas of allocation is into strategic mission support, around £140m. Of this £44m is the Lowest Income Communities fund (known as LinC). Of the rest, most (about £77m) goes to Strategic Mission and Ministry Investment. I will say a little bit about each.

So **LinC funding** is money that goes directly to dioceses ministering to poorer areas. It is calculated on the average income within your diocese, rather than the financial state of your diocese. As a result some places such as Liverpool or Sheffield receive significant amounts, and without LinC funding there would be significant patches in clergy provision in those dioceses. So there it's a good thing. While the amount of LinC funding has increased, which has brought more dioceses in to receiving at least something, there are still some areas (and Gloucester is one of them) where the average income is high enough that the diocese doesn't receive any LinC funding. Because lowest income funding is, by definition, going to go to areas where there are more people on low incomes. This is one way in which the church achieves some levelling up, helping areas of real need. But it doesn't help everyone.

The other area, called "**SMMIB**" (**Strategic Mission and Ministry Investment Board**) aims to do something different. This funding supports long term strategic plans to foster church growth. Dioceses can bid for this funding, and if successful it goes towards their strategic plans to help turn around decline, often in the form of new church plants or pioneer ministry. This has proved somewhat controversial, not least because of the sums involved.

The roughly £80m per year going into this fund is greater than the collective deficit of all dioceses, so this one pot of money could stop dioceses selling houses to pay the bills and using up reserves in the hope that something will turn up. Then there's the question of where the money has been spent, and it has often gone towards new church planting schemes into urban areas, with very little for small towns and villages.

It is also a right pain for dioceses because it's a competitive bidding process which means you put in a lot of work to justify what you would want to do with the money, with no guarantee of a reward at the end of it. And even if there is some money at the end of the process, it has to be for the designated project and doesn't alter the annual deficit weighing on the churches you already have. Finally, the allocations to dioceses vary widely. Some dioceses have received tens of millions of pounds. Others have received nothing, or very little. Gloucester so far has not received much, it all seems quite hit and miss.

National Funding and Long Term Sustainability

I would agree that there is a need to apply the large amount of central funds for supporting local churches, and to help build a more sustainable future for the church as a whole.

To understand the decisions being taken to fund new projects ahead of existing ministry we need to look at the long term post-war trends in the church. A while back I looked at figures from the mid 1960s through to the mid 2010s. Over those 50 years, in broad terms, the number of church

buildings we had has decreased by 8%, about 1 in 12. The number of clergy has reduced by around 30%, nearly one in three. And the numbers attending worship on Sunday has gone down by about 50% so that has halved. In terms of our finances it means that there are fewer parishioners per priest, and also per church, yet the need to support the valuable assets of clergy and buildings has not gone away. So the average parishioner is needing to give more now than in the past. From the perspective of clergy it means there are fewer parishioners, which can mean fewer volunteers, but the average priest today are having to maintain more church buildings each than clergy in the past. Whichever way you look at it, there are greater demands made of parishioners and clergy in terms of finance, volunteering and keeping buildings open.

Logically the main ways to address that imbalance are either to increase the numbers attending church (which is a good thing to do, regardless of our finances) or to close buildings and perhaps also make do with fewer clergy. The growth needed for the first is not straightforward, but closing buildings is also something that we are wanting to stave off. And the question of reduced numbers of clergy is as much to do with fewer people coming forward for ordination as it is the capacity to pay for them.

I personally think that underlying SMMIB is a lack of confidence in local churches to be able to deliver the goods, as it were, with a belief that were the money given to support inherited parish ministry then it would be diluted and not achieve much by way of results. It feels like it's "better to try something new, than support the old model which is largely declining". I am not convinced by that, I don't think the new models give anything like value for money, and the inherited church isn't being given a fair run given that so much time and energy is put into maintenance and raising funds that there is less left for local mission and ministry. Or to quote a Synod clergy colleague of mine "I don't need a million quid to grow a church, just reduce my parish share and give me enough for some admin support and some youth work and I'll show you a growing church".

Conclusion

So in summary, the Church of England is a complicated web of many organisations, big and small, all trying to fulfil their calling of serving God and our communities. The large majority of those organisations are local churches, on the ground where the action is, covering every inch of the country through the parish system. However, many churches are feeling stretched and the demands of maintaining a building and paying parish share can feel quite daunting for some. Parish share is needed by dioceses so they can pay for clergy, give support to local churches and fulfil their statutory duties. Dioceses are also feeling the pinch, most currently running at a deficit, with a collective deficit of around £60m per year. Many are facing hard decisions over making cuts or liquidating historic assets. Many dioceses, but not all, are receiving support from the national Church, for example through the Lowest Income Community funding.

The Church Commissioners do have significant assets, but it must be understood that these are set up as a perpetual fund to serve generations to come. It is not a bank account for us to dip into, rather we benefit from money drawn down from the surplus generated by the investments. How these funds are applied to support mission and ministry is decided by the Archbishop's Council, although a good proportion of it needs to be allocated to ongoing commitments such as clergy pensions, retirement housing, supporting the ministry of bishops and cathedrals, national safeguarding, central administration and so forth. Around £90m per year is there to support mission in the church, largely through diocesan strategies, but comes with the proviso that it fits within a

national strategy for church growth, aiming to make the church more sustainable in the long run but offering little support to parishes in the short term.

I hope that has given some insight into how finance flows around the church, and how the different organisations that make up the Church of England support one another in different ways.