DIOCESE OF YORK

Resourcing our Diocese 2026

Based on 2026 budgets

What is the ‘common fund’, and how does Free Will Offer fit in?

What do we mean by the diocesan common fund?

As Christians, we are one body in Christ. No parish stands alone, and no parish carries the work of ministry alone. The diocesan common fund is the shared pot that helps us provide and support clergy and other ministry across the whole Diocese of York, now and for the future. It also reduces the amount of administration, legal work and specialist support that local clergy, PCCs and volunteers would otherwise need to do themselves or pay for locally.

The common fund covers two main areas: the direct costs of ministry, which include the cost of providing vicars and priests-in-charge; and shared support costs, which include the people, advice, systems and resources that support mission and ministry across the diocese.

Where does the money come from?

There are four main sources of income:

1. **Income from our historic assets**
   This includes dividends and rents from the Stipends Capital Fund, which comprises investments and glebe land. The Diocesan Board of Finance (DBF) is required to manage this fund, so it generates income to support clergy stipends. We also receive rental income from houses that are let during clergy vacancies.

2. **Other diocesan income**
   This includes income from investing other reserves, rental income, modest grants, and recharging the costs of some posts to third parties.

3. **The National Church**
   This funding comes from money made available by the Church Commissioners and is administered under the authority of General Synod.

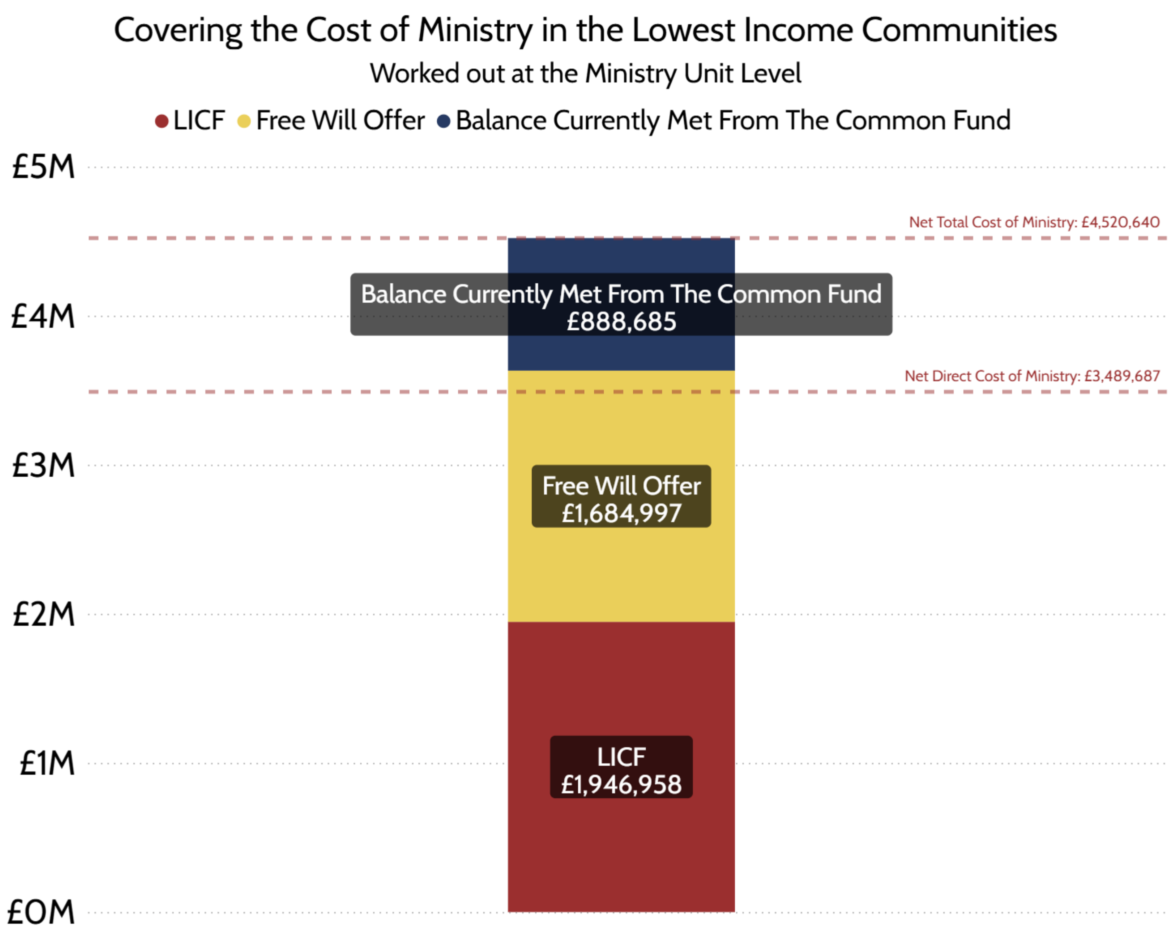
4. **Contributions from parishes**
   This is our largest source of income and includes both Free Will Offer and parochial fees.

What financial support do we get from the National Church?

For many years, dioceses have received some national support towards the cost of clergy stipends. From 2016, the total amount of national funding available to dioceses increased, but it was reorganised into two separate streams.

The first stream is now called the Diocesan Investment Programme. It supports dioceses with plans to address decline in attendance by funding new roles and new churches where there is strong potential for sustainable growth. The Diocese of York has received more than £5 million through this programme. This has paid for most of the costs of Multiply and Mustard Seed over the six-year life of each project, as well as some capacity to support Living Christ's Story. We hope to make further grant applications in line with the Church of England's Vision and Strategy for the 2020s.

The second stream supports dioceses with significant levels of deprivation. The amount is based on population and deprivation data. This Lowest Income Communities Funding (LInC) is intended to support ministry in our most deprived places, not to act as a general subsidy. The calculation no longer takes account of factors such as the geographical size of a diocese or the number of church buildings.



What does that mean for our Lowest Income Communities?

The LInC funding we receive does not cover the full share of direct ministry costs and shared support costs for the Ministry Units serving communities in the lowest 20% of the national Index of Multiple Deprivation (IMD). Ministry Units are groups of parishes served by the same parish priest.

If we are serious about putting the places where life is tough at the heart of our mission, we will need to think carefully about how we use our shared resources to support ministry in our Lowest Income Communities. That will require generosity and sacrifice from us all.

Who decides how much needs to be contributed to the common fund?

This approach is rooted in a principle handed down from the early Church: the whole community of believers shares its resources so that ministry can be offered to all God's people. That principle sits behind Free Will Offer in this diocese. It depends on the realism and generosity of PCCs and, in turn, every member of every church.

Each year, Diocesan Synod agrees the diocesan budget. That means Synod decides how much the diocese can spend on ministry, largely on the basis of what local churches are able to contribute to the common fund through Free Will Offer.

How much does it cost to support ministry in a typical parish?

Every parish is different, and many parishes now share ministry. To keep the calculation simple, this document identifies the costs directly linked to ordained ministry and then divides all other support costs by the number of Ministry Units in the diocese.

On that basis, the cost of providing ministry is about £86,000 for a group of parishes led by one stipendiary priest.

Our Free Will Offer already feels like a lot of money. How does our giving compare with other dioceses?

From 2015 to 2024, Free Will Offer in York was, on average, 29% of total parish income. The national average was 31%.

York is 31st equal out of 41 dioceses. In other words, parishes in 30 dioceses give a higher proportion of their income. Across dioceses, the range over this ten-year period was 19% to 42%.

From 2023 to 2024 alone, Free Will Offer as a proportion of parish income fell by 4%. From 2015 to 2024, it fell by 9%.

This means we have become used to contributing less to the common fund than would be expected in many other dioceses. At the same time, expectations in areas such as safeguarding have increased. So far, these pressures have been managed through cuts elsewhere and, at times, strong investment performance rather than through increased parish contributions.

The Diocesan Leadership Team is committed to keeping the cost of ministry as low as possible. But we cannot sustain current levels of ministry and essential support without a realistic increase in income.

Why can't we solve this simply by cutting shared support costs?

For several years, we have balanced the books by reducing costs where we can. We will continue to keep costs as low as possible, but many diocesan roles are essential to the life and legal functioning of the diocese. Before removing more roles, we need to consider what support parishes would lose as a result. During the 2021/22 consultation, we asked parishes what support they value most and where they thought we could do less.

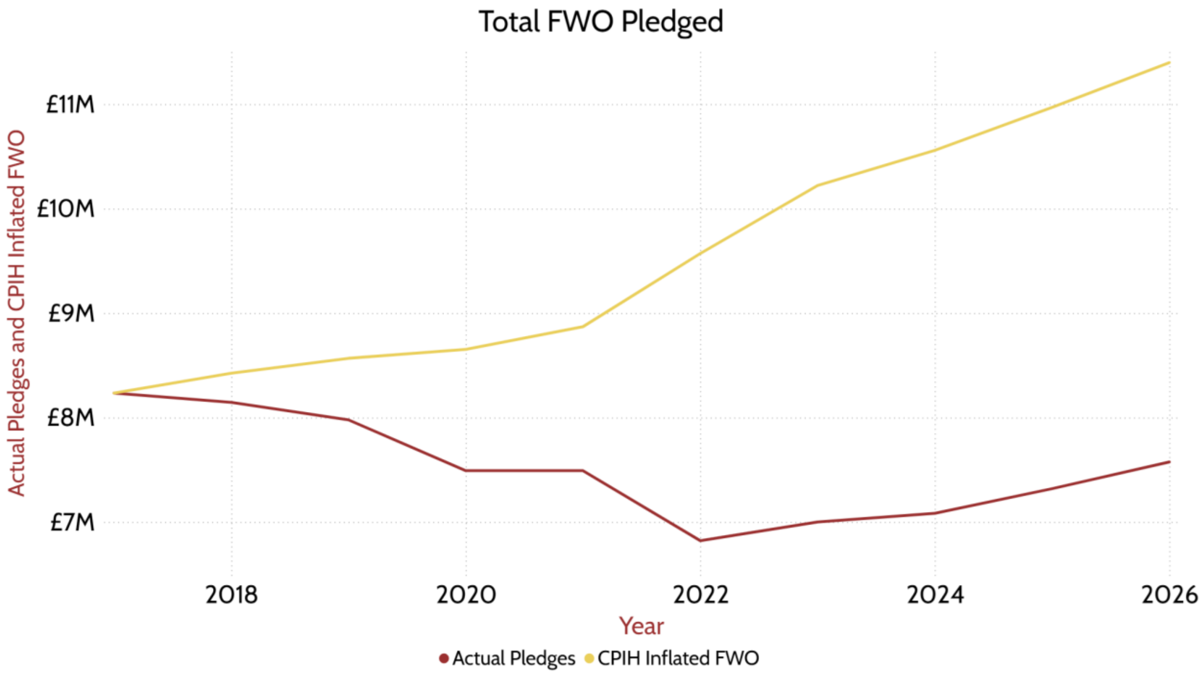
Parishes understandably wanted costs reduced where possible, but they also asked for more support in some areas, particularly church buildings and work with children and families.

As part of the Living Christ's Story process, an independent consultant reviewed the shared support functions. They found that most of the work is mandatory, such as safeguarding; essential, such as legal support; or important for achieving Living Christ's Story outcomes, such as lay training. The few discretionary areas, such as church buildings advice and generous giving support, are either externally funded or already under-resourced for the level of demand. The review did not identify major savings. Instead, it found that York is under-resourced in several areas, which can limit our ability to seek funding or improve processes for parishes.

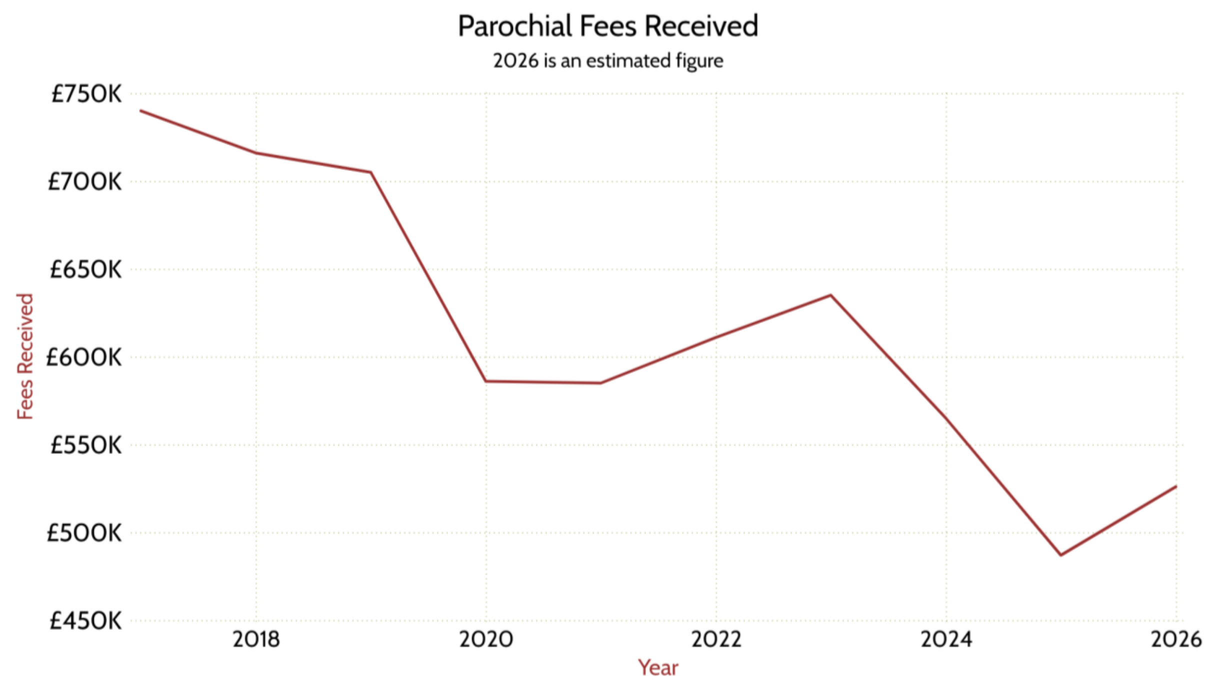
You can read more about shared support costs in Appendix A.

How serious is the financial challenge?

From the start of Free Will Offer in 2014 until 2019, the total amount offered stayed broadly static. It then reduced after the pandemic. Taking those reductions and inflation together, Free Will Offer has been eroded by more than £3 million in real terms between 2017 and 2025.



Parochial fee income has also reduced by more than 20% in the last eight years.



Together, these changes have created a widening gap between costs and income.

YDBF 2026 Budget

Income	Figures in £000
Free Will Offer	7,907
Fees	527
Investment & rental income (net of costs)	1,295
Multiply, Mustard Seed, Strategic capacity & 3rd party funded	1,294
Low income community funding (LICF)	1,946
Transition funding (ends in 2025)	0
Total income	**12,969**

Costs	
Cost of providing stipendiary ministers (stipend, pension, housing) – based on establishment posts	9,550
Multiply, Mustard Seed, Strategic & 3rd party funded	1,317
Pooled costs of supporting mission – new ministry**	1,681
Pooled costs of supporting mission – general**	3,095
Subtotal costs	**15,643**
Less: budgeted impact of vacancies during the year	(532)
Total costs	**15,111**

Excess of expenditure over income	**(2,143)**
Exceptional items	123
Exceptional – time-limited support	743
Investment gains on unrestricted funds	200
Excess of expenditure over income and investment gains	**(1,077)**

This view of our 2026 budgeted income and expenditure shows that, even with further cost reductions, we plan to spend more than £2 million more than we receive in income.[1]

We have been running an operating deficit for several years. So far, we have been able to use reserves to cover these shortfalls. In recent years, the position shown in our formal

[1] The National Church is aware of the financial pressures facing dioceses and has granted us around £3 million of tapered, time-limited funding over nine years to help support the deficit.

accounts has also sometimes been improved by increases in the value of our investments, including close to year-end.

That does not change the underlying position. On a straightforward comparison of income and expenditure, we are spending more than we receive. The shortfall is equivalent to around 25% of our Free Will Offer and parochial fees income. These are the two income streams over which we, collectively, have some control.

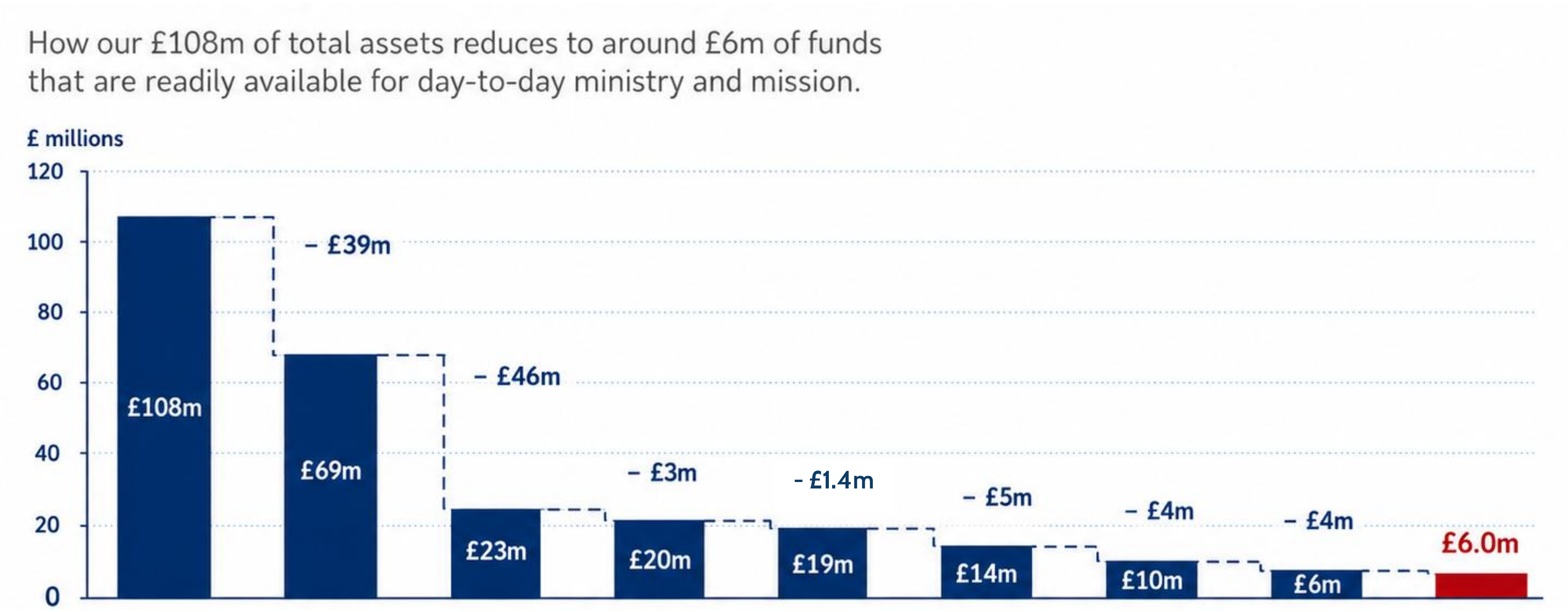
The diocese has assets, so why are we concerned about using reserves?

Most of the assets shown in our accounts are clergy houses, endowments or restricted funds. An endowment is money or property where we can normally use only the income, such as rent, dividends or interest. Restricted funds can be used only for specific purposes. In both cases, we cannot simply use the capital to pay for the general running of the diocese. The chart overleaf shows how the total asset value in the diocesan accounts reduces to a much smaller amount of readily realisable funds.

Most of our restricted funds do support ministry, including Mustard Seed. Some relate to proceeds from property sales. Where changes to ministry release assets, our intention is to use them in the most effective way possible to support ongoing ministry.

Diocesan Synod and the DBF have already used about £1.5 million of restricted funds that will not be needed for replacement housing to offset the DBF share of the Multiply and Mustard Seed project costs. Even so, if nothing else changes, we will still need to draw about £2 million each year from a mixture of our reserves and national time-limited support.

The issue is simple, if uncomfortable: those assets are finite. The more we use them to prop up deficit budgets now, the less income they will generate for stipendiary ministry in the future.



We start with the total funds on the DBF balance sheet.	But we have to remove the value of clergy houses tied up with ministry (1).	Next, we subtract the value f the Stipends Capital endowment funds (2) which can only be used to generate income from stipends.	Then, we take off the £3m Education Endowment Fund.	Less £1.4m value of Wydale Hall.	Remove the value of the property assets held in the General Fund that could not be easily realised (3).	Less the value of funds restricted or designated to specific purposes (4).	And finally remove the funds in the restricted Pastoral Account.

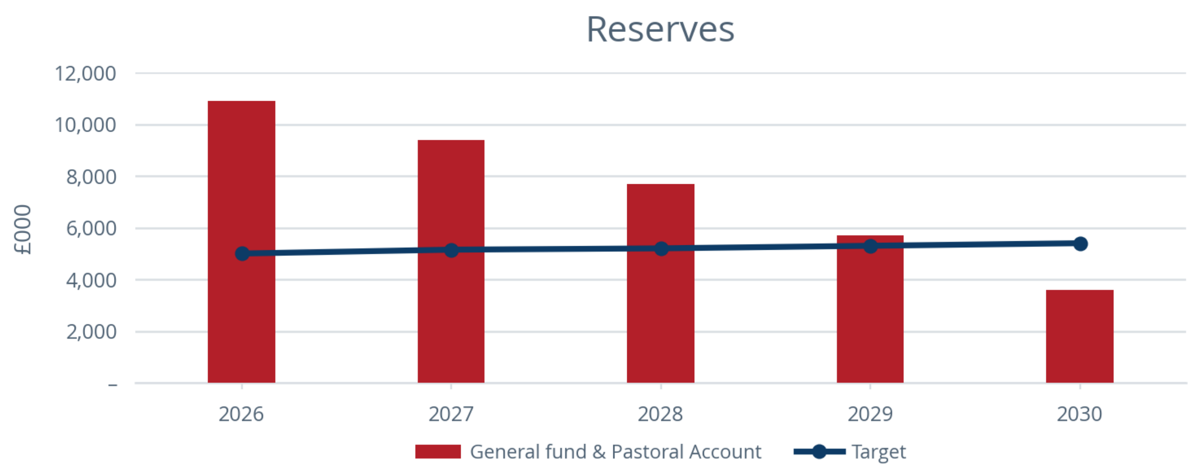
1. Only the income from endowment funds can normally be used; the capital must remain intact. Under Total Return Accounting, introduced in 2025, some of these funds can be realised. See the statutory accounts for further details.
2. This includes property needed for the diocese to operate, such as the diocesan office, and houses held in the General Fund for Archdeacons, curates and self-supporting ministers.
3. Restricted and designated funds include money from the sale of parsonages and closed churches. These funds can only be used for specific purposes.
4. Some of these funds can be realised. See the statutory accounts for further details.

What is the picture over the next few years?

The graph compares readily realisable unrestricted reserves with the prudent level of reserves we need to hold as a charity. That prudent level is equal to four months of operating costs, mainly to underwrite the stipends, salaries and housing on which more than 250 ministers and diocesan staff currently depend.

At the time of the PCC consultations in 2021/22, our forecasts assumed that Free Will Offer would return to pre-Covid levels by 2023 and then remain flat. That recovery is taking longer than expected.

If Free Will Offer recovers sooner, or increases, the picture will improve.



All forecasts rely on assumptions. On our current assumptions, including moderate investment growth, the need to cover ongoing deficit budgets would mean that our realisable unrestricted reserves and the Pastoral Account would fall below the prudent minimum set by the DBF trustees by 2030.

We could extend this to 2033 by selling more properties and releasing some of the endowed Stipends Capital Fund under total return accounting rules. But doing this would also reduce future annual income.

So something has to change. We cannot run deficit budgets for ever.

The National Church continues to monitor the position across the country. York is not alone in facing these challenges.

- As noted above, we will receive around £3 million of national support over the next nine years. This funding is tapered and is intended to help dioceses move towards sustainability without having to make short-term financial decisions that damage mission.
- From 2026, Lowest Income Communities Funding also increased, and diocesan apportionment of national costs reduced. We now contribute only towards ordinands

and new minister training, rather than other national central functions. However, clergy stipend and pension costs have also increased significantly.

- General Synod has agreed to a further review of how Church Commissioners' grant funding is distributed, with the aim of considering whether more funding should go to dioceses. This recognises that Diocesan Boards of Finance have covered clergy pension contributions since 1998. The review will take place during the first half of the 2026-2028 triennium. It may lead to higher ongoing funding for dioceses, but this is not guaranteed.

As a DBF, we are reviewing our assets again. This includes clergy houses that will not be needed for ministry once the number of housed clergy stabilises in line with agreed Deanery Plans, and the land and investments that make up the Stipends Capital Fund. Selling some property would help replenish the Pastoral Account. Since 2025, we have also been using Total Return Accounting to use some of the historic gain in the value of the Stipends Capital Fund to supplement the income it currently generates. But in both cases, reducing capital also reduces the income we receive. That means our ability to fund mission and ministry will continue to depend directly on the level of parish contributions through Free Will Offer and fees.

There is still time to transform our finances and structures and put things on a firmer footing. As we do that, our priorities remain Reaching those we currently don't and Growing Churches of Missionary Disciples. But stabilising the position means we must act now.

Can't the wider Church of England simply cover the shortfall?

The Church Commissioners hold the historic assets of the Church of England. As with the diocese, most of these assets are endowments that produce income, or property assets. That means the amount available to spend each year is much smaller than the headline value of the assets might suggest.

The first call on Church Commissioners' funds is historic clergy pension commitments, which place statutory limits on how their assets can be used. The Commissioners are also required by law to pay bishops' stipends, provide some limited funding to cathedrals, and support some operational responsibilities that arise from the relationship between the Church and Parliament.

After these commitments are met, the Church Commissioners support the wider Church through grants for mission and ministry in dioceses. The total amount distributed has increased significantly over the last ten years, including an increase of more than 30% for the 2026-2028 triennium, to £1.6 billion over that period. The Diocese of York has benefitted from this funding for projects including Multiply and Mustard Seed.

As noted above, a further review of Church Commissioners' funding is taking place. The additional national funding available in 2026 has helped this diocese through higher LInC funding and the removal of the diocesan share of national costs that previously had to be paid from the common fund. Without that additional funding, the significant increase in clergy stipends would have increased the deficit by more than £800,000.

Further reading:

https://www.churchofengland.org/about/leadership-and-governance/church-commissioners

https://www.churchofengland.org/media/news-and-press-releases/major-investment-local-churches-and-parish-clergy-ps16bn-three-year-national-spending-plans-unveiled

https://www.churchofengland.org/sites/default/files/2025-06/triennium-spending-plans-financial-summary.pdf

A more detailed look at shared support costs

Appendix A gives a one-page summary of these costs.

The following section answers common questions.

How much of the shared support costs relate to training future ministers?

35% of shared support costs relate to pre-ordination training, curate posts, and the discernment and training of additional self-supporting lay and ordained ministers. We need to invest now to select and equip ministers to serve each Ministry Unit in the future.

Put another way, for every full-time stipendiary incumbent, priest-in-charge or associate minister currently serving in the diocese, we are investing just under £9,832 each year in training another stipendiary clergy person for the future.

What are the rest of the shared support costs?

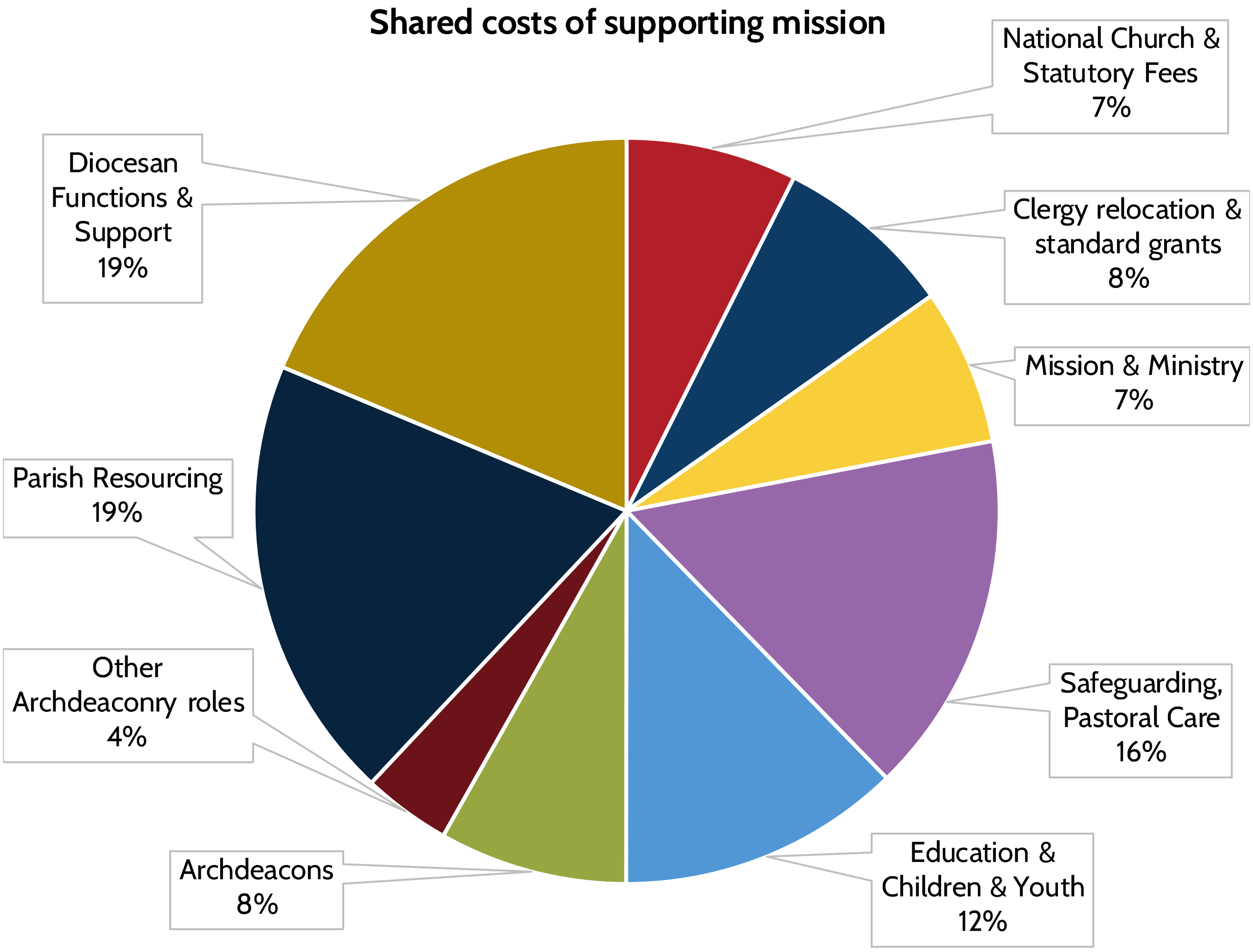
That leaves about £18,100 of other shared costs per Ministry Unit. Some of these costs relate to functions or posts we are legally required to provide, including faculty jurisdiction, education, safeguarding and the role of Diocesan Secretary. In other areas, such as training, we are required to make appropriate provision. As a charitable company of this size, managing a significant asset base, we also need resources to manage our finances, assets and HR responsibly.

Compared with other dioceses, York has very few additional posts beyond the minimum needed to meet statutory responsibilities and run a diocese of this size effectively. In recent years, we have reduced headcount and other general fund expenditure where possible, and we will continue to do so.

Most of these costs relate to people. Their work either directly supports ministry in parishes, chaplaincies and schools, or supports mission indirectly, for example by managing diocesan assets so they can generate income.

We currently benefit from a number of posts funded by grants, shown in Appendix A as externally funded, or by DBF match funding from asset sales rather than the common fund. These include posts linked to Mustard Seed and Living Christ's Story strategic capacity. When the grants end over the next two to three years, we will need to find other ways to fund these roles or lose that support.

Some Diocesan Office functions are funded through restricted income, such as parts of the Education team, or are counted within the direct cost of ministry, such as posts directly linked to clergy housing. The table below shows the breakdown of other costs currently met from the common fund.



Shared costs of supporting mission	Total	Per Ministry Unit *	
General	£000	£	%
National Church & Statutory Fees	229	1,341	7%
Clergy relocation & standard grants	242	1,413	8%
Mission & Ministry	210	1,227	7%
Safeguarding, Pastoral Care	486	2,845	16%
Education & Children & Youth	381	2,227	12%
Archdeacons	253	1,477	8%
Other Archdeaconry roles	118	691	4%
Parish Resourcing	598	3,494	19%
Diocesan Functions & Support	579	3,384	19%
Total - general	3,095	18,100	100%
New ministry	1,681	9,832	
Total	**4,776**	**27,932**	

*based on 171 Ministry units

Support costs in more detail

National Church contributions and statutory fees

Following the national review of diocesan finances in 2025, dioceses are no longer asked to contribute towards the cost of running the central functions of the Church of England.

We do contribute around £0.5 million to the National Ministry Training Fund for ordinands. This is included within the new ministry shared costs shown above.

We also meet statutory fees linked to the Diocesan Registry, which is an independent legal firm, the Chancellor and faculty fees. This means parishes do not have to manage legal fees that they may not be able to afford locally.

Clergy relocation and standard grants

These payments are required by statute. Pooling them through the common fund means PCCs do not have to meet unexpected costs for clergy removals or other grants paid when clergy finish training or move to a new post.

In many dioceses, these costs are included in the direct costs of ministry rather than shared costs.

Mission and Ministry Team

This team supports people involved in many forms of ministry across our parishes, chaplaincies and worshipping communities. Its budget is split between:

- direct costs of ministry, such as Clergy Continuing Ministerial Education;
- shared costs of future ministry, such as vocations, curacy training and lay ministry training;
- other shared support costs, including general-funded Revitalise costs and wider coordination.

The remaining posts are funded by Strategic Development Grants from the National Church, such as Mustard Seed and Discipleship, and by time-limited DBF match funding. These costs have been excluded from the cost data.

Safeguarding and pastoral care

These costs cover areas of support that directly affect parish life.

Safeguarding is central to the life of every parish and diocese. The whole Church's culture has rightly changed, and safeguarding must be properly resourced. Legislation requires certain provision, including DBS checks and access to professional training and support. By pooling these costs, we can make sure that parishes have access to the services they need, when they need them.

Alongside the Safeguarding Team's work to support survivors of abuse, the Adviser in Pastoral Care helps us support lay and ordained ministers more effectively. This has improved wellbeing and helped reduce long-term absence.

Education and Children & Youth

We are engaged with more than 18,000 young people, their families, and those involved in the 122 church schools and academies in the diocese. The diocese has statutory responsibilities for these schools. It is also involved in producing each locally agreed RE syllabus used in non-church schools across the diocese. The team also supports parishes in their own work with schools through training and resources.

The team also supports parish-based work with children and young people. This aligns with the national Growing Faith framework, which encourages faith development through partnership between schools, churches and households.

Archdeacons

Each of our three Archdeacons supports and advises around 150 parishes. Each has some part-time administrative support.

Other archdeaconry roles

We also have a small number of specialist local roles, such as University Chaplains and the East Riding Social Responsibility Officer. They are accountable to the relevant Suffragan Bishop.

Parish resourcing

Parish Resourcing includes support for church buildings, generous giving and communications. This covers a wide range of practical help, including advice on church buildings, support with grant applications, the Parish Giving Scheme, and media relations in good times and bad. These roles support people involved in local ministry and, where possible, help share the burden in difficult situations.

Diocesan operations and support

Every diocese has to follow charity law, company law, best practice and Church of England legislation. This category includes the shared costs of running the charity, such as finance and asset management; support for statutory procedures, such as patronage, pastoral reorganisation, closed churches and synodical government; HR; and general administration.

These posts also support parishes by offering specialist advice on finance, HR, parish governance, PCC-owned properties and trusts.

How is the Property Team funded?

Costs linked to clergy housing are included in the direct cost of ministry. Costs linked to administering the glebe estate are treated as a deduction from investment income.

What does Free Will Offer not pay for?

The diocese does not pay for the items listed below. They are either independent or funded nationally, so they are not included in shared support costs and no money raised in parishes goes towards them.

- York Minster — in fact, York Minster makes a significant Free Will Offer to the common fund.
- Bishopthorpe Palace or its staff.
- Bishops' stipends, bishops' expenses, or their administrative support, although we do provide housing for Suffragan Bishops.
- Salaries of staff in church schools.

Appendix A

2026 Budgeted Pooled Support Costs: c. £4.8m

Pooled support costs include everything not directly associated with the remuneration, pensions or accommodation of incumbents and associate ministers. The bulk of the budget relates to staffing, but also includes expenses directly related to the different areas of activity.

- The costs associated with Bishopthorpe and Suffragan Bishops are met directly by the Church Commissioners.
- All of the costs associated with York Minster, including clergy stipends, are met directly by the Minster. The Minster makes a Free Will Offer to the Common Fund to support ministry in the rest of the diocese.

- The figure includes c. £0.5m of allocated national costs for pre-ordination training, together with relocation costs and statutory fees met by the DBF on behalf of parishes.
- An indication of the key areas of ministry and support activity funded within this budget heading is provided below.

In each case, headcount relates to full-time equivalent (FTE) posts, excluding vacancies, in the 2026 budget unless otherwise stated. Additional posts that are currently externally funded are shown for information.

Licensed Ministry
Number of people (FTE)

	DBF funded	Externally funded
Curates	13	
Archdeacons & other Archdeaconry-based roles*	6.3	1
Totals	**19.3**	**1**

** Includes administration support to Archdeacons*

Examples of other significant pooled costs

• Pre-ordination training	£496,700
• Clergy removals and relocation grants	£241,500
• Registry, Chancellor & Faculty fees	£230,000

Support Roles
Number of people (FTE)

	DBF funded (common fund)	DBF funded (projects)	Externally funded
Living Christ's Story *(incl. Mustard Seed and strategy)*		1.1	10.4
Mission & Ministry *(incl. training, vocations and support for new worshipping communities)*	8.6		0.5
Safeguarding* & Pastoral Care	6.6		
Education*, Children & Youth	5.0		3.8
Parish Resourcing *(incl. Church Buildings, Stewardship, Communications, Closed Churches and Mission & Pastoral)*	8.5		1.1
Diocesan Functions & Support* *(including Finance, Asset Management, HR and Governance)*	9.0		5.7**
Totals	**37.7**	**1.1**	**21.5**

** These items include posts required by legislation or for statutory compliance by the DBF and/or parishes, for example the Diocesan Safeguarding Adviser, Director of Education, Diocesan Secretary, DAC, Safeguarding and Finance staff.*
*** 5.7 staff in the Property Team are funded via property income or included in the cost of providing housing for stipendiary and House for Duty appointments.*