



**Diocese of Argyll and the Isles – Eliminating the Structural Deficit  
Saturday 17<sup>th</sup> November 2018**

[This document complements the Information Leaflet, as issued to all parishioners at Mass on the weekend of 17/18 November 2018 \(now displayed on this website\). It provides more detailed information about the diocesan deficit and how we plan to overcome it.](#)

Jesus Christ founded the Church to proclaim the Good News of God’s love and continue His ministry in the world. Our local Church is the Diocese of Argyll and the Isles. Here in the West of Scotland we strive to proclaim God’s love and continue His work. Through our worship, particularly in the Sacraments, we both adore God and open ourselves to His grace today. Through our visitation of the sick at home and in hospital; our ministry to the youth in schools and parishes; supporting the poor both at home and abroad; making our children and vulnerable adults safe; in our deeds of administration and promotion of vocations and family life we help to build up the Kingdom of God. All of this work and much more takes place throughout our diocese every day.

However, this work obviously costs a lot of money. Our priests need accommodation, food and means of transport; Church buildings need to be maintained; diocesan administration and students’ fees etc. must be paid. We thank you all for your generosity, which allows God’s work to continue in our diocese.

**Diocesan Running Costs**

Our budget figures for 2019 state that it will cost £296,118 to run the diocese. Our highest costs are diocesan administration<sup>1</sup>; Sick and Retired Priests fund (we presently have seven), Student Priests Fund (we presently have two) and CNET (Bishops’ Conference) which pays for national commitments such as the (Marriage) Tribunal, Scottish Catholic Education Service, Parliamentary and Press Offices etc.

<b>EXPENDITURE</b>	
Diocesan Administration	£94,980.25
Retired Priests	£81,822.40
Ecclesiastical Student Fund	£53,442.00
CNET Expenditure	£19,104.00
Auditor Fees	£10,000.00
Interest on Deposits from Parishes	£10,000.00
Religious	£9,770.00
Adult Formation / Education	£8,000.00
Contingency	£4,000.00
Bank Charges & Fees	£3,000.00
Legal Fees	£2,000.00
<b>Total Expenses</b>	<b>£296,118.65</b>

<sup>1</sup> See Appendix One

## Diocesan Income

The budgeted diocesan income for 2019 is £207,883. The largest source of income is the levy<sup>2</sup> paid by every parish, which, if remained as at 2018 would be £134,000<sup>3</sup>. In addition to this we are also grateful for what you give to the Special Collections.

## Diocesan Deficit

Since our income is £207,883 and our expenditure is £296,118, our deficit for 2019 is projected to be £88,235. This assumes no increase in the levy paid by Parishes to the Diocese.

## Financial Status of the Diocese.

		Actual	Estimate
		30/11/17	30/11/18
Year to 30/11/18			
	Property	554,000	554,000
	Investment	409,000	342,000
	Current Assets	18,000	18,000
	Bank	61,000	0
	Liabilities	(156,000)	(156,000)
	DIOCESAN FUND	886,000	758,000
Deficit	(88,000)		
Deposits/loans from (to) Parishes	(40,000)		
Fund reduced by	(128,000)		

The figures above assume

- A loss for year ended 30/11/18 of £88,000, which is also what we are forecasting for 2019. The Diocese regularly makes large losses.
- The Diocese will lend £40,000 to Parishes so the total reduction in assets for the year is £128,000.

In these circumstances, Diocesan financial assets will reduce from £886,000 to £758,000 at 30/11/18, as shown in the table above. £758,000 may seem a lot of money but if we don't act now, under the present circumstances, the diocese has around nine years before it has no money and no assets. Therefore, it is absolutely **essential that the deficit is eliminated immediately** to safeguard the diocese.

One temptation is to cover the deficit by selling off some investments but the money gained from doing this would run out within less than five years, leaving the diocese penniless. A second temptation is to sell the bishop's house, the only property which the diocese actually owns. While this would increase the diocesan bank account in the short term, it would not address the structural deficit<sup>4</sup>.

## How to Overcome the Deficit

The good news is that the deficit can be eliminated if every parishioner gives an extra £1 each week in the Offertory Collection! The diocese needs an extra £88,000 per annum to break even. However, since an average of 2,793 people attend Mass every Sunday<sup>5</sup> a £1 increase, over and above what they already donate, would cover this.

The Diocesan Trustees, Diocesan Finance Board and the Diocesan staff have been working hard to resolve this problem. Over the past six months there has been extensive consultation with the clergy and Parish Finance Committees. It was after this long process that our

<sup>2</sup> Every parish is required to contribute to the running of the diocese. The levy is set according to the Parish's Sunday Offertory Collection.

<sup>3</sup> Diocesan Special Collections £34,000; Collections for CNET (Bishop's Conference) £15,283; Donation from Clerical Friendly Trust £10,000; Dividends from Investments £9,600; Interest from Loans to Parishes £5,000.

<sup>4</sup> See Appendix Two

<sup>5</sup> 2017 census figures. It is worth noting that the census takes place in November since it accurately reflects the core number of practising parishioners because it mainly excludes tourists.

Diocesan Treasurer, Duncan MacLeod, decided to appeal to each parishioner to contribute and extra one £1 per week.<sup>6</sup> This decision was endorsed by the Trustees as being effective, fair and simple to implement.

**How can an Extra £1 Eliminate the Deficit (and increase your parish bank balance)?**

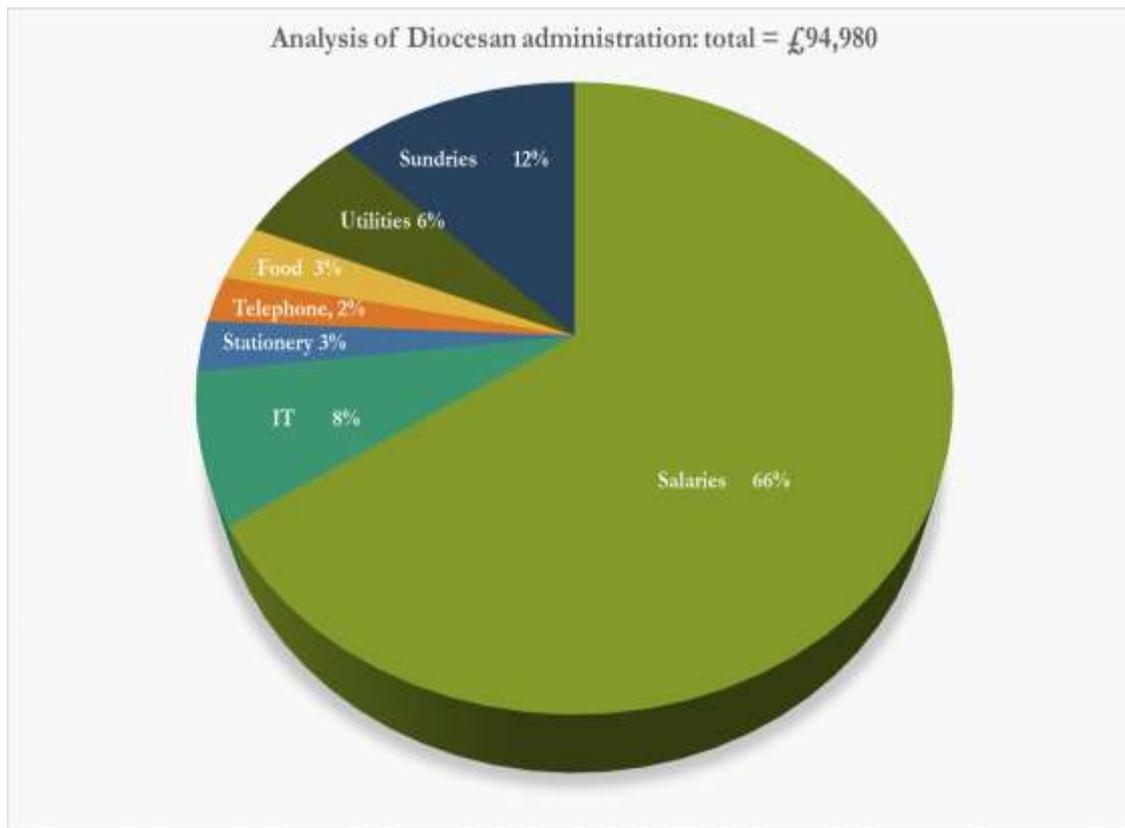
The parishes pay the diocese a levy, which is a proportion of their Sunday Collection. In order for the diocese to meet its budget, the levy must be increased by 13%. This may seem a massive increase but it equates to every parishioner contributing an extra 61p per week to the Sunday Offertory Collection. By rounding the requested increase up to a more practical figure of £1 and if there is sufficient positive response, then not only will the diocesan deficit be eliminated immediately but your parish will keep 39p in every £1. The parish will also retain all extra Gift Aid generated by this initiative.

We think that, for most people, an extra £1 is a reasonable amount to request yet the impact will eliminate the diocesan deficit while also increasing parish income. This solution prevents the need for any additional Second Collections, which also protects parish interests.

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<sup>6</sup> See Appendix Three

## Looking to Save the Diocese Money – Diocesan Administration



The largest diocesan running costs are the salaries for the staff: Bishop<sup>7</sup>; Treasurer; Finance Officer; Secretary; Safeguarding Advisor and Housekeeper. Presently the total cost of salaries per annum is £64,000.

It is difficult to identify areas where large savings can be made. The number of office staff employed and the quality of equipment provided is probably less than any other diocese in Europe. The staff perform many important tasks such as overseeing Gift Aid (£151,000 received by parishes); managing bank accounts; carrying out financial audits on behalf of the parishes; general secretarial work; managing safeguarding throughout the diocese; health and safety etc. All of the staff are part-time employees and collectively make up the equivalent of no more than two full-time staff.

Nevertheless, we are aware that costs need to come down. For example, we are reviewing all our bills and have already managed to reduce some of our annual costs.

<sup>7</sup> The bishop receives the same salary as every other priest.

### **Looking to Save the Diocese Money - Potential Sale of the Bishop's House**

Initially selling the bishop's house may seem an attractive proposition to increase diocesan funds. However, the diocese would need to purchase alternative accommodation for the bishop and also rent alternative Diocesan Offices. Renting office space is costly but this is presently free since the Diocesan Office is part of the bishop's house. The diocese would also lose a venue for meetings and Clergy gatherings, which are an important pastoral aspect of our diocese. Although selling the bishop's house may temporarily increase the bank balance, ultimately it would not address the diocesan structural deficit. It should also be noted that the diocese would no longer own any significant property, which would further weaken its position. Furthermore, renting office space would eventually erode the remaining diocesan assets.

### **Affordability**

There is a need to inform parishioners of the seriousness of our financial situation. However, Bishop Brian is keen that we overcome the deficit in a sympathetic manner. In his letter to all parishioners and in the Information Leaflet (17/18 November) he stressed that no-one should feel under pressure to contribute anything more than they can afford. Therefore, for those who, on reflection, cannot contribute extra should feel under no obligation to do so, whilst those who can afford to contribute more are invited to increase their Sunday Collection as they see fit.

### **Communication**

The Diocesan Finance Board recognise the importance of parishioners receiving information. Accordingly, when the appeal was launched on the weekend of 17/18 November, a letter from the bishop was read and every parishioner was given an information leaflet. Complementary messages will appear on social media.

The bishop insists on greater financial transparency within the diocese. Our diocese is already audited annually by independent accountants and we comply with the Office of the Scottish Charity Regulator (OSCR). However, we could certainly improve on how we share financial information with parishioners. After all, it is your money and you have the right to know how much money the diocese receives and how it is spent. Accordingly, the diocese will publish a quarterly update of accounts on our website, as well as other relevant information.