

Scottish Episcopal Church - Diocese of Edinburgh

The Finance Schedule and Quota Guide

Quota is the system by which Charges (congregations) contribute financially to the work of their Diocese and the Province. About 30% of the Province's funding comes from quota paid by Dioceses while 65% of the Diocese's costs are funded by quota paid by Charges.

In 2022, the Diocese will receive £484,816 in quota, and pay £264,438 to the Province.

The Diocesan budget for 2023 includes quota income of £496,937, a 2.5% increase on the previous year. This has been allocated to Charges on the basis of their Quota Assessable Income (QAI) averaged over the three years 2019 – 2021.

Each year your congregation's QAI is derived from its total income adjusted for certain 'permitted exclusions'. These are set out on the Finance Schedule which Charge Treasurers are requested to complete and submit to the Diocese along with the annual accounts.

The purpose of the Finance Schedule is to achieve a fair and equitable sharing of total quota among Charges, so it is important that the rules and exclusions are applied correctly and consistently. Please therefore observe the following guidance:

A1 Total Income

All of a Charge's income (in the case of SORP accounts) or receipts (R&P Accounts) is assessable for Quota, subject only to the exclusions in A2 below. The figure inserted at A1 will be the total for all funds, general and restricted, as shown in your accounts as submitted to OSCR. It will therefore include, inter alia:

- congregational giving and offerings
- other donations and fundraising
- Gift Aid claims/receipts
- investment income
- rental income
- income (before offsetting costs) from trading, charitable activities and events

For R&P accounts, there may be other non-cash receipts that should be included, for example investment income that has been automatically reinvested, or congregational loans that are subsequently waived. There is a second box on the R&P Finance Schedule for any such items.

A2 Exclusions

All sources of income are to be included at A1, but specific agreed items may then be excluded. Apart from (g) below, **exclusions can only be claimed in respect of items comprised within total income or receipts** shown at A1.

Permitted exclusions are listed on the Finance Schedule under the following headings:

- a) Grants received from the Province or Diocese; eg, stipend support or building grants.
- b) Grants from public bodies or trusts and other fundraising (including Gift Aid) for building restoration, renovation or extension.
- c) Insurance claims that are included in total income (**not** if offset against related expenditure!)
- d) Contributions received from other Charges towards shared costs, but again only if included in total income. (this income can be excluded because it will already feature as expenditure funded by income in another Charge). Clergy contributions for shared costs can also be excluded.
- e) Amounts included in total income relating to the sale or revaluation of fixed assets and investments. In Receipts and Payments Accounts it will be net proceeds received; in accruals accounts under the SORP it will be the surplus arising on disposal or revaluation.
- f) All legacy income

- g) Reasonable expenses associated with commercial or other trading activity or events. These expenses, of course, will not be included in total income in A1. The purpose is to restrict income from each commercial activity to the profit element. There has historically been quite a wide disparity in treatment between Charges, so Treasurers are asked to explain and justify their basis of calculation. And of course the exclusion will be limited to the total amount of income for the activity concerned.
- h) If the Charge makes collections specifically for third parties and records the income in its accounts, then this income may be excluded. Clearly there is no exclusion if both income and expenditure are omitted from the accounts, as should be the case where the church is only acting as a collecting agent on behalf of the third party.
- i) Other requested exclusions. Full details should be given of such items if they are to be allowed. They may include, for example, furlough receipts, refunds of overpayments (again only if they have not already been netted off total income!) or income in restricted purpose funds not covered by item (b) above, so long as the restricted purpose is not for routine expenditure like clergy costs, maintenance or music.

Exclusion should not be expected in respect of income held to be “additional”, “special”, “unexpected”, “non-recurring” or similar, nor for collection of arrears of income not brought into account previously.

Finally, transfers of cash between bank accounts or a building society should not be reported as income or receipts and therefore it should not be necessary to claim exclusion.

A3 Provincial Quota Assessable Income

Total income less total exclusions gives the Charge QAI that will be used by the Province in calculating the assessable income of the Diocese of Edinburgh, for the purposes of allocating Provincial quota between the seven Dioceses. The average of these QAIs for 2019, 2020 and 2021 will be used to allocate the 2024 (sic!) Provincial Quota.

There is a further adjustment however, to arrive at Charge QAI for Diocesan purposes:

B1 Exclusion for charitable expenditure

In order not to penalise those Charges that make substantial contributions towards mission work through agencies other than the Diocese, a further exclusion in Edinburgh Diocese is allowed under B1 for donations to registered charities and overseas mission agencies. Originally this was capped at 10% of congregational giving. However, in recent years the Diocese has not applied the cap, preferring instead a more discretionary approach based on the general intention of supporting mission work and community involvement. ***Please give full details of amounts claimed, or refer to the relevant note in your accounts.***

B2 Diocesan Quota Assessable Income

This figure is combined with the previous two years’ equivalent amounts, using a 4:5:6 weighting, to derive the Average QAI on which the allocation of 2022 quota to Charges will be calculated.

C Congregational giving statistics

The final element of the Finance Schedule captures statistics that are not necessarily apparent from Charge accounts. Please note this is only *congregational* giving, so grants, wedding fees, hall rents and so on should be excluded.

So, finally...

Please complete with care, provide all the additional details requested, and submit in time! Any questions can be referred to me at treasurer@dioceseofedinburgh.org. With thanks in anticipation!

Ian Lawson, Diocesan Treasurer, 29 November 2022