

HOW CHURCHES EXPECT ENERGY COSTS TO RISE

What has been learnt from an informal survey carried out by HRBA September/October 2022

1 Background

In September 2022 the Historic Religious Buildings Alliance (HRBA) invited churches to complete an informal survey regarding the expected increase in energy costs. The respondents were not taking into account the Government's energy support plan.

Some seventy replies were received, some full, some very brief.

These replies are **not** a representative sample. For example, the results are known to be overweighted in large church buildings, and are probably underweight in the more remote rural buildings. So it is important not to carry out any statistical analysis, for example calculating averages or the proportion of bad cases, or cases where there is no difficulty.

However the data probably does give a reasonable idea of the range of expectations and likely responses, and this brief note uses the data in this way.

It should be borne in mind that in the majority of cases a church is an individual charity with the congregation being responsible for its own church building.

2 What the cases tell us

The cases show that:

1. There is great variety in the expected rise in energy costs, with some churches enjoying a fixed tariff for some time to come, whereas others are facing a very sharp rise. *'We were on a great 4 year fixed deal expired 31 3 2022. Gas 2.06p per KWH, now 8.99p and electric 13.58p now 34.93p'*

Graph 1 in the appendix shows that in some cases future energy costs are expected to be two or three times more expensive than current costs.

2. Churches are considering how they might reduce energy usage, and expect to be able to cut back a bit, but not by anything like as much as the expected rise in unit price. *'We are dropping the temperature to 15 degrees [on Tuesdays and Thursdays]. However, on Wednesday mornings we will return the heating to 18 degrees and serve soup and rolls to people who are looking for a warm place to come.'*

3. Some congregations are still recovering from Covid-19: in general, church buildings received no financial support from the government during the pandemic (unlike, for example, village halls). Many congregations are already facing tight financial circumstances – that is, are just breaking even or are running at a loss. *'We do not have a surplus of funds and have also suffered some loss of income during Covid from the lack of rental income from people using our Hall and from a tenant of one of our properties being unable to trade.'* Churches receive a considerable proportion of their funding

from voluntary donations, and this discretionary giving is likely to be under pressure from general inflation.

4. The expected increase in energy costs can represent as much as 10% or more of annual income (Graph 2), an increase which will often cause difficulties. *'We don't have a surplus and our annual unrestricted income is £130k [from a church facing a rise in energy costs of about £11.5k]'*.

5. Many churches hire out their premises, very often for groups providing social benefit. *'Hirers are community groups, environmental group, group supporting the blind and a meditation group, children's Guides and children's Drama groups'*. Typically the hire charge is on a marginal cost basis, much of the fee covering the cost of energy. There is concern about the impact on these groups, which will themselves be facing pressure. This may make it difficult for churches to recover the increased cost of energy. *'We are in effect subsidising one charitable user – [named support group for substance abuse]'*.

6. Some churches intend to be 'warm spaces' this winter. *'We're planning to open our building as a 'Warm Space' once a week, so may have a larger gas bill than projected above.'*

Trevor Cooper, 26 October 2022

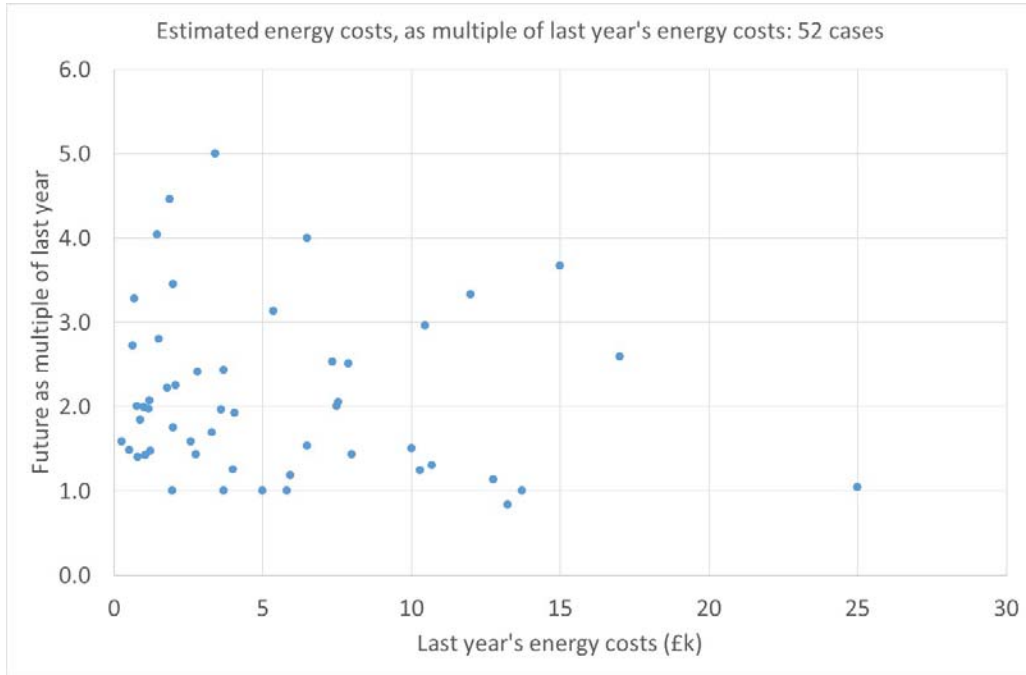
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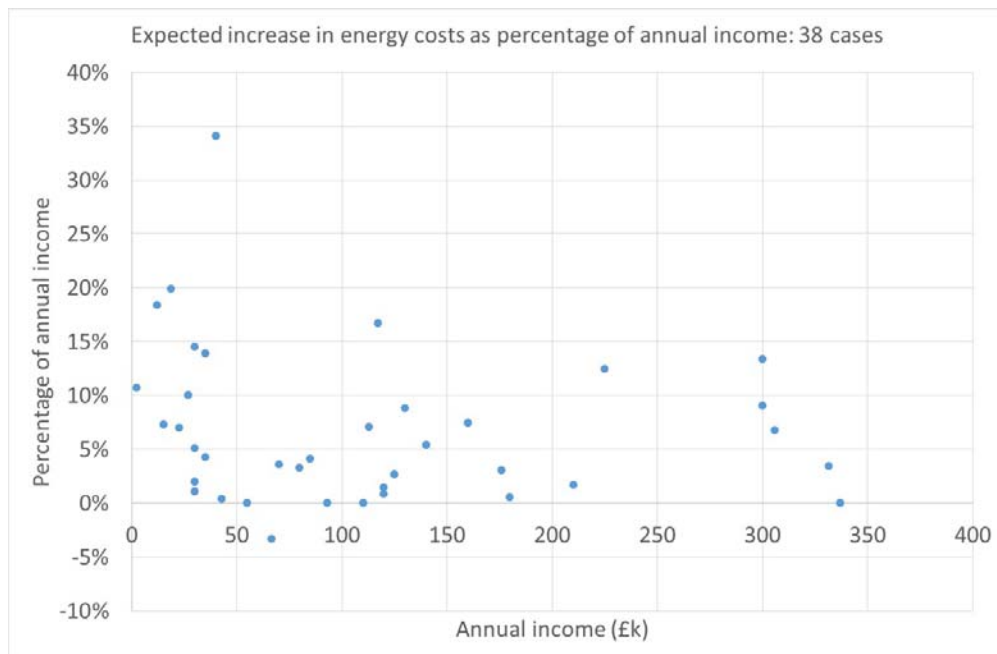
The HRBA is an independently funded group within the Heritage Alliance

Next page: Appendix

Appendix: two graphs



Graph 1: Estimated future energy costs as a multiple of last year’s energy cost. In some cases costs are expected to be two or three times more expensive, or even more. This is true both of those whose energy costs last year were low (left of graph) or high (right of graph).



Graph 2: Estimated increase in energy costs as a percentage of annual income. The increase can be as much or even more than 10% of annual income, regardless of the size of that income.