

## Background

Parish Share is a key issue in the Diocese of Liverpool. It is the main way in which we finance local ministry costs; it is the single biggest expenditure in most PCC and DCC budgets; it is probably and almost inevitably the greatest bone of contention between parishes and the Diocesan Board of Finance (DBF). In short, it is by some distance the biggest element in our financial equation as a diocese and is therefore fundamental to both our sustainability as a diocese and our ability to invest in growth in our parishes.

The current Parish Share system was introduced in 2004 and then modified in 2011. Essentially it has been a major success story with collection rates generally over 98%. This is the envy of many neighbouring dioceses and says much about the generosity and commitment of the parishes in our diocese.

Nobody is complacent and nobody pretends that it is easy to maintain this level of contribution; it requires sacrifice and generosity on the part of our parishes which is both recognised and appreciated. In 2011 Synod overwhelmingly endorsed a tough package of measures to reverse the payment trend. This was because there were signs that the levels of Parish Share collection were falling off significantly and were threatening future health and viability. There has been a welcome increase in terms of collection rate since this was introduced.

It's important to note that we also receive c. £1.5 million from the Church Commissioners in recognition of the fact that we are one of the most deprived dioceses in the country. The Church Commissioners are under an obligation to ensure that their funds are spent where the need is greatest. As a diocese we have a consequent obligation to ensure that we are appropriately accountable for how this money is spent.

## A new Parish Share system?

The current system is authorised by Synod until 2015. Accordingly in October 2013 Synod set up a working group to look at Parish Share options and report back to the autumn 2014 Synod. With our current share system showing such high levels of contributions there are strong arguments for staying with what we have; equally there are strong arguments for saying that we need a different system better attuned to the needs of the church that we are becoming.

The Review Group gave consideration to the full range of options currently in place around the Church of England. None appeared fully to meet the needs and culture of the Diocese of Liverpool. In particular the Review Group gave serious consideration to the Offer System which is now in place in a handful of dioceses. Our reasons for not recommending an Offer System are outlined in the Conclusion on page 11.

As signalled in the brief interim report at the March 2014 Synod the working group has come up with 2 options:

- Option 1 is an updated version of the current parish based system
- Option 2 is a very different alternative deanery based system

The working group's request to this Synod is twofold:

- To identify which of the options Synod prefers
- To create a clear list of areas within the preferred option that need further work/fine tuning/clarification before Synod in May 2015 where we would ask Synod formally to agree the preferred option

This paper seeks to provide:

- A brief description of each system
- A basic assessment of the strengths and weaknesses of each
- A basic assessment of where each stands on the basis of the 10 tests agreed by Synod in October 2013
- A brief conclusion offering Synod a choice of options
- Appendices which contains the calculation of the cost of clergy, more information on the options, a glossary of terms and membership of the planning group

***Please note:*** we have tried to keep this paper as jargon free as possible. However there will be terms that are familiar to some but unclear to others. Therefore we have produced a brief glossary of terms in Appendix 7 on page 23.

This paper takes some things as read: that Parish Share is an expression of mutuality within an episcopal church, that it is the outworking of biblical principles of good stewardship and that we are committed to supporting parishes that could not hope to pay the full cost of their own ministry.

Within this discussion it is important to remember that Parish Share is essentially about how we most fairly and reasonably meet whatever cost of local ministry Synod determines we should have. It is about how we 'cut the cake', how we get the necessary money in to pay for our stipendiary clergy. The working group hasn't discussed how many stipendiary clergy we should have or how much Parish Share we should be paying. That is a matter for Synod. Nor is Parish Share a comment on the kinds of ministry we do and don't value. Again, that is a matter for Synod. Parish Share is about how we pick up the tab for the ministry that we choose to pay for.

## **THE TWO OPTIONS**

### **Option 1 – updating the current system**

#### **Background**

The current system of Parish Share relies essentially on 2 numbers:

- (i) Adult attendance at Sunday services (with allowances made for untypical services and people who attend more than one service a Sunday)
- (ii) Socio-economic condition of the parish (as measured by the government's Indices of Multiple Deprivation)

In the current system no account is taken of individual circumstances; congregations are assumed to be typical of their parish in terms of age and income. A congregation in the least deprived part of the diocese will be asked to pay 3 times as much per head as a congregation in the most deprived part of the diocese. As the congregation grows the parish is expected to pay more; as it declines the parish expects to pay less. There is no maximum Parish Share; a Minimum Parish Share was introduced in 2013. The Sunday attendance is averaged out over the past 3 years to get some kind of smoothing of increases or decline.

#### **Revising the current system**

We are suggesting that Option 1 should remain based on the two core pieces of data: church attendance and the socio economic multiplier and that, as currently, Parish Share contributions are allocated to each parish. Under this revision of the current system:

Congregational attendance will:

- o Be calculated by a new attendance count based on midweek as well as Sunday adult congregations, known as Average Weekly Attendance (AWA). The thinking behind AWA and thoughts on how to count can be found on page 17 within Appendix 4
- o Move to 5-year attendance averages from the current 3 to smooth out growth or decline and therefore reduce the annual impact on Parish Share

The socio economic multiplier will:

- o Continue to be based on the government's Indices of Multiple Deprivation but reflecting the latest data available. As soon as it is updated it will flow into the next annual Parish Share assessment
- o Continue to be based on an assessment of the deprivation of the parish rather than seeking to collect income data from individual members of the congregation

#### ***The problems with the current data***

In 2010 Synod agreed that what parishes mainly needed in terms of Parish Share was stability. As such Synod agreed to freeze the data used in the 2010 calculation and raise

Parish Share across the board by a percentage increase until 2015. This did provide parishes with budgetary stability but it now means that:

- The congregational attendance data is now based on 2006–2008, and so is significantly out of date
- The Indices of Multiple Deprivation (IMD) are those from 2001 – again they are out of date

The mere fact of bringing the data up-to-date will create some significant swings in terms of individual Parish Share assessments and are summarised in Appendix 2. We therefore recommend that we fine tune the current system to:

- Slow down the impact of growth or decline in individual parish attendance
- Broaden our definition of church attendance to reflect changes in how people worship
- Maintain our emphasis on the priority of growth
- Make provision for Transitional Relief (see Appendix 3) for parishes unable to absorb the full impact of the changes.

### ***More of the same, but slightly different***

What in practice will these adjustments to the current system look like? Appendices 2 and 3 give more details but proposed changes include:

- Capping reductions so that no individual Parish Share assessment can fall by more than a set limit each year
- Capping increases so that no individual Parish Share assessment can rise by more than a set limit each year
- Gradually raising the Minimum Parish Share threshold
- Introducing a Maximum Parish Share to cap the overall contribution any individual church is expected to make
- Shifting the basis of the attendance assessment from Sundays only to Average Weekly Attendance (AWA).
- Reduce the distorting effect of untypical services within the overall average

We would make the following general points:

- The aim of the shift to AWA is to include all current and reasonably expected regular givers, for example, at a midweek Eucharist. However, this shift still enables churches to *exclude* those emerging congregations which have not matured into bodies where regular giving is reasonably expected.
- It is not possible to come up with a hard and fast definition of precisely who and what should or shouldn't be included in the attendance figures. Some are obvious,

such as an established midweek Eucharist. It should be possible to develop guidelines for when a formal church or congregational plant should be brought into the count. The difficulty will be around newer forms of church which have not yet matured into a regular congregation. The key thing for the working group is that we should base any guidance on the reasonable expectation of regular giving from within that congregation or form of church.

- We suggest the introduction of a Maximum Parish Share for a congregation set, say, at twice the cost of an incumbent (see Appendix 1). The intention behind a Maximum Parish Share is to incentivise aspirations to growth and to reduce the vulnerability that some other dioceses experience to the share decisions of very large churches. However, as with the difficulty over attendance figures there can be no watertight definition of who and what counts towards the Maximum Parish Share. As such we would expect it to be more a matter of discretion rather than entitlement and we anticipate it being a matter of conversation and negotiation between the parish and the DBF Finance Committee.
  
- We are clear that Transitional Relief is to support churches as they migrate from current levels of Parish Share to the new levels suggested by the updated data and further modifications proposed. It is not a fund for those who feel they just cannot afford Parish Share. We are not absolutely sure how long Transitional Relief will need to be available. Some parishes may cope initially with year on year above average increases as they migrate to the new assessment then find the impact in year 3 onwards problematic. We recommend that judgements about the need for a Transitional Relief would be a matter for the annual diocesan budget process.

## **Option 2 – deanery offers based on clergy deployed**

This new system aims to give deaneries the flexibility to determine how many stipendiary clergy they want to deploy and how much each parish in the deanery would contribute towards the cost. This proposed new system would continue to allow for mutual support; the contribution required for each stipendiary incumbent in a deanery will reflect the level of deprivation in that deanery which will be calculated afresh from IMD data at deanery level.

Because option 2 is new and unfamiliar it will require more explanation than option 1. It is based on 3 key pieces of information:

- Each deanery deciding how many stipendiary clergy they wish to deploy
- The socio economic conditions of that deanery to determine the per head cost of each clergy
- The application of the Church Commissioners' funds (£1.5 million pa) in each deanery

### ***The system in brief***

There are essentially 6 steps to the process:

- (i) We will set a standard cost per stipendiary incumbent
  - On current numbers and costs (2014) this works out at c. £56,000 per year per incumbent;
    - This excludes the cost of Bishops, St James' House and the cathedral and absorbs the central costs of curates in the diocese (a full breakdown is provided in Appendix 1)
- (ii) We will work out the socio-economic context of each deanery
  - This will be like the current socio-economic factor for the parish except it will be worked out at a deanery level
- (iii) We will work out the total number of Church Commissioner funded posts per deanery, targeting the greatest support in the most deprived parishes.
  - Basically as a diocese we receive c. £1.5 million a year from the Church Commissioners towards stipend costs. On the basis of the socio-economic factor above we would determine how many clergy are funded by the Church Commissioners allocation in each deanery. Every deanery gets something because there are issues of deprivation in each deanery, but the majority of the support is targeted at the areas of greatest deprivation.

- (iv) We will work out the cost of each stipend per deanery
  - o This will be based on the deanery socio-economic factor (as above) and so will vary according to the socio economic context of each deanery. Basically it will cost more per clergy in a wealthier deanery than in a poor one.
  
- (v) The deanery will determine how many stipendiary clergy it needs
  - o This will be determined by mission and growth needs and plans. Deaneries may stay the same, reduce clergy numbers or seek additional clergy.
  
- (vi) The parishes and deanery work together, led by the deanery Mission & Pastoral Committee, to determine how much each parish gives towards the deanery total
  - o By this point in the process it will be clear how many clergy the deanery says it needs and how much those clergy will cost. It will then be up to the parishes within that deanery to come up with a mutually acceptable number of contributions which add up to the total required, working through a combination of offer and negotiation.

Option 2 makes a much clearer link between the deployment of and payment for clergy. If Synod prefers option 2 we will produce guidance on how deaneries may wish to go about determining numbers, cost and contributions.

An illustration of how the new system might work can be seen at Appendix 5. This illustration is based on the current allocation of clergy to enable a like for like comparison. We stress, however, that deaneries would be in no way bound by the current numbers of clergy.

### ***Transitional relief***

As with Option 1 there is likely to be a need for transitional relief, in this case the relief will be for deaneries rather than parishes.

The transitional relief would be based on a long-term process of change and mission development. It would mean that the deaneries that benefit under this system would not receive the full financial benefit of the change for some time. It would also mean that the deaneries asking for transitional relief would need to commit to a mission and growth plan based on a sustained programme of change and an agreed timetable. An outline of how all this might work is at Appendix 6.

## STRENGTHS AND WEAKNESSES

Here's a quick summary of the relative strengths and weaknesses of each option:

<p><b>Option 1</b> <b>Strengths</b></p>	<p><b>Option 2</b> <b>Strengths</b></p>
<ul style="list-style-type: none"> <li>• Established and understood</li> <li>• High collection rate</li> <li>• Clear mutual support for more deprived parishes</li> <li>• Limited amount of data to collect</li> <li>• Responds to general movement in congregational size</li> <li>• With capping year on year fluctuations are limited</li> <li>• Significant element of trust and mutuality</li> </ul>	<ul style="list-style-type: none"> <li>• Ability to align the number of clergy with deanery mission plans – increase or decrease</li> <li>• Allows strategic deployment of clergy</li> <li>• Incentivises growth</li> <li>• Clarity about use of Church Commissioners' funding</li> <li>• Potential ability for parishes to vary payments according to circumstances</li> <li>• Potential for wealthy parishes (inc those with high levels of reserves) to contribute more</li> <li>• Clear mutual support for more deprived parishes</li> <li>• Closer connection between payment and supply – 'getting what we pay for'</li> <li>• Parishes pay what they can afford and have influence in determining total clergy – and therefore costs – in the deanery</li> </ul>
<p><b>Option 1</b> <b>Weaknesses</b></p>	<p><b>Option 2</b> <b>Weaknesses</b></p>
<ul style="list-style-type: none"> <li>• No connection with supply of clergy/'what we get in return'</li> <li>• Slow to respond to major changes in congregational size</li> <li>• Disincentive to growth</li> <li>• Year on year fluctuations make budgeting more difficult</li> <li>• No ability to influence clergy deployment</li> <li>• No immediate consequences to non payment</li> <li>• No clarity about use of Church Commissioners' funding</li> <li>• No ability for parishes to adapt annual payments to reflect particular circumstances</li> <li>• No account taken of the overall wealth of a parish (ie no account taken of levels of reserves or seasonal factors around levels of expenditure)</li> <li>• Significant element of trust and mutuality</li> </ul>	<ul style="list-style-type: none"> <li>• Could set parish against parish</li> <li>• Deaneries may not be strong enough entities to deliver decisions or mission plans</li> <li>• High cost of transition in some areas</li> <li>• Promotes a degree of congregationalism – we only get what we pay for</li> <li>• Makes peace with low expectations – parishes may take a limited view of what they can afford</li> <li>• Stronger deaneries may become stronger; weaker deaneries weaker, and therefore may need external support</li> <li>• Undue influence/expectations of the deanery over certain parishes</li> </ul>

## THE 10 TESTS

In October 2013 Synod set 10 tests against which we could assess the merits of any proposals. This is a brief response to each test:

### **1. Do the proposals encourage growth?**

*Option 1* – capping limits the disincentive towards growth, but doesn't actually incentivise it

*Option 2* – encourages growth as the greater the giving capacity the greater the opportunity to pay for (or not) increased stipendiary clergy

### **2. Do the proposals support and reflect the church that we wish to become?**

*Option 1* – yes, by recognising non-Sunday activities and by giving time for newer congregations or forms of church to mature before being brought into any assessment

*Option 2* – yes, by giving the scope to pay for and deploy leadership strategically

### **3. Do the proposals affirm mutual support within the diocese?**

*Option 1* – yes, the least deprived areas of the diocese continue to pay 3 times as much per head as the most deprived parts; we believe that this is still a powerful statement of mutual support. A majority of the parishes in the diocese (two thirds) remain net receivers of support. The calibration of the Minimum Parish Share expects churches in higher income areas to be numerically larger than those in lower income areas.

*Option 2* – yes, through the socio-economic weighting within the calculation for the cost of the stipend for each deanery plus the weighting of Church Commissioners' funding to the most deprived deaneries.

### **4. Do the proposals strengthen relationships between parishes?**

*Option 1* – yes, through the general commitment to mutual support

*Option 2* – yes, through the need to negotiate a mutually agreed approach both to individual parish contributions and the deanery total

### **5. Do the proposals recognise the character of the diocese, particularly around issues of deprivation?**

*Option 1* – yes, through the socio-economic factor and the disconnection between an individual parish's ministry cost and their Parish Share

*Option 2* – yes, through the socio-economic factor and the conscious applications of Church Commissioners' funding

### **6. Do the proposals take appropriate account of health and sustainability issues?**

*Option 1* – to a large degree, through the linkage between congregational size/potential giving base and the actual amount asked in Parish Share. Plus the linkage to Minimum Parish Share

*Option 2* – yes, as long as parishes are sufficiently respectful of each other in negotiations

**7. Do the proposals provide an appropriate accountability framework within the diocese and beyond?**

*Option 1* – yes within the diocese (all Parish Share assessments and payment records are published); less so to the Church Commissioners because their support is not designated to any particular parishes or deaneries

*Option 2* – yes within the diocese (all deanery assessments and payment records would be published); yes to the Church Commissioners as funding is intentionally applied to Church Commissioners' supported clergy

**8. Do the proposals present an appropriate giving challenge to all?**

*Option 1* – yes, on the basis of the combination of congregational size and socio-economic weighting

*Option 2* – yes, if negotiations are conducted open-heartedly

**9. Do the proposals provide appropriate support to local decision-making?**

*Option 1* – yes

*Option 2* – yes, including the ability to increase or reduce the number of deployed clergy

**10. Is the proposed system or process transparent and easily understood?**

*Option 1* – yes

*Option 2* – yes in terms of transparency; it may take some time for people to become familiar with it

## CONCLUSION

There is no perfect system. And different systems will be right for different times and seasons. The working group believes that both options presented are good and that both can work well and are content to commend both to Synod.

The working group does not endorse a pure Offer System, by which individual parishes determine what they wish to pay and then the diocese tries to align clergy accordingly. We believe that this system would have fundamental problems in our diocese. Our reservations are broadly based on the following:

- The offer approach is essentially congregationalist
- It lacks any clear structural commitment to mutual support so good intentions around mutual support become vulnerable to local financial pressures
- It disconnects any sense of the level of contribution from the ministry we receive – a sense of ‘we still want our vicar’ whatever we may actually offer
- It makes peace with low giving expectations
- It disconnects strategic deployment of clergy with any clear financial levers

Also, because we have had a historically very high collection rate we believe that the overall level of Parish Share offered would decline and therefore we would be into another round of clergy reductions.

On balance a majority of the working group believe that option 2 provides the best of the Offer System while sharpening the link between financial commitment and affordability of clergy. They prefer option 2 as right for now and right for the church we want to become. In particular they believe that the ability to align strategy, deployment and consequent financial responsibility is a powerful argument and incentive and that the ability to negotiate payment within the deanery rather than simply collect by formula will help parishes engage both financially and – more importantly – missionally.

**The working group asks Synod to choose between the following motions:**

***That this Synod gives in principle approval to option 1 and asks the working group to produce a more detailed proposal on its preferred option for a final endorsement in March 2015.***

***Or***

***That this Synod gives in principle approval to option 2 and asks the working group to produce a more detailed proposal on its preferred option for a final endorsement in March 2015.***

## APPENDIX 1 – THE COST OF CLERGY

The total cost of ministry (stipendiary clergy, non stipendiary clergy, Readers, training curates, clergy housing etc) is c. £8.6 million. It is partly offset by £1.5 million we receive from the Church Commissioners. Therefore, we need to raise £7.1 million from Parish Share. This same cost and same need for £7.1 million applies equally to option 1 or option 2.

At various points in the paper we state a figure of c. £56,000 per year as the average cost of an incumbent in the Diocese of Liverpool. This is worked out on the following basis of the following assumptions:

- There will be – as currently budgeted – 154 parish-based incumbents, 32 curates and 10 centrally deployed clergy.
- Mission & Growth Funds are calculated on the current basis
- There will continue to be, on average, 15 parish vacancies at any given point

We have therefore:

- Calculated the 2014 cost of an incumbent based on actual stipend, pension and National Insurance
- Divided all other budget costs by 154 to give a cost per incumbent

Please note:

- There are no new costs in the calculations. It is simply a means of expressing the current budget in a slightly different way.
- There are no costs for bishops or St James' House in the calculations. They are not funded by Parish Share.
- The Archbishops' Council cost is our diocesan share of the costs of ordination training, General Synod and such like. We have no discretion over such costs.

The cost works out as follows:

○ Incumbent stipend/pension/NI	£34,271	
○ Cost of curates	£6,676	
○ Centrally deployed clergy	£2,225	
○ Mission & growth fund	£4,673	
○ Clergy housing/moves	£6,052	
○ Archbishops' Council	£3,422	
○ Other	£2,065	
	<b>Sub total</b>	<b>£59,385</b>
○ Less vacancy rebate:	- £3,560	
	<b>TOTAL cost per post</b>	<b>£55,825</b>

## APPENDIX 2 – THE IMPACT OF OPTION 1

### UPDATING THE DATA \*

If we simply update the data using the latest IMD data and Average Sunday Attendance (ASA) over three years and continue with the current Parish Share system we would see roughly the following changes:

<b>Parish Share</b>	<b>No of parishes</b>
Increasing by more than 10%	60
Increasing by 5% to 10%	17
Increasing by 0% to 5%	20
Decreasing by 0% to 5%	28
Decreasing by 5% to 10%	21
Decreasing by more than 10%	70

### IMPLEMENTING OPTION 1

If we implemented option 1 using the latest IMD data and Average Weekly Attendance (AWA) over five years as described in this paper we would see roughly the following changes:

<b>Parish Share</b>	<b>No of parishes</b>
Increasing by more than 10%	51
Increasing by 5% to 10%	19
Increasing by 0% to 5%	24
Decreasing by 0% to 5%	22
Decreasing by 5% to 10%	27
Decreasing by more than 10%	73

As discussed above we believe that it is unfeasible to expect all parishes to absorb the full impact of the changes in one year. Therefore we propose some mechanisms to smooth out the impact of annual swings in the data. These are contained in Appendix 3 below.

*\* Please note: this is provisional data, giving only indicative figures. More definitive figures will be produced once Synod has decided on its preferred option.*

## Impact of Option 1 at deanery level

Deanery	Current data		Updating data			Option 1	
	Average parish SEF	2014 Share	Average new SEF	Share: ASA averaged over 3 years	Change compared to current Share	Share: AWA averaged over 5 years	Change compared to current Share
Sefton	1.39	506,677	1.38	550,467	43,790	531,995	25,319
Bootle	0.87	201,767	0.83	194,760	-7,007	208,811	7,044
Walton	0.81	147,492	0.71	140,475	-7,017	147,360	-132
West Derby	0.78	255,246	0.79	275,859	20,613	257,261	2,015
Lpool N	0.55	123,008	0.57	141,249	18,241	149,021	26,013
T & W	0.79	214,973	0.72	205,541	-9,432	196,261	-18,712
Lpool S	0.94	718,844	0.99	787,229	68,385	764,398	45,554
Huyton	0.73	305,831	0.77	350,322	44,491	340,332	34,501
N Meols	1.27	716,536	1.21	679,436	-37,101	665,350	-51,187
Ormskirk	1.30	968,356	1.25	1,003,836	35,480	995,375	27,019
Widnes	1.01	219,405	0.93	199,442	-19,962	205,815	-13,590
St Helens	0.98	638,435	0.96	584,728	-53,707	573,869	-64,566
Winwick	1.25	502,202	1.18	507,148	4,946	564,610	62,408
Warrington	1.21	436,535	1.12	408,350	-28,185	397,554	-38,981
Wigan	1.09	1,122,002	1.02	1,048,467	-73,535	1,079,297	-42,705
		<b>7,077,309</b>		<b>7,077,309</b>	<b>0</b>	<b>7,077,309</b>	<b>0</b>

## APPENDIX 3 – SMOOTHING MECHANISMS FOR OPTION 1

As the report makes clear the mere fact of updating the data used in the calculation in Option 1 will change individual Parish Share assessments significantly. Some parishes will have moved SEF band; almost all will have seen attendance changes.

We would propose to smooth this process on the following basis. We have assumed that it would be introduced in 2016, so have described 2016 as year 1. If Synod wished to delay implementation then year 1 would move back accordingly.

Also, purely for purposes of illustration we have assumed an overall increase of 2% in the stipends budget and so an equivalent increase of 2% in Parish Share. We would emphasise that this is for illustration only.

### YEAR 1 - 2016

In year 1 we would recommend the following 5 steps:

#### **1. Establish and publish the new level of Parish Share for each parish**

- Based on:
  - Average Weekly Attendance over the past 5 years
  - Socio economic data incorporating the 2010 Indices of Multiple Deprivation

#### **2. Cap reductions**

- No Parish Share will fall by more than 3% from previous year's figure. This would represent a maximum real terms fall of 5%.

#### **3. Cap increases**

- No Parish Share will increase by more than 7% from previous year's figure. This would represent a maximum real terms increase of 5%.

#### **4. Create transitional relief fund**

- We would add a further 1% (above and beyond capping) to the overall Parish Share assessment to create a transitional relief fund (c. £70K).

#### **5. Allocate transitional relief**

- Parishes facing significant increases would be able to apply to the limited Transitional Relief fund. Any unused part of the transitional relief pot would be rebated to parishes.

### FROM YEAR 2 – 2017 ONWARDS

From year 2 onwards we would recommend the following 5 steps which we believe will help slow down the impact of attendance change, thereby disincentivising decline and allowing growth to mature in terms of giving:

### **1. Update the attendance data**

- We will need to keep up-to-date attendance data based on the 5-year rolling average.

### **2. Cap reductions**

- No Parish Share will reduce in absolute terms from the previous year.

### **3. Cap increases**

- No Parish Share will increase by more than 3% in real terms (ie general Parish Share increase + 3%)

### **4. Raise Minimum Parish Share thresholds**

- Minimum Parish Share is currently based on a minimum assumption around Average Sunday Attendance. In line both with the Growth Agenda and the move to Average Weekly Attendance we recommend that the thresholds will be increased by 1 each year from the current levels of 28/35/42 to 34/42/50.

### **5. Establish a Maximum Parish Share threshold**

- Synod would set a Maximum Parish Share threshold of, say, twice the cost of an incumbent which, on current calculations would be c. £112,000. Maximum Parish Share would apply to a parish/congregation. A team or multi parish benefice could not aggregate attendance. Any parish/congregation above the maximum threshold will be held at their current Parish Share until the assessment catches up with them.

## APPENDIX 4 – COUNTING AVERAGE WEEKLY ATTENDANCE

We would need to work on more detailed guidance to parishes as to who to count as part of the attendance. However, we would seek to work on the following assumptions:

- We would be looking to count anything where there is a realistic expectation of regular and committed giving as a key element of the worship. This will extend beyond Sunday worship.
- There will be a point at which something moves from being a plant, fresh expression or pioneer ministry into a nascent or established worshipping community. At this point they should begin to be brought into the count.
- We should seek to disregard atypical or distorting services.
- We will never be able to come up with exact rules or formulae for counting attendance. It will be a significant matter of trust and mutuality.

Within this framework we should:

### **1. Move to Average Weekly Attendance**

- All services where there is an expectation around regular and committed giving are counted. This will include main services on Sunday (as now) plus midweek services which either Eucharistic and/or non Sunday regular givers attend.

### **2. Discount people attending twice**

- As they do currently parishes will need to make some kind of assessment around people attending more than once per week and make an allowance accordingly

### **3. Discount atypical weeks**

- All churches have higher attendance services (Christmas, baptisms etc) and lower attendance services (summer, cold winter days etc.). We propose that we remove the main distorting effect of these by:
  - Sorting the Average Weekly Attendance per parish from the highest to lowest.
  - Discounting the highest 12 and the lowest 10 weeks in terms of attendance.
  - Allow the average of the remaining 30 weeks to become the Average Weekly Attendance figure.

## APPENDIX 5 – THE IMPACT OF OPTION 2

Please see pages 19 and 20 for an explanation of the columns

	2014 share	Allocated stipendiary clergy	Deanery SEF	Gross costs	Church Comm Grant Allocation	Church Comm Supported Clergy	Remaining costs to be met by Parish Share	No. clergy paid for by Parish Share	Amount per Parish Share funded Clergy	Difference compared to Gross costs	Difference compared to 2014 share
Sefton	506,677	7	1.28	390,773	1,400	0.03	487,000	7.0	69,822	96,228	-19,676
Boothle	201,767	9	0.85	502,422	212,504	3.8	239,865	5.2	46,187	-262,557	38,099
Walton	147,492	7	0.83	390,773	168,807	3.0	180,485	4.0	45,392	-210,288	32,993
West Derby	255,246	9	0.84	502,422	216,251	3.9	233,398	5.1	45,530	-269,024	-21,848
Lpool N	123,008	8	0.68	446,597	234,300	4.2	141,604	3.8	37,236	-304,993	18,596
T & W	214,973	9	0.81	502,422	224,395	4.0	219,650	5.0	44,103	-282,772	4,677
Lpool S	718,844	13	1.02	725,721	32,653	0.6	687,912	12.4	55,409	-37,809	-30,932
Huyton	305,831	13	0.82	725,721	318,742	5.7	326,286	7.3	44,756	-399,435	20,455
N Meols	716,536	9	1.16	502,422	4,443	0.1	566,151	8.9	63,467	63,729	-150,385
Ormskirk	968,356	13	1.17	725,721	6,405	0.1	819,270	12.9	63,582	93,549	-149,086
Widnes	219,405	6	1.00	334,948	15,276	0.3	312,925	5.7	54,646	-22,023	93,520
St Helens	638,435	13	1.00	725,721	33,297	0.6	673,583	12.4	54,306	-52,137	35,148
Winwick	502,202	8	1.13	446,597	4,074	0.1	487,672	7.9	61,520	41,075	-14,530
Warrington	436,535	11	1.13	614,071	5,578	0.1	673,439	10.9	61,783	59,368	236,904
Wigan	1,122,002	19	1.05	1,060,669	46,274	0.8	1,037,758	18.2	57,110	-22,911	-84,244
	<b>7,077,309</b>	<b>154</b>		<b>8,597,000</b>	<b>1,524,400</b>	<b>27.3</b>	<b>7,087,000</b>	<b>126.7</b>		<b>-1,510,000</b>	<b>9,691</b>

Please note: this is provisional data, giving only indicative figures. More definitive figures will be produced once Synod has decided on its preferred option.

## PARISH SHARE OPTION 2 - DEANERY OFFERS BASED ON CLERGY DEPLOYED

Column	Explanation
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<b>2014 share</b>	Total Parish Share requested from each deanery for 2014
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### Allocated stipendiary clergy

2013 stipendiary clergy allocated numbers

<b>Deanery SEF</b>	Socio Economic Factor calculated at deanery level. This is based on government Indices of Multiple Deprivation (IMD) for 2010, the most recently published. Each parish is allocated a SEF based on its IMD, from which the deanery SEF is calculated based on population weighting.
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<b>Gross costs</b>	The total cost of providing the number of allocated clergy in the deanery, ie <i>Allocated clergy x 'standard cost of clergy'</i> (calculated at c. £56K per post – see Appendix 1).
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### Church Comm Grant Allocation

The Diocese of Liverpool receives an annual allocation from the Church Commissioners based on a formula applied across all dioceses. The Church Commissioners are under an obligation to ensure that their funds are spent where the need is greatest. Therefore the available Church Commissioners' Grant (£1,510,000) is allocated heavily to deaneries in our most deprived areas based on deanery SEF. The grant is allocated to bands based on deanery SEF, currently as follows:

SEF Ranges	Allocation per clergy	Allocation	CC grant %
0.50-0.85	25,000	1,375,000	91.06%
0.85-1.10	2,500	127,500	8.44%
1.10-1.25	500	20,500	1.36%
1.25-1.50	200	1,400	0.09%

The allocation then made to deaneries within each band is also based on deanery SEF and allocated clergy within the band. The grant covers the costs of 27 clergy posts.

### Church Comm supported clergy

Number of clergy in deanery paid for by Church Commissioners' Grant  
ie *Church Commissioners' Grant Allocation ÷ 'standard cost of clergy'*  
(c. £56K).

**Remaining costs to be met by Parish Share**

The total costs of paying for clergy not covered by the Church Commissioners' Grant is 127 posts x c. £56K. This is allocated to the deaneries based on the number of clergy remaining to be paid by parish share contributions, weighted by deanery SEF.

ie *Deanery SEF x no. of clergy to be paid for by Parish Share x cost of clergy*

**No. clergy paid for by Parish Share**

Number of clergy posts to be paid for from Parish Share contributions,  
ie *Allocated Clergy minus Church Comm supported clergy*

**Amount per Parish Share funded clergy**

The cost to each deanery of each post funded by Parish Share,  
ie *Remaining Costs to be met by Parish Share ÷ No. of clergy paid for by Parish Share*

**Difference compared Gross costs**

Difference between calculated Parish Share contributions from the deanery and the total costs of providing clergy  
ie *Remaining costs to be met by Parish Share less Gross Costs*

**Difference compared to 2014 share**

Difference between calculated Parish Share contributions from the deanery and 2014 requested Parish Share,  
ie *Remaining costs to be met by Parish Share less 2014 Share.*

## APPENDIX 6 – SMOOTHING MECHANISMS FOR OPTION 2

Option 2 is a very different system to the current Parish Share system. Therefore, unsurprisingly, there are some significant swings in the amounts some deaneries would need to pay to maintain current levels of stipendiary clergy.

We believe that we should allow a significant time (possibly up to 10 years) for full transition to the new system. The transition will require the establishment of a transformation fund which would add c. 1.5% to the cost of an incumbent for the first 5 years, phasing out over the second 5 years. It would also involve capping deanery reductions in Parish Share so that no deanery receives more than 50% of the net savings that would accrue from the new system.

It would work roughly as follows:

### **1. Recognise the need for Diocesan Supported Deaneries**

- There will be one or more deaneries that given where they are they cannot be expected to meet the full challenge of option 2 immediately. Such deaneries should be straightforwardly recognised as Diocesan Supported Deaneries, able to draw down on additional resource through the Deanery Transformation Fund.

### **2. Create a Deanery Transformation Fund**

This will be achieved by:

- Adding equivalent of 2 posts to those used for the calculations of the standard cost per stipendiary clergy, for transitional relief. In cash terms this would generate an additional c£112,000 in 2016 (phased out, perhaps over 10 years – ie years 1 – 5 = 2 posts; year 6 = 1.6 posts; year 7 = 1.2 posts etc).
- For those deaneries that gain under the change to option 2 we would cap any reduction due to them at 50% of deanery total from the final year of the previous system. So if a deanery was due to benefit by £50,000 a year from the move to option 2 we would only rebate £25,000 of this. The remaining £25,000 would be allocated to the Deanery Transformation Fund.

### **3. Agree a Deanery Transformation package**

- To be eligible for additional financial support a Diocesan Supported Deanery would need to commit to a programme of planning for growth, training and development, planting new congregations and the development of new missional leadership. In return there would be stipends support and targeted support from St James' House.

### **4. Phase out the Deanery Transformation Fund**

- A key aim of option 2 is that all deaneries have the financial freedom to make clear and confident missional choices around the number of clergy they want to have and how they want to pay for them. As such we want to get to the point as soon as reasonably possible that all transitional support is phased out. We believe that it may take 10 years.

- For the first 5 years we would plan to operate on the above basis, namely adding in the cash equivalent to 2 posts and capping the reductions available to deaneries benefitting by the change.
- From year 6 onwards we would phase out those changes so that each year the additional cash added to the fund would go down and the cap on reductions available to benefitting deaneries would be gradually raised. By the end of year 10 the Deanery Transformation Fund would be reduced to £0.

## **APPENDIX 7 – MEMBERSHIP OF THE REVIEW GROUP & GLOSSARY OF TERMS**

The Review Group was made up of the following:

2 members from the DBF Finance Committee

- Rev Mark Stanford (Chair), Holy Trinity Formby – Sefton deanery
- Peter Owen, St Luke's Crosby – Sefton

6 members from Diocesan Synod

- Rev Amanda Fairclough, NSM, St Margaret Orford, General Synod – Warrington
- Rev Simon Fisher, St John Tuebrook – West Derby
- Adrian Hardy, Treasurer, Wigan St Michael – Wigan
- Rev Richard Jones, St John Burscough – Ormskirk
- Rev Bill Matthews, Eccleston St Thomas/St Helen St Mark – St Helens
- Philip Stott, Billinge St Aidan, Bishop's Council – Wigan

The group was serviced by staff at St James' House

### **GLOSSARY**

**Indices of Multiple Deprivation (IMD)** – a formula used by government for calculating how deprived a given community is. IMD includes income but also includes other factors such as education, employment, health and access to services. IMD is used heavily by government in their calculations and is the best tool we have for assessing the levels of deprivation – and therefore potential giving capacity – of members of each parish.

**Socio economic factor (SEF)** – is a way we use to group parishes in bands according to the levels of deprivation as indicated by the IMD. A lower SEF means a higher level of deprivation; a lower SEF therefore reduces the Parish Share calculation for that parish.

**Transitional Relief** – is an amount of money made available to help individual parishes or deaneries deal with the effects of a sharp rise in Parish Share. It is awarded on a short-term basis to a parish by the DBF Finance Committee.

**Offer System** – is a new way some dioceses have of dealing with Parish Share whereby parishes choose the amount they want to give/offer and then the diocese works out how many clergy it can afford on the basis of the offers received.