

# Parish Share – Reversing the Payment Trend

## 1. INTRODUCTION

Parish Share is the single most significant income line in the DBF budget. It covers clergy pay (the stipend) and pension, clergy housing, clergy and Reader training and our work in our church schools. Without it we cannot fulfil our core ministry and mission as a diocese.

Liverpool has long had an enviable record of Parish Share payment by our parishes. However, owing to a number of factors – rising levels of Parish Share, falling church membership, increasing costs of buildings and other aspects of church life, the general economic situation – the level of Parish Share collection is falling. While not yet critical it could easily become so if as a diocese we do not take concerted action to address the problem.

A single percentage fall in Parish Share collection equates to a loss of income of around £70,000 – close on 2 clergy posts. To put this in perspective, collection rates have fallen in the diocese from 98.9% in 2008 to 96.9% in 2010. In 2010 the total shortfall in Parish Share collection was £205,000 – the equivalent of over five clergy posts.

If we do not reverse this downward trend then there are serious implications for the deployment of clergy into the future. Quite simply there will no longer be enough income to sustain the 209 posts assumed by the diocesan budget and, in turn, by the deanery mission plans. Therefore if we are unable to collect sufficient Parish Share we will be advising deaneries that they must embark on a further round of cuts to clergy numbers – something we have been strenuously seeking to avoid.

### **“... that there might be fair shares”**

This paper seeks to set out the range of measures we can take to help reverse the decline in Parish Share collection rate. It starts from the conviction that we do not need to apologise for the Parish Share system which underpins ministry and mission and is rooted in sound biblical principles:

- That the worker is worthy of his or her hire (1 Cor 9:7-14) and that therefore it is right and proper that churches contribute to the ministry they receive from their clergy.
- That the challenge to give generously is in proportion to what has been received (2 Cor 8:10-12)
- That the mutuality between congregations (2 Cor 8:13-15) is about asking those who have more to support those who have less

However this paper also recognises the uncomfortable truth that not all churches are playing their part and they are not recognising the consequences of their actions.

This paper must be read in the clear context of:

- ◆ The level per head of Parish Share being amongst lowest of any diocese in the country
- ◆ The outstanding commitment of most churches to Parish Share and their exemplary payment records.
- ◆ The actions of a small minority of churches having increasingly serious implications for us all.
- ◆ The absolute commitment of the Diocese of Liverpool to support churches in difficulty to become sustainable, led, transforming Christian presences.

## **2. CORE ACTIONS**

Here is a summary of the core actions that can be taken.

### **(a) Pre-appointment**

As a starting point, in making any appointment to a parish candidates will be made aware of Parish Share history, including any past history of failure to pay Parish Share, along with a wider understanding of the state of parish finances. Their status as champions of Parish Share will be stressed at meetings with the Archdeacons.

### **(b) Temporary arrears of share**

We recognise that for various reasons some churches have temporary difficulties (defined here as arrears of 3 months or less) in paying their Parish Share. These generally centre on short-term issues such as cash flow. In these circumstances it is essential that:

- ◆ The Diocesan Secretary is notified with brief explanation of the underlying problem and how it will be addressed.
- ◆ This correspondence is copied to the Area Dean and Archdeacon.
- ◆ This will be minuted at the DBF Finance Committee and noted also when payment is resumed.

### **(c) Going into long-term arrears**

When churches default on payment of over four months:

- (i) There should be a meeting with the clergy of the church (and where appropriate team clergy) and the Archdeacon.
- (ii) There should be an early meeting with the Archdeacon and the PCC/DCC to examine the financial situation of church, attendance patterns etc.
  - a. All available financial data must be ready for this meeting, including giving bands data. This can all be provided by St James' House.
  - b. A member of the Resources department may be present to help the church interpret the data and think through its next steps.
- (iii) There should also be an explanation of the significance of Parish Share.

### **(d) The Parish Share Payment Plan**

When a parish goes into long-term arrears (ie 4 months and over) we expect a **Parish Share Payment Plan** to be produced which sets out:

- (i) The causes of arrears
- (ii) An assessment of the current giving and income situation
- (iii) An assessment of the level of assets and disposable funds

- (iv) Intended actions to rectify the situation
- (v) An acceptance that any outstanding arrears will be included as a liability in the annual accounts
- (vi) A schedule of future payments to address the problem.

The document preparation will include discussion with Group, Team or cluster and Area Dean. The Payment Plan must be signed by clergy, wardens, treasurer and PCC/DCC secretary and countersigned by the Archdeacon.

The incumbent and parish officers will then meet the Bishop and Archdeacon to:

- (i) Explain the Payment Plan.
- (ii) Discuss how the clergy as beneficiaries of Parish Share and parish officers are expected to be advocates of parish share to parishioners.
- (iii) Discuss how St James' House can support the church deliver on the Payment Plan.

It should also be made clear that if a church persists in not paying against the clear challenge and leadership of the incumbent that another post will be made available to the incumbent and the diocese will support the incumbent in such a move.

An update on the Parish Share Payment Plan will be provided to the Archdeacon and copied to the Area Dean every three months and any failure to stick to the plan must be explained.

Failure to bring a Parish Share Payment Plan to successful conclusion in the time frame envisaged in the plan would generate a "viability audit" by a third party exploring whether the church has a sustainable future.

Failure to produce the document or abide by agreed actions will also trigger the actions listed below. This way we create early expectations around agreed actions and anticipate consequences for non adherence for the church and perhaps also the deanery.

### **3. WHAT HAPPENS IF THE PARISH SHARE PAYMENT PLAN IS NOT FOLLOWED?**

Failure to pay Parish Share in full is not a local matter without consequences. In reality it affects the ministry of the whole body of Christ right across the Diocese of Liverpool. All the following applies to parishes with Parish Share arrears covering the previous 2 years and without an appropriate Parish Share Payment Plan. Most also apply to churches in significant default on their Parish Share Payment Plan.

#### **(a) Appointments and deployment**

- (i) When a church falls into vacancy it will trigger a request from the Archdeacon to the Deanery Mission & Pastoral Committee to assess the viability of the church in the context of pastoral reorganisation. It is highly unlikely that any appointment would be made until this process had been brought to a conclusion.
- (ii) No curate would be offered to the church.
- (iii) There will be no expectation that team clergy would automatically take on all the work of a team church which fails to execute its Payment Plan.

(iv) No Area Dean would be able to serve if his/her parish is in significant arrears.

**(b) Building work**

- (i) The DAC cannot take account of Parish Share payment record when it looks at Faculty applications. However, where the Archdeacon believes that, in effect, non payment of Parish Share is being used to support non-essential works to the church building then the Archdeacon will ask the Deanery Mission & Pastoral Committee to assess the viability of the church and its role within the deanery's mission planning and thinking.
- (ii) Archdeacons would not to sign any English Heritage guarantee (or equivalent) for non essential work and may not sign at all if a viability audit is being undertaken as a result of persistent failure to keep to the Payment Plan.
- (iii) No Church Repair Loans would be issued for non essential work.

**(c) Financial**

- (i) No loan guarantees would be issued by the DBF.
- (ii) No permission for study leave would be granted to the incumbent (unless clear progress is being made on Parish Share Payment Plan).
- (iii) Applications to Bishop's Bursary or support for Windsor courses or support for other funding streams would not normally be accepted (unless satisfactory progress is being made on Parish Share Payment Plan).

**4. MINIMUM DEANERY COLLECTION LIMITS**

Some deaneries have maintained an exemplary collection rate for a number of years. Others have not. In some cases where the deanery collection rate falls below 100% it is a case of one or two churches either struggling or refusing to pay Parish Share. We believe that these churches can be addressed by using the levers suggested above. However, it can get to the point where it is not just the odd church in a deanery where there is a problem; rather it is a more widespread issue within the deanery where a number of churches are not paying in full.

This more systemic failure to pay Parish Share would have significant implications for the health and viability of the diocese and our ability confidently to make parochial appointments. Therefore, we believe that when a deanery collection rate for the calendar year falls below a certain threshold it should trigger a request from the Archdeacon to the Deanery Mission & Pastoral Committee to assess the viability of all the parishes in the deanery in the context of pastoral reorganisation. It is highly unlikely that any parochial appointment would be made until this process had been brought to a conclusion.

It is proposed that the minimum deanery collection rate should be introduced from 1 January 2013, based on the then 2011 collection rates. (In 2014 it would be based on 2012 collection rates and so on.)

It is also proposed that this minimum deanery collection rate should be set annually by the Finance Committee. Because it is proposed that this doesn't come into effect until 2013 it would be premature to set a rate at this point. However, the Finance Committee has indicated that if the

policy were in force in 2012 they would have suggested a rate of minimum deanery collection rate of 95%.

## **5. PROACTIVE ARREARS MANAGEMENT**

It is important that we try to be as proactive on this issue as possible, spotting potential trends and being creative and vigilant in addressing problems. Therefore:

- (i) The DBF Resources/Finance Teams should develop early warning systems to help flag up where churches may be hitting potential financial problems so that strategies can be worked through at a preventative stage.
- (ii) Churches are supported in identifying reserves/borrowing opportunities.
- (iii) Archdeacons will monitor closely progress on each Parish Share Payment Plan both to commend good progress and – with the support of St James' House – help address issues or problems as they arise.

## **6. INFORMATION CAMPAIGN**

It is important that we continue to explain to parishes what Parish Share is and why it is vital to our on-going health and viability as a diocese. It is proposed that we ensure that:

- (i) All churches paying in full receive an annual certificate of payment and thank you letter
- (ii) All parishes receive:
  - o Information about Parish Share, what is it and why it is so central to our corporate life
  - o PCC/DCC discussion material to help church leaders understand the issues and take appropriate action
  - o Presentation material to the congregation to help the whole body of Christ understand our mutuality and individual responsibilities

## **7. PUBLISHED INFORMATION**

Information can be a powerful tool for change and encouragement. We propose to publish core data for the preceding 3 years at each November Synod, as follows:

### *By parish*

- (i) Average weekly attendance
- (ii) Parish Share payment record
- (iii) Average giving by attendance
- (iv) Fee income

NB: Parishes in arrears of Parish Share would be marked on the spreadsheet as having a Payment Plan and progress on the plan marked as excellent, satisfactory or cause for concern.

### *By deanery*

- (i) Average weekly attendance
- (ii) Parish Share payment record
- (iii) Average giving by attendance
- (iv) Fee income

*As a diocese*

- (i) Total parochial free reserves
- (ii) Parish Share assessment as a percentage of regular direct giving
- (iii) Total number of planned givers
- (iv) Total amount given through planned giving
- (v) Total legacy income

## **8. AND FINALLY ...**

Fundamentally, churches who don't pay Parish Share in full are presuming on the generosity of others by in effect transferring their own share and responsibility onto fellow members of the body of Christ. A default by one is a burden for another. We have to address this problem if we are to become sustainable and hand down the faith to future generations.

We commend this report to Synod.

*Mike Eastwood on behalf of the DBF Finance Committee  
October 2011*