

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.

Preference for option 1

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 reported back to the September 2014 Synod. The group presented 2 options:

- Option 1 – an update of the current system
- Option 2 – a new deanery-based system

Synod was strongly of the view that we should stay with an updated version of the current system. There were significant attractions to option 2, not least its strategic focus; however, it was felt that we were not yet ready for such a fundamental shift.

SUMMARY AND RECOMMENDATIONS

This paper seeks to address the issues around option 1 that were raised in the September 2014 Synod. There are 9 recommendations which taken together present a worked through proposal for adoption from 1 January 2016. In particular the paper:

- Fleshes out the proposals around the proposed move to Average Weekly congregations and in particular how we count attendance
- Proposes a modification which will enable us to allocate a more precise socio economic factor (SEF) to each parish
- Proposes that Wigan Deanery be invited to pilot option 2 as part of Transforming Wigan
- Proposes a Parish Share treatment for those parishes which do not provide accurate or sufficient data

In summary the 9 recommendations are listed here. The report explains each in more detail.

Recommendation 1 – introduce a new attendance count based on Average Weekly Attendance averaged over 5 years

Recommendation 2 – update the socio economic factor (SEF) as new Indices of Multiple Deprivation data becomes available, allocating an individual SEF to each parish

Recommendation 3 – introduce a capping system for restricting the impact of annual changes on each parish, including the raising of the Minimum Parish Share threshold and introducing a Maximum Parish Share threshold

Recommendation 4 – introduce a transitional relief fund

Recommendation 5 – apply the maximum Parish Share increase to those parishes unwilling to supply data

Recommendation 6 – continue to allow deaneries to re-work the distribution of Parish Share within their deanery

Recommendation 7 – pilot option 2

Recommendation 8 – allocate Church Commissioners' support more intentionally

Recommendation 9 – make available on-line attendance reporting

The paper also raises some issues beyond the formal remit of the working group which the group believes warrant further attention.

THINGS TO NOTE

Please note the following general points:

- 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 5 on page 21.
- We have deliberately not given at this stage a parish by parish indication of the impact of the new system for 3 main reasons:
 - To enable Synod members to come to a view on the principles of what is proposed independently of the impact on their own parish
 - To ensure that the data is as robust as we can make it. If Synod approves the package of recommendations there will be a significant data review exercise for St James' House staff.
 - The introduction of capping will significantly limit the annual impact of any changes.
- Once again 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.
- We would remind Synod that 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.

UPDATING THE 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)

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 based on a minimum assessment of congregational numbers. The Sunday attendance is averaged out over the past 3 years to get some kind of smoothing of increases or decline.

PROPOSED REVISIONS

We propose that Parish Share should remain based on the two core pieces of data: church attendance and the socio economic multiplier. However:

Church attendance will:

- Be calculated by a new attendance count based on midweek as well as Sunday adult congregations, known as Average Weekly Attendance (AWA).
- Move to 5-year attendance averages from the current 3-year averages.

The socio economic multiplier will:

- 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
- 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 full set of recommendations is as follows:

RECOMMENDATION 1

Introduce a new attendance count based on Average Weekly Attendance averaged over 5 years

Counting the congregation

Counting the congregation will always be an art not a science. The core principles behind the counting process will be that:

- i. We would look to count anything where there is a realistic expectation of regular and committed giving as a key element of the worship.

- This will include services on Sunday (as now) plus established midweek services (Eucharistic or otherwise) which non Sunday regular givers attend. Churches will still be able to *exclude* those emerging congregations which have not matured into bodies where regular giving is reasonably expected. The counting process will also need to be fluid to reflect the mixed economy church we wish to become and recognise the point at which something moves from being a plant, fresh expression or pioneer ministry into an emerging or established worshipping community with its own developing giving base. For Sunday and non Sunday congregations key questions will be:
 - Is there an open collection plate at the service or worship activity?
 - Is there a core membership of 10% or more which give regularly as part of their membership of that congregation?
- If the answer to either of those questions is yes then we would expect the numbers to be brought into the Average Weekly Attendance.

- ii. We should continue to make allowance where people attend more than one service or worship activity.
 - As they do currently parishes will need to make some kind of assessment around people attending more than once per week and modify their count accordingly.

- iii. We should seek to disregard atypical or distorting services.
 - 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 12 weeks in terms of attendance.
 - Allow the average of the remaining 28 weeks to become the Average Weekly Attendance figure.

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. However, the Archdeacon's Parish Review will also provide a framework for assessing whether the declared attendance appears to fit with current reality and is consistent with the approach of other churches in the diocese.

Move to 5-year attendances

We wish to avoid penalising congregational growth or incentivising decline. To do that we propose to move to an attendance figure based on an average of the previous 5 years rather than 3 as currently used. This will allow new members of growing churches time to mature as committed givers before being fully counted into the Parish Share assessment. It will also mean that individual churches cannot simply assume that there

is someone else to pick up the cost of their own decline because the Parish Share impact of the decline in numbers will not be quickly felt.

In practice we would need to phase in Average Weekly Attendance figures from 2014 onwards. So for the 2016 Parish Share we would need to use Average Sunday Attendance figures for 2010 – 2013 and Average Weekly Attendance figures for 2014. By 2020 Parish Share the numbers would have worked through to being exclusively Average Weekly Attendance.

RECOMMENDATION 2

Update the socio economic factor as new Indices of Multiple Deprivation data becomes available, allocating an individual SEF to each parish

Continue with the Indices of Multiple Deprivation

There is no easily accessible data which gives a reliable and comparable assessment of average personal incomes within a parish. We continue to rely, therefore, on the government's Indices of Multiple Deprivation (IMD) as the basis for our socio economic data. These are updated every 3 – 5 years and we plan to update our parish socio economic factor (SEF) as soon as new data is available. Currently we are relying on 2001 data.

However, we propose that we tweak the way in which SEFs are allocated. Currently we divide the c. 220 assessed churches in the diocese in 21 bands and give most deprived band an SEF of 0.50, the next most deprived band 0.55, the next band 0.60 and so on until we reach the least deprived band of 1.50. This means that it can make as much as a 10% Parish Share difference being in one band rather than another.

We propose to remedy this by ranking each assessed church and giving them their own SEF. The SEFs will be evenly spaced between 0.5 and 1.5. The most deprived parish will have an SEF of 0.50, the second most deprived 0.5045, the third most deprived 0.509, the fourth most deprived 0.5135, all the way through to the least deprived at 1.50.

Deprivation of parish vs personal income surveys

We have consistently argued that income surveys among members of the congregation are both intrusive and evangelistically highly problematic. Again, therefore, we will continue to base the SEF on an assessment of the parish rather than the congregation, believing that this most strongly reflects the ecclesiology of the Church of England.

RECOMMENDATION 3

Introduce a capping system for restricting the impact of annual changes on each parish, including the raising of the Minimum Parish Share threshold and introducing a Maximum Parish Share threshold

In 2010 Synod accepted the argument that it would be particularly helpful for parishes to have stability and predictability in terms of Parish Share, and that the major upwards swings that some parishes faced placed an inhibition on growth. Therefore, 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. The deanery impact of the proposed changes can be seen at Appendix 3. We therefore recommend that we fine tune the current system to smooth out growth or decline and therefore reduce the annual impact on Parish Share. We would seek to:

- Slow down the impact of growth in individual parish attendance
 - Cap annual increases for each parish at 3% in real terms (ie general Parish Share increase + 3%) – see Appendix 4
- Slow down the impact of decline in individual parish attendance
 - Cap reductions for each parish to 3% in year 1 and from year 2 onwards no Parish Share would reduce in cash terms from the previous year – see Appendix 4
- Raise the Minimum Parish Share threshold
 - Minimum Parish Share is currently based on a minimum assumption around Average Sunday Attendance. It is assessed in 3 bands, rising as the SEF rises. In line both with the Growth Agenda and the move to Average Weekly Attendance we recommend that the thresholds will be increased each year from the current levels of 28/35/42 to 34/42/50.
- Establish a Maximum Parish Share threshold
 - There is currently no Maximum Parish Share. 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. We propose to set a Maximum Parish Share threshold of, initially, twice the cost of an incumbent. On current calculations this would be c. £112,000 (see Appendix 2). Maximum Parish Share would apply to a

parish/congregation. However, as with the 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. Any parish/congregation above the maximum threshold will be held at their current Parish Share until the assessment catches up with them.

See also Appendix 4.

RECOMMENDATION 4

Introduce a transitional relief fund

As we update the data there will be various categories of parish. These include:

- Those at broadly the right level of Parish Share able to pay in full.
- Those at broadly the right level of Parish Share who have financial problems and are unable to pay Parish Share in full.
- Those who have grown since the data was frozen and so will be facing step change increases in successive years.
- Those who have declined since the data was frozen and who no longer have the giving base to pay the assessed level of Parish Share.
- Those whose SEF has changed and are therefore facing major increases in Parish Share without corresponding increases in congregational size.

We therefore propose to introduce a transitional relief fund (as was done in 2004) to cushion certain parishes from the full and immediate impact of the Parish Share changes. We propose:

- To add a further 1% (above and beyond capping) to the overall Parish Share assessment to create an annual relief fund of c. £70K.
- Parishes facing significant increases would be able to apply for transitional relief. Any unused part of the transitional relief pot would be rebated to parishes.

To be clear we would not be anticipating that transitional relief would be available for parishes with systemic financial problems. It would be targeted at those parishes which faced significant increases. Also, we need to make provision for the fact that this may not be a one-year issue only. Some parishes may be facing increases of over 50% which would be phased over a number of years. They may be able to absorb the initial increases but may struggle in later years as the impact of above inflationary increases takes a financial toll.

We recommend that judgements about the need for Transitional Relief would be a matter for the annual diocesan budget process.

RECOMMENDATION 5

Apply the maximum Parish Share increase to those parishes unwilling to supply data

Despite strenuous efforts, including those of the Archdeacons, we seem unable to persuade a small minority of parishes to supply us with up-to-date attendance data. This has resulted sometimes in guesstimated attendance figures. From now on we propose that where parishes do not send in the basic attendance data we will apply the maximum Parish Share increase permitted by that year's capping.

RECOMMENDATION 6

Continue to allow deaneries to re-work the distribution of Parish Share within their deanery

Within the current system deaneries are able to re-work the distribution of Parish Share within their deanery if they wish – effectively moving to an offer system within the deanery to achieve the total assessed for the deanery. We feel that it is worth re-stating that this possibility remains under the updated system.

ADDITIONAL RECOMMENDATIONS

There are a number of separate recommendations which go beyond a basic revision to the current system which we believe are of consideration. These are:

RECOMMENDATION 7

Pilot option 2

The September 2014 paper proposed a choice of 2 options; Synod decisively voted in favour of option 1 but stated that there were elements of option 2 which were worthy of exploration. We would therefore also recommend that as part of the Transforming Wigan project that Wigan deanery be approached to pilot option 2 and report back to Synod on lessons learned.

RECOMMENDATION 8

Allocate Church Commissioners' support more intentionally

As a diocese we receive c. £1.5 million from the Church Commissioners via Archbishops' Council. This is allocated by formula and is in recognition of the lower levels of financial resource available to us. There is a strong move at national church level to see this support as investment rather than subsidy.

Expressed at its most basic level there is a level of support available to parishes because they are in areas of significant deprivation; that is absolutely right. There is also a level of support given to parishes because even acknowledging their socio economic context they are not missionally robust (or in secular language they are poor performers numerically). This is something that the Church Commissioners increasingly wish to challenge. Option 2 made a stronger and more explicit connection between Parish Share and ministry cost.

Although it will not affect any Parish Share calculation we propose that we state more transparently to parishes how their ministry costs are met – a combination of Parish Share, Church Commissioners' support and mutual support within the diocese. Some parishes are net contributors; others are net recipients. In principle this is absolutely right and we would hope that each parish has the same missional challenge allowing for its socio economic context. However, in those cases where the congregational numbers are relatively low the support given should be accompanied by a growth plan to show how the church intends to become more missionally and financially resilient.

RECOMMENDATION 9

Make available on-line attendance reporting

In line with the Making it Easier agenda we should have a straightforward electronic means by which parishes can update their attendances.

IDEAS THAT WERE DISCARDED AND ISSUES FOR NEXT TIME

There were a number of ideas that the group felt inappropriate to suggest as formal recommendations this time. We thought they merited outlining here partly for accountability reasons but more particularly to capture them for future reference. They may be good ideas that become current in the future, or they may just be bad ideas that should and will be easily dismissed.

(a) Surcharging Sunday attendance

We recognise that our proposed method of counting Average Weekly Attendance is in some way open to inconsistency. We also recognise that it potentially penalises the more energetic churches who push the missional boundaries and therefore will count higher numbers. One option, therefore, was simply to assume that all churches should have non Sunday attendances and apply a flat rate percentage across the piece to reflect this.

There were 2 main objections:

- We should be about trust rather than suspicion.
- In practice a surcharge simply retains the current position of Sunday attendance determining Parish Share.

So on balance the group felt that we should stay with the counting process outlined above, reinforced by the Archdeacon's Parish Review to provide further substance and enquiry.

(b) Financially incentivising growth

There are currently no cash incentives within the system for churches that grow. The working group could not find a way of achieving this, but thought the point should be on record.

(c) Minimum Deanery Share

There is a Minimum Parish Share. The work on option 2 exposed something of an unevenness in deanery 'performance'. Attendance numbers broadly correlated with socio economic conditions; the greater the levels of deprivation the lower the attendance. This is absolutely in line with what we expected. However, there are one or two outlying deaneries where deanery attendance is significantly lower than expected and therefore levels of mutual support much higher. This generated an unresolved discussion on whether we should move to a Minimum Deanery Share to pick up those issues.

CONCLUSION

There is no perfect system. And different systems will be right for different times and seasons. Synod is clearly of the view that the current system is not broken and that we should not lightly throw over a system with a c. 99% collection rate.

We hope that the proposed changes recognise current realities (the diocese is different from 2004 when the current system was introduced), maintains confidence and transparency and fundamentally extends the longevity of a system which has served us very well.

We commend these proposals to Synod.

NOTE ON APPENDICES

There are 5 appendices attached to this paper:

- Appendix 1 is an updated assessment of the proposed system on the basis of the 10 tests.
- Appendix 2 relates to how we calculate Maximum Parish Share.
- Appendix 3 shows the uncapped impact at deanery level of the proposed changes. The actual numbers will be different:
 - As data is re-checked and refined
 - Capping is applied
- Appendix 4 re-states the smoothing mechanisms proposed in the previous paper and summarised above.
- Appendix 5 re-states the membership of the group and a basic glossary of terms.

We have not re-stated the strengths and weaknesses listed in the previous paper.

APPENDIX 1 – THE 10 TESTS

In October 2013 Synod set 10 tests against which we could assess the merits of any proposals. This is an updated response assuming Synod gives approval to the proposed package:

1. Do the proposals encourage growth?

Capping limits the disincentive towards growth, but doesn't actually incentivise it

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

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

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

Yes, the least deprived area of the diocese continue to pay 3 times as much per head as the most deprived; 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.

4. Do the proposals strengthen relationships between parishes?

Yes, through the general commitment to mutual support and the clarity around whether an individual church is a net recipient or net contributor.

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

Yes, through the socio economic factor and the disconnection between an individual parish's ministry cost and their Parish Share

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

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 and suggestion for growth plans where congregations are smaller.

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

Yes, as there will be clarity about the application of Church Commissioner monies and mutual support.

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

Yes, on the basis of the combination of congregational size and socio economic weighting

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

Yes, as deployment is disconnected from ability to pay.

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

Yes

APPENDIX 2 – MAXIMUM PARISH SHARE

The paper proposes that the Maximum Parish Share is based on twice the cost of an incumbent. 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 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 current 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	
	Sub total	£59,385
○ Less vacancy rebate:	- £3,560	
	TOTAL cost per post	£55,825

APPENDIX 3 – THE IMPACT OF THE PROPOSED CHANGES

This appendix offers a rough illustration of the impact of implementing the proposals using (i) the latest IMD data to calculate the new version of SEF, and (ii) attendance data averaged over 5 years. At this stage, we are unable to include attendance data exactly as proposed, ie Average Weekly Attendance over 28 weeks, as the data has not been historically collected. Provisional data using Average Sunday Attendance for 4 years and Average Weekly Attendance for 1 year is used to illustrate the effect of using the proposed system to restate 2015 Parish Share.

Please note this shows the uncapped impact of the proposals.

IMPACT ON PARISHES

Parish Share	No of parishes
Increasing by more than 10%	57
Increasing by 5% to 10%	22
Increasing by 0% to 5%	18
Decreasing by 0% to 5%	20
Decreasing by 5% to 10%	28
Decreasing by more than 10%	70

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 4 below.

IMPACT AT DEANERY LEVEL

Deanery	Current system			Proposed revised system				
	Ave parish SEF (i)	Average Attendance 2006-08	2015 Share	New Ave parish SEF (i)	Average Attendance 5 years 2009-13	Average Attendance per church	Proposed 2015 Share (ii)	Change compared to current Share
Sefton	1.39	998	523,548	1.38	990	99	555,806	32,258
Bootle	0.87	613	208,627	0.84	559	47	205,374	-3,253
Walton	0.84	493	152,370	0.83	444	49	146,908	-5,462
W Derby	0.76	822	256,977	0.79	820	75	280,964	23,987
Lpool N	0.55	604	127,331	0.58	580	58	147,005	19,674
T & W	0.79	647	228,341	0.76	689	46	233,307	4,967
Lpool S	0.94	1,851	743,046	1.00	1,781	99	805,329	62,283
Huyton	0.73	1,018	316,205	0.79	988	66	349,019	32,814
N Meols	1.27	1,656	740,383	1.22	1,527	95	715,766	-24,618
Ormskirk	1.30	1,982	1,001,297	1.25	1,944	88	1,010,932	9,635
Widnes	1.01	575	231,705	0.95	492	62	205,252	-26,453
St Helens	0.98	1,726	659,683	0.97	1,444	76	608,930	-50,753
Winwick	1.25	1,116	518,935	1.19	1,107	79	545,549	26,614
Warrington	1.21	938	436,037	1.11	870	62	400,027	-36,010
Wigan	1.09	2,752	1,152,516	1.03	2,450	82	1,086,833	-65,683
		17,792	7,297,000		16,685	75	7,297,000	0

Please note:

- (i) the average parish SEF is just an average of the SEFs of the parishes in each deanery. It is for indicative purposes and plays no part in the Parish Share calculations.
- (ii) this is based on the proposed system without the smoothing options (see Appendix 4)

APPENDIX 4 – SMOOTHING MECHANISMS

As the report makes clear the mere fact of updating the data used in the calculations will change individual Parish Share assessments significantly. Some parishes will have a significant change in their SEF; almost all will have seen attendance changes.

We 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 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 latest Indices of Multiple Deprivation (currently 2010)

2. Cap reductions

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

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.

EXAMPLES OF YEAR 1 CAPPING

Both examples are based on actual Parish Share assessments in 2015. It is assumed that the overall missional leadership budget will increase by 2% so Parish Share would also increase by 2%.

1 St Junias – Parish Share increasing

St Junias's current Parish Share is £26,643 based on SEF of 0.85 with average attendance for 2006-08 at 83.

Their new revised SEF is 0.7825 and Average Weekly Attendance over 5 years is 99. The new Parish Share for Year 1 works out at £31,926. This is a 20% increase.

Parish Share will only increase by 5% (3% plus budget increase 2%) from the previous year's figure.

So St Junias's Parish Share for Year 1 is:

$£26,643 \text{ plus } 5\% \text{ of } £26,643 = £26,643 + £1,332 = £27,975.$

In practice and all other things being equal it is likely that St Junias would be facing similar increases for the next 3 or so years.

2 St Julian – Parish Share decreasing

St Julian's current Parish Share is £32,956 based on SEF of 1.30 with average attendance for 2006-08 at 67.

Their new revised SEF is 1.1771 and Average Weekly Attendance over 5 years is 62. The new Parish Share for Year 1 works out at £30,187. This is an 8% decrease.

For Year 1, Parish Share can only decrease by 3% from the previous year's figure.

So St Julian's Parish Share for Year 1 is:

$£32,956 \text{ less } 3\% \text{ of } £32,956 = £32,956 - £987 = £31,967.$

St Julian's Parish Share would then be frozen at £31,967 until their assessed Parish Share comes up to this figure. All other things being equal the freezing of Parish Share at £31,967 would last for probably 2 – 3 years.

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.

At the point that new socio economic data becomes available we would re-work the SEFs and feed these new SEFs into the following year's Parish Share assessment.

APPENDIX 5 – 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 rank each parish 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.