

DIOCESAN SYNOD

Title: **SHARE SCHEME REVIEW – INTERIM REPORT**

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1. INTRODUCTION

The working group established by the Bishop's Council to review the Share scheme has been meeting over the past year, and its report is attached.

2. FURTHER CONSULTATION

As part of the consultation process it was proposed that the report should be considered at this meeting of the Diocesan Synod and Synod representatives be asked to consult with their respective deaneries and parishes, responding particularly to the questions raised in section 8.

3. RECOMMENDATION

The Diocesan Synod is invited to DISCUSS this report.

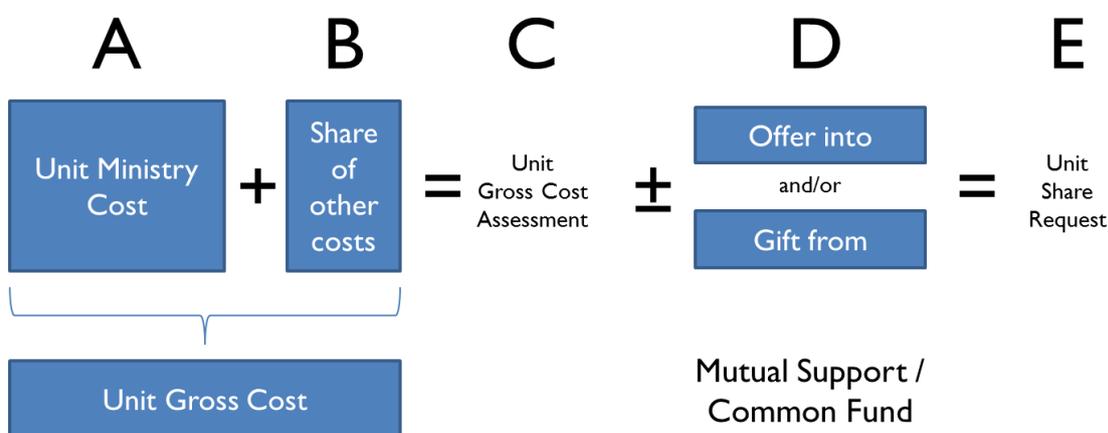
Review of the Share Scheme: Report to Diocesan Synod

Summary: our proposal

How can we best support God’s mission and ministry in our diocese in the years ahead? We have responded to that question through *Re-imagining Ministry*, and part of the outworking of those proposals leads to the belief that we need a new way of thinking about funding that activity of the church. In order for the mission and ministry of God’s church to touch people at every step of their journey through life, we need a renewed way of thinking about Share. In order for lives to be transformed, we need to encourage each other to give generously because we love God and are committed to his Kingdom.

- In the new scheme, Share would be allocated directly to each Mission and Ministry ‘Unit’.
- Each Mission and Ministry ‘Unit’ would be allocated the direct costs of its current lay and ordained deployed ministry
- The cost of shared services would be apportioned to Mission and Ministry ‘Units’ using a formula that reflects the relative size of each ‘Unit’ in terms of worshippers and Electoral Roll.
- There will be a new Mutual Support Fund, which would include any support from the national church and the diocesan Stipends Fund investment income. Additionally, every Mission and Ministry ‘Unit’ would be invited to offer a contribution into the fund.
- Any national funding (see paragraph 1.3) would be transferred to parishes on the same basis as it was received. The balance of the Mutual Support Fund would be used to support Mission and Ministry ‘Units’ unable at present to meet their own financial commitments.
- The new scheme will be simpler, with the more complex elements of the current scheme (such as the floor and ceiling mechanisms and ‘parish grades’) abolished in favour of use of the Mutual Support Fund to accommodate significant changes and areas of need.
- Transitional arrangements will be put in place for parishes not yet in Mission and Ministry ‘Units’ when the scheme launches.

The scheme is represented in the following diagram:



1. Introduction

1.1 The working group is proposing a scheme which

- encourages us to give generously through our local church because we love God and are committed to his Kingdom
- ensures that we work together to resource mission and ministry in the poorest parts of our diocese
- encourages the giving and receiving of support
- enables the poorest to support others as well as the richest
- is clear and transparent, as we seek to serve with accountability

1.2 The current Share Scheme was adopted by Diocesan Synod in June 2001. Much has changed in our patterns of mission and ministry since then – the birth of Fresh Expressions; significant developments in lay ministry; growth in the number of self-supporting clergy, including those who are locally deployed or ‘House for Duty’; and a national decline in the number of available stipendiary clergy arising from retirements outstripping ordinations.

1.3 This review comes at a time of significant change in national church finances. The present national formula for sharing national resources is due to end in 2016. From the beginning of 2017 it is expected that national church support will be in the form of i) a fund to support parishes which are socio-economically deprived, and ii) invitations to bid for money to ‘invest in growth’. The details of these changes will be very important, but it is encouraging that our proposed scheme would fit quite naturally into this framework. One reason for suggesting that the new scheme is introduced from 2017 is to dovetail with the national timetable.

1.4 *Re-imagining ministry* invites local churches to collaborate and pool resources for the greater good of the communities they serve. Whilst the parish remains the legal body for financial purposes, the allocation of licensed ministers, initiatives to respond to different needs and opportunities, and collaboration on different aspects of mission and ministry will increasingly happen on a wider scale, and the Share scheme needs to reflect that. Moreover, the current deanery Share scheme would become more and more difficult to operate as Mission & Ministry ‘Units’ become established.

2. What theology lies behind this?

2.1 Our faith is about generous giving. We give ourselves to a God who gave himself to us. Our giving involves giving of our time but also places priority on sharing our money and material resources.

2.2 The theological basis of generous giving is the generosity of God’s blessings and providence. In his second letter to the Corinthians, Paul appeals to God’s generosity revealed in Jesus Christ¹ as part of a discussion connected to a collection for the Christians in Jerusalem. He holds up the church in Macedonia as an example of those who give despite ‘their extreme poverty’ This collection arose out of the commission

¹ 2 Corinthians 8:9

Paul received from Peter, to evangelise the Gentiles² The impetus is not fairness, but gracious generosity from one believer towards another, done without any attempt to gain personal recognition.³

- 2.3 We see the theological principle of interdependence in the vision of life within the Kingdom of God. This is set out in a variety of ways in the parables of Jesus. For example, the Parable of the Workers in the Vineyard gives a picture not of strict fairness, but of a situation where all are cared for and valued equally⁴. The church is called to model life in God's Kingdom here and now on earth. This is described by Paul using an analogy of a 'body' in which all must be present and in which all are valued.⁵ The 'more excellent way' in which this common life is lived is characterised by love.⁶ A glimpse of this common church life is described in the Book of the Acts of the Apostles: it is marked by generous mutual support.⁷
- 2.4 In sum, scripture invites us to give: a) in proportion to our income or how the Lord has prospered us; b) regularly, cheerfully and without compulsion; c) gratefully, purposefully and even sacrificially; d) for God's approval and not seeking human praise. e) as a priority. The Old Testament Law enshrines giving as a religious duty. A tithe was the 'first fruits' not the leftovers, and the Macedonians gave themselves 'first to the Lord'. We are to receive God's gifts gratefully, nurture them responsibly, share them charitably and return them to God abundantly.
- 2.5 The Share is the primary way for each parish to participate in the funding of ministry costs. Being part of 'one body' vests some responsibility and accountability on each member. No Share system can be successful without the parishes practising the principles enshrined here within their own parochial life.

3. The detailed proposals

- 3.1 The vast majority of the diocesan budget is used to meet the costs of local ministry in all its forms. Its whole purpose is to resource and enable mission and ministry throughout East London and Essex, and share the responsibility collectively across worshipping communities, which is why we call this a 'Share' scheme. The Share is an expression of the interdependence of God's people within a diocese.
- 3.2 Under the new scheme, Share would be allocated directly to each Mission and Ministry Unit, rather than via the deaneries as at present. The apportionment calculation would be undertaken by the diocesan office, accountable to Diocesan Synod.
- 3.3 Each Mission and Ministry 'Unit' would initially be allocated the direct costs of its current lay and ordained deployed ministry. This comprises stipendiary clergy, House for Duty and other Self-Supporting Ministers, and Readers/Licensed Lay Ministers.

² Galatians 2.10; Acts 11.27-30, 24,17; Romans 15.25-27, and 1 Corinthians 16.1-2.

³ Matthew 6.1-4

⁴ Matthew 20.1-16

⁵ 1 Corinthians 12.12-31

⁶ 1 Corinthians 13

⁷ Acts 2.42-47, 4.32-37

The costs of the latter two categories are comparatively small, but it is important, in the light of Re-imagining Ministry that all these are treated in the same way. These direct costs presently total around 63% of the diocesan budget.

- 3.4 The 'indirect' cost of shared services would be apportioned to each Mission and Ministry 'Unit' based on their relative size. The specific calculation will use the 'membership' formula familiar from the current Share scheme. It would operate as a rolling average over 4 or 5 years (rather than 3 at present) to allow more time for new church members to participate in planned giving. This would effectively be a means of incentivising growth. The socio-economic 'grade', which can be a source of both confusion and controversy in the present scheme, would be removed, with deprivation considered as part of a new Mutual Support Fund.
- 3.5 Shared services can be seen as belonging to one of three categories:
- i) the training of future lay and ordained ministers such as curates (17%)
 - ii) services to Mission and Ministry Units, such as the Diocesan Advisory Committee, parish legal services, area teams and archdeacons, (12%)
 - iii) other 'back office' expenditure (8%)

A further breakdown of these figures is attached at appendix 2.

- 3.6 There will be a new Mutual Support Fund, which is our way of sharing common resources and supporting each other across the diocese. Every Mission and Ministry Unit would be invited to offer a contribution to the Mutual Support Fund, including those who would be receiving a contribution from it – rather like a credit union model. The question of how far this should be a 'guided offer' is one of the matters identified for further discussion. However, even in a guided offer model, we believe the total contribution requested from a Mission and Ministry 'Unit' should never be more than twice its basic Share: in the diagram on page 1, E would never exceed $2x(A+B)$.
- 3.7 In this diocese national church funding makes up 12% of our income, subsidising ministry costs that would otherwise be borne fully by parishes. From 2017, the national funding arrangements are changing. The money we will continue to receive for deprived communities will be passed through the Mutual Support Fund on the same basis as it is received. Other national funding will also form part of the Mutual Support Fund available for Mission & Ministry 'Units', though in some cases there may be restrictions around this. The Stipends Fund investment income would also be paid into this Fund. We anticipate these three sources together could total between £3m and £4m per annum.
- 3.8 Contributions to the Mutual Support Fund would be used to support Mission and Ministry Units unable at present to meet their own financial commitments. For example, financial support could be provided while a Mission and Ministry 'Unit' undertook work on stewardship to increase its income, or prayed for and implemented plans for growth, or during a period of unforeseeable financial difficulty. It would also offer the possibility of support, where, for instance a church had planted a new congregation and thus 'lost' many key givers in one year.

3.9 In the here and now, much of the money contributed to the Mutual Support Fund will be used to support existing patterns of ministry. As we re-imagine ministry, it opens up the possibility of more resources available for innovative mission. Nonetheless, all this enables the present floor and ceiling mechanisms to be abolished, with the new Mutual Support Fund used to accommodate significant changes.

3.10 The principle of mutual support would first be seen within each Mission and Ministry Unit, as parishes would give and receive support within the unit before deciding on the collective offer to, or request from the Mutual Support Fund. Our commitment to serve with accountability would be seen here, with parishes holding each other mutually accountable, and requests for support from the Mutual Support Fund being accompanied by a plan for mission.

3.11 The new Share scheme thus supports the vision of a Mission and Ministry 'Unit' as a place where a commitment to mutual flourishing is a key value, and opportunities for innovation and enterprise are not only possible but encouraged. Support for, and eventual contributions from Fresh Expressions, for example, would be incorporated in the resource and mission planning of its Mission and Ministry 'Unit'.

3.12 The parishes within a Mission and Ministry 'Unit' would be free to decide for themselves how to meet the requested Share and Mutual Support Fund contribution. It is anticipated that the way in which this decision is reached would;

- be shared between lay people and clergy within the 'Unit',
- would recognise the legal status of each parish
- be integrated with other on-going discussions.

Mission and Ministry 'Units', will be provided with worked examples of possible ways of allocating their requested Share between the constituent parishes, together with details of people ready to offer support and facilitation. This is unlikely to stretch the available resources, as different 'Units' will come into existence gradually rather than all at once.

4. What are the risks of the proposed scheme?

4.1 The working group wanted to respond to requests for greater simplicity; and removing the socio-economic grades and floor and ceiling mechanisms does this. However, the risk is that simplicity can lead to a system that is insufficiently nuanced for the complex factors that affect diocesan and parish finances. We hope that setting up the Mutual Support Fund will mitigate this risk.

4.2 The new scheme will separate, in the presentation to Mission and Ministry 'Units', their own costs from the amount they are being asked to offer into the Mutual Support Fund. The risk is that some 'Units' or parishes will not wish to offer the requested level of support once they see more clearly how much that is. We trust that good communication about the need for the Fund, and the accountability required of those being supported by it, will mitigate this risk.

- 4.3 Perhaps the greatest risk is that the call for generosity and support is not heard, that Gospel principles of mutuality and love are ignored. In that case no Share scheme can save us, and the cost will be felt in the hearts and lives of those we are called to serve.

5. Transitional arrangements

- 5.1 Depending on the response from Diocesan Synod, this scheme would begin in the diocese in 2017. It is obviously vital that the normal financial activity is maintained, not least so that stipendiary clergy are paid. Therefore any parishes not incorporated into Mission and Ministry 'Units' at that stage would continue to have their Share allocated using the current approach, but would not be able to ask for money from the Mutual Support Fund.
- 5.2 The working group proposes that during 2016, the first Mission and Ministry Units would be invited to 'shadow' the new scheme in order i) to identify matters requiring further attention and ii) to provide real life examples to inform and encourage others.

6. What changes and what stays the same – a summary

6.1 What would stay the same?

- The distinction between direct and indirect costs – but with slight changes to include and acknowledge Self-Supporting Ministers and Licensed Lay Ministers properly.
- The allocation of gross ministry cost
- The 'membership' calculation used at present
- Arrangements for fee, vacancy and housing credits and prompt payment discount.

6.2 What would change?

- The 'gross ministry cost' would include all current ministry costs, including Continuing Ministerial Development grants for Self-Supporting Ministers and Licensed Lay Ministers. The financial effect of this is comparatively small but it supports the *Re-imagining Ministry* principle of the vital importance of all kinds of ministry, both lay and ordained.
- The allocation of the Share would be directly to Mission & Ministry 'Unit'
- There would be greater simplicity; for example, the socio-economic grade would not be incorporated in the equation but its work covered by the Mutual Support Fund
- There would be greater transparency about direct ministry costs and different types of shared services

7. What ideas did the working group consider but reject?

7.1 The working group explored a range of options and permutations, in particular:

- 7.2 Continuing the existing allocation to the deanery. However, some deaneries are too large for effective discussions about Share; some Mission and Ministry Units may cross deanery boundaries; some deaneries will only have two or three Units within them, so it becomes an extra layer.

7.3 Moving to an offer based rather than allocation scheme. The principle of generosity and the sense of taking responsibility to pay what had been offered were seen as attractive features of such a scheme. However, the level of mutual support in this diocese (currently around £5 million) would make it extremely difficult to operate, and for a Unit to know what a realistic offer might be.

8. Some questions

The working group would welcome responses to the following questions:

- a) How should the costs of curates be shared out? As 'future ministry' this has been included in the shared services but is it more realistic to apportion them to the 'Units' where they are serving? Or would this discourage a 'Unit' from agreeing to take a curate?
- b) Should the 'offers' into the Mutual Support Fund be 'guided', and if so, on what basis? Should this be transitioned in some way?
- c) How should the Mutual Support Fund be administered? As one Fund across the whole diocese, or in Areas or Archdeaconries? Who should make the decisions?
- d) Would the change to a 4 or 5 year rolling average for the membership figure (from 3 at present) allow time for new people to join planned giving schemes? Or might it leave declining congregations struggling to pay Share?
- e) Recognising that Mission & Ministry 'Units' will develop at different rates in different places, how should we treat the transitional arrangements for those parishes not yet in a 'Unit'? Should the current deanery formula operate? Should shares be frozen and changed in line with the total diocesan budget?

The working group offers this report for prayerful consideration, and looks forward to engaging in further discussion.

Revd Canon Jenny Tomlinson
May 2015

Appendices:

1. Terms of reference and membership
2. Illustration of shared services

Appendix I: Terms of Reference

A review group shall be established to review the operation of the Deanery Share Scheme and make recommendations concerning

- a) An appropriate share scheme or equivalent which will support and enable all the proposals in *Reimagining Ministry* and
- b) Amendments to the current Deanery Share Scheme to improve its operation pending any long term changes

In undertaking its review the review group shall

- c) Review the principles of a 'share scheme' from a theological perspective
- d) Recognise the wide range of affluence levels across the diocese together with the comparatively low average number of church members per stipendiary minister which together can place an above average stress on the budget / share system
- e) Consider current practice elsewhere
- f) Consult widely within the diocese, including the use of focus groups involving local stakeholders, and feedback through the budget consultation
- g) Ensure that the scheme can be communicated clearly and demonstrate transparency
- h) Specifically consider the operation of the scheme via deaneries, new forms of church including Bishop's Mission Orders, and issues related to large parishes
- i) Seek to address systemic impediments to the overall collection rate

The working group shall aim to report on short term matters by September 2014 and longer term questions by April 2015.

Review Group Membership

Rev Canon Jenny Tomlinson (Chair): General Synod Rep; Mission and Ministry Adviser

Rev Carol Ball: Incumbent

John Ball: Chief Executive and Diocesan Secretary

Canon Don Cardy: Chair of the Budget Committee

Rev Canon Edward Carter: Canon Theologian

Frank Hawkins: Parish Treasurer

Pauline Montague: Parish Treasurer; Secretary, Association of Church Accountants and Treasurers

Anthony Nicolle; Vice Chair of Diocesan Board of Finance

Ven John Perumbalath: Archdeacon of Barking

Rev Canon Martin Wood: Chair, House of Clergy and Mission and Ministry Adviser

Appendix 2: Shared Services

A framework for viewing the diocesan budget to support the proposed share scheme. This develops from and would replace the current direct/indirect costs split in the current share scheme. Please note the percentage figures are the approximate share of the overall diocesan budget represented by each category:⁸

	<p>Direct Costs of Deployed Ministry</p> <p>This covers the costs of current ministry of all types, lay and ordained, deployed in worshipping communities and funded through the diocesan budget.</p> <p>The largest element relates to stipendiary ministry and includes: stipend, national insurance, pension, housing, in-service training, appointment grants and move costs.</p> <p>It also includes in-service training and other costs for Self-Supporting Ministers and Licensed Lay Ministers.</p> <p>Deployed non-parochial roles such as Higher Education Chaplains</p>	63%
2.	<p>Future ministry training and current curates</p> <p>The largest element is the current costs for c48 stipendiary curates serving in parishes at any one time and includes stipend, housing, etc as well as curacy training costs.</p> <p>Costs for current SSM curates are also included. Lay training is also included.</p> <p>This category also covers the costs of future ministry pre-ordination including ordinand maintenance support, contributions to the national church for ordinand training, and the diocesan contribution to St Mellitus College. It also includes the Diocesan Director of Ordinands and team.</p>	17%
3.	<p>Services to Mission & Ministry ‘Units’</p> <p>This category includes shared services that are there to support the work of parishes and Mission & Ministry ‘Units’, including: Safeguarding, DAC and faculty processes, parish legal and quinquennial costs, parish finance office, pastoral feasibility studies, Area Deans’ expenses, clergy support.</p> <p>It includes the Area Teams and other advisers, plus Archdeacons.</p> <p>It covers services to parishes and schools, i.e. the net costs of the Diocesan Board of Education plus children’s advisory work.</p>	12%
4.	<p>Other expenditure</p> <p>National church contribution,⁹ mission grants, closed churches, synod costs, Chancellor, Registrar and other legal, professional and compliance costs, <i>the month</i> and other communications activity</p> <p>Other diocesan staff functions (inc Finance, HR, IT, CEO’s office, Comms, Development), plus diocesan office running costs and central contingency.</p>	8%

⁸ Figures may change following more detailed analysis and with changes in budgets

⁹ Excepting ordination training, covered in section 2.