

Resourcing Mission Bulletin

Diocese of Carlisle

Parish Offering System

*by the staff of the (Resource) Strategy & Development Unit
in consultation with Derek Hurton, Carlisle Diocesan Secretary*

1. Introduction

In 2008 Carlisle diocese introduced an offer-based system for raising finance from its parishes, in place of a formula-based system. Each year parishes are asked to make informed and generous offers towards the cost of ministry in the diocese. The process for informing and making these offers includes discussions at diocesan level between deanery representatives; discussions at deanery level between benefice/unit representatives; and the provision and use of relevant information.

This paper sets out the disadvantages which the diocese identified with the formula-based system and explains how the new parish offering system operates. The paper concludes with the diocese's assessment of how well the new system is working so far.

For background information some facts and figures about Carlisle diocese are set out at **Annex I**.

2. The Formula-Based System

In 2005, Carlisle diocese ran a 'Resourcing Revival' consultation. During the consultation, many parishes raised complaints about the formula-based system for collecting finance.

The system was based on the principle of "Equal Generosity". The formula – which included a socio-economic weighting - was designed to calculate what would represent equal generosity by all parishes. The views expressed about it included:

- It taxed growth and also taxed increases in income.
- Funds raised for specific projects were taken away in increased share.
- Year to year variations for a given parish were too great.
- It asked too much from the richer parishes – in some cases over half of share paid was subsidy to other parishes
- It resulted in unrealistic share assessments (>100% of current income for a minority of parishes).
- It was too complicated.
- Nobody seemed to accept the validity of the socio-economic weighting.
- Members could not associate what they paid with what they received.
- Some parishes – especially small ones – were unable to pay their share as well as keep the church building in repair and services running.
- It encouraged "devices" to keep monies received out of the share system.
- There was no incentive to direct resources into those areas where they would have most effect e.g. to consider alternative models of ministerial deployment or pastoral reorganisation.

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Although the total amount of parish share paid each year was quite substantially below the total costs of local ministry, many people were unaware of this fact. The general perception was that of parish share as a tax that was disconnected from funding ministry. Thus, many parishes resented payment of share, or at least did not pay it with a glad heart, and a substantial minority of parishes failed to pay in full.

3. Moving Towards Change

The diocese commissioned a review group in 2006 to make recommendations for reforming the system.

The review group agreed that the diocese should start from scratch with a system that moved away from a formulaic approach and instead engaged parishes/benefices and deaneries in an informed dialogue about clergy deployment and how to fund it. Instead of parish share being perceived as a “tax”, deaneries and parishes/benefices would be asked to make generous offers towards the costs of ministry. Mutual support would need to be embedded somehow within the system, recognising differences in ability to contribute.

Following detailed consultations on these principles across the diocese - from which a strong theme emerged that there should be no attempt to use a formula to account for differences in ability to pay - the review group suggested a new system based on the following key proposals:

- **In April each year the diocese and deaneries would work together to agree a set of ‘Deanery Aspirations’ (sums of money to be raised) on the basis of a range of information including data about costs of ministry, relative ability to contribute, and, initially at least, historic levels of payment.**
- **Once these Aspirations had been agreed, parishes (or benefices or teams) would make offers to the deanery towards those Aspirations on the basis of similar information.**

4. Implementation of the Proposals

The review group’s proposals achieved the support of the diocese. Offers under the new system were made for the first time in 2008 for payment in 2009. Detailed explanatory leaflets were sent to all deaneries and parishes urging them to be realistic and generous and to trust each other to do their best.

Because the new system relies on parishes to make offers, rather than shifting to a different formula-generated set of figures, the diocese had no need to put in place a formal transition involving phasing etc., although parishes were discouraged in the first couple of years from making offers that were dramatically different to their previous payments of Parish Share. In implementing the new system, it was the diocese’s hope that, over time, the system would prompt local thinking that drives change. Some parishes were likely to make greater efforts to pay their costs once they realised what those costs actually were. In other cases patterns of ministry would change to reflect parish and deanery views about what they believed to be reasonable levels of subsidy and generosity.

5. How the Parish Offering System Works

Overview

Each year parishes in Carlisle diocese make offers towards the costs of local ministry in the diocese. The process for informing and making these offers includes discussions at diocesan-level between deanery representatives; discussions at deanery-level between benefice/unit representatives; and the provision and use of relevant information.

The parish offering system was introduced in order to increase substantially the extent to which parishes take responsibility for funding ministry and to increase local ownership. The objective is to encourage parishes and deaneries to take a greater interest in planning and agreeing patterns of clergy deployment. This in turn enables resources to be allocated more effectively because the costs of ministry are clearly identified. The system no longer discourages parishes from growing their income and membership. There is greater in-year certainty about diocesan income.

Parishes are urged to think realistically about the offers they make, in as much as any parish that offers less than the previous year plus inflation is requiring another to increase its offer by more than inflation. No parish can expect to reduce its parish offer from one year to the next without making clear the rationale for doing so and, in theory, being prepared to debate this rationale with other parishes who will have to make up the shortfall. Where a parish is already paying less than its costs of ministry it must recognise that if it reduces its offer in real terms there may have to be a corresponding reduction in ministry.

Specifically, the system is designed to:

- Encourage parishes/benefices and deaneries to take more account of clergy numbers (and therefore costs) when assessing how much they should offer. This is not to say that parishes/benefices and deaneries are each expected to “pay their way”. There are great differences in their ability to do so and the diocese is committed to mutual support. But making these costs transparent overcomes many of the failings identified with the old formula-based system. This is on the basis that transparency leads to better allocation of scarce resources. The system does not discourage growth or innovation.
- Continue to encourage substantial levels of mutual support between parishes/benefices and teams in the diocese. The shift from “taxation” to “giving” is based on Christian principles, and the success of the scheme is dependent on the extent to which parishes/benefices and deaneries approach it in a generous Christian spirit. In the debate on the new system at Diocesan Synod, it was stressed that decisions by parishes/benefices to cap their offers at the level of their costs without reference to their ability to support ministry and mission elsewhere would undoubtedly lead to the system failing.
- Make it much more obvious where ministry is being subsidised and where subsidies are coming from. In the long term any system of church subsidy depends on goodwill, Christian duty and mutual accountability and responsibility. Ministry that is subsidised must be accountable for the good stewardship of the resources provided by others; while those who are in a position to give generously have a Christian

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responsibility to support work in areas where congregations cannot sustain the costs of ministry.

- Make clear the costs of different deployment patterns. The new system helps highlight and therefore encourage debate about the costs of supporting areas where there is potential for growth and the costs of maintaining an adequate level of local ministry across the whole diocese. It shows up disparities such as differences in the relationship between numbers of clergy and the size of the local church-supporting population, and therefore invites legitimate questions about existing deployment patterns.
- Provide a greater role for deaneries as the units against which share is apportioned, and connect deployment planning more closely with identifying where the money will come from to pay for ministry.

Process

The flow chart at **Annex 2** gives an overview of how the parish offering system works. In the first two years of the offering system's operation, the key point in the process was expected to be an inter-deanery forum held in or around April in the year preceding the financial year for which offers are being made. At that meeting, representatives of the Diocesan Board of Finance and of each deanery met to agree a set of 'Deanery Aspirations' that would collectively provide sufficient funds to pay for an agreed level of ministry in the diocese.

This meeting was not designed to put the diocese/DBF on one side and the deaneries on the other. Responsibility for ensuring that the total offered is sufficient falls on the deaneries collectively as much as on the Diocesan Board of Finance. Deaneries must therefore be prepared to discuss and debate how the necessary funds can be raised.

Initially, discussions were informed by data about costs of ministry; relative ability to contribute; and historic levels of payment. Deaneries decided how they involved parishes (or benefices or teams) prior to the forum – particularly whether they wished to obtain firm offers from parishes at the outset, or indicative figures. Whatever the approach taken, deanery representatives needed to be able to have discussions at the forum, rather than coming to the meeting with no room for manoeuvre.

In practice, deanery representatives came to the deanery forum with little scope to offer anything other than a single amount mandated by their parishes and the diocese recognised that there was an inconsistency between asking for "best offers" and expecting negotiation. If parishes genuinely made the best, most generous offers that they could afford, they would not be able to offer more. If they were expected to negotiate then many would simply offer a lower amount in the first round, knowing that they would have to increase in a second round of offers.

As a result, the deanery forum has been scrapped in its original form and in 2010-11 inter-deanery discussions were deliberately divorced from the parish offer process itself. In that year the discussions were designed to help deaneries understand the overall diocesan financial position and each other's needs and ability to pay, rather than to represent a negotiation over an individual year's offers.

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Parishes are expected to pay in full the offers they make. There is no contingency fund to provide for underpayment.

Information provided to support the system

In the first two years of the new system, a substantial amount of data was made available to parishes and deaneries to help them develop their offers. This is shown in **Annex 3**. After the second year of the new system, deaneries agreed that they no longer required as much data, and are instead now provided with figures showing the cost of clergy and the historic levels of payment.

Treatment of costs of local ministry

The costs of per capita local ministry are estimated at the beginning of the year prior to the year for which parish offers are being made.

The actual costs may differ from the estimates as figures become updated after the estimates are produced. They are calculated on those clergy units or part-units that are directly involved in local ministry. They do not include any element of “managerial” overhead or support other than the provision of direct training. But they do include the costs of providing and training non-ordained ministry, including reader ministry and commissioned lay ministry.

Sector ministry is excluded from the calculations both in terms of costs and staffing units although small add-on roles are included (typically a day or so of the minister’s working week). Where an outside agency contributes to these add-on roles the contribution counts as a credit against the costs of the relevant deanery.

Curates

In an average year there are around 18 curates in the diocese. Curates are perceived in many cases as giving a benefit to the parish in which they serve, but it is debatable whether parishes would choose to deploy them instead of assistant clergy or youth and children’s workers if they were fully liable for the costs. The diocese regards curates’ posts as training posts. Therefore, although the costs are clearly and separately identified in the costs of ministry, they are spread across the diocese as a whole. Individual deaneries may invite parishes with curates to acknowledge some benefit from their ministry when making their offer.

Fees

Expected income from assigned fees is available to offset the total amount requested from parishes in parish offer. To date, the income from fees has been netted off the total requirement rather than being notionally allocated to cover part of individual deaneries’ costs.

Refunds for Vacancies

The diocesan budget assumes that a certain level of vacancies will exist at any time. Any savings on costs resulting from vacancies up to that level do not generate a net saving on the agreed budget. If a greater proportion of posts are vacant than the assumption, then any

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additional savings accrued are refunded retrospectively to the deaneries in which the vacancies exist.

The refunds are based on the actual cost headings where savings are made: ie mainly stipend, NI and pension costs and some housing costs. Clergy vacancies do not have an impact on areas of cost such as ordination training, the cost of curates in training or costs of reader ministry.

Refunds are made in proportion to the amount actually contributed by the parish where the saving was made, so that the refunds cannot be greater than the saving actually made.

The refund goes to the deanery as a whole because the deanery provides cover for vacancies. It is for discussions within the deanery to determine how much of any refund actually goes to the parish concerned. Savings are refunded retrospectively, i.e. savings from vacancies over and above the budget assumption in 2011 will be refunded to deaneries in 2012 and so on. In 2011 the first refund will be paid - amounting to around £150,000 across the diocese as a whole.

Discipline

Parishes are asked to make “realistic and generous” offers. There are roles for both the deanery and diocese in responding to parishes that do not take this seriously.

The deanery is expected to apply peer-pressure and to make it clear within the deanery whether parishes are felt to be participating properly or not. Deaneries are not expected to make good a shortfall caused by unilateral parish decisions to reduce their offers in real terms. However, the other parishes in a deanery are expected to take some responsibility for making good shortfalls that have been discussed in deaneries. For example, if these were caused by major building costs in particular parishes, there should be discussions about how those parishes would “pay off their arrears” in future years, or would help to support other parishes who faced similar building costs in the future.

On the diocesan side, a disciplinary process is aimed at both parish and church leader. It includes:

- where there is a general consensus by parishes, benefices or deaneries that a parish, benefice or deanery offer is unrealistic or ungenerous, then pastoral reorganisation to reduce costs will be expected and vacancies are unlikely to be filled in the meantime.
- wilful non-participation by a parish in the parish offering system will be made public and will lead, at vacancy, to a delay in the appointment process because of the automatic triggering of a pastoral review.
- the Bishop’s reference for any minister applying for posts elsewhere will state if a minister has failed to take his/her financial responsibilities seriously and if his/her parish has not made a realistic contribution towards the costs of ministry.

6. Assessment of effectiveness of parish offering scheme

The effectiveness of the parish offering scheme can be judged in a number of ways:

- The conceptual/philosophical shift from a formula-based taxation system to a generosity and realism-based offer system has been welcomed almost universally and there is no appetite for shifting back.
- The system has seen a marked increase in the extent to which deaneries and parishes are taking responsibility for providing the funds to pay for their ministry. Prior to the new system being introduced, only 2 out of 11 deaneries covered the costs of their ministry. Three years in, a further 5 have made a commitment to cover their costs in the next few years and 3 of the remaining 4 have set themselves targets for the (increased) proportion of their costs that they will cover. This greater sense of responsibility has been linked to giving deaneries greater control over decisions about deployment, meaning that deaneries now have significant responsibility both for determining their level of ministry cost and providing the money to pay for it. Those deaneries that have closed the gap between their offers and costs have done so by a mixture of increasing offers and reducing costs (by shedding posts).
- as a result of the increased awareness of the costs of “local ministry” there is now pressure from parishes and deaneries to make it easier to provide paid part-time and non-ordained ministry, and to give a “menu” of different types of ministry with their different costs clearly identified.
- the offers made and received have been sufficient to ensure that the DBF achieves a balanced budget (or better) in two of the three years in which the scheme has operated. In the second year of the system the offers made were lower than the amount required to fund the planned level of ministry, so cost cutting measures were put in place including a one-off reduction in the number of curates recruited along with bringing forward plans for pastoral reorganisation in deaneries whose offers were low. This may have been required in order to demonstrate that the diocese was serious in saying that if parishes would not provide the required amount, then cuts in local ministry would have to be made.
- a number of parishes who reduced their offers in the first two years of the new scheme (probably in response to a sense that they had previously been over-taxed and that the extent to which they were “subsidising” others had been hidden) have increased them in the third and fourth years.
- although some deaneries have offered substantially less than the amount requested under the previous Parish Share system, their offers have been more than the amount paid under that system, and they now pay 100% of what has been offered, resulting in increased payments to the DBF.
- the extent to which parishes and deaneries are holding each other to account for making realistic and generous offers is mixed. In some deaneries there are now more conversations about why individual parishes should be supported or support others, but this is patchy. The same applies to conversations between Deaneries -

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which are probably more patchy and this is an area where the diocese is investing time and effort. The best results in terms of increased offers have been seen in those deaneries where parish or benefice representatives have been brought together to discuss the system and encouraged to take ownership of the issues.

- the diocesan assessment is that, compared with the previous parish share system, in the short term the parish offering system has seen the same or slightly less money paid by parishes to the DBF. The real benefit is in terms of the increase in the amount of ownership and responsibility that parishes and deaneries are now taking for raising the money required.

7. Conclusion

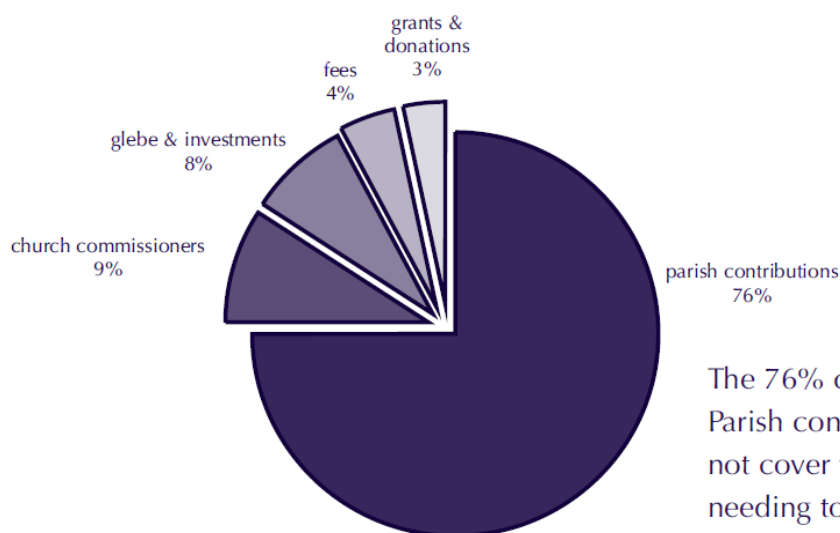
This paper has summarised how the parish offering system in the diocese of Carlisle works and the background to its introduction.

For further information, please contact the Diocesan Secretary, Derek Hurton, at Diocesan.Secretary@CarlisleDiocese.org.uk

Annex I

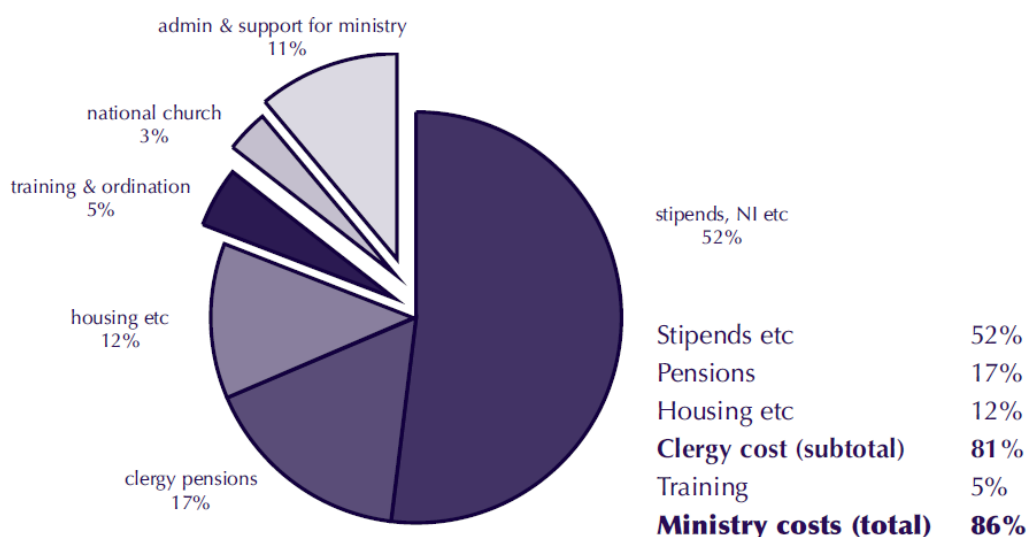
Carlisle diocese and its money

In round numbers: the Diocese has 25,000 people on the Electoral Rolls of the Parishes; 18,500 people go to a C of E Church each week; there are 170 clergy, and 20 paid lay people. It ministers to 500,000 people in 350 churches, and supports 110 church schools. The diocese's annual budget is £6.5 million. Of the £6.5 million, about 20% comes from investments, grants etc. The other 80% (£5 million) has to come from the parishioners.



The 76% coming from Parish contributions does not cover the 86% needing to be spent on Ministry costs.

Diocesan Income



Stipends etc	52%
Pensions	17%
Housing etc	12%
Clergy cost (subtotal)	81%
Training	5%
Ministry costs (total)	86%

Diocesan Expenditure

More detail about this is available on the Diocesan website

www.carlisediocese.org.uk or from the Diocesan Office

Annex 2

Parish Offering System Flow Chart: Original Proposal

<p>March/ April</p>	<p>1 Budget Setting The Diocesan Office calculates expected budgetary requirements for the following year</p>	<p>Notes</p> <ul style="list-style-type: none"> • It also calculates data for parishes and deaneries to use: costs of local ministry (clergy etc), offers (share) paid in the past, etc
<p>April/ May</p>	<p>2 Inter-Deanery Forum All Deanery representatives meet Diocesan Officers in the Inter-Deanery Forum to agree Deanery Aspirations</p>	<ul style="list-style-type: none"> • These Aspirations will be related to the cost of the clergy working in each Deanery. But Deaneries must accept that some will be net contributors, some net receivers • The Deanery Reps will need authority/empowerment from Deanery Synod; they will also need to be well prepared, with a realistic view of their own Deanery and of the Diocese
<p>May/ June</p>	<p>3 Deanery Mechanism To get offers from Benefices; the Deanery aggregates offers and compares with the agreed Aspiration</p>	<ul style="list-style-type: none"> • Deaneries decide on their own mechanisms - probably including a Deanery meeting of reps from each Benefice • There should be no formulae - but the previous year's payment will be a necessary starting point • Offers will usually be made from Benefices or from groups if they mutually agree • Data made available by the Diocese will include Benefice income, costs of clergy, Usual Weekly Attendance, etc • A spirit of realism and generosity is essential: i.e. not expecting to make changes without negotiation with other parishes, and measuring your generosity by God's generosity to us • Mutual support and Deanery responsibility are expected where there is good reason for that support (eg a one-off crisis) - but not in cases of wilful refusal to co-operate. • All data will be made available to everyone, in the interests of transparency and fairness • There would be scope for a further Inter-Deanery Forum - but this could only be the result of a grave situation
<p>July</p>	<p>4 Iterations If the total is insufficient, the Deanery must go back to the Benefices (There are likely to be more than two iterations.)</p>	<ul style="list-style-type: none"> • The Deanery is not expected to handle the process of collection
<p>September</p>	<p>5 Agreement The Deaneries report back to the Diocese their successful completion of this process.</p>	
<p>January</p>	<p>6 Collection The Diocese will do the administration of payments by Benefices, as at present</p>	
<p>March/ April</p>	<p>7 Begin again at: 1 Budget Setting</p>	

Annex 3

Data Pack

Data is provided at two levels:

At benefice or team level: (N.B. typically **not** at parish level for multi-parish benefices). Data for all teams or benefices in a particular deanery will be supplied to the deanery, with the assumption that the deanery will copy it to all teams and benefices in that deanery so that each benefice can make benefice-to-benefice comparisons within their own deanery. Teams and benefices will not be automatically provided with data for teams or benefices outside their own deanery.

At deanery level: data will be the sum or average as appropriate of data for individual teams or benefices. Data for all deaneries will be copied to every deanery (so every deanery has a set covering the whole diocese, and can make deanery to deanery comparisons).

The table overleaf shows the information that can be made available. The actual data provided will depend on what Deanery representatives think is useful. As a minimum, data on clergy numbers and costs, and previous offers/payments will always be provided. Since 2009, Parishes and Deaneries have only requested information on the costs of clergy and the levels of payment in previous years.

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Description of item	Reason at Team/Benefice level	Reason at deanery level
No. of stipendiary and HfD clergy	Provides the basis for calculating share	Provides the basis for calculating share. Needs to be agreed by all.
No. of other clergy and Readers (NSM's, retired, Readers)	Reveals the extent of supplementary support available.	Reveals the extent of supplementary support available.
Cost of the stipendiary and HfD clergy	A starting point for share offering	A starting point for share offering
Usual Sunday Attendances	An indicator of the size of the donor base	An indicator of the size of the donor base
Gross parish income (last available data)	Reveals whether share in excess of income is required	Reveals whether share as a proportion of income is comparable across the diocese
2007 share plus inflation on diocesan budget	Another starting point for share offering	Another starting point for share offering
2007 share plus inflation on diocesan budget per USA	An indicator of affordability at present. Should be similar for each benefice in a deanery	An indicator of affordability at present. Differences between deaneries should be justifiable
Cost of stipendiaries and HfD per USA	An indicator of whether a benefice can afford the present level of clergy provision	An indicator of whether a deanery can afford the present level of clergy provision. Differences between deaneries should be justifiable
2007 share plus inflation on diocesan budget per stipendiary or HfD	An indicator of where the present share level is inappropriate	May indicate under or over provision of clergy between deaneries
Gross parish income per USA	Indicates whether there is a stewardship problem in a benefice	Provides as basis for justifying differences between deaneries on socio-economic grounds.
USA per stipendiary/HfD	An indicator of appropriateness of the present level of clergy provision	An indicator of appropriateness of the present level of clergy provision. Differences between deaneries need to be justified.
Parish share requested and paid in previous year	Provides context about starting point for new system, showing how far share matched costs. Provides benchmark for initial offers.	Provides context about starting point for new system, especially useful in providing benchmark for initial offers/aspirations