

THE RESOURCING MISSION GROUP

INTERIM REPORT – MAY 2005

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INTRODUCTION

Some Opening Remarks

1.1 In February 2004, General Synod debated a consultation document (GSI529) prepared by the Spending Review Working Group. The Group had been commissioned by the Archbishops' Council and the Church Commissioners to consider the optimal use of the Commissioners' funds in 2005-7 and in the longer-term. There was a mixed reaction to the Group's proposals and the Synod debate was adjourned. It was subsequently agreed by the Archbishops' Council, Church Commissioners and House of Bishops' Standing Committee that the Working Group had raised some important questions in relation to the Church's mission and funding, and that further work should be undertaken to address them.

1.2 The Resourcing Mission Group was created by the Archbishops to examine one strand of the follow-up work and we were given the following terms of reference:

To identify achievable ways in which the financial and other resources of the Church of England might be best deployed (a) to secure their equitable distribution across the Church and (b) to facilitate local mission objectives and plans.

1.3 Our membership is listed in **Annex A**.

1.4 We were under no illusions from the start that we had been given an easy task, encouraged as we were to look at the whole of the Church's resources, not just those held at national level. We took very seriously, therefore, our mandate to identify 'achievable ways' in which the Church's resources might be best deployed. This helped us to resist the (inevitable) temptation to devise schemes to reform the whole of the Church of England. Our objectives have been more modest though not, we hope, without significance.

1.5 Although our task has been to examine the Church's resources, our fundamental concern has been with the mission of the Church. It is that mission which should determine the use of the Church's resources, rather than the resources themselves being the determinant. The principles which inform the Church's economy are ultimately a question of theology. Thus, the foundation of our own work has been theological reflection on the nature of the Church's mission and the resourcing thereof. We refer to this throughout our report and extracts from the study material prepared by our chairman are set out in **Annex B**.

1.6 We have been helped in our thinking by submissions from Church members. A list of those who contributed is attached at **Annex C**. We are grateful to them all. We were also helped by the responses from dioceses to the questionnaire issued by our chairman to his fellow diocesan bishops. We have been very conscious throughout our work that the primary responsibility for setting the Church's mission priorities lies at local level – in the family of parishes and deaneries within the diocese which is overseen by the diocesan bishop. The responses from dioceses gave us an invaluable impression of these mission priorities and the way that these priorities are shaping their resource decisions. An analysis of these responses is set out at **Annex D**.

1.7 What follows represents **our interim report**. In it we set out our analysis of the challenges faced by the Church in terms of its mission (section A) and funding (B), including some specific issues relating to mutual support (C) and national funding (D). In our summary section (E), we outline the options in relation to the funding issues on which we wish to consult with the Church before we make our final report, which we aim to complete in the autumn.

A. THE SHIFT TO A DYNAMIC MISSION EMPHASIS

2. *The Need for Change*

'Money is not the driving issue. The need to re-focus around mission and make appropriate changes is more important....'

'The bottom line is not about staffing numbers, buildings or training – but about desire/vision/passion'

'We know where we are, and we know where we want to be. The difficulty, as always, is the move from one to the other. There are a number of people in the parishes who adopt the attitude "We're used to what we've got, and it will see us out" which can hinder progress.'

2.1 These extracts from the diocesan responses reveal a common concern that the most pressing issue facing the Church is not financial but relates to its values and priorities.

2.2 In analysing the changing relationship between Church and society, it is important to take account of the significant changes that have occurred in society throughout Western Europe over recent decades. These have meant that the Church faces very different mission challenges now to those of previous generations. The difficulties confronting the Church 'should not be constructed as a simple narrative of failure, decline and crisis internal to the Church. This is both inaccurate and saps energy'.¹

2.3 Yet it is also true, as *Mission-shaped Church* pointed out², that the Church of England has in some ways allowed itself to drift apart from society, undermining its witness to the whole nation. The structures and systems of the Church still bear the imprint of a pastoral era which assumed a predominantly conforming population. The need for change has been identified for some time. For example, the 1988 Lambeth Conference Resolutions called for:

A shift to a dynamic missionary emphasis going beyond care and nurture to proclamation and service and therefore accepts the challenge this presents to diocesan and local church structures and patterns of worship and ministry, and looks to God for a fresh movement of the Spirit in prayer and outgoing love and evangelism in obedience to our Lord's command.³

2.4 In the light of this, the Conference also resolved:

Acknowledging that God through the Holy Spirit is bringing about a revolution in terms of the total ministry of all the baptised, thus enriching the Church and making Christ known to men and women as the hope of the world, urges each bishop with his diocese to take the necessary steps to provide opportunities, training and support to ensure that this shared style of ministry becomes a reality.⁴

¹ Steven Croft, Archbishops' Missioner and Team Leader of Fresh Expressions, in his submission to the Group.

² *Mission-Shaped Church – Church Planting and Fresh Expressions of Church in a changing context* (GS 1523), Church House Publishing, 2004, chapter one.

³ Resolution 44.

⁴ Resolution 45.

2.5 These resolutions from Lambeth 1988 indicate a desire by the bishops for a paradigm shift towards mission, and in the report from the *Mission and Ministry* group within the Conference the task of the bishop in mission was delineated as becoming:

'more than ever a leader in mission, and the structure of dioceses, local churches, theological training, etc. would be so reshaped that they would become instruments that generate missionary movement as well as pastoral care. At the heart of this would be a revolution in the attitude to the role of the laity. Such a revolution would enable us to see every Christian as an agent of mission. This will never be simply a matter of technique or programmes, important as these are, but the result of openness to the same Holy Spirit who sent the New Testament Church to turn the world upside down (Acts 17.6).'

2.6 Long before Lambeth 1988, the report *Towards the Conversion of England*, published in 1945, had urged that every part of the Church of England should become more effective in its evangelistic ministry, with a clear focus to its work - namely, and simply, *the conversion of England*. It also highlighted the critical role of all the baptised in fulfilling that mission: '*We are convinced that England will never be converted until the laity use the opportunities for evangelism daily afforded by their various occupations, crafts and professions*'.⁵

2.7 It is not difficult to see the continuing relevance of Lambeth 1988 and *Towards the Conversion of England*. There is much to be encouraged about in respect of the Church's contemporary mission activity. There are many examples of faithful service; numerous mission heroes; many new shoots of life; and, as the response to *Mission-Shaped Church* has shown, a widespread desire for the Church of England to be transformed into a missionary Church for the 21st century. Yet it must also be admitted that there are parts of the Church which primarily serve as a club for their existing members without any obvious commitment to mission. We have been struck in our work by the fact that around half the parishes in the Church of England have virtually no engagement with young people week by week. Worse still, many of us accept that position with relative indifference.

3. The Call to Mission

3.1 We agree with the view of *Mission-Shaped Church* that the Church of England needs to be turned around by God and move in a different direction, so that it can capture His heart for mission. We hope that the Church will reflect and act upon this conviction in the follow-up work to the *Mission-Shaped Church* report.

3.2 In this generation, as in every generation, the fundamental need of the Church of England is to re-discover its confidence in - and passion for - the gospel of Jesus Christ. The transformation required of the Church goes beyond management technique. Nor can it be brought about by the Church simply talking more about mission and growth. The starting point must be reflection on what mission is - who God is. As the report on *Eucharistic Presidency* (GS 1248) remarked, 'Any theology of the church must ultimately be rooted in the being and acts of God: the church is first and foremost the people of God, brought into being by God, bound to God for the glory of God.'

3.3 And 'God' is always understood as Trinitarian. The Trinity is the first community and by the Trinity all community is defined. The mission of God is demonstrated in the communion of the persons of the Trinity expressed in 'an outgoing movement of generosity. Creation and redemption are the overflow of

⁵ *Towards the Conversion of England* (C.A. 773), Press and Publications Board of the Church Assembly, 1945, p58.

God's triune life' (*Eucharistic Presidency*). The purpose of God the Father, through the death and resurrection of Christ, is to reconcile 'all things' to Himself (Col 1: 20).

3.4 As *Mission-Shaped Church* reflects, 'God is missionary. We would not know God if the Father had not sent the Son in the power of the Spirit.' 'It is not the Church of God that has a mission to the world, but the God of mission who has a Church in the world.' 'The Church is both the fruit of God's mission – those whom he has redeemed - and the agent of his mission – the community through whom he acts for the world's redemption.'⁶

3.5 So for the Church to be missionary – to make Christ known - is to be faithful to God, to be His disciples. It is not something to be done for the sake of the Church - out of concern for its own growth and success. The Church is called to share in the mission of God the Father to restore the fallen creation to Him through Jesus Christ and in the power of the Holy Spirit, making manifest His kingdom, proclaiming the gospel of Jesus Christ to those 'without hope and without God in the world' (Ephesians 2: 12), and making disciples of all nations.

3.6 The good news of Christ, as He demonstrated in His own life and ministry on earth, is concerned with personal transformation *and* the transformation of the whole world. The kingdom of God instituted by Christ offers a radically new order of life - new people, new community, a renewed creation, love, peace, justice, a kingdom which subverts the values of the world and offers greatness to the poor and oppressed (Luke 2: 24-27, 6: 20-23). And, through Christ, this kingdom *is coming* into being, not merely a future event. The gospel establishes new life now.

3.7 By feeding on this theology of the kingdom, the Church can better embrace the cosmic scope of the mission of God and its immediate relevance and passion. And thus the Church can be inspired, not to look to itself, but to seek to change the world by offering the hope of the gospel of Christ to all ages and sectors of the population, to every community, to the whole of society, and to all of creation.

4. *Priorities for Change*

4.1 If the Church's starting point must be reflection on God and His mission, how practically can it develop a more missionary emphasis? **How can the Church fulfil its mission objective to present the good news of Jesus Christ to all people of England as the hope of the world?**⁷

4.2 We believe it is important to challenge the assumption that all the Church needs to do is tweak its existing activity - one more push and everything will come right. This view is flawed. It will not be enough for the Church merely to encourage some new models of church at the margins of its activity. This is not the time to tinker at the edges. Investment in new forms of church will have limited impact unless part of a wider plan to mobilise the Church of England for mission. As *Mission-Shaped Church* illustrates, a shift to a more dynamic mission emphasis will lead to new models of church. Yet ongoing parish ministry will remain the pattern for much of the

⁶ Op cit, p85.

⁷ Such an overarching objective for the Church flows naturally from the previous section on the mission of God, and draws on previous material prepared by the Church. For example the House of Bishops' Pastoral Letter of 1994 referred to the Church's responsibility 'To proclaim the Gospel of God's saving power to everyone...to serve all the nation...to offer, with our ecumenical partners, to every person and every community in England the proclamation of the Gospel in worship, word, sacrament and service; pastoral ministry; access to public worship; witness to Christian truth at every level of public life'.

Church. The Church must be faithful to that ministry. We need to do existing things better as well as being open to doing different things. As one of the diocesan submissions said, we should take care not to think that the God whom we serve is 'mainly interested in new things' but rather is 'the God who makes all things new'.

4.3 Maintenance or mission? The dichotomy is artificial – maintenance *and* mission are required. If the Church of England is to have a viable mission agenda, it will require ministers, lay and ordained, who are well-trained, able, motivated and confident. They will need to experience both support in the local church community and encouragement and oversight within the diocese.

4.4 This returns us to the calls of Lambeth 1988 and *Towards the Conversion of England* with their emphasis on the role of the diocesan bishop as leader in mission, and the need for a radical re-appraisal of what is required of a mission-shaped Church in terms of training and equipping all the baptised people of God to become part of His mission purposes.

4.5 There is undoubtedly much wider use of lay resources in the Church today than there was in previous generations. It is a trend which is clear from the diocesan responses we have received. Yet it must also be acknowledged that the greater use of the laity has often been the result of the decline in the number of stipendiary clergy available, together with financial constraints, rather than deliberate strategies for nurture, growth and mission.

4.6 The Church of England has by and large not brought forth a confident laity in matters of faith and faith sharing. Rather, the laity have often felt disempowered, in the same way that many clergy who enter ministry from other walks of life sense they have been disempowered, by a system that trains its leadership for a pastoral rather than a missionary task.

4.7 We suggest that the Church is still some way from 'a revolution in the attitude to the role of the laity' for which Lambeth 1988 called. Much of the responsibility for carrying out the Church's mission continues to be placed on the clergy, whereas both Lambeth 1988 and *Towards the Conversion of England* located that responsibility explicitly on the laity, appropriately trained and resourced. To the extent that the Church believes in 'every member ministry' it has been often be understood as 'every member ministry in the church' rather than as the laity taking on the main task of witnessing in society.

4.8 **Looking forward, therefore, training – of the laity and clergy – must be a key priority in helping to develop the Church's emphasis on mission.** The goal is to form a laity confident and skilled to make Christ known in their home, work and leisure environments. This in turn requires clergy who – as well as being evangelists themselves – are able to envision, equip and support the laity in their work of outreach.

4.9 In respect of initial ministerial training, we welcome the proposals currently being formulated by the Archbishops' Council's Ministry Division to help identify and train leaders for mission in pioneering situations. Church planting will continue to be an area in which specific training is required. In addition, mission studies must be an integral part of *all* courses and schemes for ordained and lay ministry. We note that, as part of the outworking of the Hind Report⁸, efforts are being made to ensure that

⁸ The Formation of the Clergy within a Learning Church (GS 1496), Church House Publishing, 2003.

the ability to participate in mission activity and to lead and enable others in faithful witness is established as an essential outcome of ministerial training. Yet we believe it is vital that tutors are recruited and courses developed in all the proposed Regional Training Partnerships and Colleges to deliver such training.

4.10 The recruitment of new ministers, particularly young ministers⁹, also needs to be a priority. At present, the Church focuses its resources much more on training than recruitment and we suggest that the House of Bishops should discuss (with the Archbishops' Council's Ministry Division and others) how additional investment in recruitment might best be made.

4.11 Another priority must be the development of the leadership skills of a Church in mission. New models of church, whether in the form of larger parish groupings, or in the development of models such as those illustrated in *Mission-Shaped Church*, require skilled collaborative leadership. As recognised in the Hind Report, more attention needs to be paid to appropriate leadership skills in initial and continuing ministerial training. Again this goes beyond developing leadership in specialist areas. What is required is more coherent training, to help develop and lead a mission-shaped Church. As one diocese told us, 'We lack sufficient clergy with the skills and ability to adapt to change and to lead their congregations. We are exploring ways of helping them to move from a largely pastoral ministry.....' Facilitating such a transformation requires people who are skilled at managing the process of change in a way which enhances rather than undermines confidence and morale.

5. Developing the Required Strategies

5.1 The priorities we set out above are not our initiative; they are a reflection of what many dioceses are already doing or are planning to do to mobilise the Church for mission. Specific training strategies for the mission development of the Church will primarily be developed and worked out within dioceses and regional training partnerships.

Some Examples of Diocesan Mission Development Initiatives

Lincoln – School of Theology and Ministry Studies
 Liverpool – School of Leadership to envision and sustain clergy in church growth
 Truro – People of God initiative
 Bath and Wells – School of Formation

5.2 Local mission strategies also operate within a national framework such as the legislation passed by General Synod and the guidance and regulation set nationally e.g. the criteria in relation to the selection and training of clergy. There is an obvious need for this framework to encourage, as much as possible, the mission of the Church. Whilst the Church may be helped in some areas of life by guidance and advice from its National Church Institutions, we suggest that its main concern should be to introduce greater flexibility in its structural arrangements in order to permit and actively encourage experimentation and risk-taking.

5.3 We believe that the House of Bishops, working with others, has a critical role to play in promoting the Church's overall mission development whether in respect of training, fresh expressions of church or other initiatives. The House can also take a

⁹ Research conducted by one of our members, Bob Jackson, has revealed that growth is much more likely to happen in churches with younger incumbents. The average age of incumbents in the Church of England is now 52.

lead in ensuring greater sharing of experience between dioceses in relation to their mission strategies. **We urge, therefore, that the House finds time on a regular basis to discuss strategic issues relating to the mission development of the Church, and that it is resourced to do so.**

B. FUNDING THE CHURCH'S MISSION

6. Mission and Money

6.1 In the gospel of Jesus Christ, the Church has all the resources it needs to conduct its mission task. We repeat, it is often not a lack of money which causes the Church to struggle to fulfil its mission task, but rather a poverty of vision. It is also important that the Church makes its resource decisions in a way which is fair and is mindful of the concern that God has for the poor. Financial justice must be an integral part of the Church's mission activity.

6.2 Vision should determine the use of the Church's money rather than the other way round. Money can help facilitate the Church's mission task and changes to the way that it is conducted. It can only do so, however, if resource decisions are informed by a clear sense of mission purpose and strategy. Returning to our earlier theme on the primacy of mission, we believe that, in the absence of a strategic approach to develop the Church's missionary emphasis, adjustments to its resources will have little impact on its life. Indeed, they may represent just another means of managing decline.

6.3 The focus of the Church's resources must, therefore, reflect its priorities. In line with our comments in the previous section, we believe that this means the support of the Church's on-going ministry, the mission development of that ministry (through recruitment, mission training and leadership development) and investment in new mission opportunities where they exist.

7. The Resource Problem

7.1 A strategic approach to resourcing mission is not, therefore, necessarily a case of finding more resources. Nonetheless, as one diocese said, in view of the needs it faces, 'we can always do more with more funds!' A number of dioceses commented that more resources would enable them to do more, quicker, to fulfil their mission priorities.

'We would be able to support new and emerging ministries more effectively...'

'We would like 30% extra expenditure on youth and families'.

'Extra funds would definitely help in pump-priming mission projects...once started these often become self-financing'.

'More church planting...Much better training and development to maximise existing resources, especially around leadership and church growth'.

'It would allow us to break out of the box'.

'So much of our financial commitments are tied to stipendiary clergy, housing and pensions. If extra funding is available we feel it should be used to support new and fresh expressions of church and ministry beyond our existing commitments.'

7.2 The requirements of the least-resourced dioceses were understandably the highest (one expressed the need for extra funding of up to £2m p.a.), as they seek to support their existing ministry and invest in their mission development. Yet even

some of the better-resourced dioceses, whilst able to cope with existing demands, were concerned that meeting their mission challenges was beyond their means.

7.3 The reality is that the Church of England is blessed with substantial resources compared with the Christian Church in many parts of the world. Yet, in many places it has difficulty affording its existing ministry, whether because of low levels of personal income and/or giving and/or low membership. Over 50% of parish churches within the Church of England have an average adult weekly attendance of less than 50 members. Most of these churches require support from beyond their own congregation to afford their clergy and ministry support costs.

7.4 There will always be places where, for good reasons, a local church cannot afford to conduct its ministry from its own local resources. The Church's mission vocation to the whole country, rather than financial considerations, should determine the Church's ministerial patterns. Neither the size nor financial ability of a church are necessarily indicative of its spiritual health.

7.5 Nevertheless, having such a large number of small churches poses some serious mission and financial questions for the Church as it seeks to sustain and develop its witness to the nation. We note that a number of dioceses¹⁰ have made or are in the process of making systematic assessments of their parishes' viability. These exercises are primarily mission- rather than finance-driven. Their aim is the more effective deployment of existing resources so that decisions are genuinely taken on mission grounds rather than the support of ministry merely continuing 'as of right' or being allowed simply to follow market forces. Such exercises can facilitate a much more strategic approach to the funding of the Church's ministry. So, for example, where an existing church is struggling but there is clear potential for growth, it may be decided that rather than merely sustain its current level of support (by keeping its quota payments low), it would be better actively to invest more resources (human and financial) in its ministry. This is something, we note, that Manchester and Wakefield dioceses are doing through their Priority Parishes and Turnaround Team projects respectively.

7.6 Such a mission framework for funding decisions can help guide, not only the type and quantum of support which should be given to parishes, but the timeframe over which commitments are made. It is worth underlining that investment in mission requires the Church to see well beyond its annual or even three-year budgeting cycles (important though the latter are for planning and financial discipline). Yet the Church needs also to be fleet of foot so it can stop investment at any point when it is agreed that an experiment has served its purpose, and can also move quickly to meet new opportunities. Financial commitments need to be made in a way which involves their being subject to regular review rather than continuing indefinitely.

7.7 We believe that the work taking place among dioceses on the issue of viability and how mission frameworks can guide funding decisions is important for the future mission and funding of the Church. **We urge, therefore, that the House of Bishops and National Church Institutions find ways of ensuring that this experience about resource allocation is shared between dioceses.**

¹⁰ For example, Chichester, London, Manchester and Southwark.

8. Finding More Resources

8.1 Whatever the benefits of having a more strategic and mission-focused framework to guide decision-making about its funding, the Church must still face the issue of finding more resources if it is to sustain *and* develop its existing ministry. **There needs to be much more focus on obtaining access to new money rather than just struggling to re-allocate existing funding streams.** An integral part of the Church's funding strategy must be a commitment to invest to increase its resources.

8.2 Some new money may be obtained through different ways of managing 'old money'. For example, many dioceses have realised significant additional resources over recent years from the sale of parsonages, whose value has risen considerably in line with the property market. There is undoubtedly more scope for extracting value out of diocesan property and glebe portfolios, and other historic resources¹¹.

8.3 The streamlining of the Church's administration has also yielded benefits but, again, there is more that can be done (an issue being examined by the Administrative Costs Working Group). In addition, different parts of the Church can learn from each other about how to maximise the resources they can tap from other funding bodies (whether from charities, Government or the European Union). In particular, more help from the wider community is urgently needed to share the high cost of maintaining heritage buildings. We commend the work of the Church Heritage Forum on this issue. The overall church building costs (which include maintenance and other running costs) are frighteningly high - in excess of £250m per annum - which accounts for around a quarter of the Church of England's total expenditure. A common point made in our submissions from dioceses was that the number, cost and inflexibility of the Church's buildings were hindering its mission.

9. Members' Giving

9.1 Whatever can be done to rationalise historic assets or make savings, the funding of the Church – and the key to unlocking more resources - ultimately depends on the generosity of all its members. The Church is living through what the Bishop of London has called 'a revolution in the way in which its ministry is financed' – a shift away from national funding (back) to local funding and, connected to this, from a reliance on historic resources to dependency on current giving. The Church now primarily stands and falls financially by its members' ability to give sacrificially. Yet the implications of this revolution have yet to be fully worked through, and average giving levels among Church members remain low in comparison to the long standing General Synod target of 5% of personal income - see **Annex E**). Even small sacrifices towards additional funding of the Church's mission have the potential to transform its activity. The challenge remains to make big sacrifices in response to the God who has given us so much.

9.2 In the area of giving, therefore, as in every area of its activity, the Church needs to be transformed by the grace flowing out from the life of the Trinity, so that each of us gives generously in proportion to our means, supporting each other as parts of one body. Teaching about giving is an essential part of the Church's teaching about Christian discipleship.

¹¹ Both the Archbishops' Council and Church Commissioners have invested resources in order to rationalise many of the historic trusts. This is so that the monies tied up can be used more effectively and managed more efficiently to support the Church's mission. We are aware that some dioceses and other bodies have done, or are planning to do, the same.

10. Need for Transparency

10.1 Whilst Church members' motivation to give springs mainly from the heart, it needs to be buttressed by a realistic understanding of and commitment to the costs of the Church's ministry. Many within the Church appear to remain unaware of the extent to which the costs of the ministry within their parish are supported by external sources e.g. because they have been shielded from costs by the Church's historic assets.¹² This has had an unhelpful impact on giving levels. Moreover, where there is a lack of transparency, increases in parish quota can appear to be an unfair rise in 'taxation' rather than, as may well actually be the case, a reduction in subsidy received.

10.2 If people are to be challenged afresh in their giving there is a strong case for correcting these misapprehensions. It would be healthy, therefore, if every parish was more aware of the direct costs of its minister(s), its share of national and diocesan support/ administration costs, and the extent to which it was supporting, or being supported by other churches across the diocese and indeed the wider Church.

10.3 Drawing on the example we have studied of how one diocese issues information to its parishes, we set out below an illustration of an annual statement which shows the contribution of a parish towards the diocesan budget (covering the costs of its stipendiary minister and of services and administration provided at diocesan and national level) against an indication of its share of costs.

ALL SAINTS, BARCHESTER – DIOCESAN STATEMENT OF MISSION AND MINISTRY COSTS		
	£	£
PARISH SHARE CONTRIBUTION		36,700
<u>COSTS OF STIPENDIARY MINISTER</u>		
Stipend	19,350	
National Insurance	1,350	
Pension Contribution	6,000	
Council Tax	2,000	
Housing	<u>3,000</u>	
Total Direct Costs		31,700
<u>PARISH SUPPORT COSTS</u>		
Diocese – Services/Administration	8,000	
Diocese – Curates in training, Continuing Ministerial Education etc	1,500	
National Church – Ordination Training	1,500	
National Church – Services/Administration	<u>2,000</u>	
Total Parish Support Costs		13,000
<u>TOTAL COSTS</u>		44,700
(SUPPORT FROM THE DIOCESE)		(8,000)

Notes to the statement can provide a more detailed explanation of some of the expenditure categories (e.g. giving a breakdown of the services/administration provided by the diocese and National Church Institutions) and, where appropriate, of the origins of the external support provided to the parish (e.g. from other parishes in the dioceses, diocesan income or national funding).

¹² As the Archbishops' Committee on Church Finances commented back in 1910, 'Members of the Church have been pauperised. Many have grown up with the idea that in an established and endowed Church, everything must be provided for them... This want of a sense of responsibility has dried up resources which should have been available for the common good. And it is not finance only that has suffered; energy and capacity that might have been trained and developed have been lost to the Church'.

10.4 Obviously there is an element of subjectivity in relation to the split of diocesan and national service/administration costs between parishes (the example above is done on a per clergy basis). It should be noted also that the cost of housing in the example above is a considerable under-statement of the actual cost of providing housing. The cost set out above relates only to the average revenue cost of running all the clergy housing in the diocese. The true cost to a parish of its clergy housing would need to include an amount for the capital tied up in the house.¹³ We make this point because the way that housing costs are hidden from parishes is a further illustration of the extent to which all parts of the Church continue to live off the past and are shielded from the full costs of current ministry.

10.5 The challenge is to secure greater transparency over costs within the Church, to help facilitate teaching about the need for more sacrificial giving. There is understandable nervousness among some at diocesan level about such transparency for fear that it will lead to parishes (further) questioning the share requested of them. Yet it is an important principle in its own right for the Church to be open about its finances. Moreover, allowing the questioning of policy and financial issues can only be healthy in the long-run as it will build greater ownership of resourcing mission strategies.

10.6 The kind of statement set out above is helpful for making clear the contribution which better-resourced parishes are making to the ministry of the Church as a whole. It is also helpful for making transparent to those in receipt of support the full amount that they receive. In addition, it enhances transparency over the use of income from the Church's historic assets so that the latter do not obscure its costs and it can help guide decision-making over how best that income is used (e.g. whether targeted on areas of need and opportunity or invested more widely in the Church's mission development through training etc).

10.7 Thus, **we urge dioceses and the National Church Institutions to work together to ensure all parts of the Church are fully aware of the costs of its ministry, through the use of the kind of statement illustrated above.**

C. MUTUAL SUPPORT

11. The Imperative

11.1 We have noted already that many parts of the Church may face some difficulty in obtaining the resources they need to sustain *and* develop their existing ministry to meet their mission challenges. Yet the least-resourced parts will inevitably find the greatest difficulty. If the Church as a whole is to strengthen its witness to the whole nation, it relies on its richer parts supporting the poorer.

11.2 In reviewing the Biblical material on financial stewardship, we have been struck afresh by the truth that all our resources belong to God (see, for example, I Chronicles 29: 10-16). This provides a sharp challenge to us all when we seek to exercise 'our rights' over 'our money', in the same way that the Lord Jesus challenged people about where they got their wealth from and what they were doing with it.

11.3 We have also noted from the material that there is good in being 'self-supporting' - in the sense of avoiding, if possible, being dependent on others. There is

¹³ For example, a levy of 3% on a property worth £300,000 works out at £9,000, in comparison to the £3,000 shown in the table.

evidence that by becoming ‘self-supporting’, parishes are encouraged to take a greater degree of responsibility for their own mission. One diocese commented ‘By becoming ‘self supporting’, [our] parishes engage in realistic mission that is theologically thought-out and properly costed’. Yet we should take care not to confuse meeting ‘our share’ of costs with the generosity of the Trinitarian God we serve. As the Church relies more and more on local funding, there is a real danger of a (further) drift towards independence and parochialism in our attitude towards our money.

11.4 It is important to note that the funding of the Church of England’s ministry already depends on there being a significant amount of mutual support, within and between dioceses. It relies on the contributions of rich and poor alike working together. And it is often the poorest who are the most generous in relation to their means.

11.5 We note also the significant amount of money (around £50m p.a.) that parishes and dioceses give away each year to home and overseas mission agencies and relief organisations. It is important to remember that, whatever the disparities of wealth within the Church of England, they are small in comparison to those which exist within the body of Christ across the world¹⁴.

11.6 Yet the scale of inequalities of wealth between different parts of the Church of England should remain a concern to it, as a matter of justice and in terms of its ability to witness to the whole nation. Looking at the assessment of actual and potential financial resources of each diocese (see **Annex E**), we note that the better-resourced dioceses are (on a per population basis) between three and four times as wealthy as the least-resourced. This is, as already noted, because of differences in historic resources, personal income and Church membership levels. Within dioceses, there are even more marked differences in resources between parishes. Some dioceses are now heavily dependent on the financial contribution of a very small number of parishes with a large membership.¹⁵

12. The Problems

12.1 Over the last few centuries, the Church, prompted at times by the Crown and Parliament, has relied heavily on the use of historic assets vested at national level to sustain and develop its nation-wide witness. The Church’s national funding still provides some targeted support for poorer dioceses but, as already mentioned, the Church must now face up to the fact that its funding depends much more on the giving of its members. Parishes and dioceses which cannot afford their ministry rely much more on other parishes and dioceses to help them, rather than a central pot of gold.

12.2 Over the last decade or so there have been numerous discussions over how the amount of inter-diocesan support can be enhanced. The options have included:

- Further targeting of the Church Commissioners’ expenditure (e.g. better-resourced cathedrals and dioceses giving up the benefits they currently receive in respect of cathedral and bishops’ ministry).

¹⁴ The Church of Uganda website states that one of its dioceses (Kinkizi) is ‘located in a purely remote area, which is poorly served by roads...The nearest town with electricity and telephone lines is 30 miles away. Poor housing facilities, little food, poor education, and poor water. 45% of the population suffer from malaria. Children are most hit with an estimated number of 60% suffering from malaria at any given time.’ The life expectancy in this diocese is 46.3yrs for males and 51.7yrs for females.

¹⁵ Just looking at one of the Church’s least-resourced dioceses, we note that around 75% of its parishes pay less in quota to the diocese than the cost of deploying one stipendiary minister. The richest 5% of its parishes contribute around 20% of the total parish share contribution. We do not believe these figures are atypical of the Church as a whole.

- Legislation to pool the historic assets held by dioceses and distribute their returns according to need.
- Creation of a fund into which dioceses make contributions and from which resources are channelled to those which are in need.

12.3 Discussions on these mutual support options have all foundered at various times, and we have been aware that in the background of our discussions there is a mixture of expectation and cynicism. We have been mindful too of some of the cracks currently appearing in the Church's financial systems (e.g. the concerns of some dioceses in relation to their national apportionment payments, some parishes capping their contributions to the diocese).

12.4 If existing mutual support is to be developed, the Church must honestly reflect on the reasons which hold it back at present. These include: lack of common vision about the Church's mission, lack of information about the needs that exist, distrust about how money will be used (e.g. will it go on 'administration' or 'propping things up'), unwillingness to give up vested interests, concern that the re-distribution will not be between rich and poor but will involve switching funds from areas of growth to decline; general distrust of 'the centre' and authority.

12.5 It should be remembered also that dioceses and parishes have had to contend over the last decade or so with a reduction in the Commissioners' funding of parish ministry support of some £45m p.a. as well as the introduction of clergy pension contributions, initially at £30m p.a.. In addition, General Synod agreed in 2002 a package of measures designed to increase the amount available for the support of the least-resourced dioceses by £9m p.a. This has created further additional costs for better-resourced dioceses. Whilst the Church has been successful in meeting most of these financial challenges, the amount of change has understandably created some desire for stability.

13. Voluntary Solutions

13.1 As the apostle Paul's writings demonstrate, finding money for mission is never easy. That is partly why there is need for some voluntarily agreed 'rules' in funding the Church - rather than relying on simple appeals to generosity - in order to direct and influence its members' giving and to underpin the on-going funding of its ministry (which involves long-term commitments such as stipends and pensions).

13.2 Yet within a voluntary community such as the Church, it is important to recognise the financial support provided by its members as a freely given commitment rather than making it appear as a form of 'taxation'. **Mutual support is likely to be strengthened where relationships are strong and where contributors can see and own the impact of their funding, and there is a genuine partnership between contributors and recipients.**

13.3 How dioceses choose to structure their financial systems needs to be worked out and owned locally. There is no 'one size fits all' system although undoubtedly dioceses can learn more from each other in this area of work, as in others. We note, with some concern, the significant amount of management time involved in many dioceses reviewing and revising their parish share systems.

13.4 Looking across the Church as a whole, the challenge is to find ways of structuring its financial systems so that mutual support is a blessing both to those who give and to those who receive. It is relevant to note at this point that a common

theme of many of the submissions we received from Church members was a sense of frustration at the continuing support of areas of ministry in decline to the exclusion, so they believed, of active investment in areas of growth. Neither a dependency culture nor an increasing resentment on the part of net contributors (whether parishes or dioceses) is healthy for the Church's mission. Equally, where parishes, deaneries or dioceses are necessarily net recipients, it is important that they are funded in a way which avoids any stigma and is seen to be part of a response to a generous God by those who are able to give.

13.5 For all the reasons set out above, we do not believe that there is sufficient support within the Church at present for the concept of a central fund (to pay for stipendiary ministry and/or other costs) into which some dioceses make contributions and from which others take support on a basis calculated by formula.

13.6 **We believe the current priority in seeking to enhance mutual support must be greater transparency.** This must involve transparency over costs, as we advocated in the previous section, so that parishes, deaneries and dioceses have a more realistic understanding of the extent to which they are contributing to the Church's mission. Yet, if there is to be a greater sharing of mission purpose, there also needs to be more story-telling so that parishes gain a wider picture of the mission work taking place within their diocese and elsewhere. The Church in the North-East will only become a reality to the Church in the South-East - and *vice versa* – through more sharing of experience. Such transparent engagement will provide a better platform for persuading better-resourced parts of the Church to contribute to the mission of the wider Church in addition to funding their own ministry.

14. Developing Partnership Arrangements

14.1 We note that some dioceses are seeking to enhance mutual support within their boundaries by encouraging partnerships between parishes (on condition that the donor parish has first paid in full its share of ministry and other costs). The diocese acts as the 'broker' of the partnership, whilst also maintaining some overview of needs and opportunities throughout the diocese and targeting its investment and other resources on those needs unmet through the partnership arrangements.

14.2 We recognise that there will be concern amongst some within the Church at the development of such bilateral partnerships more widely within the Church (especially where they cross diocesan boundaries). Such arrangements may be thought to reflect too closely – and encourage – the fragmented nature of the Church. Yet partnerships within certain networks are already a reality, and there may be merit in the Church working with the grain of them, recognising and affirming the voluntary nature of its funding, in the expectation that this will increase the total amount of mutual support. It is worth noting again that, without any central organisation or quasi-taxation systems, parishes and dioceses contribute quite generously to ministry overseas. The financial support flows because the personal relationships are strong and the needs transparent.

14.3 It seems likely that more money could be released within the Church of England if parishes and dioceses were to find direct ways of supporting each other's ministry, rather than giving the money via dioceses into a central fund, which then distributes it to other dioceses for them to spend on sustaining ministry within their boundaries. This is on the basis that the Church retains a significant amount of

investment and other strategic resources allowing diocesan bishops and their councils to take a strategic overview of needs and opportunities and channel money to those areas which fall between the gaps of any partnership arrangements.

15. Going Further

15.1 It remains open for dioceses to take the initiative and commit to each other to provide more mutual support. We are aware that some discussions have taken place with that aim. If dioceses wish to take matters further, then the National Church Institutions should seek to help provide the necessary organisation. This could involve dioceses volunteering to put money back into, say, the parish mission scheme operated by the Archbishops' Council from the Church Commissioners' funds, so that dioceses elsewhere may benefit from increased support.

15.2 Alternatively, a separate scheme could be created - possibly one which was primarily web-based - whereby dioceses lodged requests for funding from themselves (on behalf of one of their parishes) in a central place. It would then be up to other dioceses (either using some of their parishes' money or perhaps a tithe of their investment income) to decide if they wished to put in donations to help meet the requests. Parishes who were potential donors might also be encouraged to put money directly into the scheme.

15.3 The advantage of such scheme is that it is voluntary, light on bureaucracy, can facilitate story-telling about mission needs and opportunities, and help avoid any undue influence being made on recipients by donors. **We invite the Church's views on the option of creating such a voluntary 'story-telling' mutual support scheme.**

15.4 However, if the Church is to make any significant headway in addressing the mutual support issue, we believe that it must also give further consideration to the most effective distribution of its national historic resources. The Church's national funding was created to facilitate the redistribution of resources within the Church in order more effectively to assist areas of need and opportunity. That requirement still exists given the large disparity in wealth between the dioceses. To the extent that better-resourced areas of the Church (whether dioceses or cathedrals) continue to receive support from the Commissioners, there is potential over time to divert some of it into mutual support. This is explored in more detail in the next section of our report.

D. NATIONAL FUNDING

16. The Problem of National Historic Resources

16.1 The Church of England holds its historic resources at a number of levels - parish, diocesan and national level. The latter - primarily vested in the Church Commissioners - currently provide about 20% of the Church's total expenditure, although if one excludes pension payments relating to clergy service before 1998, the Commissioners' on-going, sustainable contribution to the Church's overall needs is, at some £67m p.a., around 10% of total annual Church expenditure. This amount is less than the total income generated by investments held at diocesan and parish level. Nevertheless, it is the largest amount which sits in one place within the Church.

16.2 We have already highlighted the risk that historic resources shield the living Church from its running costs which serves in turn to depress giving levels. There is also the risk in relation to national historic resources that they lead to a centralisation

of policy-making and/or that they ring-fence some areas of funding from policy considerations and financial discipline. It is for the latter reason that we do not think it wise to use more of the Church's historic resources to pay for the costs of its national services and administration (currently funded through the General Synod's apportionment system).

16.3 It is important to remember that the Church of England has a pocket of national resources not for reasons of ecclesiological principle but because at moments in history, nationalisation was deemed to be the most efficient way of meeting its needs and opportunities.¹⁶ One option we have examined to address the problems associated with national historic resources would be to dismantle and denationalise the assets, distributing them between different parts of the Church. This would have some ecclesiological attraction, reinforcing the position of the bishop, along with dioceses, cathedrals and parishes, as the key focus of mission and moving away from a particular structural model which has its roots in the very different circumstances faced by the Church of previous centuries.

16.4 The practical (and political) difficulty of such an approach would, however, be very great. The enduring cost – through a loss of economy in scale in the management of the assets – would also be high. The basis on which the assets were divided out would inevitably reflect the circumstances at that time and reduce flexibility for responding to future changes, just as the distribution of historic assets between dioceses reflects history and is now severely out of line with current needs. There would also be a wider judgement to reach over whether, at a time of institutional uncertainty, such a radical move would serve merely to weaken further the Church's national outlook.

16.5 At least for the foreseeable future, therefore, the ownership and management of the assets need to remain at national level. Yet ecclesiology and efficiency suggest the importance of ensuring that the income from them is distributed in such a way that facilitates local policy and financial decision-making. It is vital too that the contribution of national resources to the funding of the Church is transparent and so adds to, rather than depresses, total resources. The vast majority of the money required for the Church's mission will be generated locally. Yet developing a more transparent and strategic mission focus to the Church's national funding not only provides an additional resource to that local funding but may also provide some incentive to increased giving.

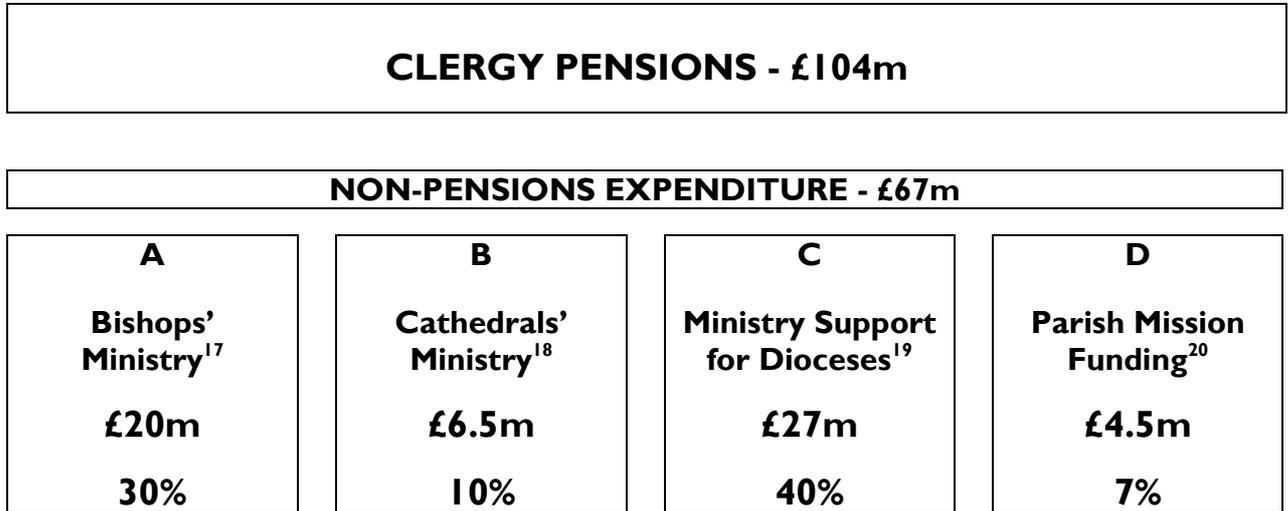
16.6 In general terms, we believe the Church's national funds should be used to secure the following potential benefits:

- Providing support to meet need and opportunity *additional* to what can be provided at diocesan, cathedral, deanery or parish level.
- Facilitating those activities and decision-making which can best be undertaken at national level and where there is some advantage in the services not being financed directly by dioceses.
- Providing investment in existing and new activities which cannot, for whatever reason, be adequately funded by parishes, dioceses etc.

¹⁶ For example, the Ecclesiastical Commissioners were endowed at a time when the Industrial Revolution was creating new population centres with the purpose that 'additional provision shall be made for the cure of souls in parishes where such assistance is most required, in such manner as shall be deemed most conducive to the efficiency of the Established Church' (Ecclesiastical Commissioners Act 1840 s67.).

17. Current Issues

17.1 As mentioned above, the largest element of the expenditure from the assets vested in the Church Commissioners is on clergy pensions. The diagram below shows how the on-going money available for non-pensions expenditure is split between four main categories of mission funding:



17.2 The remaining 13% of expenditure is spread across a number of other activities supporting the Church’s mission.²¹

17.3 In line with our earlier comments, we believe that simply moving money between the different boxes - with the knock-on effects for other parts of the Church in terms of higher or lower costs - is unlikely by itself to do much to address the fundamental mission challenges facing the Church.

17.4 That said, the deployment of the Church’s national funding is an important indicator of its principles and purposes. Even small changes in the way that the Church deploys its resources can provide an important signal of priorities. We noted earlier that, in broad terms, these priorities are the maintenance and development of existing ministry, the recruitment and training of ministers, and investment in new mission opportunities. Exactly how these priorities bear upon different parts of the Church is a matter to be determined locally.

17.5 Whilst within all four of the boxes above there are important forms of mission funding, it is far from clear that the balance between them reflects the local priorities of the Church. Furthermore, the total amount of funding distributed per diocese is not targeted as effectively as it could be on areas of need and opportunity. Over half

¹⁷ Covers all diocesan bishops’ stipends, office and working costs and housing, and suffragan bishops’ stipends and office and working costs.

¹⁸ Covers the stipends of the dean and two residentiary canons (of most cathedrals) and grants to cover other remuneration costs.

¹⁹ This includes the full amount of guaranteed annuities (c£4.6m) which is to be progressively released from the beginning of 2006. This money must be used for stipend support; the rest can be used for any form of ministry support. The support is distributed via a formula to the least-resourced dioceses.

²⁰ Dioceses can choose whether to credit this money direct to their stipends account or invest it in specific mission initiatives. The money is distributed with a bias to the dioceses with least resources per population.

²¹ These include expenditure on church buildings (e.g. the Church’s contribution to the Churches Conservation Trust) and the administration of national Church functions (e.g. pastoral reorganisation and the clergy payroll).

of the £67m p.a. which the Commissioners currently make available for non-pension expenditure is spread across the Church on a flat rate basis.

18. Moving Forward

18.1 Looking forward, therefore, we believe that the Church must do more to re-direct its national funding to facilitate more effectively the maintenance and development of its witness throughout the country. In this way, it can bring its mission development and mutual support agendas together. **We propose, therefore, that there should be discussion within the Church of the option of moving – over the longer-term – to there being one stream of national funding channelled to dioceses (distributed on the basis of need and opportunity) for them to use flexibly as a resource for the funding of bishops’, cathedrals’ and parish and other ministries in line with local priorities.** We recognise that this will require fundamental review of whether the existing methods by which the money is distributed are sufficiently sharp to target the funding effectively.

18.2 Whatever view is taken on longer-term objectives, we acknowledge that, as the Church is still working through a period of significant redistribution (the £9 million p.a package agreed by General Synod that was mentioned earlier in para 12.5), it is important to proceed in a measured way and with consent. We are mindful of the proposal made in the Newey Report (the Limited Review of the Allocation and Apportionment Formulae) that there should not be any forced changes in the contributions expected from dioceses in the foreseeable future.

18.3 We do not believe, therefore, that the main concern at present should be with a nationally-directed re-arrangement of the amounts between each of the four main boxes of national funding. **We propose, therefore, that the proportions allocated nationally between the boxes should remain broadly as present in the next triennium (2008-10).** In saying that, it is important to underline that all the categories of support from the Commissioners’ fund should share in any reduction or increase in the overall money available which might be demanded by their next triennial actuarial review (due in spring 2007). **None should be ring-fenced as though inherently of more value than the others, acknowledging that there are certain statutory commitments in relation to bishops’ and cathedrals’ ministry which must be honoured. Neither the parish mission funding nor the ministry support for dioceses should be the first thing to be reduced if cuts are necessary in the overall amounts of money available.**

18.4 Rather than initiate further national re-arrangement of the money in each box, we believe that the priority at this stage should be to ensure that as much of the money as possible in each box is determined in line with local mission priorities under the strategic leadership of the diocesan bishop, working with his bishop’s council (in liaison with the diocesan board of finance and diocesan synod as appropriate). The overall strategy for distributing the Church’s national funding should be to promote the following themes:

- **Local decision-making**
- **More targeted support**
- **Focus on mission**
- **Greater accountability**

18.5 These themes are explored in more detail below.

19 Local Decision-Making

19.1 To enhance the strategic decision-making of the diocesan bishop and his council, **we propose that the responsibility for paying all or at least some of the non-mandatory costs of supporting bishops' ministry should be transferred to dioceses with the funding attached (i.e. on a cost neutral basis to each diocese).** The stipends of diocesan bishops are a legal commitment of the Church Commissioners and should remain with them but it would be possible to transfer responsibility for suffragan bishops' stipends and all bishops' office and working costs. (Diocesan bishops' housing should be excluded at present, not on grounds of principle, but to allow the recommendations of the See House Review to be taken forward. It should remain on the table as a longer term possibility.) The proposed shift of funding responsibility, whilst continuing to provide earmarked funds for the support of bishops' ministry, will facilitate greater transparency and flexibility over the use of resources, allowing the diocesan bishop and his council to take policy and funding decisions together in line with local needs.

19.2 In respect of the non-mandatory support provided from national funds to cathedrals, **we believe that discussions should be initiated to examine whether there should be a similar role for the bishop and his council, working in partnership with the cathedral, in determining the use of the funding.** It is a legal commitment of the Church Commissioners to pay the stipends of the dean and two residentiary canons at (almost) every cathedral. The non-mandatory support they provide is mainly in the form of grants to help fund other clergy and lay staff costs.

19.3 The use of the ministry support provided to the least-resourced dioceses (Box C) should also be determined by diocesan bishops and their councils. Thus it can again reflect local mission priorities within the trust which guides the use of the money ('additional provision shall be made for the cure of souls in parishes where such assistance is most required, in such manner as shall be deemed most conducive to the efficiency of the Established Church'). This planning process is vital to ensure that the money is used pro-actively for investment in mission rather than, as some of our correspondents feared, for 'propping up' existing ministry.

20. More Targeted Support

20.1 After all the changes of recent years, some of which are yet to be fully absorbed, **there are good reasons for not attempting further systematic re-distribution of the Church's national resources at this stage. Nevertheless, we believe that there remains a need, over time, to find acceptable ways of tackling the continuing imbalance between the resources available for ministry and mission across the dioceses.**

20.2 **We believe that effort should be made to increase the amount of mutual support on a voluntary basis by inviting better-resourced dioceses, over time, to forgo voluntarily an increasing proportion of the national funding they receive towards the cost of episcopal ministry in their diocese.** Dioceses could either give back some or all of their funds so that the money can be re-directed for the Church's mission in areas of need and opportunity or possibly put them into the voluntary inter-diocesan mutual support fund described earlier.

20.3 Again, we believe there should also, in parallel, be discussions to explore whether the better-resourced cathedrals might voluntarily forgo an increasing proportion of the national funding they currently receive, either to support the least well resourced cathedrals or to be available for other areas of ministry and mission within dioceses.

21. Focus on Mission

21.1 As already made clear, the funding of the ministry of bishops and cathedrals, and the support of parish ministry in poorer dioceses are all kinds of mission funding. Box D – the Parish Mission Funding scheme created by the Archbishops’ Council from the Commissioners’ funds in 2001 – is another form of mission funding and has provided an additional resource for all English dioceses either to sustain and develop their existing ministry or invest in new mission initiatives.²² The funding was originally a three-year programme lasting from 2002-4 but has now been extended into the triennium 2005-7.

21.2 **We believe that there is continuing merit in distributing a dedicated stream of funding - which we believe is better named ‘Mission Development Funding’ - to all bishops and their dioceses, providing them with some additional seed corn investment in their mission development, at a time when such investment can easily be crowded out by the demands of existing pressures. The present mission fund has been temporary. We recommend that mission development funding should have an accepted and established place in the priorities governing the Church’s national funding.**

21.3 We have noted already that all dioceses may from time to time have a need for additional capacity to meet their mission challenges. Indeed, an argument can be made for distributing the mission development funding on a straight population basis, rather than seeking as now to use it (in part) as a further means of re-distribution between dioceses.

21.4 Yet, we recognise that, as the poorer dioceses continue to face difficulties sustaining their existing ministry, they will have greater need of resources for investment in mission development. So we propose that the mission development funding should continue to be distributed on the same basis as the current parish mission funding (which takes into account the population and wealth of each diocese). We also believe that all dioceses should receive a cash minimum (e.g. the amount needed to fund one post) so that the money can make some difference throughout the country.

21.5 It will continue to be open to any diocese to return its allocated share of funding if it does not require it.

Purposes

21.6 We highlighted earlier in this report the need for the Church to have a structured approach to develop its mission emphasis. This requires investment in the training and leadership development of the whole Church, which goes beyond (though most definitely includes) investment in fresh expressions of church. So, we believe

²² The Commissioners’ funds cannot in law be used to extend parish mission funding to the diocese in Europe but the English dioceses, through the Archbishops’ Council, have made an arrangement whereby the diocese in Europe have been provided with some mission funds. Nothing in this report disturbs that arrangement.

that, without being prescriptive, the mission funding distributed to dioceses should be available to be spent on lay and clergy training and leadership development, as well as on specific parish (or other) initiatives.

21.7 We suggest that the guidelines, therefore, in respect of the mission development funding should include allowing for expenditure on:

- The training of clergy and lay people for involvement in and leadership of the Church's mission.
- The mission development of a new Church ministry in an existing or new community.
- The mission development of a new ministry within existing parishes and deaneries (e.g. youth work, schools' work or parent and children ministries).
- The mission development of network ministries (e.g. ministry among employment, leisure, recreation, or consumer networks which are not tied to a specific geographical location).
- The support of other mission initiatives that are particularly focused on the development of Christian community among people who are not currently part of the life of a church.

21.8 This allows a wide range of expenditure - the support of clergy stipends and other remuneration, remuneration of lay workers, and on other resources (buildings, equipment, administrative) - for dioceses to choose how best to invest in their mission activity. The strategic decision-making in respect of this money should continue to be in the hands of the diocesan bishop and his council.

National Expenditure

21.9 Whilst we believe that the norm should be that decisions about the use of national funding are best left to the local Church, we have also identified that there may be (rare) occasions when it is better to spend the Church's national resources at national level. **We believe, therefore, that there is merit in earmarking some of the Church's historic resources to provide seed corn funding to promote changes or additions to the activities carried out at national (or regional) level. This should be in addition to, not at the expense of, the mission development funding provided to dioceses.**

21.10 We identified earlier that the current priorities for the Church if it is to be wholly mission-shaped must include the recruitment and training of ministers for mission and the development of leadership skills. We have also noted that discussions on the Church's future investment in training at national (and regional) level are already taking place in the light of the Hind Report (and *Mission-Shaped Church*).

21.11 We believe it is important that space is found in the funding obtained from dioceses for ordination training to help facilitate the kind of training the Church requires to be a Church in mission. Yet we believe there is also a good case for using some of the Church's historic resources to provide some seed corn funding to promote the investment necessary to develop mission modules within training institutions, promote mission studies, train and resource mission theologians and practitioners, and ensure adequate provision in mission training in Regional Training Partnerships. Seed corn funding may also be beneficial to promote leadership training in a mission-shaped Church and help the Church develop its recruitment practices.

21.12 **We recommend, therefore, that in 2008-10, around £500,000 p.a. of the mission development funding pot should be earmarked for the Archbishops to invest in the strategic development of training in leadership**

and mission. It will be for the Archbishops to discuss, with the Archbishops' Council, and possibly a small working group created for the purpose, how such money should be spent in practice (and in a way consistent with the Commissioners' legal obligations).

Quantum of Funding

21.13 A number of dioceses made the point to us that they need some stability in the quantum of the mission funding allocated to them if they are to have the space to plan and be creative in respect of its deployment.

21.14 We have made clear that the mission development funding should not automatically be seen as the first port of call for any cuts needed in the overall amount of the Church's national funding. We also think it wrong that the mission development funding should have to be cut back (in real or monetary terms) when other initiatives emerge competing for national funds – such as is currently the case in the form of the Church Urban Fund. Some of us would want to argue that the mission development funding should take priority, with a view to maintaining its value in real terms. But in some circumstances this could only be achieved by reductions in some of the other categories of expenditure. Given inevitable uncertainties about the money available from the Commissioners' funds we think, therefore, that these are judgements best made in the light of the circumstances at the time.

22. Accountability

22.1 The Accountability and Transparency Group has had the brief of formulating proposals about enhancing those qualities throughout the whole Church, which we welcome. The Group has left us room to comment on the specific measures that should relate to the Church's national funding.

22.2 In relation to both the ministry support for the least-resourced dioceses and mission development funding, **we propose that all dioceses should report to each other their strategic plans for the money and, at the end of the triennium, report on the outcome of its use.** It will be for the diocese itself to assess the effectiveness of how it has spent its money. The Archbishops' Council will act to facilitate the circulation of information, so that the Church as a whole can learn how money is being deployed. The reporting mechanisms will not feed into future decisions about what each diocese receives, which will continue to be calculated by formula.

22.3 We believe it important that accountability should embrace the funding provided to the least-resourced dioceses. This will help illustrate the strategic nature of this funding as investment in the Church's mission to the whole nation. However, it is important to highlight that all dioceses should be accountable to each other. Indeed, we take the view that those with more resources have a greater need to give account of themselves. The key emphasis of such mutual reporting should be to enable different parts of the Church to learn from each other. We suggest that meeting together (e.g. in conferences) to discuss mission funding issues is a better means of achieving such reporting than exercises which simply involve form filling or box ticking.

E. SUMMARY

23.1 The main conclusions of our interim report are thus as follows.

23.2 The key challenge facing the Church is not financial but the need for it to develop a more dynamic mission emphasis. The key priorities are to sustain and develop the Church's existing ministry and to invest in recruitment, training and leadership development, as well as address new mission opportunities (Paras 4.8-4.10). These priorities will be worked out in different ways in local circumstances. The House of Bishops should take a lead in ensuring that the national framework which surrounds local activity helps to promote the overall mission development of the Church (5.3).

23.3 The Church faces the difficulty that whilst it needs to make new investment in its mission development, many parishes cannot afford their current ministry (7.1-7.3). A number of dioceses are engaged in work on the issues of viability and how mission frameworks can guide funding decisions and we urge that the House of Bishops and National Church Institutions find ways of ensuring that this experience about resource allocation is shared between dioceses (7.7).

23.4 Although continued effort needs to be made to increase all the resources available to the Church, its funding mainly relies on members' giving. The Church must continue to devote time to its teaching about giving. Increasing giving can also be helped by greater transparency over the Church's finances. Dioceses and the National Church Institutions should work together to ensure that parishes are aware of the full costs of their ministry and mission (9.2, 10.7).

23.5 It is important to celebrate the significant and growing mutual support which already exists within the Church and to acknowledge the Gospel imperative of further action to address the continuing resource inequalities (11.1-11.6). Mutual support is likely to be strengthened where there is a genuine partnership between contributors and recipients (13.2).

23.6 The Group does not think the time is yet ripe to create an inter-diocesan fund into which dioceses are expected to make contributions by some kind of formula. The current priority in enhancing mutual support should be increased transparency so that all parts of the Church have a more realistic understanding of its costs and a better knowledge of each other's needs and opportunities (13.5-13.6).

23.7 The National Church Institutions should stand ready to help dioceses which wish to make voluntary commitments to mutual support either by re-channelling current benefits from national funding or by facilitating the creation of a separate scheme whereby dioceses lodge requests for support (possibly on a website) and others make contributions to meet those requests (15.1-15.3).

23.8 If the Church is to make any significant headway in addressing the mutual support issue, it must also give further consideration to the most effective distribution of its national historic resources. To the extent that better-resourced areas of the Church continue to receive support from the Church Commissioners, there is significant potential to enhance the amounts available for mutual support (15.4).

23.9 We have discussed the option of denationalising the national historic assets vested in the Commissioners and distributing them to bishops, dioceses and cathedrals. This would have some ecclesiological merit but the practical difficulties and cost penalties of such a radical step appear prohibitive (16.3-16.4).

23.10 The funding from the Church's national historic assets should be distributed in ways which promote local decision-making, more targeted support, a focus on mission, and greater accountability (16.5).

23.11 **We propose that there should be discussion within the Church of the following options:**

- A. In the long-term, that there should be one stream of national funding distributed to dioceses, on the basis of need and opportunity, for them to use flexibly to help fund their bishops', cathedrals', parish and other ministry in line with local priorities (18.1).**
- B. In the short-term, to allow some stability, there should be no nationally-driven re-allocation of resources between the different categories of non-pensions support. Each category should be eligible to share in any increases (or reductions) in the overall amount of money rather than there being any ring-fencing of certain expenditure (18.3).**
- C. Bishops and their councils should be given more say in the expenditure of the money available for bishops' ministry support by transferring the responsibility for paying the non-mandatory episcopal costs to dioceses with the funding attached (i.e. on a cost neutral basis). This would introduce greater flexibility and allow local priorities to inform resource decisions (19.1).**
- D. Separate discussions should take place to examine whether there should be a similar role for bishops and their councils (in partnership with cathedrals) in relation to the non-mandatory support provided from national funds to cathedrals (19.2).**
- E. Better-resourced dioceses should be invited to consider whether they might, on a voluntary basis, pick up over time some of the costs currently being met directly from national funds in relation to episcopal ministry, thereby releasing money either to be re-distributed through national mechanisms or to be channelled into a separate, voluntary inter-diocesan mutual support scheme. Again, there should be separate discussions to explore the willingness of better-resourced cathedrals to forgo, whether for the benefit of other cathedrals or wider mission and ministry in dioceses, some or all of the national funding they currently receive (20.2-20.3).**
- F. There should continue to be a stream of mission funding distributed to all dioceses. The broad criteria for this seed corn money should allow dioceses to spend it on leadership and mission training as well as local mission initiatives (21.2).**
- G. Without impacting on the amounts to be given to dioceses, some mission development funding (e.g. £500,000 p.a.) should be earmarked to provide seed corn funding for activities conducted at national/regional level (e.g. the recruitment and training of ministers, leadership development). It would be for the Archbishops, in discussion with the Archbishops' Council and the House of Bishops, to determine the exact use of this money (21.9, 21.12).**
- H. Dioceses should account to each other over their strategic plans for the use of the money they are allocated and the outcome of its use (22.2).**

23.12 In the light of the comments we receive on these various options, we intend to prepare our final report in the autumn. Thereafter, it will be for the Archbishops' Council and Church Commissioners (reporting to the House of Bishops and General Synod) to take forward our proposals with a view to their being translated into detailed spending plans in 2008-10.

The Group's Terms of Reference and Membership

The Group was one of those established by the Archbishops of Canterbury and York following consideration by the General Synod of the Spending Review (GS 1529) in February 2004. The Spending Review had touched briefly on issues of accountability and transparency, primarily in relation to the use of the Church Commissioners' funds.

The Group was set up with a wider brief to:

'Identify ways in which greater mutual accountability, transparency and the communication of good practice can be secured among the different parts of the Church of England through the sharing of more information about the application of financial resources to meet needs and opportunities and further the mission of the Church.'

The members of the Group were:

The Rt Revd James Jones (Chairman)	(Bishop of Liverpool)
Julian Chadwick	(Chairman of Durham DBF)
Mike Eastwood	(Diocesan Secretary, Liverpool)
The Ven Alan Hawker	(Archdeacon of Malmesbury)
Richard Hopgood	(Director of Henry Smith Charity)
Rosemary Pearce	(Diocesan Secretary, Oxford)
The Revd Canon Justin Welby	(Director of International Ministry, Coventry Cathedral)

Staff members from the Archbishops' Council and Church Commissioners were Mark Humphriss (Head of Financial Policy Unit, Archbishops' Council), David White (Head of Financial Planning, Church Commissioners) and Rachel Lindley (Financial Policy Unit, Archbishops' Council).

References and Contributions to the Group's Work

We have been very grateful for all the contributions to our work which included:

- comments offered in discussion groups at a meeting of the Inter-Diocesan Finance Forum in October 2004
- input from the Diocesan Accounts Group
- meetings between members of the Group (in one case accompanied by other diocesan secretaries) and the Secretary General of the Archbishops' Council, the Secretary to the Church Commissioners and the Third Church Estates Commissioner
- a meeting between a member of the Group and the Standing Committee of the Association of English Cathedrals and conversations with the Dean and Sub-Dean of Christ Church, Oxford
- responses from a small sample of dioceses whose Diocesan Secretaries and DBF Chairs were asked to compile a list of up to ten questions they would like to ask a net recipient or a net contributor to central Church funds and to identify five mission developments or activities undertaken over the previous three years which had been particularly significant for the diocese
- comments from Archdeacons in response to a brief e-mail questionnaire.

We also gratefully acknowledge comments on our draft report from the House of Bishops, the Archbishops' Council, the Council's Finance Committee, Church Commissioners' Board of Governors, the Inter-Diocesan Finance Forum and a number of diocesan secretaries.

List of sources consulted and recommended further reading

RS8: Transparency and Accountability published by the Charity Commission in June 2004 (see www.charity-commission.gov.uk/publications/rs8.asp)

Accountability and Transparency (NCVO, June 2004)

CC60 The hallmarks of an effective charity published by the Charity Commission in April 2004 (see www.charity-commission.gov.uk/publications/cc60.asp)

A transparency guide produced by Wall Watchers (see www.ministrywatch.com)

Guidance on accountability and transparency developed by the Association of Chief Executives of Voluntary Organisations (ACEVO)

Summary of Recommendations

1. We recommend that all parts of the Church should commit themselves to being more transparent and accountable. We recommend that, as a first step, all parts of the Church should identify three key relationships for themselves and commit themselves to improving those relationships, seeking opportunities to share both success stories and disappointments in a non-judgmental environment of openness and honesty. (Paragraph 6.4)
2. We recommend that dioceses should complete Diocesan Key Indicator Reports annually. We suggest that the Archbishops' Council should collect these and then circulate them to all dioceses. (Paragraph 11.8)
3. We recommend that Bishops should establish dialogues with one or more dioceses to promote honest and frank exchanges of information and a high degree of mutual disclosure and challenge. (Paragraph 12.1)
4. We recommend that Bishops should lead in mutual accountability, transparency, communication and support for the common good in the Mission of God. We recommend that (i) there should be discussion of the Accountability and Transparency Group's report and the Bishops' leadership role in the Regional Groups of Bishops and the House of Bishops; (ii) all Diocesan Bishops should report on the outcome of these discussions to their Bishop's Council within twelve months of the publication of this report; and (iii) the House of Bishops should give consideration to the responses of the Bishops and their Councils within two years of the publication of this report. (Paragraph 14.3)
5. We recommend that dioceses and parishes should consider how best they can build up their relationships and be more mutually accountable and transparent. Parishes should, within and between deaneries, share and discuss information about their situation, with a view to sharing experiences and learning from each other. (Paragraph 15.4)
6. We welcome the action taken by Cathedrals to improve accountability and transparency and recommend that Cathedrals should (i) contribute to their diocese's Annual Report and discussions emanating from it and (ii) identify their three key relationships as recommended in paragraph 6.4. (Paragraph 16.5)
7. We recommend that the NCIs and others should move to a more outcome-based approach to monitoring and reporting. (Paragraph 17.9)
8. We recommend that the implementation of SORP 2005 should be used as an opportunity to achieve consistency in Annual Reports and Financial Statements. (Paragraph 18.8)