

GENERAL SYNOD
Report of the Task Force on
Resourcing the Future of the Church of England

Introduction

1. This is a moment of great opportunity for the Church of England. The House of Bishops, Archbishops' Council and the Church as a whole have set three goals: advancing its spiritual and numerical growth, reimagining its ministry for the 21st century to help ensure there is a growing and sustainable Christian witness in every community; and contributing towards the common good. This heralds a new direction for the Church, after many decades of steady decline.
2. If the goals of mission and growth are to be realised, it is vital that all of the Church's activity is aligned with them. This includes the way the Church uses its resources. The question is not '*how do we limit expenditure to address our steadily diminishing resources?*' That is the management of decline. The issue is '*what investment must we make to achieve the ambition of growth?*'
3. In this report of the Resourcing the Future Task Force, we analyse the way the Church is currently using its resources and examine its future requirements for funding, particularly in relation to its number of leaders. We then set out proposals in relation to the Church's national funds, which we believe will focus their use more explicitly on the goals of mission and growth, and support the plans of dioceses and parishes who are seeking to transform their ministry to the nation. We trust and pray that, under God, our proposals, alongside other reforms being promoted, will help to turnaround the Church's decline, and that the risen Christ will be at the centre of our society.

Summary

4. **The Task Force proposes a fundamental shift: removing the current formula systems which provide mechanical, ineffective subsidy and replacing them with investment focused on fulfilling dioceses' strategic plans for growth, and with a strong bias towards the poor:**
 - There is a widespread desire among dioceses to have more leaders (lay and ordained) and to make other changes which will facilitate the Church's mission and growth.
 - The current ways by which the Church's national funding is distributed have only a superficial link to growth and have failed the poorest communities. A large amount of money is subsidising decline.
 - In future, all of the funding distributed to dioceses should be investment for mission and growth. Half of the sum available should be earmarked for the support and development of mission in the poorest communities. Half should be for the pro-active investment in new growth opportunities.
 - The funding to support and develop mission in deprived communities should be distributed to dioceses through a process involving objective measures of need and through conversations with dioceses. This will ensure targeting on the poorest and effective cohesion with diocesan plans.
 - The funding for pro-active investment in growth should be available for all dioceses to apply for, on a matched funding basis, with a bias in the distribution to the poorest.
 - The transition to the new funding arrangements should be done carefully over a ten year period, but we hope that additional distributions from the Church Commissioners can be found to accelerate the build-up of funding available for proactive investment in growth.
 - We hope also that additional national funding can be made available to provide extra investment across the Church for recruiting and training church leaders. In addition there should be greater investment in national Church infrastructure and activity which can improve the mission of the whole Church.

Our Task

5. The Resourcing the Future Task Force was asked by the Archbishops' Council to:
 - **Review whether there should be changes in the ways in which the Church of England's resources – human and financial – are deployed which would enable it to advance its goals of mission and growth more effectively;**
 - **Recommend how any such changes should be delivered and over what period in order to secure an orderly transition.**
6. The Archbishops' Council and Church Commissioners have been concerned for some time that the use of the Church's national funds – those managed by the Commissioners – should more intentionally advance the Church's goals of mission and growth. The 2014-16 plans for the expenditure of the national funds were agreed last year. These included the creation of a stream of 'strategic development funding' specifically designed to advance the mission and financial strength of dioceses. The 2014-16 plans deliberately did not disturb the current formula-based ways of distributing national funding to dioceses – the ministry support for poorer dioceses ('Darlow' funding) and the mission development funding. This was to allow breathing space for longer-term strategic thinking about the funding distributed to dioceses before decisions have to be taken in the first part of 2016 about commitments from 2017 onwards.
7. Both Darlow and the mission development funding have been in existence since 2002. Between that time and the end of 2016, nearly £420m of Darlow funding will have been distributed to dioceses; and £75m of mission development funding. Including the (biddable) development funding, the total annual amount of national funding distributed to dioceses is currently around £50m. This represents about 4% of the Church's overall expenditure: a small yet still significant amount.
8. Of the £50m or so national funding distributed to dioceses each year, 76% is distributed through the formula-based Darlow funding; the rest is allocated for mission development across all dioceses, either through the formula-based mission development funding (13%) or the biddable stream of strategic development funding (11%).
9. In approaching our task, the Council asked us to:
 - analyse the strengths and weaknesses of the current formula-based ways of distributing national funding to dioceses, and their interrelation with the funding streams distributed by bidding;
 - assess the alternatives, formulaic and otherwise, going forward;
 - analyse the 'Sheffield formula', which calculates an equitable distribution of stipendiary clergy between dioceses and is included in the Darlow formula;
 - try to identify systems that are not merely re-distributive but are designed to create a dynamic for growth and avoid perverse incentives.
10. Throughout the review process, we have liaised closely with the other Task Groups which are reviewing Church activity, particularly the one looking at Resourcing Ministerial Education. In general, we have sought to undertake the review in a way which is transparent, consultative, and evidence-based. We are grateful to bishops, diocesan secretaries and their senior diocesan colleagues for their input into the review.

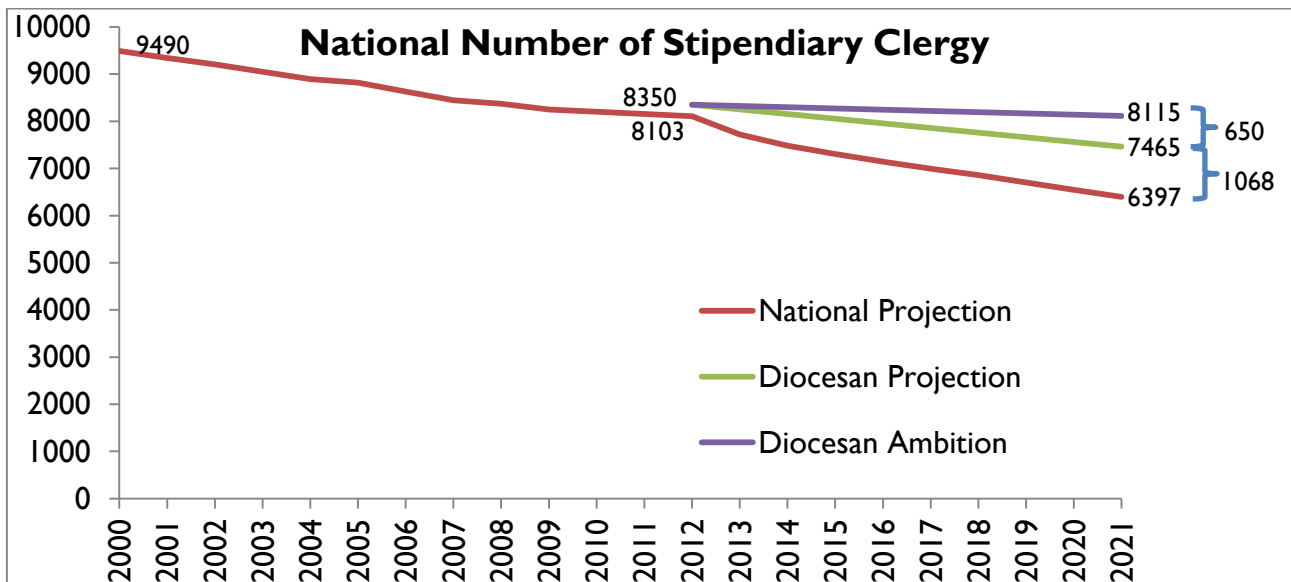
'Good Growth'

11. We started our review with theological reflections on mission and growth, resourced by input from the Bishops of Sheffield and Stepney. This helped us throughout our discussions to maintain a focus on 'good growth' – which keeps together spiritual and numerical growth – and to remember the primary importance of supporting mission work in poorer communities. The Church must continue to have a

‘bias to the poor’, and ensure this theological imperative informs its funding decisions. Further, the support of the Church’s mission in poorer areas recognises that it is harder in those communities to find the resources that are needed to sustain and develop ministry. The Church of England will not achieve ‘good growth’ unless there is mission and growth in the poorest communities as well as the rest of the country.

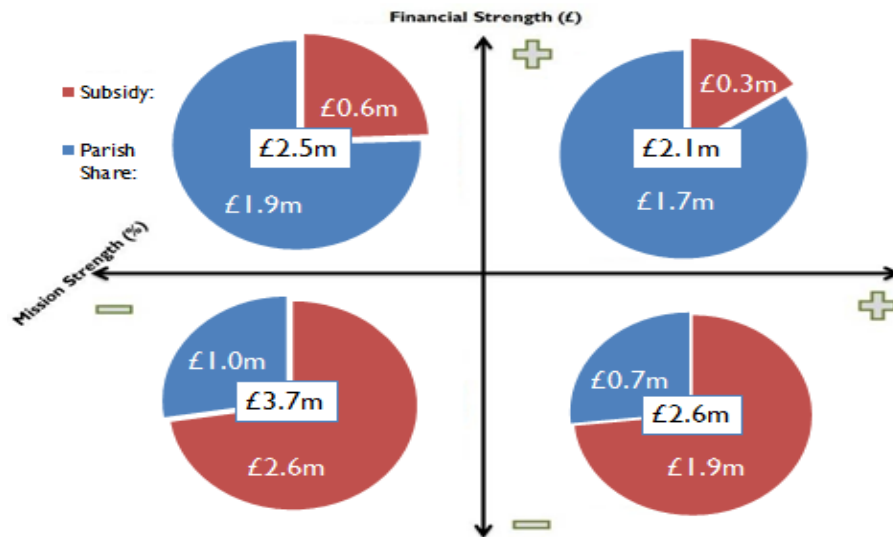
Evidence

12. During our review, we have studied historic trends and future projections of church attendance and stipendiary clergy numbers; the report on the Church growth research (‘From Anecdote to Evidence’), analysis of dioceses’ mission and financial strength, and analysis of the Darlow and Sheffield formulae. We also commissioned a major piece of work to survey dioceses’ future leadership requirements. This involved meetings with the senior leaders of (nearly) all dioceses. A full report on the survey has been issued to them. In summary, we learned that:
 - There is a widespread aspiration for growth.
 - There is a desire to maintain and develop the parish system, although this is likely to mean in many dioceses further amalgamation of parishes into multi-parish benefices.
 - Newer forms of church are a growing feature of the Church of England but diocesan resources, thinking and effort are still largely devoted to the ‘stipendiary clergy + parish’ model of church.
 - There is a desire to stabilise stipendiary clergy numbers and increase the number of self-supporting clergy and lay leaders.
 - There are concerns about the quality of some current clergy, and those emerging through current selection and training processes.
 - The Church cannot find sufficient ministers to lead churches in the most deprived communities of the country and/or exercise specialist leadership roles (e.g. multi-parish benefices, interim ministry).
13. In general, we found a ‘reality gap’ between dioceses’ aspiration for the number of leaders they want and their plans to realise them. This is illustrated below in the graph which shows the national trend in stipendiary clergy numbers over the last ten years, followed by three alternative future scenarios. The first, shown by the **red** line, shows the nationally calculated projection based on current clergy ages, retirement patterns and ordination rates. The second, shown by the **green** line, gives the diocesan projection if current trends continue. The third, shown by the **purple** line, gives the sum of the ambitions of the dioceses (which is roughly to keep the same number of clergy as now). We identified that there is a gap of around 1000 between the nationally calculated projection and the diocesan projections, and of around 650 between the diocesan projection and ambition.
14. From what dioceses told us about their efforts to address this ‘reality gap’, we also noted that:
 - Many diocesan teams appear to lack the strategic capacity to make the significant interventions required to realise their mission and growth plans.
 - The Church as a whole needs greater ‘institutional agility’ – its legal structures and its ministry and resource patterns need to be more flexible to respond to its mission challenges.
 - The National Church Institutions need to develop a more effective partnership with dioceses.
15. **Finally, we noted that dioceses’ aspirations to grow and have more leaders are likely to require significant new investment.**



The Case for Change (1) – Diocesan Distribution Systems

16. Our analysis of the distribution of resources within dioceses revealed that across the Church considerable amounts of resource are being channelled to support parish churches for the simple reason they are declining, not because they are in deprived communities or are serving large populations. Much that is done in the name of redistribution is not in fact concerned with supporting the poorest.
17. The graph overleaf illustrates the position in one diocese. Parishes have been assessed according to their mission strength (measured by attendance growth/decline, acknowledging that is only one measure of mission strength) and financial strength (their income minus their ministry costs), and placed in one of four quadrants. An analysis is then made of the effective subsidy provided to the parishes in each quadrant. This is calculated by comparing the total ministry cost (the amount in the white box) allocated to the parishes in the quadrant with the amount of parish share paid by parishes towards that cost (shown in blue). The effective level of subsidy is shown in red.
18. The bottom left hand quadrant represents parishes which are declining and financially weak. On average, the parishes in this quadrant have declined by over 25% in the last 5 years (a loss of over 1,500 attendees in total in this one diocese). The financial weakness of many of these parishes is not because of the deprivation of the communities they serve, but because their recent attendance decline has meant they can no longer pay their costs. Across the whole diocese, more subsidy is being put into parishes that are less deprived, but declining, than those that are more deprived, but growing.
19. £2.6 million of subsidy is being put into parishes in the bottom left hand quadrant. This, incidentally, is about the same as the amount of Darlow funding which the diocese will receive in 2014. One cannot know exactly where the Darlow funding is being spent as there is very little accountability over its expenditure or impact. But it is clear that it is not being explicitly targeted on mission work in poorer communities; nor is it proactively supporting growth. It helps lock dioceses into a position of subsidised decline.



Case for Change (2) – National Distribution Systems

20. We agreed early in our review that any national funding system needs to pass the following tests:
- It should target resources sharply in order to deliver the goals of the funding (e.g. supporting mission in the poorest communities and/or proactive investment in growth).
 - The method of distribution should incentivise (or at the very least avoid penalising) the following outcomes:
 - Church growth (in all its forms)
 - Efficient asset management
 - Flexible deployment in line with demographic patterns and emerging missional need
 - Financial sustainability and development towards independence from national funding
 - Innovation
 - The workings of the distribution system should be transparent.
 - There should be accountability over the stewardship and impact of the Church’s resources.
21. Our assessment is that the national formula-based distribution systems currently in place do not pass these tests. **We believe that both the Darlow and Sheffield formula are no longer fit for purpose.** The use of the Sheffield formula to set notional numbers for clergy deployment across the country has served to disempower thinking about the quantity and competency of leaders required to serve the Church in different communities. Adherence to the Sheffield target of stipendiary clergy has been variable; has been based on the assumption of an ever decreasing number of clergy; and has contributed to a spiral of decline.
22. The Sheffield formula also focuses solely on stipendiary clergy, ignoring different forms of ministry. It takes too much account of historic structures rather than current demographic factors. As a result, the Darlow formula (which seeks to distribute ministry support to help poorer dioceses afford their Sheffield allocation) does not target funds on the poorest communities. As noted already, there is very little accountability over how the money is spent and its impact. Moreover, the formula works in such a way that attendance decline will result in a diocese receiving more funding. (On current figures, a diocese whose attendance *reduces* by 5% could receive a 4 to 5% *increase* in its Darlow funding.)
23. The mission development funding (distributed by a formula to all dioceses) is also a muddle. The overall quantum of funding is too small to make much difference to the Church’s mission across the country. Some dioceses use it to support new mission initiatives; others, as they are entitled to do, place it directly

in their stipends account to support existing ministry (in poorer areas or to subsidise declining parishes which cannot afford their costs). Some dioceses have used this money creatively to advance mission, though experience has shown that its distinctiveness has blurred over time. The method of distribution through the formula system (so dioceses get their money ‘as of right’) blunts the developmental edge of the funding.

24. This analysis should not be read in a way which suggests that dioceses are not using their resources to advance mission and growth or they do not want change. On the contrary, many are developing significant plans for reform, and the first round of strategic development funding given to dioceses is supporting some very radical and innovative ways of advancing the Church’s mission. **The key point is that the current formula-based ways of distributing national funding are not helping to support dioceses in their strategies to advance their mission and growth. A strategic reallocation of funding is required.**

Principles

25. We have devised the following principles to inform our proposals for change:
- i. The Church of England is committed to spiritual and numerical growth, and to ensuring that such ‘good growth’ occurs in all communities across the country, particularly the most deprived.
 - ii. The main financial responsibility for supporting the Church’s mission and growth already lies with dioceses and parishes and will remain there.
 - iii. The Church’s national funds should be used in a way that is commensurate with its goal of spiritual and numerical growth and in line with the legal obligation that they make ‘additional provision for the cure of souls in parishes in most need of assistance’.¹
 - iv. In line with that goal, the national funding distributed to dioceses for the support of local mission should be focused on the following purposes:
 - The support and development of mission work in the most deprived communities.
 - Pro-active investment in new opportunities for the development of the Church’s spiritual and numerical growth across the whole country.
 - v. Dioceses are responsible for how funds are spent, but are accountable to the wider Church.
 - vi. National funding should be used to support national Church infrastructure and activity where they demonstrably add value over local activity (in line with the principle of subsidiarity) and in a way which is efficient and effective.

Proposals

Overall Goals

26. We believe that all the national funding distributed to dioceses should be used as investment in mission and growth. Part of this should be explicitly targeted on supporting mission work in the poorest communities; the rest should be available to all dioceses for proactive investment in new growth opportunities, although distributed in a way which also has a bias to the poor.
27. **We believe that equal weight should be given to the purposes of a) the support and development of mission work in the most deprived communities and b) proactive investment in new opportunities for growth across the country.** Thus, the national funding distributed to dioceses should be split 50:50 between them.
28. The two aims are not mutually exclusive. But, in terms of the *distribution* of funding, there need to be separate (and tightly focused) funding streams for the support of the poorest and for investment in

¹ Section 67 of the Ecclesiastical Commissioners Act 1840. The National Institutions Measure 1998 commits those responsible for distributing the Commissioners’ funds to have ‘particular regard’ to section 67.

growth to ensure that both aims are delivered effectively. As noted earlier, across the Church much that is done in the name of redistribution does not target resources on the poorest. **Our proposals will very clearly target the resources intended for redistribution on the poorest communities.**

29. Recommendations have emerged from the other Task Groups for extra investment in national and diocesan activity which is designed to enhance the overall number and training of church leaders, and make other strategic interventions which will advance the mission of the whole Church. It is not our job to decide on priorities but we believe that extra investment must be made if the Church is deliver its ambitions for mission and growth.
30. **We hope that additional distributions from the Church Commissioners can be found to fund this new investment, alongside that provided by parishes and dioceses.** If not, the Archbishops' Council will need to consider how much of the existing national funding available should be used to support investment in national activity, using a small part of the development funding pot available for dioceses and/or any savings that can be found in the other national expenditure categories e.g. the support of cathedral and bishops' ministry. Any national funding should be distributed in line with a small number of priorities and in a way which avoids long-term operational funding commitments.

Support of Poorer Communities

31. We have asserted the need for a specific stream of national funding to support and develop mission in the poorest communities. The funding will be given to dioceses rather than parishes because dioceses have responsibility for the deployment of ministry and resources within their boundaries. The national funding will be targeted on those dioceses which have most of these poorer communities.
32. We do not believe this element of national funding should be subject to a bidding process: relying too strongly on advocacy to distribute such funds risks the needs of the poorest being overlooked. Some objective measures of need are required. Conversation should also play a key role in identifying where resources should be distributed. Funding decisions should take place within the context of dioceses' partnership with each other and the National Church Institutions (NCIs).
33. We recommend that the process for distributing funding in respect of the support and development of mission work in deprived communities should be as follows:
 - Before funding commitments are made to a diocese in any three-year period, **a dialogue should take place between its leadership team and a reference group established by the Archbishops' Council which comprises representatives of other dioceses and the NCIs.** This peer review should discuss the use and impact of dioceses' current funding and future plans, with the aim of promoting mission and financial strength and sustainability, and facilitating cross-diocesan learning.
 - **The Darlow formula should be replaced by a new means of calculating dioceses' allocation of funds based on the resources of the general population of the diocese, rather than any measure of diocesan income.** This will target funds more explicitly on deprived communities and remove the existing perverse incentives which reduce a diocese's funding if its attendance grows and/or improves its financial position.
 - Dioceses' funding should be calculated by a) taking the average income of residents in each diocese; b) modifying this income figure to take account of the percentage of people in the diocese who are the most deprived (because their income is derived from benefits for basic needs); and c) ranking dioceses according to this modified income figure and their population, so that the poorest, most populous dioceses receive the most funding.
 - In discussion with the reference group, each diocese allocated funding will set out plans for its use, the anticipated outcomes and how these will be monitored. In future triennia, the reference group may recommend to the Archbishops' Council that (part or all of) a diocese's funding is withheld if there are serious concerns about its failure to achieve the outcomes it planned or if there is a lack of evidence that the monies are being directed to the poorest communities.

34. The new allocation system should not be set in stone but be reviewed at regular intervals.

Deployment of Clergy

35. There is a continuing need to ensure the Church ministers to the whole nation, not just the well-resourced parts of the country, but national targets such as the Sheffield formula are ineffective in allocating human resources between dioceses. The Sheffield system, as noted earlier, has also disempowered diocesan thinking.
36. The national Church bodies should support dioceses' plans rather than impose a central planning system on them. The proposals to align the national funding more closely with dioceses' plans, with the bias to the poorest communities, should help contribute to greater equity of ministerial provision across the country and there are other options that the Ministry Council (and its Deployment Group) should consider to address the issue of 'hard to fill' posts. The proposed use of national funding to stimulate an overall increase in the number and quality of church leaders will also benefit poorer areas.
- Arrangements, as at present, to ensure all dioceses have a reasonable share of the stipendiary deacons emerging from training each year should continue, though their basis and effectiveness should be subject to review by the Archbishops' Council (advised by the Ministry Council and its Deployment Group).**

Proactive Investment in Growth

37. As already noted, the current means of distributing the mission development funding (through a formula to all dioceses) blunts its edge in terms of the funding being used to invest in new growth opportunities. Looking forward, we believe that the funding for proactive investment in growth opportunities should be explicitly linked to dioceses' plans for mission and growth, and in a way in which encourages evaluation of outcomes, sustainability and shared learning. To do this, **we believe it is best that the funding is allocated by a bidding mechanism similar to the one currently in operation for the strategic development funding. The current formula-based mission development funding should, therefore, come to an end.**
38. The criteria attached to the new funding stream should give dioceses wide discretion about the use of funding so long as their applications fit with their strategic plans and they can demonstrate the proposals will lead to a significant difference to their mission and financial health. It should be open to the national Church bodies to identify a limited number of priorities to inform funding decisions.
39. Our proposals about the funding stream for proactive investment in growth – and everything we recommend – are critically dependent on dioceses being strategic about their mission activity and leadership requirements. **Some dioceses may, therefore, wish to apply for some development funding to help develop their strategic capacity.** This will put them in a better position to make a more substantial application for funding to advance their mission and growth.
40. All dioceses should be eligible to apply for the funding stream for proactive investment in growth but there should be a 'bias to the poor'. There should be a clear expectation that any diocese which applies for funding must have already committed their own funds to their proposals. Some simple rules should be devised so that the greater a diocese's wealth, the larger the financial commitment they must make.
41. We are aware that legislation is currently being prepared which will give dioceses more flexibility over the use of the capital in their stipend funds. All dioceses will benefit from this to differing degrees; some very considerably. Decisions about the national funding must be taken in a way which encourages the use of these monies to support mission and growth.

Transitional Arrangements

42. There is an urgent need for change in the Church – and we believe our proposals to align the national funding with goals of mission and growth must be acted on as soon as possible. Although the overall

funding available to dioceses will be broadly similar, we are deliberately and unapologetically proposing a significant redistribution of funds away from ‘subsidising decline’ towards ‘support for deprivation/poverty’ and ‘investment in growth’. This will inevitably have an impact on the amount of money each diocese will receive.

43. We are aware that there can be a great deal of negative energy about the reallocation of resources. For most dioceses the changes we propose should be manageable but we recognise the need for an orderly transition so that dioceses have time to adjust, and the transition period can be used strategically to advance their mission and financial health.
44. **We propose that the transition to the new funding arrangements should take place over ten years, from the start of 2017.** The attached annex sets out more detail about how this will work. We believe the transition method we propose is fair, and gives dioceses sufficient time to adjust to any loss of Darlow funding. It allows a steady build-up of the new funding stream for pro-active investment in growth but our 50:50 goal will only be reached by 2026. **We very much hope that extra distributions from the Commissioners can be made available in order to accelerate the pace of change.**

Conclusion

45. At the start of each of our meetings, we have prayed the following prayer:
Almighty Father, Give us grace and strength this day to build up your church in love for the world, in the making of disciples and to equip the saints for the work of ministry.
Plant your hope deep within us. Open our eyes to a fresh vision of your kingdom.
Give us wisdom for the common task. Draw us and all your Church deeper into Christ, our foundation and cornerstone, that we may work together as one body, in the power of the Spirit and for the sake of your glory. Amen.
46. That prayer has reminded us of the need for deep-seated reform within the Church and of our need to depend on the true and living God to transform people’s hearts and minds. Structural and financial changes will not by themselves lead to the spiritual transformation of England but they can help the Church of England to deliver its calling more effectively. We believe that our proposals will focus the use of the Church’s national funds more explicitly on its goals of mission and growth, and we hope and pray that they will build up the Church in love for the world, and draw it deeper into Christ.
47. We commend them to the Church.
John Spence (chair), Mary Chapman, Steven Croft, Andrew Dilnot, Mike Eastwood, Maureen Loffill, Adrian Newman, Ian Watmore

13 November 2014

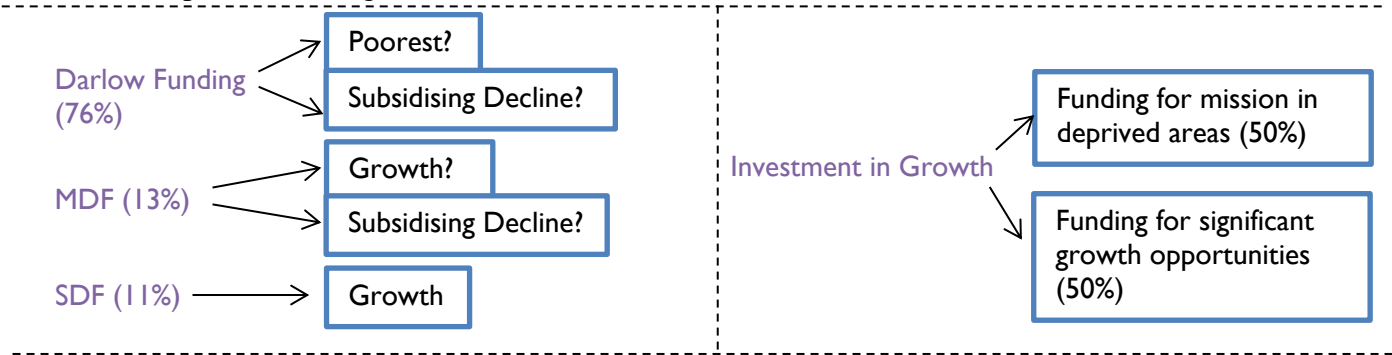
Postscript

48. Our proposals have now been discussed – and supported by – the Archbishops’ Council, House of Bishops and the Church Commissioners’ Board of Governors. Inevitably a number of questions were raised on our report in those discussions and we set in the attached annex a summary of those questions and the answers given in response. We hope this is helpful to others reading the report.

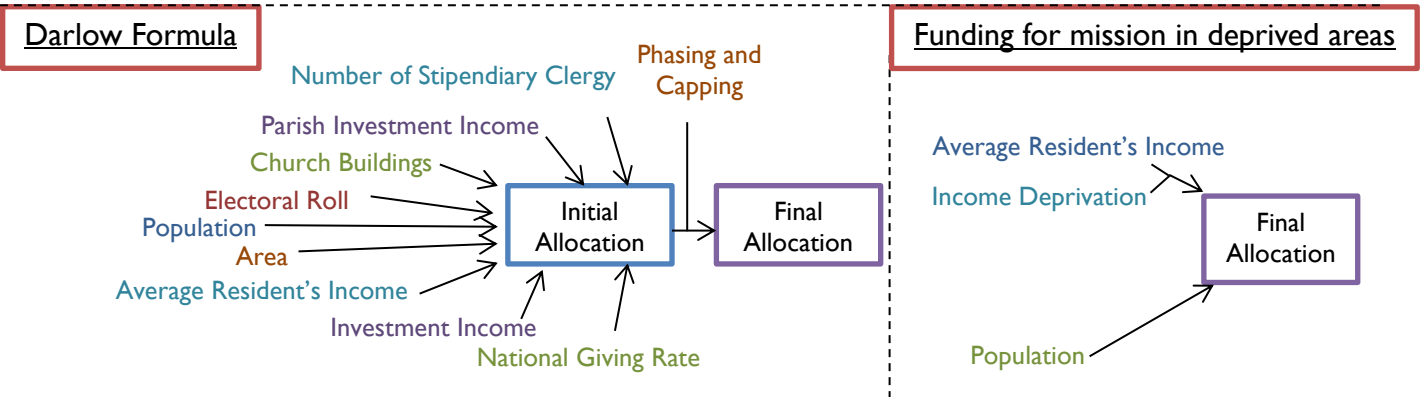
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Annex – Transitional Arrangements

- 49. This annex gives more detail about the transition from the existing system of distributing diocesan funding to the proposed new system.
- 50. Our concern to shift funding from ‘subsidy to investment’ involves the replacement of the three existing funding streams – the Darlow funding, the Mission Development Funding (MDF) and the Strategic Development Funding (SDF) – with two streams.



- 51. It will also involve the replacement of the complicated Darlow formula, which has each triennium produced substantial and inexplicable swings in funding between dioceses.



- 52. Our proposals will inevitably have an impact on the amount of money each diocese will receive; there will be a reduction in the amount of ‘formula funding’ that some dioceses currently receive; an increase in the support for mission in the poorest communities (because of better targeting of the funding); and greater opportunity to receive significant sums of funding for proactive investment in growth.
- 53. We hope that the initial focus of attention on our proposals will be on the ‘big picture’ changes rather than simply on the narrower concern of ‘what does it mean for us?’ Our proposal to construct formal means of conversation with diocesan teams will allow plenty of time and space over the next year or two to work through the detailed implications of the funding changes. Furthermore, it is impossible to say precisely at this stage what the changes we propose will mean for individual dioceses: for example, we do not know exactly how much funding will be available from the Commissioners in 2017 onwards; we cannot predict how the data used to calculate dioceses’ allocations will vary over time; we cannot anticipate diocesan plans which will impact on their demands for development funding.
- 54. We have, however, made an assessment of the likely overall effect of our proposals. For most dioceses the amount of national funding they receive is a small fraction of their total funding. Change for them should be manageable. For a ‘non-Darlow’ diocese, the impact of our proposals is relatively simple:
 - A greater opportunity to receive a share of the development funding available for proactive investment in growth.

- No more mission development funding grants.
55. We believe these changes should start straightaway from 2017. We do not propose transitional arrangements in relation to the mission development funding (which is a tiny part of the Church's overall funding).
56. For a diocese currently in receipt of Darlow funding the impact of proposals is likely to be:
- Receipt of an allocation of funding to support mission in deprived communities.
 - A greater opportunity to receive a share of the development funding available for proactive investment in growth, with a process which has a bias to the poor.
 - No more Darlow funding grants.
 - No more mission development funding grants.
57. The funding for the support of mission in deprived areas will be targeted on the existing Darlow dioceses (although there may be one or two changes amongst those on the fringe of receiving funding). Our estimate is that there are a few dioceses that are likely to be allocated, in real-terms, more funding for deprived areas than they currently receive in the way of Darlow funding. Their funding changes should begin at the start of 2017.
58. The remaining Darlow dioceses are likely to be allocated less in deprived area funding than they currently receive in Darlow. If all the changes we recommend were undertaken in one year (which we do not propose), around half of these dioceses could expect to face a reduction in their formula-funding equivalent to 5% or less of their total budget. The rest would face a larger drop. A few could face a challenging reduction equivalent to around 10% of their total budget.
59. **We propose, therefore, that the transition to the new funding arrangements for these 'Darlow dioceses' should take place over ten years – from the start of 2017.** In that year, dioceses whose funding for the support of the poorest communities is less than their current Darlow funding will be given transition funding so that they receive 95% of the difference in 2017 i.e. they only bear 5% of the reduction (which will, even for the most affected dioceses, be the equivalent of less than 1% of their total budget). The amount of transition funding will then decline progressively to zero over the ten-year period as dioceses' funding moves towards their new level.
60. In addition, we propose that these dioceses be given a one-off sum of development funding in the first year of the transition period – in addition to their opportunity to apply for further funding from the stream for proactive investment in growth. Consideration should also be given to an option whereby dioceses are given the flexibility to draw forward some of the total amount of transition funding allocated to them over the ten-year period and move to their new funding level at a quicker pace.
61. We believe that this transition method is fair and will allow proper time for dioceses to advance their plans to redistribute funds from 'subsidy to investment'. The 'cost' of the transition method we propose is, however, that, without additional funding, it would mean a relatively slow build-up of the funding stream for pro-active investment in growth over the ten-year period. It is for this reason that **we express the strong hope that extra Commissioner distributions can be made available in order to accelerate the pace of change.**

SOME QUESTIONS WE HAVE BEEN ASKED

The Resourcing the Future report has to date been considered by the House of Bishops' Standing Committee, the Church Commissioners' Board of Governors, the Archbishops' Council and the House of Bishops. All have supported the report's proposals. Here are some of the questions that have been asked of the report and the answers given in response.

Can money alone turn around the Church's decline?

No. But decisions about funding need to be part of the solution. Money enables mission activity to take place. Church growth often costs money to sustain and develop. Spending less on supporting activities associated with decline liberates funds for intentional investment and encourages fresh thinking about how to advance mission and growth.

Will the funding changes benefit the poorest communities?

Yes. The present formula takes no account of deprivation. Moreover, the evidence shows that the national funding currently given to 'poorer dioceses' (in the form of the 'Darlow funding') does not consistently find its way to the poorest communities in those dioceses. A significant amount of the funding goes to support parishes which are not poor but which cannot afford their ministry costs because they are in decline. Our very broad estimate is that only a third of the total funding currently allocated to dioceses goes to the poorest communities. Our proposals will increase this to 50%. Further, the other 50%, which will be for proactive investment in growth across the country, also has a bias to the poor.

Will the new measure of need used to distribute funding to dioceses for the support of mission in the poorest communities disadvantage rural areas?

No. The measure of need is centred on the average income of the residents in the diocese, with a small modification to give extra help to dioceses with significant pockets of low income. The less income an area has, the less likely its churches will have sufficient resources to undertake their mission. Assessing average residents' income will enable an objective comparison of need across all areas of the country – urban and rural.

Why does the calculation for allocating funding between dioceses for mission in the poorest communities take no account of diocesan wealth or investment income?

The funding for mission in poorest communities aims to do exactly what it says – fund mission in the poorest communities. The previous formula took into account a number of church-related factors, with the result that it was never clear whether a diocese was receiving funding because it ministered to poor communities, or because of issues relating to its own management. (The more ineffective a diocese was in managing its resources the more funding the previous formula would give it.). The new allocation system will mean that the Church can be sure that funding is allocated to the most deprived communities. Investment income will continue to be taken into account in the formula system which apportions national Church expenditure between dioceses, and the funding for proactive investment in growth opportunities will take note of the other funds available to dioceses, to ensure the funding awarded is demonstrably providing additional value.

Why are there no proposals to direct funding towards areas where it is hard to sustain mission and ministry for reasons other than poverty (e.g. areas where there are significant numbers of other faiths)?

It is for dioceses to make detailed decisions about which of their parishes need financial support. The national funding represents only a small proportion of most dioceses' total income, and we believe that the greatest impact national funds can provide is for mission in the poorest communities.

Should the national funding have greater emphasis on investment in growth in view of the Church's persistent decline? Why should national funding support mission in the poorest communities? Isn't that the responsibility of dioceses?

We believe all the national funding distributed to dioceses is investment in growth, with some earmarked to support mission in the poorest communities and some used in other parts of the country where there are opportunities for growth. This reflects the Church's 'bias to the poor' and recognises the challenges of undertaking mission in the poorest communities. Sustainable growth must include growth in the poorest communities.

There is a welcome emphasis on greater mutual accountability between dioceses – how exactly will this work?

The detail will be discussed with dioceses themselves but we envisage a process for distributing the funding for mission in the poorest communities whereby: a) dioceses are given an indication of their funding; b) they decide their plans for spending it; c) they share their ideas with other dioceses as part of a peer review process to help reach a common understanding of the desired outcomes of the funding; d) the money is allocated and spent; and e) subsequently dioceses share learning on their use of their funding. Money would only be withheld from a diocese if there were serious concerns about its failure to achieve what it planned to do or if there was a lack of evidence that the monies were being directed to the poorest communities.

Is there a risk that the proposals about accountability will lead to a more 'centralist' approach?

The aim of our proposals is to support dioceses' plans for mission and growth. This involves dismantling the current central planning systems which have influenced national funding decisions. There is not a 'Church of England' strategy; there are 42 diocesan strategies. Our proposals will ensure national funding supports those strategies where there is most need and opportunity. The evaluation of dioceses' use of funding will be undertaken by peer review so that dioceses can learn from each other how they are deploying the Church's resources and so develop stronger mutual accountability.

Does the funding earmarked for proactive investment in growth opportunities also have to be used in the poorest communities?

No. Dioceses should support their greatest growth opportunities wherever they are. However, we believe there should be some bias to the poor in the distribution of national funding – and wherever financial support is provided care is taken to ensure that it genuinely supplements local resources.

What do you mean by ‘proactive investment in new growth opportunities’?

It will be for dioceses to decide. It is not a push towards ‘novelty’; tried and tested mission activity will be supported, for example, where there is opportunity to support it in new settings (e.g. as a result of population shifts). The focus is on extending the Church’s reach – in whatever form and in whatever setting that dioceses believe will make a significant difference to the Church’s mission. “New opportunities” needs to be taken in the broadest sense; they could include major expansion at an existing church whose ambition is being limited by finance.

Is this the national church pushing an agenda on dioceses to conform mission to certain activity?

No. There is no such agenda in the national church. These changes will help dioceses take control and pursue their own visions, whatever that may be. Dioceses will be able, in each funding stream, to receive funds which fit with their own strategic priorities. This may include support for mission enablers, administrators, prophets, pastors, evangelists, visionaries, risk-takers, apologists and pioneers.

Will the focus on evaluation mean that the riskier projects are cut out? What about those with benefits which are hard to measure, or mainly have benefits in the long term? Or indeed initiatives where God may surprise us?

The focus on evaluation will mean that the Church can have confidence that its mutually shared resources are being stewarded effectively. High risk and long-term projects can receive funds if the potential benefit can be shown to be worth the risk. Funding decisions need to be informed by a clear view of what it is hoped will be achieved, acknowledging that God can always surprise us.

Does the Church know enough about the causes of church growth to ensure that any significant investment in funding is well-spent?

The evidence base relating to church growth has increased significantly over recent years as a result of the church growth research programme (<http://www.churchgrowthresearch.org.uk/>). Nobody pretends that there is a simple relationship between cause and effect but there is a growing amount of information about what is likely to support growth – or likely to maintain decline. Funding decisions can and should be informed by this information so that the Church’s money is put to best effect.

Will the prospect of the Church Commissioners making more money available for distribution risk creating more financial dependency and reducing giving levels?

Our proposals involve a shift from a formulaic subsidy system to one which directs funding to where there is genuine need to support mission in the poorest communities. The peer review process governing the distribution of funding to dioceses for this purpose will have the specific aim of promoting dioceses’ financial strength and sustainability. The funding given to dioceses for proactive investment in growth will be distributed on a matched funding basis so that there is a commitment at the outset to the financial sustainability of any new mission work supported.

Do dioceses have the capacity to take forward their ambitions to increase their number of ministers and make other necessary changes to advance their mission and growth?

A number of diocesan leadership teams have expressed a desire to improve their capacity to be strategic about their mission activity and leadership requirements, given the huge range of day-to-day issues that face them. We propose that some national funding should be earmarked to support diocesan teams so they have increased capacity to develop and deliver their plans for change. There will need to be discussions with dioceses about what would best help them.

Is the transition to the new funding arrangement too long in view of the seriousness of the Church's decline?

An orderly transition is required so that dioceses do not face sudden large swings in their funding levels which will undermine their mission and growth plans. Most dioceses will face minor changes; the ten year period allows an orderly transition for all. The 'cost' of the transition arrangements, if no extra funding is available, is that there will be not be as much money available as we would like in the short-term for proactive investment in new growth opportunities. We hope therefore that the Church Commissioners will be able to make some more money available to help speed up the pace of change.

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