

GENERAL SYNOD

Resourcing the Future: Implementation Plans

Note by the Archbishops' Council

The Resourcing the Future proposals

1. The Resourcing the Future (RTF) review conducted in 2014 looked at the distribution of the Church's national funds to dioceses with the aim of advancing the mission and growth of the Church. The RTF review found that the current formula-based ways of distributing funds to dioceses have only a superficial link to growth and have failed the poorest communities. A large amount of money is simply subsidising existing activity. The funding mechanisms are not responsive to diocesan plans and there is little shared learning between dioceses.
2. The RTF review proposed a shift in the distribution of the Church's national funds from formula-based subsidy to investment in mission and growth, the emphasis being on 'good growth' which is holistic (encompassing spiritual and numerical growth), universal (covering all parts of the country, not just the wealthiest) and sustainable. Replacing the existing formula-based funding distribution systems, there should be two funding streams:
 - Half of the sum available for distribution to dioceses should be earmarked for the support and development of mission in the poorest (i.e. low income) communities.
 - Half should be for investment in new growth opportunities.
3. These changes will be accompanied by peer review whereby teams of diocesan nominated peer reviewers visit the senior leadership teams of dioceses to ensure mutual accountability over how resources are being used and facilitate shared learning between dioceses about their plans for mission, evangelism and discipleship.

The Vision

4. The RTF changes will help support dioceses in their mission and growth plans, and provide fuel for the wider Renewal and Reform programme. The national Church funds only represent a relatively small part of total Church expenditure. All the same, they can help in the process of renewing the Church for the 21st century and beyond, such that it will be a growing Church in every region and for every generation, open to everyone in England, building up the Body of Christ through committed disciples, and working for the common good.
5. The funding for the support and development of mission in the poorest communities will ensure that the Church stays committed – and enhances its reach – to every low income and deprived area, so that it shows Christ's love at work in all those communities.
6. The peer review arrangements will help develop a culture of mutual learning and accountability between dioceses, so that everyone can help each other in responding to their needs and opportunities.
7. The investment in new growth opportunities will build on the stream of strategic development funding created in 2014 to enable dioceses to support major change. This aims to turn around (in some cases) many years of retrenchment in specific areas of the country or make a step change in the Church's mission to young people. Some examples of the transformative work programmes which have already been supported through the existing funding are shown:

Sheffield - The diocese is funding between 12 and 15 lay workers to provide administrative and mission support to 50-60 parishes, primarily in more deprived areas, alongside a complementary package of coaching provision for the clergy. The aim is to free up clergy time to enable them to focus more on mission and develop the vocation of the laity involved.

‘Transforming Wigan’ (Liverpool diocese) seeks to deliver a strategy for growth in one of the most vulnerable parts of the diocese. It will re-imagine and re-vitalise existing ministry, by tackling obstacles to growth (e.g. unsustainable leadership patterns and poor buildings) and providing new investment in local mission work.



Birmingham diocese’s ‘Growing Younger’ strategy is about helping churches to reach out to children and their families with the gospel, the goal being to reach 1000-2000 people in the next 3-5 years. To realise this vision, the diocese is employing mission apprentices, children and families’ workers, and providing other help to parishes which currently have very few children or families. The diocese has also bought an old gas works in which to locate a city centre resource church, St Luke’s Gas Street (see below), with the aim of engaging with students and young adults and bringing ‘light for the city’.



Coventry diocese is developing ministry into the critical 20s and 30s age group, which forms a significant but under-represented part of the diocesan demographic, especially in more deprived areas. This will be achieved by creating a mixture of full-time and part-time development posts focussing on mission to people in their 20s and 30s. The diocese is also expanding its long-term strategy of using Natural Church Development to develop healthier churches.

Acceler8
 Growing faster
 ...growing healthier
 ...growing younger

- 8. The purpose of the RTF reforms is to deploy larger funding streams to support much more of this sort of activity, across the whole country, and in all traditions of the Church.

Implementation Plans

9. The legal responsibility for the management and expenditure of the Church Commissioners' funds rests with the Commissioners and the Archbishops' Council. The Commissioners decide (in the light of advice from their actuaries) how much money should be made available for distribution and how much of it should be spent on their legal commitments to support bishops' and cathedral ministry; the Council has responsibility for determining the allocation of funding between dioceses. The use of the Church's national funds involves, therefore, a partnership between the Council and Commissioners, in active dialogue with dioceses (and the Commissioners' other beneficiaries).
10. Last February, General Synod welcomed the overall objective of the Resourcing the Future review: of investment focused on dioceses' strategic plans for growth, and with a strong bias to the poor; and invited the Archbishops' Council and the House of Bishops to reach early decisions on the specific recommendations in the RTF report (GS 1798), once the current consultation period with dioceses was concluded, and bring those decisions back to Synod for more detailed scrutiny before implementation. The debate at this Synod is an important opportunity to hear members' views on the shape of the implementation plans.

Consultations with dioceses

11. The RTF recommendations were developed out of consultation with dioceses. Once the final proposals had been agreed by the Archbishops' Council and House of Bishops, and their broad direction endorsed by General Synod last February, there was a further round of consultation with the senior leadership teams of dioceses. This took place between April and September 2015 and involved 24 dioceses. The focus was primarily, but not exclusively, on those which currently receive the largest amounts of national Church funding. Overall, the consultation involved a reasonable spread of dioceses from the two Provinces and a mix of urban and rural.
12. The overall aim of the meetings was to discuss the detailed implications of the RTF proposals and how well they fitted with each diocese's plans, and to provide diocesan leaders with a chance to feedback on the proposals. Most of the diocesan meetings on RTF also considered the Resourcing Ministerial Education proposals at the same time, which enabled a joined up discussion on mission, ministry and funding issues. Key points from the RTF discussions are outlined below:
 - i. In general, dioceses understood the proposals and were content with them.
 - ii. The provision of transitional funding through a 10 year period was very well received.
 - iii. There was widespread agreement with the move to focus funding on the poorest communities. The new formula received some technical scrutiny and questioning, and inevitably some concerns were raised, but dioceses were generally content with the explanation and answers that were given (recognising that there is no such thing as a 'perfect formula').
 - iv. The opportunity to apply for an expanded amount of funding for new growth opportunities was also broadly welcomed. A few concerns were expressed by some dioceses at their ability to make effective use of the application process. There was welcome for the proposal that assistance be offered to dioceses to help develop and deliver their plans for mission and growth (and a number of dioceses are already seriously thinking about applying for funding for that purpose).
 - v. The peer review process was universally welcomed with dioceses recognising the important opportunity that this provided to learn from each other and exercise some accountability over the Church's use of resources.
13. In the light of the consultation with dioceses, the Archbishops' Council has now agreed the implementation plans for the RTF proposals, although inevitably these will evolve over time in the light of experience. There is a huge amount of detail involved in these plans; a substantive

summary is provided in the form of the attached guidance note for diocesan leadership teams on the operation of the new funding arrangements.

Extra Church Commissioners' Funding

14. One area not covered in the attached note relates to the provision of extra funding by the Church Commissioners in order to accelerate the pace of change of the RTF reforms.
15. The Archbishops' Council has agreed that there should be an orderly transition to the new funding arrangements over a ten year period so that dioceses do not face sudden large swings in their funding levels. However, this means, if no extra funding is available, there will be a reduced amount of money available in the short-term for investment in new growth opportunities. The Council has, therefore, asked the Church Commissioners to provide an extra £72.7m of funding during 2017-26. The £72.7m would be on top of the £560m that is projected to be distributed to dioceses over the next decade.
16. The Commissioners cannot know at this stage whether they can afford this extra demand for money within their sustainable rate of distribution or whether they must break their principle of maintaining inter-generational equity and reduce their capacity to provide funding to their future beneficiaries. On current actuarial assumptions, the cost of spending an additional £72.7m over a ten year period is a reduction in permanent distributions of around £1m p.a. This is a relatively modest amount compared to the total £95m p.a. the Commissioners currently distribute for non-pension purposes. All the same, the Commissioners' Assets Committee and Board of Governors have given very serious thought to this issue. They have been mindful of the need to maintain financial discipline, and to protect their future beneficiaries. At the same time, they are aware that the Church is relentlessly growing smaller (in the number of its attendees) and older. Thus there is a powerful case for changing the Commissioners' present approach to inter-generational equity – since without extra investment now (as part of the wider Renewal and Reform programme) the Church will be gravely weakened.
17. The Commissioners have taken account of the overwhelming support which Synod gave last February (when debating GS 1981) for the Commissioners' releasing, for a limited period, 'additional funds in order to support changes that will equip the Church of England more effectively for sustainable mission and ministry over the coming generations'.
18. Moreover, the Commissioners welcome the RTF reforms which will led to more targeted support from the funds they manage on 'need and opportunity', and which fulfil more sharply the legal obligations governing the use of the funds i.e. to make additional provision for the cure of souls in parishes in most need of such assistance.
19. After lengthy consideration, the Assets Committee and Board of Governors have agreed the request for an additional £72.7m of funding between 2017-26 to accelerate the impact of the Resourcing the Future reforms, subject to the following conditions.
 - i. The Council and Commissioners in partnership strengthening the evaluation of the new funding streams and developing plans to communicate learning throughout the Church.
 - ii. The Council and Commissioners agreeing milestones and indicators, informed by a clearly delineated baseline, to enable them to track whether the Renewal and Reform programme is having a beneficial effect on the mission and financial health of the Church.
 - iii. The Assets Committee and Board of Governors receiving (with suitable representation) annual reports from the Council on the progress of funding, including data in relation to the agreed milestones and indicators.
 - iv. The release of any strategic development funding being subject to a positive annual vote by the Commissioners.
 - v. The funding under the new distribution methodology being reviewed and possibly ceasing if it is clear, over a suitable period, that it is not proving effective.

20. A conversation is now underway between the Council and Commissioners on how best these conditions can be met in practice.

Conclusion

21. The Resourcing the Future reforms represent a major shift in the way that the Church's national funds are distributed to dioceses – moving from formula-based subsidy to pro-active investment in mission and growth. The implementation plans have been carefully developed in the light of the consultation with dioceses, and there are on-going discussions with diocesan teams about the issues they need to consider before the funding arrangements start in 2017.
22. Decisions about 2017-19 funding commitments will be made in the spring once the Commissioners' triennial actuarial review has been completed, and their Assets Committee has agreed the overall amount of money which is available for distribution.
23. The debate at General Synod provides an opportunity for members to provide input to the implementation process and the Council looks forward to hearing their comments.

On behalf of the Archbishops' Council:

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January 2016

National Funding: Distribution to Dioceses

Guidance Note

This note sets out how the Church's national funding will be distributed to dioceses from 2017 onwards.

The Resourcing the Future (RTF) review seeks to ensure that the funds managed by the Church Commissioners are distributed to dioceses in a way which enables them to advance the Church's goal of mission and growth more effectively.

The Resourcing the Future strategy, approved by the Archbishops' Council and the House of Bishops, is that all of the national funding will be distributed for investment in the spiritual and numerical growth of the Church. The existing formula-based distribution systems (the so-called 'Darlow' support for the least-resourced dioceses and the mission funding) will be replaced. 50% of the funds available will be earmarked for the support and development of mission in the poorest (i.e. low income) communities; 50% will be available for dioceses as strategic development funding - for investment in new growth opportunities across the country. Peer review arrangements will be put in place to facilitate mutual learning and accountability between dioceses.

The detail of how the funding streams will work in practice is set out below.

Funding for Mission in the Poorest Communities

The funding for mission in the poorest communities is not distributed directly to parishes, but seeks to target monies on dioceses to give them some extra capacity for the strategic reallocation of funds to support the Church's mission in the poorest communities. The allocation method seeks therefore to assess which dioceses have the greatest number of people living in the poorest communities of the country.

The allocation method starts by assessing the average income of the residents of each diocese. A diocese whose residents have an income below the national average will receive funding for mission in the poorest communities.



Some dioceses have more extremes of wealth than others, which makes the redistribution of resources more difficult, especially for those dioceses with residents who have below average incomes. The allocation method therefore modifies the average income figure by including a factor for income deprivation - which counts people who are reliant on the government for a basic income. If two dioceses have similar average income figures, the one with more people in income deprivation is deemed to deserve more national funding. The method ensures that every income deprived individual counts in the calculation no matter how small or large the pocket of deprivation.

The allocation method then scales dioceses according to their population. This means that individuals are treated equally regardless of where they live or their proximity to a church building, religious affiliation, age or any other factor. These factors are then combined so that funding is distributed in relation to a diocese's population and its average income, as modified by the number of people in income deprivation. Funding is only given to those dioceses with below average incomes (modified by income deprivation) in order to target this relatively small amount of funding (which represents only about 2% of the Church's total expenditure) on dioceses most needing assistance to support mission in the poorest communities. The current estimate is that 25 dioceses will receive funding under the new method (around the same as under the current 'Darlow' system) but the final calculations can only be run when it is known how much funding is available (a decision on which will be made in the spring of this year in relation to 2017-19).

The allocation method ensures that a diocese's funding will increase if and only if its population gets poorer relative to other dioceses, its population increases, or both. In addition, the new method has been tested using the last ten years' data - and over that time, it produces a stable result for dioceses. Under the new method, only a significant change to the demography or economy of the country (e.g. a large regional swing in unemployment) would cause a large impact on funding. Any such change would be likely to occur over a period of years, and therefore only create a gradual change in funding.



Transitional Funding

As the Resourcing the Future proposals involve a significant shift in funding, the Archbishops' Council has agreed that the transition to the new funding arrangements 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.

In addition, these dioceses will be allocated a one-off sum of restructuring funding in the first triennium of the transition period. The quantum will be proportionate to their reduction in funding under the new allocation method. The funding will be pre-allocated to dioceses but they will be asked to provide a clear plan for its use before the money is released. The intention is that the money helps dioceses address blockages to growth and/or accelerate their growth plans and/or strengthen their financial position. (Further more detailed guidance will be provided to dioceses in due course on this one-off funding.)

Strategic Development Funding

The funding for new growth opportunities will be delivered through the strategic development funding, the funding stream established in 2014 for the purpose of supporting major change projects which fit with dioceses' strategic plans and which will lead to a significant difference to their mission and financial strength. A number of transformative work programmes have already been supported through the funding.

The strategic development funding involves a two-stage application process: a light-touch first stage (two sides of A4) to assess what's been proposed and the extent to which it is consistent with the diocese's wider strategy. The requirement in the second stage is for dioceses to produce a detailed project plan which helps give confidence (to all parties) that the proposal will be effectively delivered.

Feedback from dioceses which have gone through both application stages is that it is useful in developing their thinking. The staff team will offer support and guidance to those wishing to apply. Funding is also available to those dioceses wishing to build their capacity to develop and deliver their strategic plans.

The assessment process takes no interest in how well written the application forms are. The concern is to test that a diocese is fully committed to its proposal; whether it flows from its longer-term strategy; and there is a robust plan for its delivery, and thus the Church's money will be spent effectively in advancing its mission and growth.

When a diocese decides to make a funding application, it will be considered by evaluation groups which meet in different regions around the country (and take the opportunity to visit projects supported by the funding). These groups will comprise three peer reviewers and three members from a core evaluation panel appointed by the Archbishops' Council on the basis of their knowledge of dioceses and experience of project funding. A single staff team will serve the different regions to ensure a consistent approach to fund distribution is maintained across the country.



All dioceses are eligible to apply for strategic development funding. Dioceses can apply with others for regional projects if they wish. In 2014-16, initial priority was given to the dioceses with the least resources per capita; now all dioceses are being encouraged to apply for funding. Some of the least resourced dioceses which secured funding in the first round are now working up further applications.

The Council is not setting any themes to guide funding applications, although it hopes that a good number of proposals will seek to address the pressing need for the Church to engage with children, young people and young adults.

From 2016, there will be an increase in the number of opportunities per year that dioceses can make applications. Two deadlines have been set for 2016 - in April and October. The frequency will be kept under review in time in the light of demand. To date, there has been no competitive element to the distribution of the strategic development funding i.e. no proposals have been turned down because of a lack of funds. With the anticipated increase in funding from 2017 to £24m (from around £5m), it is not envisaged that demand for development funding will exceed the quantum of funding available within the 2017-19 triennium. In 2020, the Council will decide how best to balance the distribution between dioceses in the light of needs and opportunities at that time, and the quantum of funds available (which may well grow). It will also continue to ensure there is fairness for those with the least resources.

The normal expectation is that dioceses will apply at any one time for funding in excess of £0.5m. All dioceses will be expected to put their own resources into their proposals. Better resourced dioceses will be expected to make a more significant resourcing commitment than other dioceses but there is no formula about what sort of contribution each diocese should make. The key principle is additionality - i.e. what funding does a diocese need beyond its own resources to take forward its strategic plans.

Dioceses are allowed to apply as regularly as they wish for funding, irrespective of how long they will take to spend out any funding they receive under a successful application. Dioceses are encouraged, when putting forward a funding application, not to think of it as a one-off initiative but part of a long-term pipeline of applications to help take forward their strategy.



Peer Review

The peer review seeks to ensure mutual accountability over how resources are being used and facilitate shared learning between dioceses about their plans for mission, evangelism and discipleship.

The original idea was to have diocese to diocese meetings, but feedback from dioceses revealed a desire for something different to ensure that peer review is robust: delivered with humility, rigor, honesty and consistency.

What the Archbishops' Council has now agreed is that there will be meetings between the senior leadership teams of dioceses and a peer review team, comprising 2 or 3 members drawn from a wide pool of peer reviewers, who are selected and trained for the task.

All dioceses will be invited to nominate peer reviewers - not as 'representatives' but people whom they believe are well qualified to act in that capacity. The Council may also nominate a small number of people as peer reviewers, who are not associated with a specific diocese who can bring an independent perspective to proceedings. The staff team facilitating the review process will seek to ensure that it is of consistent, high quality across dioceses.

Around 20 people will be needed in the pool of peer reviewers at any one time. If the number of nominations from dioceses exceeds the number of members required, the Archbishops' Council will agree the composition of the pool, seeking to provide some balance (in terms of skills, geography, experience, gender, age etc). Peer reviewers will be appointed for three years, with the possibility of their serving another term after that. Towards the end of the triennium, other people will be added to the pool, to replace any wishing to step down after three years.

As already noted, the funding for the support and development of mission in the poorest communities is being distributed between dioceses on the basis of an objective means of allocation. It is up to dioceses how they distribute their funding in line with its purpose (and the legal obligations governing it). When the review process starts in 2016, each diocesan leadership team will be asked by its peer review team their plans for the use of their money, the anticipated outcomes and how these will be monitored.

Over time (at regular intervals), the peer review team will return to discuss with the leadership team how the funding for mission in the poorest communities has been used and its impact. This will touch on:

- i. Evidence provided by the diocese that it has spent its funding on mission in its poorest communities (e.g. areas where personal incomes are in the bottom quartile, parishes with highest levels of deprivation, areas of high unemployment, rural poverty etc.).
- ii. Evidence that the funding has helped to develop the mission and financial sustainability of the churches it has supported - and advance the overall strength of the diocese.
- iii. An assessment of the impact of any strategic development funding the diocese has received.
- iv. Future plans for the use of national funds.
- v. The capacity of the diocese to deliver its mission and growth plans.

The main purpose of the review is to share learning (both ways) about the Church's mission and its resourcing. The review will not normally impact on the quantum of funding allocated to dioceses. A review team may identify some concerns about a diocese (e.g. in relation to its financial health) which could prompt additional national Church assistance. Should the peer review team have very serious concerns about a diocese's use of funding, the review team may recommend to the Council that some or all of it is withheld until the issues are resolved.

Peer review teams will also visit the dioceses which do not receive any share of the poorest communities funding. The purpose here will also be to facilitate two-way learning about mission and resourcing issues, and to discuss the impact of any strategic development funding that the diocese has received (and its capacity to deliver future plans).

Thus the peer review teams will provide an independent advisory role to the Archbishops' Council on the distribution of the national Church funding.