Foreword

1. This is the first Annual Report produced since the changes in the way that the Church’s National funds are distributed were introduced at the beginning of 2017. These changes – recommended in the ‘Resourcing the Future’ report - reflected growing concerns in both the Archbishops’ Council and Church Commissioners 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.

2. The story after the first year is that, in many areas we see signs of hope and renewal, of new ideas and approaches being developed, and new risks being taken. Inevitably where there are risks there is learning and we are careful to assess those things that went well or which can be done better. The scale of ambition for the future is impressive. Together, the projects supported by the Strategic Development Funding (SDF) in 2017 aim for growth of up to 70,000 new disciples.

3. Dioceses have broadly adapted well to the new approach, and are addressing both the opportunities and the real challenges the changes bring – and we will continue to work with them both to ensure ease of process and effective implementation.

4. All that said, it is still early days – and while substantial in itself, funding under the remit of the Strategic Investment Board (SIB) represents only a small proportion (3%) of the total economy of the Church. This is just the beginning of the journey, the ultimate aim of which is, under God, to help to turn around the Church’s decline, and ensure that the risen Christ will be at the centre of our country, its conscience, and culture.

John Spence, Chair of the Strategic Investment Board

Summary of progress against Strategic Development Funding measures:

- All dioceses have a successful application by 2022
- 20 dioceses applied in first year
- 100 applications by 2022
- 23 applications in first year
- Significant proportion targeted on young people
- 38% of funding awarded targets children, youth and younger adults
- Significant proportion targeted on poorer communities
- 25% of funding has a specific focus on deprived areas

- 2/3 of projects are on track to deliver their outcomes
- Over 2/3 of projects were on track to deliver their outcomes in 2017
- Significant proportion for innovative work
- More work needs to be done to identify and track
- Information and learning is informing decision making
- Learning gathered from Peer Review and projects is shared with SIB and dioceses
- Positive feedback on the application process
- Needs to be gathered more deliberately, some early positive feedback
“SDF has provided the first time that our diocesan team has worked together”
“I was sceptical about SDF to start with, but it has provided hope to our diocese that things could be different”

Example feedback from diocesan bishops.
Summary of Predicted Outcomes

SDF plans are aiming for growth of attendees by 35,000 and wider changes catalysed by SDF are aiming to add as many as 35,000 additional attendees.

In projects explicitly targeting younger generations, dioceses are aiming for over 4,000 new young attendees. These programmes hope to engage a wider 31,000 young people.

SDF projects are aiming for over 1,000 new worshipping communities of some form or another, including Fresh Expressions of Church, church plants, and church planting churches.

Plans will include the development and commissioning of over 1,600 lay leaders, including pioneers, apprentices and missioners, paid and unpaid. Aims include helping 300 people take steps towards ordained ministry.

Six initiatives include a numerical target on financial giving and between them they are seeking an additional £2.3m per year. Once completed, this will correspond to a return rate of 13% per annum.

These measures were not all given by all dioceses (e.g. not all dioceses have said what proportion of attendees will be younger generations), and so these are loose aggregations of measures which dioceses are pursuing. It is highly likely that the total expected outcomes will be higher for each of them, if all dioceses were to measure.
Strategic Development Funding: Progress against Goal and Measures

5. From January 2017, half of the funding which the Church Commissioners make available to the Archbishops’ Council to support mission and ministry is available as Strategic Development Funding (SDF) for which all dioceses can apply to invest in new growth opportunities. This represents a significant expansion of this grant funding programme which was first introduced in 2014.

6. The charts on page 3 show the progress made in 2017 against the measures that the Council has set for SDF over the next two triennia (2017-19 and 2020-22).

7. Strategic Development Funding was awarded to 23 applications from 20 dioceses in 2017. A full list of projects awarded funding in 2017 is listed in Annex B.

8. The projects funded in 2017 include a range of new approaches, e.g. the Multiplying Congregations project in Liverpool and the Church Growth Learning Communities project in London. For many dioceses, more established approaches such as church planting, pioneer ministry and fresh expressions, still represent a radical change. The SIB has started to think about what needs to be done to encourage more innovation to develop a wider range of potential approaches.

Outcomes from SDF

9. Diocesan SDF projects are seeking to achieve a wide range of outcomes in relation to their aims for making a significant difference to the mission or finance strength of a diocese. Dioceses have expressed their goals in different ways, with some dioceses including particular measures as vital for their success, whereas others have not included the figure, but it can be reasonably expected as a side effect. For example, financial giving is a core part of turn-around projects, but programmes encouraging growth may expect improved giving, this is not an explicit aim.

10. We can however make some loose aggregations of the outcomes of the projects, which are shown on page 4.

11. Significant progress has been made in outcomes measurement since SDF was introduced in 2014. Lead measures and milestones are now built into SDF project plans. Work is being undertaken with dioceses on how to measure impact, with plans underway to undertake detailed work on impact assessment.

Case Studies

Case Study 1: Coventry – Acceler8

12. Coventry diocese’s strategy fosters the 8 Essential Quality (8EQs) characteristics of healthy churches – including Empowering Leadership, Passionate Spirituality and Gift-Based Ministry - as identified by the Institute of Natural Church Development. Acceler8 is expanding this strategy and is developing ministry to people in their 20s and 30s age group, especially in more deprived areas.
Strategic Investment Board

13. Coventry has appointed ten 20’s-30’s development workers to reach out to young adults. In its first 2 years, the project has already seen 350 new disciples, including 130 in the 20s-30s age range. From these strong foundations, the diocese expects churches to be attracting more new disciples over the coming years. 16 young adults have entered the vocations process and Acceler8 is seeing many more becoming involved in church related activities.

14. Engagement with the Natural Church Development 8EQs continues to grow across the diocese with 75% of churches having completed surveys on their health. 63% of churches in the diocese are now healthier than they were in 2015.

Case Study 2 – Liverpool – Transforming Wigan

15. Transforming Wigan seeks to deliver growth in Wigan deanery which, strategically, is the most vulnerable part of the diocese.

16. The project has developed a wide-ranging package of interventions, including coaching, training, interim ministry and changes to structures. It is moving away from the traditional model of 29 parishes to 8 hubs supporting ‘spokes’ of churches, fresh expressions and missional communities.

17. Transforming Wigan is aiming for a 500% increase in the numbers of young people involved in church and for a real-terms increase in giving of £0.5m. The project is already delivering ordinands, with four people having started their ordination training in September 2017.

Case Study 3 – London – 100 New Worshipping Communities

18. London diocese is seeking to start or renew 100 new worshipping communities, supported by SDF awarded in 2015.

19. 45 new communities were launched by Autumn 2017 across a range of traditions and different models of church planting and many more are in the pipeline. The new communities include a Filipino chaplaincy, a Hidden Workers church for those who earn low wages and work anti-social hours, and The Anchorage, a church plant for students in the heart of London. Around 1,600 people were regular attendees at the new communities in 2016.
20. The diocese is successfully using deanery mapping exercises to help identify opportunities for church planting and to foster enthusiasm and support across the diocese for the new worshipping communities initiative.

Case Study 4 – Portsmouth – Harbour Church

21. Harbour Church in Portsmouth City Centre was launched in September 2016 as part of Portsmouth’s SDF project which focuses on forming new disciples and new missional communities by developing pioneering posts and training.

22. The church was developed in partnership with St Peter’s Brighton, Holy Trinity Brompton and the parish churches of central Portsmouth specifically to target younger people. After just 6 months, the church had established a worshipping community of 300. Around 100 people attend one or more of the church’s 19 mid-week missional and discipleship groups. And by March 2017 the Church had achieved one of the highest weekly planned giving averages in the diocese – at £23.75.

23. Within weeks of its launch, Harbour Church began to support missional work at Copnor St Alban. This has included developing a Tots and Toddlers group which has connected with nearly 200 families since it opened in October 2016.

Thematic Analysis

24. The Council and Board agreed that three categories of programme should have a significant proportion of funding distributed to them – mission among young people, mission to those living in deprived areas, and innovative projects. In the below we give a flavour of the work funded this year for these different categories, and learning from previously funded projects.

Mission among young people

25. Dioceses have taken a range of approaches to reaching children (age 0-11), youth (12-17), students or young adults (18-29). In Hereford, Sheffield, and Worcester, dioceses have deployed additional workers aimed at developing churches to better engage younger generations. In dioceses seeking to increase the number of worshipping communities, these have included some with a focus on young people, for example in Bath & Wells and Guildford.

26. Birmingham and London have targeted youth more specifically, developing youth ministers and encouraging youth cells. Sheffield and London have received funding towards youth mission events.
27. Bristol, Southwell and Nottingham, Truro and Winchester have launched new activity aimed at reaching students or young adults in university towns, city centres, towns and rural areas. Some dioceses have included internship or ministry experience schemes for young people, including Leeds and Blackburn.

28. Learning around mission to children, youth, and young adults to date has been the value of good recruitment processes to find workers with the right skillsets, the benefits of bringing missioners together for mutual support, that working with parishes with a base level of capacity can bear fruit more quickly, and the benefits of having a significant level of activity.

29. Commissioned research undertaken by the Church Army into mission among young adults found three principles: create spaces to belong; be deliberate about spaces to explore faith together; and that reaching and engaging with 18-30 year olds may not be as difficult as you think. Commissioned Church Army research on Messy Churches will report in late 2018.

Mission in deprived areas

30. The project with the most explicit focus on mission in a deprived area has been Blackburn’s Outer Estates Leadership project. This aims to place a ministry experience scheme and Church Army evangelists in deprived estates in Blackpool, and a leadership hub across two centres of urban deprivation in Blackburn.

31. In the dioceses of Bristol, Leeds, Liverpool and Winchester funding has been awarded for resource churches and church planting in deprived areas.

32. Other projects have sought to weight a proportion of their scheme towards deprived areas. This includes church planting in Chichester, pioneers in Bath and Wells, and intergenerational missioners in Hereford.

33. Fewer of the projects funded in 2014-16 have had an explicit focus on deprived areas, and of those that did there were only limited descriptions of the impact of deprivation in evaluation reports. One learning point may therefore be that, when contextualised appropriately, investing resources in deprived areas can have as significant an impact as elsewhere. Another is the continued need to fund work and research in this area.

Innovative projects

34. Some dioceses are developing innovative models of ministry through their projects. This includes the significant increase of new worshipping communities in Guildford, Liverpool and St Albans, the Mission Area model in Bristol, youth minsters in London, and creating a pioneering culture in Bath and Wells.
35. While the Resource Church model is itself innovative, some dioceses are seeking to adapt and expand the model further. This includes a rural resource church in Southwell and Nottingham, in medium sized towns in that diocese and in Truro, a Resource Church Network (across 3 towns) in Liverpool, and expansion to new kinds of urban area in Leeds and London.

36. Dioceses are also seeking to find new solutions to some of the Church’s significant challenges. Leicester has been funded for work into how to reach and develop leadership among BAME communities, there is Blackburn’s work developing leadership in outer estates, and Salisbury and Winchester are experimenting with sustainable solutions for rural ministry.

37. Other innovative approaches include the parish development work undertaken in the diocese of Coventry and Ebbsfleet parishes (based on developing eight essential qualities for church growth), and the church growth learning communities in London.

38. Innovation from earlier tranches has impacted the work seen in dioceses today. The success of large scale multiplication of new worshipping communities in Carlisle, Leicester and London has meant this model has been explored more widely, as have examples of resource churches in Derby, Portsmouth, and Southwell and Nottingham.

39. Chelmsford’s model for interim ministry has been shared widely and has been replicated elsewhere, while Coventry are planning to share learning from their work with young adults at an upcoming conference.

40. SDF is funding approximately 380 employed or stipendiary posts to date across all the projects. The majority of these are focused on mission and ministry. They include youth workers and interns, children’s and families’ workers, church planters, pioneer ministers and curates, discipleship development officers, coaches and mentors.

Wider Changes Stimulated by the Strategic Development Funding Programme

41. The creation of SDF is helping incentivise dioceses to strengthen their strategic planning and delivery. It has helped to bring about a recognition that merely having an over-arching mission or vision statement is insufficient: these must be underpinned by a deliverable strategic plan focusing on a small number of priorities. The Mission Action project in Winchester diocese supports the diocese’s growth strategy across four major elements: the Benefice of the Future, Invest for Growth, Major Development Areas and Student Evangelism.
42. Dioceses are developing a much greater understanding of how their strategic programme can be delivered effectively. This includes ensuring that a member of the senior leadership team leads the programme and is accountable to the team for its delivery, supported in the day to day delivery by a programme manager. SDF has helped augment programme management capacity in several dioceses (see the section on Diocesan Strategic Capacity below).

43. New vocations to the ordained ministry have been stimulated (e.g. 4 people involved with the Transforming Wigan project in Liverpool diocese started ordination training in September 2017) and other projects have led people to start exploring their vocation (e.g. Birmingham’s Shaping the Future project and Coventry’s Acceler8 project). Projects supported by SDF are already aiming to help 300 people take steps towards ordained ministry over the next few years. SDF is therefore playing a significant part in dioceses’ aspirations to grow the number of their curates by at least 50%.

44. The programme is leading some dioceses to plan for a pipeline of future leaders. All SDF projects which focus on pioneer ministry have a plan to increase the pipeline of pioneers for the future. For example, London diocese’s resource churches project will train up to 15 national church planting curates to be deployed nationally.

45. Several other dioceses are investing in training through their SDF projects, or are looking to ‘grow their own’ people to fill their future requirements. Worcester diocese’s approach is to identify good missional lay workers and train them in children and family work. Southwell and Nottingham is investing in a Younger Leadership College to develop the pipeline of young missional leaders that it needs. Salisbury are developing a pipeline of rural leaders from those exploring the Church of England Ministry Experience Scheme and a rural ordination pathway at Sarum College. Blackburn diocese’s work in deprived estates is built around developing people who are able to deliver ministry and mission in those communities.

Challenges

46. Key strategic challenges facing the Church include acutely low attendance amongst 12-17 year olds, 18-24 year olds and in Asian ethnic groups (see table overleaf). Attendance is also very low in four particular areas: council estates, the 20% most deprived areas, the 20 largest cities, and inner cities. Each of these reflects the challenge of church engagement in poorer areas with high population density.
47. In some areas, the strategic challenges overlap and compound one another, and more should be done to encourage dioceses to recognise the need and opportunity for mission and growth in these places. One of the surprises of SDF to date, for example, is that out of 10 large cities and towns with the lowest attendance per capita, only four have been the subject to date of an application for SDF.

48. The number of SDF projects focusing on mission to children and young people has continued to grow during 2017. Disappointingly, only one SDF application in 2017 had an explicit focus on mission in church schools: it is hoped that the opportunities that church schools present for intentional engagement will be reflected in more SDF applications in the future. More widely, there is still a great deal of work to be done through future SDF applications in order to address effectively the challenge of very low church attendance amongst children and young people.

49. A small number of projects are focusing on ministry with people of BAME heritage and so a start has been made in tackling this challenge. There is more to be done to increase the proportion of SDF directed to this demographic, in particular in the context of the very low attendance in Asian ethnic groups.

50. Several projects have struggled to recruit ministers with a strong missional track record and skills. This illustrates the need for the work which the Ministry Division is doing towards enabling the selection and training of ministers who are missional, adaptable and collaborative.

Unsuccessful SDF Applications

51. There is a two-stage application process for SDF for dioceses: a light touch first stage application and a detailed project plan at the second stage. All second stage applications for SDF in tranches 4-6 (each of these tranches corresponds to a decision deadline for awards in 2017) were successful. There were eight unsuccessful first stage applications from seven dioceses in these tranches.

52. Three of the seven dioceses have subsequently put forward revised proposals for SDF and have been awarded funding. One has put forward a successful first stage application under the 7th tranche of funding. The other three dioceses have yet to submit another proposal for SDF (two are already in receipt of SDF following earlier successful applications).

53. The reasons for applications being unsuccessful include concerns about whether the interventions will deliver change on the scale needed, given that the aim of SDF is to make a significant difference to mission strength; lack of clarity about the link between the proposals and diocesan strategy;

11. Annual Report 2017
insufficient diocesan strategic capacity to deliver the project; and lack of evidence that the proposed approach would meet the anticipated outcomes.

54. The Strategy and Development Unit (SDU) works closely with all dioceses preparing applications for SDF and strives to minimise the number of proposals which are unsuccessful. The SDU encourages dioceses to re-think proposals and postpone applications where this is necessary in order to ensure a strong proposal which is in line with the criteria for SDF.

Learning from the Strategic Development Funding

55. The summary below draws on learning from SDF projects which are on track to achieve their outcomes as well as learning from elements of projects which have not worked so well:

56. **A programme is most likely to be transformative if:**
   - Intentional evangelism is at the heart of it
   - It identifies and builds on ‘mission energy’ across a diocese
   - There is a clearly thought-through theory of change for how activities will lead to outcomes
   - There is recognition of the need to change church culture and of the need to plan for it within programmes
   - There is good leadership

57. **A diocese puts itself in the best position to develop and deliver successful programmes if:**
   - It has a strong strategy which has clear priorities and is owned by the senior leadership team
   - The diocese joins up money, mission and ministry planning
   - The diocese invests time in recruiting excellent leaders, in their training and development and in developing a leadership pipeline
   - Programme boards (led by one of the senior leadership team) help keep the programme on track and programme planning has dedicated capacity (e.g. a programme manager)
   - There is early stakeholder engagement
   - There is good communication and change management at the outset.
   - There is a detailed and thought-through project plan.
   - The programme starts well

Responding to the Learning from SDF

58. Most of the lessons from SDF to date are about the process of developing applications and the initial implementation of programmes. Some of the ways in which these lessons are being used to strengthen the support provided to dioceses include:
   - Helping them to recruit programme managers to augment their capacity to deliver their proposals, through strategic capacity funding and specialist advice.
Increasing support at the project plan stage – through workshops covering governance, financial planning, risk management, stakeholder engagement etc.

Increased support as needed for dioceses immediately after funding is awarded to help ensure that projects start well. This includes project initiation meetings and guidance on the first 100 days of implementation.

Risks

<table>
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<th>Risk</th>
<th>Mitigations</th>
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| A significant number of projects do not achieve their outcomes, thus undermining confidence in the efficacy of the SDF programme as a whole. | • Good project planning and management in dioceses  
• Regular and effective monitoring and evaluation  
• Sustained support for dioceses from the Strategy & Development Unit |
| A fear of failure leads dioceses to hide poor results.              | • Strong and open relationships with dioceses  
• Regular and effective monitoring and evaluation  
• Insistence on objective data showing progress towards previously agreed outcomes. |
| Pressure to give a ‘fair share’ of SDF to all dioceses leads to a reduction of the quality of the proposals | • SIB hold fast to the funding criteria  
• Ongoing communication with dioceses about the purpose and aims of SDF |
| Other pressures on the national church funds lead to a reduction in funding made available for SDF | • SDF makes significant progress against goals set  
• Clear evidence produced for the impact of SDF  
• Communication with relevant stakeholders |
| SDF stagnates and future projects lack innovation and fail to tackle dioceses’ core issues | • SIB hold fast to the funding criteria  
• Continued analysis and communication of core issues  
• Encouragement of innovation |

Allocation of Strategic Development Funding in 2014-16

The funding available for SDF in 2014-16 was awarded in three tranches. 17 projects were supported in 17 dioceses totalling £15m (see Annex C). £2m was made available to strengthen dioceses’ strategic capacity, of which £1.26m was spent and the remainder carried over into 2017-19.
Money Available in 2017

60. £26.1m of SDF was available in 2017 (including £2.1m carried over from 2014-16). Of this:
   • £22.5m was made available for which dioceses could apply for investment in major growth projects
   • £1.2m was made available to strengthen and support diocesan strategic capacity
   • £2m was made available for non-diocesan projects which support the overall strengthening of the Church’s mission and growth
   • £0.4m was made available for research, evaluation and dissemination

SDF for Dioceses

61. The fourth, fifth and sixth tranches of SDF for dioceses were awarded in January, June and December 2017 (the decisions on the fourth tranche awards were taken by the SIB’s predecessor, the Spending Plans Task Group, in December 2016).

62. The distribution of the awards to dioceses is shown in the accompanying map. A list of the projects funded in 2017 is attached at Annex B.

Diocesan Strategic Capacity

63. SDF is available to diocese to help address constraints in their capacity to develop and implement their strategies. This can cover a range of more specific areas, but includes:
   • The ability to analyse and use data to inform decision making
   • Strategy development or implementation
   • Project management
   • Change management

64. 17 awards were made to 13 dioceses. The most common use of the funding has been to strengthen capacity for developing and delivering the SDF projects by recruiting Strategic Programme Managers. Early evidence is that such posts are resulting in a step-change in how projects are initiated, managed and delivered. Other uses have been to augment capacity to develop mission, stewardship and vocations.
Non-Diocesan Funding

65. Of the £2m p.a. of SDF set aside by the Council for non-diocesan projects:
   - £1m p.a. has been earmarked for infrastructure development in the NCIs; and
   - £1m p.a. has been earmarked for major (£0.5m-£1m) grants for projects to strengthen mission on themes where new approaches might be developed which would not easily stem from a diocesan or multi-diocesan application.

66. The £1m p.a. for projects to strengthen mission will provide funding towards ideas supporting Council’s Objective 9, to be “A Church for All People”, and specifically work which is targeted at one of the three national priority areas: evangelism and discipleship with those of BAME heritage; working class people (of all ethnicities); and disabled people.

67. In 2017, awards were made from the NCIs’ stream for two major projects:
   - £1.26m (to be spent over 3 years) to help oversee and implement the Renewal & Reform Programme and Setting God’s People Free.
   - £400,000 to develop the national ‘Pathways’ Recruitment Support programme.

68. Three small awards totalling £135,000 were made to support work on Estates evangelism, Free Schools applications and safeguarding. Work is in hand to assess the outcomes of these projects.

69. Discussions with potential applicants for the £1m to support activity under “A Church for All People” have not yet resulted in a specific application. However, the areas mentioned in paragraph 70 are now being addressed through a number of diocesan SDF projects.

Research, Evaluation and Dissemination

70. To date, £177,000 of funding for research, evaluation and dissemination has been awarded to support diocesan peer review, (inter-diocesan) Strategic Learning Communities and for research projects, including the development of Messy Churches, the development of young BAME leaders and mission with young adults.

Financial Position

71. The SDF grants for dioceses are given in support of long term initiatives where the monies are spent out over 4-6 years. In September 2017, the Commissioners’ Board of Governors agreed that the SIB should be allowed to award SDF grants on the basis that the cash drawdown keeps within the limits of the monies allocated for this funding in the triennial spending plans and not be constrained by the amount that is reported in the annual accounts as grants awarded in the year.
72. The table below gives the summary of funding awarded:

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<thead>
<tr>
<th>Strategic Development Funding (SDF)</th>
<th>Available (inc. £2.1m carryover from 2014-16)</th>
<th>Awarded</th>
<th>Paid</th>
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<tbody>
<tr>
<td>SDF for dioceses</td>
<td>£22.5m</td>
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<tr>
<td>Strategic Capacity Funding</td>
<td>£1.2m</td>
<td>£1.5m</td>
<td>£0.3m</td>
</tr>
<tr>
<td>SDF for non-diocesan organisations</td>
<td>£2.0m</td>
<td>£1.8m</td>
<td>£0.3m</td>
</tr>
<tr>
<td>Research, evaluation and dissemination</td>
<td>£0.4m</td>
<td>£0.2m</td>
<td>£0.1m</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>£26.1m</strong></td>
<td><strong>£47.5m</strong></td>
<td><strong>£1.5m</strong></td>
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73. The cash flow under the first three of these headings was significantly less in 2017. For most projects, spending in the first year is low because, for example, staff are being recruited. The table below shows the actual and estimated cash flow in 2017-22 for projects already awarded. Further awards from 2018 will incur additional expenditure not shown here.

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<tbody>
<tr>
<td>SDF for dioceses</td>
<td>£0.7m</td>
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<tr>
<td>Strategic Capacity Funding</td>
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<td>SDF for non-diocesan organisations</td>
<td>£0.3m</td>
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<tr>
<td>Research, evaluation and dissemination</td>
<td>£0.1m</td>
<td>£0.03m</td>
<td>-</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>£1.5m</strong></td>
<td><strong>£12.7m</strong></td>
<td><strong>£12.1m</strong></td>
<td><strong>£10.4m</strong></td>
<td><strong>£5.8m</strong></td>
<td><strong>£3.7m</strong></td>
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74. Payments are released against agreed milestones.

**Monitoring and Evaluation**

75. Monitoring and evaluation processes are continuing to develop at diocesan and national level. Nationally, staff aim to be in touch with dioceses at least every six months for an update on project progress. Dioceses produce an annual evaluation report and national staff meet with them to discuss this in detail.
Dioceses are asked to commission an evaluation towards the end of the project which must include an independent element.

76. From 2017, dioceses whose project is being funded for more than 4 years will participate in a mid-term project review to ensure the project is on track to deliver the outcomes.

77. Dioceses are encouraged to identify lag measures (the measurement of a result they are trying to achieve) and lead measures (these indicate the likely progress towards the result – they are predictive and influenceable) for their projects.

Lowest Income Communities Funding

78. In addition to SDF, half of the funding made available by the Commissioners to the Council (£24m per year) is distributed by formula to 25 dioceses to give them some extra capacity for the strategic reallocation of funds towards mission in the lowest income communities. This is known as Lowest Income Communities (LInC) Funding.

79. As the new arrangements involve a significant shift in funding, the Council agreed that the transition to the new arrangements should take place over ten years from the start of 2017. Dioceses whose funding is less than their previous funding (under what was known as the Darlow formula) will be given transition funding which gradually decreases over time.

80. Dioceses in receipt of LInC Funding are shown in the accompanying map, with the striped diocese (St Eds and Ips) only receiving transition and restructuring funding.

81. Dioceses are asked to report on the use of this funding through peer review and an annual survey.

82. Dioceses are at different stages in developing their thinking about how to use the funding. A few have targeted it very specifically on a number of deprived parishes, and are using the funding either to support specific new activity, or as a lever for intentional conversations with recipient parishes about how to develop mission and growth.

83. The most common approach is to use the funding to support ministry in poorer parishes by reducing the parish share request. A few dioceses have recorded the funding as supporting the difference between the cost of ministry and the amount of share received in poorer parishes, the cost of which is in most cases greater than the LInC funding received.
84. In all dioceses where the funding is reducing compared with the previous ‘Darlow’ formula, transitional funding is being used to reduce the parish share request (or is covering the cost of the gap between the cost of ministry and the share actually paid) for those parishes who have received historic but untargeted subsidy.

85. These dioceses were also allocated a one-off sum of Restructuring Funding in 2017-19 to help address blockages to growth and/or accelerate their growth plans and/or strengthen their financial position.

86. Plans for the use (in whole or in part) of the Restructuring Funding have so far been received and funding released to 15 of the 21 dioceses eligible to receive it. The main emphasis has been on strengthening stewardship, mission and ministry within dioceses.

87. Several dioceses have referenced the problems they are experiencing or expect to experience in funding existing ministry in parishes which have been supported in the past, but which are now being asked to cover more or all of their ministry costs. In some cases, this can be achieved through better stewardship. In other cases, reorganisation or restructuring of ministry will be needed.

88. In those dioceses where the amount of LInC funding represents an increase in national funding, there has generally been more progress in moving towards intentional application of the funding, including support for specific new missional projects for deprived areas.

Peer Reviews for Dioceses

89. The aims of the first cycle of peer reviews for dioceses – completed in April 2018 - were to facilitate shared learning between dioceses about plans for mission, evangelism and discipleship; help ensure mutual accountability over how resources are being used; and provide value to dioceses.

90. Arguably, peer review has exceeded expectations in relation to mutual accountability through the implementation of a programme which has reached every diocese and has involved every diocesan bishop and their senior team opening themselves up to wide-ranging questions from a panel of their peers. One point to note is that post-review evaluations highlighted the scope for panels to be more demanding. This will be addressed in the second cycle of peer reviews.

91. Peer review has helped in the sharing of learning, including at the peer review meetings themselves, but there is scope to develop this further.

92. To some degree, value has been provided to every diocese through the process of holding a mirror up to their current position. For several, it has been of very real significance: one diocesan bishop commented that the diocese would not have made as much progress on a critical issue as quickly as it did, if it had not been for the way the issue had been highlighted at the peer review meeting. Dioceses who found the most value in peer review were those who put the greatest effort into the preparatory self-assessment process.

18. Annual Report 2017
93. A Review of peer review was carried out when the first cycle of reviews was nearing completion, informed by wide consultation with stakeholders, post-review evaluations by dioceses and peer reviewers and an external critique. For the second cycle - which will begin in Summer 2018 - the SIB has agreed to retain the overall aims but has added a sharper set of objectives to each of them. Various aspects of the programme have been re-designed in the light of the Review. The peer reviews will focus significantly on the progress made since the previous review, and/or on whether there has been a shift of direction or a development in culture.

Learning from Peer Review

94. The peer review cycle started (in 2016) with reviews of all the dioceses who would be in receipt of the LInC funding and moved on (in 2017) to the other dioceses.

95. Key points for senior diocesan teams to consider which emerged from the reviews of dioceses in receipt of LInC funding included:

- The need for a strategic plan to accompany their vision/mission statement
- Whether they had sufficient capacity to deliver their strategic plan
- What more they needed to do to ensure that diocesan finances were sustainable in the coming year and in the medium term
- What they could do to plan for and deploy their clergy and what more could be done to increase the pipeline of lay and ordained vocations
- How they could build and maintain excellent communications channels with their parishes.
- What would they do to encourage, facilitate and drive church planting and other fresh expressions of Church

96. There was some overlap between these themes and those that emerged from the peer reviews held in 2017 with dioceses not in receipt of the LinC funding, particularly with regard to the points outlined above on finance and communications.

97. The need also emerged for these dioceses to increase their focus on their vision or mission statements, building momentum and a sense of urgency and to complement them with clarity on the scale of ambition, change and outcomes that they are prayerfully hoping for. Peer reviewers encouraged dioceses to focus on just a few strategic priorities in the year ahead.

Disseminating the Learning

98. Learning from the SDF programme and from peer reviews with dioceses is being captured and shared with dioceses and other Church bodies through, for example, advice to dioceses when they are preparing a funding application; peer review meetings; strategic learning communities; practitioner-to-practitioner learning and an annual Symposium.

99. Practitioner-to-practitioner learning is particularly powerful. Examples include:

- London diocese has launched a website to share learning on church planting from its 100 New Worshipping Communities project

19. Annual Report 2017
Strategic Investment Board

- Chelmsford diocese ran a national interim ministry conference in 2017 and is co-ordinating a national network of interim ministers.
- Coventry diocese is planning to host a day in July 2018 at Coventry cathedral to share the learning from its Acceler8 project.
- Exeter diocese is holding a Building Conversations: Churches for Rural Communities conference in October 2018.

Conclusion

100. 2017 has seen the beginning of a transformation in the way in which the national Church funding is distributed in order to support the Church’s growth. The SDF programme has accelerated during the course of the year with nearly half of dioceses being awarded funding for major growth projects. The majority of projects are making good progress towards achieving ambitious outcomes.

101. The programme as a whole is incentivising a step change in strategic planning and delivery in dioceses. It is also encouraging a number of new vocations and is stimulating new training pathways.

102. Dioceses in receipt of the Lowest Income Communities Funding are just starting their transition to the new funding method but are already giving serious thought to how this funding will support growth in these communities. Although it is far too soon to assess the impact of the reforms, good foundations are being laid to ensure that they will contribute to the goal of growing the Church.

Annex A: List of members of the Strategic Investment Board in 2017

John Spence (Chair)
Viv Faull
Matthew Frost
James Harrison
Katherine McPherson
Loretta Minghella (joined in November 2017)
Cherry Vann
David Walker
Ian Watmore
Andreas Whittam Smith (left in June 2017)
## Annex B: List of Strategic Development Funding awards in 2017

<table>
<thead>
<tr>
<th>Diocese</th>
<th>Funding Awarded</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham</td>
<td>Jan 2017</td>
<td>Transforming Church – Shaping the Future</td>
</tr>
<tr>
<td>Bristol</td>
<td>Jan 2017</td>
<td>Resource Churches in Mission Areas</td>
</tr>
<tr>
<td>Chelmsford</td>
<td>Jan 2017</td>
<td>New Worshipping Communities in New Housing Areas</td>
</tr>
<tr>
<td>Chichester</td>
<td>Jan 2017</td>
<td>Church Planting</td>
</tr>
<tr>
<td>Leicester</td>
<td>Jan 2017</td>
<td>BAME Mission and Leadership</td>
</tr>
<tr>
<td>Liverpool</td>
<td>Jan 2017</td>
<td>Multiplying Congregations</td>
</tr>
<tr>
<td>Worcester</td>
<td>Jan 2017</td>
<td>Calling Young Disciples</td>
</tr>
<tr>
<td>Coventry (&amp; Ebbsfleet parishes)</td>
<td>June 2017</td>
<td>Serving Christ</td>
</tr>
<tr>
<td>Guildford</td>
<td>June 2017</td>
<td>New Opportunities – New Worshipping Communities</td>
</tr>
<tr>
<td>Hereford</td>
<td>June 2017</td>
<td>Growing Intergenerational Mission</td>
</tr>
<tr>
<td>London</td>
<td>June 2017</td>
<td>Capital Youth</td>
</tr>
<tr>
<td>St Albans</td>
<td>June 2017</td>
<td>Reaching New People in New Ways</td>
</tr>
<tr>
<td>Salisbury</td>
<td>June 2017</td>
<td>Renewing Hope through Rural Ministry and Mission</td>
</tr>
<tr>
<td>Southwell &amp; Notts</td>
<td>June 2017</td>
<td>Resource Churches</td>
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<tr>
<td>Truro</td>
<td>June 2017</td>
<td>Transforming Mission</td>
</tr>
<tr>
<td>Bath and Wells</td>
<td>Dec 2017</td>
<td>Pioneer Project</td>
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<tr>
<td>Blackburn</td>
<td>Dec 2017</td>
<td>Outer Estates Leadership</td>
</tr>
<tr>
<td>Bristol</td>
<td>Dec 2017</td>
<td>St Nicholas, Bristol Resourcing Church</td>
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<tr>
<td>Leeds</td>
<td>Dec 2017</td>
<td>Church Planting to Strengthen Mission Across the City of Leeds</td>
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<tr>
<td>Liverpool</td>
<td>Dec 2017</td>
<td>Resource Church Network for the North West</td>
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<tr>
<td>London</td>
<td>Dec 2017</td>
<td>Church Growth Learning Communities and Resource Churches</td>
</tr>
<tr>
<td>Sheffield</td>
<td>Dec 2017</td>
<td>Transforming Children’s, Youth and Families’ Work</td>
</tr>
<tr>
<td>Winchester</td>
<td>Dec 2017</td>
<td>Mission Action</td>
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</tbody>
</table>
### Annex C: List of Strategic Development Funding awards in 2014-16

<table>
<thead>
<tr>
<th>Diocese</th>
<th>Funding Awarded</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham</td>
<td>2014</td>
<td>Transforming Church: Growing Younger 2015-2019</td>
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<tr>
<td>Chelmsford</td>
<td>2014</td>
<td>Turnaround project</td>
</tr>
<tr>
<td>Leicester</td>
<td>2014</td>
<td>Pioneer Development Workers</td>
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<tr>
<td>Liverpool</td>
<td>2014</td>
<td>Transforming Wigan</td>
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<tr>
<td>Sheffield</td>
<td>2014</td>
<td>Mission Partnership Development Workers</td>
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<tr>
<td>Coventry</td>
<td>2015</td>
<td>Acceler8</td>
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<tr>
<td>London</td>
<td>2015</td>
<td>100 New Worshipping Communities</td>
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<tr>
<td>Carlisle</td>
<td>2016</td>
<td>God for All</td>
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<tr>
<td>Exeter</td>
<td>2016</td>
<td>Support for Rural Churches</td>
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<tr>
<td>Portsmouth</td>
<td>2016</td>
<td>Developing Pioneer Approaches</td>
</tr>
<tr>
<td>Sodor &amp; Man</td>
<td>2016</td>
<td>Growing Faith for Generations</td>
</tr>
<tr>
<td>Southwell &amp; Notts</td>
<td>2016</td>
<td>Growing Disciples</td>
</tr>
<tr>
<td>Derby</td>
<td>2016</td>
<td>Resourcing Derby City</td>
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<tr>
<td>Durham</td>
<td>2016</td>
<td>Equipping Key Leaders for Mission</td>
</tr>
<tr>
<td>Rochester</td>
<td>2016</td>
<td>Developing Mission in Chatham</td>
</tr>
<tr>
<td>Southwark</td>
<td>2016</td>
<td>New Worshipping Communities</td>
</tr>
</tbody>
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