How, then, can they call on the one they have not believed in? And how can they believe in the one of whom they have not heard? And how can they hear without someone preaching to them? And how can anyone preach unless they are sent? As it is written: “How beautiful are the feet of those who bring good news!”

Romans 10:14-15
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This has been an extraordinary and challenging year. Extraordinary in the sense that so much has changed so quickly in our lives, and the lives of our parishes and dioceses; and challenging, not only because of the Covid-19 virus itself – and its mental, physical and emotional impact – but also because of the impact on worship and finances. The Strategic Investment Board has been very conscious of the pressures on colleagues in dioceses and the National Church Institutions.

The projects that are supported by the Strategic Development Funding have shown enormous resilience and creativity in adapting their mission to very different ways of working, alongside serving their communities at a time of increased need. The Board is very grateful to project leaders and congregation members for all the many ways in which they have continued to further the Church’s mission during 2020.

Prior to the pandemic, SDF projects were set overall to exceed the growth expected of them in 2020. Although it is clear that the progress of many will be delayed by the successive lockdowns – and the full impact has yet to be seen – the Board has seen many inspiring and creative examples of outreach to support churches’ wider communities, and a rapid move online to worship, discipleship support and training. However, the Board is acutely aware of the very significant challenges that projects have faced and are continuing to face. Staff are working closely with projects to assess the impact of the pandemic upon them and will carry out further analysis as the pandemic continues to unfold.

Covid-19 has had other major impacts on the Board’s work. Lowest Income Communities funding payments were brought forward in April to support the cashflow of recipient dioceses. The Board moved quickly to create a new funding stream to support diocesan sustainability and this was launched in June. The close collaboration between the staff in the NCIs and dioceses in understanding dioceses’ financial position, and subsequently in developing the applications, has been one of the positive developments this year, and one we propose to continue.

The pandemic has accelerated many of the existing downward trends in attendance and finance that dioceses were already facing. Many dioceses are bringing forward their thinking and proposals on how they can transform mission and ministry, turn around attendance decline, strengthen discipleship and community engagement, and address long-term financial sustainability. The award in December of Strategic Transformation Funding to support Sheffield’s major strategic programme is a significant milestone in the life of the Church.

There have inevitably been some difficult decisions. Identifying monies for the Sustainability Funding saw a 20% cut to funding for SDF and Innovation Funding in 2021-2022. This meant the Board was not able to invite forward in full some excellent proposals from dioceses submitted as Stage 1 applications in December. The Board also decided to postpone the introduction of Innovation Funding until later in 2021, recognising both the limited capacity of dioceses to engage with a new funding stream and the fact that good practice may emerge from the pandemic which needs support to help the Church grow back.

We have been inspired throughout the year by the enormous commitment and resilience shown by church leaders and congregations in developing, adapting and growing the Church’s mission at such a challenging time.

John Spence
Chair of the Strategic Investment Board
Sustainability Funding

As part of a package of measures to support dioceses and, through them, parishes, during the Covid-19 pandemic, the Archbishops’ Council allocated up to £35m of the funding made available to it by the Church Commissioners to create a new grant funding stream – Sustainability Funding – in June 2020. The Council delegated responsibility to the Strategic Investment Board (the Board) for distributing the funding.

The Sustainability Funding aims to maintain some short-term financial stability for dioceses as they implement or develop their strategies for long-term mission health and financial stability. It comprises two grant schemes:

- Grant funding to help reduce a diocese’s estimated deficit in 2020 and into 2021 as a result of the impact of Covid-19 on its income (this is the majority of the funding).
- Funding to offset interest payments on borrowing taken out by dioceses to help with the cash flow implications of Covid-19.

By the end of 2020, the Board had made Sustainability Funding awards totalling £15m to 24 dioceses.

The funding was targeted on dioceses with less investment assets and less affluent populations. In making its decisions on funding applications, the Board took account of the steps dioceses are taking to address the impact of Covid-19 on their financial position up to the end of 2021; the measures they have undertaken in recent years to improve their financial sustainability; and the steps they are taking or planning to develop their long-term mission health and financial sustainability.

The impact of the pandemic on dioceses’ income, whilst very significant, was less in 2020 than originally feared. However, the pandemic is continuing for far longer than many had anticipated and there is real concern amongst dioceses that 2021 may be an even more difficult year financially. The Board will distribute further Sustainability Funding if needed in the second half of 2021 when the overall impact on dioceses’ finances is clearer.
Lowest Income Communities Funding

Lowest Income Communities (LInC) Funding was introduced in 2017 as part of the Resourcing the Future reforms alongside the expansion of Strategic Development Funding (SDF), with the aim of better supporting dioceses’ plans for developing mission and growth.

The funding 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. Transitional payments are also being made, tapering down over a ten-year period, to assist dioceses who are receiving less funding than they did prior to the introduction of LInC. In addition, all these dioceses were offered a one-off sum of Restructuring Funding in 2017-19.

LInC funding is a small amount of funding compared to the diocesan economy, but it can function as a catalyst for wider changes. In this way it dovetails with the Strategic Development Funding projects which aim to provide a more significant step-change for dioceses for mission to deprived areas (for example, the 2020 awards to Durham, Manchester and York dioceses) and Strategic Transformation Funding awards which help dioceses move to a more sustainable funding model e.g. Birmingham (supported by SDF) and Sheffield (supported by Strategic Transformation Funding).

In 2020, £26.3m of LInC funding was awarded to 26 dioceses. As part of a package of measures designed to provide cash flow relief to dioceses during the pandemic, the Archbishops’ Council and Church Commissioners paid all the LInC funding and Transition Funding to dioceses in receipt of the funding in one lump sum in April. This provided a liquidity boost of approximately £25m in total.

To facilitate accountability and mutual learning, we ask dioceses to provide information annually to the national Church (and, through the national Church, to each other) on how they use the LInC funding. The Board is seeking to ensure that all the LInC funding is clearly directed to the poorest areas by the end of 2021.

During 2017-19, dioceses made steady progress towards directing the LInC funding to their most deprived communities. By the end of 2019, at least 40% of the funding was directed to the most deprived 10% of parishes. The survey of the use of LInC in 2020 is currently underway, having been deferred to slightly later than usual to help ease the pressures on dioceses at the end of 2020 and beginning of 2021. The Board will review the responses in June.

As the Church continues to grapple with the ongoing challenges caused by the pandemic, the Council and Commissioners paid all the 2021 LInC Funding and Transition Funding up front in January 2021 to help dioceses with their cashflow.
Strategic Development Funding

The Strategic Development Funding (SDF) supports major change projects which fit with dioceses’ strategic plans and make a significant difference to their mission and financial strength.

By the end of 2020, the number of major change programmes in dioceses that have been supported by SDF had increased to 77. Of these, 61 projects have been funded since January 2017 when the SDF programme was significantly expanded.

Impact of Covid-19 on projects supported by Strategic Development Funding

Strategy and Development Unit (SDU) staff have kept in close touch with dioceses throughout the year. In the autumn, the SDU launched a major exercise working with projects supported by SDF to analyse the impact which the pandemic has had on them, identify any changes to their project design and draw out key learning.

The general picture that has emerged from the impact analysis work is encouraging. The majority of projects have responded with great energy and creativity to the Covid-19 situation. In addition to offering worship services and small groups online, there have been many other online offerings, e.g. Messy Church, evangelistic courses, discipleship courses and marriage courses. SDF programmes have also resourced other churches, inspiring and supporting their online and hybrid offerings and their participation in social engagement.

Some projects have described how their online engagement has enabled them to reach many more people (including some whose personal circumstances mean that they struggle to attend church or join small groups in person) and opened up new opportunities for evangelism. St Francis’s church in Mackworth, planted as part of the Resourcing Derby City project, streamed its Sunday services through a Facebook page which had 1,300 followers. This significantly increased the church’s profile and led to many requests for prayer. Sheffield diocese’s Resourcing Churches project reported that running Alpha courses on Zoom made it easier for people to take the course as they could do it from home, noting that ‘...this more intimate approach actually improved the quality and depth of discussion from participants who in turn encouraged others to participate’. The Church of the Martyrs in Leicester diocese’s project to enable BAME mission and ministry has diversified the voices on its Sunday online service and this has directly increased the diversity of those attending services and social events online.

Projects have, however, faced major challenges due to the pandemic, including significant difficulties in recruitment to key posts, reduced ability to measure outcomes effectively, and increasing exhaustion on the part of clergy and other leaders.

The Board and its staff are continuing to work closely with projects to support them and staff will undertake follow-up impact analyses in the second quarter of 2021.

Further reflections on the impact of the pandemic on SDF projects, and on how projects are responding to the challenges, are included in the sections overleaf and in the case studies.
Map of Projects Supported by Strategic Development Funding

£56m committed to deprived areas
£63m committed to children and youth
£19m committed to rural areas

7. Strategic Investment Board Annual Report 2020
Progress and Outcomes from Strategic Development Funding

In the 2020-22 spending period, SDF is being targeted towards promoting growth in the largest urban areas of the country and on one or both of younger generations and deprived communities. The Board will consider programmes not targeted on the largest urban areas if they are focused on areas of particular deprivation or younger generations and have reach and impact in keeping with the other priorities for SDF, i.e. they offer a compelling case to transform areas which are as under-resourced as the largest urban areas and will reach similar numbers of people as proposals relating to those areas.

In distributing SDF, the Board focuses on the need to achieve sustainable ‘good growth’ by supporting programmes which will increase the number of new disciples, enhance the quality of discipleship and grow the impact of the Church’s social engagement work.

The Board continues to encourage applications from a wide variety of church traditions for projects in line with the criteria for SDF.

In 2020 eight projects were awarded SDF totalling £24m.

Based on current data from dioceses, it is estimated that around 11,500 new disciples have been witnessed so far through the projects supported by SDF. It is anticipated that the total number of new disciples that will be created through all the projects supported to date will be around 69,000 and the projects will also engage with an additional 55,000 people who will potentially become new disciples.

The SDF programme represents a substantial investment in people. To date, the programme is supporting 530 additional ordained and lay ministry posts, plus 170 interns and apprentices. It is also encouraging and supporting increasing investment by dioceses in around 240 support roles. These support roles have helped to implement and develop dioceses’ strategy and have been instrumental in helping dioceses to navigate the challenges presented by the pandemic.

The programme has a strong focus on deepening discipleship. In the projects funded in 2020 discipleship will be developed by, for example, small groups, helping congregations to grow in biblical literacy, practical service in the community, mentors and prayer buddies for students and discipleship courses. For example:

- In York diocese, the Mustard Seed project will work with a simple and focused framework for making disciples, based on connecting with and welcoming as many people as possible through hospitality and support and providing opportunities for people who wish to do so to experience and explore the Christian story further.
- Durham diocese’s Communities of Hope project will nurture discipleship through small lay-led groups running on a peer-to-peer basis.
- The Mother’s Union which, supported by the 2017-19 stream of SDF for non-diocesan organisations, is leading the Metamorphosis discipleship course in five dioceses, has successfully taken the course into a webinar format and is now developing an online learning platform to broaden the project’s reach.

Reviews of existing SDF projects have shown that increased participation in worship and small groups during the pandemic and involvement with social outreach activities (see further below) have led to deepening discipleship. For example, over 90% of the members of Anchor Church, in Birmingham diocese’s Transforming Church project, are now part of small groups, meeting online during the pandemic. St Thomas’s church in Newcastle reported that participation in small groups increased during lockdown and that participants were showing increased confidence in
The SDF programme has significantly extended the Church’s social action through the projects that it supports. Dioceses measure their progress in this work as part of the evaluation process. The projects funded in 2020 included some innovative and exciting approaches. For example:

- The Communities of Hope project in Durham diocese will lease empty high street shops in South Tyneside, Sunderland, Hartlepool, Easington and Stockton-on-Tees which, as well as providing centres where people can explore the Christian faith, will include social projects from food banks to community cafes, budget cookery classes and help with job hunting, including CV writing and literacy and numeracy support.

- St Barnabas church, Penny Lane in Liverpool diocese will undertake youth outreach in deprived areas involving sports, gang awareness and involvement with the youth employment charity Resurgo to bring about transformation in those areas.

- The pioneering partnership at The Ascension Hulme in Manchester diocese with HeartEdge will combine social action with congregational growth and financial viability. Proposals include running a repair café where volunteers help local people to fix broken and damaged goods, participation in the Men’s Sheds movement which provides a database of skills which can be deployed in support of those in need and who, in turn, can share their skills and gifts with someone else, and a café to support the bereaved and those approaching death.

During the pandemic, existing projects have continued to expand and develop their social action to support their communities. The urgency of meeting needs in the community has encouraged more people to step forward to help and this in turn has increased their confidence as well as helping them to grow in discipleship.
St Matthew’s @ The Elephant in Southwark diocese’s A Fruitful Future project has launched Agape - a support service for the local Latin American community who have been severely impacted by the pandemic. Agape is helping 300 families a week, distributing donated clothes and food and offering English classes and legal advice.

Preston Minster in Blackburn diocese has delivered 500 meals a week and has transformed its building into a depot to serve those in need. The Minster is able to deliver a food parcel anywhere in the city within 90 minutes of receiving a request for help. It is also helping local pharmacies deliver medicines to isolated and vulnerable people who cannot access them for themselves, phoning isolated people in need, and working with local advice and training organisations to help unemployed young people, troubled families, and those facing debt and other financial problems.

The Yate and Fromeside Mission Area in Bristol diocese has developed a well received pastoral care and mental health outreach programme, predominantly focused on key workers in their communities – teachers, NHS staff and shop workers.

St Paul’s church, Widnes in Liverpool diocese’s Transform North West project has delivered thousands of hot meals and food parcels, developed new partnerships with local organisations, brought in nearly £30,000 in grants to fund its social action work and has seen a 150% increase in team involvement in serving the community.
Strategic Challenges

The Board has consistently highlighted in its annual reports the major strategic challenges which the Church is facing and which the distribution of SDF seeks to address. In particular, the Church has very little effective engagement amongst Asian ethnic minorities, those aged 12-24 and those living in social housing and the most deprived areas.

The agreed focus for the funding in 2020-22 reflects the nature and scale of these key challenges, channelling the limited funding available towards people and areas in which the Church has long under-invested. The largest urban areas targeted by the criteria contain:

- 62% of the population
- 67% of 18-29 year olds
- 84% of the most deprived areas.

During 2020, there was a further increase in the number of projects focusing on increasing the Church’s engagement with people of UK Minority Ethnic (UKME) heritage. For example, the Board awarded funding to Oxford diocese to grow new congregations in large urban centres. These include investment in mission in Slough which has the highest percentage of non-white British people in the diocese: St Paul’s church will develop several strands of inter-cultural ministry in Slough and the surrounding areas, developing supportive relationships with other UKME churches and offering expertise to churches across the diocese with potential to grow UKME and foreign language congregations.

The Board also awarded SDF to Chelmsford diocese to renew mission in the large urban deanery of Newham which has one of the most ethnically diverse populations in the country. Within the project, the East Ham Mission and Ministry Partnership will develop a Portuguese and Spanish-speaking Anglo-Catholic church-planting church which will plant further congregations within the many communities of Spanish and Portuguese heritage across Newham.
In 2020, 43% of SDF was awarded for mission and ministry to children and young people, with all but one of the projects focusing significant amounts of funding for this purpose.

For example, Liverpool diocese’s Missing Generation project aims to see a step-change in the number of new disciples in the 11-29 year old age range. A ‘Liverpool Next Generation’ network in Liverpool and Wigan will deploy missional chaplains and teams to undertake evangelistic activities in schools and city universities. The project will also grow three thriving worshipping communities in Liverpool City that are attractive to the missing generation and will plant a church in the Wigan Deanery High School.

The ‘Revitalising Manchester Diocese’ project seeks to grow 50 new churches with multi-generational congregations, particularly people aged 18-40. St Werburgh’s church, Chorlton, will establish links with local schools, develop a creative children’s ministry and explore other forms of outreach to families and children and lay leaders will expand the children’s ministry and resource future plants with capacity in children’s ministry.

During the pandemic, projects generally have found that it takes longer to form deeper relationships with children and young people online. Young people in particular can be reluctant to engage online and yearn for in-person contact. Nevertheless, there are encouraging examples of projects that were able to continue growing their engagement with children and young people during 2020. These include Birmingham diocese’s Transforming Church project which held an online summer Holiday Club, supporting 23 parishes and over 200 families to participate across three platforms. In London diocese’s Capital Youth project, the apprentice at Brentford parish ran online youth groups and started an Alpha online course for young people. At St Nicholas church in Bristol diocese, online Messy Church has been very successful, achieving a wider reach than had been anticipated.

There was high demand from schools when they re-opened in September 2020 for help and support and this opened up new engagement opportunities. In Carlisle’s Reaching Deeper project, schools offered outdoor prayer spaces to help students cope with the impact of Covid-19. Manchester diocese’s Children Changing Places project found that working in class bubbles enabled more pupils to engage with faith-based activities and made the work more inclusive. The project also had increased opportunities for pre-school engagement.
Diocese of York; Mission amongst those in their 20s-40s, awarded in 2018

This project seeks to reach those in their 20s-40s by investing in three strands of work:

• Placing pioneer ministers into 13 parishes to grow new worshipping communities focusing on those in their 20s-40s. Each new community has been started with the intention of planting another community.

• Growth Fund to enable parishes that do not benefit from a pioneer minister to establish new, principally lay-led worshipping communities focused on 20s-40s.

• St Michael le Belfry, in York, has become a church-planting-church, with a particular focus on the younger generations.

Emma is employed 8 hours a week as a pioneer on the estate she grew up on in Bridlington supporting the families and young people living there. They had just run their first Messy Church when lockdown began so they changed to distributing food, toiletries and baby products to those on the estate and those living at the Traveller’s site nearby.

She says:

‘For the first year we brought the community together for lots of different activities, involving lots of 20s-40s and lots of young mums, dads, and families. It has looked like being present and being there for people, opening the church doors and leading activities, becoming a community which is central to the estate.’
There remains a pressing and urgent need for the Church to engage more effectively with people living in deprived areas. Only 0.9% of those living in the most deprived areas currently attend a Church of England church.

A significant proportion of the national Church funding for dioceses is distributed to support mission and ministry in deprived areas through the Lowest Income Communities (LInC) Funding programme (see page 5).

A growing proportion of SDF is being awarded to support mission to those living in deprived areas, in line with the revised criteria for SDF introduced in 2020. All the projects granted SDF in 2020 included significant elements focused on mission in deprived areas, representing 53% of the total amount of SDF awarded (compared to 25% of SDF awarded in 2017).

For example, Durham diocese’s Growing Hope project includes a focus on strengthening mission by planting 14 replicable ‘Communities of Hope’ in the low-income communities of Hartlepool, Easington and Sunderland. This small-to-small church planting model will raise indigenous leaders, make and grow new disciples, respond to social challenges and develop a sustainable model of funding. Each Community will respond strategically to the challenges of low church attendance, low aspiration, low confidence, and poor mental and physical health.

In York diocese, new worshipping communities will be created in Middlesbrough, Hull, Scarborough, Cleveland/Redcar and Bridlington. Parishes and local lay people will be trained and mentored through the Stepping Up programme to become effective in community evangelism. Some will be further equipped to lead small teams to plant new worshipping communities out of community engagement. A network of ‘Ambassadors’ from more affluent parishes will channel funds and skills into the emerging new missional activity.

For existing SDF projects during the pandemic, online engagement has generally been much more challenging in deprived areas. Residents often have little or no access to smartphones and laptops, may not be able to afford data, and internet services are often slow. Lack of confidence is also a major issue: some people are very uncomfortable using Zoom. Manchester diocese’s Antioch Network has shared smartphones and other digital devices to enable leaders to keep in contact with communities. However, in common with other projects working in similar contexts, the Network has emphasised that estates churches rely on in-person contact and it strived to maintain a physical presence within Government guidelines during 2020. The in-person contact resulted in significantly increased engagement with the most vulnerable people on the estates.
Diocese of Exeter, *Church engagement and growth in the deprived urban estates of Plymouth, awarded 2018*

St Chad’s church on the Whitleigh Estate is a church plant from St Matt's in Plymouth, planted by Rev. Rob Fowler.

His motto is ‘Jesus didn’t sit in His hut’ a quote from Dave, the owner of a local café, which the planting team have used as a base and a place to meet the community.

Rather than running an Alpha or Marriage course, they have started a boxing club in the church (right) and talk about topics from the courses during training sessions. They have also held BBQs, kayaking trips and baptisms at a local beach. Rob says of the project:

“We try not to put things between people and Jesus. We have to be where people are. Everything we do has to lift people up. I am the one who had to change, not the people I encounter.”

Part of the Antioch Network in the Diocese of Manchester’s 2018 Small to Small Church Plants project
## SDF awarded in 2020

<table>
<thead>
<tr>
<th>Diocese</th>
<th>Date awarded</th>
<th>Project</th>
<th>Total project cost</th>
<th>Amount awarded by SIB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham</td>
<td>Jun-20</td>
<td>People and Places; Revitalising ministry in deprived areas through church planting from St Mary's church, Pype Hayes in the Aston and Sutton Coldfield deanery and Gas Street Shirley in the Kings Norton, Moseley &amp; Shirley deanery.</td>
<td>£3.8m</td>
<td>£0.96m</td>
</tr>
<tr>
<td>Chelmsford</td>
<td>Jun-20</td>
<td>Renewing Newham; 101 New Christian Communities Phase 3, Renewing Mission in West Ham, East Ham, Canning Town &amp; the Olympic Park</td>
<td>£5.6m</td>
<td>£3m</td>
</tr>
<tr>
<td>Durham</td>
<td>Jun-20</td>
<td>Growing Hope; strengthening mission in deprived urban communities in South Tyneside, Sunderland, Hartlepool, Easington &amp; Stockton South</td>
<td>£5.8m</td>
<td>£4m</td>
</tr>
<tr>
<td>Liverpool</td>
<td>Jun-20</td>
<td>Missing Generations; reaching 11-29 year olds in Liverpool &amp; Wigan and forming young leaders</td>
<td>£5.2m</td>
<td>£4.6m</td>
</tr>
<tr>
<td>Manchester</td>
<td>Jun-20</td>
<td>Revitalising Manchester Diocese; growing the Church in South Manchester, Central Manchester &amp; Rochdale</td>
<td>£6.6m</td>
<td>£5m</td>
</tr>
<tr>
<td>Oxford</td>
<td>Jun-20</td>
<td>Growing New Congregations; church planting &amp; revitalisation in Milton Keynes, High Wycombe, Reading and Slough</td>
<td>£4.1m</td>
<td>£2m</td>
</tr>
<tr>
<td>Winchester</td>
<td>Jun-20</td>
<td>Winchester Mission Action Phase 2; extending mission in Southampton City Centre, West Southampton and Bournemouth Town Centre, and investment in a learning community and church planters network.</td>
<td>£8.1m</td>
<td>£3.2m</td>
</tr>
<tr>
<td>York</td>
<td>Jun-20</td>
<td>Mustard Seed; growing disciples and creating new worshipping communities and lay leaders in Middlesbrough, Hull, Scarborough, Bridlington, Cleveland and Redcar</td>
<td>£1.9m</td>
<td>£1.4m</td>
</tr>
</tbody>
</table>
Photos from 2020 awards

Community graffiti in Oxclose in Durham’s Growing Hope project

York’s Mustard Seed Project in Bransholme

Some members of E20 congregation in the Olympic Park in Chelmsford’s Renewing Newham project

A volunteer in Southampton in Winchester’s project Mission Action Phase 2

St Mary’s Church, Pype Hayes, which is being revitalised as part of Birmingham’s People & Places project

St James in the City, part of Liverpool’s Missing Generations project
Evaluation & Monitoring

The evaluation of projects supported by SDF include:

- An annual review which is forward looking as well as reviewing the past.
- A focus in the early years of a project’s life, on the action necessary to improve delivery.
- A focus as the project reaches the mid-way point on design and outcomes.
- Encouragement in the use of measurement and data as a tool for supporting delivery during the life of the project, in addition to overall outcomes.

Dioceses are asked to undertake a self-assessment which explores a range of questions about the vision of the project, the design of the project, how progress is being measured and the effectiveness of project governance and leadership. During 2021, the Strategy & Development Unit will refine the evaluation process further, in consultation with dioceses.

Some annual reviews were postponed in 2020 due to the pandemic. However, as reported above, the Strategy & Development Unit staff kept in close contact with dioceses and has worked with projects to analyse in detail the impact of the pandemic upon them. Further analyses will be carried out in the second quarter of 2021.

Several projects that were supported in the 2014-16 triennium, when SDF was first launched, have come to the end of their funding period. The learning from the final independent evaluations will be used to inform the development and delivery of existing and future SDF projects.

Prior to the pandemic, dioceses were continuing to make progress with measuring the impact of their projects. The lockdown has meant that the means by which ministry has been delivered has changed, which has made some measures less relevant in describing the impact on communities; projects are seeing engagement which isn’t captured by existing measures.

The Board has provided funding to the national Church institutions to create a Church Development Tool which will help parishes find out more about who is in their congregations and their growth in becoming missionary disciples. This tool will give a broader picture of diversity and discipleship in SDF projects. The planned launch in 2020 was postponed due to the pandemic but will now take place in mid-2021. In the meantime, additional resources and support have been developed for churches using the tool.
Learning from SDF

The SDF programme has already generated learning which is shaping the practice of the projects and other areas of the Church.

SDF projects have provided examples of the need for good leadership development and models which we can learn from. Requirements for specific role descriptions, coupled with a recruitment practice that recruits people of sufficient quality, have meant that a greater range of skills has been realised, moving beyond a one-size-fits-all approach.

Dioceses have learned they need to produce leadership pipelines for a wider range of specific roles (e.g. youth missioners, planting curates). SDF projects have pioneered new models for deployment such as turnaround ministry, diocesan employment of clergy and lay leadership of parish churches. SDF projects have started or replicated lay leadership development for young people, among deprived communities, and for volunteer Fresh Expression leaders. These innovations have been learned over time, and they have been replicated in the wider Church.

A critically important learning point which has shaped SDF programmes is that intentional evangelism is essential for Church growth to happen. This understanding has developed over time and feeds into an understanding that ‘good growth’ requires social transformation, discipleship, and intentional evangelism. The Board has sought evidence within proposals for SDF that plans are explicitly focused on intentional evangelism. Learning from SDF has shown, for example, that focusing on evangelism immediately in deprived areas creates strong communities, as seen in the Plymouth estate plants and elsewhere.

The use of programme disciplines is critical for success, and these practices have been taken up by parts of the Church more broadly. These tools include detailed project design, risk management, timelines, first 100 day plans, outcomes and stakeholder engagement, as well as increasing strategic capacity through programme managers, and good governance through programme boards.

This is now filtering through into other aspects of diocesan and national Church practice, not least in an emerging wave of transformation programmes.

The SDF programme has generated increasing learning about the value of pathways of discipleship in mission planning. Work undertaken in Bristol diocese has been taken up by others and shaped to fit with their own contexts. This involves analysing the life of the church (or new missional project) to see what activity is undertaken at key steps in discipleship – to engage with the community and build a fringe, to introduce that fringe to Jesus, to strengthen new disciples in faith, to equip disciples to grow their missional impact, and to develop vocations and leadership capabilities. While an individual’s discipleship journey can be complex and is unlikely to follow a simple path, different types of churches working in different contexts have found this thinking helpful in understanding the gaps in their activity.

Another area of learning has been the importance of incorporating financial sustainability into growth programmes. Dioceses have used evidence from elsewhere to build their giving and expenditure profile and have learned about good practice in achieving financial sustainability. The learning is continuing to develop where congregations are starting in deprived areas as self-supported sustainability is a challenge. Sustainability in these areas is therefore becoming about how a church is sustainable within a diocesan economy through external support – thinking which is influencing discussions about wider diocesan sustainability.

The SDU facilitated a series of Zoom webinars in 2020 to share the stories and learning from a selection of SDF projects, interviewing practitioners and members of the project teams. The topics included projects involved in rural ministry, mission with children and young people, and church planting in deprived areas. The interviews are available to watch on Youtube. A second series is planned for Spring 2021.
Strategic Development Funding in 2021-2022

When the Archbishops’ Council and Church Commissioners agreed their joint three-year spending plans for 2020-22, they re-confirmed that SDF is a ten-year programme (2017-2026) totalling an estimated £276m of funding. Of this, the Council and Commissioners made £82.1m available for SDF in 2020-22.

In 2017-19, the Board gave early momentum to the SDF programme by awarding a significant proportion of the total funds expected to be available over the ten-year lifetime of the programme. It was expected that around £128m would remain for distribution to dioceses in 2020-2026, depending on the outcome of future spending reviews.

The Board had agreed that £64m of this funding would be made available for award to dioceses in 2020-22, with the remaining £64m being made available from 2023 onwards. However, in Autumn 2020, £12m of the SDF available for award to dioceses was cut to help finance the Sustainability Funding. Taking into account the June 2020 SDF awards of £24m, this leaves a total of just £30m of SDF available for award in 2021 and 2022 (£15m p.a.).

Innovation Funding

The Board set aside £6m of SDF in 2020-2022 (£2m p.a.) for Innovation Funding. The aim of this funding stream is to support limited-scale projects which will generate learning about 'good growth' through trialling new approaches, scaling up or applying existing successful models in new contexts, that have the potential to be developed to generate further growth. Dioceses and non-diocesan organisations (e.g. mission agencies) will be eligible to apply.

In 2020 the funding available was cut by 20% (from £6m to £4.8m) to help support Sustainability Funding. Noting the impact of the pandemic on dioceses’ capacity to engage with this new stream of funding, the launch of the fund, scheduled for May 2020, was delayed and

the Board agreed that the application process should not be launched until later in 2021.

In the meantime, the Board is reviewing the application process to ensure it is easy to use and will attract high quality proposals.
In 2020-22, £44m has been made available as Strategic Transformation Funding for the Board to distribute to help those dioceses facing significant financial challenges and planning a major restructuring programme to provide a platform for the Church’s sustainable growth.

The overall aims of Strategic Transformation Funding (STF) are aligned with those of Strategic Development Funding: to support diocesan-wide transformation plans which will make a significant difference to their mission and financial strength. The Board has agreed that the funding will support a relatively small number of dioceses, targeted on those with the least historic and current resources.

The Board made the first major award of STF in December 2020, awarding £4.9m to Sheffield diocese to take forward its major change programme. This follows an initial award earlier in 2020 for the diocese to begin the transformation process – the total support provided to the programme is £5.7m. The funding will support the diocese’s plans for significantly increased engagement with young people, growth in deprived areas, new congregations across the diocese, and sustained improvement in the Common Fund.

The diocese will organise ministry under a new model in which each deanery will be composed of a number of mission areas, each with at least one oversight minister and a number of focal ministry areas. The project also includes an expanded role for laity within the diocese, with a substantial investment in training and development.

The Board made a further STF Stage 1 award of £1.7m to support Manchester diocese in developing its transformation plan.

In some cases, the pandemic and the furloughing of staff have impacted on dioceses’ ability to develop transformation programmes. However, the Strategy and Development Unit is in discussion with a number of dioceses about their plans for transformation and potential applications for funding, as an increasing number of dioceses look to take forward transformation programmes.

Capacity Funding

All dioceses are eligible to apply for funding to strengthen their strategic capacity. In the 2020-22 triennium the awards are being made from the monies allocated for Strategic Transformation Funding.

£3.8m of Capacity Funding was awarded to 15 dioceses in 2020. The awards helped to increase the capacity of dioceses to develop and deliver their mission plans as well as releasing extra capacity within diocesan teams to tackle significant strategic challenges. A £0.2m award was made to HeartEdge at St Martin-in-the-Fields to support its partnership with The Ascension, Hulme in the Revitalising Manchester Diocese project.
The Archbishops’ Council and Church Commissioners have agreed that SDF should be a ten-year programme (2017-2026).

£74m of SDF was made available in 2017-19. However, in order to give early momentum to the funding programme, the Church Commissioners’ Board of Governors agreed that SDF grants may be awarded on the basis that the cash drawdown keeps within the limits of the monies made available. The SIB was therefore able to award a total of £125 million of SDF to dioceses in 2017-19. Projects funded by SDF are multi-year, and the budgets are profiled to allow for lower spend in the first year (while they are getting off the ground and while, for example, staff are recruited). There is therefore a time lag between the award of the full amount, and the drawdown of the funding, which happens in line with expenditure.

A total of £64m (£21m p.a.) was made available for award to dioceses in 2020-22, however, in response to Covid-19, £12m of SDF was reallocated to create Sustainability Funding in 2020, to support dioceses during the pandemic. This means that the amount of SDF available to award for the remainder of the triennium is £30m (£15m p.a.), a significant reduction to the planned expenditure. £1.2m was reallocated from Innovation Funding to be awarded as Sustainability Funding.

£1.3m of SDF was returned from projects which either ended early, or reduced the scope, and therefore cost, of their plans. This was re-entered into the SDF pot and used as part of the monies awarded to projects in June 2020.

Of the total £35m of Sustainability Funding, £14.9m was awarded in 2020, with the second part of it expected to be awarded in 2021, as the continued impact of the pandemic becomes known.

In 2020 Capacity Funding has been drawn from the Strategic Transformation pot of £44m. £32m of this remains available for award as Strategic Transformation Funding and Capacity Funding in 2021 and 2022.
The diocesan peer review programme aims to ensure mutual accountability and facilitate shared learning between dioceses, while being conducted in a way which is of real value to each diocese being reviewed. The key elements of a peer review are a self-assessment completed by the diocese’s senior group; a day-long meeting exploring a wide range of topics involving a panel of three peer reviewers with the bishop and their key staff; and a report capturing the conclusions and inviting a response from the diocese.

Every diocese participated in the first round of peer reviews which ran from 2016 to 2018 and by the end of 2020 thirty-six dioceses had taken part in a second peer review. Programme delivery was hampered by the impact of Covid-19: several reviews had to be cancelled at relatively short notice although 3 were later held through video links, giving a total of 7 in the year.

We remain indebted to the pool of peer reviewers: they are a skilled, experienced and gifted group who give generously of their time, energy and wisdom.

**What are we learning?**

In 2020, three repeated themes arose among the suggestions made by peer review panels to senior diocesan teams, expressed here as questions which bishops, their staff, and national leaders might helpfully reflect on. The first two echo issues highlighted in last year’s report:

- How can you go beyond high-level vision statements to give clarity about the changes which are needed, describing the hoped-for response and outcomes, and then building momentum towards that future?
- Which difficult issues need to be addressed so that your work is financially sustainable, and how will you engage well with churches in tackling them? Crucially, as you do this, how can you keep people’s eyes on a mission-focused vision, a ‘promised land’?

- Which leadership and governance practices need to be improved to serve your vision and priorities and, in particular, how can you introduce a greater degree of healthy accountability both within senior staff teams and by key governance groups?

Any future arrangements for peer review will be shaped by the recommendations which emerge from the national Church’s Vision and Strategy work.
Conclusion

At the beginning of 2020 no-one could have foreseen how the year would unfold. Yet, amongst the immense sense of loss, sadness and fear that the pandemic, and the measures taken to combat it, have generated, the Board has been hugely encouraged by the many ways in which the projects supported by the national Church funding have met the challenges that they have faced, working tirelessly to support their communities and to share God’s love. Many of these projects have also catalysed wider change through partnering successfully with local organisations and through supporting other churches in their mission and ministry.

The Board was also delighted that all the dioceses that it had invited to submit second stage applications for Strategic Development Funding in June 2020 were able to put forward their applications as planned and also to make its first award of Strategic Transformation Funding. The awards are highlighted throughout this report and they illustrate the enormous ambition which the Church has to ensure that its future ministry and mission grows and flourishes, bringing the Good News to many more thousands of people across England.
Annex A:
Members of the Strategic Investment Board in 2020

John Spence (Chair)
Richard Best
Matthew Frost
James Harrison
Bishop of Manchester
Katherine McPherson
Loretta Minghella
Deborah Rowland
Mark Sheard