

# Independent Review of Lowest Income Communities funding and Strategic Development Funding

# Foreword

In 2015 and 2016 the Archbishops' Council commissioned the *Resourcing the Future* review into the use of national Church funding from 2017 to 2026. It sought to increase accountability and ensure with greater confidence that the Church Commissioners' charitable purposes were being met and that dioceses were enabled to deliver their own visions. It suggested the creation of two funding streams, with a 50:50 split between them: Lowest Income Communities (LInC) Funding and Strategic Development Funding (SDF). These have now been in operation for five years and the Strategic Investment Board has commissioned this (much more modest) review to *"look back and reflect on the impact the SDF and LInC funding streams have had, and look forward by gathering evidence for the future operation of the funds"*.

In undertaking this exercise, we have benefited enormously from the time, expertise and wisdom of a wide variety of stakeholders across the Church, including from the National Church Institutions, dioceses, church networks, the General Synod and from individual churches and projects supported by these streams. We are very grateful to them all and particularly to Tom Conway of the church's Strategy and Development Unit for setting up the logistics of the review and supplying us with much data and analysis. We have also benefited hugely from the support of Abigail Marshall-Bailey, seconded to help us from the National Audit Office.

We hope that this review will be of some value to the national Church as it contemplates how best to deploy its resources to enable people on their journey to faith and subsequently in their growth as disciples. We have been conscious throughout this review that people lie at the heart of LInC and SDF funding. Whether or not any particular recommendations are adopted, we hope that our analysis and conclusions will stimulate reflection and help ensure that the national Church's resources are used intentionally and accountably.

Undertaking the review has been a fascinating and inspirational process, not least on our visits to SDF and LInC supported projects in the Dioceses of Manchester and Exeter. We conclude it in a spirit of enormous admiration for the clergy and lay people we have met delivering ministry and mission around the country in often very challenging circumstances. We offer all of them our prayers and best wishes.

Sir Robert Chote  
Bishop Sarah Clark  
Stephen Smith  
Busola Sodeinde

February 2022

## Contents

<b>Foreword</b>	<b>2</b>
<b>1. Introduction</b>	<b>4</b>
Priority recommendations	9
<b>2. Lowest Income Communities funding</b>	<b>11</b>
Delivery	11
Outcomes	13
<b>3. Strategic Development Funding</b>	<b>16</b>
Impact of the SDF	17
Delivery and the portfolio of projects funded	31
Focusing the distribution of funds	34
Projects: the application process and reporting	36
People: supporting project leaders to succeed	36
Diocesan strategies and working with the SDU	37
<b>4. Leveraging lessons from SDF and LInC funded activity</b>	<b>41</b>
SDF application and monitoring processes	41
Diocesan lessons	41
SDU sharing of lessons with dioceses	42
<b>5. Alignment with national and diocesan strategy</b>	<b>44</b>
The Church's Vision and Strategy	44
Alignment with dioceses	44
<b>Appendix One – Full list of recommendations</b>	<b>46</b>
<b>Appendix Two – Terms of Reference</b>	<b>49</b>
<b>Appendix Three – List of SDF projects funded since 2014</b>	<b>53</b>

# 1.Introduction

**1.1** Strategic Development Funding (SDF) and Lowest Income Communities (LInC) funding are the two key channels through which the Archbishops' Council provides financial support to dioceses to help sustain ministry in some of the poorest parishes in the country and to foster mission and growth in local communities and among groups of the population that it believes are currently poorly served.

**1.2** The Archbishops' Council currently expects to award £102 million through LInC (including £20 million in transition funding) and £60 million through SDF and Innovation Funding in the current triennium funding period from 2020 to 2022. Together the two streams account for around 20 per cent of the total resources to be released by the Church Commissioners over this period.

**1.3** Given the scale of this financial commitment, it is only right that these funding streams should be used with intentionality and accountability. It is in that welcome spirit that this review was commissioned by the Strategic Investment Board in June 2021. The Terms of Reference (Appendix One) asked that:

*“The review will look back and reflect on the impact that the SDF and LInC funding streams have had and look forward by gathering evidence for the future operation of the funds.*

*Looking back the objective should be to answer the question what have SDF and LInC finding achieved in the Church from their inception in 2017 until 2020?*

*The objective for the looking forward element of the review should be to answer the question how can national funding be best used in the future to enable dioceses to deliver growth in numbers, depth and social transformation?”*

**1.4** Given the time and resources available to us, we have not been able to address every issue raised in the Terms of Reference, but we hope to have done them justice overall. In doing so we have:

- Interviewed a wide variety of stakeholders.
- Visited projects and met diocesan and project staff in the Manchester and Exeter dioceses.
- Held focus groups with diocesan secretaries and programme managers.
- Reviewed extensive documentation provided by the SDU.
- Sent a survey questionnaire to all dioceses through their bishops and diocesan secretaries. We received 31 responses, with a good geographic balance.

**1.5** We set out our priority recommendations at the end of this introduction. More detailed observations are contained in the main body of the report, with the full list in Appendix 1. Some of our recommendations might involve additional spending, but it is beyond the scope of this review to recommend the overall funding envelope that the Church Commissioners should accommodate through their distributions.

**1.6** To summarise the two funding streams briefly:

- **Strategic Development Funding (SDF)** supports “major change programmes or activities which fit with dioceses’ strategic plans, and which are intended to make a significant difference to their mission and financial strength”. Project applications are made by dioceses and funding decisions by the Church’s Strategic Investment Board (SIB) on behalf of the Archbishops’ Council, both supported by the Strategy and Development Unit (SDU), which also monitors the performance of SDF projects once underway.

As of June 2021, the Archbishops' Council has asked the SIB to focus SDF on projects that:

- Promote growth within the largest urban areas and one or all of younger generations, UK Minority Ethnic / Global Majority Heritage populations and deprived communities.
- Involve numerical growth and growth in discipleship and social impact.
- Are genuinely additional to what the diocese can afford.
- Have plans to sustain and multiply growth over time.
- **Lowest Income Communities (LInC)** funding supports ministry and social action in the lowest income communities and is distributed to dioceses based on the size and average income of their populations, modified to reflect the proportion of the population with very low incomes. Previously the National Church Institutions distributed support under the 'Darlow' Formula, which was based more on the income of Diocesan Boards of Finance than on the incomes of their populations and was thus seen to reward decline rather than growth in church attendance.

**1.7** The schemes seek to operate with intentionality and additionality – they aim to achieve specific goals and to complement rather than duplicate existing activity. Taken together they pursue multiple objectives and there is inevitably some debate around the relative importance that is or should be placed on each of them:

- increasing aggregate church attendance and discipleship,
- maintaining or extending the Church's presence in areas with relatively less church provision (whether or not they are particularly fruitful areas for numerical growth),
- redressing the under-representation of particular groups (emphasising the composition of church attendance and discipleship at least as much as total numbers), and/or
- targeting resources in line with a moral imperative to reach out to the poorest (even where that may not be the most promising environment for evangelism).

**1.8** In thinking about the purpose and performance of these two schemes, we have been conscious of various features of the broader context in which they operate. Among them:

- Both schemes engage three layers of the Church with potentially differing perspectives and objectives: the National Church Institutions (both the Archbishops' Council and the Church Commissioners), dioceses, and individual parishes and projects. The central role of dioceses in deciding which sorts of projects to seek funding for and which not to within SDF seems often to be under-appreciated.
- The sums of money channelled through LInC and SDF are significant in absolute terms, and as proportions of the sums distributed by the Church Commissioners. But they are relatively small compared to the Church's overall spending of around £1.7 billion a year at national, diocesan and parish level, financed from a combination of giving, investment income and trading income.
- In different ways both schemes are designed to encourage and facilitate Church attendance and discipleship (focused on particular groups and localities). But they operate against a backdrop in which physical church attendance has fallen over seven decades and is expected to continue doing so in coming years, due in part to ongoing social and demographic trends. This trend will presumably be accelerated in the near-term by the disruption of worship by COVID-19. On no realistic estimate of impact-per-pound-spent can these streams be expected to reverse this decline on their own.
- COVID-19 has significantly disrupted the operation of the funding streams, along with much else in Church and national life. Its impact has been felt at the level of individual projects already in operation, the deployment of new funding and the gathering and processing of data and reporting. It will not be

clear for some time which types of projects have weathered COVID-19 best or indeed whether any can take lasting advantage of the changes in worshipping patterns that have resulted.

- Through its impact on giving, COVID-19 has weakened the financial position of many dioceses and therefore their ability to fund or co-fund the sort of missional interventions supported by SDF and the costs of ministry in low-income communities supported by LInC. Responding to our survey, more than half of dioceses did not expect to be in a financially sustainable position until 2024-26 and one as late as 2031. Three more had plans in development, with the final three offering no date.
- Current consideration of the scale, purpose and administration of the funding streams coincides with the Church's broader Vision & Strategy exercise, which may alter some of the strategic objectives to which they might be hoped to contribute – for example to the establishment of 10,000 new worshipping communities. Most dioceses tell us that their existing strategies are already substantially aligned to the emerging Vision & Strategy and that they do not anticipate making significant changes in response.
- LInC and SDF form part of a broader suite of funding streams through which the National Church Institutions provide financial support to dioceses. Others include Strategic Transformation Funding (in support of major change programmes) and Strategic Ministry Funding (to finance additional curacies). The SDF pot is itself top-sliced to provide Strategic Capacity Funding (to improve strategy and project management) and an Innovation Fund (to provide smaller grants for projects that will generate learning). Welcome consideration is already been given to simplifying this structure and there is also a proposal to restructure the SDU as part of a larger unit in support of Vision & Strategy. Changes of this sort typically cause some short-term disruption and loss of capacity as they bed themselves in.
- Stakeholders tell us that LInC and SDF provide valuable (sometimes essential) support for mission and ministry, but the distribution of support by type of project and church tradition is predictably contentious. This is especially true for SDF, the more 'visible' and project-based of the two schemes. As a response to the perceived failure of the Church to serve particular communities effectively, SDF projects are of their nature disruptive to the existing church ecology and thus elicit strong positive and negative reactions. We expected to hear these in our engagement with stakeholders but have still been struck by a broader lack of trust and unity of purpose for which these schemes seem to serve as a lightning rod.

**1.9** People's journeys to faith can be lengthy and complicated. So there is a limit to what we can say definitively about the impact and outcomes of these schemes after just a five-year period, especially given the data available to us and the disruptive impact of COVID-19. That said:

- LInC is sustaining ministry in many poor communities that would otherwise lose it. Dioceses report that LInC is supporting at least 1,700 parishes and that many of them would not have their current level stipendiary clergy without that support. The amount of LInC funding confirmed to have been allocated to the 25% poorest communities has risen from £12.5 million in 2017 to £19.2 million in 2020.
- The impact of SDF is manifested in:
  - Parishes revitalised, the creation of new worshipping communities and, as reported in the 2020 SIB annual report, the support of 530 additional ordained and lay posts. These projects have developed the Church's mission across dozens of town and cities and other areas across England, with a focus on major and relatively deprived urban areas that have been under-served.
  - Improved strategic and project management capability to effect missional change in dioceses. This has benefited not just the particular projects undertaken but also wider diocesan activity.
  - The creation of new disciples and fresh social action in communities. Both are very hard to measure accurately and consistently, and the methodology used by the SIB to report past and expected progress on the creation of new disciples could be improved. But many people have

been brought to faith by these projects through a variety of different pathways.

**1.10** Stakeholders and dioceses say that the grant programmes have been administered professionally by the SDU and spoke highly of the support from SDU consultants in applying best practice governance and programme management and in making connections between dioceses addressing similar issues. Stakeholders say the rigour of the process has enhanced missional outcomes, but that it places significant demands on diocesan and project team capacity.

**1.11** Among the broad recommendations that we develop more specifically through the paper:

- The future of LInC and SDF should be considered and communicated as part of a package of interventions to deliver the Church's emerging Vision & Strategy, recognising how they may interact with other things the Church is (and is not) doing. As such, the objectives and evaluation criteria for the two programmes should align to the Vision & Strategy. Support for, and the effectiveness of, the two funding schemes is affected by the lack of trust and unity of purpose for which they (particularly SDF) serve as a lightning rod and Vision & Strategy is a fresh chance to address this. (paragraphs 5.1-5.3).
- Pending any changes in objective that the development of the Vision & Strategy might imply:
  - The primary role of LInC should continue to be in supporting and sustaining ministry in deprived communities that would otherwise lose or never have it. We recommend at least maintaining current levels of funding for the remainder of the ten-year transition period adjusted for evolving clergy costs and would be cautious about changing the distribution formula again in that period. Dioceses should be encouraged to explain the distribution and use of LInC funding clearly to their synods and other stakeholders, with reporting to the SDU broadened to cover overall missional effectiveness in the poorest communities. Missional impact could be enhanced by greater use of LInC or other funding to refresh ministry in the poorest areas and not simply maintain existing provision. (paragraphs 2.17-2.20)
  - In the delivery of project-based funding to support mission and growth, the Innovation Fund should be used to trial new ideas at relatively modest scale to address unsolved missional challenges, while the larger SDF should be used to scale up promising ideas in both size and across locations, to help roll out relatively proven missional concepts and to develop and adapt them for new contexts. Dioceses should be expected to bear more of the cost of proven missional concepts as they mature and the risk of project failure is reduced. Relatively low take-up of Innovation Funding to date may in part be due to the impact of Covid-19 but highlights the need to seek out and encourage partners and solutions with intentionality. (paragraphs 3.62-3.63).
- The Archbishops' Council may wish to look at the specific measurable objectives they have set for the schemes and consider whether there are other metrics and reporting mechanisms they would like to use in upcoming years to ensure that they exercise good governance over the funding streams. The reporting of measures of disciples created and expected and red/amber/green ratings for whether projects are on track or not to achieve their original objectives are both important channels for transparency and accountability. Both should be reviewed for their fitness for purpose. (paragraph 3.6)
- Without weakening the evaluation criteria for the SDF and Innovation Fund, or seeking to establish rigid quotas or targets for distribution by type of recipient, the Archbishops' Council and SIB should balance its responsiveness to diocesan requests in support of their strategies with a greater intentionality in ensuring that support is deployed across the full range of traditions and contexts and across diocesan borders so as to appeal to a broad spread of individuals in communities and increase diversity of worshippers. This should allow traditions and networks with less of a track record in supporting mission and growth to build capacity and 'raise their game' or to provide shared services for churches in their networks and so ensure that the SDF supports and is valued more widely. (paragraphs 3.56-3.58)

- The SIB says that it is focusing resources on young, urban, UKME/GMH and deprived communities, but it should consider addressing social class more explicitly as a criterion as well as working to ensure that these groups are better represented among project leaders. The stated emphasis on UKME/GMH communities is a recent change and should be better reflected in the allocation of funds in future and also in the make-up of those setting the strategy for and implementing the SDF programme. The fact that rural areas are 'overinvested' in on some definitions does not alter the fact that there is an urgent need to identify sustainable models of rural ministry – not least so that resources might be redeployed. Where useful, central funding should be available to help achieve that. (paragraphs 3.50-3.55)
- SDF projects deliver valuable outcomes in their own right, but their contribution to addressing the Church's missional challenge depends crucially on learning lessons and applying them elsewhere. Leveraging learning could be enhanced in a number of ways: the SDU should be more systematic in gathering feedback from dioceses on the how the programme is working; the creation of subject matter experts and champions within the SDU might sharpen focus on target groups; lessons from different missional models could be gathered and spread more effectively; and the diocesan peer review process should be re-examined if the dissatisfaction with it that we have heard is representative. (paragraphs 4.1-4.14)
- Alongside this learning, there is also a need to develop public communication of the work of the funding streams at national, diocesan and local levels. We have seen levels of distrust in the Church towards the funding streams and from one stakeholder towards another – better communication of the different roles in the funding streams, as well as the sorts of activities funded, should help alleviate this. This should involve the national church investing in public communication of the SDF and LInC funding streams, awards, and learning gathered, and dioceses being clear with their diocesan Synods and parishes about how LInC and SDF has been applied, and their reasoning behind it. (paragraphs 2.15, 2.20, 3.5)
- One of the major achievements of SDF has been to spur and support improvements in diocesan strategic and project management capacity. This creates an opportunity to move further from what has been a largely tactical project-based approach to grant allocation to a more strategic relationship between the funding institutions and dioceses to support the delivery of their strategies. This could draw upon all national funding streams to support change as part of one integrated strategic conversation rather than separate project and funding stream specific conversations. In doing so it would be important to support all dioceses on this journey rather than leave some behind. (paragraphs 5.4-5.11)
- The effectiveness of LInC funding and SDF project support in achieving their objectives is always going to depend to a significant degree on action that the Church is (or is not) taking simultaneously in other areas and through other funding mechanisms, among them supporting training and ongoing support for missional leaders and workers and dealing with ineffective or problematic ministry situations.

**1.12** A review of this sort inevitably engages with schemes like these at a relatively technocratic level, focusing on issues of structure, financing and administration. But it is important not to lose sight of the fact that they are both about helping bring people to faith in Jesus and sustain them in that faith. We have been hugely inspired by the clergy and lay people we have met who are involved in the projects and ministry supported by LInC and SDF and by what we have heard from those who have engaged from them.



# Priority recommendations

These are the principal recommendations made by this report. A full list is to be found in Appendix One.

## National Church

1. Objectives, evaluation criteria and performance targets should be aligned to the Vision & Strategy once fully developed. The funds should retain their intentionality and additionality to existing work. (Paragraph 5.2).
2. Current levels of LInC funding should be at least maintained for the remainder of the transition period, adjusting for changes in average clergy costs. (Paragraph 2.17).
3. The Archbishops' Council should re-examine the objectives they have set for SDF in the light of the Vision and Strategy and the metrics used to assess impact against those objectives. These would then inform the assessment of progress at both a project and programme level, helping the Church to learn from experience, disseminate learning and facilitate value for money judgements. (Paragraph 3.6).

## Strategic Investment Board and Strategy and Development Unit

4. Based on the clarified SDF objectives, the SIB should intentionally seek projects that address critical missional challenges for which there is no current proven solution – especially ones that would allow traditions and networks with less of a track record in supporting mission and growth to raise their game, supported by SDU subject matter experts, supporting material and processes to facilitate a systematic approach to leveraging the lessons from successful SDF projects and pilots beyond the projects themselves to the benefit of the whole Church. (Paragraphs 3.56, 4.14).
5. Increase allocation to Innovation Funding and examine alternative models to fostering bottom-up innovation, drawing on the number of networks that already exist to foster innovation and entrepreneurship within churches. (Paragraph 3.56).
6. The SIB and SDU should make decision processes more transparent to dioceses and communicate the role of SDF more clearly. The SIB should commission annual feedback independent of the SDU from dioceses and project leaders, publishing the findings and its proposed responses. (Paragraph 4.4).
7. In measuring and reporting growth outcomes to the Church and other stakeholders, the SIB should provide capacity within the SDU to work with stakeholders to develop a common outcome framework, update regularly the estimated numbers of new disciples, assess the portfolio of programmes for effectiveness by project type, and continue to research transfer growth. The SIB's annual report should explain the basis of preparation of the reported numbers of new disciples. (Paragraph 3.37).

## National Church, Strategy and Development Unit and dioceses

8. More should be done to increase the diversity of projects at national and diocesan level, including monitoring and reporting on the diversity of projects by tradition, the impact on communities with across ethnicity and social class and the gender, class and ethnic diversity of project and local leaders. Dioceses and the national church should foster applications from different traditions and networks, without lowering the bar or imposing quotas, and build up capacity to enable this. (Paragraphs 3.53, 3.80).
9. Prioritise and appropriately fund a study of the skills and attributes that missional leaders require and the support they require preparing for and running different types of projects, then allocate support to develop of pipelines of missional leaders for different types of projects and from different traditions.

(Paragraph 3.76).

10. The National Church and dioceses should move where possible to a more strategic approach to support the delivery of their strategies in line with the national Vision & Strategy, drawing upon the various national funding streams to catalyse change as part of one integrated strategic conversation rather than separate funding stream specific conversations. (Paragraph 5.9).
11. Effective deployment of and accountability for LInC funding is enhanced when dioceses explain not just to the SDU but also their own synods and stakeholders how resources are allocated and used. The SDU could do more to identify and promote best practice in this area, perhaps convening a learning symposium of major LInC recipients. (Paragraph 2.15).

## 2.Lowest Income Communities funding

**2.1** Lowest Income Communities (LInC) funding is the larger, but the less visible, of the two streams that we consider in this report. Rather than supporting specific and often high-profile projects aimed at generating growth in discipleship, it helps dioceses sustain the Church's reach and presence in communities that might well otherwise lose it, and which are often overlooked or neglected by society more generally.

**2.2** LInC is an outworking of the Church Commissioners' charitable objectives to provide additional provision for the cure of souls in the poorest areas in parishes where such assistance is most required, as set out in Section 67 of the Ecclesiastical Commissioners Act.

**2.3** The sustaining of ministry and social action often go hand in hand in worshipping communities supported by LInC. When we visited the team ministry of West Bolton, in the Diocese of Manchester, we saw how LInC funding enhances the clergy's capacity to support local mission and social action. In Halliwell, for example, the local parish works with Youth Services and a Befriending Service to support the community. In this project, LInC and SDF support and complement each other, with team ministry working alongside the diocese's Children Changing Places SDF programme. The congregation and community are home to a refugee community, three of whom have trained as Licensed Lay Ministers since joining the Church. Rev Fayaz Adman, part of the West Bolton Team, also looks after a Farsi and Urdu congregation locally. Within the diocese LInC also supports an Iranian priest who works with people for whom English is their second language and on wider translation projects for the Anglican and Catholic Church. This is just one example but reflects the sorts of work funded by LInC across the country when it is used to its fullest potential.

### Delivery

**2.4** LInC funding is designed to support mission and ministry in the poorest parishes in the country. It is allocated to dioceses – rather than directly to parishes – according to a formula based on the population and average income of the diocese's residents, adjusted for the number of people within it who rely on government benefits for a decent income. Most dioceses in receipt of LInC distribute the funding to their poorest parishes by formula through the parish share system, sometimes with a top-slice to fund relevant diocese-wide spending. But some dioceses treat LInC income more as part of general resources.

**2.5** Twenty-seven out of the 42 mainland dioceses currently receive LInC (or transition) funding, which will total £33.4 million in 2022 (Figure 1). (The Diocese in Europe has its own specific funding of £180,000 per year top-sliced from LInC, which we have not considered in this review.) The biggest recipients of LInC are Leeds, Manchester, Durham and Lichfield, each of which will receive more than £2 million in 2022. Under the previous model, funding was distributed according to the 'Darlow formula'. This was based more on the incomes of dioceses themselves than of their residents and was thus criticised for penalising rather than rewarding growth in attendance and discipleship.

**2.6** LInC is a significant contributor to dioceses' ability to fund ministry. Of the 27 (out of 42) dioceses in budget surplus in 2019, LInC and transition funding was greater than their surpluses in 8 of them.

**Figure 1**

Total LInC and transition funding compared to 'Darlow' funding by diocese

Diocese	2016 Darlow Funding (£k)	Lowest Income Communities Funding and Transition Funding			Change from 2016 to 2022 (%)
		2020 (£k)	2021 (£k)	2022 (£k)	
Coventry	0	385	398	412	Newly funded
Peterborough	0	333	344	356	Newly funded
Worcester	337	725	750	776	130%
Bristol	202	419	434	449	121%
Blackburn	816	1,310	1,355	1,402	72%
Portsmouth	365	462	478	495	36%
Canterbury	697	791	818	847	22%
Liverpool	1,591	1,590	1,641	1,697	7%
Lincoln	1,064	1,056	1,068	1,105	4%
Truro	867	856	861	880	2%
Birmingham	2,019	1,948	1,941	1,947	-4%
Southwell & Nottingham	1,314	1,264	1,260	1,263	-4%
Manchester	2,602	2,445	2,406	2,382	-8%
Sheffield	1,912	1,798	1,769	1,752	-8%
Carlisle	627	584	572	564	-10%
Exeter	1,319	1,231	1,207	1,190	-10%
Lichfield	2,263	2,113	2,073	2,045	-10%
Hereford	440	402	390	381	-13%
Durham	2,494	2,256	2,180	2,115	-15%
Leicester	1,413	1,278	1,235	1,198	-15%
Newcastle	1,418	1,285	1,243	1,207	-15%
York	2,034	1,825	1,755	1,694	-17%
Derby	1,551	1,383	1,326	1,276	-18%
Norwich	1,540	1,364	1,305	1,251	-19%
Leeds	3,562	3,110	2,950	2,804	-21%
Chelmsford	2,638	2,174	1,997	1,827	-31%
St. Edms & Ipswich	196	147	127	108	-45%
<b>Total</b>	<b>35,281</b>	<b>34,536</b>	<b>33,885</b>	<b>33,421</b>	<b>-5%</b>

**NOTES**

1. Bath and Wells, Chester, Chichester, Ely, Gloucester, Guildford, London, Oxford, Rochester, Salisbury, Southwark, St. Albans and Winchester received no funding under the Darlow formula and continue not to receive funding under LInC.
2. Figures have been rounded.

Source: Archbishops' Council distribution figures

**2.7** Figure 1 shows that some dioceses receive significantly more under LInC than they did under Darlow and some significantly less. Bristol and Worcester's annual funding has more than doubled between 2016 and 2022, while Chelmsford and St Edmundsbury & Ipswich's have fallen by more than 30%, with Chelmsford seeing the biggest drop in absolute terms. Dioceses receiving less are receiving temporary additional support for up to 10 years to smooth the transition. These transition and restructuring schemes have meant that every diocese has received at least as much funding in total across 2017-2021 than they

would have had if Darlow had remained in place. Taking SDF funding and the loss of the temporary Mission Development Funding into account, four dioceses incurred a net reduction in funding.

**2.8** LInC is part of a broad and complex system of income redistribution within the Church, alongside the parish share system and use of dioceses' own resources. Although of comparable size, LInC is much less 'visible' than SDF – its contribution to sustaining ministry in poorer communities is less appreciated, but the use of LInC funding does not attract the same degree of controversy as some SDF projects.

## Outcomes

**2.9** All dioceses make annual returns to the Strategy and Development Unit (SDU) accounting for their use of LInC funding, but with varying degrees of detail and depth. Some also explain in detail to their synods and other stakeholders how LInC funding is used and distributed. Over time the SDU has encouraged dioceses to be more intentional in their use of LInC funding, which we encourage. This has generally been successful, with the proportion of LInC monies confirmed as allocated to the 25% most deprived communities increasing from 35% in 2017 to 56% in 2020, equating to an increase from £12.5 million to £19.2 million in cash terms.

**2.10** However, it is hard to assess the impact of LInC funding definitively when its availability may affect how non-LInC funding is used and distributed – its 'net' effect may be different from its 'gross' effect. Partly as a result, there remains concern among some stakeholders that some dioceses do not use LInC funding as intentionally as they could to support ministry in the poorest communities but rather use a significant proportion elsewhere.

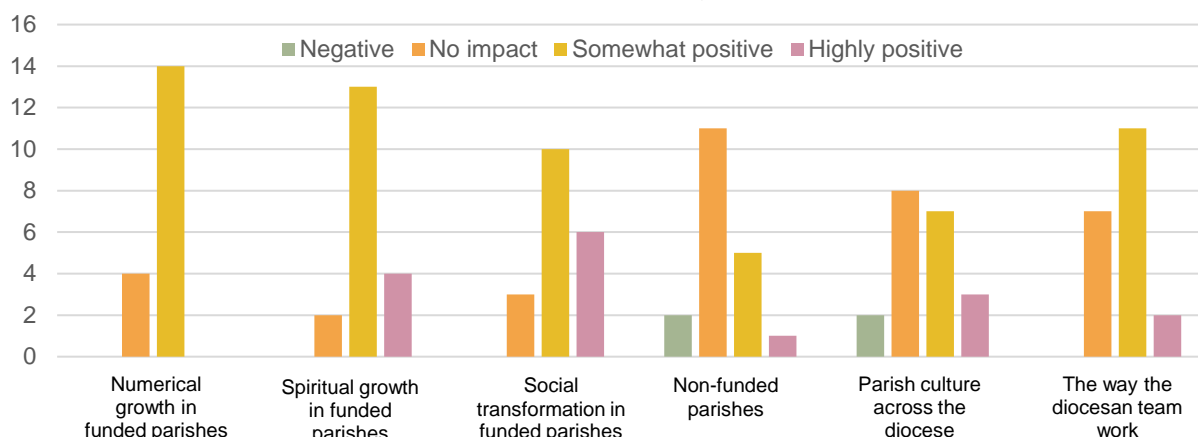
**2.11** This concern may be valid in some instances, but the evidence we have seen and heard suggests that LInC does deliver significant additionality in the sense that it supports a significant number of clergy posts in poorer parishes that would otherwise be lost. It maintains the Church's reach and coverage, rather than aiming specifically at identifying and promoting growth in new disciples. From what dioceses have told the SDU, LInC is supporting at least 1,700 parishes, with an average of £14,000 allocated per parish supported, which is roughly equivalent to a quarter of the cost of a clergy post. Dioceses tell us that many of these parishes would not have the same level of stipendiary clergy provision without LInC funding.

**2.12** Respondents to our diocesan survey spoke positively about the impact of LInC on numerical and spiritual growth, social transformation and the ways diocesan teams work for poorer areas (Figure 2). But the most frequent response was '*somewhat*' rather than '*highly*' positive.

**2.13** In general, dioceses saw LInC as less closely linked to the realisation of their diocesan vision than SDF, but several said that it was critical in maintaining their financial sustainability and geographical breadth of ministry. One caveat expressed was that LInC helped to sustain low as well as high quality ministry in poor parishes, given the difficulty of moving on or retraining relatively ineffective clergy. **Some dioceses have used Capacity Funding or SDF to increase the effectiveness of mission in deprived areas through carefully considered clergy transitions, but awareness and use of this seems to be limited and there is a case for encouraging dioceses to use LInC funding more for this purpose.**

**Figure 2**

How would you describe the impact of LInC funding?



Source: Independent Review survey of dioceses

**2.14** Given the challenge of distinguishing the impact of LInC funding from that of other support for ministry in poorer communities, **there is a case for refocusing annual returns to the SDU away from LInC specifically towards more strategic reporting against an agreed set of performance measures for mission in poorer communities.** But it is important not to impose too great a reporting burden on parishes with lower capacity. Any reporting should be designed to enable learning and mutual flourishing.

**2.15 Effective deployment of and accountability for LInC funding is enhanced when dioceses explain not just to the SDU but also their own synods and stakeholders how resources are allocated and used. The SDU could do more to identify and promote best practice in this area, perhaps convening a learning symposium of major LInC recipients (Priority Recommendation 11),** ideally explaining how this interacts with the allocation of other national and diocesan funding and the operation of the parish share system in determining parishes' total resources – including the spill-over impact of richer ones failing to cover their own ministry costs and/or supporting others where that is the case.

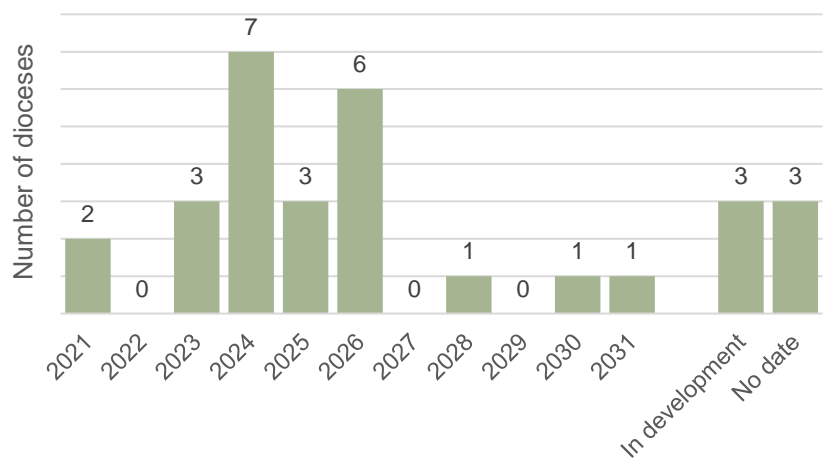
**2.16** The basic rationale for the change in the distribution formula from Darlow to LInC was sound. But there remain potential critiques. One is that dioceses with relatively high average incomes (even when modified to reflect the proportion of people on the lowest incomes) may still have significant pockets of deprivation. Richer parishes are rightly called upon to cross-subsidise their neighbours, but there may be a call for further support for these poorer communities. Another is that the LInC formula takes no account of the underlying wealth of Diocesan Boards of Finance and/or of the investment income they derive from it, in other words their ability to use their own resources to support ministry costs in both well-off and poorer communities.

**2.17 We recommend at least maintaining current levels of LInC funding for the remainder of the transition period, adjusting for changes in average clergy costs, given the additionality it delivers and the value dioceses place on it. But we would be cautious about changing the distributional formula again in the transition period (Priority Recommendation 2).** More explicit recognition of pockets of deprivation, beyond the income adjustment in the current formula, might in principle be fairer, but the benefits would likely be outweighed by the greater uncertainty, complexity and disruption that another change and the need for fresh transitional arrangements would cause. As for adjusting the formula to reflect diocesan wealth or investment income, it seems sensible to wait while the Church is considering inter-diocesan inequality and inequity more broadly, including through the Mutuality in Finances Group led by the Bishop of Sheffield.

**2.18** Dioceses receiving less from LInC than Darlow have generally found the duration of transition funding adequate to help them adjust, although for some of those with the biggest losses painful cuts have been necessary. We recommend that transition funding continue to be provided until the end of the 10-year period – this should be adequate for most and a shorter period would be challenging. We note some dioceses have made additional SDF bids to help fill the gap and they should ensure that their finances are sustainable by the time that funding ends.

**2.19** In our survey dioceses offered suggested dates for when they would be financially sustainable, with over half suggesting this would be in 2024-26 (Figure 3). Three more had plans in development, with the final three offering no date.

**Figure 3**  
The date that dioceses say their plans will make them financially sustainable



Source: Independent Review survey of dioceses

**2.20 To address LInC’s relative lack of visibility and appreciation, the SIB and SDU should estimate and communicate more clearly the extent to which LInC funding is sustaining ministry in poorer communities, based on a consistent methodology for calculating clergy costs.** It could also highlight how LInC provides a foundation from which poorer areas can attract SDF and other funding, and how it allows the next generation of clergy and leaders to be trained for mission in that setting.

## 3. Strategic Development Funding

**3.1** Strategic Development Funding (SDF) assists dioceses in delivering a range of projects to support growth and social action, especially in communities and among groups of the population previously underserved by existing ministry provision and/or under-represented in the Church. Stakeholders we spoke to welcomed the support provided and saw considerable benefits flowing from the projects in action.

**3.2** Core diocesan SDF funding of £176.7 million has been awarded since the scheme's inception in 2014, of which £74.5 million has already been spent in dioceses and a further £102.3 million is still to be drawn in projects already under way or approved. The SIB expects to make a further £14.7 million available in 2022.

**3.3** This funding has been allocated to 84 projects in 39 dioceses, though for analysis these are sometimes split into component projects by the SDU. Applications for the main tranche of SDF funding can only be made by dioceses and not by broader church networks or individual project leaders (for whom non-diocesan, capacity or innovation funding may be available).

**3.4** SDF operates as a collaboration between the national church, dioceses and local churches, with different bodies bearing different responsibilities:

- The Church Commissioners generate the funds through their investment portfolio and pass them to the Archbishops' Council to distribute in line with their charitable aims.
- The Archbishops' Council distributes the funds, by deciding the policy direction for its funding streams (in discussion with the House of Bishops, Church Commissioners and General Synod), including criteria for funding, and ensures that the funding is distributed in line with these objectives.
- The Strategic Investment Board (SIB) is a sub-committee of the Archbishops' Council and is responsible for the management of the funds in line with the Archbishops' Council's policy. It receives applications from dioceses for SDF and makes awards in line with the funding criteria and the overall amount of funding available. As the body with closest sight of the funding portfolio, the SIB is well placed to make suggestions for policy changes to the Archbishops' Council.
- The Strategy and Development Unit (SDU) provide staffing for the funding stream – the consultancy team (currently 6 staff) supports those making applications and the funding team (3 staff) look after the administration and governance of the funding, along with a Director, data team (2 staff), and team administrator. Other NCI colleagues are also involved in providing advice and governance.
- Dioceses, led by their Bishops, are responsible for mission in their boundaries, and make applications to the Strategic Investment Board to fund specific projects in line with their own strategies and the funding criteria. They are then responsible for the effective delivery of the programmes.
- Local churches (parishes or new churches), and their leaders (lay or ordained) are the ones who carry out the mission on the ground. Supported by the funding, they seek growth in numbers, spiritual depth, and transformation, in line with the programme set out by their diocese.

**3.5** The different roles in the SDF process are often a source of confusion and there has been insufficient communication between national, diocesan and local about the funding and its delivery. Culture and communication are critical success factors to building trust and unity, and **we recommend that the national church invests further in communicating how SDF works, and that dioceses communicate their decisions around the funding more clearly with their internal stakeholders (e.g. diocesan synods).**



# Impact of the SDF

## 3.6 The impact of the SDF can be assessed:

- first and foremost at the level of individual projects;
- against the objectives set by the Archbishop's Council.
- the wider impact, as reported by dioceses; and
- the 'good growth' in discipleship achieved.

Our assessment of the overall impact of the SDF has been constrained by the information currently gathered by the SDU. The introduction of progress and outcome measurement through this funding stream has been a new and welcome departure for the Church, but in building this culture the SDU and SIB have to date focused on monitoring the progress of individual projects rather than of the portfolio as a whole.

### As a result we recommend that;

- **The Archbishops' Council should re-examine both the objectives they set for SDF in the light of the Vision and Strategy and the metrics used to assess impact against those objectives;**
- **The SIB and SDU should work with dioceses to develop the common missional theories which are applied for and invested in;**
- **Thereby enabling the creation of a common outcome framework for projects that would provide a menu of comparable outcome measures for projects to select from, complemented by relevant leading indicators to assess progress.**

**These would then inform the assessment of progress at both a project and programme level to learn from experience, disseminate learning and facilitate value for money judgements. (Priority Recommendation 3).**

**3.7** At the current time any assessment of impact is clouded by COVID-19. Restrictions placed on public worship affected churches of every kind and the effects are still to be fully seen. Projects funded by SDF were bound to be vulnerable, as they sought to start something new, reach new people, maintain momentum or achieve sustainability in a challenging and changing environment. At the same time, dioceses and the national church were less able to support projects as staff focused on supporting communities. Inevitably this has affected the outcomes achieved as well as the collection of data to assess and confirm them.

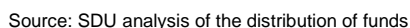
**3.8** The SIB's Annual Reports record multiple examples of parishes revitalised, new worshipping communities created and (as reported in 2020) the support of 530 additional ordained and lay posts, plus 170 interns and apprentices and 240 additional support roles to enhance diocesan capacity. We have been hugely impressed by the projects we have been fortunate to visit. To take a couple of examples:

- We visited a church plant at St Chad's on the Whitleigh Estate in Plymouth – funded through an SDF grant awarded in 2018 – to meet Rev. Rob Fowler. His motto is 'Jesus didn't sit in His hut', a quote from the owner of the local café, which the planting team used as a base and where we met members of the local community. Rather than running an Alpha or Marriage course, they have started a boxing club in the church and talk about topics from the courses during training sessions. They have also held BBQs, kayaking trips and baptisms at a local beach. When we visited the café, we were struck by how well Rob seemed to know everyone and how positively they spoke of his work. As a result, a church in one of the most deprived estates of Plymouth has grown from a congregation of 6 to weekly Sunday attendance of 50, with around 70 young people connected to the church through faith-exploring activities, hundreds of local people engaging with YouTube videos, and 28 adult baptisms since 2019.

- We met workers on the Children Changing Places Project in the Diocese of Manchester following whole-school worship at St Thomas's Church of England school. We vividly remember the forest of eager hands raised to answer questions posed by the service leaders and the enthusiastic members of the pupil-led Ethos group who organised the service and support the welfare of fellow pupils. The Project aims to engage children, young people and families across Bolton in activity that creates new discipleship pathways and supports the growth of the Christian faith in schools, parishes and the home. A key focus of the project is to build strong links between the home, church and school, to nurture and encourage a child in their faith, from toddler group or nursery, through primary and secondary education, and beyond. The project team aims to offer support to children, young people and their families, specifically at key points of transition in their lives, such as new beginnings at Primary or Secondary school. As of the summer of 2021, 480 nursery- or reception-aged children are regularly engaged in 'Wiggle Worship', 75 children are on a primary schools' discipleship pathway, and 120 secondary school aged students are on a discipleship pathway in their school or parish.

**3.9** To date SDF has supported projects in 39 dioceses, developing mission across dozens of towns and cities and other areas across England. In accordance with its ambition to address the underserved major urban areas, SDF has funded projects in 39 of the largest urban areas including 17 out of the 20 where church attendance was less than 1% of the population in 2019. £74 million has been committed to deprived areas, with dioceses placing a particular focus on investments in areas such as Dudley, Rochdale and Blackpool, which the government has designated as left behind areas that need 'levelling up' (Figure 4).

## Map of selected areas supported by SDF funding



19

---

## Figure 5

### Proportion of funds allocated to different parts of the country

#### Proportion of funds allocated by Province

Province	Total awarded	Population	Award per capita ↓
Northern (York)	£62.8m	16.3m	£3.90
Southern (Canterbury)	£108.6m	39.6m	£2.70

#### Proportion of funds allocated by Region of England

Region	Total awarded	Population	Award per capita ↓
North East	£11.3m	2.3m	£4.90
Yorkshire & Humber	£26.7m	6.6m	£4.00
West Midlands	£21.3m	5.8m	£3.60
North West	£24.6m	7.3m	£3.40
East Midlands	£13.1m	4.1m	£3.20
South West	£15.2m	5.4m	£2.80
East of England	£20.5m	7.5m	£2.70
South East	£22.6m	9.7m	£2.30
London	£15.9m	7.2m	£2.20

#### NOTES

1. English Regions do not perfectly map to dioceses, and dioceses are assigned to the region with greatest overlap.
2. Figures have been rounded.

Source: SDU analysis of the distribution of funds

---

**3.11** SDF funding has also been targeted at areas where the Church has had little effective engagement. Specific elements focused on younger generations have £81 million committed. For other groups the data on spend is less granular, but nine projects totalling £22 million have some element targeting UKME/GMH communities and 20 projects totalling £43 million have some element targeting social housing estates.

## Objectives set by the Archbishops' Council

**3.12** Performance against the objectives set by the Archbishops' Council is summarised in Figure 6. These objectives generally focus on process rather than outcomes and performance to date suggests that the programme has achieved the desired momentum across dioceses and is focusing on poorer communities and children, young people and young adults.

**Figure 6**

### Performance against objectives set by Archbishops' Council

Objective	Review assessment	Performance
1. All dioceses have successful applications (and 75% by 2019).	<b>Substantially achieved</b>	37 different dioceses have received funding - all bar 5 (of which 2 had SDF funding before 2016).
2. At least 100 funding applications supported by 2022.	<b>On track to be achieved</b>	68 projects supported between 2017 and the end of 2021. Many projects include multiple 'sub' projects.
3. A significant number of projects are explicitly focused on: <ul style="list-style-type: none"> <li>Children young people or young adults</li> <li>Delivering growth in poorer communities</li> <li>Innovative work</li> </ul>	<b>Partially achieved</b>	Percentage of projects explicitly focused on: <ul style="list-style-type: none"> <li>Children, young people or young adults: 46%</li> <li>Delivering growth in poorer communities: 42%</li> <li>Innovative: not explicitly defined by the Council, but the programme has become more focused on proven concepts over time</li> </ul>
4. At least two thirds of projects funded are on track.	<b>On track, albeit still early stages</b>	70% of projects funded from 2017 onwards are judged amber green or green by the SDU modified by the impact of the Covid-19 pandemic on their timetable. See para 3.13 below
5. Clear evidence that the funding decisions of the national Church and dioceses are being informed by learning gathered from all projects	<b>Partially achieved</b>	Evaluation criteria and diocesan programme management have been adapted to reflect learning about critical success factors, but beyond that there is limited evidence of systemic learning on what solutions work in what contexts.
6. There is positive feedback from dioceses	<b>No evidence gathered by SDU</b>	No system has been established by the SDU or SIB to gather this feedback from dioceses.

Source: SDU data and Review analysis

**3.13** With regard to the fourth objective, the SDU monitors and reports to the SIB on project progress using the familiar red/amber/green (RAG) rating system. It does this across outcomes, delivery to schedule and the maturity of the project design or mission theory. The ratings having the following meanings:

- **Green:** On track – the project is on schedule to be within 10% of the stated desired outcomes, within the planned timeframe and budget.
- **Amber-Green:** Needs attention – the project has encountered some challenges, however there is confidence that mitigating action will ensure planned outcomes are achieved within the planned timeframe/budget.
- **Amber-Red:** Needs substantial attention – the project has encountered serious challenges, with outcomes measured as falling more than 30% below the planned trajectory which puts at risk the prospect of achieving the desired outcomes within the planned timeframe and budget.
- **Red:** Off track – the project has encountered serious challenges and stated desired outcomes are unlikely to be met.

Dioceses are aware of these ratings, and where possible the SDU agrees them with the diocesan team to enable weaknesses to be addressed and projects to improve.

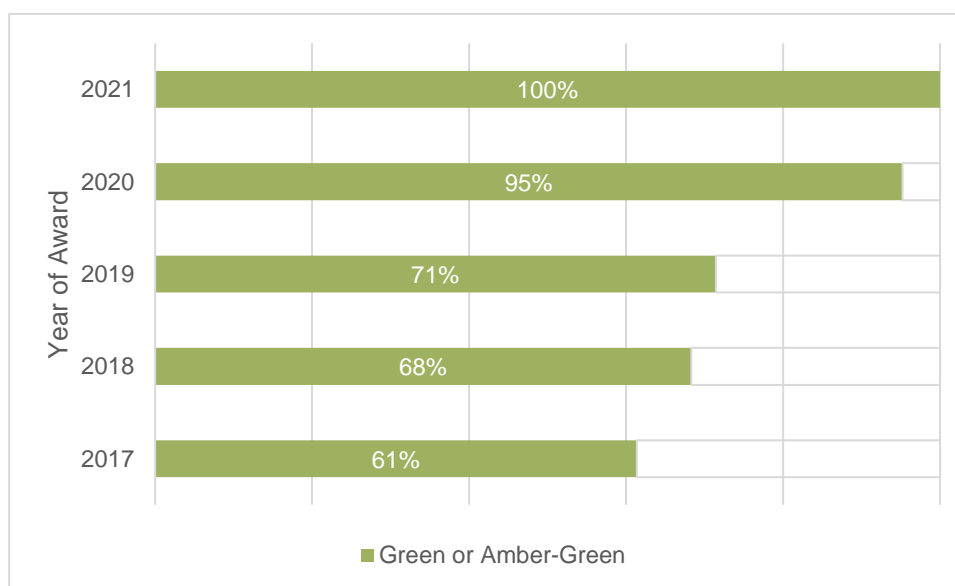
**3.14** In December 2021 the SDU reported that the Archbishop's Council's objective that at least two thirds of projects funded since 2017 are on track had been met, with 80% of the projects rated Green or Amber-Green (being projects that after mitigating actions they are expected to be on track to be within 10% of the stated desired outcomes, within the planned timeframe and budget). However, these ratings measure progress after taking into account resets of timetables or planned outcomes approved by the SIB/SDU. Monitoring and supporting individual plans on this basis is clearly sensible, but it does not necessarily give an accurate picture of overall performance against the original plans against which the funding was granted. We estimate that after adjusting for this effect 70% of projects would still be rated Green / Amber-Green when assessed against the original programme. So the Archbishops Council's objective is still met.

**3.15** Given that many projects were only awarded funds relatively recently, the assessment of progress to date is largely based on project set-up rather than outcomes. Earlier projects have a lower success rate (Figure 7) which may suggest scope for deterioration as the delivery of agreed actions fails to translate into anticipated outcomes when projects mature. Alternatively, or in addition, it may reflect a greater degree of experimentation in the early years. Panel members' wider experience in public and private sectors beyond the Church suggest that the position will only become clearer as the portfolio of projects matures.

**Figure 7**

Proportion of projects rated Green or Amber-Green adjusting for resets

Proportion of projects rated Green or Amber Green by year of award



Source: December 2021 report to SIB

**3.16** The SDU has reported regularly to SIB on how projects supported by SDF have responded to the COVID-19 pandemic. The latest report of October 2021 finds considerable resilience:

- Most projects expect to achieve their outcomes, although most will need a 12-to-18-month extension to achieve this (but no change in design).
- Only a few projects are likely to request additional funding due to the impact of the pandemic.
- A very small number of projects may need to close early, although this was attributed to a range of factors, not simply the pandemic.
- The projects less severely affected tended to be towards the beginning or end of their funding period.

**3.17** To assess the reliability of the RAG ratings the Panel discussed the ratings of the 2017 projects with the SDU, as those are the most mature. As of December 2021, the SDU reported that 61% of the 2017 projects were Green or Amber-Green. Our own estimate based on the SDU's documentation would have been essentially the same – around 60%.

**3.18** An analysis of projects by SDU RAG ratings in December 2021 of 2017-2020 projects (Figure 8) indicates little difference in success between starting new churches and working with existing churches. Higher rates of success are seen with bottom-up starting of new congregations and in deprived areas, and working with children, youth, families, students and young adults. Greater challenges were seen in church plants across dioceses and developing new rural sustainability models.

**Figure 8**

Proportion of 2017-2020 projects rated Green or Amber Green, adjusted for resets

Project Type	Number of projects	Proportion Green/Amber Green
<b>Starting new Churches</b>		
Central team promoting bottom up starting of new congregations	6	100%
New congregations in deprived areas	6	83%
Creating a group of church plants across a diocese	7	43%
New resource churches	17	76%
<b>Work with existing churches</b>		
Rural sustainability through new models of mission	3	33%
Large church to resource church	16	69%
Collaboration between churches across a town to enhance mission	3	69%
Point interventions to improve specific parishes/ Transformation	2	100%
Children youth and families/students and young adults	12	92%
Others: UKME/GMH, wider training	2	50%

**NOTES**

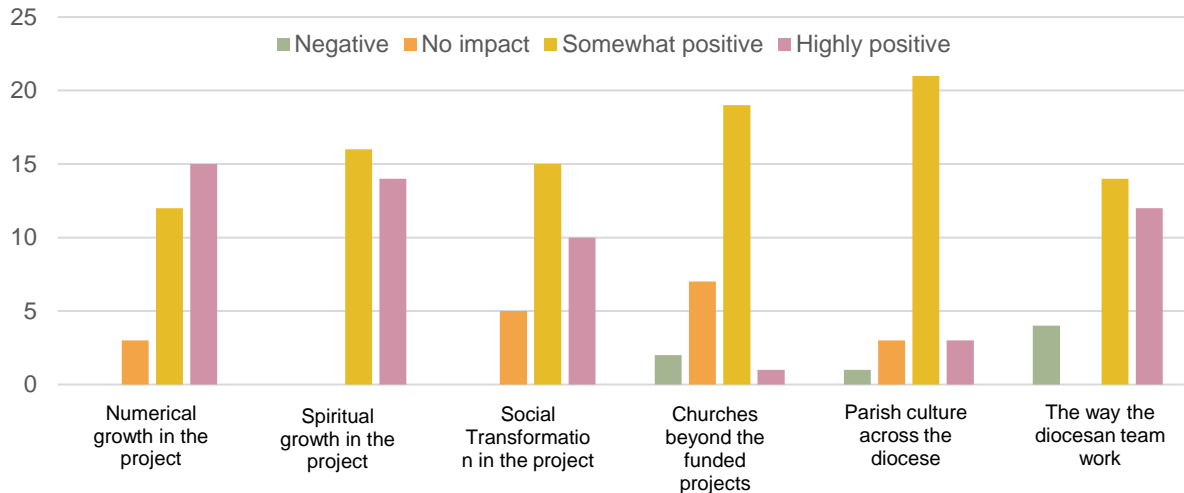
1. As this analysis breaks down projects into sub-project by type, the numbers will not match with other analysis which takes projects as a whole.
  2. Newly funded projects to not yet have a RAG rating
- Source: SDU list of projects and Dec 2021 report to SIB

## Diocesan views of the impact of SDF

**3.19** In our survey, we asked dioceses about the impact of funding for SDF projects in different areas. Figure 9 gives the distribution of scores. In each area dioceses reported a net positive impact particularly in numerical growth and the way that the diocesan team works. More impact was seen from the individual projects than wider changes and, unsurprisingly, there was less impact on non-funded churches.

**Figure 9**

How would you describe the impact of your SDF projects?

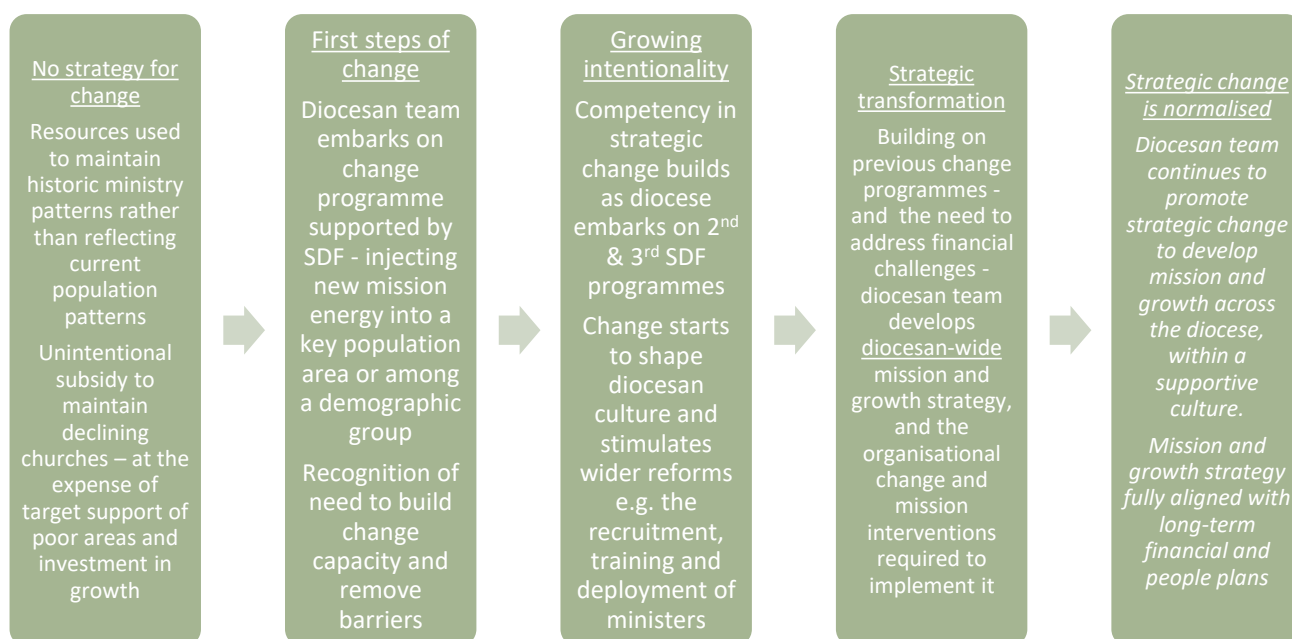


Source: Independent Review survey of dioceses

**3.20** Dioceses with more than one project often saw differences in impact between them. Most commonly, this was simply because of timing differences – one project had been going for longer than the other. Some dioceses pointed to other sources of differential impact – differences in project design (e.g. numerical growth focus vs transformation focus, local vs diocesan scope, short term vs long-term impact) or project delivery factors (e.g. one with consistent leadership, one without).

**3.21** Almost everyone we spoke to in dioceses and the SDU said that engagement with the SDF funding process had spurred significant improvements in strategic planning, structure, accountability and other programme disciplines at the diocesan level. This was tied to widespread recognition that focus and intentionality were important in the use of SDF and more widely. Many dioceses were now thinking about the next steps in developing a strategic vision, seeking a greater change than that provided by SDF. The SDU has developed the following way of thinking about diocesan strategic maturity and there is a widespread view that engagement with the SDF has helped move more dioceses along this chain:





**3.22** In the wider comments from dioceses about the impact of SDF, the other most common themes were:

- **Changes to diocesan culture** around accountability and measurement – this was mixed, with most dioceses saying that SDF engagement had enhanced their culture significantly across the diocese, but a minority saying that the focus on particular measurable outcomes was unwelcome.
- Funding supported a **culture of mission and growth** in the diocese, of investing in growth, risk-taking, experimentation and learning in the senior team, and accelerated the diocesan vision.
- SDF projects had **increased dioceses' capability to support other parishes** in the specific areas of expertise funded by the project (e.g. young people, pioneering, church planting, UKME/GMH communities).
- People had been brought into dioceses with **the skillsets required to deliver growth** and to undertake mission in their own contexts. But COVID-19 has slowed progress.
- The prescribed focus of SDF funding meant that **some places (e.g. rural areas, including areas of rural poverty) felt left out and undervalued**.
- Some dioceses reported that the **financial burden of co-funding** large or multiple SDF projects had created or exacerbated financial pressures, requiring cuts to other areas of activity.

## **‘Good growth’ outcomes**

**3.23** The SIB’s 2020 Annual Report notes that *“In distributing SDF, the Board focuses on the need to achieve sustainable ‘good growth’ by supporting programmes which will increase numbers of new disciples, enhance the quality of discipleship and grow the impact of the Church’s social engagement work.”*

### **Quality of discipleship and social engagement**

**3.24** Measuring the quality of discipleship and social engagement is particularly difficult. For example, deriving an aggregate social transformation statistic is challenging and, while attempted methods exist, they are generally unwieldy and unsatisfactory.

**3.25** The SDU has been able to track some individual types of social action activity, such as new resource churches providing 8,200 meals for the homeless, 6,000 food bank meals and 800 items of clothing in a year before COVID-19. But these statistics cannot fully represent the impact of social transformation.

**3.26** We have also heard inspirational examples, including from Crawley where the SDF-funded church is partnering with police to enable parole conversations in a welcoming space. In Norwich, the church is leading conversations around modern slavery. During the Covid-19 pandemic, a number of SDF-funded churches co-ordinated support across their cities, linked to local government, and part of the ecumenical ‘Love Your Neighbour’ campaign. In Preston, this meant delivering a food parcel within 90 minutes, partnering with pharmacies to deliver medicine, phoning isolated people, and working with local organisations in providing support around unemployment, troubled families, and debt.

**3.27** Projects are also encouraged to help people develop as leaders. In Blackburn’s Outer Estates Leadership project, the M:Power programme has trained 24 urban estate lay leaders, while the Blackpool Ministry Experience Scheme has supported 10 voluntary workers (of whom 5 feel their calling is to live and/or work on a an estate in future) and have seen 80 new disciples.

### **Numbers of new disciples**

**3.28** In reporting annually on the ‘progress and outcomes from Strategic Development Funding’, the SIB has, since 2018, published an estimated aggregate number of disciples created by SDF-supported projects to date and the number anticipated to be created by those projects. Data on this basis are compiled regularly for the SIB by the SDU alongside other figures and have been mentioned in papers to the Church Commissioners Board.

**3.29** The 2020 Report stated that:

- *“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.”*

**3.30** The number of new disciples witnessed to date is for all projects since 2014. The anticipated number is for all projects since 2017 and derived from ‘ambitions’ set out in Stage 2 applications, which are not updated in light of outcomes to date or to reflect the evolving RAG ratings for the projects. Revisiting and updating these numbers on a regular basis would facilitate assessment of the track record of performance against Stage 2 applications by project type, diocese and in aggregate, and would help shed light on any optimism bias at the application stage. The SDU told us that they had hoped to revisit these numbers over the last couple of years, but had been delayed in doing so by the priority given to helping dioceses and projects

through COVID-19. As one would expect, with few projects having reached the end of their funding period since 2014, only two projects to date have recorded new disciples in excess of their Stage 2 ambitions.

**3.31** The SDU's most recent analysis, produced on this same basis, suggests that out of the 89,375 new disciples anticipated from SDF projects from 2014 to 2021, 12,704 have been witnessed to date (Figure 10). Of the 61 projects started since 2017 just five are responsible for 53% of the reported 6,300 new disciples.

**Figure 10**

Outcomes seen in SDF projects by award year

Year of award	Anticipated new disciples in diocesan project plans	New disciples recorded by SDU	Proportion of funding claimed
2014	4,850	1,341	100%
2015	7,500	2,170	88%
2016	6,633	2,892	80%
2017	25,923	5,019	59%
2018	24,979	1,222	41%
2019	8,485	60	24%
2020	6,645	0	26%
2021	4,360	0	3%
Total	89,375	12,704	42%

Source: SDU list of project outcomes as of December 2021

**3.32** The SDU tell us that they do not regard the estimates of new disciples witnessed and expected for individual projects that underpin the aggregates as a robust basis to compare their actual and expected performance, which of course suggests that one should be wary of combining them into an aggregate figure. The definition of new disciples varies considerably between projects and the numbers of reported new disciples do not always reflect the reality on the ground. Delays in annual reviews due to COVID-19 have compounded this problem, leaving more component estimates out of date.

**3.33 Defining 'new disciples':** The SDU and dioceses generally take the view that individual projects should 'own' the metrics by which they are monitored, choosing what is important to them as a measure of progress and thereby accommodating a range of theories of change. Consequently, a variety of different measures of numerical growth have been adopted. But this diversity of approach – sometimes adding apples and pears – inhibits comparisons across projects, with consistent but limited measures such as those in Statistics for Mission used where comparison is needed. SDU tell us that a common outcome framework was planned but then stalled when the pandemic necessitated a refocusing of team resources.

**3.34 Sources of new disciples:** guidelines for Stage 2 applications request that new disciple metrics should be those that are new to God, therefore excluding 'transfer growth' from other churches, within and beyond the Church of England. Subsequent reporting of numbers of new disciples relies on the accuracy of the records kept by projects, which is a complex matter and one we have not tested. That said, there is existing research about the level of transfer growth to churches which the SDU has used to advise projects on their design. For example, the '*Who's there*' research published by the Church Army and commissioned by the SDU, suggests that 59% of disciples in Fresh Expressions of Church are from existing churches (not necessarily the Church of England) of whom about 40% continued to also attend their existing church.

**3.35** Resource churches account for around two-fifths of SDF projects and the SDU's '*SDF Learning Summary-New Resource Churches*' suggests that 38% of resource church congregations are transfers from local churches and 10% attend in addition to their existing church, based on congregational surveys. Based

on a more anecdotal assessment, SDU say that about half of the transfers coming to resource churches may be from independent churches and half from other Anglican churches.

**3.36** The SDU has also analysed the impact on the parishes containing the closest 100,000 people to four relatively mature SDF resource projects and found that in the three of the four cases attendance at the neighbouring churches had continued on the same path as before the resource church was planted. In one case the local decline was greater but within the bounds of what other urban areas had seen. The growth in the resource church exceeded any ongoing decline in other parishes.

**3.37 In measuring and reporting growth outcomes to the Church and other stakeholders, we recommend that the SIB should provide capacity within the SDU to:**

- **Explain more clearly in the SIB Annual report how reported growth numbers are derived, pending improvements to the methodology**
- **Work with stakeholders to restart the work on a common outcome framework that would provide a menu of comparable outcome measures for projects to select from.**
- **Regularly update anticipated numbers of new disciples from projects on the basis of evolving performance to date and RAG ratings.**
- **Assess the track record of performance against Stage 2 applications by project type, diocese and in aggregate help assess optimism bias at the application stage**
- **Support continued research into the scale and nature of transfer growth.** (Priority Recommendation 7).

**3.38** The SDU does not currently use a grants management system, so investment in a high-quality database would also help them to provide robust data on outcomes as well as enhancing resilience more generally in how the funds are administered. Analysis of the cost and growth outcomes of projects indicates wide variations both between project types and projects of a similar outcome. But viewing SDF projects primarily through such a lens would be short-sighted and we do not recommend allocating funding mechanistically to the projects that seem to offer the higher numbers of disciples per pound. After all, the objective of SDF is to target contexts that the Church has traditionally found missionally challenging and not necessarily the lowest hanging fruit.

**3.39** In terms of assessing the impact of different project types, the SDU has done the most work on newly planted resource churches, which account for 26% of the SDF funding. It found that they achieve:

- Median attendance of 400 after 3 years;
- Median additional giving of £200,000 by year 3;
- A majority of attendees under 30, versus a majority in the wider Church of under 55;
- Generating new vocations to ordained ministry, with on average four people per resource church in discussions about ordination at the time of the survey;
- Planting on average twice every three years, with most plants going to deprived areas or resource churches in other towns or cities.

**3.40** Some dioceses have sought SDF funding for Fresh Expressions of Church (FXCs). The number of FXCs has grown by 44% between 2014/15 and 2018/19 in SDF-supported dioceses, compared to 22% in those without SDF projects. However, reported growth in FXC attendance has been slower in dioceses where SDF is supporting FXCs than in those where it is not (though the results differ across projects).

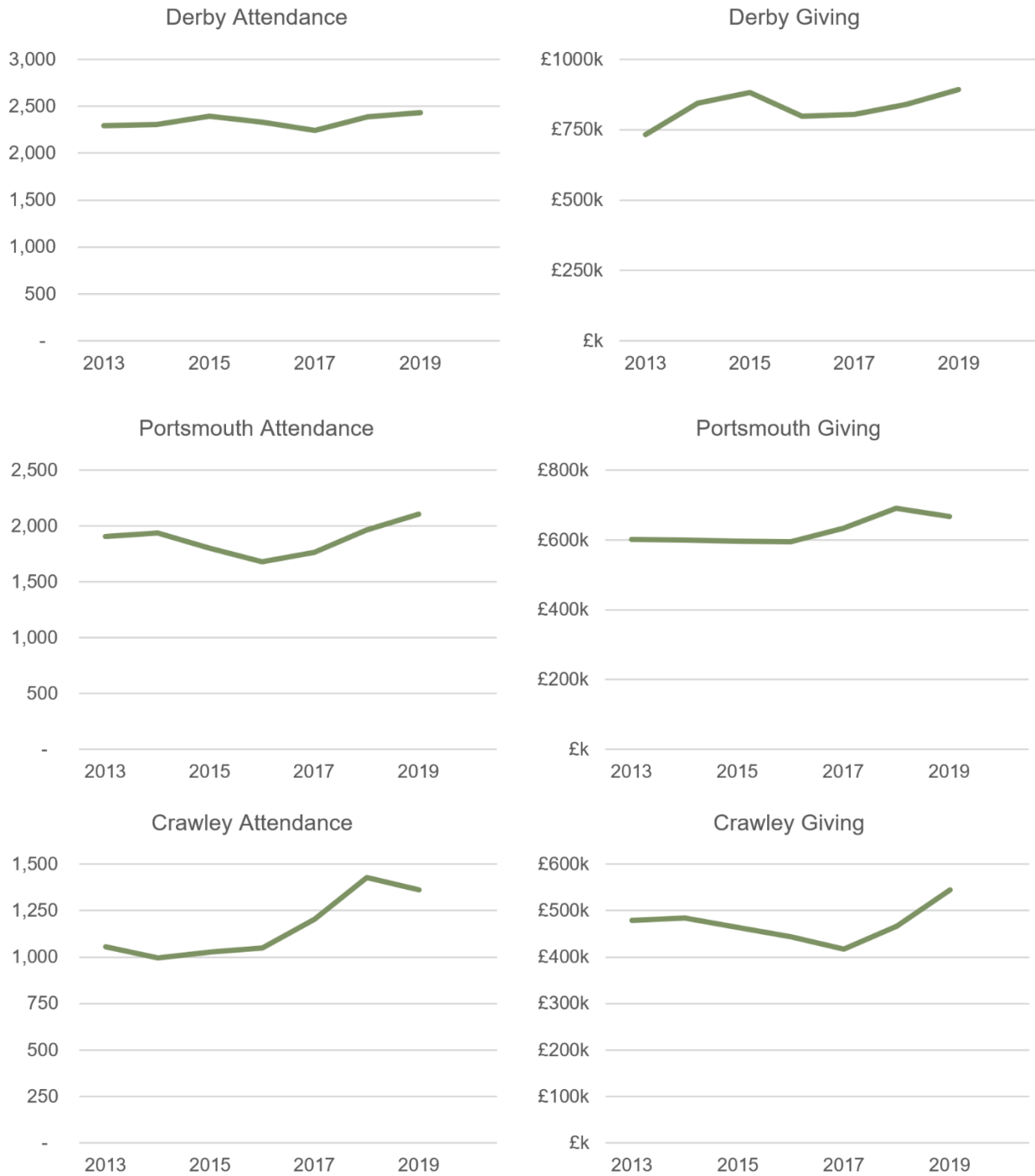
**3.41** In thinking about differences in growth outcomes across project types, we recommend that:

- **The SIB should consider how best to assess the value for money offered by different types of projects and then how to balance that against broader objectives**
- **The SIB should ensure that it allocates adequate time and resource to discuss the performance of existing projects (and particularly the lessons to be learned from Amber-Red projects) as well as the pipeline of new applications.**

**3.42** In considering the SDF's impact on numerical growth it is important to be realistic – given the sums of money involved and any plausible estimate of the impact per pound spent, SDF and LInC cannot on their own be expected to shift the projected downward trend in church attendance decisively over the lifetime of the funding. Yet we have seen examples in some parts of the country where SDF has helped to reverse a history of decline. For example, resource churches in Derby, Portsmouth and Crawley have all resulted in aggregate diocesan attendances and giving growing in those towns/cities after years of decline (Figure 11).

**Figure 11**

Growth trends of the towns/cities of Derby, Portsmouth and Crawley



Source: Statistics for Mission and Finance Statistics data 2013-2019, analysis by SDU

**3.43** These examples and the projects we have seen demonstrate to us, even at this early stage in the SDF, that by intentionally doing something different the SDF provides the opportunity of growth, ensuring that decline need not be inevitable. As we discuss below, if the Church is to maximise the impact of SDF on growth it has to ensure that the lessons from successful projects are learned and shared beyond the projects

themselves to replicate, develop and adapt what works to similar and different environments to the benefit of the whole Church. To succeed they must also be embedded in and supported in dioceses' own strategies.

## Delivery and the portfolio of projects funded

**3.44** The distribution of SDF funding by project type is summarised in Figure 12. It shows that more than half (£91.3 million) of the total awarded has been allocated to new resource churches or to developing existing churches into resource churches, with a further £11.6 million allocated to church plants.

**Figure 12**

### Features of the distribution of SDF funding 2014-21

Project Type	Number of projects	Total Funding (£m)
<b>Starting new churches</b>	<b>47</b>	<b>82.7</b>
Central team promoting the bottom up starting of new congregations	11	13.5
New congregations in deprived areas	7	12.0
Creating a group of church plants across a diocese	8	11.6
New resource churches	21	45.7
<b>Work with existing churches</b>	<b>47</b>	<b>94.9</b>
Rural sustainability through new models of mission	4	4.7
Large church to resource church in different locations across a diocese	16	45.6
Collaboration between churches across a town to enhance mission	4	7.4
Point interventions to improve specific parishes / Transformation	4	9.6
Wide training/consultancy for existing parishes	2	2.6
Adding new ministries or projects to existing parishes: Children youth and families, students & young adults,	15	21.4
UKME/GMH (understated: see note 1 in figure 13 below)	1	2.6
<b>Total</b>	<b>94</b>	<b>177.4</b>

#### NOTES

1. Figures have been rounded.

Source: SDU analysis of projects

**3.45** The resource church funding of £91.3 million was awarded to 37 projects (Figure 13). Of these:

- 32 projects (£72.4m) had an element specifically targeting young people (children, youth, or young adults).
- 24 projects (£72.6m) had an element targeting cities (including city centres, inner cities, and city-wide change).
- 23 projects (£53.7m) had an element targeting towns (including market towns, post-industrial towns, new towns and other towns).
- 15 projects (£35.6m) had an element targeting areas of deprivation.
- 4 projects (£11.1m) had an element specifically targeting UKME/GMH communities, all of which had an

element aimed at young people

- 3 projects (£3.3m) had an element targeted towards rural communities.

---

## Figure 13

### Resource church funding allocation

	Cities	Towns	Rural	Deprived	UKME/GMH
<b>Overall</b>	24 projects, £72.6m	23 projects, £53.7m	3 projects, £3.3m	15 projects, £35.6m	4 projects, £11.1m
<b>Youth focus</b>	21 projects, £56.1m	19 projects, £43.6m	1 project, £1m	13 projects, £32.1m	4 projects, £11.1m

#### NOTES

1. These figures are non-mutually exclusive due to projects overlapping more than one category.

2. Figures have been rounded.

Source: Panel analysis of project data

---

**3.46** The intentionality of SDF has evolved since its inception. In the early days, the relative lack of experience in growth-generating projects across the Church meant that most early projects were pilots or experiments. With the experience now gained, the SDF has tended to invest more in proven concepts (some of which, like resource churches, were more experimental in the early days), whilst continuing to fund pilots and applying established models in different contexts.

**3.47** In 2019, recognising that demand for SDF funding was potentially significantly greater than the funds available, the SIB clarified its focus for SDF in accordance with the priorities of the Archbishops Council. Over the 2020-22 triennium period, it decided to target support on major change programmes that:

- Fit with dioceses' strategic plans: and
- Make a significant difference to their mission and financial strength.

And

- Are targeted on promoting church growth within the largest urban areas and on one or more of younger generations, UKME/GMH populations (from 2021) and deprived communities;
- Involve numerical growth and growth in discipleship and social impact;
- Are genuinely additional to what the diocese can currently afford; and
- Have plans to sustain and multiply growth over time.

**3.48** The SIB has consistently highlighted some of the major missional challenges that it believes the Church is facing and which the distribution of SDF in part seeks to address. In particular, the Church has very little effective engagement amongst Asian ethnic minorities, people aged 12-24 and those living in social housing and the most deprived areas<sup>1</sup>. Given the high-profile nature of SDF projects, and the disruption they sometimes imply for the existing local church ecology, the distribution of SDF funding is inevitably controversial among some, either because people take issue with the strategic choices that have been made by the Archbishops' Council and SIB or with how they think they are being implemented in practice.

**3.49** Whether justified or not, the most frequent critiques we have heard include:

- A bias towards the now tried-and-tested 'resource church' model

---

<sup>1</sup> SIB 2020 Annual Report



- A bias towards the Charismatic Evangelical tradition
- A bias towards projects that end up serving predominantly white, middle-class worshippers
- A perceived refusal to consider even potentially strong projects in rural areas

**3.50** The SIB responded to the critique of disfavouring experimentation by introducing the Innovation Fund in 2021, offering £4.8m million over up to three years. This currently prioritises projects aimed at younger people and children, people living in low-income communities and urban areas and people from UKME/GMH communities. However, the introduction of the funding was delayed because staff time was reallocated to support the sustainability of dioceses during COVID-19 and so there has not yet been very much take-up.

**3.51** The SDU does not routinely monitor projects by church tradition, which is admittedly not straightforward to capture in any case. We do not recommend quotas or targets for funding by tradition, but this lack of data means that suspicions of funding bias are hard either to prove or to rebut definitively. However, the SDU has reported that more than half of SDF resources have gone to resource and church plant projects, which tend to be associated with evangelical traditions (though there are some in the catholic and central traditions). More specifically, 14% of funding has gone to projects exclusively made up of plants from the Church Revitalisation Trust (CRT) network linked to Holy Trinity Brompton (and a further 29% has gone to projects where CRT churches are present among those of other networks and traditions). This is not in itself proof of bias. Given the professionalism, shared services support and track record of that stable, it is hardly surprising they are often the first port of call for a diocese seeking numerical growth relatively quickly. One key success factor has been CRT's ability to leverage lessons to both develop and replicate its model.

**3.52** One reason for making sure that projects come from a wide range of church traditions is to appeal to a broad spread of individuals in communities and so increase diversity of worshippers. Different traditions of worship will inevitably resonate with different individuals and communities and core to the Church of England is its desire to reach the whole nation with the best that different traditions have to offer. Similarly, there are non-tradition-based church networks which have expertise on reaching particular UKME/GMH communities.

**3.53 We recommend that SIB monitor and report on the diversity of projects by tradition (without setting quotas) and on how UKME/GMH representation among worshippers in projects evolves over time. (Priority Recommendation 8).**

**3.54** Dioceses are currently discouraged from submitting projects in rural areas, notwithstanding the prevalence of rural poverty. It can be argued that rural areas are already generously served by the Church: 59 per cent of the nation's churches are in a rural environment, but they serve only 17 per cent of the population. But reductions in clergy over time have contributed to the widespread practice of rural clergy covering multiple parishes, which the *Anecdote to Evidence* report suggested was accelerating the decline in churchgoing (although subsequent research casts doubt on this). In any event, there appears to be an increasingly urgent need to road-test potential future models for the unresolved missional challenge of sustainable rural ministry – not just for its own sake but to allow resources to be redirected to other areas.

**3.55** In setting policy and criteria for SDF and Innovation Fund projects, the Archbishops' Council needs to direct the SIB how far simply to respond whatever dioceses may propose and how far to seek to build a holistic portfolio of projects that identifies several interventions it wishes to test and develop, and then pilots and rolls them out in different places. The SIB and SDU encourage dioceses to put forward projects that it believes would be worthwhile and has worked with The Society and HeartEdge, among others. However, they show little sign of broader intentionality in shaping the whole portfolio to build capacity and road-test a range of interventions that support and challenge the full range of traditions and contexts in the Church.

## Focusing the distribution of funds

**3.56** It is for the Archbishops' Council to direct the SIB on which categories of worshippers and communities to focus its resources on. But, building on the evolution of the SDF to date and our observations in preceding paragraphs, we believe that:

- There is a need for greater intentionality to address unresolved missional challenges and to ensure a diversity of offerings from the different traditions.
- A support infrastructure needs to be in place to leverage the lessons from individual projects to inform the design of future ones and maximise the multiplier effect for the wider Church.
- The Innovation Fund – expanded if necessary - should be focused on piloting potential solutions to unresolved missional challenges across a diversity of traditions.
- The SDF should focus on responses to missional challenges critical to the national Church across a diversity of traditions, both by scaling up successful innovations, and by funding responses with a promising track record. (Priority Recommendations 4 and 5).

**3.57 Intentionality:** without weakening the SDF evaluation criteria, or setting rigid quotas, the SDU should intentionally seek projects that address missional challenges for which there is no current proven solution or projects that cross diocesan borders, especially ones that would allow traditions and networks with less of a track record in supporting mission and growth to build capacity, gain experience and 'raise their game' or to provide shared services for churches in their network and so support the diversity of tradition within the Church. Funding should be available to road-test potential future models for sustainable rural ministry.

**3.58** The Archbishops' Council and SIB should consider taking social class into account more explicitly alongside the current urban/young/diverse/deprived criteria. (Some projects may, for example, score highly in their focus on youth and diversity by targeting university students, but not serve indigenous young people with poorer education and life chances as effectively, especially once those projects have matured.) Judging from the reported allocation of funding to date, more could be done to prioritise work with UK Minority Ethnic communities and the 2021 change in criteria to make this more explicit is welcome.

**3.59 Support infrastructure:** in addition to allocating consultants to particular dioceses, SDU staff members should be appointed as Subject Matter Experts (SMEs) and champions to take cross cutting responsibility for critical missional challenges and traditions (for example serving youth, ethnic minorities, rural communities, deprived estates etc) and work with relevant champions from the House of Bishops and other networks. This should be facilitated by the recent proposal to integrate the SDU into a wider 'Vision and Strategy' team which will enable closer working with those with relevant expertise in the national church.

**3.60** The SMEs should enable a more systematic approach to achieving a multiplier effect for the wider Church, from individual projects that by themselves cannot achieve the scale of change required. The SMEs could do this by facilitating the development for each intervention model of:

- A worked-up methodology, documentation and theory of change.
- Training programmes.
- Learning networks of dioceses for whom the model would be relevant.

**3.61** This could facilitate the type of multi-approach projects that have impressed us as they seek to deploy a range of interventions across different traditions in a particular area. Being more explicit that the Church is making different 'offers' to different types of potential worshipper could reduce the perception that plants or interventions are designed to devalue or displace existing provision. For example, the Renewing Newham project, funded in 2020, is seeking growth through funding pioneer ministry in the Olympic Park, community-

based parish ministry in a multi-cultural context, a church plant attached to a network with a significant foodbank provision, and Anglo-Catholic worship among Spanish and Portuguese speakers, as well as missional plans with churches across the whole borough of Newham.

**3.62 Innovation Fund:** We suggest that the Innovation Fund should focus on piloting projects that address unresolved missional challenges across a diversity of traditions (rather than innovation for the sake of it) within its existing scope and others critical to the national Church such as sustainable rural ministry. The existing upper limit of funding of £250,000 means it could embrace learning through failure to a degree that would be inappropriate for the more significant financial investments under the SDF.

**3.63** The Fund would then operate to:

- Pilot initial projects that have the potential for scaling up through the infrastructure described above. This has been reflected in the awards to date – experimenting with sports ministry on an estate in Cambridge and a Farsi-speaking Christian network in London.
- Work with dioceses and existing networks to foster innovation and entrepreneurship. There are local Christian (start-up) networks which, as part of their mission, could come alongside the diocesan team to support project execution. Building an ecosystem with partners would be beneficial especially if there are skill gaps in a project.
- Funding could then be provided both through the existing application process and an element allocated to SME/Learning networks.

The delays caused by the Covid-19 pandemic in launching the Innovation Funding underlines the need for intentionality in identifying challenges, partners and potential solutions.

**3.64 The SDF** would then focus on responses to missional challenges critical to the national Church across a diversity of traditions, both by scaling up successful pilots, and by funding responses with a promising track record, in respect of those projects that cannot be funded from their own or diocesan resources.

**3.65** We would expect the need for SDF funding to reduce as missional solutions mature and concepts become better proven. Their own resources permitting, dioceses should feel more confident of the speed of payback and therefore be more willing to accept the (reduced) investment risk. For example, analysis by the SDU suggests that the average church plant covers its costs by the end of year three.

**3.66** These suggestions could increase demand for funding from either or both the SDF and the Innovation Fund. We see scope for some shift towards the Innovation Fund – replication of successful models is key to scaling up what works, alongside greater freedom to try and fail with unproven concepts. That said, some stakeholders argue that genuine innovation is hard to achieve with few potential pioneers up to the challenge, and that dioceses do not have the resources to implement new missional models from their own resources in any event. As noted in the Introduction, it is beyond the scope of this review to recommend the overall funding envelope that the Church Commissioners should accommodate through their distributions.

**3.67** The time-horizon over which projects are expected to be self-financing (or demonstrate that they deserve ongoing diocesan support) has lengthened from an initial three to five years today. There remains a widespread belief in dioceses that this is still too short, creating a risk that bid submissions will be unduly optimistic or that applicants will feel under pressure to do too much too quickly (for example, in rolling out new plants). The current speed at which new disciples come to the church through projects summarised earlier in Figure 10 confirms that many projects will struggle to achieve financial sustainability in five years. COVID-19 has meant that some projects have needed extensions to get to financial sustainability.

**3.68** We note that some projects may not appear to be sustainable in their own right – for example, because they are aimed at young people and students with low incomes because of their stage of life. But dioceses and the national Church may wish to continue to invest in youth and young adults by supporting them if

those who benefit remain engaged with the Church. Within ten years this investment could pay off when they move into employment and have higher income and capacity for giving even though the financial and missional legacy may not be captured by the project alone but also by churches they move to.

**3.69 The Archbishops' Council should consider offering funding over longer periods than 5 years where appropriate, tailored to the nature of the project and the maturity of the missional solution.**

## Projects: the application process and reporting

**3.70** The SDF application and monitoring process has strong similarities with charitable and public sector grant-giving programmes and stakeholders say they have been administered professionally by the SDU. The weight of documentation required of applicants and presented to the SIB is comparable to public sector grant-giving but heavier than would be expected in more established commercial environments.

**3.71 Reflecting on experience to date, the SDU should engage with programme managers to review demands for application and monitoring documentation to ensure each requirement is still necessary and is providing useful information.**

**3.72** The time commitment and expertise required to put together an application that is likely to be viewed favourably by the SIB favours applicants with prior experience in making such applications, either as part of a network and/or where diocesan programme managers have that experience – notwithstanding the assistance provided by consultants working for the SDU. Rigorous assessment of applications is essential, given the need for accountability, but barriers to new entrants unfamiliar with the process (for example, language, capacity or contacts) should be as low as possible. The requirements for the application process should be sufficiently flexible to encompass applications from the range of Church traditions.

**3.73 In the guidance and examples the SDU makes available on what a 'good' application looks like, it should ensure these address different traditions and types of potential project and recognise the wide range of capacity, experience and diocesan support potential applicants may have – especially those trying to interest their diocese in supporting an allocation for the first time or in a so-far untested area.**

## People: supporting project leaders to succeed

**3.74** There is widespread recognition, both in the diocesan survey and our wider conversations with stakeholders, that the success of missional projects is highly dependent on the energy, skills and personal attributes of their leaders. We have been hugely impressed by the courage, resilience and creativity of project leaders we have met who have been central to the success of the projects they are spearheading. But in some cases, projects have failed largely because of leadership problems.

**3.75** There are particular challenges perhaps for those engaged in small relationship-based ministry projects (for example on estates) where the leader is not part of a big team or group plant. In funding SDF projects, the SIB should be satisfied that the diocese has adequate support in place for project leaders and helpers as well as contingency plans should a leader or leadership team run into serious difficulties – or indeed if an effective leader moves elsewhere.

**3.76** Training and developing a pipeline of potential missional leaders is key. Some dioceses and networks have focused on this, but we are not aware of any specific mechanism to facilitate learning in this area. **The SIB should prioritise a study of the skills and attributes missional leaders need and the support they require when preparing and running different types of projects. As part of the review of Resourcing Ministerial Education, the wider Church should consider working with and resourcing TEIs and**

**others to secure a step change in mission-focused training pre and post ordination, drawing on the experience of successful practitioners.** (Priority Recommendation 9).

**3.77** The diversity of missional leaders also deserves closer attention. There is currently no monitoring of the diversity of the leadership of SDF-funded churches, but we have heard anecdotally that they tend to be more white, young, male and middle class on average than the communities they serve and more male than current cohorts of ordinands entering ministry. It is important where possible for leaders to represent the communities they serve to inspire individuals to follow in their footsteps.

**3.78** Attempts are being made to diversify the pipeline of clergy and missional leaders, for example through the 'Peter Stream' programme for those who have sensed a call to ordained church leadership from a wide range of social, ethnic and educational backgrounds, but who have felt excluded from discernment, selection or training. Schemes of this sort might help projects with succession planning, emphasising finding and developing indigenous leaders from the local communities rather than relying on importing them.

**3.79** The SDU could also undertake or commission research into how the age, gender, class and ethnic composition of worshipping communities of long-established plants and similar interventions has evolved over time, to ascertain whether they become more or less representative of the local community over time. If the data is not currently available to do this, it should be collected to ensure that it can be done in the future.

**3.80 SIB should introduce processes to monitor and report on the diversity of project leaders and worshippers. For projects involving leaders and worshippers moving into a community, the SIB should judge sustainability not just in financial terms but on whether plans are in place to encourage the development of indigenous leaders over time, particularly in relation to social class. We also urge the Archbishops' Council to promote the presence and voice of members of the UKME/GMH communities in determining the goals of SDF and in decision-making on the project portfolio.** (Priority Recommendation 8).

## Diocesan strategies and working with the SDU

**3.81** This section covers what dioceses responding to our survey said about their strategies and how they are linked to SDF (and LInC funding) and about working with the SDU on projects.

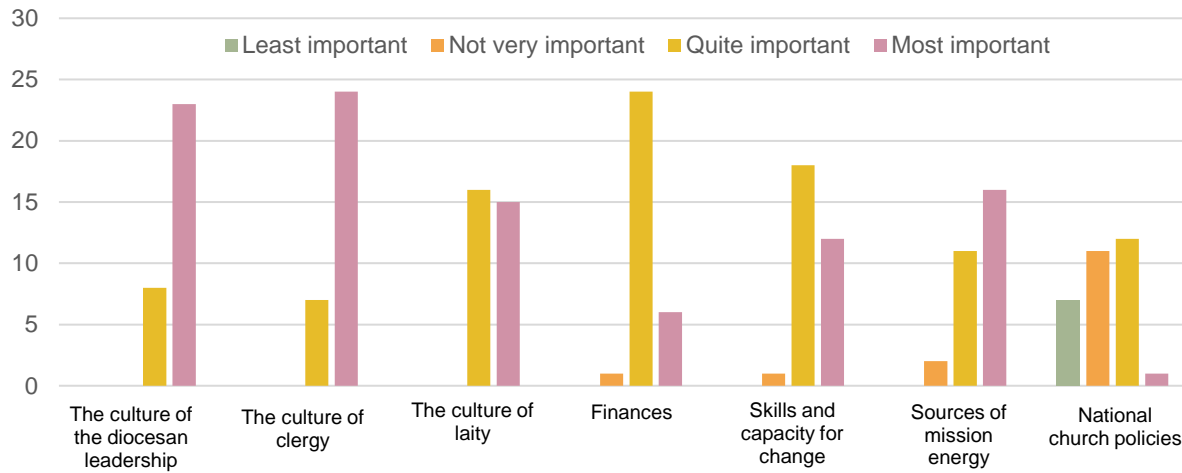
**3.82** Dioceses provided a description of their visions and strategies. These ranged from a brief statement to a more detailed description. From an inevitably partial snapshot, over 80% spoke explicitly of seeking numerical and spiritual growth. Other common themes, in the order of the frequency mentioned, were:

- a. impact on local communities;
- b. targeting children and younger people;
- c. development of clergy and laity leadership; and
- d. fuller representation of cultural and ethnic diversity.

**3.83** Dioceses were asked about the extent to which different possible accelerators or barriers were important in achieving their strategies. The culture of clergy, diocesan leadership, laity and sources of mission energy were seen as most important, followed by change capacity and finances, and finally national Church policies (Figure 14).

**Figure 14**

Here are some possible accelerators or barriers to realising that vision – which would you say are the most and least important?



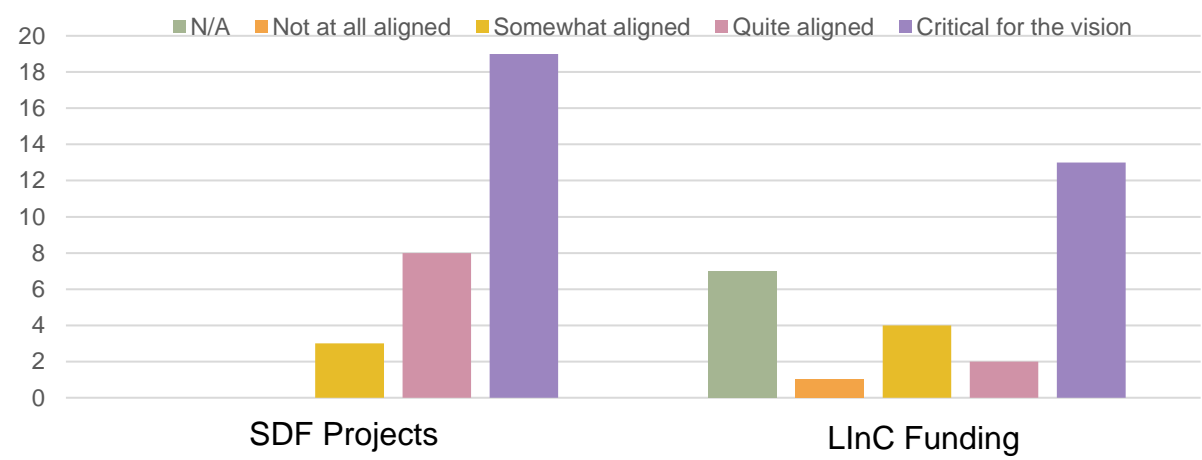
Source: Independent Review survey of dioceses

**3.84** Given a free text box to mention other accelerators or barriers, the most frequently mentioned responses were maintenance of church buildings, prayer, faith and the work of the Holy Spirit, episcopal leadership, the training of clergy (e.g. the capability to lead in evangelism), the capacity available in parishes to do mission, difficult processes for moving on clergy who were not a good fit, working with and learning from others, the laity's enthusiasm for mission, access to grant funding, and draining but important distractions from the strategy (e.g. safeguarding, keeping the show on the road).

**3.85** Around two-thirds of dioceses said that SDF (63%) and LInC (65%) funding were critical for their visions, with fractionally better alignment overall for SDF (Figure 15).

Figure 15

To what extent would you say that your SDF projects and LInC funding (if you have them) are aligned to your diocesan vision?



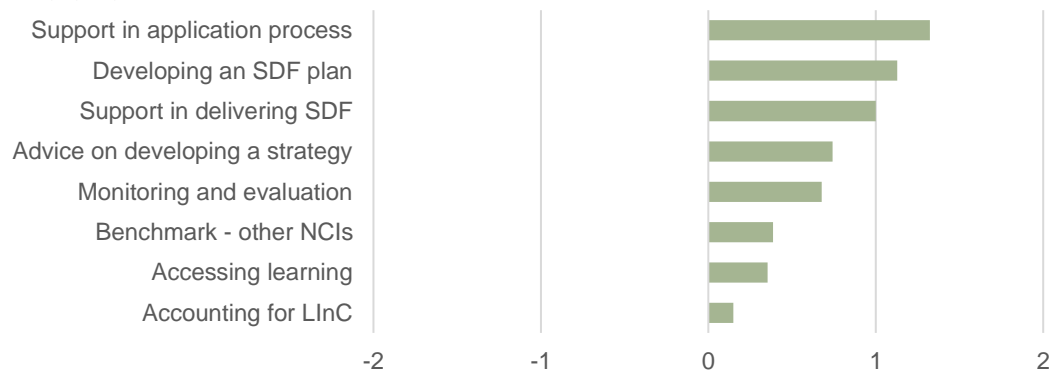
Source: Independent Review survey of dioceses

**3.86** Dioceses spoke highly of the support from SDU consultants in applying best practice governance and programme management and facilitating links with other dioceses addressing similar challenges. Accessing learning and accounting for the use of LInC were the least positive (Figure 16). Stakeholders did raise some concern about SDU consultants simultaneously helping applicants and contributing to the evaluation process (albeit they do not participate in making the decision, which is the SIB’s responsibility).

Figure 16

Diocesan views of the SDU’s support in different areas of work

2 = highly positive, 1 = positive,  
0 = neither positive or negative,  
-1 = negative, -2 = highly negative



Source: Independent Review survey of dioceses

**3.87** For this and other reasons discussed earlier, **we consider that greater transparency in the decision-making process would increase confidence in its fairness, alongside greater efforts to bring together information on how SDF and works and what it achieves for easy access by stakeholders.**

**From time-to-time outside members of the Archbishops' Council should also review interactions between the SIB and the SDU to satisfy themselves there is adequate mutual challenge and independence of view and reduce the perception of groupthink.**

**3.88** Dioceses were asked to provide at least one strength and one weakness for the systems for distributing SDF. The most common perceived strengths were the rigour and accountability provided in the system, the support provided by SDU, the focus on mission and growth, providing focus to a specific area, and the work in planning and development enabling a good structure for missional delivery. Perceived weaknesses were the exclusion of rural areas and smaller dioceses, the required capacity and drain on administration, target setting unhelpfully skewing behaviour, the national Church's reluctance to engage with certain models, and a lack of transparency in the application process.



## 4. Leveraging lessons from SDF and LInC funded activity

**4.1** As already noted, given the sums of monies involved SDF and LInC cannot by themselves achieve Church-wide change. Making the most of any lessons learned is therefore critical.

### SDF application and monitoring processes

**4.2** The SDU has adapted application and monitoring processes to reflect lessons learned. For example, it has:

- Revised its **evaluation criteria** to consider learning about the critical success factors for projects:
- Created **outcome-based ‘good growth’ indicators**, rather than simple ‘bums on pews’ and ‘pounds of giving’ metrics.
- Introduced **innovation funding** to encourage experimentation.

**4.3** However, there is no mechanism for formal feedback from dioceses or project teams on the operation of the programmes. This does not accord with good practice in other public sector and charity grant programmes, inhibits learning and does not foster a sense of partnership with dioceses.

**4.4** The SIB should commission annual feedback from dioceses and project leaders on the SDF process to obtain their views. This should be independent of the SDU, with the findings and proposed response published in the SIB’s annual report. (Priority Recommendation 6).

### Diocesan lessons

**4.5** In the survey dioceses reported the following key lessons from their experience:

- The importance of **planning, structure, accountability and other programme disciplines** in delivering change in dioceses. This was tied to a view that focus and intentionality were important.
- The importance of **missional responses being specific to the wide range of contexts** across a diocese.
- The importance of **communication**, obtaining local buy in, and empowering the local population.
- A realisation of the **difficulty of culture change** in the Church and the level of resistance that was experienced.
- Conversely, many dioceses expressed how, once culture change had been achieved there was great **latent potential for increased mission** across the diocese.
- Getting the right **people**, with the right skills, in the right places, and set up well to do mission, was important. This was also a risk – plans were dependent on specific individuals.

**4.6** Inter-diocesan peer reviews were introduced to foster sharing of good practice, prompt self-reflection and, in time, encourage a culture of accountability amongst peers. But most participants we spoke to had a very low opinion of them, arguing that they were at best a prompt for self-reflection. A few interviewees suggested that the impact of COVID-19, which halted some of these activities, may have contributed to lack of momentum to take advantage of further engagements.

**4.7** We understand that soundings taken of diocesan leaders in 2020 for a COVID-19 delayed study on the future of peer reviews found that, of a series of options, '*We should continue with a broadly-similar programme involving all dioceses*' was the most popular. However, there were dissenting views with over 40% of respondents preferring either that *dioceses should be able to choose whether and how to take part in peer review* or '*We should end the programme*'.

**4.8 The purpose and conduct of diocesan peer reviews should be revisited.**

## SDU sharing of lessons with dioceses

**4.9** As previously noted, dioceses spoke highly of the support from SDU consultants in applying best practice governance and programme management and in making connections between dioceses addressing similar issues. We have also seen a variety of research commissioned by the SDU on a range of project types funded from a Research Evaluation and Development budget of £600,000 for 2020-2022.

**4.10** These research reports, along with experience gathered through work with dioceses, have led the SDU to conclude that missional programmes tend to be more effective in generating growth if there is:

- Focused investment on specific geographical areas and key demographic groups (e.g. younger, diverse, deprived) within them, rather than spreading resources more thinly.
- A **leader with explicit responsibility** for the development of mission within the area at the centre of the change programme, supported by programme management capacity.
- A **prayerfully discerned plan** for such areas involving
  - A set of interventions that are logical ('we believe doing A should lead to B'), evidence-based, linked together to strengthen each other, and generative (creating future impact).
  - Intentional ways of importing, developing and multiplying sources of 'mission energy' i.e. leaders and teams committed to making Jesus known, discipleship and social outreach.
  - An explicit focus on evangelism.
  - Revitalisation of struggling churches and creation of new worshipping communities
  - Development and strategic deployment of good quality church leadership, and investment in key mission roles (e.g. children/youth workers) and support posts (e.g. operations directors).
  - Willingness to be disruptive where that removes barriers to growth

Whereas the SDU considers that programmes tend to be less effective if they involve a diocese:

- Trying to make **incremental changes to a large number of existing churches** without taking into account their willingness or capacity to develop their mission.
- Undertaking **structural change without any intentional development of mission energy**.

**4.11** However, **research findings could be shared more effectively with dioceses beyond the successes of church planting and resource churches and a more systematic approach could be taken to maximise the multiplier effect from individual projects to opportunities for the wider Church.**

**4.12** We understand that this is an area of the SDU's work that has been significantly hampered by the COVID-19 pandemic. The maturity of an increasing number of projects would have meant that 2020-22 was a natural time to increase the work on sharing learning, but SDU and diocesan time was refocused on supporting diocesan sustainability and project resilience. The stresses on parishes, and the impracticality of physical visits, also reduced the appetite for deep-dive research, evaluation or learning meetings.

**4.13** The SDU has prepared a learning strategy for 2021 and 2022. This:

- Notes the importance of generating and sharing the learning process through the application and monitoring process.
- Anticipates an increased focus on what a project would encourage other dioceses to do.
- Budgets £100,000 of funding on top of that in project budgets to pay for end-of-project evaluations.
- Proposes the creation of learning communities around groups of projects with a common theory of change to reflect on their own learning.
- Restarts the work on establishing a common framework of outcomes.
- Will produce standardised learning documentation.

**4.14** As suggested earlier, **SDU staff members should be appointed as Subject Matter Experts with cross cutting responsibility for critical missional challenges and traditions (for example youth, ethnic minorities, rural, deprived estates, etc) and work with relevant champions from the House of Bishops and other networks. They should facilitate the development for each intervention model of:**

- **A worked-up methodology, documentation and theory of change.**
- **Training programmes.**
- **Learning networks of dioceses for whom the model would be relevant. (Priority Recommendation 6)**

This could be complemented by:

- Updating the *Anecdote for Evidence* study into church growth.
- Synthesising and publishing the research already conducted on which solutions work in which contexts.
- Ensuring systematic compilation and publication of lessons from interim and final project reviews (which has not been done systematically for final reviews to date).
- Dissemination through dioceses with appropriate communications and learning programmes.
- Closer involvement with others with expertise, such as lay leaders, Christian charities, and Christian entrepreneur networks.

SDU have shown willingness and initial steps in these directions, but these have not yet reached the implementation at scale required to drive change.

# 5.Alignment with national and diocesan strategy

## The Church's Vision and Strategy

**5.1** As we have noted at various points in this report, the future of SDF and LInC lie in the context of the Church of England's emerging Vision and Strategy. Accordingly, the future of LInC and SDF should be considered and communicated as part of a package of interventions to deliver the emergent strategy, recognising how such interventions may interact.

**5.2 The two programmes' objectives, evaluation criteria and related KPIs should align to the Vision & Strategy once fully developed. The funds should retain their intentionality and additionality to existing work.** (Priority Recommendation 1).

**5.3** As designed and encouraged by the Church when it endorsed the Resourcing the Future Task Force's recommendations, SDF projects are by nature disruptive to the existing local church ecology and thus elicit strong positive and negative reactions. We expected this to be reflected in our engagement with stakeholders but have still been struck by a broader lack of trust and unity of purpose for which these schemes serve as a lightning rod. The emerging Vision & Strategy offers an opportunity to try to establish renewed unity of purpose around the schemes and more broadly.

## Alignment with dioceses

**5.4** As the paper GS2223 presented to Synod in July 2021 by the Archbishop of York notes:

*"Vision and strategy is not an imposition on the dioceses and parishes of the Church of England but an invitation to examine, develop and maybe even change existing strategies and processes in the light of these ideas. We hope the church in the parishes and dioceses will be shaped and informed by these ideas, supported by the work of the National Church Institutions. We aim for alignment."*

**5.5** In the Survey 90% of dioceses said that the Vision and Strategy would shape their own vision, although only 19% thought it would require significant changes to existing plans.

**5.6 The relationship with dioceses in these programmes should align with the ethos of the Vision and Strategy, which would include the SIB being willing to encourage, facilitate and finance more network projects that span multiple dioceses, for example in responding to shared challenges like estates ministry.** This would continue the move away from what many dioceses told us felt like an applicant and grant-maker relationship to one of partnership.

**5.7** Such an aligned partnership approach can build on the improvement in strategic and project management capabilities to effect change that have been seen in many dioceses. Both dioceses and the SDU acknowledge that this has been fostered by engagement with the SDF process. In several cases SDF-funded church leaders and would-be applicants have noted a step change in engagement and professionalism from their dioceses as a result of Strategic Capacity Funding (e.g. to employ programme managers, well-integrated in the diocesan leadership team) and the identification of a lead bishop with responsibility for (in particular) SDF.

**5.8** That said, stakeholders report that dioceses continue to differ in their enthusiasm and capacity for operating strategically, taking the opportunity of SDF and using LInC intentionally. At times this has meant SDF being pursued on a tactical basis – SDF project-by-project and LInC through an annual accountability return – rather than being driven by the requirements of a clear diocesan strategy that may or may not in turn be driven by the strategy of the national Church. This has a number of potential limitations:

- A tactical project approach can detract from the wider change sought in dioceses and the national Church.
- The diocese may seek SDF funding for particular types of project simply because it is available, rather than because they think it is the best way to deliver their diocesan strategy.
- Similarly, dioceses that are reactive rather than pro-active in the choice of projects for which they seek funding may find that attention is focused on activity that is consistent with the diocesan strategy, but not driven by it.
- Where a diocese has several SDF projects, which in turn have many subsidiary projects, then managing on a portfolio basis may be more appropriate and efficient.
- Some dioceses found the variety of different sources of potential national Church funding confusing.

**5.9** At this stage, five years in and with lessons learnt, the maturity of transformation programme management should evolve. **Where possible the SIB/SDU and dioceses should move to a more strategic approach such that the SIB/SDU works in partnership with dioceses to support the delivery of their strategies in line with the national Vision & Strategy** (Priority Recommendation 10). This would draw upon the various national funding streams to catalyse change as part of one integrated strategic conversation rather than separate funding stream specific conversations. We have already noted the plans for the integration of the SDU into a wider Vision and Strategy team and would encourage the national Church to use this integration to develop this strategic approach to the funding streams.

**5.10** This could draw on the enhanced planning and delivery capabilities of many dioceses and should maximise the benefit derived from national funding and, subject to capacity and appetite, could involve dioceses engaging with the SDU and member-level bodies to:

- Discuss how they will apply the Vision & Strategy in creating a diocesan missional plan, the resultant opportunities/challenges arising, and the funding required that cannot be met within dioceses' own means.
- Determine the national funding sources (including for strategic development, transformation, mission, capacity building, innovation and for developing people) that are most suited to catalyse the required change for those opportunities and challenges (of which SDF is but one).
- Continue to work with dioceses to build their institutional strategic capacity, beyond the employment of programme managers, and their capability to support these conversations.
- Agree KPIs and monitoring arrangements to ensure strategic outcomes are met, aligned with the Vision & Strategy.
- Establish processes to maximise the impact beyond the immediate projects.

**5.11** In pursuing this approach, it would be important to ensure funding is still earmarked for growth-related innovation and sustaining presence in deprived communities, rather than ending up funding structural diocesan deficits.

# Appendix One

## Full list of recommendations

### Lowest Income Communities Funding

- 1 Some dioceses have used Capacity Funding or SDF to increase the effectiveness of mission in deprived areas through carefully considered clergy transitions, but awareness and use of this seems to be limited and there is a case for encouraging dioceses to use LInC funding more for this purpose. (paragraph 2.13).
- 2 There is a case for refocusing annual returns to the SDU away from LInC specifically towards more strategic reporting against an agreed set of performance measures for mission in poorer communities (paragraph 2.14).
- 3 Effective deployment of and accountability for LInC funding is enhanced when dioceses explain not just to the SDU but also their own synods and stakeholders how resources are allocated and used. The SDU could do more to identify and promote best practice in this area, perhaps convening a learning symposium of major LInC recipients (paragraph 2.15)
- 4 We recommend at least maintaining current levels of LInC funding for the remainder of the transition period, adjusting for changes in average clergy costs, given the additionality it delivers and the value dioceses place on it. But we would be cautious about changing the distributional formula again in the transition period (paragraph 2.17).
- 5 To address LInC's relative lack of visibility and appreciation, the SIB and SDU should estimate and communicate more clearly the extent to which LInC funding is sustaining ministry in poorer communities, based on a consistent methodology for calculating clergy costs (paragraph 2.20).

### Strategic Development Funding

- 6 We recommend that the national church invests further in communicating SDF publicly, and that dioceses communicate their decisions around the funding more clearly with their internal stakeholders (e.g. diocesan synods) (paragraph 3.5).
- 7 We recommend that;
  - The Archbishops' Council should look at the objectives they have set for SDF in the light of the Vision and Strategy; and consequent metrics to assess impact;
  - The SIB and SDU should work with dioceses to develop the common missional theories which are applied for and invested in;
  - Thereby enabling the creation of a common outcome framework for projects that would provide a menu of comparable outcome measures for projects to select from, complemented by relevant leading indicators to assess progress.

These would then inform the assessment of progress at both a project and programme level to learn from experience, disseminate learning and facilitate value for money judgements (paragraph 3.6).

- 8 In measuring and reporting growth outcomes to the Church and other stakeholders, we recommend that the SIB should provide capacity within the SDU to:

- Explain more clearly in the SIB Annual report how reported growth numbers are derived, pending improvements to the methodology
- Work with stakeholders to restart the work on a common outcome framework that would provide a menu of comparable outcome measures for projects to select from.
- Regularly update anticipated numbers of new disciples from projects on the basis of evolving performance to date and RAG ratings.
- Assess the track record of performance against Stage 2 applications by project type, diocese and in aggregate help assess optimism bias at the application stage
- Support continued research into the scale and nature of transfer growth. (paragraph 3.37).

**9** In thinking about differences in growth outcomes across project types, we recommend that:

- The SIB should consider how best to assess the value for money offered by different types of projects and then how to balance that against broader objectives
- The SIB should ensure that it allocates adequate time and resource to discuss the performance of existing projects (and particularly the lessons to be learned from amber/red projects) as well as the pipeline of new applications. (paragraph 3.41).

**10** We recommend that SIB monitor and report on the diversity of projects by tradition (without quotas) and on how UKME/GMH representation among worshippers in projects evolves over time. (paragraph 3.53)

**11** It is for the Archbishops' Council to direct the SIB on which categories of worshippers and communities to focus its resources on. But, building on the evolution of the SDF to date and our observations in preceding paragraphs, we believe that:

- There is a need for greater intentionality to address unresolved missional challenges and to ensure a diversity of offerings from the different traditions.
- A support infrastructure needs to be in place to leverage the lessons from individual projects to inform the design of future ones and maximise the multiplier effect for the wider Church.
- The Innovation Fund – expanded if necessary - should be focused on piloting potential solutions to unresolved missional challenges across a diversity of traditions.
- The SDF should focus on responses to missional challenges critical to the national Church across a diversity of traditions, both by scaling up successful innovations, and by funding responses with a promising track record. (paragraph 3.56).

**12** The Archbishops' Council should consider offering funding over longer periods than 5 years where appropriate, tailored to the nature of the project and the maturity of the missional solution (paragraph 3.69).

**13** Reflecting on experience to date, the SDU should engage with programme managers to review demands for application and monitoring documentation to ensure each requirement is still necessary and is providing useful information (paragraph 3.71).

**14** In the guidance and examples the SDU makes available on what a 'good' application looks like, it should ensure these address different traditions and types of potential project and recognise the wide range of capacity, experience and diocesan support potential applicants may have (paragraph 3.73)

**15** The SIB should prioritise a study of the skills and attributes missional leaders need and the support they require when preparing and running different types of projects. As part of the review of Resourcing Ministerial Education, the wider Church should consider working with and resourcing TEIs and others to secure a step

change in mission-focused training pre and post ordination, drawing on the experience of successful practitioners. (paragraph 3.76)

**16** SIB should introduce processes to monitor and report on the diversity of project leaders and worshippers. For projects involving leaders and worshippers moving into a community, the SIB should judge sustainability not just in financial terms but on whether plans are in place to encourage and the development of indigenous leaders over time, particularly in relation to social class. We also urge the Archbishops' Council to promote the presence and voice of members of the UKME/GMH communities in determining the goals of SDF and in decision-making on the project portfolio more broadly. (paragraph 3.80).

**17** We consider that greater transparency in the decision-making process would increase confidence in its fairness, alongside greater efforts to bring together information on how SDF works and what it achieves for easy access by stakeholders. From time-to-time outside members of the Archbishops' Council should also review interactions between the SIB and the SDU to satisfy themselves there is adequate mutual challenge and independence of view and reduce the perception of groupthink (paragraph 3.87).

### **Leveraging lessons from SDF and LInC funded activity**

**18** The SIB should commission annual feedback from dioceses and project leaders on the SDF process to obtain their views. This should be independent of the SDU, with the findings and proposed response published in the SIB's annual report (paragraph 4.4).

**19** The purpose and conduct of diocesan peer reviews should be revisited (paragraph 4.8).

**20** Research findings could be shared more effectively with dioceses beyond the successes of church planting and resource churches and a more systematic approach could be taken to maximise the multiplier effect from individual projects to opportunities for the wider Church. (paragraph 4.11)

**21** SDU staff members should be appointed as Subject Matter Experts with cross cutting responsibility for critical missional challenges and traditions (for example youth, ethnic minorities, rural, deprived estates, etc) and work with relevant champions from the House of Bishops and other networks. They should facilitate the development for each intervention model of:

- A worked-up methodology, documentation and theory of change.
- Training programmes.
- Learning networks of dioceses for whom the model would be relevant.(paragraph 4.14).

### **Alignment with national and diocesan strategy**

**22** The two programmes' objectives, evaluation criteria and related KPIs should align to the Vision & Strategy once fully developed. The funds should retain their intentionality and additionality to existing work. (paragraph 5.2).

**23** The relationship with dioceses in these programmes should align with the ethos of the Vision and Strategy, which would include the SIB being willing to encourage, facilitate and finance more network projects that span multiple dioceses, for example in responding to shared challenges like estates ministry (paragraph 5.6).

**24** We recommend that where possible the SIB/SDU and dioceses should move to a more strategic approach such that the SIB/SDU works in partnership with dioceses to support the delivery of their strategies in line with the national Vision & Strategy (paragraph 5.9).

**25** In pursuing this approach, it would be important to ensure funding is still earmarked for growth-related innovation and sustaining presence in deprived communities, rather than ending up funding structural diocesan deficits (paragraph 5.11).



# Appendix Two

## Terms of Reference

### Background

The Strategic Investment Board has commissioned a review into the Strategic Development Funding and Lowest Income Communities Funding. The Strategic Investment Board is responsible for distributing those funds which have been allocated to be spent in dioceses. The funds have been generated through the national investments of the Church Commissioners, and allocated to streams by the Archbishops' Council.

In 2015 and 2016, the national church commissioned the Resourcing the Future review into the use of national funding in the ten years 2017-2026. Previously, the majority of funding had been issued on a formulaic basis, with no strings attached. The review sought to increase the accountability over the funding so that the national Church could say with greater confidence that it met the Church Commissioners' charitable purposes, and so that the funding enabled dioceses in delivering their own visions. They suggested two funding streams, with a 50:50 split between them.

The first funding stream is the Lowest Income Communities (LInC) Funding. This distributed £27m in 2021 to the 26 dioceses with the lowest residents' income levels. The allocation method was changed in 2016 as a result of the review, to remove perverse incentives from the previous mechanism, and to focus on the poorest communities. The overall amount has also been reduced. A transition process has been in place, whereby additional funding has been given to help dioceses adapt to their new allocation, and during this time a slow ratchet of accountability has been applied to how the funds are used.

The second funding stream is Strategic Development Funding (SDF), which has been used to fund 61 grants of between £1 and £5m since 2017. The grants have been used to fund projects which make a significant difference to a diocese's mission and financial strength, and which align with a diocese's strategic vision. The funding has been used to support the starting of new churches, multiplying congregations working with marginalised groups, developing communities to strengthen Christians in rural areas, helping parishes be inclusive of different cultures, and many other initiatives.

These changes are starting to be embedded in the life of the Church of England, having now been in operation for five years. This review has been commissioned to reflect on what impact has been had so far and the lessons that have been learned, and to shape the next five years of the funding.

This work is taking place at a time where the Church of England is undertaking other pieces of work. The Church of England's Vision and Strategy is taking shape. The vision is to be a Jesus Christ-centred and shaped church of missionary disciples, where the mixed ecology is the norm, and which is younger and more diverse. At this time, a separate group will undertake a triennial review of how funding should be allocated. This review will need to work in parallel with these other processes.

### Objectives

The review will look back and reflect on the impact that the SDF and LInC funding streams have had, and look forward by gathering evidence for the future operation of the funds.

Looking back the objective should be to answer the question **what have SDF and LInC achieved in the Church from their inception in 2017 until 2020?**

This should include revisiting the original objectives of SDF and LInC as articulated by the Resourcing the Future review, and the extent to which these have been achieved. It should also include an evaluation of the

holistic impact of SDF and LInC, including missional outcomes, financial impact and wider cultural change in dioceses.

The review should also drive learning by assessing what went well in these years and what can be learnt from what didn't go so well. Successes and failures should be interrogated with equal enthusiasm, and learning from what did work should shape any conclusions as much as learning from what didn't work.

This approach will give assurance about the impact of SDF and LInC, though it is important that this doesn't become an audit-driven approach of assessing whether every item of expenditure was 'value for money', and the processes around SDF. Much of this is covered by internal audit work, and the review should focus on the bigger picture questions about policy rather than mechanisms.

Some specific questions should include:

- a. To what extent did national funders understand the opportunities, risks and challenges in the Church when creating the funding stream? Was the programme able to adapt in the light of experience?
- b. What has been the direct impact of SDF projects, in aggregate, on the Church to date? How does this impact compare with other uses of national funds?
- c. Has the running and operation of SDF enhanced this impact? What are the strengths and weaknesses of the approach taken, especially compared to other funding streams or approaches that might be taken.
- d. What has been the impact on diocesan teams from SDF? Has the funding stream enabled dioceses to be set up for growth in aggregate?
- e. To what extent has SDF been part of diocesan strategy? Can we demonstrate how it has influenced strategies? To what extent did it play a role in new vision and strategy planning? Are there orphan projects (i.e. where diocesan focus/strategy has moved on leaving the project as just a non-strategic project).
- f. What has been the impact of the move to Lowest Income Communities Funding, and has it resulted in greater investment in the poorest communities?
- g. Has the pace of transition to LInC been correct, and what can be learned from the process of transition to the new funding stream?
- h. Are there any unexpected consequences of the change in funding streams?

The objective for the forward-looking element of the review should be to answer the question **how can national funding be best used in the future in order to enable dioceses to deliver growth in numbers, depth, and social transformation?**

This forward-looking element should look beyond SDF and LInC to also consider the relationship of the funding with other national funding streams. It should provide evidence to inform the national Church's decisions about future funding streams, but not binding recommendations.

This should be synthesised from the evaluation of successes and areas for improvement, from detailed thinking about the economy of the Church and how to have impact, and from discussions with dioceses on their views on the future needs of the Church.

This element may also make recommendations on the workplan of the SIB and its staff in future years to support dioceses, including how best diocesan use of the funding streams might be evaluated and the role of any successor to Peer Review.

Some specific questions should include:

- i. What improvements might be made to the criteria of the funding to better facilitate the overall aim of enabling dioceses to deliver growth in numbers, depth, and social transformation?
- j. What are the key issues facing dioceses in trying to implement strategies for growth, and how can funding be used to aid this?
- k. What practical improvements might be made to the process for allocating funds, managing relationships with dioceses, and evaluation?
- l. What should be the approach taken in the remainder of the transition period for transformation funding?
- m. How should SDF and LInC relate to other national funding streams?
- n. Should there be a successor to the process of Peer Review, and what shape might this take?

In undertaking the review, we would expect reviewers to take a data- and evidence- driven approach, taking on board the views of stakeholders, but testing these in the light of the analysis. The review should be open minded and constructive, assuming the best of each stakeholder.

## Scope

The scope of the funding is to review the SDF and LInC funding streams, and not other funding streams distributed by the national church, though there may be recommendations about how SDF and LInC relate to these other streams, and where there might be gaps, alignment, or duplication of work.

The review should focus on the learning about effective use of funds, and not the quantum of funding assigned to each of the two categories, though questions of the capacity of dioceses to use more or less funding may be relevant.

The focus should be on how the funding streams have fulfilled their objectives, not whether these objectives were correct in the first place. Any recommendations about how the funding should be used in future should be in the spirit of these objectives and not suggest other funding priorities. In particular, the funding should reflect the Church Commissioners' Section 67 objectives.

It is not in scope to suggest recommendations which favour a particular type of church or intervention over others (e.g. evangelical or anglo-catholic, pioneers or mission enablers), or to undertake detailed analysis on how different interventions compare to one another. The review may want to examine the process by which interventions are chosen, and if this has led to any risks or benefits.

The review should only use existing material collected from projects or obtained through the group's own work, rather than commissioning additional new research or evaluation.

## Constraints

The Covid-19 pandemic has had a serious impact on the Church. SDF projects and LInC funded churches will have been affected in different ways, with some having seen significant impact. This may pose a challenge to gathering learning – projects which may have been bearing fruit before the pandemic may not now have the same impact. Similarly, any visits to dioceses or projects may be affected by Covid-19 restrictions.

The impact of Covid-19 has also contributed to a culture with high fatigue in the Church of England. This burden has particularly fallen on diocesan teams, where efforts to maintain ministry through this time have been draining. Alongside this, there are significant changes being discussed at national level as the Church of England emerges from lockdown. The review should seek to tread lightly, to not be an additional burden on dioceses, and to communicate that the work is to learn and know how best to support in future, rather than judge.

## Approach

It is expected that the review will take place in autumn of 2021, over four months. There will be some discretion over the approach taken, but we expect that it will include the following:

Four meetings – to start the work, review the paper evidence, review interview and visit evidence, and to confirm recommendations.

Commission and review evidence from a paper and data analysis exercise which will look through annual reviews and outcome data to evaluate the impact of SDF and LInC.

Undertake structured interviews and attend focus groups with key stakeholder groups (e.g. senior clergy, senior diocesan staff) asking about the impact of SDF and LInC and their priorities for the future.

Undertake project visits to SDF projects to see the impact which is being had on the ground.

Discuss with NCI stakeholders the likely impact of different recommendations.

## Resources and deliverables

The panel should be made up of a chair and three members, each giving a day a week to undertake the work in the four months of September – December.

A secretariat will be recruited to support the panel with three days per week of work over this time. The secretariat will facilitate the different elements of the research, at the direction of the panel.

Where specialist skills are needed (e.g. data analysis), NCIs staff will be made available to the review to undertake work at its direction. NCIs staff will also facilitate the review through providing background material, evidence and briefing on the current operation of the funds.

A budget of up to £150,000 has been set aside for this work, though it is expected that the cost will be below this. This cost will include salaries of the secretariat (or backfilling for these roles if seconded from other parts of the Church), expenses for the review group, and costs of setting up focus groups, visits etc. A detailed budget will be worked out with the review lead when they have been appointed.

The review should publish a report by the end of 2021, bringing any recommendations to the SIB in the first instance before wider circulation within the Church. There may be elements of reporting for internal purposes which do not feature in more public versions of the report. The review panel may be asked to attend governance groups to speak to the content of their report.

# Appendix Three

## List of SDF projects funded since 2014

Diocese	Project	Award date	Total award	Summary of project design
Birmingham	Transforming Church: Growing Younger 2015-2018	Jun-14	£ 1,000,000	Childrens and youth work: Mission apprentices, Children and families missionaries, and growing younger facilitators
Chelmsford	Turnaround Project	Jun-14	£ 850,000	Identifying priority parishes and using a range of turnaround interventions, including interim ministry, transitions, and consultancy
Leicester	Pioneer Development through employment of Pioneer Development Workers	Jun-14	£ 809,175	Central team to encourage pioneering in the diocese - new FXCs and missional activities in parishes
Liverpool	Transforming Wigan	Jun-14	£ 900,000	Improving mission across Wigan by encouraging churches to work together, starting new congregations, lay leadership, and structural change
Sheffield	Providing part-time Mission Partnership Development Workers	Jun-14	£ 671,244	Employ MPDW as administrators in deprived parishes who are merging into mission partnerships, so that clergy have more time for mission.
Leeds	Transformation Programme	Dec-14	£ 1,000,000	Facilitating the merger of three dioceses through paying for interim and restructuring costs
Coventry	Acceler8: Growing faster...Growing Healthier...Growing Younger	Jun-15	£ 639,143	Workers in churches to set up events to attract 20s and 30s
London	100 New Worshipping Communities	Jun-15	£ 1,000,000	Diocesan team to provide training, grants and consultancy to encourage local churches to start new worshipping communities
Carlisle	God for All: Establishing New Mission Communities Across Cumbria	Jun-16	£ 857,122	Reach previously unreached groups in Cumbria through employing a central enabling team who will help communities start new Fresh Expressions of Church, provide training, and start digital initiatives
Derby	Resourcing Derby City	Jun-16	£ 1,260,000	Starting a new resource church in a former church building in Derby city centre, with a particular youth focus
Durham	Equipping Key Leaders for Mission	Jun-16	£ 800,000	Provide a training course for all clergy in the diocese so that they undertake more missional work in their parishes
Exeter	Support for Rural Churches	Jun-16	£ 1,000,000	Schemes to remove the burden of building management and maintenance so there's more energy for mission in rural areas
Portsmouth	Forming New Disciples and New Missional Communities by Developing Pioneer Approaches	Jun-16	£ 929,000	Resouce church expansion in Portsmouth; training for 30 new lay pioneers; new stipendiary pioneer posts
Rochester	Developing Mission in Chatham	Jun-16	£ 655,000	Revitalising a church in Chatham town centre including FXCs drawing in deprived people
Sodor and Man	Growing Faith for Generations	Jun-16	£ 135,000	Growing a Scripture Union project in school assemblies and RE; establishing a ministry to youth and young adults in Douglas; a pioneer in rural Isle of Man
South'll & Notts	Growing Disciples: Wider, Younger and Deeper	Jun-16	£ 950,000	A resource church in Nottingham city centre focusing on young adults, and a younger leadership college with training and internships for young people
Southwark	Increase the number of worshipping communities across the diocese	Jun-16	£ 1,200,000	Investing in Nine Elms development - a resource church, and arts pioneer. Encouragement of fresh expressions across the diocese through enablers and a grant scheme
Birmingham	Shaping the Future	Jan-17	£ 2,565,000	Diocesan planting and FXC enablers; deploying plant leaders; missionary posts for schools and youth; extending children and youth posts; leadership development.
Bristol	Resource Churches in Mission Areas	Jan-17	£ 950,000	In three different contexts - new town, rural, and deprived suburb - designate a church a resource church and a group of parishes it will work with, and fund assistant ministry
Chelmsford	New worshipping communities in New Housing Areas	Jan-17	£ 1,997,000	Planting churches in four new housing areas, along with another new congregation

Chichester	Church Planting	Jan-17	£ 824,795	Plant three churches - a resource church in Crawley, a plant in a Brighton suburb, a plant into a village, (and attempt a fourth in Hove)
Liverpool	Multiplying Congregations	Jan-17	£ 1,000,000	Establish a network of small, multiplying communities through central sponsorship and pump-prime grants
Worcester	Calling Young Disciples	Jan-17	£ 750,000	Deploy 10 Mission enablers to encourage youth and children's ministry in parishes, with learning communities and wider support
Coventry	Serving Christ	Jun-17	£ 1,772,692	Using the NCD 8EQs, offer training and coaching support to a large number of parishes to develop the conditions for growth
Guildford	New Opportunities	Jun-17	£ 925,000	Four church plants in new housing areas, and full time diocesan advisor with a growth fund for encouraging parishes to start new church plants and FXCs
Hereford	Growing Intergenerational Mission	Jun-17	£ 525,000	Six intergenerational missionaries in market towns and deprived areas to start new worshipping communities
London	Capital Youth	Jun-17	£ 1,882,623	Resourcing four churches with strong youth provision to be youth minsters, stepping up their provision and supporting other churches
Salisbury	Renewing Hope through Rural Ministry and Mission	Jun-17	£ 1,274,234	Rural mission enablers helping rural churches, experience schemes for trainee clergy in rural areas
South'll & Notts	Resource Churches	Jun-17	£ 1,055,267	A rural resource church; and turning a larger civic church in Newark into a resource church
St Albans	Reaching New People in New Ways	Jun-17	£ 1,747,005	Central team to support existing new worshipping communities and FXC to become more sustainable and missional
Truro	Transforming Mission	Jun-17	£ 1,204,039	Resource church in Falmouth, in particular reaching students and using a café to do so
Bath & Wells	Pioneer Project	Dec-17	£ 1,619,000	Central team supporting pioneering across the diocese, including 9 funded pioneers in specific locations
Blackburn	Outer Estates Leadership	Dec-17	£ 1,542,532	Enhancing growth in outer estates through leadership development, apprenticeships and a plant on an estate
Bristol	St Nicholas Resource Church, Bristol	Dec-17	£ 1,457,000	Starting a new resource church in a former church building in Bristol city centre
Leeds	Investing in Leeds City	Dec-17	£ 3,094,588	Designating five churches as resource churches to work together in planting across the city of Leeds
Liverpool	Resource Church Network for the North West	Dec-17	£ 1,889,416	Establishing resource churches in the towns of Warrington, Widnes and St Helens
London	Church Growth Learning Communities and Resource Churches	Dec-17	£ 8,701,545	Funding for church planting curates in 18 resource churches in London, plus more for national resource church planters, and training for churches to grow through glass ceilings
Sheffield	Transforming Children's and Youth Work in Rotherham and Doncaster	Dec-17	£ 1,842,259	Deploy children and youth workers into parishes, alongside schools work and interships
Winchester	Mission Action	Dec-17	£ 4,233,367	Four parts: Take three pilot benefices to try new models of mission including efficiency of scale and diversity of offer; Starting resource churches in Southampton and Andover, and pioneer hubs to grow FXCs; New worshipping communities in six new housing areas across the diocese; Student evangelists working with larger churches near universities
Bristol	Swindon Resource Church	Jun-18	£ 1,491,515	Starting a new resource church in a former warehouse in Swindon town centre
Canterbury	Ignite	Jun-18	£ 1,001,000	Nine new worshipping communities in different towns which reach marginalised and deprived communities
Ely	Changing Market Towns	Jun-18	£ 2,134,361	Revitalising deprived market towns through designating town leaders and appointing operations managers. Originally about supporting the existing, now more focused on FXCs
Exeter	Reshaping the life of the Church in Plymouth	Jun-18	£ 1,687,743	Three church plants from city-centre Plymouth churches to deprived estates
Leicester	Strengthening mission and growing discipleship	Jun-18	£ 5,344,023	Taking six larger churches in Leicester and towns and giving them associate ministers and planting curates to become resourcing churches
Manchester	Children Changing Places and Small to Small Community Church Plants	Jun-18	£ 2,139,893	Creating a discipleship pathway for children and youth in schools in Bolton - toddler groups; primary school work; secondary school chaplains; links to parish activity and two networks of small, multiplying churches - one focusing on multi-cultural, multi-faith inner city contexts, one on white working class estates
Newcastle	Revitalising Ministry	Jun-18	£ 2,556,746	Establish a resource church in the centre of Newcastle, with a particular strength in reaching students and young people

Peterborough	Generation to Generation	Jun-18	£ 1,134,087	Development of a three-year degree level training pathway for youth ministers, and their deployment in parishes
South'll & Notts	Growing Disciples: Wider, Younger and Deeper	Jun-18	£ 4,670,459	Four additional RCs: Estates in Nottingham, Civic in Nottingham, Retford, Mansfield; diocesan church planting support; school of discipleship
Worcester	Resourcing Churches - Worcester and Dudley	Jun-18	£ 5,005,220	Taking a larger church in Worcester and resourcing it to grow and plant, and Revitalising Top Church - a significant building in Dudley town centre to plant across Dudley
Birmingham	People and Places	Dec-18	£ 5,000,000	Structural change to establish larger deaneries with FT area deans, oversight ministry with ops managers, and focal ministry - with new contextual plants and FXC
Blackburn	Preston City Centre Resourcing Parish	Dec-18	£ 1,519,726	A resourcing parish including both an evangelical and an anglo-catholic church started in Preston
Chelmsford	Growing New Christian Communities	Dec-18	£ 3,848,000	A resource church in Southend, three church plants in Stratford, the South Becontree estate, and Stanway, and seven new missional communities
Durham	Growing Durham Diocese	Dec-18	£ 3,895,849	Large churches in towns across the diocese encouraged to become resource churches and plant new congregations
Leeds	Leeds & Bradford Episcopal Areas	Dec-18	£ 3,918,999	A resource church in Bradford city centre and developing midweek initiatives for those working in Leeds
Lincoln	Urban Centre Renewal through Resource Churches and planting	Dec-18	£ 2,675,507	Investing in St George's Stamford to plant in other market towns in Lincolnshire and Planting from the resource church in Lincoln to establish a resource church in Grimsby
Portsmouth	Resource churches	Dec-18	£ 2,180,900	Another site for Harbour Church, expanding the diocesan internship scheme, a plant from St Jude Southsea, and a pioneer plant into a deprived parish
Sheffield	Resourcing Churches - Rotherham and Goole	Dec-18	£ 2,572,392	Taking a significant civic church in Rotherham and enhancing its ministry, particularly through young people and music, and a new incumbent taking on a church in Goole and making it into a resource church
St E&I	Inspiring Ipswich and Growing in God in the Countryside	Dec-18	£ 4,950,000	Collaborative work across Ipswich, including coaching existing churches, church planting, Fresh Expressions of church, and new town-wide initiatives, and in rural areas forming groups of Christians into small groups and train them in reaching their communities through evangelism and FXC alongside rural churches
York	Reaching, growing, sustaining 20s – 40s	Dec-18	£ 3,065,000	Using pioneer ministers to start congregations reaching the 20s-40s age group in a range of existing parishes
Exeter	Growing Mission in the City of Exeter	Jun-19	£ 1,333,068	A resource church in Exeter with a particular focus on students and families
Leeds	Revitalising Mission in Bradford Phase 2	Jun-19	£ 1,027,708	Designating five churches as resourcing churches to plant, start fresh expressions, and develop mission apprentices
Leicester	BAME Mission and Leadership	Jun-19	£ 2,570,000	Taking four churches through a process of becoming intercultural - involving new congregations and culture change
Norwich	Focus Churches	Jun-19	£ 1,983,514	The Norwich resource church planting youth ministries in rural parishes through sports ministry
Portsmouth	Resourcing Growth Phase 2	Jun-19	£ 2,077,100	Making three restructuring schemes in Gosport and Newport to build team working between parishes here, including planting and pioneer ministry for young people
Rochester	Called to grow	Jun-19	£ 1,388,000	Turnaround in four parishes through planting new congregations and FXCs, and central investment in learning and growth facilitators
Southwark	A Fruitful Future	Jun-19	£ 3,121,000	Investing in specific parishes which are showing excellence in an area where learning generated might benefit the rest of the diocese - Latin American, con evo, new housing, eco-church, planting, deanery, schools
Truro	Transforming Mission 2	Jun-19	£ 1,708,200	In four towns, designate a resource church and fund them to lead in mission across the town and surrounding areas, including parish projects, FXC, training, and social action
Lichfield	Telford New Minster	Oct-19	£ 1,690,000	Starting a new church in Telford town centre to resource youth ministry in new congregations across the town
Birmingham	People & Places: context ministry and church planting	Dec-19	£ 1,384,319	Six children and families missionaries in deprived parishes, plus a church plant in a deprived area
Carlisle	God for All: reaching deeper	Dec-19	£ 1,610,346	Pioneer enablers based in deprived areas to encourage new fresh expressions; connecting with children and young people through schools and the outdoors; central pioneer enablers
Birmingham	People and Places Church Planting in Shirley & Pye Hayes	Jun-20	£ 962,511	Starting a new resource church and a church plant in Birmingham's suburbs
Durham	Growing Hope	Jun-20	£ 4,024,191	Establishing 14 communities of hope - small, relational communities with social enterprise in deprived areas, and six church plants from resource churches

Liverpool	Missing Generation	Jun-20	£ 4,612,473	Reaching young people through missional chaplains in schools; school of discipleship; and three resource churches
Manchester	Revitalising Manchester Diocese	Jun-20	£ 5,035,000	A resource church and a HeartEdge hub church in South Manchester, and renewing Rochdale through a resource church, small planting to UKME/GMH and estates groups, and different pioneer approaches
Oxford	Growing New Congregations	Jun-20	£ 1,998,810	Turning larger churches into resource churches in towns across the diocese, and enabling planting
Winchester	Winchester Mission action phase 2	Jun-20	£ 3,191,603	Three church plants from resource churches: a resource church in Totton, and in Bournemouth and Southampton
York	Mustard Seed; growing disciples in places where life is tough	Jun-20	£ 1,369,281	Planting new worshipping communities in deprived areas through training local people in discipleship and starting churches
Chelmsford	Renewing Newham; 101 New Christian Communities Phase 3	Jul-20	£ 3,000,000	Renewing the deanery of Newham through equipping four churches (plant, pioneer, Anglo-Catholic, deprived parish) to become church planting churches
Blackburn	Lighting up new Generations	Apr-21	£ 3,499,289	A resource church in Blackpool, and a youth resource church in Blackburn providing planting capacity and youth resourcing
Chichester	Revitalising the Church; Renewing the City	Apr-21	£ 2,500,000	All Saints Hove to develop as a church to resource those in the Catholic tradition, St Peter's Brighton in the Evangelical tradition, with four plants.
Exeter	Bay Church, Torbay Family and Youth Mission	Apr-21	£ 1,499,803	Starting a new resource church in Torbay with a youth work focus and three congregations in different locations across the town
Leeds	Reaching Generation Next	Apr-21	£ 1,499,825	Congregations for unchurched students in Leeds and Huddersfield
Coventry	Urban plants programme	Oct-21	£ 1,250,000	Plants into four urban estates in Coventry
Southwell & Nottingham	Beyond the tipping point - growing younger and more diverse churches	Oct-21	£ 3,499,642	Creating childrens and youth hubs across the diocese
Winchester	Basingstoke resource church	Dec-21	£ 1,586,992	Taking four town centre churches in Basingstoke and establishing a resource church