

Shane Waddle

From: Parish Share Review Group <mailing@cofeportal.org>
Sent: 23 July 2019 18:02
To: Shane Waddle
Subject: Review of Parish Share
Attachments: psrg19 05 report after round 1 consultation_3.pdf

*Circular to: Area Deans; Deanery Lay Chairs; Deanery Finance Officers; Deanery Synod Secretaries; Incumbents; Priests in Charge; Team Rectors; Team Vicars; Associate Priests; Assistant Curates; Associate Ministers; Lay Workers
PCC Secretaries; DCC Secretaries; PCC Treasurers; DCC Treasurers*

Please find attached a report from Robin Brims, Chair of the Parish Share Review Group. This report was considered by the Review Group when it met on 16 July.

Robin has written this report following the first round of consultation. During the first round Robin visited all 12 deaneries and his Report brings together what he has heard and what was shared with him. The Review Group has asked that the Report be issued to make sure that it has captured the views expressed during the first round meetings and to offer the opportunity for further consultation over July, August and September.

Further consultation can be arranged by contacting Robin Brims (e-mail: robinbrims@hotmail.co.uk or mobile 07791 571562).

The Parish Share Review Group has also asked that the Report be viewed in context of what took place previously and that the Budget Consultation 2020-22 ([available using this link](#)) has attended to a number issues raised.

Comments about the report can be made to Robin (details above) or by writing to the Group using the e-mail address psrg@newcastle.anglican.org

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On behalf of the Parish Share Review Group

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ISSUE

1. Parish Share Review Group (PSRG) report on round one consultancies and next steps in Parish Share allocation.

TIMING

2. For consideration at the meeting on 16 Jul 19.

RECOMMENDATIONS

3. It is recommended that the PSRG:
 - a. Notes the outcome of Round One Consultation.
 - b. Directs further work on allocation of parish share (paragraphs 12 to 18).
 - c. Considers making some early recommendations as quick wins:
 - (1) Language of Agreement rather than Allocation (paragraph 19).
 - (2) Common Fund or similar rather than Parish Share (paragraph 20).
 - (3) Removing the Deanery from the direct allocation agreement but leaving it as the 'critical friend' in the negotiations Diocese to Parish. (Paragraph 22).
 - (4) Guidance on policy for closure of church buildings (paragraph 27 a.) and acceptable funds for a parish to hold for its church building (paragraph 27 b.).
 - (5) Setting up Trusts, Friends or similar to raise funds for maintenance and operating costs of Churches (paragraph 28).
 - (6) A Diocesan led appeal to fund our churches (paragraph 29).
 - (7) How to fund Mission Action Plans (paragraph 31).
 - d. Encourages further and continued dialogue with deaneries especially to reach the Clergy and the parishes that give the most (paragraphs 32 and 33) and this paper is shared with Deanery Officers for their use with parishes (paragraph 34).

ROUND ONE CONSULTATIONS

4. The Chairman has completed over mid-May to mid-July a round of consultation with all 12 Deaneries and on some half of these was accompanied by another member of the PSRG. Two broad questions were addressed: what do deaneries think of the current way of allocating Parish Share (PS); what would be a better way of doing it?

VIEWS ON THE CURRENT METHOD OF PARISH SHARE ALLOCATION

5. There is consensus that the current system is unpopular as it discourages growth and encourages 'jam jar' accounting. All 12 deaneries use a different system to the Diocese when passing on the PS to parishes. As these systems differ from deanery to deanery comparisons across deanery boundaries add to the confusion. The deaneries try to reach agreement with parishes on what they can pay by way of PS. On questioning it was revealed that only 2 of the 12 deaneries examined parish accounts within their deanery. Nevertheless those parishes that have an agreement system like it; and consequently have a PS that they can meet and feel good about it. The downside is that some deaneries doing this are unable to meet their aggregate PS ask so there is an inbuilt deficit at the outset. All parishes seek to have an agreed PS allocation at the start of the financial year not after it or to have changes made during the year.
6. The Diocesan plan that the PS enables is not understood and people ask why we have survived with an unaffordable plan for the last several years. Some even suggest that because we have survived this is not a problem in under achieving PS. There is only very vague understanding of upon what PS is spent. And many opined that most of those in their pews would not know where the money went nor how much it cost the Diocese to appoint their Incumbent. Our communications on these matters are poor.
7. Parishes when asked say that they account for everything in accordance with the standard Church of England system. But at the moment only 2 of our 12 deaneries can confirm this. And when asked further, many parish treasurers state that their accounting system is the one that they inherited from their predecessor.
8. It was a frequent comment on the consultation that Reserves are being consumed to the point of extinction in the current PS system. But incorrect language is being used as the Charity Commission guidance is that 3 to 6 months operating costs should be held in Reserve. What is meant is that capital saving is being consumed.
9. The parishes want to keep capital for the unexpected. In particular in connection with their church building(s). Many feel keenly the responsibility for maintaining ancient churches.
10. Parishes that are asked for PS above 80% of income feel demoralised, anxious and lose trust in 'the system'. They point out that they must retain sufficient funds to cover the non-discretionary items such as utility bills.

11. We are in a muddle and have a system that is very difficult to explain to the generous and loyal Givers. This leads to a sense of anxiety and loss of trust.

BETTER WAYS OF PARISH SHARE ALLOCATION

12. There is acceptance of the principle, but it needs repeated reminding, that we are one body sharing our wealth. Thus those parishes that can give more enable those less able to have an Incumbent. So fairness is not about the same but better expressed as a combination of transparency and trust. This transparency and trust must apply downwards, upwards, and sideways. As some put it: “we must all play our cards face up”.
13. Before looking at parish accounts there must be transparency on all the trusts, funds, fees, buildings and other assets that parishes, deaneries and the Diocese enjoy. We need to ensure that all these are ‘fit for purpose’ and working for the greater good.
14. We need to understand the Diocesan plan and it must be demonstrably affordable. Within this the allocation of funds from the Central Church needs to be clear as we are now into the 4th year of transition to less funding being allocated to the 44 diocese in England. Thus the Diocesan plan should look ahead on a 3 or 4 year rolling basis. The same forecasting should apply to parishes.
15. There needs to be clarity on costs to the Diocese of making an Incumbency appointment. Parishes should know this even if it is beyond their means to be able to afford it (see paragraph 12). These costs need to be robust and explicable: they were challenged during the consultation visits.
16. And then to the parish accounts: what is it able to pay; what is its realistic potential; and how can we reach an agreement. The following were explored on the consultation:
 - a. Someone outside of the parish (so deanery or diocese) is responsible for examining the parish accounts.
 - b. There needs to be understanding of the minimum that the parish must retain to meet its non-discretionary needs.
 - c. That potential to raise funds is determined through logical and realistic data. So demographics are needed: population (we have parish populations ranging from 60 to 25,000); relative wealth using the data provided by the Church Urban Fund, and/or a credit rating agency. But this needs local interpretation as a parish might have a significant population of another denomination/faith; a refugee population; or the closure of a major business providing employment.

- d. A judgement must be made as to what is a reasonable capital fund to retain to attend to the parish's church building. (See paragraph 27 below).
- e. In order to ensure that parish accounts are presented in a comparable way we need to consider providing training, perhaps at deanery level, and advice to parish treasurers. We need to take great care with this as volunteers to be the parish treasurer are becoming scarce.

LESSONS FROM OTHER DIOCESE PARISH SHARE SYSTEMS

17. During the consultation reference was made to the following:

- a. 2018 Parish Share Systems Review by the National Stewardship and Resources Officer.
- b. The Durham Diocese experience of recent years informing our work through the inclusion of a member of the Durham Board of Finance being on the PSRG.
- c. The Sheffield Diocese Common Fund plan for 2019 onwards.
- d. The Guildford Diocese way of explaining PS through an animation.
- e. A number of ways in which other diocese attend to non-payment of PS.
- f. It was noted that those diocese that introduced a new system all needed a transition plan over 2 or 3 years.

18. Additionally personal introductions to the Chairman of the PSRG were made by those attending the consultations to people who could make valuable input.

LANGUAGE

- 19. Discussion led to a view that Allocation was not a helpful word in connection with PS and Agreement was a much better one.
- 20. Parish Share also came up for new nomenclature with Diocesan Share being more accurate and perhaps the Sheffield Diocese Common Fund offering another idea.
- 21. These all need serious consideration but for the moment the PSRG will continue to use the old terminology for consistency until such point as language change is endorsed.

WHO IS BEST PLACED TO DO WHAT IN PARISH SHARE DIALOGUE

22. The emerging consensus is that the PS must be set through discussion Diocese to Parish. But that the deanery role is to be the 'critical friend' in the middle to ensure that local conditions are understood such that a realistic PS allocation is agreed.

NON PAYMENT OF PARISH SHARE

23. During the consultation the idea of sanctions for non-payment of PS was raised. Initial hostility to the idea, often interpreted as a fine, was very apparent. As was the notion of building up a parish debt as this was contradictory from the current climate of trying to reduce debt among individuals and families.
24. But there was some consensus on the need for accountability. There must be accountability by the Diocese for its costed plan and how it allocates funds from sources other than PS. And PCCs are accountable for the funds they hold.
25. If we move to a transparent and agreed way of allocating PS, there should be few non-payments. But when this arises there must be understanding that consequences follow. At its simplest: someone else must provide the shortfall or the Diocesan plan must reduce its costs.
26. Non-payment of PS must as a minimum invoke an inspection of the parish accounts to determine why the PS is not being paid and a conclusion reached.

CHURCH BUILDINGS

27. In discussion the question was aired: aired does a Christian Presence in Every Place mean that we need a Church in Every Place? And is maintaining building more important than ministry and mission. Put in these stark terms we need to understand the national Church strategy and our Diocesan:
 - a. Policy on the closure of Church buildings.
 - b. Guidance on the acceptable quantity of capital funds for a parish to hold for its Church building.
28. It was often stated that people give funds to the parish specifically for their Church building rather than be given into some sort of central pot. This being the case, and noting the success of appeals for church roofs, bells, latrines and kitchens etc, should we encourage parishes to set up Friends, Trusts and the like to support the

maintenance and operating costs of the parish and appeal directly into the community parish for this support and then ease the burden on the worshipping parishioners who then might better focus on the PS?

29. Some also thought that as part of better communication we should make a Diocesan led appeal to our communities for funds to support our plans. Such an appeal must use language that the non-worshipping community understand rather than 'our language'.

SOME HELPFUL QUOTES AND AMBITION

30. Attached at Annex A are some helpful quotes from emails sent to the Chairman following consultation visits.
31. The 3rd Quote is thought provoking: competing for funds to support a Mission Action Plan. We need to consider this in the context of the new way in which funds are released by the national Church. Some have asked what has become of the Strategic Mission Fund and might it be reconstituted.

STILL TO REACH IN CONSULTATION

32. The best attended consultation was Corbridge Deanery. This should not surprise but is instructive. The Chairman of the PSRG became the Corbridge Deanery Finance Officer in Jan 19. In preparation for this appointment he visited all the parishes in the Deanery to discuss parish finances with Incumbents, Treasurers and others who wished to join. And a dialogue has flowed since. So these parishes knew that they were coming for a consultation not to meet an AN Other of the Diocese telling them that they Must Try Harder.
33. So we must continue to reach out to all deaneries and parishes. A special effort must be made over the next few months to reach the Clergy and those parishes that give the most. Without their support we are unlikely to succeed.
34. In the interest of keeping people informed and being transparent this paper should be shared with Deanery Officers for their use with parishes.

Robin Brims

Chairman Parish Share Review Group

July 2019

Annex A: Some Helpful Quotes

ANNEX A TO PARISH SHARE REVIEW GROUP REPORT AFTER ROUND ONE CONSULTATIONS

SOME HELPFUL QUOTES

Quote 1

I am sure that if we can get an open and transparent playing field over parishes accounts, a clear understanding of how the money is spent and what the diocese is doing to control expenditure and thus a realistic target, then hopefully people will feel it is fair and give with good grace. The question of being left with a sufficient amount to pay for ones running costs will also help the "fairness factor". (provided of course one has done ones best control these, by adopting best practise, what you do about those small rural parishes who can only just cover their running costs is difficult).

Perhaps the real worry for the deanery is the age demographic of those at the meeting (excluding some clergy!) I suspect that 90% were (well) over retirement age.

Quote 2

As I said at last night's meeting, I believe that the fundamental problem is falling income levels and that an allocation system cannot address that. An improved allocation method is definitely required but this is only part of a major reform of the whole Parish Share process. In summary, my opinion is:

1. Agree a common view of interpreting church accounts. This needs to recognise the way that churches generate net funds to pay for "discretionary" expenditure such as Parish Share and PCC charitable grants. It also needs to differentiate between "capital" activities, such as major repair or refurbishment works, and "revenue" activities, such as routine running costs. There are some subtleties in this but it is not a difficult exercise. This view needs to identify the maximum that a church is able to pay in Parish Share in each accounting period and the extent to which it can use unrestricted reserves to support that position. In other words it identifies ability to pay.
2. Develop a pro-forma set of accounts that reflect the conclusions of 1. It may result in churches having to generate 2 sets of accounts, one formal set for Charity Commission purposes as well as this set. I don't think this onerous. The new set of accounts should form the basis of the usual, regular PCC discussions on financial results.
3. The annual planning exercise conducted by the diocese should include the parishes as partners in achieving coordinated objectives. Short and medium term forecasts should

be prepared. For parishes, sampling could be used with perhaps 3 or 4 churches in each deanery involved. The parish results should be recorded in the same format as the "new accounts". The exercise will produce a comparison of what the diocese wants to spend with the amount of money that the churches think they can generate. For the coming year there has to be a match of income and spend. Challenging targets for the diocese and the churches will flow out of the exercise.

Quote 3

We seem to be heading towards a formula which will assign a parish share to each parish. I think this will need accurate and honest data in order to do this and I am suggesting that there is a significant role for each deanery in this process in four ways.

1. In 'supporting and challenging' each other in gathering data on expenses and accounts, being clear what funds are 'restricted' or 'designated' or belonging to separate charity funds.
2. In sharing our plans, mission action plans or the like, which express what the parish wants and needs to develop for the kingdom. So...
3. I suggest that the 'formula' provides some central funds which are held by the deanery to support these development plans. This would be a significant amount but would be unlikely to be a significant fraction of the total amount. (I would suggest that the size of this amount should be significant enough for all parishes to want to get involved in this local "support and challenge" relationship.)
4. The deanery as a whole, would hold act as a "critical friend" to each of its parishes for each of the three foregoing items. Hence it would still maintain a significant role in the work of the churches (but only have a small fraction of funding directly linked to "development")

Quote 4

I have always had grave concerns at the sustainability of Parish Share. I became a member of xxxx when I moved here in March 1999. Almost immediately it became apparent to me, that the demands made on the Parish were unsustainable, I made my feelings clear and when I became PCC treasurer in 2004 I made representation to the diocese and was assured that a working party was being set up to look in to the issue of Parish Share, as far as I am aware this was never put in place, and if it was it made no difference and the parishes were never consulted and the diocese never even had the decency to responded to my letters.

I am delighted that a review is now to take place and it is my hope that the concerns of the Parishes will now be taken into account and that

their concerns will be listened too. Each Parish has its own concerns but as far as xxxx is concerned, we are custodians of a beautiful, historic building which is very valuable, this building MUST be insured. A great deal of work has been carried out to make this a community friendly space, but if we are to attract the community, both to worship and to attend social events, the building must be adequately lit and heated. It is my contention that the costs of providing this should be treated as “Permissible Deductions” together with insurance, when the formula for Parish Share is finalised.

As a PCC we have certain responsibilities for the vicarage and we pay the community charge and water rates on behalf of the diocese who I believe own the property and again I would suggest that the £3078 which we will pay during 2019 should again be considered as “Permissible Deductions” Not only for the current years but also subsequent years.

Accepting the heating, lighting, insurance and vicarage costs are “Permissible Deductions” is the easy option, alternatives are that all invoices are sent to Church House for settlement, or the church is run as efficiently as possible and on the 31st December each year any surplus held in the bank is passed to the diocese as “Parish Share”, I would suggest that neither of these options are acceptable.