



REPORT OF PARISH MINISTRY COSTS REVIEW GROUP

As many of you will know, Parish Ministry Costs have been under review, following a request by Diocesan Synod in November 2013. The review group has now concluded its work, and this report from the group is to inform parishes of the results, which are recommended to Diocesan Synod.

Funding parish ministry is a matter of great importance to the mission and ministry of the Church of England in Sussex. Ministry is primarily provided by our parish clergy. The cost of the clergy is mainly funded through the generous giving of our congregations via Parish Share. Individuals give to their local church; the PCC then makes a financial contribution to the Diocesan Board of Finance through parish share; the diocese uses that money to pay the stipends and pensions for parish clergy, maintain their houses, and provide more general support to both the clergy and the parishes; this financial and practical support enables our clergy to minister to their worshippers, and the rest of their community.

Parish Ministry Costs are the diocese's method to help parishes understand the cost of providing ministry in each location. The total budgeted expenditure for a year is divided across the total number of parish clergy, and in order to allocate the expenditure the type of post is taken into account (e.g. full time, part time, House for Duty etc). Parish Share is the amount which the PCC pledges to contribute towards the costs of the diocese, and Parish Ministry Costs should be used to inform the decision about how much Parish Share a PCC will commit to.

It is therefore important that the system for Parish Share and calculating Parish Ministry Costs is as good as it can be, taking into account both the financial needs and the widely varying positions of our 365 parishes. While it is impossible to please everyone, we hope that these recommendations will receive broad support. We are keen to ensure that parishes, who are both the source of the funds and the recipients of the benefits of diocesan expenditure, have the opportunity to consider the proposals before Diocesan Synod votes on them. We invite you to read this report together with the parish share leaflet distributed late last year. Be assured of the diocese's immense gratitude for the generosity of congregations and parishes, and for all the work towards the Kingdom of God which parishes do with the fruits of that generosity.

The key points of the results of the review and the recommendations to Synod are as follows:

1. Parish contribution has been renamed parish share.

2. The costs attributable to housing are now calculated by reference to all property costs and not only to the costs of clergy housing.
3. The costs of Continuing Ministerial Development will be moved from Training to Ministry Support from 2019.
4. Except for those minor amendments, the present system should remain unchanged. The Diocese of Chichester should continue to operate a pledge system, guided by the costs of parish ministry and support for it, with pledges invited through deaneries. The way in which the guidance figure of the costs of parish ministry for each benefice are calculated should remain unchanged, namely:
 - The budgeted cost for the stipend, national insurance, and pension for each clergy post (filled or vacant) in the benefice; plus
 - An equal share of property costs (for maintenance, repairs, improvements, property staff costs etc) for each house provided by the diocese for the benefice; plus
 - An equal share of training costs (for curates and ordinands) and ministry support costs (for removal and appointment grants, archdeacons, rural deans, suffragan bishops' housing etc) for each stipendiary and house for duty clergy post (filled or vacant) in the benefice; plus
 - An equal share of parish support costs (for the cost of Church House in providing safeguarding support, buildings support, finance support, mission support etc) and our contribution to the national church for each full time vicar, rector or priest-in-charge post (filled or vacant) in the benefice, and a half share of each for any other stipendiary or house for duty clergy post (filled or vacant) in the benefice.

Further detail on the group's reasons, and other matters considered, is set out below. Diocesan Synod will be invited in May to formally approve retention of the current system for five years before any further in depth reviews. If your parish has any concerns or objections, please contact a member of the review group. If they cannot be resolved, parishes should ask their deanery synod to bring a motion to the May Synod (by 6 April 2018) on the issue of concern.

Lisa Barnett (part time incumbent)

Mark Betson (full time priest split between part time incumbent and part time Rural Officer)

John Booth (Chair of the Finance Committee)

Philip Bowden (Vice Chair of the Finance Committee)

Catherine Dawkins (Finance Director)

Gabrielle Higgins (Diocesan Secretary)

Martin Lloyd Williams (Archdeacon)

Lesley Lynn (Bishop's Council and Operating Committee member)

Julia Peaty (Dean of Self-Supporting Ministry)

Brian Porter (Deanery Lay Chair)

Rodney Pratt (Deanery Treasurer)

Martin Smith (former Deanery Treasurer)

REPORT OF THE PMC REVIEW GROUP:

THE MATTERS DISCUSSED AND THE REASONS FOR THE CONCLUSIONS

The name 'parish share'

We all belong to one household of faith, and must all share in supporting that household, each according to their ability. The name 'parish share' is intended to focus attention on the sense of commonality and mutual support: a common purse not a central drain. The money so generously donated by congregations through their parishes is used to resource coal face parish ministry, with the greatest cost being the stipends, pensions and housing of parochial ministers. All are encouraged to strive to meet their costs, but some are better able to do so than others. All therefore share in the overall cost, with some able to give more than the costs attributed to their parish to help support others and some giving their widow's mite.

Retention of the pledge system

The current system works well, with the average 98.5% collection rate being one of the highest in the country, together with other dioceses who operate pledge systems.

Whether it should change was discussed in particular with the Cuckfield Deanery, in anticipation of their motion to Diocesan Synod. The main alternative is a formula system, in which some body decides how much each parish should pay based on set criteria, such as how large the congregation or the population is, how deprived the area is, the level of income of the congregation and so on, in addition to how many clergy serve the parish. There was no enthusiasm for this option, which takes the decision-making away from the parish and centralises it in Church House. It is in addition very difficult to secure consensus on what the appropriate factors to take into account are, and what weight should be given to each, and dissatisfaction encourages manipulation, such as under-reporting of growth in numbers or 'creative accounting'. It frequently results in lower collection rates, making it harder to budget and pay for parish ministry and support.

Another alternative is an unguided pledge system, where parishes are invited to make a freewill offering of what they wish to pay. Anecdotal evidence from other dioceses suggests this works well for the first year or two, after which offerings decline dramatically. This would make it difficult to fund clergy stipends and other expenditure. Parishes often underestimate the total cost of providing parish clergy and support, and it seems unwise to dispense with the guidance of parish ministry costs which inform parishes' decisions on how much to pledge.

The group has however initiated a number of changes which we hope will improve the communication around parish share:

- The production of the parish share leaflet distributed late last year.

- A shift of focus in the language used around parish share to emphasise generous giving and mutual support within the household of faith so that together we cover the household expenses (rather than pressure to meet costs only at parish level and little encouragement to go further) and to emphasise the difference between parish ministry costs and parish share.
- Reassurance that ministry deployment is focussed on ministry need (rather than a system where 'you get what you pay for').
- The production of a handout on Credit for Mission to emphasise that help to achieve the Diocesan Strategy goal of self-sufficiency for all parishes by 2020 can come from mutual support and support from historic resources as well as from increased stewardship or pastoral reorganisation.
- The re-presentation of the budget so that the sub-headings match the parish ministry costs headings, allowing greater transparency on how parish ministry costs are calculated.

It is the intention to share greater information concerning relative ability to give as well as information about costs, but this remains an aspiration for next year. It is also intended to explore the giving of Credits for Mission for multiple years in the case of parishes with long term needs.

Property costs

Previously some property costs were excluded from PMC. It was unclear which costs or why. Including all the costs added a only a modest amount, of around £200 per house, to the total costs. The cost per house had already reduced, because of a transfer of a proportion of costs to Training for PMC purposes, to reflect expenditure on curates' housing. The modest increase was substantially less than the additional sums being spent on clergy housing, funded from the Pastoral Account. It reflects the fact that parishes as a whole see the benefit of expenditure on Glebe and investment property, which is undertaken to boost income from that property and keep parish share requests down.

Training Costs

The group felt that the costs of Continuing Ministerial Development, which currently form a small part of the training budget, would sit better in Ministry Support than in Training, as they are focussed on supporting current clergy rather than training new ones. The change makes no practical difference, as Ministry Support costs for each benefice are calculated in the same way as Training Costs.

Vacancies

Credits reflecting the anticipated savings arising from vacant posts are credited to deaneries. Consideration was given to adjusting this, so as to increase the amount credited to deaneries with parishes who have long vacancies, but there was overwhelming resistance to this from deanery treasurers, who are the individuals who keep the system running as smoothly as it does.

The group did not recommend reducing the costs attributed to parishes in vacancy. Given the unpredictability of vacancies, and the frequent mid-year changes of position, this would be extremely difficult to implement, and quite apart from the administrative burdens, it would not recognise the variety of circumstances surrounding each vacancy. It might discourage generosity from those who could afford to support other parishes, and create difficulties for parishes who would struggle to increase their parish share again at the end of a vacancy. It would also remove or reduce the credits given to deaneries and reduce their flexibility; some wish to use the credits to support more deprived parishes rather than those in vacancy, for example.

It is therefore proposed to leave the current system unchanged, so that all deaneries receive credits. Those credits share out the budgeted savings from anticipated vacancies by reference to the number of posts in each deanery. Each individual deanery can then decide if the credit should be directed towards particular parishes or used in other ways.

Letting income from vacant parsonages

A diocesan synod motion for parishes with parsonages which have been rented out to be relieved of the housing element of PMC was defeated at an early stage of the review. This again would be administratively extremely difficult, and again would undermine the principle of the household of faith sharing in a common purse, since the income from vacant parsonages is used to benefit the diocese as a whole. It is part of the income which allows Credits for Mission to be given to parishes who are unable to pledge a sum approaching their parish ministry costs. It is also important to remember that the housing element of PMC reflects the cost of maintaining and repairing the parsonages, which needs to be done whether they are occupied by a priest or a tenant; it is not a kind of 'rent' for the priest's occupation.

Self-Supporting Ministers

The group was initially attracted to a suggestion made to it that Self-Supporting Ministers should be recognised in Parish Ministry Costs. However, taking feedback from Diocesan Synod, deaneries and individuals as a whole, it was clear that while there was some support for recognising Self-Supporting Ministers in Parish Ministry Costs, opposition to it was much stronger. Having listened to that feedback, the proposal was not recommended, although parishes which are pledging a figure equivalent to 100% of their costs and who benefit from a self-supporting minister are encouraged to be particularly generous when considering their pledge.

Diocesan Fixed Costs and their division between benefices for the purposes of Parish Ministry Costs

The group gave extensive consideration to the treatment of diocesan fixed costs. A considerable amount of work was undertaken, not only in reflecting on the underlying rationale for the division of fixed costs but also in modelling the impact of the various different options considered.

The conclusion of the group was to recommend no change to the current system, for the following reasons:

- It was felt strongly that Ministry Support should continue to be equally apportioned among all stipendiary and house for duty clergy. The costs of ministry support comprise the stipend, NI, pension, housing, and operating costs of archdeacons and the housing costs of suffragan bishops; and the grants made to clergy who are moving post to cover removal expenses and other resettlement or set up costs. All stipendiary and house for duty clergy benefit from these, and it was not felt that there was a significant difference in benefit between full time and other posts; these costs should be allocated per head.
- The group was initially attracted to reducing the amount of Training costs for part time and house for duty clergy posts. Although it costs the same to train all clergy, the general pattern is that the majority of house for duty (and to a lesser extent part time) clergy are retired or close to retirement. As a result, the next generation of clergy holding these posts are likely to have been trained long ago, and therefore not to be requiring current investment in training. In addition, because stipend, NI and pension costs are lower, the proportion of parish ministry costs attributed to training for a part time or house for duty post can appear disproportionately large.

However, it is important to note that training costs are about investing in new clergy for the benefit of the future of the whole diocese and all parishes should share in the costs of the household of faith. In addition, even parishes with part time and house for duty posts still need a supply of new clergy, even if it is on a longer time frame.

Furthermore, when modelling the impact that various different percentage changes would have, it was clear that under the present system, the total amount of parish ministry costs for part time and house for duty posts compared to the costs for full time posts has a strong correlation with the number of days a week part time and house for duty clergy are expected to devote to ministry compared to full time clergy. All potential alternatives weakened the correlation, so what might be an improvement to one element of the costs resulted in greater unfairness on the costs overall.

It was also clear that the effect of the change would simply be to redistribute the pain of parishes who are unable to pledge a sum equivalent to their costs: the proportion of parishes with part time or house for duty posts in that position would be reduced, but the proportion of parishes with full time posts would be increased, and a greater proportion of those are already in that position.

Overall the group concluded that these costs too should continue to be allocated per head of clergy.

The group felt strongly that Training costs should not be focussed on parishes with training curates for the same reasons: training costs are about the future of the whole

church and it is important that curates can be placed in the most appropriate parishes regardless of their means, to ensure that curates are trained in a wide variety of settings and not only in affluent ones. Training a curate is an important service provided by training incumbents and their parishes for the benefit of the whole church; it is not about getting an 'extra pair of hands'. Indeed, while curates can be of great assistance in the latter part of their curacy, in the first part they tend to demand a great investment of time. That said, parishes which are pledging a figure equivalent to 100% of their costs and who have a curate who in the second half of their training curacy are encouraged to be particularly generous.

- Adjusting the amount of Parish Support Services and National Church Costs for part time and house for duty posts was also considered, but rejected for similar reasons. They are currently allocated at half rate for these posts and it is difficult to justify reducing this further as a matter of principle since the services are open equally to all. Again, the impact of any change would be to make the total costs of part time and house for duty posts correlate less well with the number of days ministry received, and would simply redistribute the pain.
- Costs where benefices have more than one stipendiary priest were also reviewed. This arises in four situations:
 - where a formal team ministry is in place and there is a Team Rector and one or more Team Vicars;
 - where a priest from a neighbouring benefice is the incumbent or priest-in-charge, but an associate vicar¹ in practice performs the role of the incumbent or priest-in-charge
 - where an associate vicar or curate-in-charge² has oversight of a separate church in the benefice; and
 - where an associate vicar does not have oversight of a separate church.

Currently team ministries are treated as if each Team Vicar is an incumbent as well as the Team Rector, and thus the parish ministry costs for a Team of three clergy are exactly three times the costs of a sole incumbent. The second category is mostly treated as if there were a single incumbent in post, although there has been some inconsistency here, it is suspected for accidental reasons. The group considered that both these were right in principle, because of the way the clergy function compared to sole incumbents of a benefice.

Costs for a second stipendiary priest with oversight of a separate church are currently slightly less than those for an incumbent or priest-in-charge, as the figures for parish support and national church contributions are halved. In some ways, this is hard to

¹ Names vary and include Assistant Curate, Assistant Priest, Assistant Vicar, Associate Priest, Associate Vicar and Associate Minister

² For Conventional Districts

support in principle, as it can be difficult to articulate the difference between this and a formal team ministry. However, it does seem right to reflect that fact that these clergy are serving a single benefice which has not formally been recognised as a team, and the calls on parish support services and national church services can be expected to be reduced. Any change would hit these parishes very hard with only a marginal benefit for other parishes. No change is therefore recommended although as ever, generosity is encouraged.

Costs for a second stipendiary priest without oversight of a separate church are currently significantly less, as no costs at all are allocated for training, ministry support, parish support or national church contributions. This is the hardest category to justify by way of principle, at least as far as training and ministry costs are concerned: the second priest should only be in post if there is a ministry need for a second post, and the same demands for training successors exist; and the second priest makes the same demands on ministry support as other clergy. In addition, where a benefice has more than one church, it can be difficult to assess whether the second priest has oversight of one or not. However, on balance, the group resolved to make no recommendation for change here either. Only four parishes are in this position, two of whom are currently unable to pledge a sum which even amounts to the costs attributed to one priest. The remaining two would be hit very hard, again for a marginal benefit for other parishes, and so once again, the group proposes no change, although the parishes in this category are of course encouraged to pledge particularly generously.