

ESGOBAETH LLANELWY :: DIOCESE OF ST ASAPH
BWRDD CYLLID :: BOARD OF FINANCE



New Mission Area Share Formula

Report from the Diocesan Board of Finance

Introduction

During 2021, the DBF commissioned a Working Group to review the Mission Area Share formula to ensure that it was still fit for purpose and that it supported the delivery of the key diocesan priorities. At the September 2021 meeting of the Board, the initial proposals from the Working Group were reviewed and were felt to need further work and refinement. The Board recommissioned the Working Group in March 2022 under the leadership of Trevor Trevor, Vice Chair of the DBF, and the following parameters were endorsed for adoption:

- Mission Areas pay for frontline ministry (ordained and lay)
- Central funds (provincial and diocesan) cover the support costs
- Remove the Sunday attendance element of the formula because:
 - We have no recent attendance data that is reliable and consistent because of the pandemic
 - Sunday attendance on its own is a poor measure of the life of the church
 - It acts as a disincentive to growth
- A factor for ability to pay e.g. historic assets
- A population element to reflect the outward looking nature of the modern church
- A minimum charge for each church building
- A mechanism that limits the size of increases or decreases

Membership of the Working Group

Trevor Trevor (Chair); John Blaze (Valle Crucis MA); Rebecca Sparey-Taylor (Denbigh MA); Geraldine Sanders (Bryn a Mor MA); and Barry Evans (Valle Crucis MA).

The Group was supported by the Diocesan Finance Team: Diane McCarthy, Sandra Davies and Adam Taylor

Review of the Share Formula – Summary of Proposals

The new formula will consist of the following elements:

- The diocesan budget will be reformatted in way that makes the elements of income and expenditure more transparent

- Actual frontline ministry costs will be met by the Mission Areas
- The full cost of a stipendiary cleric will be allocated to each Mission Area, reflecting their establishment number of clergy.
- Non stipendiary clergy costs will continue to be allocated in the same proportion as is currently the case
- There will be a fixed charge of £500 for each church building
- Other frontline ministry costs that benefit the whole diocese will be allocated in the following proportion:
 - 20% on Mission Area population
 - 20% on Mission Area unrestricted cash
 - 60% on Mission Area clergy allocation
- Governance and central costs will be covered by other sources of income e.g. Block Grant, Investment income

Advantages of the new Share proposals

- The formula provides a powerful means of encouraging churches to support its strategic objectives. The success of the early payment incentive demonstrates the effectiveness of this.
- Exclusion of the attendance figures removes a strong disincentive to grow the church, and this is warmly welcomed.
- Introduction of this new formula means that there is now every incentive to grow the church and to draw as many people as possible into the life of the Teulu Asaph. It is hoped that, in time, this will drive a significant culture change across the diocese.
- People can be invited to join our churches and to share their time, talents and resources in the service of God. The more people we can draw in, the more people we will have to contribute to our shared life in whatever way they can.
- Inclusion of population should do something to make the calculation more equitable across rural and urban areas. It will also help to focus our attention on the wider mission field rather than constantly looking inwards.
- Inclusion of numbers of church buildings will support the strategic review of buildings that was begun during the Mission Area Review process.
- Inclusion of unrestricted funds and assets will encourage churches to consider better use of resources and how they can be used to further mission.
- Members of the Board were keen to provide as much financial stability as possible for the Mission Areas in these challenging times and it was agreed that a 'cap and collar' would be introduced that limited both increases and decreases to a maximum of 7%.

Next Steps

- A detailed communication programme will be prepared by the Diocesan Finance Team over the summer months so that the new formula can be launched effectively in the autumn.
- The communication programme will be tailored appropriately to the different audiences.
- Mission Area Treasurers will be a key supporting group in communication and implementation.

Action required

Members of the Standing Committee are asked to note the above report

Trevor Trevor

Vice Chair of the Diocesan Board of Finance and Chair of the Working Group

DIOCESE OF ST ASAPH

Income and Expenditure BUDGET 2022

<u>Income</u>	£	£
Income from Mission Areas		
Mission Area Share	3,413,637	
4% Mission Area Share Discount	-133,473	
		3,280,164
Income from Investments and Other Funding		
RB Block Grant	356,116	
Investment Income	100,300	
Other Income	281,873	
DBF Reserves (balancing figure)	5,554	
		<u>743,843</u>
Total Income		<u><u>4,024,007</u></u>
 <u>Expenditure</u>	 £	 £
Expenditure on Ministry		
Stipendary Clergy:		
Clergy Stipends	1,743,200	
Council Tax	190,000	
Housing Maintenance	410,479	
Sub Total Clergy Costs		2,343,679
Other Ministry Costs:		
Archdeacons, Bishop's Chaplain, Curates, Evangelists, Mission Area Leaders	503,616	
Clergy Relocations	50,000	
Other Ministry Expenses	41,750	
Sub Total		595,366
Current Total		2,939,045
New Ministry Costs		
Developing Ministry	96,010	
Social Engaging	49,385	
Rural Ministry and Support	10,000	
Mission, Growth and Evangelism	73,780	
Cathedral	68,952	
Church Inspections & Faculties	42,992	
Sub Total		341,119
Sub Total Other Ministry Costs		936,485
New Ministry Total		3,280,164
 Central Costs		
Nurturing - Schools and Youth Work	159,948	
Communication	40,000	
Funding and Mission Area Support	6,500	
Safeguarding	1,000	
Grants	84,150	

Bishop's Discretionary	9,384
Churches Emergency Aid Fund	16,666
Diocesan Office Overheads and Governance	79,566
Diocesan Board of Finance Member's Expenses	750
Governing Body Meeting Expenses	10,000
Widows Orphans and Dependants	15,000
Stockbroker Fees	15,000
Registrar's Costs	27,185
Depreciation	43,852
Central Salary Costs	<u>330,291</u>
Sub Total Central Costs	839,292
Total Expenditure	<u>4,119,456</u>
Budget Surplus/(Deficit) For The Year	<u><u>-95,449</u></u>