DIOCESE OF Bath&Wells

Living and telling the story of Jesus

Agenda Item 9(i)

New Benefice Share methodology

Overview

The current Common Fund methodology has been in use for many years and, for the majority of the time, it has served its purpose well with parishes returning an average of 98% of their Parish Share into the Common Fund. However, even when this system was attaining these results there were concerns raised: the perceived equity of the system, the objectivity of the socio-economic data used and questions as to whether it penalised growth.

During Covid, Parish Share receipts fell drastically and have not recovered to previous levels. In 2023, Parish Share payments reached approximately 87% of what was requested. It is recognised that some parishes are still on a trajectory of recovery in their own finances and are unable to pay their full Parish Share request, but it is also evident that there are other parishes that are choosing not to pay their full request as they do not believe their Parish Share requests are valid. The main purpose of consulting on how Parish Share is calculated was to enable parishes to play a part in co-creating a methodology that they could support.

Since January this year, the proposed new Common Fund methodology has been consulted on twice across the diocese. It has been reviewed and revised at Common Fund Committee, Bishop's Staff, Finance Group and Bishop's Council. The proposal is for a new Common Fund method, a Benefice Share based on ministry cost. The consultations did not reveal an alternative proposal other than remaining with the current methodology but using more independent and transparent data and this would not, in itself, address the concerns above.

Moving to a new methodology that requests a number of parishes to pay more in share to the Common Fund is a challenge but remaining with the status quo is not an option. Currently, 80% of our parishes are not covering the costs of the stipendiary ordained ministry deployed locally and the support provided to their parishes. Having 20% of our parishes pay significantly more than the ministry deployed and support provided to their parishes and continuing to have the diocese carry an operating deficit in the region of £1.6m to £2m per annum, is unsustainable. The diocese will run out of unassigned assets (surplus clergy housing) to bridge the deficit in late 2026/early 2027.

Transition period

Because of the challenge of moving to a new figure, which is a significant increase in some cases, it is proposed that benefices are enabled to transition to the new amount over a period of five years. The transition in 20% annual increments per year will apply to both benefices being asked for an increased amount and to those whose Benefice Share will decrease. Should a benefice be able to pay over and above the figure requested, making more progress towards their actual Benefice Share, that would be positively encouraged and be of benefit to parishes across our diocese.

It is recognised that no share apportionment methodology can take account of, or mitigate the need for mission, a giving/stewardship culture and the issues that our church buildings can cause for parishes. We recognise that with these changes it will be more important than ever for parishes to be able to draw on the relevant support from our support services and we are working hard to approach that challenge as part of our work on diocesan strategy.

Old vs new methodologies and risk

What the cost per post variation looks like in the old and new methodologies

- Under the Benefice Share approach the range of cost per stipendiary post is from £57,297.99 in Exmoor deanery to £85,264.33 in Portishead deanery, a difference of £27,966.34.
- With the current method (utilising IMD data rather than self-assessed categories) the range goes from £43,712.68 in Sedgemoor deanery to £114,857.23 in Portishead deanery, a difference of £71,144.55.

The differences between the new Benefice Share methodology and our current system with independent and transparent data can be seen more fully in in Annex A and B.

The swings comparing these two documents are significant and is further illustrated in Annex C, which shows the differences at an archdeaconry level against population data.

Having been transparent about how Benefice Share will be calculated has created an additional risk should we stick with our existing methodology. Parishes being asked to pay even more beyond the ministry they receive could self-determine what they consider is an equitable request and only pay that amount. A risk should we move to the Benefice Share methodology is that parishes who are being asked to pay less may drop their contributions immediately, rather than transitioning over the requested five years. The detail of these financial risks and exposure is included as Annex D.

Implication of shortfalls since 2020

Since the pandemic a number of our parishes have been paying their Parish Share from their reserves and have made significant financial losses maintaining Parish Share contributions. During this time there has been a cumulative £4.3m shortfall in Parish Share requested.

In order to take these shortfalls into account the following considerations have been put into place:

- Where reductions in Benefice Share are due to be offered, these are offered, except where 2020-24 shortfalls exist that could be recouped by not applying the reduction.

- Where there has been an underpayment of share over the last four years the current ask will be locked in until either the shortfall is paid off or the ask under the new methodology exceeds the current ask because of the application of inflation.

- These shortfalls are considered on a parish basis, so parishes within multi-parish benefices that have paid in full and are due a reduction, may still be offered the expected reduction.

The above practice could still be considered if the Benefice Share mechanism was rejected and the existing methodology was continued.

The ongoing implications of shortfalls on requested contributions to the Common Fund is something that is being actively worked on and further conversations and papers will be produced on this area to enable Bishop's Council and Diocesan Synod to determine policies.

Foundational principles of the new Benefice Share methodology

The foundational principles underpinning the new methodology presented across the diocese during the consultation process were endorsed. However, while believing in the importance of generosity and mutuality, concern was expressed as to the affordability of being generous.

The foundational principles of this proposal are:

- Mutual support and generosity – across our diocese we have a shared commitment to joyful and Christlike generous support of gospel ministry, with a particular emphasis on supporting areas of deprivation and rural sparsity i.e. a method that is not simply transactional.
- Transparency – it is clear what share pays for and contributes to, addressing the current feeling of some that they don't really see where their money goes.
- Independent data – the use of objective data reduces the subjectivity of self-declared socio-economic data used in the current methodology.
- Awareness of local context – benefices can determine if they want to make local adjustments.

Elements of the new Benefice Share methodology

- Part A: the cost of deploying ordained stipendiary ministry to a benefice.
- Part B: a proportion of the diocesan-wide costs allocated according to size of Worshipping Community (not including Fresh Expressions).
- Part C: a mutuality and generosity contribution of 15.25% of parts A and B to create a £1.12 million support pot.

Part A – direct ministry cost

The cost of stipend, housing, pension and training for a priest deployed in a benefice (based on 2023 costs):

Cost of a full-time stipendiary priest	£55,500
Cost of a part time (0.5) stipendiary priest	£35,000
Cost of a house for duty priest	£16,750

Working on the basis of 150 full-time equivalent paid priests in our diocese, the cost of paid ordained ministry comes to a total close to £8.3m. Based on our current number of regular worshippers (16,000), this equates to approximately £10 per week, per worshipper (£520 per annum).

If a vacancy goes on longer than 18 months, a benefice will be offered share relief.

Part B – diocesan-wide costs

Diocesan-wide costs are met from the Common Fund, which is made of income from benefice share, as well as other income, such as investment income and parochial fees. This includes the cost of curates, ordinands, archdeacons. It also includes the costs for support services, the teams that provide services for our diocesan community – our people, parishes, schools and colleges - and ensure the diocese meets its legal and governance obligations, as well as operational costs.

Based on 2023 income and parochial fee levels, the Benefice Share would be asked to support 47% (£2.3m) of diocesan-wide costs. That is equivalent to approximately £2.70 per week per worshipper (£140 per annum) based on current worshipping numbers*.

* Following feedback from the consultation and further deliberations by the Common Fund Committee, Bishop's Council has approved that the recording of worshipping numbers for Part B of the new Benefice Share methodology shall use the higher recorded number of the two following figures:

1. Worshipping Community (Question 9 on the Statistics for Mission form) minus Fresh Expressions attendance identified in October (Question 6 on the Statistics for Mission form)

Or

2. Usual Sunday Attendance (USA) (Question 2 on the Statistics for Mission form)

In the event that a parish has not completed their Statistics for Mission form, the most recent parish survey figure should be used for that parish.

In 2022, the Statistics for Mission for Bath and Wells recorded:

Usual Sunday attendance	just over 11,000
Worshipping community	just over 17,000
Fresh Expression attendance in October	just over 1,000

The proposed Worshipping Community, less Fresh Expressions, comes to approximately 16,000, which is not too dissimilar to our current working figure.

Students will be counted as 0.25, in recognition that most live on student loans.

Part C – mutuality and generosity pot

A mutuality and generosity contribution of 15.25% of parts A and B to create a £1.12 million support pot for areas identified as needing particular additional support.

Additional support from the Part C pot will be offered to:

- the 30% of benefices experiencing the greatest levels of multiple deprivation
- those with a population of less than 100 people/square mile
- benefices of five or more parishes with a population density of less than 250 people per square mile

Benefices experiencing greatest levels of multiple deprivation and/or rural sparsity (13.5%)

The 30% of benefices experiencing greatest levels of multiple deprivation based on IMD data, including rural parishes, and those benefices (not parishes) whose average population is less than 100 people/square mile will be offered support proportionally on a sliding scale (that is, those nearer the 30% line receive less than those furthest away).

Multi-parish, rurally sparse, benefices (1.75%)

In response to the concern expressed that the methodology originally did not support our multi-parish benefices containing a significant number of buildings or may be made up of smaller rural churches, as well as those in a rurally sparse setting, there is now a 1.75% to Part C of the Benefice Share methodology.

This will enable approximately £120k of support (in the modelling) to be offered to the 28 benefices of five or more parishes who have a population density of less than 250 people per square mile of approximately £120K (to be reviewed annually).

Modelling to support this decision can be found in Annex E.

Magnificat parishes

Our Magnificat parishes (those highest areas on the IMD multiple deprivation scale) will be offered further financial support from LInC and Benefact Trust. This will include Magnificat parishes who are in benefices with non-Magnificat parishes where the benefice is not in the 30% supported category above.

Annex A - Modelling of Impact of Benefice Share Proposal

Wells

Deanery	Clergy deployed	Part A	Part B	Part A+B total	Part C	Total	Potential support	Potential ask	2024 ask	Difference	Cost per stipend post
Axbridge	7.00	403,000	111,622	514,622	78,480	593,102	(88,236)	504,866	536,573	(31,706)	72,123.78
Bruton & Cary	7.50	416,250	100,879	517,129	78,862	595,991	(17,846)	578,145	503,522	74,623	77,085.99
Frome	6.00	346,985	83,019	430,004	65,576	495,580	(38,453)	457,126	418,564	38,563	76,187.74
Glastonbury	5.00	312,500	71,578	384,078	58,572	442,650	(31,816)	410,834	329,380	81,454	82,166.77
Ivelchester	5.50	305,250	85,391	390,641	59,573	450,214	(1,932)	448,282	439,724	8,558	81,505.79
Yeovil	6.50	368,000	96,553	464,553	70,844	535,398	(46,407)	488,991	446,243	42,747	75,229.32
Shepton Mallet	5.50	312,500	85,391	397,891	60,678	458,569	(7,111)	451,459	446,662	4,797	82,083.43
	43.0	**2,464,485**	**634,433**	**3,098,918**	**472,585**	**3,571,503**	**(231,800)**	**3,339,703**	**3,120,668**	**219,035**	**77,667.51**

Bath

Deanery	Clergy deployed	Part A	Part B	Part A+B total	Part C	Total	Potential support	Potential ask	2024 ask	Difference	
Bath	19.25	1,068,375	379,516	1,447,891	220,803	1,668,694	(26,875)	1,641,819	1,852,229	(210,409)	85,289.32
Chew Magna	7.2	413,585	110,227	523,812	79,881	603,693	-	603,693	607,718	(4,024)	83,846.30
Locking	13.5	770,485	209,850	980,335	149,501	1,129,836	(237,019)	892,817	909,747	(16,930)	66,134.58
Midsomer Norton	6	333,000	80,926	413,926	63,124	477,050	-	477,050	391,938	85,111	79,508.31
Portishead	12.5	701,000	238,035	939,035	143,203	1,082,237	-	1,082,237	1,238,595	(156,357)	86,578.98
	58.45	**3,286,445**	**1,018,553**	**4,304,998**	**656,512**	**4,961,511**	**(263,894)**	**4,697,617**	**5,000,226**	**(302,609)**	**80,369.83**

Taunton

Deanery	Clergy deployed	Part A	Part B	Part A+B total	Part C	Total	Potential support	Potential ask	2024 ask	Difference	
Sedgemoor	8	444,000	86,926	530,926	80,966	611,892	(158,549)	453,343	369,728	83,615	56,667.85
Somerset South	10	555,000	158,504	713,504	108,809	822,313	(71,761)	750,552	737,300	13,252	75,055.18
Exmoor	6	333,000	78,833	411,833	62,805	474,638	(154,299)	320,339	382,235	(61,896)	53,389.76
Quantock	4	235,985	63,904	299,889	45,733	345,622	(72,016)	273,606	298,418	(24,812)	68,401.48
Taunton	13	721,500	186,130	907,630	138,414	1,046,044	(134,061)	911,983	896,158	15,825	70,152.54
Tone	6	333,000	77,717	410,717	62,634	473,351	(23,620)	449,732	402,130	47,602	74,955.28
	47	**2,622,485**	**652,014**	**3,274,499**	**499,361**	**3,773,860**	**(614,306)**	**3,159,554**	**3,085,968**	**73,586**	**67,224.55**

	Clergy deployed	Part A	Part B	Part A+B total	Part C	Total	Potential support	Potential ask	2024 ask	Difference	
Total:	**148.5**	**8,373,415**	**2,305,000**	**10,678,415**	**1,628,458**	**12,306,873**	**(1,110,000)**	**11,196,873**	**11,206,862**	**(9,989)**	**75,425.22**

Annex B - Modelling of Impact of Carrying on Existing Methodology

Wells

Deanery	**Clergy deployed**	**Regular worshippers**	**Potential ask**	**2024 ask**	**Difference**	**Cost per Stipend post**
Axbridge	7.00	800	549,688	536,573	13,115	78,526.79
Bruton & Cary	7.50	723	509,951	503,522	6,429	67,993.48
Frome	6.00	595	365,690	418,564	(52,874)	60,948.28
Glastonbury	5.00	513	325,119	329,380	(4,262)	65,023.73
Ivelchester	5.50	612	402,510	439,724	(37,214)	73,183.68
Yeovil	6.50	692	410,705	446,243	(35,538)	63,185.35
Shepton Mallet	5.50	612	409,445	446,662	(37,216)	74,444.59
	43.0	**4,547**	**2,973,107**	**3,120,668**	**(147,560)**	69,142.03

Bath

Deanery	**Clergy deployed**	**Regular worshippers**	**Potential ask**	**2024 ask**	**Difference**	**Cost per Stipend post**
Bath	19.25	2,720	1,992,551	1,852,229	140,322	103,509.16
Chew Magna	7.2	790	616,932	607,718	9,215	85,685.06
Locking	13.5	1,399	887,108	909,747	(22,638)	65,711.72
Midsomer Norton	6	580	431,778	391,938	39,840	71,963.06
Portishead	12.5	1,706	1,435,715	1,238,595	197,121	114,857.23
	58.45	**7,195**	**5,364,086**	**5,000,226**	**363,860**	91,772.21

Taunton

Deanery	**Clergy deployed**	**Regular worshippers**	**Potential ask**	**2024 ask**	**Difference**	**Cost per Stipend post**
Sedgemoor	8	623	349,701	369,728	(20,027)	43,712.68
Somerset South	10	1,136	699,897	737,300	(37,403)	69,989.67
Exmoor	6	565	285,105	382,235	(97,130)	47,517.52
Quantock	4	458	256,591	298,418	(41,827)	64,147.69
Taunton	13	1,334	924,022	896,158	27,864	71,078.59
Tone	6	557	364,335	402,130	(37,795)	60,722.58
	47	**4,673**	**2,879,651**	**3,085,968**	**(206,317)**	61,269.18

Annex C

Benefice Share proposal - archdeaconry figures

Archdeaconry	Population	% of Total Population	% of total 2024 Parish Share request using existing methodology	% of total Parish Share request using existing methodology with IMD data (Annex C)	% of total Parish Share request new Benefice Share (Annex B)
Bath	414,692	42	45	48	42
Taunton	281,881	29	28	26	28
Wells	282,361	29	28	27	30
Total	**978,934**	**100**	**100**	**100**	**100**

The data above shows that using the Benefice Share methodology, the percentage of total Parish Share request per archdeaconry is within a percentage point of the respective percentage of each archdeaconry’s total population.

Using the existing methodology (using objective IMD data) shows a disproportionate distribution of Parish Share request versus population across archdeaconries (6% higher for Bath, 3% lower for Taunton, and 2% lower for Wells).

Annex D

Benefice Share proposal – financial implications

Purpose:
The purpose of this paper is to outline the headline figures of the impact of changing our Common Fund collection method from the existing Parish Share allocation to the proposed Benefice Share calculation.

An overview of what the financial risk will be if benefices that are asked for an increase are unable to increase the share asked at the same pace as reductions are given to other benefices.

It is important to understand the financial consequences of acceptance or rejection of this proposal.

In all modelling that has taken place, the total requested has been £11.2m, which is the same as the total sum requested in 2024. This is to ensure that the total amount of movements up and down in the modelling equate to each other, are comparable and so clearly highlight the impact of change in methodology.

Impact of changing to Benefice Share methodology:
Annex A shows the impact of the proposed new methodology at a deanery level.
In headline terms, 91 benefices would be asked for an increase in the share they are currently requested to contribute, 60 benefices would be requested to contribute less. The average percentage increase is approximately 25% for those calculated to be asked for an increased contribution and just over 20% reduction for those calculated a decreased amount.

Impact of not changing to Benefice Share methodology:
The existing model of calculating Parish Share would continue, with a change to the socio-economic category to reflect the official IMD rankings that are available on the ArcGis map and to formally change all worshipping numbers, which has not happened for a few years. Annex B has been prepared to give a headline by deanery level.

In headline terms, 263 parishes would be calculated to have a reduction in their share request, and 220 would be calculated to have an increase. The average percentage increase is also approximately 25% for those calculated an increase and just over 20% reduction for those calculated a decrease.

It is important to note therefore that rejecting the proposal and choosing to stick with the existing methodology in use by the diocese also comes with financial risk.

Financial risk exposure:
Within the proposal for Benefice Share, there is a 5-year transition arrangement being proposed to allow time for benefices to increase their contribution to the calculated figure. The following looks at the financial implications should it take longer for these increases to occur, but 5 years for the reductions to be given.

Benefice Share proposal:
Amount asked to increase in total: £1.3m
Amount asked to decrease in total: £1.3m

If the decreases in contributions occur at the same pace as increases, there is no financial exposure to the DBF. The maximum exposure to the DBF in changing the mechanism is that no increase in contributions are seen, so that is £1.3m in five years' time. In a five-year cumulative position that would be: (£260K+£520K+£780K+£1.04m+£1.3m) £3.9m on the working assumption that the five-year transition reductions are all taken.

On the assumption that everyone is able to get to the amended calculation, should it take less than five years to achieve the increased amount of benefice share requests this would be a positive outcome for the Common Fund. The implication of taking over five years to achieve the increased amount of benefice share requests will negatively impact the Common Fund, each year.

For example, if it took 10 years for benefices to achieve the increases, this would be an impact of £130,000 a year. Over 10 years this would equate to £1.3m.

Should we stick with the existing methodology:

As the level of increases being asked are consistent with the proposed new methodology, the financial exposure risk on increased requests not being achieved is at least the same sticking with the existing methodology.

It is anticipated that the risk will be higher, as following the consultation, some parishes that are calculated an increase under the existing methodology, may refuse to give an increase based on their calculation under the proposed methodology. It may even result in parishes and benefices reducing their contributions from the current ask, not necessarily for reasons of affordability.

Annex E

Benefice Share proposal - multi-parish benefices and rural sparsity

Multi-parish benefices (MPBs)

A concern was raised that the methodology does not seek to support our benefices that are multi-parish benefices, that have additional church buildings or may be made up of smaller rural churches.

Our diocese currently has 44 benefices that have five or more parishes. Whilst a significant number of these benefices will be asked for an increase under the new proposal, it is not the case that they will all be asked for an increase.

The following table illustrates some statistics in those 44 benefices using a number of criteria.

	Average people per square mile*	**Average regular worshippers**	**Average population of benefice**
Multi-parish benefices facing an increased ask	240	101	4,448
Multi-parish benefices facing a reduced ask	257	123	4,561

***benefices with less than 100 people per square mile are defined as rurally sparse**

This data illustrates that there is not a great deal of difference in the population density of MPBs which are being asked for more under the proposed new methodology when compared to those who are being asked for less. This suggests that it is not necessarily the Benefice Share allocation that is the cause of the movements in either direction. Other factors should therefore be considered, for example: there is a lower population engaged with church in those parishes facing an increase which may mean that some support in the area of mission could be helpful.

Rural sparsity

A concern has been raised that by defining rurally sparse benefices as being those with a population of less than 100 per square mile, is too restrictive.

Our diocese currently has 40 benefices that have less than 250 people per square mile.

Whilst a significant number of these benefices will be asked for an increase under the new proposal, again they are all not asked for an increase.

The following table illustrates some statistics in those 40 benefices using a number of criteria.

	Average people per square mile	Average Regular worshippers	Average population of benefice
Increase asked	175	93	3,487
Decrease asked	123	82	2,532

This data illustrates that those benefices with a population density of less than 250 per square mile, which are being asked for more, are not necessarily those which are the most sparsely populated. This again suggests that it is not necessarily the Benefice Share allocation that is the cause of the movements in either direction. Other factors should therefore be considered.

However, rural sparsity is an issue to be explored further as those experiencing an increase are those with an average 2.6% of their population engaged with the church, which is above the diocesan average.

Proposed solutions

A proposal would be to look at the above issues together to determine what support could be offered. For example, offering support to the 28 proposed benefices of 5 or more parishes who have a population density of less than 250 people per square mile.

What does the modelling say?

A significant number of these 28 benefices will be asked for an increase under the new proposal, but not all.

Below is a table of the averages in a number of categories between those that are proposed to be asked for an increase and those that are calculated a decrease.

	Benefices impacted	Average number of people per square mile	Average Regular worshippers	Average population of benefice
Increase asked	23	178	96	3,634
Decrease asked	5	100	114	3,040

The proposed increase for this group is modelled to be approximately £260k.

Again, from this table in headline terms, it is suggesting that it is not necessarily entirely the Benefice Share allocation that is the cause of the movements. Other factors should therefore be considered, and where helpful additional support sought to be given.

Potential support solution

If you took the average worshippers compared to their respective populations within this subset, then attendance is at 3.1%.

If those benefices that are asked for an increase, were to increase their percentage of attendance to that level that would be another 17 regular worshippers per benefice on average, or 391 for all the benefices impacted.

The impact of that increase on the share calculation would be an additional £55k for part B, with the impact of Part C meaning an increase of approximately £65k. If all 391 regular worshippers gave £10 a week on average (less than diocese average), that would be just over £200k in additional PCC income, which would suggest there is still a potential shortfall of £100k-£120k not addressed by the methodology.

If this was to be asked to be supported by the Benefice Share methodology, this would equate to asking in part C an extra 1.75% from each benefice (15.25% in total)