

Diocese of Guildford

'How Parish Share is Calculated' – a Guide for Treasurers (and others)

This is an updated version of the Guide, incorporating the changes agreed by Synod in November 2011.

The parish Share system was revised for 2007, following a comprehensive two-year consultation period. This guide is aimed at Treasurers and those directly involved in Parish Finances wishing to understand the way in which their Share is calculated. A more general summary of how the system operates is also available to download from the Treasurers Resources page on the Diocesan website www.cofeguildford.org.uk

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WHAT GOES INTO PARISH SHARE

1. **Parish Share** is the name given in Guildford diocese to the scheme by which the diocese apportions to parishes the various costs it meets on their behalf. All dioceses have such schemes, although they may operate differently or be called by other names (eg Quota, Common Purse).
2. By far the largest cost which the diocese meets on the parishes' behalf is the cost of paying parish clergy and housing those of incumbent status (*see 5 below*). There is also a contribution to the cost of the national church (a large part of which is training clergy). The third main element is the cost of running the services which the diocese provides; some of these are statutory, others are in accordance with diocesan policy, set by the Bishop, his Council and the Synod. The costs are all contained in the budget agreed each November by Synod.
3. The detailed budget runs to some 20 pages and includes all relevant expenditure gross. Some of this is offset by income (also detailed), with only the net figure appearing in the summary. The Audit Committee examines the whole budget in detail before Synod is asked to agree it. The net total is then fed into the **Parish Share** spreadsheet to calculate the Share request for each benefice.
4. The **Parish Share** is made up of two elements: the **Ministry Contribution** and the **Shared Costs**. These are added together to give the **Basic Share**. In some cases, this may be adjusted. The **Basic Share**, adjusted as necessary, then becomes the **Net Share**; it is this figure the parish will be asked to pay.

THE MINISTRY CONTRIBUTION

5. The **Ministry Contribution** is payable for **Core Ministry** - incumbent status clergy (Rectors, Vicars, Priests-in-Charge, Team Rectors, Team Vicars) and for **House for Duty** posts where the diocese owns and maintains the house. It is not payable for **Title Curates** – in their first post after ordination - or for non-stipendiary clergy. The actual contribution figure for each year is 100% of the budgeted average cost for that category of post; in other words, it is the same for everyone.

6. By 2010, there were an increasing number of posts, some Senior Curate (including Associate Ministers) and some Lay Workers, which lay outside the budget and where the actual costs incurred by the diocese on behalf of the relevant parishes were reimbursed on invoice rather than averaged and collected via a Ministry Contribution. Changes in the number of budgeted posts from year to year were also having a significant (and largely meaningless) effect on the headline rate of budget increase. *From 2011, all Senior Curate posts have been omitted from the budget and Parish Share and are invoiced separately on an actual costs basis.*
7. For incumbent status posts (**Core Ministry**), the average includes stipend, Employers National Insurance, pension, housing, council tax, relocation and ongoing training. For **House for Duty** posts, stipend, ENI and pension are omitted. If there is more than one parish in a benefice, and they share one or more priests, the **Ministry Contribution(s)** can be shared between the parishes as they decide, but not in such a way as to change any adjustment due to the benefice as a whole. **Ministry Contribution** is otherwise charged pro rata for part-time posts.

SHARED COSTS

8. The net costs in the budget which are not included in the **Ministry Contribution** together form the **Shared Costs**. They include diocesan support for parishes (the work of the departments), non-parochial ministry, and our contribution to national costs. These are apportioned to parishes according to their **Potential**, which is defined as **Membership x Relative Prosperity**. The **Potentials** of all the parishes are added together to form the **Diocesan Potential** and each **Parish Potential** is expressed as a percentage of the **Diocesan Potential**. They are asked to pay that percentage of the total **Shared Costs**.
9. **Membership** is based on attendance. Every year, parishes are asked to count the numbers attending during October (Sundays and weekdays). This figure may be adjusted for special services, where the attendance is unusually high; it can also be adjusted for Local Ecumenical Partnerships, where payments are due to more than one denomination. The average weekly attendance for, say 09, is then combine with those for the two previous years to form a rolling 3-year average – the **Membership** figure. Each October's figures only affect share in the next-but-one year, because they are only submitted after the year end. *From 2011, only Sunday attendance has been counted (eg 07-09 for 2011).*
10. **Relative Prosperity** is calculated by considering the council tax band of each household on the church electoral roll, using the weighting adopted by councils (eg 1.2 for band E). The average weighting for each parish constitutes the **Relative Prosperity Factor (RPF)**. The ratio of highest to lowest (1.7:1) has been considered to be too low, so the **RPFs** are ranked in order and then 'skewed' about the middle to double the ratio to about 3.4:1. It is this adjusted **RPF** that is multiplied by the **Membership** to give the **Parish Potential**. Unlike **Membership**, **RPFs** are fixed for a period of three years. *The last review was in 2010 for the 3 years 2011-13.*

CAPPING

11. The **Ministry Contribution** and **Shared Costs** are added together to give the **Basic Share**. For teams and united benefices, this is done at **benefice level** at this stage. The **Basic Share** (for next year) is then compared with the PCC **Gross Expenditure** (for last year). If the **Basic Share** exceeds 70% of the **Gross Expenditure**, then the Share is **capped** at the 70% level; if the **Gross Expenditure**

is less than £70,000, the Share is **capped** at the 65% level. (*these levels and threshold are reviewed annually and confirmed or amended by Synod*).

12. **Gross Expenditure** is the 'Resources Expended' figure, usually taken from the Parish Finance Return (which is checked against the Annual Report). It excludes major 'capital' expenditure, eg on building repairs or improvements which is shown as such on the Return. In certain cases, significant trading expenditure (eg weekday nursery, coffee shop) may be deducted from **Gross Expenditure** for **capping** purposes. It has been urged that outward or mission giving should also be excluded, but the Bishop's Council is not currently persuaded this would be right. The matter remains under review.

INCREASES AND DECREASES

13. Since the introduction of the new system, further caps have been applied to prevent any parish being asked for an increase in Share over the previous year of more than **10%**. For 2012, the Diocesan Synod, concerned over the number of parishes facing significant increases year on year, agreed to lower this cap to **5.5%**. At the same time it was agreed that a '**floor**' should be included to ensure no parish was asked to pay less Share than in 2011 (except in cases where their direct ministry costs have reduced). These decisions were for one year only and will be reviewed before 2013.

NET PARISH SHARE

14. The **Basic Share**, adjusted by **capping** and/or **discretionary relief**, now becomes the **Net Share**.
15. Parishes which do not submit their Annual Report (including the financial statements) will not be eligible for **capping** or **discretionary relief**.

MULTI-PARISH TEAMS AND UNITED BENEFICES

16. For teams and united benefices, **capping** and **discretionary relief** are based on benefice figures, but if the parishes have agreed a division of the **Ministry Contribution** and want separate share requests, these can then be worked out. The **cap** and **discretionary relief** for individual parishes cannot vary the combined **Net Shares** from the benefice **Net Share**, and so the notional **cap** and **discretionary relief** for parishes in the benefice may need to be varied. A full explanation of this will be available to the parishes if this applies.

TIMING

17. In order to assist Parish's in their own local budgeting processes, every effort will be made to circulate draft figures in August each year. As the Diocesan Synod does not finalise the budget until November these figures can only be an indication and it should be expected that they may change.

SUPPORT AND ADVICE

18. The Diocesan Office is committed to providing support and advice to all parishes concerned about Share or struggling with their Finances. The Deputy Diocesan Secretary should be the first point of contact for all enquiries relating to Share: colin.harbidge@cofequildford.org.uk A range of resources, useful websites and information is also available on the Diocesan website www.cofequildford.org.uk
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