

“How the Parish Share is Calculated” – a Guide for Treasurers (and others)

The parish Share system was revised for 2007, following a two-year consultation period, but since the new system amended the previous one (rather than being radically different), the explanation of the changes doesn't help those coming to it for the first time. This guide seeks to explain how it works now.

In order to keep it reasonably short and simple, it doesn't include the rationale behind the various elements. I hope most people will feel able to accept that the present system is based on majority views, agreed by diocesan synod.

If anyone does have particular questions, please let me know and I will try to answer them.

*Words or phrases in **bold** will appear on Parish Share statements and are explained here.*

Mike Bishop

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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 **Senior Curates** in their second or subsequent posts (who may also be locally known as eg, Associate Vicar, Deputy Rector, etc). It is also payable 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. For incumbent status posts (**Core Ministry**), the average includes stipend, Employers National Insurance, pension, housing, council tax, relocation and ongoing training. For **Senior Curates**, housing is excluded (being a direct parish responsibility). For **House for Duty** posts, only housing, council tax and relocation are included. 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

7. 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**.
8. **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 06, 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.
9. **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 D). 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.

CAPPING

10. 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 (*70% is the current level; it is reviewed annually; see 15 below*).
11. **Gross Expenditure** is the 'Resources Used' figure, usually taken from the Parish Finance Return (which is checked against the Annual Report), less any capital expenditure, eg on building repairs or improvements. 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.

TRANSITIONAL ARRANGEMENTS

12. When the new scheme is fully in place (expected to be no later than 2010), the **Basic Share**, less any **cap**, will be the **Net Share** requested from the parish. During the transitional period however, the **capped** share is checked to see whether it should be transitionally adjusted. If it is less than the 2006 figure (from the old scheme), it may be subject to a '**freeze**' **supplement**. The allowed reduction from 2006 was 0% in 2007 and will be 2% in 2008, with larger reductions expected in 2009 and 2010 (*see 15 below*).
13. There is also **transitional relief** to limit the increase over the previous year. The maximum increase for 2007 and 2008 is 12%. The maximum increase in later years may be lower (*see 15 below*).

NET PARISH SHARE

14. The **Basic Share**, subject to cap and transitional adjustment, is finally considered for **discretionary relief** – a final check on 'affordability' in particular circumstances. This is now the **Net Share**.
15. Parishes which do not submit their Annual Report (including the financial statements) will not be eligible for **capping, transitional relief or discretionary grants**.

MULTI-PARISH TEAMS AND UNITED BENEFICES

16. For teams and united benefices, **capping** and **transitional** adjustment 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 transitional adjustments for individual parishes cannot vary the combined **Net Shares** from the benefice **Net Share**, and so the notional **cap** and transitional adjustments 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. The **Parish Share** is notified to PCCs **provisionally** in July/August, and then **finally** in November/December, following approval of the budget by Synod. The final figure may be different for several reasons:
 - Changes in the budget
 - PCC Annual Report submitted after provisional calculation
 - **Cap and transitional** adjustment levels only confirmed in November
 - **Discretionary grants** only considered for final sharebut we would hope to avoid significant increases for any one or more of these.