



A Treasurer's Guide to Fairer Share

THE CHURCH OF ENGLAND

DIOCESE OF SALISBURY

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From Bishops Karen and Andrew

This comes with a huge thank you, to you and all who give, for your extraordinary and continuing contributions through Fairer Share during 2020 and 2021. Every contribution is sincerely valued.

Fairer Share is rooted in the biblical principal of the Christian community sharing their resources to support, equip and grow the Body of Christ. St Paul often exhorts those churches who have plenty to share with those who have little. Likewise, for us today Fairer Share is a tangible expression of our shared life and mutual interdependence, particularly towards those in the more deprived parts of our Diocese.

The aim of this Guide is to share with you, our Parish and Deanery Treasurers, how, as a Diocese, we use your generous giving to fund Parish Ministry.

Most of the Diocesan finance is spent on parish ministry for our stipendiary clergy and incorporates the costs of the stipends, pensions, maintenance of housing including council tax and water rates, training of ordinands and the development and training of clergy. It also includes providing ministerial and parish support.

The intention of this Guide is to equip you to answer three questions:

- What is Fairer Share?
- How is Fairer Share calculated?
- Why does Fairer Share matter?



CREDIT: Ash Mills

A Diocese only exists because of the parishes within it. You will see that Fairer Share is the biggest source of Diocesan income and it is fundamental that we can help our parishes maintain a sufficient level of giving so that we can afford to provide clergy, housing and other services.

86 pence of every £1 of total income is returned to parishes under the provision of parish ministry and a contribution to the Diocesan Board of Education's work with Children and Young People. Just 14 pence pays for Diocesan Administration and Finance; a contribution towards the National Church excluding the direct training of ordinands; overseas mission and the expenses of the Property Trading Company SDBF BC Ltd.

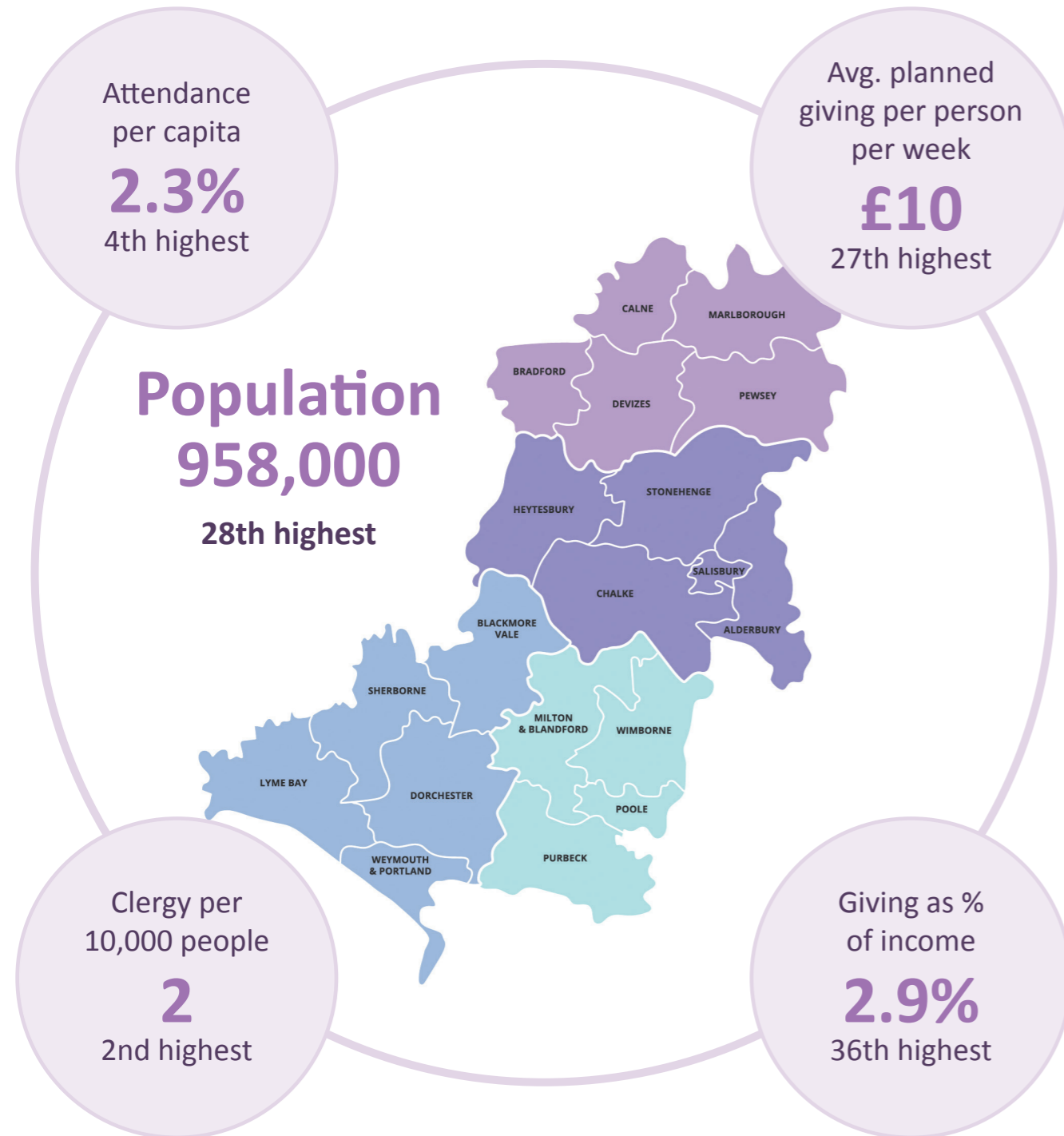
This Guide is the first of a series on this subject – we will also be providing a simple guide for PCCs and parishes, a video and a resources pack for clergy.

Our overarching vision for the Diocese is to provide a thriving Christian presence across the Diocese. We have a plan to return to financial stability before the end of 2025 and we can do this by working together.

+ Karen Sheehane & Andrew Lamburn

The Diocese of Salisbury in Context

National Church Report, 25.06.2020 – ranking out of 41 dioceses



What is Fairer Share?

Fairer Share is giving. It is the sum of money gifted by each of our 434 parishes every year.

It enables God's ministry and mission in our Diocese; without the generous giving from our parishes, clergy could not be paid and supported.

The total amount of money needed by the Diocese each year to sustain ministry and mission is divided between the parishes, using a formula that seeks to recognise the need of some churches to be supported by others.

The contribution we ask from each parish is based on the following principles:



Fairer Share is the Diocese's largest single income stream

The scheme is rooted in Christian generosity and supporting each other

Relative ability to give:

recognising that some are able to give more, thereby supporting parishes in our Diocese that are less well off.

Need not wealth:

enabling the provision of ministry based on need and opportunity.

Belonging to a wider Church:

recognising that we are connected to each other and not simply focusing on our own needs.

How much each parish contributes is based on:



The scheme aims to balance the means and the needs across the Diocese.

Larger and wealthier parishes are asked to make a greater contribution, enabling the provision of ministry to less wealthy parishes that otherwise might not have been able to afford it.

Every year Fairer Share is (re)calculated for each parish based on the Diocesan Annual Budget as approved by Diocesan Synod

Number of church members:

the number of church members that may reasonably be expected to contribute to the ministry and mission provision

Relative affluence:

of the church community relative to other parishes in the Diocese

Ministry received:

contributing to the actual cost of ministry received relative to other parishes in the Diocese

The Finer Details

Number of church members:

Each year parishes complete a 'membership count', which takes place during an agreed five-week period.

The definition of a *member* is a person (aged 18 and over, excluding visitors) committed to worship or other regular involvement with the church, and who *may reasonably be expected* to contribute towards the ministry of the church.

The calculation is based on the three-year rolling average membership for each parish to smooth out significant and unexpected year-on-year changes.

Relative affluence:

Each year parishes are asked to review the relative affluence of their church community under one of five categories (A-E), ranging from:



- A - 'The members are favourably placed and likely to be more able to pay than most'
to
 E - 'The members are all amongst the least able to pay'

The comparison should be made against the members of other parishes, both in the parish's own deanery and also in the wider Diocese. The Rural Deans and Archdeacons provide support to parishes if they need help to make a choice.

Ministry received:

Clergy are licensed to a benefice, which is a parish or group of parishes.

A 'modification' is made to each parishes' Share that is part of the benefice, based on the actual cost of ministry received. This recognises that parishes across the Diocese have access to different levels of ministry based on need and opportunity.

Ministry received (for the benefice) includes those in post, and posts that have been agreed but are not yet advertised or filled:

- The number of stipendiary clergy (excluding curates)
- Paid lay posts agreed to be paid through Share
- House for duty posts

How is Fairer Share calculated?

An illustrative example
(Based on 2020 Fairer Share information)



Step 1 Collecting information from the parishes:

Each year, all parishes are asked to provide two pieces of information:

1. The number of church members for Fairer Share Example: Parish XYZ
2. A self-assessment of the relative affluence category that best describes their church membership and their ability to contribute

MEMBERSHIP COUNT: 42
SELF ASSESSED CATEGORY: B

Step 2 Calculating the three-year rolling average church membership for each parish and for the Diocese as a whole

Parish -

The church member count for the year is added to the prior two years' submissions and averaged, to calculate the three-year rolling average that smooths out significant and unexpected year-on-year changes.

Example: three-year rolling average of church membership for Parish XYZ is 45 for 2018, 42 for 2019 and 42 for 2020, to give a three-year rolling average of $(45 + 42 + 42) / 3 = 43$

MEMBERSHIP COUNT: 43

Diocese -

The total parish membership for each of the last three years is calculated and averaged to create the years to create the Diocesan three-year rolling average number of members.

Example: church membership for the Diocese is 25,317 in 2018, 24,723 in 2019, and 24,166 in 2020: = 24,735

If one or more of the scheme elements changes, it will impact the Share contribution request to ALL parishes, even if your parish has not made any changes to your church membership and relative affluence category.

SUM OF CHURCH MEMBERS
(averaged over 3 years): 24,735

Step 3 Modifying the relative affluence category based on ministry received for each benefice

An element of the cost of ministry is retained by modifying the relative affluence category upwards or downwards based on the total church membership in that benefice, as a ratio to the number of clergy or so-called 'establishment posts' in that benefice. The posts are agreed by the Archdeacons and include stipendiary clergy, paid lay posts agreed to be paid through Share, or house for duty.

Example: Parish XYZ is part of a benefice with 2 parishes and 1 full-time vicar:

- Parish XYZ: three-year rolling average church membership = 43
- Parish ABC: three-year rolling average church membership = 50

Total membership per 1 full-time clergy (establishment post) = 93

According to the table, this would result in a modification of +1 for both Parish XYZ and Parish ABC. Parish XYZ submitted a self-assessed relative affluence category of B. The modification would adjust the category from a B to A (as +1 means increase by 1 category; -1 means decrease by 1 category, etc.).

MINISTRY MODIFICATION:
Category is modified from B to A

Membership per establishment post	Category modification
<51	+3
51 – 90	+2
91 – 130	+1
131 – 170	No change
171 – 210	-1
211 – 250	-2
251 – 290	-3
291 – 330	-4
331 – 370	-5
>371	-6

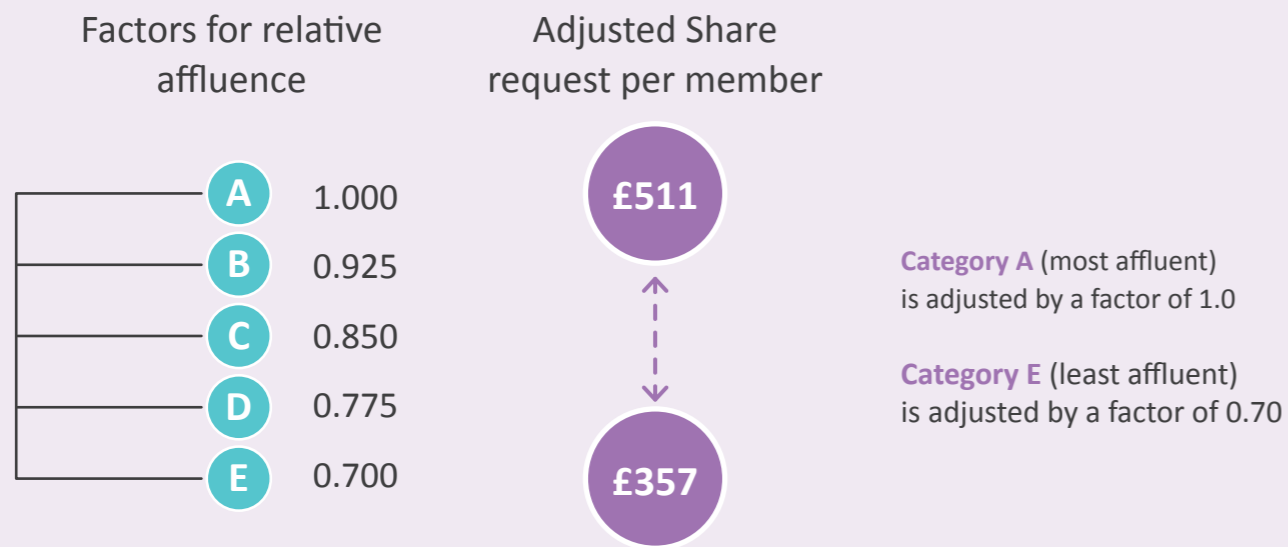
Step 4 Apply a factor to calculate the Fairer Share contribution request per member by relative affluence category

The adjustment for relative affluence enables us to support a flourishing Christian presence in every community across the Diocese, not just where it can be afforded.

The church membership numbers are grouped based on the categories A – E,


after these have been modified for ministry received (step 3).

The scheme then calculates the Fairer Share contribution request for each category, using factors to indicate relative affluence.



Bringing it all together....

Step 5 Calculate the Fairer Share request for the Parish

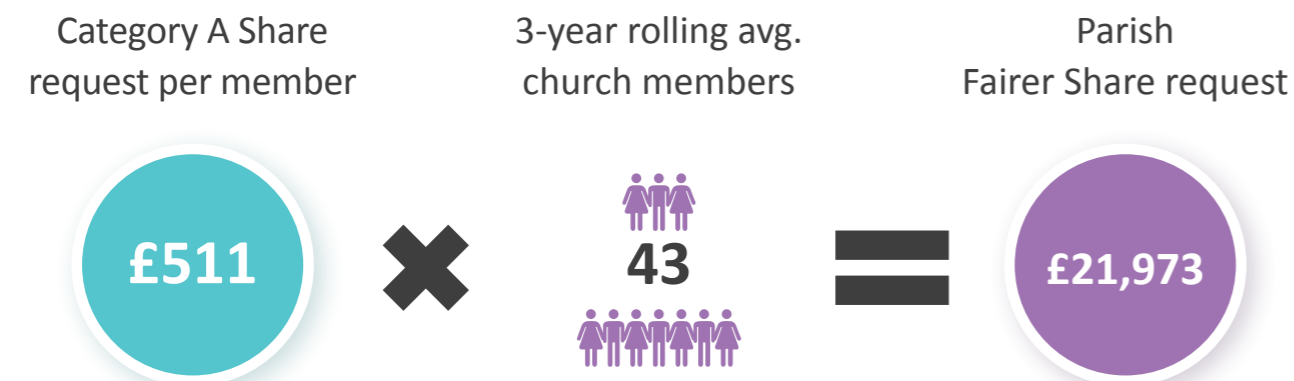


We now have all the information to calculate the Fairer Share request for Parish XYZ:

- Three-year rolling average church membership: 43
- Self-assessed relative affluence category: B
- Ministry received modification: +1

FINAL CATEGORY: A

Fairer Share calculation for Parish XYZ:

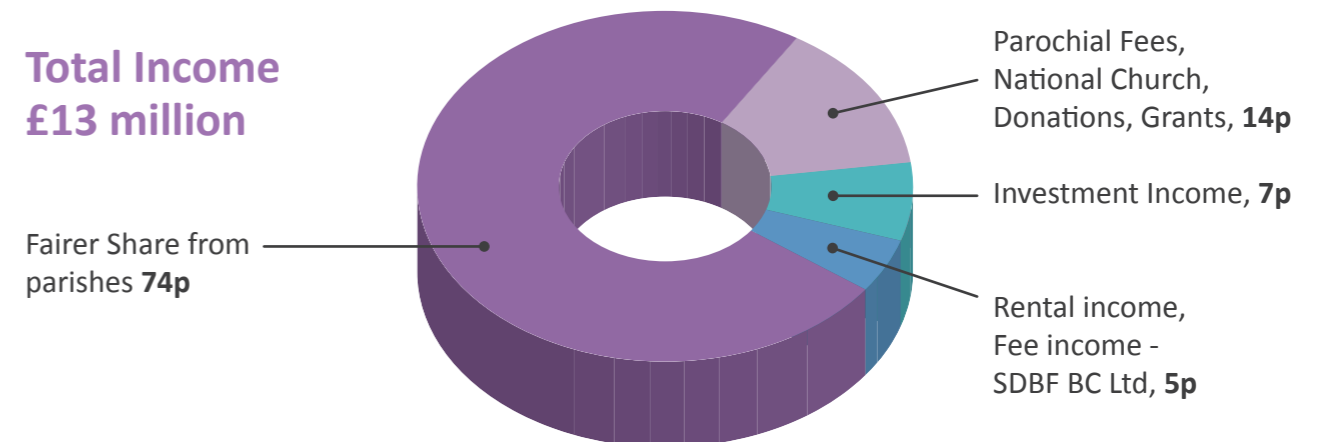


Why does Fairer Share matter?

Fairer Share is the largest income source for our Diocese, and we are dependent on its receipt to be able to fund parish ministry.

To sustain God's ministry and mission in our Diocese, giving from parishes should cover the cost of direct ministry, ministerial support and support for parishes – the largest elements of our expenditure.

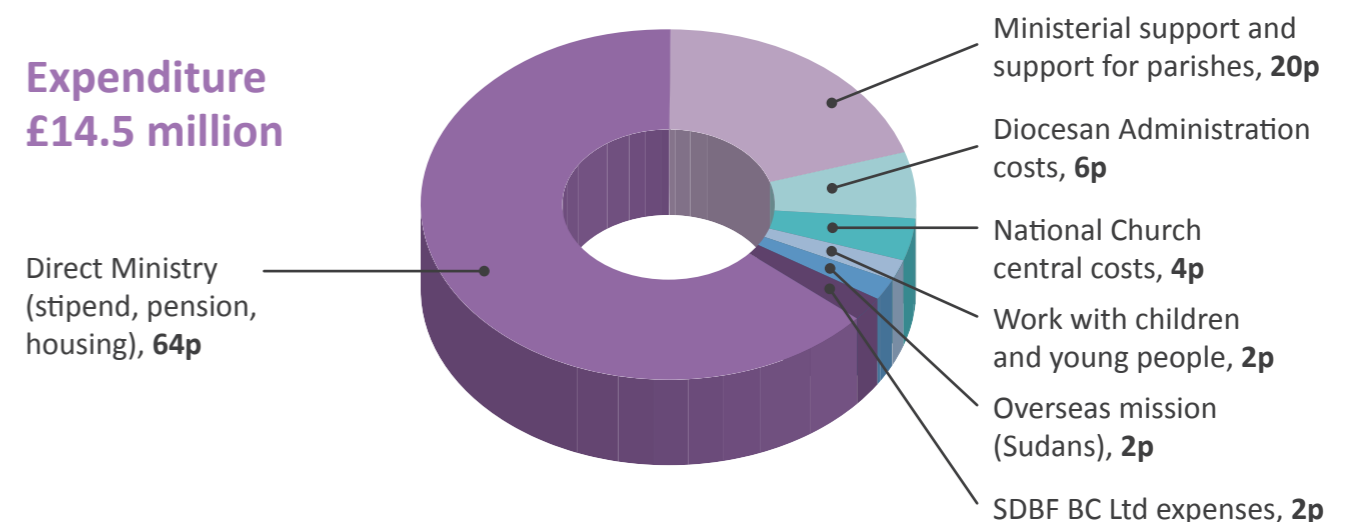
Total Income £13 million



74 pence in every pound of our total incomes comes from Fairer Share contributions from parishes.

86 pence in every pound of total income comes back to parishes.

Expenditure £14.5 million

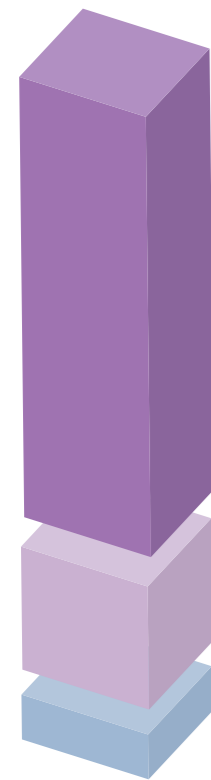


Footnotes

Income and Expenditure taken from 2020 audited accounts (see Appendix 2 for detailed expenditure)
SDBF BC Ltd is our Salisbury Diocesan Board of Finance Building Consultancy Ltd – [click here](#)

Breaking it down further....

How **86 pence** in every pound of total income comes back to parishes:



Direct Ministry: clergy stipends, pension, housing

Ministerial and parish support: ongoing ministerial training, training of ordinands, vocations, lay training, safeguarding, church buildings (DAC), social justice, pastoral and patronage, governance, fundraising, communications.

Work with children and young people

Where the **14 pence** in every pound goes to:



Diocesan Administration costs: Finance, IT, HR, legal, audit, insurance, depreciation

National Church central costs: including support to churches in poorer parts of the country and clergy retirement housing

Mission overseas: a partnership with the Sudans to improve education and health care.

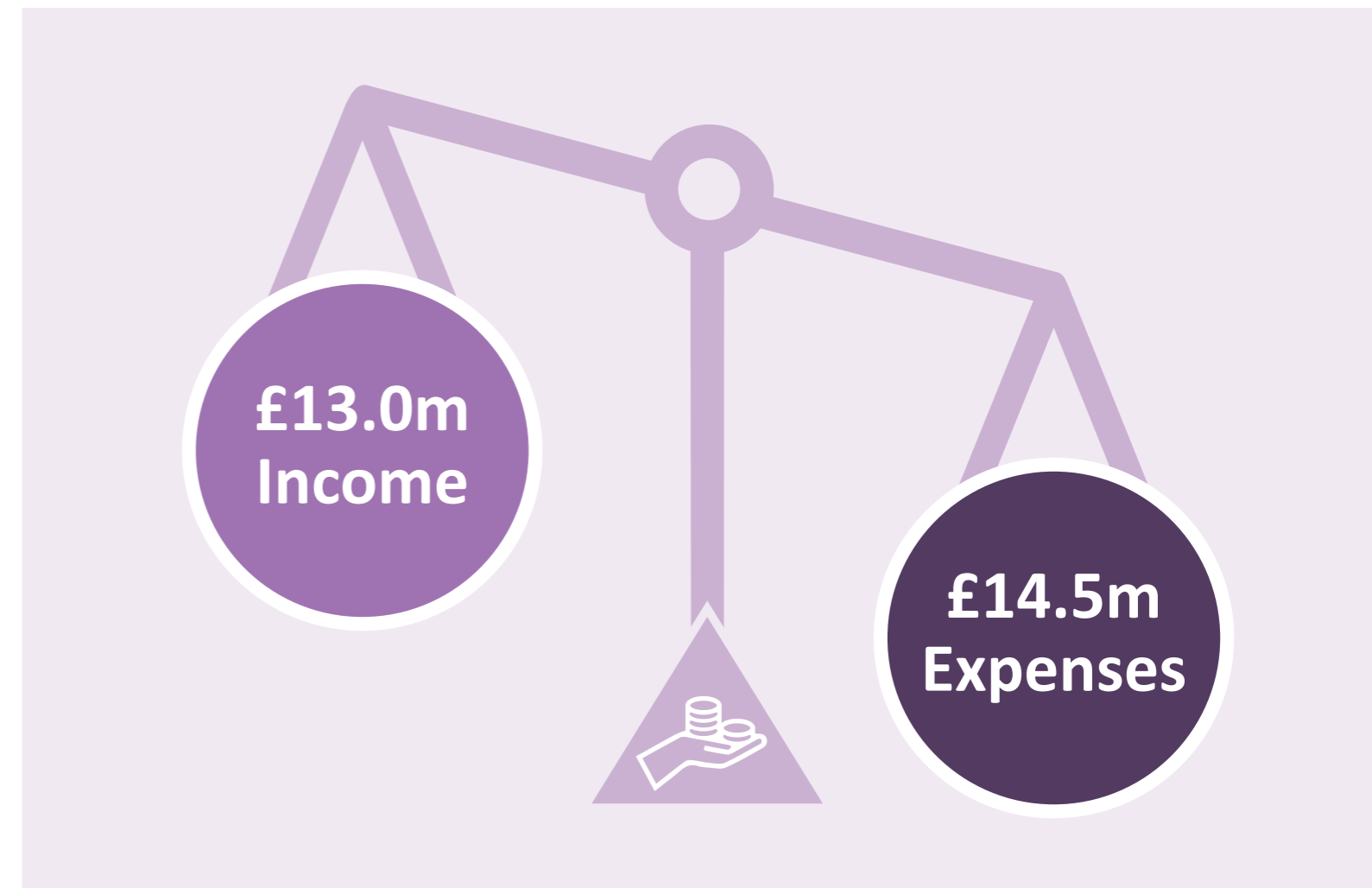
SDBF BC Ltd expenses: net proceeds reduce overall Share request

Important Points to Remember:

- Our Diocesan and Suffragan Bishops are paid for and supported by the National Church, and are not part of our Diocesan expenditure
- The Channel Islands are responsible for their own finances and are not a financial burden on the Diocese
- Salisbury Cathedral is a separate charity, and the Diocese does not pay for or receive any monies from the cathedral, except in safeguarding where we share some resources

The Financial Challenge

Our Diocese, like many others, is operating at a deficit.



Salisbury Diocesan Board of Finance also took out a £2.5 million loan in 2020 to ensure liquidity to meet the costs of parish ministry in 2021 and beyond. This has to be repaid by 2026.

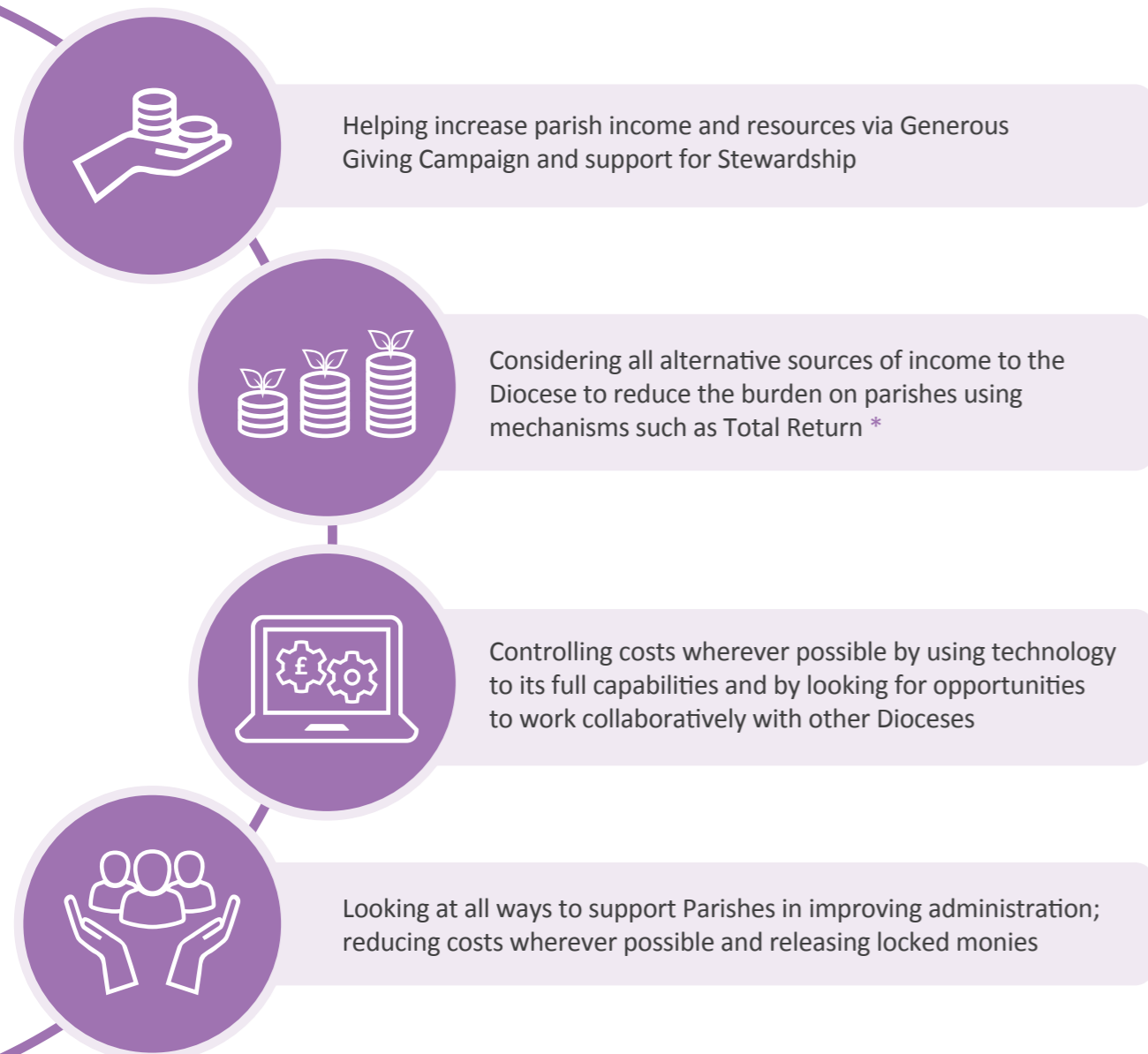
A plan is in place to eliminate our deficit by 2025.

Recognising all the many issues faced by our parishes, this will be a challenge for us all.

How is the Diocese responding to the financial challenges?

Trusting in God's provision, we remain committed to Christian ministry in every parish in the Diocese

The overarching aim is to reach break-even by 2025 by focusing on:



*Appendix 1 for definition

Conclusion

We hope this Guide explains what Fairer Share is, how it is calculated and why it matters, especially in the current financial context.

We have aimed to explain the income and expenditure in a simple and straightforward way, highlighting that 86 pence in every pound of total income gets returned to the parishes, as well as explaining the mechanics of the Share calculation.

It is essential that we return to financial break-even over the next few years, and we are not under any illusion that this will be an easy task.

The Diocese is dependent on the ongoing support of the parishes, and as such you as Treasurers have a pivotal role to play.

The review of Fairer Share as a system will recommence in 2022 - no system will be perfect, but it is important to have a system in which parishes have trust.

If we consider God's gifts to each of us, we have much to be thankful for. Fairer Share is giving to sustain parish ministry across the Diocese as we inspire and encourage a thriving Christian presence in every community.



Appendix

1. Total Return

Following a change in the law in 2013, charity trustees can pass a resolution to adopt the 'total return' approach for their permanent endowment funds – a focus on overall return rather than just income yield. This provides a mechanism whereby trustees can take income from accumulated capital gains as well as organic income, such as dividends from shares or interest from bonds. (Before 2013, the total return approach could only be adopted by applying to the Charity Commission).

Essentially this means that the Diocese can use money raised from selling glebe and other investments sitting in the Stipend Capital account. Without this, any proceeds from sales would need to be retained in the fund with the only option to reinvest to provide income. It is not a magic pot of gold – the assets still need to be sold to raise money – but it does mean that proceeds can be used for other purposes such as paying for interim deficits, increasing income to reduce the ask on parishes and for other projects to the benefit of parish ministry.

2. Diocesan Expenditure in more detail

Breakdown of figures taken from 2020 audited financial statements

Expenditure breakdown: Directly to parishes

	£,000	£,000
Direct Ministry 64%		
Clergy stipends, National Insurance, Apprenticeship levy	5,428	
Clergy pensions	1,800	
Clergy redundancy	44	
Expenses and grants paid	188	
Clergy stipends, pensions and expenses		7,460
Maintenance of 235 houses	760	
Council tax and water rates	726	
Clergy property support team	193	
Rents payable and expenses of renting	179	
Legal and professional fees; insurance	97	
Clergy property cost		1,955
Total Direct Ministry		9,415
Ministerial support and support for parishes 20%		
Ministry support team - clergy training and support, vocations, lay training and support, curate support	629	
Ordinands' college costs	271	
Parish support, Governance, Pastoral & Patronage	265	
Rural Hope programme	191	
Church Buildings (DAC)	186	
Safeguarding	178	
Registrar and Chancellor	199	
Area offices (Ramsbury, Sherborne)	157	
Communications team and support	99	
Social Justice, discipleship and mission outreach	60	
Fundraising	50	
Milton Abbey	29	
Supporting parish trusts	19	
Choral	1	
Diocesan ministerial support and support for parishes		2,334
National Church - Training for Ministry Vote 1 and Pooling		518
Total Ministerial support and support for parishes		2,852
Work with children and young people 2%		
		330
Total expenditure in support of parish ministry 86%		12,597

Expenditure breakdown: Other activities

	£,000	£,000
Diocesan Administration costs 6%		
Finance and central salaries	311	
Investment in IT	144	
Depreciation	97	
Share discount	80	
Central costs printing, telephone, and utilities	51	
Human resources and H&S	78	
Legal and professional	40	
Church House repairs and cleaning	26	
Staff mentoring and training	31	
Audit	19	
Central insurance	18	
Other	18	
Interest paid	6	
Total Diocesan Administration		919
National Church other costs (votes 2-5) 4%		559
Overseas mission (Sudans) 2%		241
SDBF BC Ltd expenses 2%		208
Total of Diocesan expenditure on other activities 14%		1,927

