

## **Use of Lower Income Communities Funding and Parish Share 2020**

**Context:**

Distribution of Lower Income Communities Funding Grant

**Presented by:**

Mr David Barlow on behalf of the Bishop's Council and Directors of the DBF

**Action:**

For Decision

**Key elements:**

Recommendations

Purpose and Consequences

Allocation of LICF

Changes to the Parish Share Calculations

Calculation Details on SEM

Effect of Share Changes and Distribution of LICF

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Following on from the consultation in March, the Directors have decided to retain as far as possible the current share system. However, ensuring that the Lower Income Communities Funding is targeted at the most deprived areas of the Diocese needs to be addressed.

The following report provides recommendations in order to do this and the adjustment to the current share system.

If you have any questions prior to the meeting, please email [ruth.mcgaughey@blackburn.anglican.org](mailto:ruth.mcgaughey@blackburn.anglican.org) and we will produce a FAQ document to be distributed at the meeting.

# Lower Income Communities Funding (LICF) Distribution and effect on Share

If the recommendations are accepted the LICF will be distributed to the bottom 20% most deprived parishes by income rank nationally in 2020.

The following recommendations were unanimously supported by the Bishop's Council at their meeting on 1 July 2019.

## RECOMMENDATIONS

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1. LICF to be removed from the share calculation and to be distributed to the bottom 20% most deprived parishes by income rank nationally (using the data received from National Church).
2. The distribution of the full LICF to commence from 1 January 2020, monthly in line with receipt of National Church grant.
3. In relation to the removal of LICF from the parish share calculation, reserves of the BDBF will be used to limit the effect for the first 3 years, to a 3% increase on parish share and allocation of LICF.
4. The distribution will be based on relative deprivation and allocated ministry at 1 January of the year to which the distribution relates.
5. Any top slicing of the grant will only be undertaken if specific projects have been identified as part of the budget process for the year of the distribution and will be a maximum of 10% of the grant. This is to ensure all funds are used or distributed within the year.
6. Amend the Socio-Economic Multiplier (SEM) range from 90% (for all parishes in the bottom 40% deprivation nationally by full IMD data) rising to 125%.

## DEFINITIONS

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**Lower Income Communities Funding (LICF)** - a grant we receive from the National Church to fund spiritual and numerical growth in deprived parishes.

**Regular Weekly Attendance (RWA)** - a measure of the number of people regularly attending in a parish.

**Indicator of Multiple Deprivation (IMD)** -see paper.

**Socio-Economic Multiplier (SEM)** - a figure based on the IMD of a parish used to adjust the parish share requests so that the most deprived parishes are assisted by the least deprived parishes.

## PURPOSE AND CONSEQUENCES

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The LICF grant we receive from National Church is to fund spiritual and numerical growth in deprived parishes and has been partially distributed through the parish share system in the last 3 years. The LICF funding replaced the previous funding from the National Church under the Darlow formula.

The BDBF must report back to National Church on the use of the grant and the effect it has had. Monitoring of the effect of the grant in relation to this will be undertaken using, in part, the statistics for mission. Therefore, parishes will need to complete their statistics for mission in full for the previous year in order to receive their grant.

Parishes who are not responding to parish share requests by contributing in full either their issued or adjusted share in the previous year, will not receive their grant in cash but rather have it credited toward their parish share request for the current year.

Parishes who agree an adjusted share in a Parish Share Team discussion, will also agree the proportion of their LICF grant to receive as a cash grant and what to allocate to their parish share.

In order to access their LICF grant parishes will need to have a Vision Champion in place: if a parish is struggling to appoint a Vision Champion, they are encouraged to approach the Diocesan Vision Co-Ordinator for help.

## ALLOCATION OF LICF

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Appendix 1 shows the detail per parish of the allocation of LICF at 90%.

This distribution is based around investing where there are stipendiary clergy working tapered by income deprivation. Parishes without stipendiary clergy are allocated a contribution based on 0.18 of a stipendiary incumbent.

Each parish in the bottom 20% nationally is awarded a number in the distribution range from 80 to 50, with 80 being the most deprived. The differential in the numbers is based on the “Income Score (rate) parish” on the deprivation data provided by National Church. This number is multiplied by the proportion of allocated stipendiary incumbent on the share calculation to give a distribution score.

LICF divided by total distribution scores multiplied by parish’s distribution score gives the grant awarded.

For Example, Blackpool St Peter:

As the most deprived parish is awarded the number 80 as the most deprived parish. They are allocated half an incumbent, so their distribution score is  $80 \times 0.5 = 40$ .

Total LICF grant 2019 is £1,284,001 and 90% is £1,155,601. The total of all the distribution scores was 3,451, so each distribution score is allocated  $\frac{£1,155,601}{3451} = £334.91$ .

Allocation per score is £334.91 and Blackpool St Peter would receive a grant of  $40 \times £334.91 = £13,396$ .

## CHANGES TO PARISH SHARE CALCULATION

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The LICF allocation will be removed from the Parish Share calculation from 2020 onwards. SEM range will continue to be based on full IMD data, but the range will be amended to a start level of 90% for all parishes in the bottom 40% nationally. The least deprived parishes will still contribute at 125%. This ensures the least deprived parishes in the Diocese are still supporting the more deprived but recognizes that the most deprived are receiving the full LICF funding. There is more detail on the change in range in the next section.

The increase in share that relates to the redistribution of LICF will be capped at 3% on a parish level per year, for three years to allow most parishes to make the transition.

Based on 2019 share figures this would cost the BDBF around £500k in total over the three years, depending on the top slicing (max 10%). At the end of three years there will only be 10-11 parishes who will have an increase of more than 3% in fourth year (2023) in relation to LICF redistribution. These parishes may need support via the Parish Share Teams meetings.

However, it should be noted this is on top of any general parish share budget increase for each year.

After a three-year period, the policy regarding distribution of LICF will be reviewed. At the same time the SEM ranges should be reviewed to continue to demonstrate generous support for the most deprived parishes.

## CALCULATION DETAILS ON SEM

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The SEM calculation has never produced a balanced situation when applied to the share calculation. The amount of support given has always been greater than the amount raised from the least deprived parishes. In 2019, this meant that just over £300,000 was added as a cost allocated by RWA to balance the calculation.

Using Blackpool St Peter:

Their SEM in the current share is 70%.

Cost of ministry plus RWA costs and share relief fund less share of income and reserves and less LICF allocated by RWA  $£18,830 + £10,249 + £1,464 - £2,183 - £2,025 = £26,335$ .

If this total, calculated for all the parishes, is multiplied by their SEMs there would be a shortfall in the request for share. An additional amount is allocated by parish before multiplying by the SEM to make up this shortfall. For Blackpool St Peter this SEM adjustment is £608.

$£26,335 + £608 = £26,943$ .

This total multiplied by SEM gives a total of  $£26,943 \times 70\% = £18,860$ .

St Peter's then received further adjustments to reduce the share to the previous year's level a reduction of £1,194.

Their issued share request was £17,666.

The new range retains the 125% level for the least deprived parishes but only reduces to a 90% level. Based on 2019, this means the share calculation almost balances. (£33,000 additional cost is allocated by RWA.)

Considering Blackpool St Peter:

Their new SEM is 90%.

The initial calculation changes with the LICF grant removed,  $£18,830 + £10,249 + £1,464 - £2,183 = £28,360$ .

However, with the SEM calculation being more balanced (amount given away closer to amount received) the SEM adjustment for Blackpool St Peter is now £66.

$£28,360 + £66 = £28,426$ .

This total multiplied by SEM gives a total of  $£28,426 \times 90\% = £25,583$  an increase in share requested of £7,917.

But from above their allocation of LICF if 90% is distributed would be £13,396 a net benefit overall of £5,479.

$£25,583 - £13,396 = £12,187$

$£12,187 - £17,666 = -£5,479$ .

The 90% level is applied to all parishes below the 40% level of deprivation by IMD nationally. Parishes over the 40% level of deprivation by IMD nationally are grouped in 3's and 4's and allocated a SEM increasing by 1% as the deprivation decreases. By the 50% level of deprivation by IMD nationally the SEM has reached 98%. Full contribution occurs at the 55% mark.

This retains the premise of the least deprived supporting the most deprived.

## EFFECT OF SHARE CHANGES AND DISTRIBUTION OF LICF

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***All calculations are based on 2019 figures.***

In order to assess the effect of the changes for the bottom 20% deprived parishes by income rank nationally the increase to parish share and the distribution of LICF have been combined.

The LICF figures are based on distributing 90% of the grant received in 2019. The minimum amount to be distributed directly to parishes.

This leaves 7 parishes in the bottom 20% deprived parishes nationally by income with an increase: Blackburn St Jude with St Thomas, Brierfield St Luke, Over Darwen St James, Preston All Saints, Blackpool Holy Trinity South Shore, Skerton St Luke and Accrington St John. For 4 parishes the increase is due to the having a high allocation of LICF based on RWA compared to the allocated incumbent level. For Preston St Jude and St Thomas, the SEM change and change in ministry means a slight increase £32, Over Darwen St James the change in SEM from 73 to 90 with a low allocated incumbent level means the share exceeds the previous level by approximately £502 and for Accrington St John was allocated additional support from LICF in 2019 which could be funded from the top slicing.

The overall effect for those parishes in the bottom 20% is a decrease of 17% for the net parish share request and LICF grant awarded compared to issued share.

For those with income deprivation above this the highest increase is 27% but on a relatively small share. There are 34 parishes in this group with an increase of greater than 9%. All of these are due to a high RWA number to allocated incumbent.

Appendix 2 gives the number of parishes with an increase in share.

## APPENDIX 1 LICF IN INCOME DEPRIVATION ORDER

Parish	Parish Population	Distribution Range 80 - 50	Stipendiary %	Income rank	Bottom x% nationally on income	90% of LICF by Incumbent/ Income distribution range 80 - 50
BLACKPOOL: ST PETER	2,606	80	0.50	10	0.08%	£13,396
BLACKPOOL: ST THOMAS	6,676	76	1.00	34	0.27%	£25,453
BLACKPOOL: CHRIST CHURCH WITH ALL SAINTS	10,338	73	1.00	68	0.55%	£24,448
BLACKBURN : ST BARNABAS	4,537	73	0.50	71	0.57%	£12,224
BLACKPOOL: ST JOHN	5,951	73	1.00	72	0.58%	£24,448
BLACKPOOL: ST PAUL	9,348	69	0.50	140	1.13%	£11,554
BURNLEY: ST MARK	5,686	67	-	222	1.78%	£4,039
ACCRINGTON ST PETER	8,418	67	0.33	225	1.81%	£7,480
BLACKBURN : ST JUDE WITH ST THOMAS	10,781	66	0.22	235	1.89%	£4,789
BLACKPOOL: HOLY CROSS	5,689	66	0.50	236	1.90%	£11,052
ACCRINGTON ST. ANDREW	3,457	66	0.33	240	1.93%	£7,368
BLACKBURN ST. LUKE, ST. MARK AND ST. PHILIP	5,928	66	0.50	242	1.94%	£11,052
ACCRINGTON ST JAMES	784	66	0.43	255	2.05%	£9,394
BLACKBURN : CHRIST CHURCH WITH ST MATTHEW	6,686	65	1.00	277	2.23%	£21,769
BURNLEY: ST ANDREW with ST MARGARET	10,335	65	1.00	292	2.35%	£21,769
MERESIDE: ST WILFRID	6,033	65	1.00	298	2.39%	£21,769
BLACKBURN : ST MICHAEL'S WORSHIP CENTRE	9,146	64	0.28	316	2.54%	£6,073
OVER DARWEN : ST JAMES	4,888	64	0.17	362	2.91%	£3,572
BLACKBURN : THE SAVIOUR	5,216	64	0.50	367	2.95%	£10,717
BURNLEY: ST STEPHEN	3,345	63	0.50	422	3.39%	£10,550
KNUZDEN : ST OSWALD	6,959	63	1.00	446	3.58%	£21,099

Parish	Parish Population	Distribution Range 80 - 50	Stipendiary %	Income rank	Bottom x% nationally on income	90% of LICF by Incumbent/ Income distribution range 80 - 50
PRESTON : ST MATTHEW	20,335	63	1.00	454	3.65%	£21,099
MORECAMBE: ST BARNABAS	8,321	62	1.00	498	4.00%	£20,764
BLACKPOOL: HOLY TRINITY SOUTH SHORE	8,355	61	0.50	546	4.39%	£10,215
BLACKBURN : ST AIDAN	2,833	61	0.50	566	4.55%	£10,215
BURNLEY: ST PETER	2,141	60	0.50	601	4.83%	£10,047
GREAT MARSDEN: ST JOHN THE EVANGELIST	15,903	60	1.00	642	5.16%	£20,094
BLACKPOOL: ST MARK'S LAYTON AND ST LUKE'S STAINING	17,537	60	1.00	668	5.37%	£20,094
BURNLEY: ST CATHERINE	9,811	60	1.00	714	5.74%	£20,094
FLEETWOOD: ST PETER AND ST DAVID	17,838	59	1.00	728	5.85%	£19,759
SKERTON: ST LUKE	7,876	59	-	729	5.86%	£3,557
LANCASTER: ST CHAD	4,627	59	0.50	754	6.06%	£9,880
POULTON LE SANDS: HOLY TRINITY	7,836	59	1.00	782	6.28%	£19,759
BLACKBURN: ST ANDREW	8,226	58	0.50	869	6.98%	£9,712
BURNLEY (HABERGHAM EAVES) : ST MATTHEW THE APOSTLE	10,898	58	1.00	883	7.10%	£19,425
RIBBLETON: ST MARY MAGDALENE	20,328	58	1.00	893	7.18%	£19,425
BRIERFIELD : ST LUKE	7,928	58	0.33	898	7.22%	£6,475
NELSON LITTLE MARSDEN	15,427	58	1.00	904	7.27%	£19,425
ACCRINGTON : CHRIST CHURCH	3,407	58	1.00	913	7.34%	£19,425
BLACKBURN : ST STEPHEN	4,825	58	0.33	919	7.39%	£6,475
COLNE ST BARTHOLOMEW	13,533	58	0.50	932	7.49%	£9,712



Parish	Parish Population	Distribution Range 80 - 50	Stipendiary %	Income rank	Bottom x% nationally on income	90% of LICF by Incumbent/ Income distribution range 80 - 50
ACCRINGTON ST MARY MAGDALEN	2,857	58	0.33	948	7.62%	£6,475
BURNLEY: ST CUTHBERT	5,964	57	0.67	988	7.94%	£12,726
PRESTON: ALL SAINTS	11,977	57	1.00	1,046	8.41%	£19,090
SANDYLANDS: ST JOHN	5,515	57	0.67	1,063	8.54%	£12,726
CHORLEY: ST JAMES	5,228	57	1.00	1,078	8.66%	£19,090
FLEETWOOD: ST NICHOLAS	8,120	56	1.00	1,191	9.57%	£18,755
ACCRINGTON : ST JOHN	9,096	56	1.00	1,202	9.66%	£18,755
BLACKPOOL ST CHRISTOPHER AND ST NICHOLAS	14,652	55	1.00	1,289	10.36%	£18,420
HASLINGDEN ST JAMES	4,790	55	0.50	1,327	10.66%	£9,210
GREENLANDS: ST ANNE	5,500	55	0.50	1,337	10.74%	£9,210
PRESTON: ST STEPHEN	4,646	55	1.00	1,400	11.25%	£18,420
MARTON: ST PAUL	16,641	55	1.00	1,413	11.36%	£18,420
PADIHAM: ST LEONARD	10,282	55	1.00	1,416	11.38%	£18,420
CHORLEY: ALL SAINTS	7,380	54	1.00	1,480	11.89%	£18,085
LOWER DARWEN : ST JAMES	7,110	54	0.67	1,495	12.01%	£12,057
BLACKPOOL: ST STEPHEN ON THE CLIFFS	5,630	54	0.67	1,533	12.32%	£12,057
COLNE HOLY TRINITY	2,776	53	0.50	1,640	13.18%	£8,875
DARWEN : ST PETER	9,254	53	1.00	1,687	13.56%	£17,750
BLACKBURN : ST JAMES	12,807	53	0.67	1,692	13.60%	£11,833
ACCRINGTON ST PAUL	3,311	53	0.58	1,748	14.05%	£10,206
LEYLAND: ST JOHN	8,234	53	1.00	1,780	14.31%	£17,750
INGOL: ST MARGARET	8,822	52	1.00	1,836	14.76%	£17,415
CLEVELEYS: ST ANDREW	9,846	52	1.00	1,853	14.89%	£17,415
BLACKBURN , ST SILAS	10,538	52	1.00	1,875	15.07%	£17,415
DARWEN : ST CUTHBERT	9,115	52	1.00	1,928	15.49%	£17,415

Parish	Parish Population	Distribution Range 80 - 50	Stipendiary %	Income rank	Bottom x% nationally on income	90% of LICF by Incumbent/ Income distribution range 80 - 50
BISPHAM: ALL HALLOWS	15,919	52	1.00	1,933	15.53%	£17,415
PRESTON: EMMANUEL	8,112	52	0.50	1,944	15.62%	£8,708
CHORLEY: ST PETER	7,675	52	0.75	1,965	15.79%	£13,061
RISHTON: ST PETER & ST PAUL	6,641	52	1.00	2,004	16.11%	£17,415
PRESTON: ST JOHN	3,650	51	1.00	2,030	16.31%	£17,080
TORRISHOLME: THE ASCENSION	11,986	51	1.00	2,061	16.56%	£17,080
HEYSHAM: ST PETER	10,394	51	1.00	2,083	16.74%	£17,080
CLAYTON LE MOORS : ALL SAINTS	8,354	51	0.86	2,178	17.50%	£14,756
LANESIDE ST PETER	8,532	50	1.00	2,414	19.40%	£16,745
LANCASTER: CHRIST CHURCH	8,997	50	1.00	2,417	19.42%	£16,745
GREAT HARWOOD SAINT BARTHOLOMEW AND SAINT JOHN	10,787	50	1.00	2,436	19.58%	£16,745
HEYHOUSES-ON-SEA: ST ANNE	13,563	50	1.00	2,447	19.67%	£16,745
BLACKPOOL: ST MARY	7,911	50	0.50	2,470	19.85%	£8,373
<b>TOTAL DEPRIVED (BOTTOM 20% NATIONALLY)</b>						<b>£1,155,604</b>

## APPENDIX 2 – NET EFFECT ON SHARE OF CHANGES

Ratio RWA – if 1 incumbent - adjusts the Actual RWA per % incumbent to the RWA it would be for 1 incumbent. Blackburn St Jude and St Thomas has 46 RWA to 43.33% incumbent

$$26/43.33\% \times 100\% = 60$$

Parish	Issued share 2019	Net new share and LICF	Increase £ %	Reason	Actual RWA	Ratio RWA- if 1 incumbent	SEM Original	SEM New
<b>Bottom 20% with any increase</b>								
BLACKBURN : ST JUDE WITH ST THOMAS	£9,766	£9,798	£32 0.33%	SEM change and ministry split adjustment	26	60-1	74	90
BRIERFIELD : ST LUKE	£17,366	£18,474	£1,107 6.38%	High RWA to allocated incumbent	49	147-1	81	90
OVER DARWEN : ST JAMES	£6,032	£6,534	£502 8.32%	SEM change and RWA increase held down	16	96-1	73	90
PRESTON: ALL SAINTS	£59,745	£64,949	£5,204 8.71%	High RWA to allocated incumbent	180	180-1	76	90
BLACKPOOL: HOLY TRINITY SOUTH SHORE	£24,129	£26,511	£2,382 9.87%	High RWA to allocated incumbent, SEM change and RWA increase held down	71	142-1	74	90
SKERTON: ST LUKE	£13,526	£15,054	£1,528 11.29%	High RWA to allocated incumbent (HfD)	45	250-1	78	90
ACCRINGTON : ST JOHN	£31,187	£36,868	£5,682 18.22%	Additional LICF support given	78	78-1	82	90