

## Shared Outcomes Framework

# Financial sustainability – Definition guidance

## Definition summary

1. The indicator has three separate elements:
  - a. The **total giving** in the parish and other charities or funds related to the project, incorporating regular and one-off giving, and gift aid, in line with the Parish Finance Statistics<sup>1</sup>
  - b. The **total number of regular givers** to the church or other charity or fund, on a regular basis, in line with the Parish Finance Statistics
  - c. The **local church's annual support or investment**; defined the income generated locally minus the cost of its work each year. In other words, the net extent to which it can cover its own costs, or the net funds supporting a ministry from elsewhere.

## Why?

2. Financial sustainability is an area which has come up in a significant number of projects as being important. Dioceses in particular have argued for the measure of support or investment to be part of what is captured. It is valued because:
  - While we don't expect every project to be completely financially independent, it is good when churches are growing in financial sustainability over time, to enable investment elsewhere.
  - Giving, in particular, is a proxy for aspects of church health such as the congregation's commitment to the vision. Being self-financing can also increase a sense of ownership and responsibility in the local church.
3. Shared measures will enable stronger financial planning. With good data, we will create tools for dioceses to use which suggest a starting point for the financial trend that similar projects have taken. With more data, the more this can be specific to similar contexts. Learning from similar projects on what works in generating giving will also be provided.

## How?

4. The definitions of giving and number of givers have been chosen to align with those used in the Parish Finance Statistics. As part of their responsibilities managing the finance of the parish, charity or fund, treasurers will keep records of the date of each of the incoming transactions. They will also hold information on number of givers, such as in a list.
5. The support or investment into a project is already being tracked in many diocesan project budgets. These budgets will contain expectations for funding provided by the diocese, the local context, the national church grant, and other sources such as LInC funding, and how these compare to costs. The extent to which the church is funded by sources other than its local context will form the basis of this measure.
6. The scope of the area to include in the measures will differ from project to project. In almost every case, having parish-level data for each of the measures will help planning, for those parishes (or alternative charities) involved in the project.

## Tool

7. Each parish, charity or fund will have its own means of tracking finances on a day-to-day basis. Dioceses will also have processes in place for project accounting. There is no

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<sup>1</sup> See form at the end of: <https://www.churchofengland.org/sites/default/files/2023-03/parish-finance-statistics-2021.pdf>

requirement to use a specific finance management programme, system or app, and churches need not change existing practice if it works well for their requirements.

8. For submission of parish data, parish officers should use the parish finance return system. Figures on the parish return system should match published accounts.

### Why three measures for this one outcome area?

9. The aim in creating this framework is to make the measures as simple as possible, but in consultation all three areas – total giving, number of givers, and support/investment – were seen as valuable by diocesan teams in understanding financial sustainability.

10. There is lots of data collection already taking place on finances for accounting and governance purposes, so these measures should not add additional work at a local level. It will however mean more scope for analysis and planning tools on the measures that are important. Containing the measures in one outcome area means they don't get an out-sized weight in the framework as a whole.

11. Other measures of financial sustainability are also important to many churches, such as hall rental. These aren't generally comparable between different churches who will have different assets and local markets. Giving is the main route to increasing income for most churches.

### What about deprived areas?

12. Financial sustainability and total giving are more likely to be higher in wealthier areas, purely as a result of congregations having more disposable income. There is a risk therefore that this measure is seen as 'better' when projects avoid low income communities. This could lead to unintended consequences.

13. However, it also demonstrates why it is important to have this as a core measure. This reflects the financial reality that dioceses face – and so evidence to aid decision making here is vital. This will mean better evidence for the extent of support needed in deprived communities for supporting mission.

14. The Lowest Income Communities Funding stream is designed for direct support for deprived areas and could be a source of funding used to support projects in these communities.

### Tell me more about the support or investment measure?

15. This measure was talked about by dioceses as critical for their financial planning. It gives the extent to which a project needs continuing diocesan support, or can stand on its own two feet financially. In many projects, there is tapering of grant funding. Evidence here enables realistic budgeting for creating applications and longer-term financial planning.

16. In many cases, dioceses can take the figure from their project budgets over time. For self-contained projects these will have the level to which a context is dependent on local funding, diocesan support, national grant funding, and external sources. The amount that doesn't come from the local context is the basis of this measure.

17. In other cases, dioceses may be intervening in existing churches to improve their financial strength. In this case, the measure may start with a baseline where there is significant financial support going into a context, with an objective to reduce it. The calculation may be ministry costs invested in a context not covered by parish share received. The tool for this indicator will support dioceses in the calculation.

### Is it feasible to have a good figure of regular givers?

18. Total giving is needed for parish accounts, but judgment is needed to assess the number of regular givers. While parish treasurers already report this in finance statistics, it is unclear the quality or consistency of this assessment.

19. It is valuable and feasible for this to be estimated well at a parish context. This estimate is valuable pastorally for understanding where giving is happening among the congregation. Some treasurers may produce a list of givers, with clear policies in place for who is and isn't able to access the list. We will produce a tool that can help local churches put this list together.