Lowest Income Communities Funding Guidelines

Background

1. This paper contains the funding guidelines for Lowest Income Communities (LInC) Funding**.**
2. Following the Diocesan Finances Review, the Archbishops' Council has allocated **£133.5m in 2026-28** to LInC Funding, a significant increase from £91m in 2023-25. A further £315m has been indicated as being available from 2029-34.
3. The purpose of LInC Funding is to **enable dioceses to provide additional support for ministry and mission in low-income parishes**, in line with the Church of England's Vision and Strategy.
4. LInC Funding began in 2017 as a result of the *Resourcing the Future* review recommendation to have a funding stream more clearly focused on ministry with lowest-income communities. In 2025, the Archbishops' Council decided to expand LInC Funding to provide greater support to ongoing ministry in the most deprived areas. The Strategic Mission and Ministry Investment Board (SMMIB) is responsible for the management of LInC Funding.
5. LInC Funding should be considered alongside other funding made available by the national church, totalling over £350m in 2026-28:
    1. **Formula-Based Time-Limited Funding** - a new fund worth £63m distributed to dioceses in 2026-28 on a formula basis to cover general costs.
    2. **Diocesan Investment Programme** (main fund) - £236m in 2026-28 for missional plans to deliver the bold outcomes of the Vision and Strategy, including for work in low-income communities and estates.
    3. **Diocesan Investment Programme** (time-limited fund) – £37m in 2026-28 in financial support for dioceses with long-term sustainability plans.
    4. **People and Partnerships Funding** – £14m in 2026-28 for investing in partners that address specific key missional challenges across England, including in low-income communities and estates.
6. LInC Funding provides ongoing support for dioceses to resource ministry in their lowest income communities. This means it can be trusted for long term appointments in these communities, to support the Church of England's vocation to provide cure of souls for everyone in England, no matter their means.
7. LInC Funding is provided to dioceses but is specifically for ministry with low-income parishes. This funding alone is insufficient to cover the full costs of ministry in these parishes; other parishes across the rest of the diocese will also need to support these churches with generosity as part of being one Church. Long-term sustainability may also need investment in the mission and financial strength of parishes in low-income parishes from the Diocesan Investment Programme.

Purpose of Lowest Income Communities Funding

8. The Church of England is called to be a Church for the whole nation and its strategic priorities and bold outcomes include fully representing the communities we serve and being a church where every person in England has access to an enriching and compelling community of faith. The purpose of Lowest Income Communities (LInC) Funding is to **enable dioceses to provide additional support for ministry and mission specifically in low-income parishes**, in line with the Church of England's Vision and Strategy.

9. As with all the grant streams administered by the SMMIB, LInC Funding will operate within these principles:

    - **Relational & supportive** – Active partnership with diocesan and local church leaders, working together to best find ways to provide ministry and mission in low-income communities.
    - **Transparent & honest** – Openness about decision-making processes, distribution of funding, and seeking the whole Church's good.
    - **Intentional** – Funding is linked to a plan setting out how best to develop mission and ministry in the diocese's low-income communities.
    - **Empowering** – Funding should seek consultation with low-income parishes and reflect their needs.
    - **Evidence-based and realistic** – Decisions about funding are based on high-quality evidence and understanding of the realities of mission and ministry in low-income communities.
    - **Humility, recognising this is God's work** – Recognising fruitfulness is dependent on God, excited and curious to learn what God will do, and trying to share our own skills with humility.

Eligibility

10. LInC Funding is allocated by the SMMIB to dioceses, recognising that dioceses are the ecclesiological structure of the Church of England.

11. The eligibility to be allocated LInC Funding for any given parish in a LInC-receiving diocese is determined by that diocese. This should be done in consultation with the Diocesan Synod and others, in line with the purpose of LInC Funding, while taking into account the context, culture, history and specific local needs in the diocese. A core consideration should be the need in particular parishes for extra support owing to the low incomes of the communities they serve.

12. For assessing the need of parishes, the Office for National Statistics' Index of Multiple Deprivation (IMD) may provide a starting point, though there are other relevant contextual factors, and there are many ways the IMD could be translated into an allocation mechanism. IMD will be used at a national level as an indicator of parishes which are in deprived areas.

13. There are good reasons why a diocese may choose to allocate funding to a parish without a particularly high IMD, for example an estate church which also has a wealthy area within its parish boundaries.

14. There is an expectation that allocation decisions are made as part of the budgeting process before the relevant financial year commences.

How should Lowest Income Communities Funding be used?

15. LInC Funding should be spent on mission and ministry with low-income communities.
16. LInC Funding provides ongoing support. This means it can be trusted for long term appointments and it may be used to support the costs of stipendiary ministry in parishes serving these communities. Funding may also be used for lay roles or running costs. It may also be used for specific projects that are part of a church's local mission and ministry.
17. Funding **cannot** be used for activities which are exclusively social action in isolation from the church's mission and ministry. Many churches are involved in social action as an integral part of their mission and ministry for the cure of souls and this is within the purposes of the funding.
18. In April 2024, a learning event with dioceses about LInC Funding identified three areas which represent good practice and which should be the aspiration for LInC Funding distributions.
19. LInC Funding should demonstrate **strategic intent**
    - LInC Funding should be **genuinely additional** support for parishes in low-income areas. It should be clear to the parish what difference LInC Funding has made.
    - LInC Funding should **honour giving** from low-income parishes, noting the generosity seen in these parishes. This means that if giving in the parish goes up, there should still be eligibility for LInC Funding. The funding should help promote **ownership and sustainability** in local communities.
    - LInC Funding should connect to an **overall plan for mission and ministry in low-income areas**. The mission is the 'cure of souls' in low-income areas, and funding should support this objective.
20. LInC Funding should be **transparent**
    - Dioceses should **report on the use of LInC Funding to their Diocesan Synods**, both in detailed budgets and reports of actual spend. They should also share their allocation methodology.
    - Dioceses should **communicate to individual parishes that they are beneficiaries of LInC Funding,** and the extent of the support they receive.
    - Dioceses should **report to the national church** on which parishes have received LInC Funding, and the **national church should publish a report annually** giving insight on the use of LInC Funding.
21. LInC Funding should be **flexible and responsive**
    - It is recognised that **long-term support** from LInC Funding can enable **long-term ministry** which may never otherwise be financially self-sustainable.

- Dioceses have discretion over the use of funds to reflect the **specific needs in the diocese** which may change from year to year. This will involve discernment through consultation with the wider diocese.

- **Parishes in low-income areas should be consulted on the use of their LInC Funding**, and they may prefer to use it in ways beyond simply funding ordained stipendiary ministry.

22. For more information about mission and ministry with low-income communities and estates, please see *Good practice guide: Mission and ministry in low-income communities and estates - Church Support Hub*

Funding levels and payment profiles

23. £133.5m has been made available for LInC Funding in 2026-28. A formula is used to determine the distribution of the available LInC Funding between dioceses. Grants range from around £250,000 to £3m per year.

24. The formula uses three datasets to estimate each diocese's need for national support to resource mission and ministry in low-income communities. These datasets are: population, the average income of the diocesan population, and the proportion of income-deprived people. Dioceses that have an average income that is below the *national* average income receive LInC Funding in proportion to that calculation. The formula has a factor to account for pockets of deprivation in the diocese.

25. Funding is confirmed and distributed to dioceses in January each year.

Monitoring, Evaluation, Learning and Reporting requirements

26. A light-touch reporting framework was agreed by the Archbishops' Council following the Diocesan Finances Review. Participation in the reporting framework is a requirement for accessing funding.

27. Dioceses are asked to report annually to the SMMIB using a reporting template. The template asks dioceses to meet the requirements set out in the Diocesan Finances Review as follows:

- Confirm that **each parish in receipt of LInC Funding has been notified** of the receipt of these funds and describe how this has happened.

- Confirm that **their Diocesan Synod has been consulted** on the use of LInC funding and describe the feedback from this engagement.

- Confirm that their **LInC Funding connects to their wider strategy for mission and ministry in low-income areas** and describe this strategy.

28. The template asks dioceses to provide information that supports the above confirmations as follows:

- **Provide a list of parishes** in receipt of LInC Funding, the amounts received, and a phrase/sentence explaining how the funds have been used (in a spreadsheet).

- **Attach or link to a copy of relevant evidence** (e.g. a letter to parishes, a report to Diocesan Synod, the diocesan strategy – all referencing the amount of LInC Funding and how it will be/has been spent).

29. For the “relevant evidence” dioceses are asked to provide whatever they already use for their own purposes. The only additional part will be transferring some of that existing information into the template.

30. The aim of reporting to the SMMIB is to demonstrate that the purposes of LInC Funding are fully informing the actions taken by dioceses in their allocation methodologies. The reporting process itself also serves to provide encouragement and support for this to happen.

Governance

31. LInC Funding is overseen by the Strategic Mission and Ministry Investment Board, a sub-committee of the Archbishops’ Council. The group is made up of members of the Archbishops’ Council, Church Commissioners, diocesan leadership teams, and independent experts. They meet four times a year to discuss the funding under their management.

32. All LInC Funding allocations made by the SMMIB will be published and communicated, and a summary of the use of LInC Funding will be published annually.

33. All awards are subject to the National Church Institutions’ standard funding agreement which includes compliance requirements around safeguarding, financial due diligence, and data protection.

Support available and next steps

34. Each diocese has a Diocesan Support Consultant who is their first port of call for discussions about all national funding, including LInC Funding.