**Hereford Diocese Total Return Mission Fund.**

**Guidance Note.**

**Introduction**

Hereford Diocese has decided to adopt a Total Return investment approach, which allows the release of both income and capital gains for the creation of a Total Return Mission Fund. This note provides information and guidance about how to apply for Total Return funding. The process is aimed at providing sufficient flexibility to respond to compelling applications with a clear “business case” whilst maintaining clear, transparent and consistent assessment criteria.

It is anticipated that applications will be submitted from three sources:-

* Deanery Leadership Teams – usually following discussions with the Archdeacon and related to the vision contained in the Deanery Mission Action Plan.
* Diocese – where it is felt that the Diocese needs to take action and it is likely to have a diocesan-wide impact.
* Benefice – less likely that applications will be made from individual benefices, however this may be the case if they are piloting a new approach which will result in potential duplication/roll out in other areas.

**Total Return Mission Fund: Aims**

The overall aim of the Total Return Fund is to support the delivery of the Diocesan Strategy for Mission and Growth. Any projects applying for Total Return funding must be mission focused and evidence how they link to the following key priorities from the Diocesan Strategy:

1. Stronger congregations - growing in faith
2. Schools and intergenerational mission to help us grow younger
3. Equipping and supporting Clergy and Lay leaders for mission
4. Creating Generous giving and asset development
5. Sustainable building strategy and support for Parish Offer

**Application Process**

The process to apply for Total Return funding involves a two-stage application process: an initial first stage to describe what is being proposed, and the extent to which it is consistent with the Diocese’s wider strategy. The requirement for the second stage is that more detail is provided including a project plan, risk register and financial plan, which all help to give confidence to all parties that the proposal will be effectively implemented.

**Before you apply**

Before making an application for Total Return funding, the applicant must contact the Diocesan Programme Manager and/or the relevant Archdeacon to outline the nature of the project for which they are applying for funding. This will enable the applicant to think through and articulate the purpose of the project and receive support and guidance regarding whether to continue to apply and if so, how to complete the Stage 1 application.

**First Stage Application**

The Total Return Stage 1 application form should be completed in full (*e-link*). This will include a description of the proposal, including core components, the methodology and what it is hoped to achieve.

**Strategic Context**

This section on the strategic context is intended to explain the background to the proposal – why this area has been chosen and how it fits into the Diocese’s wider, longer-term strategic plans. In particular, this means including:

* Which Diocesan Shared Priority/Priorities does the project seek to address?
* How does the project fit with the wider Diocesan strategy?
* How does the project complement other activities already underway or planned?
* What are the proposals/opportunities for match-funding?

The strategic context should be precise and not only based on high level goals, but should contain specific plans as to how Diocesan objectives are to be fulfilled.

**Project description**

The project description should describe concisely:

* The overall project for which funding is being sought, including the main objectives and desired outcomes i.e. describe the changes you hope to see and how you plan to achieve and measure them. Outcomes should be focused on mission and growth, including growth in disciples, discipleship and financial strength;
* What the funding will pay for (e.g. staff, consultants, travel, training etc.), include an element to cover the Programme Manager’s costs to cover ongoing project review and oversight (circa 10% of total cost) **and** what amount of match funding will be provided;
* How the project will work i.e. how the proposed actions/activities will have a good chance of yielding the desired outcomes – either through evidence of a similar activity or, where evidence is not available, a clear and credible chain of logic;
* The timescale over which the project will take place.

**Assessment**

The Stage 1 application will initially be reviewed by the diocesan Programme Manager with appropriate feedback. If the Programme Manager is actively involved in writing the bid, i.e. a bid from the Diocese, the application will be reviewed by either the Diocesan Secretary or Director of Finance. When satisfied that the application effectively covers all of the first stage requirements, it will be submitted to the Strategic Project Management Board for consideration using the following criteria:

* The likelihood that the project will lead to an increase in the number of new Christian disciples through intentional evangelism i.e. have the interventions been done before and did they work?;
* The extent to which the project meets the Diocesan Shared Priorities;

**Assessment** *(continued)*

* The quality and feasibility of the overall idea, and how the specific activity or actions link to the intended outcomes;
* The relative cost of the project compared to the intended outcomes;
* The extent to which the project “fits” with other ongoing/proposed projects;
* The clarity and overall merits of the SMART outcomes of the project;
* The extent to which the project will yield shared learning for the wider Diocese.
* Are the skills and capacity available to deliver the project;

**As well as the Stage 1 application form being completed, all projects requesting over £50k of TRF must evidence that they have addressed or considered the checklist of actions from the Key Learnings document (e-link).**

Should the Strategic Project Management Board approve the Stage 1 application in principle, the project will proceed to Stage 2. The Strategic Project Management Board may make suggestions / recommendations for improving the application and these will be incorporated into the Stage 2 application.

**Second Stage Application**

Those projects which proceed to Stage 2 will need to submit a Stage 2 application to the Finance Committee who will:

* Refuse the application for Total Return funding; or
* Ask for further work to be done on the application and resubmitted to a future meeting of the Finance Committee; or
* If the project is requesting a maximum of £50k over 5 years, the Finance Committee has the delegated authority to decide whether to award the Total Return funding or not i.e. if the request is for up to a maximum of £50k, the request does not need to go before the Bishop’s Council; or
* If the project is requesting more than £50K of TRF, then the Finance Committee will decide whether to recommend that the project be submitted to the Bishop’s Council for the final decision re whether to award funding or not (the Finance Committee may attach conditions to the recommendations changes relating to the project).

The Stage 2 application will be a more detailed proposal, to include a robust project plan which will illustrate how the project will be delivered. There is no standardised application form, however the submission should cover the items set out under the following headings:

**Project Summary**

This should provide a succinct overview of the project covering no more than 2 pages i.e. the elevator pitch. This section includes any changes to the original proposal and if this is applicable, the rationale behind these changes should be outlined here. It is also important to ensure that you include exactly how much Total Return funding you are requesting.

**Project Description**

This should provide a clear description of the project and is likely to include:

* A clear rationale for the project, including how it has emerged i.e. prayerful discernment and stakeholder consultation;
* How it fits into the wider Diocesan strategy;
* What the project aims to achieve, and what the specific outputs and outcomes will be and evidence as to why this approach will be successful e.g. from other similar projects being delivered in other dioceses;
* How the project is expected to achieve these outcomes (may include evidence of impact from other similar projects/activities);
* A clear linkage between numerical growth, growth in discipleship and social impact, and an explanation of how the project will achieve these things;
* The potential to replicate the project elsewhere in the Diocese.

**Project Management and Governance**

Clear details of how the project will be managed including:

* Stakeholder engagement and communications;
* Active management of risk using a risk register including what are the main risks, how they will be mitigated, the risk owner and the impact/likelihood;
* How the desired outcomes will be measured, delivered and monitored. Produce an evaluation plan which states clearly the outputs and how outcomes will be measured and recorded;
* Financial Plan – clarity about the funding period and the financial profile of the project including what the costs are and how they are to be funded. Financial sustainability should not be a key factor for approving an application. Success should be judged against the declared outcomes and at the end of the project period, a decision should be made whether to continue the project as part of the annual budget process. If needed future funding would be from the general fund.
* Project Plan – include key activity and delivery milestones for the length of the funding period. What needs to be done – Who is going to do it and – by When?
* Funding for new posts should include job descriptions and the recruitment process;
* What the governance, accountability and reporting processes are for the project. Who does the project report to, how often and the methodology e.g. High level exception reports.

**Assessment**

In order to approve Total Return Mission Fund funding for a project, the Bishop’s Council must be confident of the following:

* that the project is well considered;
* that sufficient capacity will be put in place to manage and oversee it. Particular attention should be paid to the management/administration of a project at the application stage to ensure there is adequate support for clergy;
* that there is a clear strategy for measuring and assessing the outcomes;
* that it will effectively deliver the outcomes set out in the plan, within time and budget;
* that the project will lead to a sustained impact into the future.

All projects which successfully apply for funding, will be required to submit monitoring/ progress reports to each meeting of the Strategic Project Management Board and annually to the Trustees.

The Programme Manager in conjunction with the Strategic Project Management Board will also determine formal review points for each project, at which time Bishop’s Council reserve the right to amend or discontinue projects where it can be demonstrated that outcomes anticipated prior to commencement of the project have not been, or are unlikely to be, delivered.

**Very Small Projects Total Return Pot**

A category of very small projects has been introduced, similar to the Mission Innovation Scheme. The idea is to provide seed funding for parishes/benefices to try new mission focused initiatives. This funding is available for very small projects which require funding between £1k and £8k over a maximum of 3 years. Applications for this funding should be forwarded to the Diocesan Programme Manager and must be approved by the relevant Archdeacon, plus either the Diocesan Secretary or the Director of Finance, and endorsed by the Deanery Leadership Team.