

Financing the Churches Conservation Trust in the Triennium 2003-2006

Report by the Church Commissioners

This report:

- (i) summarises the arrangements under the Pastoral Measure 1983 for settling the future of redundant churches;
- (ii) outlines the arrangements for financing the Churches Conservation Trust (CCT) and provides the background to the CCT's budget bid for the Fourth Triennium (2003-2006); and
- (iii) puts before the Synod the Church Commissioners' proposals for the payment of the Church's 30% contribution of up to £4.439m towards financing the CCT in 2003-2006.

The Commissioners propose to lay an Order before the Synod at its February 2003 Group of Sessions to put these proposals into effect.

[Note: for convenience of reading the figures used henceforward in this Report are rounded. The exact figures will be used in the Order.]

2. Since 1969 the CCT has been responsible for the preservation "in the interests of the nation and the Church of England" of redundant churches of significant historic and archaeological interest or architectural quality for which no suitable alternative use can be found. The CCT is funded by Church and State in agreed proportions. The Government's share of the costs has risen from 40% to the present 70% (fixed in 1989) and is provided by the Department for Culture, Media and Sport (DCMS). The Church's 30% is met by the Commissioners partly from a share of sale proceeds of redundant churches and sites and partly by grant from their general fund.
3. These arrangements (including past changes to the proportions mentioned above) are part of the wider agreement between Church and State in respect of the Church's built heritage (including State Aid for Churches in Use). They are regarded as a good deal for both the Church and the wider public interest with the Church's 30% share of costs justifying the Commissioners continuing to decide which churches should pass to the CCT. The Synod will also be aware that a wide-ranging review of the Pastoral Measure 1983 is in progress including the arrangements for dealing with redundant churches. Any review of the

proportions of the CCT's funding provided by Church and State would therefore need to take place in this wider context rather than in connection with the arrangements for 2003-2006.

Settling the Future of Redundant Churches

4. When a church is declared redundant (because it is no longer needed for parish worship) the diocese normally searches for a suitable alternative use in the first instance. The consultation procedures take account of both the Church's interests and the wider public interest. In the majority of cases a solution is found which is compatible with the character of the building and the views of the relevant Church and secular bodies.
5. Since 1969 when the first Pastoral Measure came into effect the future of 1,598 churches has been settled. Most (904) have been found suitable alternative uses, including use for worship by other denominations, civic and community purposes, commercial use and residential conversion. Many have yielded proceeds which have assisted the living Church.
6. Where a suitable use cannot be found within a period normally not exceeding three years, the Commissioners have to make the often difficult choice between preservation by the CCT and demolition. Since 1969 the CCT has received 327 redundant churches.

Churches vested in the Churches Conservation Trust

7. Churches within the CCT's care remain consecrated and may be used for occasional worship. They remain potentially available to be restored to parochial use.
8. The CCT seeks to ensure that its churches are open and accessible to the public, and continue as a focal point for the community. They are also used for arts and craft shows and concerts and musical events. There were 233 such events in 2001 and CCT churches received 829,000 visitors during the year. Recently the CCT has made concerted efforts to encourage greater understanding of the churches in its care and is developing its educational services. This has included the publication of the first twelve education booklets for schools. CCT churches are also participating in schemes to support urban and rural regeneration. Further details of the work of the CCT can be found on its website at www.visitchurches.org.uk.

The Churches Conservation Trust and its Funding

9. The great majority of the CCT's income is applied to putting vested churches and churchyards into a good state of repair and thereafter maintaining them. For each funding period (now 3-year) the CCT submits a detailed budget to the Commissioners and the DCMS. This takes account of the Commissioners' assessment of the likely flow of churches for vesting over the next funding period and the repair needs of churches already in its care. The budget consultation process gives weight to considerations of realism and affordability from Church and State standpoints. In recent funding periods public spending constraints have had the effect of scaling down increases in the total budget and thus the Church's contribution. For 2003-2006 the maximum contribution from the State has been considered in the context of the Government's 2002 Spending Review.
10. For 2000-2003 the DCMS's maximum grant is £8.8m on the basis of the Church supplying a 30% share of up to £3.8m, giving a total budget of £12.6m (some 27% lower than the bid). Of this amount the CCT has set aside some £2m for expenditure on new vestings. The Commissioners adopt stringent criteria for new vestings but the £2m will nevertheless be fully committed on the 11 new vesting cases where initial repair expenditure will fall mainly in the current triennium.
11. For 2003-2006 the CCT sought a budget from its paymasters of £14.8m, while also setting itself a target to generate other income of £3.8m. In addition to preserving the churches in its care, the CCT proposes to develop further its access, education and regeneration objectives. An announcement on the DCMS settlement is imminent and details will be provided in the Notice Papers and the debate. It is expected that as for recent funding periods, the settlement will reflect the sustained pressure on public expenditure generally. If the DCMS settlement matched the bid, its contribution would be £10.4m on the basis that the Church provided its 30% contribution of £4.4m. The latter is therefore the maximum the Church's share could be and will be adjusted downwards if the DCMS settlement is lower than 70% of the bid. The Commissioners are not proposing that the Church should increase its proportionate contribution beyond 30%.
12. On the basis of the budget bid the Trust would set aside an overall budget of £3.3m for new vestings, expecting to find within its core funding some £2.5m for such expenditure and the balance mainly from the Heritage Lottery Fund. Assuming that buildings of sufficient merit come forward this would allow for perhaps 4 or 5 additional vestings each year. The Commissioners work closely with the CCT to ensure that the flow of information and timing of new vestings assist the latter's forward planning.

13. The Commissioners and the CCT will continue to work together towards securing financial packages involving English Heritage and/or the Heritage Lottery Fund to assist in funding repairs to particular churches before they are vested in the CCT. This has helped ease some of the pressure on the CCT's resources but, because of competing demands on such funding, may be scarce in the future. The CCT is also pursuing grant applications to the Heritage Lottery Fund to assist repair projects at a number of vested churches.
14. The DCMS, the Commissioners and the CCT take a positive approach to possibilities that arise to lease or divest churches in the CCT's care. While the scope for suitable new uses for vested churches and the potential for generating income from this source is never likely to be large, a few such cases are currently under investigation
15. A Church contribution of up to £4.4m over the triennium should be seen in the context of:-
 - (i) the 70% State contribution. Between 1969 and 2003 the State will have provided more than £38.6m compared with £19.4m from the Church towards preserving redundant churches of significant quality;
 - (ii) from 1969 to June 2002 diocesan pastoral accounts have received over £25.2m from the proceeds of redundant churches and sites for the mission of the Church in the parishes (see Appendix 1). In addition a substantial number of new places of worship have received funding directly from the proceeds of redundant churches which they replace;
 - (iii) the scheme of State Aid for Churches in Use is part of the overall package and supports the living Church. Between 1984 and March 2002 over £152.6m had been offered through English Heritage in grant aid for the repair of church buildings in use and a further £36.2m since 1991 to support cathedrals.

Funding the Church's 30% Share

16. There are two sources for meeting the Church's contribution: (1) the Commissioners' own funds, and (2) the net proceeds from the disposal of redundant churches. Under the Pastoral Measure two-thirds of those proceeds go direct to the relevant diocesan pastoral account to help the living Church. The remaining one-third is applied as part of the Church's contribution to the CCT's budget and to funding the statutory Redundant Churches Temporary Maintenance Account (RCTMA) held by the Commissioners. The RCTMA

assists Diocesan Boards of Finance (sometimes as part of matching or partnership funding) with the costs of repairing redundant churches until their future is settled. This is clearly important in preserving the value of the buildings and keeping options open.

17. The Commissioners are required to determine by Order (to be approved by the Synod) both the total grant for the funding period and a 'maximum' figure to be met from the one-third share of sale proceeds. Only after this 'maximum' is reached are the Commissioners able to apply any sale proceeds to top up the RCTMA. The Order may also authorise the Commissioners to direct further payments to the CCT in excess of this 'maximum' figure in a second tranche from sale proceeds.
18. The amount of sale proceeds likely to be available towards the Church's share of financing the CCT is difficult to predict. It will depend, inter alia, on the number of redundancies, the quality, character and location of the buildings declared redundant, and the state of the property market. For 2000-2003 it was hoped that the one-third share would contribute £1.1m of the Church's £3.8m total (though the funding order provided for a lower 'maximum' of £0.8m to enable the RCTMA to be topped up). In the event the number of redundancies has been lower than expected and it is forecast that sale proceeds will contribute only £0.64m. This leaves the balance of nearly £3.2m to be met from the Commissioners' own resources and nothing to apply to the RCTMA.
19. If sale proceeds in 2003-2006 are at a broadly similar level then, after planning to achieve a modest surplus to top up the RCTMA, there could be around £0.6m available towards the Church's contribution to the CCT's budget. This would leave up to £3.8m to be found from the Commissioners' own funds. This latter figure is included in the Commissioners' expenditure projections along with their other commitments.
20. The funding Order for 2003-2006 is due to be laid before Synod in February. The Commissioners intend to provide (as for the current triennium) for the total amount of the Church's contribution to be paid from the one third share of net sale proceeds or from Commissioners' grant or from a combination of the two. This is to cover all eventualities and protect both the efficient operation of the Pastoral Measure and the Commissioners' ability to support the Church's mission. If proceeds prove to be more buoyant than forecast this will help to compensate for the Commissioners' expenditure in previous funding periods. As explained in Paragraph 17, the use of sale proceeds is likely to be authorised in two tranches. The first, the 'maximum' referred to above, would be set at a relatively modest level, probably £0.3m. The second would then be up to the total required from the Church after allowing for topping up the RCTMA.

21. In the new Miscellaneous Provisions Measure provision will be made to simplify the arrangements for funding the Church's share of both the CCT and the RCTMA.
22. Net sale proceeds derived from the disposal of redundant churches have produced £31.23m since 1969. As the Table (below) shows, in the funding periods up to 1994 the Commissioners' practice was to take from sale proceeds about one-third of the total Church contribution required with the remainder provided by Commissioners' grant. Any balance was distributed to diocesan pastoral accounts as an addition to the two-thirds share to which the Measure already entitled them. More recently there has been no balance of sale proceeds to distribute to dioceses and a greater proportion of the Church's share has been met from Commissioners' grant.

FUNDING PERIOD	BREAKDOWN OF CHURCH'S CONTRIBUTION		TOTAL FROM CHURCH	TOTAL FROM STATE	CCT'S BUDGET
	From Church Commissioners	From Sale Proceeds			
	£m	£m	£m	£m	£m
	<i>Actual</i>	<i>Actual</i>			
1 st 1969-74	0.2	0.1	0.3 (60%)	0.2 (40%)	0.5
2 nd 1974-79	0.7	0.35	1.05 (60%)	0.7 (40%)	1.75
3 rd 1979-84	0.95	0.5	1.45 (50%)	1.45 (50%)	2.9
4 th 1984-89	1.9	0.9	2.8 (40%)	4.2 (60%)	7.0
5 th 1989-94	2.5	1.2	3.7 (30%)	8.7 (70%)	12.4
6 th 1994-97	1.6	1.5	3.1 (30%)	7.2 (70%)	10.3
7 th 1997-2000	2.2	1.0	3.2 (30%)	7.4 (70%)	10.6
8 th 2000-2003	<i>Forecast</i>	<i>Forecast</i>			
	3.2	0.6	3.8 (30%)	8.8 (70%)	12.6
Total 1969-2003	13.25	6.15	19.4 (33%)	38.65 (67%)	58.05

Recommendation

23. The Commissioners invite the Synod to approve their payment in 2003-2006 of a total of up to £4.4m as the Church's 30% contribution to the financing of the CCT, the remaining 70% being met from Government funds: the Church's payment to be met partly from a one-third share of sale proceeds, the rest from the Commissioners' own funds. The funding Order to be laid before Synod in February 2003 will set out the exact total contribution.

The Commissioners and the CCT will willingly supply members with fuller information about their role in respect of redundant churches.

FINANCING THE CHURCHES CONSERVATION TRUST

APPLICATION OF NET SALE PROCEEDS OF REDUNDANT CHURCHES

Funding Period	To Diocesan Pastoral Accounts (a)		To Churches Conservation Trust (b)		Total
	£		£		£
1969-74	1,640,421	94%	100,000	6%	1,740,421
1974-79	2,688,711	88%	350,000	12%	3,038,711
1979-84	2,603,729	84%	483,000	16%	3,086,729
1984-89	5,997,445	87%	919,848	13%	6,917,293
1989-94	7,303,359	86%	1,200,000	14%	8,503,359 (c)
1994-97	2,231,968	60%	1,516,000	40%	3,747,968
1997-2000	1,936,780	66%	1,007,188	34%	2,943,968
2000 to 30 June 2002	814,593	65%	438,000	35%	1,252,593
Totals	25,217,006	81%	6,014,036	19%	31,231,042

Notes:-

- (a) Two-thirds of proceeds plus any surplus distributed by Church Commissioners
- (b) Surplus proceeds in one funding period applied to the cost of the CCT in the following funding period are shown in the latter period.
- (c) Excludes £250,000 allocated for the Redundant Churches Temporary Maintenance Account