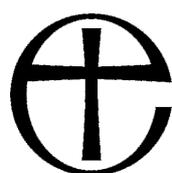


Archbishops' Council

2009 Budget



2009 Budget Highlights

The recommended Net Expenditure and Apportionment levels for the 2009 budget, together with the increase on the 2008 level are set out below. The Council proposes to make exceptional use of reserves within this budget, so as to reduce the overall increase in the Apportionment that needs to be requested from dioceses.

		Net Expenditure £	% inc*	Use of reserves £	Apportionment £	% inc
Training for Ministry	Vote 1	12,553,600	17.9	520,000	12,033,600	13.0
National Support	Vote 2	10,147,954	0.9	Nil	10,147,954	0.9
Grants	Vote 3	1,668,200	4.5	Nil	1,668,200	4.5
Mission Agencies						
Pensions	Vote 4	800,000	1.1	Nil	800,000	1.1
CHARM	Vote 5	3,099,000	10.2	150,000	2,949,000	4.8
Total		<u>28,268,754</u>	9.1	<u>670,000</u>	<u>27,598,754</u>	6.5

** Note: These figures show the percentage increase in apportionment that would be needed if no reserves were used in 2009.*

This booklet sets out the underlying figures and provides details of how the budget is made up and the nature of the work it finances.

The Archbishops' Council seeks, through its budget, to support and enable the Church's work nationally in the most effective way possible.

It is reviewed each year against the Council's strategic Objectives and includes the responsibility for funding, at a national level, the training of the Church's future ordained ministers. The chart on page 3 illustrates how the Council plans to allocate its resources in 2009 according to its stated Objectives, through Votes 1 to 5.

Strategic Objectives of the Archbishop's Council:

- (A) To enhance the Church's mission by:
 - (A1) promoting spiritual and numerical growth
 - (A2) enabling and supporting the worshipping Church and encouraging and promoting new ways of being Church
 - (A3) engaging with issues of social justice and environmental stewardship
- (B) To sustain and advance the Church's work in education, lifelong learning and discipleship
- (C) To enable the Church to select, train and resource people, both ordained and lay, to carry out public ministry and to encourage lay people in their vocation to the world
- (D) To encourage the maintenance and development of the inherited fabric of Church buildings for worship and service to the community

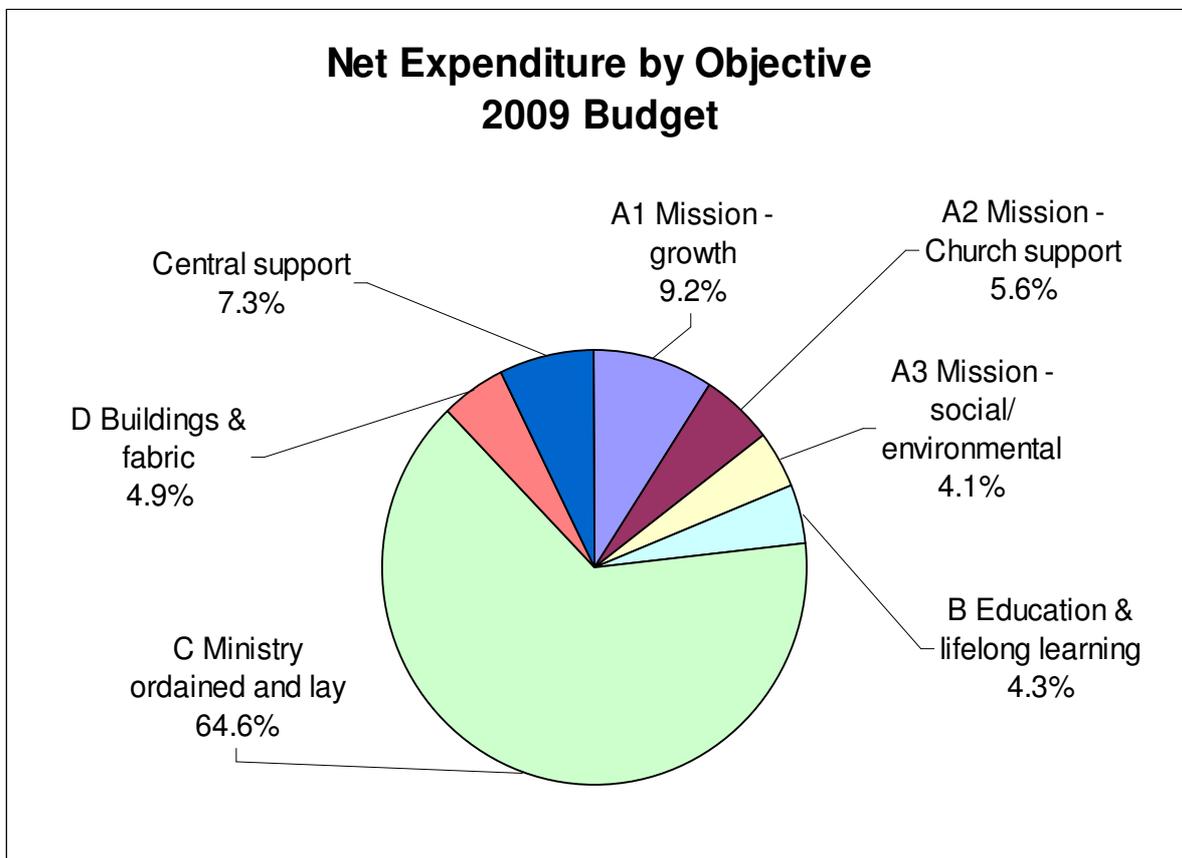


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Executive Summary

Introduction

1. The Church of England continues, by God's Grace and the generosity of Church people to finance its nationwide mission and ministry, notwithstanding substantial additional costs in recent years.
2. The Archbishops' Council is acutely conscious of the need to provide in the national budget only for expenditure that is necessary. All parts of the budget are examined comprehensively each year and pruned wherever possible. The budget continues to benefit from recommendations made following the recent programme of total service reviews.

Format

3. This executive summary of the budget is followed by an overall budget summary and detailed sections on each vote. For Vote 2 there is a brief description of each directorate's activity including its cost, staffing (which makes up the vast majority of the total cost) and principal functions. It is hoped that this format provides a helpful summary of the work carried out at Church House on behalf of the wider Church. An indicative preliminary forecast for 2010 is provided to assist dioceses in forward planning, and financial projections for the quinquennium 2010-2014 will be produced early in 2009 to provide a longer term view.
4. The document contains a budget summary showing expenditure in relation to each area of work to support the motions which General Synod will be asked to approve. A brief leaflet summarising the budget will be prepared for wider circulation, particularly at diocesan and parish level, once the budget has been approved by Synod. An analysis of income and expenditure of each department is available to General Synod members upon request to Simon Florence (Senior Budget Manager – simon.florence@c-of-e.org.uk).

Process

5. Each part of the budget has been reviewed line-by-line to ensure that income and expenditure are at realistic and justifiable levels in order to carry out those tasks that need to be undertaken.
6. For Vote 2 each team has prepared a Business Plan commenting on 2007 and 2008 and setting out its proposals for 2009. These plans and budgets, which will be used as working documents, have been reviewed by the Senior Management Group of the Council and, in respect of Common Service Departments, by the Joint Employment and Common Services Board and the governing bodies of the Church Commissioners and Pensions Board.
7. The budget was considered by the Archbishops' Council and endorsed after scrutiny from its Finance Committee. The Inter-Diocesan Finance Forum also had the opportunity to comment on and shape the budget. It was approved by the Council in June in the form set out in this document.

Common Services

8. Over 40% of the staff managed by the Archbishops' Council work for one of the common service departments (Communications, Human Resources, Information Technology & Office Services, Accounts, Financial Policy & Planning, Internal Audit, Legal, and the Bermondsey Records Centre). The cost of these divisions is shared on a usage basis between the National Church Institutions (NCIs), principally the Archbishops' Council, the Church Commissioners, the Church of England

Pensions' Board and Lambeth Palace. At a meeting of the Joint Employment and Common Services Board in April it was recommended that each NCI's governing body should agree, in principle, its share of these budgets.

Vote 1 (Ordination Training)

9. This budget exists to fund costs associated with ordination training reflecting the fact that the training of future clergy is accepted as a national responsibility. It is the Church's policy to train all those who are recommended by their Bishop after a process of discernment including a selection panel. The financial systems (including the pooling of maintenance costs) are designed to ensure that dioceses should not suffer financially if they put forward a larger than average number of ordinands.
10. Actual net expenditure in 2007 was £180,000 above budget as a result of the number of ordinands in training exceeding those envisaged when the budget was drawn up in the first half of 2006. This over-expenditure was met from Vote 1 reserves.
11. The 2008 budget assumed that the numbers in training in 2007/8 would be only fractionally above the previous year's total. In the event the actual Full-Time Equivalent (FTE) college numbers, at 605, were 45 above what had been projected, with course numbers more or less in line with projections.
12. These numbers translate into a requirement to draw just short of a further £1 million from Vote 1 reserves, around £700,000 more than had been planned within the 2008 budget. General Synod, as part of this budget round, is asked formally to approve this additional expenditure. This excess expenditure will also be met from Vote 1 reserves.
13. Looking ahead to 2009, the indications are that the rate of increase of candidates of the past few years may be declining. The budget has been produced in light of best estimates based on the somewhat reduced numbers coming through to selection conferences during the early months of 2008 and - from discussions with Diocesan Directors of Ordinands - over what may be in the pipeline. Nevertheless, as 2007 illustrated, knowledge of the actual number of starters for the impending academic year does not emerge until the autumn.
14. The 2009 budget has been prepared on the assumption that further increases in college and course numbers will transpire. If achieved this would be the fifth consecutive year of increase. It should be noted that the increase in college attendees has been running significantly ahead of course number increases over recent years. Over the duration of training, a college ordinand costs Vote 1 on average half as much again as a course student.
15. The steady decline in candidates on OLM schemes presents further cost pressures. The overall cost of these schemes has been lower than the equivalent cost of regional courses, and Vote 1 contributed only between a third and half of the total cost – the rest being picked up directly by dioceses. The resulting increase is, therefore, partly offset by savings to diocesan budgets, but part of the increase reflects a more costly form of training.
16. In total, the Archbishops' Council recommends a budget with net expenditure of £12,553,600 for 2009, 17.9% above 2008 apportionment. With Vote 1 reserves near their permitted minimum, following the forecast substantial call on them for 2008, it is proposed that £520,000 is transferred from the Council's general (Vote 2) reserve to limit the apportionment increase to 13.0%.

Vote 2 (National Church Responsibilities)

17. Vote 2 covers the costs of work that needs to be undertaken nationally, or is best carried out at that level, to support the Church's mission – e.g. Stewardship which potentially impacts every parish.

18. Over the past seven years Vote 2 apportionment increases have been held substantially below equivalent annual increases in retail prices and average earnings. Over the 2002-8 period, Vote 2 increased by 9.0% (an average of 1.2% p.a.), whilst RPI increased by 22.5% (2.9% p.a.) and average earnings by 29.4% (3.8% p.a.).
19. Net expenditure on Vote 2 in 2007 was some £117,000 below budget. This was after covering a one-off unbudgeted payment of £50,000 towards the staff pension scheme deficit and a number of other in-year pressures which were effectively absorbed by cost savings elsewhere.
20. For 2008 the Vote 2 position is tight, with a number of uncertainties over various areas of spend, including (at the time of writing) the annual pay award from July - a reasonable provision has been made for this. It is forecast that, despite inflationary pressures, it will be possible to contain expenditure within budget.
21. The 2009 budget of £10,148,000 projects a further year of below inflation increase at 0.9%. This represents the outcome of detailed scrutiny by the Archbishops' Council's Senior Management Group, and reflects efficiency savings and cuts in some work.
22. The long lead-in time for the preparation of budgets means that new items of expenditure always arise which could not have been foreseen early in the previous year when the budgets were prepared. The £50,000 contingency included within the budget provides a means of meeting unplanned expenditure which the Secretary General and the Finance Committee (or its Chairman if the decision is required at short notice) deem necessary.

Vote 3 (Grants)

23. Vote 3 covers the Church of England's national and international commitments as part of the worldwide Anglican Communion and as a Church seeking to work wherever possible with other denominations in this country and abroad. In addition, contributions towards the Legal Aid Fund are met from Vote 3.
24. A 4% increase in the Inter-Anglican budget has been included, but contributions to the World Council of Churches and CTBI remain frozen at 2004 levels.
25. An increase of 15% has been factored into the legal costs budget, since 2009 will be the first year in which the Council meets the entirety of Legal Aid costs, following the ending of the Church Commissioners' part-funding of these costs in 2008.
26. A budget of £1,668,200 is therefore recommended for Vote 3 in 2009, an increase of 4.5% on 2008.

Vote 4 (Mission Agencies Pension Contributions)

27. Vote 4 covers the pension cost of clergy working for the mission agencies. Due to the decline in numbers over recent years the budget has not needed to increase in line with the rate of pension contributions. This budget is based on an increase of only 1.1% to £800,000.

Vote 5 (CHARM)

28. Vote 5 comprises the revenue costs of the Church's retirement housing scheme to ensure that all clergy have access to housing on retirement.
29. Costs exceeded budget in 2007 by £110,000, after covering £117,000 of exceptional costs incurred by the Pensions Board when registering with the Financial Services Authority during 2005 (the Council's share of these costs not being paid until 2007). Underlying CHARM costs charged to the Council were within budget.
30. The 2008 budget was based on significant use of reserves (£147,000) in order to hold overall all votes' apportionment increase to below 3%. Current forecasts project that a further pressure of £39,000 on the CHARM subsidy charged to the Council will need to be met this year, thus the overall draw down from Vote 5 reserves is anticipated to be £186,000.
31. 2009 net expenditure is forecast to be 4.7% above the 2008 level, and with Vote 5 reserves close to their minimum following the draw down in 2008 it is budgeted that £150,000 of the Council's general (Vote 2) reserve is used to limit the overall increase on Vote 5 apportionment to 4.8%.

Apportionment

32. The apportionment of the budget covered in this report is set out in a table on page 49. It is based on the formula agreed by the General Synod in 2001, as slightly amended by two subsequent limited reviews of the formula. These are (i) the limited review of Allocations and Apportionment undertaken in 2004-5 and endorsed by General Synod in 2005 (ii) the recommendations of the Apportionment Limited Review Group (ALRG) set up by the Archbishops' Council last year, the report of which has been circulated to General Synod as GS Misc 888 in advance of this Group of sessions. The Council has accepted the recommendations of this report in the light of a favourable response from its Finance Committee and diocesan representatives via the Consultative Group of Diocesan Chairs and Secretaries and the Inter Diocesan Finance Forum.
33. Three of the ALRG's recommendations affect the apportionment proposed by the Archbishops' Council for 2009:
 - In the calculation of diocesan resources, parish investment income has been weighted at 50% (rather than 100% in recent years).
 - The underlying data in the apportionment formula has been averaged over six years (rather than three as in previous years).
 - A capping mechanism has been introduced to guarantee that no diocese will face an annual apportionment increase in excess of a fixed percentage (for the 2009 apportionment the Council has decided this should be 2%) above the budget.
34. As in recent years the apportionment for the Diocese in Europe (estimated to be around £55,000 in 2009 in advance of pooling adjustments) is waived to enable corresponding funds to be available for mission projects as the Diocese is not legally able to receive funds from the Mission Development Fund (formerly the Parish Mission Fund).

35. The Forces Synodical Council has been contributing to Apportionment since 1 July 2005 and this has been factored into the Table of Apportionment, reducing slightly the amount requested of dioceses.

Reserves

36. The Council reviews its reserve levels annually to ensure that reserves are adequate, without being excessive.
37. The Council has recommended that the policy levels for Vote 5 should be amended to provide a more realistic level of cover for net expenditure. The revised levels can be seen on page 48 of this document.
38. The General Synod is asked to approve a significantly greater use of reserves in 2008 than approved in last year's budget. In view of the higher number of ordinands in training than envisaged twelve months ago the Council has recommended that £998,300 of Vote 1 reserves should be used in 2008 (compared with £300,000 in the 2008 budget booklet). A modest increase in the cost of the clergy retirement housing subsidy which has led the Council to recommend that £186,000 should be drawn from Vote 5 reserves in 2008 (as against £147,000 a year ago)
39. The main planned movements on reserves in 2009 relate to the use of £670,000 from the Council's general (Vote 2) reserve to meet budgeted expenditure commitments on Votes 1 and 5 without passing on the entirety of the increases to the dioceses.

Forecast 2010

40. An indicative preliminary forecast for 2010 is provided on page 50 of this document to assist dioceses in forward planning, and financial projections for the 2010-2014 quinquennium will be produced early in 2009 to provide a longer term view. Continuing uncertainties in the level of Votes 1 and 5 have led us not to include forecasts for 2011-12 at this stage.
41. It is worth noting that the use of reserves in 2009 will inevitably mean that the apportionment increase for 2010 will be some 2.5% higher than would otherwise have been the case.

Conclusion

42. General Synod is invited to approve the budget as set out in Special Agenda V which would result in the following apportionments:-

	2009 Apportionment
Vote 1	£12,033,600
Vote 2	£10,147,954
Vote 3	£1,668,200
Vote 4	£800,000
Vote 5	£2,949,000
TOTAL	£27,598,754

Budget Summary

	Actual 2007 £	Budget 2007 £	Budget 2008 £	Forecast 2008 £	Budget 2009 £
<u>Training for Ministry</u>					
Income	(117,319)	(135,000)	(85,000)	(85,000)	(45,000)
Expenditure	10,388,657	10,225,900	11,032,200	11,730,500	12,598,600
	10,271,338	10,090,900	10,947,200	11,645,500	12,553,600
Less Diocesan Contributions	Vote 1 (10,090,900)	(10,090,900)	(10,647,200)	(10,647,200)	(12,033,600)
Movement (to)/from Reserves	180,438	0	300,000	998,300	520,000
<u>National Church Responsibilities</u>					
General Income	(363,367)	(350,000)	(360,000)	(334,100)	(370,000)
Net Expenditure (net of related income e.g. contributions from other NCIs to common services)					
Central Secretariat	1,688,147	1,779,033	1,826,054	1,724,674	1,818,418
Ministry Division	1,474,949	1,486,435	1,527,549	1,498,946	1,491,956
Education	617,306	623,309	656,475	622,355	671,024
Mission & Public Affairs	1,224,411	1,245,128	1,272,294	1,253,371	1,285,517
Cathedral & Church Buildings	712,624	718,240	797,152	756,970	809,189
Financial Policy & Planning	439,667	509,262	440,451	427,526	433,828
Accounts	347,924	302,355	342,598	434,535	416,794
Internal Audit	55,685	79,756	81,858	67,980	73,860
Legal	620,382	629,998	624,468	627,214	646,290
Communications	419,732	453,126	452,618	434,904	453,643
Human Resources	280,975	279,516	266,486	267,363	276,222
Information Technology	379,332	409,503	391,622	385,088	425,224
Records	89,353	98,650	96,480	91,837	94,960
Church House Publishing	59,649	863	34,432	71,200	33,433
Office services	254,914	261,931	225,352	157,035	102,878
Accommodation	1,386,491	1,353,994	1,334,439	1,397,260	1,434,718
Contingency	113,797	50,000	50,000	50,000	50,000
SAP Project	-	-	-	126,170	-
	10,165,338	10,281,100	10,420,328	10,394,428	10,517,954
Less Diocesan Contributions	Vote 2 (9,919,100)	(9,919,100)	(10,060,328)	(10,060,328)	(10,147,954)
Movement (to)/from Reserves	(117,129)	12,000	(0)	(0)	0
<u>Grants</u>					
Expenditure	1,522,100	1,522,100	1,596,200	1,596,200	1,668,200
Diocesan Contributions	Vote 3 (1,522,100)	(1,522,100)	(1,596,200)	(1,596,200)	(1,668,200)
Movement (to)/from Reserves	0	0	0	0	0
<u>Mission Agency / Clergy Pensions</u>					
Expenditure	721,378	770,000	800,000	780,000	800,000
Diocesan Contributions	Vote 4 (740,000)	(740,000)	(791,000)	(791,000)	(800,000)
Movement (to)/from Reserves	(18,622)	30,000	9,000	(11,000)	0
<u>CHARM</u>					
Expenditure	3,049,711	2,940,000	2,960,000	2,999,000	3,099,000
Diocesan Contributions	Vote 5 (2,900,000)	(2,900,000)	(2,813,000)	(2,813,000)	(2,949,000)
Movement (to)/from Reserves	149,711	40,000	147,000	186,000	150,000
Overall Apportionment	(25,172,100)	(25,172,100)	(25,907,728)	(25,907,728)	(27,598,754)

Training Budget Forecast for 2009 (Vote 1)

Numbers in training

- The table below sets out the number of sponsored students in training over the last five academic years and our current estimates for the next two years. The actual funding made to the institutions is calculated on the basis of Full Time Equivalent (FTE) numbers, lower than the headcount numbers listed below:

Numbers in training (headcount)	2003/04 (actual)	2004/05 (actual)	2005/06 (actual)	2006/07 (actual)	2007/08 (actual)	2008/09 (estimate)	2009/10 (estimate)
Colleges ^(a)	505	501	532	608	665	701	701
Courses ^(b)	612	654	668	682	704	724	744
	1,117	1,155	1,200	1,290	1,369	1,425	1,445
OLM candidates	203	169	189	170	153	135	110
Total	1,320	1,324	1,389	1,460	1,522	1,560	1,555

- College numbers include ordinands who are research students and candidates undertaking mixed-mode training with the St John's College, Nottingham scheme and the Ridley Hall scheme for two years beyond ordination.

The number of centrally funded FTE College ordinands in 2007/08 is 605, forecast to rise to 625 in 2008/09 and 2009/10.

- The Course student numbers include those candidates undertaking diocesan pre-theological training. There are currently 14 students in this category; numbers in this category are forecast to remain stable in the forthcoming two academic years.

- There are 50 FTE more in residential training for the academic year 2007/08 than expected in the 2007 budget. This is as a result of additional numbers coming forward for selection and being accepted for training. The number includes some candidates following shorter periods of residential training. The entry of these additional candidates into residential and course training means that the budget for 2008 makes insufficient provision for the revised forecast costs of training.
- The impact of these additional numbers means that it is now forecast that £998,300 will be drawn from reserves in 2008, rather than the budgeted £300,000.

Introduction of Block Grant funding

- From the start of the 2008/09 academic year tuition funding will be paid by means of block grants to colleges and courses. The block grants are intended to provide a transparent method of funding and establish a proper split of governance responsibilities between the Archbishops' Council and the governors of each institution who are responsible for the allocation of the budgets and financial accounting.
- In view of the forecast reduction in Vote 1 reserves during the 2008 financial year the institutions have been advised that from the commencement of the 2008/09 academic year the tuition block grants will be paid in 12 monthly instalments.

6. From the start of the 2008/09 academic year centrally funded maintenance will be paid directly to ordinands. In addition, ordinands are eligible to receive support in accordance with published guidelines from their dioceses.

New Training Pathways

7. The House of Bishops has approved a number of changes to the permitted training pathways for ordinands. It is expected that the changes will be cost neutral when compared to present regulations. There will be a full scale trial of the new proposals during the academic year 2008/09 before final approval is sought.

2007 Out-turn

8. The total training expenditure in 2007 was £10,388,657, against budgeted expenditure of £10,225,900. This over-expenditure results from:
 - (a) the numbers of candidates accepted for training for the 2007/08 academic year being greater than assumed when the budget was drawn up in 2005
 - (b) an increase in the proportion of ordinands who might previously have undertaken course type training choosing college type training.
 - (c) a movement from OLM training to course type training.
9. Reserves of £180,438 were used to meet expenditure in excess of budget. This was, however, around £94,000 less than the use of reserves forecast when General Synod approved the 2008 budget last year.

2008 Revised Forecast

10. It is anticipated at this stage that there will be over-expenditure of £698,300 in relation to the agreed budget due to the increased number of students. It is therefore forecast that a total of £998,300 will need to be drawn from reserves in order to meet net expenditure – substantially more than the budgeted £300,000.

Assumptions in 2009 budget

11. The main assumptions on which the proposed budget is based are as follows:
 - (i) Tuition costs will increase by 3.0% on 2007/08 funding levels in 2008/09 and 2009/10
 - (ii) Maintenance grants to students to increase by 4.3% (including an allowance for higher fuel costs) in 2008/09 and by 3.0% in 2009/10
 - (iii) Student allowances to increase by 3.0% in 2008/09 and 2009/10
 - (iv) College numbers estimated to increase marginally in 2009/10 as a result of some OLM schemes being integrated into courses
 - (v) Expenditure on OLM schemes will decrease following a gradual reduction in the number of diocesan schemes
 - (vi) Church share of the cost of training, taking into account LEA awards and personal contributions, is estimated at 97.6% for Colleges & Courses
 - (vii) University fees for courses will be paid directly from the Ministry Division from the commencement of the 2008/09 academic year to facilitate the introduction of block grants.

- (viii) Increased expenditure for mixed-mode training following an increase in numbers of mixed-mode candidates in training for a two-year period post ordination
- (ix) Support grants for ordinands with dyslexia and disabilities are estimated to total £34,100 in 2008 and £37,500 in 2009.

Diocesan Pooling Costs

- 12. Expenditure on diocesan support grants made to ordinands in 2007 was £4,014,000. Dioceses' expenditure in 2007 is reflected in the recommended diocesan contributions to the 2009 budget through the pooling arrangement.
- 13. The Apportionment Limited Review Group recommended that, following consultation with dioceses about the operational practicalities and timing, a more transparent and timely method for making adjustments between dioceses for ordinands' support costs should be implemented. Work in this area is being led by the Ministry Division. The recommended apportionment for 2009 includes a pooling adjustment in respect of eligible ordinands' maintenance costs incurred by dioceses in 2007. It will be decided later in the year, in consultation with dioceses, whether such costs incurred by dioceses in 2008 will be subject to a pooling adjustment in 2010, whether a settlement between dioceses in respect of 2008 costs will be made in year or whether interim arrangements need to be implemented.

Conclusion

- 14. The tables on the following pages give further details as to how the 2009 Budget has been aggregated and the payments made in 2007 to individual institutions.

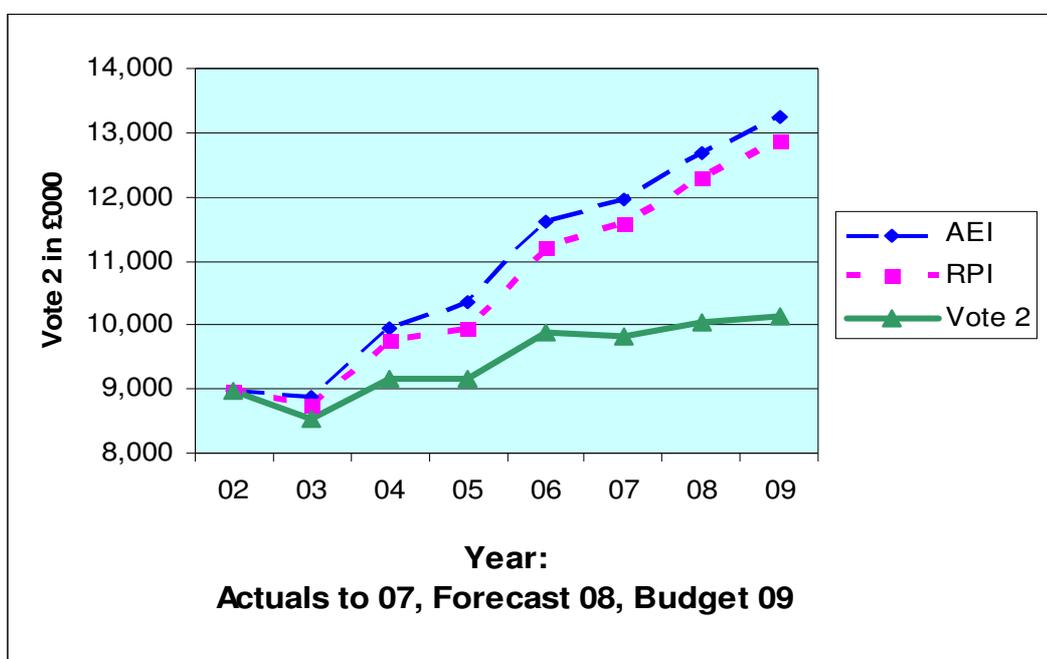
Budget 2008 £		Academic Year 2007/08 £	Projected Outturn 2008 £	Academic Year 2008/09 £	Budget 2009 £	Academic Year 2009/10 £
	<u>Tuition Costs</u>					
3,728,300	Colleges	3,856,900	3,984,800	4,240,600	4,327,300	4,500,600
3,398,700	Courses	3,368,600	3,366,500	3,437,100	3,488,000	3,589,900
241,000	OLM Schemes	235,500	235,500	214,000	214,000	179,500
67,000	Mixed Mode Schemes	65,300	102,300	176,100	169,900	157,400
9,100	Pre-Theological Education	9,100	9,200	9,400	9,500	9,700
7,444,100		7,535,400	7,698,300	8,077,200	8,208,700	8,437,100
	<u>University Fees</u>					
463,300	Colleges	405,400	467,100	528,800	536,600	544,400
-	Courses paid centrally from 2008/9	-	79,400	159,000	165,200	171,400
463,300		405,400	546,500	687,800	701,800	715,800
	<u>Ordinand Allowances & Maintenance</u>					
2,942,600	Colleges	3,157,100	3,236,600	3,395,600	3,429,400	3,496,900
508,200	Courses	500,200	509,800	529,000	536,700	552,200
-	Disability & Dyslexia Grants	33,000	34,100	36,300	37,500	39,900
3,450,800		3,690,300	3,780,500	3,960,900	4,003,600	4,089,000
(326,000)	LEA & Self Funded Adjustments	(286,900)	(294,800)	(310,700)	(315,500)	(325,200)
11,032,200	Total Vote 1 expenditure	11,344,200	11,730,500	12,415,200	12,598,600	12,916,700
(85,000)	Income from Trust funds, investments & balances	(95,665)	(85,000)	(58,200)	(45,000)	(45,000)
10,947,200	Total Expenditure net of income	11,248,535	11,645,500	12,357,000	12,553,600	12,871,700

TRAINING GRANT PAYMENTS FROM CFMT 2007		
COLLEGES		£
Cranmer Hall		540,159
Mirfield		261,614
Oak Hill		639,857
Queen's College, Birmingham		208,029
Ridley Hall		802,815
Ripon College, Cuddesdon		545,506
St John's College, Nottingham		764,701
St Stephen's House		280,011
Trinity College, Bristol		587,300
Westcott House		663,341
Wycliffe Hall		786,902
St Michael's College, Llandaff		11,592
University Fees		317,880
Miscellaneous		88,937
TOTAL COLLEGES		6,498,644
COURSES		£
LCTP		112,381
EAMTC		418,252
EMMTC		157,813
NEOC		190,250
NOC		411,017
NTMTC		327,268
OMC		270,778
SNWTP		59,511
STETS		504,289
SEITE		381,220
SWMTC		203,585
WMTC		202,907
WEMTC		193,961
Miscellaneous		16,688
Pre-theological training		6,094
Course travel expenses		158,875
TOTAL COURSES		3,614,889
ORDAINED LOCAL MINISTRY SCHEMES		£
Blackburn OLM Scheme		8,301
Canterbury OLM Scheme		15,624
Coventry OLM Scheme		8,301
Durham OLM Scheme		-
Gloucester OLM Scheme		-
Guildford Diocesan Ministry Course		24,033
Hereford Local Ministry Scheme		-
Lichfield OLM Scheme		26,360
Lincoln OLM Scheme		-
Liverpool OLM Scheme		11,476
Manchester OLM Scheme		29,044
Newcastle OLM Scheme		11,720
Norwich OLM Scheme		19,040
Oxford OLM Scheme		20,992
St Edmundsbury & Ipswich Scheme		17,088
Salisbury OLM Scheme		19,284
Southwark OLM Scheme		-
Wakefield Ministry Course		17,461
TOTAL OLM SCHEMES		228,724
MIXED-MODE TRAINING		46,400
GRAND TOTAL		10,388,657

National Support (Vote 2)

1. Vote 2 covers the costs of work that needs to be undertaken nationally, or is best carried out at that level, to support the Church's mission.
2. Although each line of expenditure within departments is scrutinised in detail as the budget is compiled, key variables are the annual pay award and the contribution rate for the staff pension scheme (around 79% of the Vote 2 budget is accounted for by staff costs). Pay levels are negotiated annually between the Joint Employment and Common Services Board and the recognised Trade Unions. The pay deal from July 2008 has yet to be determined (at the time of writing) and so a reasonable provision has been made for this.
3. A new, defined contribution, pension scheme was set up for all staff joining the NCIs since July 2006. The annual cost of employer contributions to this scheme is significantly less than those for the defined benefit scheme which operates for all staff employed prior to July 2006. It is forecast that by the end of 2009 approximately 30% of all Archbishops' Council staff will be members of the defined contribution scheme.
4. It is worth noting that since 2002, staff numbers within the Council have fallen significantly. The Vote 2 apportionment increases between that year and 2008 have been, respectively: 0%, 0%, 0%, 3.75%, 3.6%, 0% and 1.4%. Taken together, that represents an increase of 9.0% over seven years (an average of 1.2% p.a.), which compares with an increase of 22.5% (2.9% p.a.) in retail prices over the seven years to the end of 2007, and average earnings increase of 29.4% (3.8% p.a.) over the same period.

Vote 2 Expenditure trend 2002-9



5. A detailed analysis of the National Support 2009 budget follows on pages 18-41.

Central Secretariat

(Including Council for Christian Unity and Research and Statistics)

Director: David Williams (Clerk to the Synod)

Number of Staff: 24 Full-time 2 Part-time/part-funded

Budget 2009: £1,818,418

The budget for the Central Secretariat includes the costs of the Secretary-General and his office.

Functions

- General Synod support
- Liturgical support
- Dioceses Commission support
- Archbishops' Council support
- House of Bishops' support
- Appointments Committee
- Safeguarding issues (child and vulnerable adult protection)
- Advice on Church Unity issues and fostering of ecumenical work nationally
- Central statistics and research resource

Staffing (in 2009 budget)

Central Secretariat

- Head of the Central Secretariat/ Clerk to the Synod + full-time secretary
- House of Bishops support – 2 full-time staff; 2 half-share staff (with Ministry/CCU)
- Support for Liturgical Commission and worship development, Dioceses Commission and Churches' Funerals Group – 3 full-time staff
- Support for Archbishops' Council and Appointments Committee – 1 full-time post + quarter-share support (shared with Secretary-General/ Synod Support Unit*)
- Synod Support Unit – 1 full-time staff + quarter-share support (shared as above*)
- Safeguarding Officer, and assistant (both posts half-share – joint arrangement with the Methodist Church – assistant post to end of 2009)

CCU

- General Secretary
- 1 full-time, 1 half-time, and 1 half-share (with House of Bishops) senior administrative staff
- 3 full-time support staff

Research and Statistics

- Head of Research and Statistics
- 4 full-time staff; 1 60% staff member

The Secretariat budget also includes the costs of:

- Secretary General + 1 full-time assistant & half-share support (shared as above*)

The Central Secretariat provides administrative support for the General Synod and its Houses. This is an exacting function with a substantial need for forward planning for sessions at both an administrative and policy level. The Secretariat also services the Archbishops' Council, the House of Bishops, the Liturgical and Dioceses Commissions, the Appointments Committee and several other ad hoc and permanent bodies. It has a co-ordinating role in relation to the work of the Archbishops' Council as a whole and the costs of the Secretary-General and his office are included in the Central Secretariat budget.

The Safeguarding Officer is not counted in the staff establishment figures as the Archbishops' Council buys in this service from the Methodist Church.

The Council for Christian Unity advises the General Synod and the Archbishops' Council on unity issues and fosters ecumenical work in the Church nationally.

The Research and Statistics Department provides a central statistics and research resource to the Archbishops' Council and the wider Church.

2009 Budget

- The budget broadly follows expenditure in previous years, though an additional £10,000 has been budgeted for liturgical groups in 2009 and for the first full year of operation of the new Dioceses Commission.
- Budgeted costs for printing and stationery have been reduced by £8,000 against 2008 to accommodate some of this increase.

The overall 2009 budget of the Central Secretariat is about £8,000 less than 2008 equivalent. This has been facilitated through saving half of the cost of the (currently vacant) post of European Secretary in the Council for Christian Unity (amounting to around £30,000)

Ministry

<u>Chair:</u>	The Rt Revd Graham James The Bishop of Norwich
<u>Director:</u>	The Ven. Christopher Lowson
<u>Number of Staff:</u>	29 (25.5 FTE) and 5 (1.5 FTE) Honorary staff
<u>Budget 2009:</u>	£1,491,956

Functions

- Vocations, recruitment and selection
- Theological education and training
- Deployment, remuneration and conditions of service for clergy
- Ministry of and among deaf and disabled people
- Reader Ministry
- Crockford Clerical Directory

Staffing

- Director
- Finance and Administrative Secretary
- Deployment, Remuneration and Conditions of Service Secretary
- Senior Selection Secretary and 5 Panel Secretaries (3 full-time and 2 (0.5) FTE) (1 also responsible for National vocations work and 1 for pre-theological education)
- Theological Education and Training Secretary
- Officer for Ministry of and Among Deaf and Disabled People and an assistant (0.25FTE)
- National adviser for Continuing Ministerial Development
- Assistant Secretary to DRACS (seconded to Human Resources)
- Inspections Officer (0.5)
- Crockford manager (0.15FTE) and Compiler and Deputy Compiler
- Training institution and ordinands Grants Officer
- Finance and Statistics Officer
- Executive Officer DRACS
- Deployment Officer
- Research assistant to Director
- Registration Officer
- Panel and tasks Supervisor
- 3.6 (FTE) Panel support and clerical staff

Honorary Staff

- 0.2 Honorary Secretary Central Readers Council
- 0.2 Associated Honorary Secretary Central Readers Council
- 0.5 Honorary National Moderator for Reader Training
- 0.4 Honorary Theological Consultant
- 0.2 Honorary Senior Medical Adviser

There are some 28,500 active and retired clergy, Readers, evangelists, and other licensed ministers in the Church of England today. In addition, there are 1,400 in training for the ordained ministry and 1,200 in Reader training. The Ministry Division is responsible for their recruitment and selection, for setting the national standards and has both advisory and executive functions.

The Division monitors and validates initial theological training and co-ordinates guidelines on Continuing Ministerial Education for clergy and Readers. It also provides the officer support for the ecumenical inspections of theological colleges courses and schemes. In terms of prospective candidates for ordination, the Division currently runs 48 conferences a year involving over 350 selectors. It also administers the budget of £12 million for ordination training costs.

The Division's remit extends to Church-wide ministerial strategy including terms and conditions, remuneration, housing, pensions and other aspects of deployment policy. New patterns of ministry, sector and chaplaincy ministry, continuing ministerial education (CME) and advising on ministerial review/appraisal schemes for clergy all form part of the work. The Division also has lead responsibility for recommending policy on stipends, pensions, and parochial fees. The Division is responsible for the maintenance of the Crockford database of clergy. In addition, the Director is responsible for the line management of the clergy payroll team.

Finally, the Division has responsibility for supporting the work of ministry and among deaf and disabled people that includes the brief for wider disability within Church House.

2009 Budget

- The division will run 48 Bishops' Advisory Panels in 2009. With 16 candidates per Panel, this gives us the capacity for handling 768 candidates (there were 726 candidates attending Panels in 2007). As in previous years, most of the Panels (32) are being run from April to the beginning of August.
- The division currently has no plans to add extra panels if demand increases towards the end of the busy period. In the past the Ministry Division has used non-staff as occasional Panel Secretaries (former DDOs or Bishops' Advisers). This was not always successful as sometimes their lack of experience has been evident in moderating decisions and editing reports.
- Increases in the budget are mainly as the result of:

Increased support for Vocations from Young people;
The costs of implementation of the Clergy Terms of Service Package;
The costs of training the inspectors of the theological education and training institutions in the new patterns of audit and review.

Education Division (with the National Society)

<u>Chair</u>	:	The Bishop of Portsmouth
<u>Head</u>	:	The Revd Jan Ainsworth
<u>Number of Staff</u>	:	16 Full-time 1 Half time <i>Note: 6 staff are part-funded by the National Society. 1 officer is part funded from National Society projects 1 adviser is half funded by the Methodist Church (additional NS and other staff support the work of the Division)</i>
<u>Budget 2009 (net)</u>	:	£671,024

Functions

The Education Division consists of the Chief Education Officer and three teams:-

- Life-Long Learning Team: supporting issues of chaplaincy and values in Further and Higher Education
- Schools Strategy Team: all aspects of church schools; Religious Education and collective worship in all schools; independent schools; church universities & colleges
- Training and Development Team: the Church's work among children and young people, lay discipleship and shared ministry

Staffing

- Chief Education Officer and executive assistant/support services manager
- Lifelong Learning team comprising Further Education Adviser (part-funded externally), Higher Education Adviser and two part time executive assistants
- Schools Strategy team comprising Head of School Development, Head of School Improvement, RE Development Officer (from September 2008), School Support Officer and two executive assistants (one from September)
- Training and Development team comprising Youth Adviser, Children's Adviser, Lay Discipleship and Shared Ministry Adviser and 1.5 executive assistants

The Division leads on the Church's education policy enabling it to:

- take life-long learning seriously and to work in the new learning partnerships
- develop church schools and academies at the centre of the Church's mission to the nation
- celebrate and nurture the children and young people within its orbit and reach
- grasp the opportunities of ministry and mission in higher and further education.

The staff maintain high levels of communication with the diocesan networks they serve, the Government and its agencies, ecumenical partners, national organisations of all kinds, and professional and academic bodies. E-mail bulletins are sent weekly to the Division's networks in dioceses and beyond, with consultations, information about new developments, training, and local and national events. The Division's staff work closely and interactively with diocesan staff.

Divisional staff have continued work on further development of the Youth Strategy and the encouragement of more diocesan representatives on the Church of England Youth Council. Work has also continued on the implementing the Children's Strategy. Implementation of the HE strategy commenced and the externally-funded chaplaincy development project was completed and the report *Faiths in Higher Education Chaplaincy* was published in early

2008. Pilot materials on spiritual and moral development for FE students were developed by the externally-funded *All Faiths and None* project. The main priorities for the next four years for the School Strategy team were set by a General Synod debate in February. The team has worked closely with the DCSF to develop an agreement on sponsorship of new C of E academies and to plan a national support structure.

The National Society continues to work in close partnership with the Education Division, supports the work of diocesan education teams, trains inspectors for the Statutory Inspection of Anglican Schools (SIAS), and supports a major fund-raising campaign to enable sustained change management in new Church of England schools and academies.

2009 Budget

- There will be considerable changes in staffing in the Division in 2008, particularly in the Lifelong Learning team. The FE Adviser will retire in the summer, and the HE and chaplaincy adviser has been appointed Dean and chaplain at Selwyn College, Cambridge and will leave at the end of June. The DfES grant funding for one youth adviser post ends in March and a bid for further funding to the DCSF was unsuccessful, so one youth adviser's post will be lost. The HE and FE advisers will be replaced, and the joint appointment with the National Society of an RE Development officer to enhance the work of the School Strategy Team, postponed from last year, will be made to begin work in September. An executive assistant (also jointly funded) will be appointed to support, with the current EA, a team of four officers. The Head of School Development will also retire in the summer and will be replaced, as will the executive assistant in the Training and Development team who will leave to take up a new post. No other new appointments or retirements are expected in 2008.
- The challenge for the Division is to balance the demands of developing strategy and policy with effective relations with the diocesan and other networks. The two feed each other but both entail time in discussion and engagement out of the office. The executive assistants provide effective partnership in the work and enable officers to spend time in consultations and network engagements. Bids totalling £11,300 to fund some new and continuing work have been included in the budget. This includes £5,000 to cover the loss of the DfES grant to enable the valuable work of the Church of England Youth Council, which has become well-established, to continue.
- The youth work grant from the Department for Education and Skills ended in March 2008. A bid for funding from the Department for Children, Schools and Families was unsuccessful and as a consequence, one youth adviser post will be lost. An intern was employed during the summer in 2007 and it is expected that another intern will work in the youth office in 2008.
- The Methodist Church pays half the costs of the Churches' FE Adviser post and 50% of associated support staff costs. The Head of School Development post is part-funded via the National Society from the fund-raising campaign for church schools, support for which is a significant aspect of the work. The Methodist Church has carried out a major review of its central staffing costs but no changes to the funding for the FE post have been signalled to date.

Mission and Public Affairs

<u>Chair</u>	:	Dr Philip Giddings
<u>Director</u>	:	The Revd Dr Malcolm Brown
<u>Number of Staff posts</u>	:	17 Full-time 3 Half-time 2 part-time
<u>Budget 2009 (net)</u>	:	£1,285,517

Functions

Under the oversight of the Mission and Public Affairs Council, the staff of the division are responsible for the national dimension of the Archbishops' Council's work to 'co-ordinate, promote, aid and further the work and mission of the Church of England' in the following areas:

- The Church's engagement with social, political, environmental issues and work for justice and peace at local, national and international levels;
- Mission and evangelism; the Church of England's responsibilities for world mission and development; inter faith relations; and theological and missiological reflection on them;
- The Church's mission and ministry (in liaison with Ministry Division) in urban and rural areas;
- The Church's responsibility to confront the reality of racism in its own life and in society;
- The support of minority ethnic Christians in the Church of England, and their contribution to its life and witness;
- The work of Hospital Chaplaincy and the Church's relation to the Department of Health, the National Health Service and Trusts and the provision of professional training and Continuing Professional Education for Chaplains.

In carrying this work out their responsibilities include

- Advising the Archbishops' Council, the General Synod and the House of Bishops on matters within the Council's remit;
- Working with dioceses, the numerous relevant diocesan networks and the Church's voluntary societies involved in work in England and internationally;
- Relating to and co-operating with appropriate bodies within the churches of Britain and Ireland and ecumenical instruments of CTBI and CTE and their forums and Commissions;
- Taking the lead in relating to other Churches of the Anglican Communion and the Anglican Consultative Council, its Commissions and Networks, on issues relating to the Church's mission and role in public life;
- Relating to Government departments and voluntary bodies relevant to its work.

Staffing

The staff of the division are located on four sites - Church House, Lambeth Palace, St Andrews House, and the Arthur Rank Centre in Stoneleigh. (The Partnership Secretary is currently located at St Andrew's House but it is likely that this arrangement will be reviewed in 2008):

- Director
- Community and Public Affairs comprising the Adviser for Minority Ethnic Anglican Concerns; Adviser for Marriage and Family Policy; Community and Urban Affairs Adviser; Science, Technology Medical Ethics and Environmental Issues Adviser; International Relations Adviser; Home Affairs Adviser.
- Mission comprising National Mission and Evangelism Adviser (and half-time Associate), Mission Theology Adviser; Partnership Secretary (part-funded by mission agencies); National and New Religious Movements and Alternative Spiritualities Adviser; National Inter Faith Relations Adviser (joint with Lambeth Palace); National Rural Officer.
- Hospital Chaplaincy Team consisting of the Chief Executive, and the Training and Development Officer.
- Administrative and project support staff

As of mid-year 2008, the posts of Technology Medical Ethics and Environment Adviser and HCC Training and Development Officer are vacant. The HCC has agreed that the latter post will be reconfigured as a half-time post focusing on Health Care Policy issues. It is expected that both posts will be filled during 2008.

2009 Budget

- The 2009 budget has been organised on a Cost Centre basis, these being: Shaping Society, Mission (UK); Mission (International), CMEAC and HCC. This has meant considerable reallocation of costs compared to the 2008 budget but will allow clearer apportionment of resources to specific projects.
- The staff budget for 2009 includes the half-time National Mission and Evangelism Associate Adviser, funded for two years.
- The staff complement has been reduced by one administrative post.
- Non-staff costs include provision for buying in external advice on environmental issues and other projects assistance, which are best provided through outsourcing and buying in rather than employing part-time permanent members of staff. The consultancy on environmental issues has proved its worth in 2007-8 on work such as the Shrinking the Footprint project.

Cathedrals and Church Buildings

<u>Chair:</u>	The Bishop of London
<u>Director:</u>	Janet Gough
<u>Number of Staff:</u>	14 full-time posts (1 externally funded)* Two additional part-time volunteers
<u>Budget 2009 (net):</u>	£809,189

Functions

“To encourage the maintenance and development of the inherited fabric of Church buildings for worship and service for the community”

- Lead Church campaigning on Funding of Church Buildings
- Co-ordinate national Church policy in respect of its ecclesiastical buildings
- Lobby Government Departments and other relevant bodies on issues affecting our built heritage
- Promote understanding of the contribution which church buildings and cathedrals make to the wider community
- Advise on the use, care, planning or design of places of worship, including environmental issues relating to church buildings
- Provide diocesan pastoral committees with detailed reports on the architectural and historic qualities of churches likely to be declared redundant, and specialist advice to Diocesan Chancellors and DACs
- Advise the Church Commissioners on plans involving structural and functional alterations, demolition, or vesting in the Churches Conservation Trust of churches no longer required for regular worship (from June 2008)
- Co-ordinate the work of Diocesan Advisory Committees (DACs)
- Give advice and guidance on plans and problems affecting the fabric, furnishings, fittings and precincts of cathedrals
- Operate regulatory powers under the Care of Cathedrals Measure
- Administer funds for the conservation of church fabric, furnishings and art

*Staffing**

- Head, Deputy Head, Policy Officer and personal secretary
- Cathedrals section comprising 2 staff
- Casework & Law section comprising 3 staff
- Conservation section comprising 3 staff
- 2 research/resource assistants (1 externally-funded)

The Church has an inheritance of some 16,000 churches, ancient and modern and still in use for the purpose for which they were designed. They bear witness to generations of faith and offer a countrywide network from which to further mission in every community.

The CCB has major responsibilities in relation to Government and its agencies e.g. concerning the ecclesiastical exemption (currently under review). The CBC will take on the CCC role of directly supporting parishes and dioceses, dealing with statutory casework under the Faculty Jurisdiction and Pastoral Measure and offering free advice on every aspect of the care of the church building, its contents and its churchyard, from the basic concerns of security and drainage to complex conservation.

Through a Statutory Advisory Committee it will also advise the Church Commissioners on plans involving the future of churches no longer required for regular worship.

It has also been actively involved, alongside Finance and the Churches Main Committee, in addressing the issue of VAT on repairs to church buildings.

The Cathedral & Church Buildings Division supports the work of the Council for the Care of Churches (CCC), Cathedrals Fabric Commission (CFCE) and the Church Heritage Forum (CHF). From June 2008, under the provisions of the Dioceses, Pastoral and Mission Measure, the Division absorbs the functions of the Advisory Board for Redundant Churches. The CCC and ABRC will be reformed as the (statutory) Church Buildings Council (CBC).

Of particular value to parishes, the CBC gathers and distributes grants for the contents of churches from bells and organs to stained glass, monuments and textiles, and publishes straightforward guidance on the most effective ways of looking after churches and churchyards. These are almost wholly funded from block grants given by charitable trusts.

The CFCE is statutory. It oversees the operation of the legislative system for the care of cathedrals. It seeks to ensure the cathedrals are supported by authoritative advice on care, conservation, repair and development. It promotes co-operation between all heritage and planning bodies interested in cathedrals and encourages educational and research projects designed to ensure that the value of cathedrals is acknowledged and treasured.

As required by the legislation, the CFCE handles a large number of applications for works to cathedrals by deans and chapters taking into account both the conservation requirements and the place of the cathedral as a centre of worship and mission. It also oversees how the system for the care of cathedrals works, producing a series of Guidance and Advisory notes, as well as advising on archaeology, organs, contents and the environment around cathedrals.

The Division also has a publicly available library and archive on the art and history of our churches. It maintains the Churchcare and Churchart websites.

2009 budget

- A bid of £4,000 (an increase of £2,000 on 2008) is made for insurance of members against possible claims arising from advice given to dioceses and parishes. This is a reflection of the premium charged by the insurers
- The 3-year grant from Ecclesiastical towards the Research Assistant post comes to an end in 2008. An application will be made for a further award. If unsuccessful, the post would be lost and there would be a matching reduction in Staff costs. There are no severance or redundancy costs should the post be lost as it is filled on a fixed term contract basis.

(*Excludes staff of the Advisory Board for Redundant Churches and related budgetary provision which is met by the Church Commissioners.)

Financial Policy & Planning

<u>Chair:</u>	Andrew Britton
<u>Director:</u>	Jackie Bliss
<u>Head:</u>	David White (Financial Policy and Planning) John Preston (Stewardship & Resources)
<u>Number of Staff:</u>	13 Full-time 2 part-funded/ part time
<u>Budget 2009:</u>	£947,017 AC share: £433,828 CC share: £477,185 PB share: £36,004

The Financial Policy and Planning unit now serves both the Archbishops' Council and Church Commissioners, aiming to co-ordinate financial strategy and policy as part of "working together as one body."

Functions

- Provide financial input into organisational strategy including maintaining financial stability and sustainability
- Help develop long term expenditure strategy, including liaison with the Church Commissioners' actuaries
- Drive the annual budgeting process
- Co-ordinate the delivery of management information and financial forecasts
- Monitoring and review of the Council's restricted and designated funds and grants for specific purposes (e.g. the Church Urban Fund).
- Provide a national Christian Stewardship function
- Co-ordinate advice to dioceses and parishes on common issues such as registration of PCCs as charities, Gift Aid, and church accounting regulations (working with other functions and bodies including Legal Office, the Churches Legislative Advisory Service and Accounts department)
- Support the work of, and/or provide administration or secretarial functions to:
 - the Council's Finance Committee
 - the Church Commissioners' Assets Committee
 - the Church Commissioners' Assets Management Group
 - the Church and Community Fund (CCF, which administers grants to parish-based projects)
 - the Christian Stewardship Committee
 - the Inter Diocesan Finance Forum
 - the Consultative Group of Diocesan Secretaries and Chairs
 - the Liaison Group of Diocesan Secretaries
 - the Diocesan Accounts Group
- Manage the mechanism of the apportionment of the Council's costs (Votes 1 to 5) to dioceses, as well as the allocation of Commissioners' mission and ministry funding
- Deliver regular investment reports and cashflow forecasts for the Commissioners' funds
- Review and validate Commissioners' investment appraisals.

Staffing

- NCI Director of Financial Policy
- Head of Financial Policy and Planning (for Archbishops' Council and Church Commissioners)
- National Stewardship and Resources Officer
- Management Accountant
- Senior Budget Manager
- 2 staff supporting the work of the Management Accountant and Senior Budget Manager
- Asset Management Support Officer
- 3 staff (1 working part time in the department) mainly engaged in supporting the work of (and funded by) the CCF
- Special Projects Officer (part-time)
- 3 secretarial and support staff (shared resource also serving the Accounts department and Internal Audit function)

The Department exists to serve the Archbishops' Council, Church Commissioners and the wider Church in administering and planning finances in the most efficient and cost-effective way. It has various co-ordinating roles in relation to the Church as a whole, which it exercises through the Inter-Diocesan Finance Forum and Consultative Group of DBF Chairmen and Secretaries as well as more informally.

The Department provides staff representation when financial input is required, including to the Ministry Division's Finance Panel and the Church Colleges Advisory Group. The Department has responsibility for preparing a Financial Memorandum for each General Synod session and a regular financial overview of Church finances.

Accounts

<u>Head:</u>	Paul Burrage
<u>Number of staff:</u>	25.60 Accounts, 4.7 Payroll
<u>Budget 2009:</u>	£1,331,435 (Accounts) + £185,529 (Payroll)
<u>NCIs costs:</u>	AC Share: £387,095 (Accounts) + £29,699 (Payroll) CC Share: £739,349 (Accounts) + £75,413 (Payroll) PB Share: £204,991 (Accounts) + £77,878 (Payroll) Others: £2,539 (Payroll)

Functions

- General accounting services including central processing of accounts documents, cash management and maintaining accounting records.
- Preparing the Archbishops' Council's (AC) and Church Commissioners' (CC) financial statements
- Direct and indirect tax advice and administration.
- Payroll services for NCI and episcopal staff and pensioners, Pensions Board Homes' staff and clergy widows and church workers.
- Administering loans and mortgages
- Administering trust funds
- Asset accounting services for the Archbishops' Council and Church Commissioners

Staffing

- Acting Director of Financial Accounting
- Group Accountant (Church Commissioners)
- Financial Accountant (Archbishops' Council)
- Systems Accountant
- Tax Manager
- Cash & Treasury Manager
- Business Processing Manager
- 13.1 accounts staff supporting the above
- Payroll Manager and 3.7 staff
- Asset Accountant and 4.5 Property and Investment staff (note 1)

Note: During 2008 The CC's Asset Accounting management will be transferred to Property Investments and Investments in CC.

Plans for 2009

2009 is now anticipated to be the first full year for which SAP should be in operation for AC, PB and CC. It is also likely to be the first year in which the required structure of the centralised Accounts Department can be optimised, given this is when the volumes of data from the NCIs can be accurately assessed.

It must be stressed that the original cost driven exercise of Centralising Accounts did not consider the accounting skills (and thus the support required to develop these skills) of the staff or the service provided. Properly trained staff with the opportunity for career progression, supported by a modern fully integrated finance system is the key to manageable, timely Service Level agreements.

Priorities for 2009 will be:

- completing another set of Year ends and audits through data held in Unix for CC and PB and SAP for AC
- ensuring sufficient staff (including short term temporary where necessary) to enable year end completion and 2009 processing to operate independently to respective timetables
- absorption of any further activities of an accounting nature which require transferral to accounts
- refining standardised processes and procedures across the NCIs
- stabilising and enhancing the PB Homes schemes in payroll
- preparing for outcome of the Clergy Pay review should this arise in 2009
- reviewing the effectiveness of the new finance system and making any changes where appropriate, and ensuring that the chart of accounts is properly maintained
- providing an effective SAP Support Helpdesk
- working closely with Financial Policy (Management Accounts functions) to ensure accurate reporting is developed and maintained
- enhancing the "customer focused" approach, monitor the SLA to rectify performance below standard and assess capability for improvement.

The basis of allocation of the 2009 budgets between the NCIs should become better informed with the introduction of SAP and the ability to assess volumes processed for each NCI (as indicated above). This should give a clearer picture of how the central processing section's time is spent.

Internal Audit

<u>Head:</u>	Kim Parry
<u>Number of Staff:</u>	8 Full-time
<u>Budget 2009 (net):</u>	£384,903
<u>NCIs costs:</u>	AC share: £73,860 CC share: £193,353 PB share: £117,690

Functions

- independent, objective assurance on governance, risk management and internal control
- consultancy, advocacy and advice to management
- secretariat to the audit committees

Staffing

- Head of Internal Audit
- Deputy Head of Internal Audit
- Senior Internal Auditor
- Investments Auditor
- 3 Internal Auditors
- Team Administrator

Internal auditing is established as a service for the Church of England. Its principle customers are the Church Commissioners, the Church of England Pensions Board, the Archbishops' Council, including the common services provided to all the NCIs and several diocesan boards of finance. The Internal Auditing Department's primary responsibility is to add value by providing customers' management and trustees with independent and objective assurances about the identification and mitigation of business risks and by identifying operational and governance improvements.

The department applies a risk based approach focussing on whether the organisation's risks have been managed effectively and whether the organisation's goals and objectives will be achieved efficiently and economically. Generic advice on governance and risk management is available to dioceses and other church agencies from the department. The department seeks opportunities to increase the efficiency of its own operations by improving its working practices and utilising specialist ICT applications.

2009 budget

- The budget assumes a level of service agreed with the department's customers.
- In particular, it reflects the Church Commissioners' need for more specialist knowledge and experience to audit their investments.

Legal Office

<u>Director:</u>	Stephen Slack
<u>Number of Staff:</u>	14 full-time and 1 part-time posts
<u>Budget 2009 :</u>	£1,219,335
<u>NCIs costs:</u>	AC share: £646,290 CC share: £563,474 PB share: £9,571

Functions

- Legal advice and support to the General Synod and its Houses and committees / commissions
- General Synod's legislative programme
- Advice to the Archbishops' Council, the Church Commissioners and the Church of England Pensions Board, together in each case with their committees, on legal issues arising in their work
- Conveyancing and property law (Terrier and voluntary registration projects and ecclesiastical property and retained commercial property work)
- Clergy discipline
- Informal legal advice and support to dioceses and their registrars

Staffing

- Head of Legal Office / Legal Adviser to Archbishops' Council and General Synod
- Deputy Head / Official Solicitor to Church Commissioners
- 8 solicitors / barristers (including the Deputy Official Solicitor and the Designated Officer under the Clergy Discipline Measure)
- 4 support staff
- Standing Counsel to the General Synod (part-time)

The Legal Office will continue to provide legal services and support to all the national Church institutions. Property work and advice will largely be related to ecclesiastical property, work on the Church Commissioners' Terrier and voluntary registration project and some retained property work. In terms of volume of business, use will be split broadly equally between the Church Commissioners and the Archbishops' Council.

The Legal Office is responsible for the General Synod's legislation and gives legal advice (increasingly on the impact of Government legislation) to the General Synod and its Houses (especially the House of Bishops), the Archbishops' Council, the Church Commissioners and the Pensions Board. It also provides advice and a secretariat for the Synod's Clergy Discipline, Fees Advisory, Legal Advisory and Legal Aid Commissions, the Standing Orders Committee and the Ecclesiastical Rules Committee.

In addition to these specialist areas of work, the Legal Office provides legal advice across a wider range of legal issues of the kind to which any large organisation may be exposed.

2009 Budget

2009 will see a requirement to provide legal services, and to service Steering and Revision Committees where necessary, for a number of pieces of Church legislation, notably those relating to clergy terms of service and, if the General Synod decides that it should proceed, women bishops. A range of advice will be required, including on discrimination law issues arising out of the Single Equality Bill.

Communications

<u>Director:</u>	Peter Crumpler
<u>Number of Staff:</u>	10 Full-time
<u>Budget 2009:</u>	£631,699
<u>NCIs costs:</u>	AC share: £453,643 CC share: £140,688 PB share: £37,368

Functions

- Media relations (press, broadcast and web-based)
- Co-ordination of external communications work for the National Church Institutions
- Internal communications within the NCIs, and wider Church
- Communications training and development
- Support and co-ordination of diocesan communicators' network
- Development of web-based communications for the NCIs
- Monitors and contributes to the development of Media Policy
- Handles public enquiries

Staffing

- Director of Communications
- 3 press officers and 1 assistant press officer (all also responding to public enquiries;)
- 2 staff involved in training, diocesan liaison and communications projects
- 1 internal communications/public affairs liaison
- 1 e-communications officer
- 1 administrative/secretarial support staff for department

The Communications Office continues to develop 'Mission-shaped Communications', based on making the Office's operations mission-orientated, professional, proactive and integrated.

The Communications Office is responsible for external and internal communications and promotion for the Archbishops' Council, General Synod and Church Commissioners, and advises other central Church bodies, including the Pensions Board. It operates 24 hours a day, 365 days a year and co-ordinates its activities with communications staff at Lambeth, Bishopthorpe and the dioceses.

For the Archbishops' Council, the Office communicates the Council's vision and work to the media, builds communications into the planning and execution of all the Council's activities and empowers and encourages staff at all levels to communicate the Church's messages well. The Office issues a daily briefing each morning to senior clergy and office-holders in the Church, and provides a daily press cuttings service. It also produces a weekly religious broadcasting summary, and All Staff, a weekly news bulletin for staff of the NCIs.

Recent initiatives have included several proactive communications projects linked to Christian festivals and weddings. These include the use of social networking websites to encourage engagement with Lent and Christmas, national communications co-ordination for Back to Church Sunday, and working with dioceses on a campaign to raise questions about the way Halloween is marked in the country.

In October 2007, the Archbishops' Council agreed a two-year project to promote church weddings, and Gillian Oliver, Head of Communications Development, was seconded out to

lead the Communications/Mission project. A diocesan communicator has been seconded into the Office to assist in covering the role.

'In Review,' a twice-yearly report from the NCIs is published in the church press and on the web, and a monthly Communications Update is distributed widely across the Church and now made available to all via free website registration. Around 2,000 people had subscribed by February 2007.

The Communications Training programme has developed three strands: catalogue-based courses held at Church House; custom-designed courses held around the country, including at York Synod; and media training provided for bishops and other key Church spokespeople. In addition, the facility is available for hire to external organisations.

2009 budget: particular factors

- **Public Affairs:** continuing to promote the Church's position on key social and moral issues, by working with Mission & Public Affairs, Education, Cathedrals and Church Buildings and other departments. This to include the timely publication of submissions made to government and the development of communication strategies for each area of work.
- **Media Communications:** Provide a professional, proactive media service, to meet the needs of the NCIs, and to provide an efficient, informed service for the media. Monitor media of interest to the Church and provide communications training.
- **Communications Technology:** Further developing the Church of England website and other e-communications methods to facilitate improved communications with the wider Church, and people seeking information about the Church and the Christian faith. Examining the potential of social networking and podcasts, and of web-based video footage.
- **Communicating Synod:** Examining ways that General Synod can be communicated as widely as possible, including offering training to Synod members and the wider use of new technology. Training courses will be run during the summer York Synod.
- **Diocesan Liaison:** Further developing the network of diocesan communicators, resourcing the continuing professional development programme and supporting them in their work. Involvement in Communications projects is a key part of this.
- **Media Policy:** Supporting the role of the Bishop of Manchester on the Lords Communications Committee; resourcing the 'Religion in Media' group; liaising with the ecumenical Churches' Media Council; and engaging with appropriate consultations e.g. from Ofcom or the DCMS.

Human Resources

<u>Director:</u>	Su Morgan
<u>Number of Staff:</u>	9.3 Full-time equivalent
<u>Budget 2009:</u>	£668,805
<u>NCIs costs:</u>	AC share: £276,222 CC share: £281,410 PB share: £99,917 Others: £11,256

Functions

- Development of a diverse workforce and a fair and just workplace
- Creation of a working environment where learning and development is actively pursued, staff have role clarity and career pathways are well defined
- Establishment of a 'partnership' culture between employers, staff and trade unions through effective consultation and negotiation mechanisms
- Promotion of joint employer initiatives and better cultural alignment between the NCIs
- Optimum deployment of staff through strategic resourcing, reward and HR information systems
- Introduction of occupational health and welfare services

Staffing

- Director of HR
- 3 HR Managers 2.6 fte
- 2 HR Advisers
- Recruitment Adviser and outsourced response handling service
- HR and IT Information Adviser
- Occupational Health, Safety and Welfare Adviser 0.7 fte
- 1 seconded HR Adviser (funded by the Ministry Division)

The Human Resources (HR) department delivers efficient and cost effective HR services, including support for recruitment, in relation to the 440 staff employed by the NCIs, the further 200 staff solely employed by the Church Commissioners or Pensions Board and the 170 staff of diocesan bishops. It also contracts with the Corporation of Church House for services to their 40 staff.

The 2009 business plan shows no additional staffing resources and is a modest uplift 4.9% increase on 2008 budget to cover projected increased costs for legal advice, the outsourced recruitment service and corporate management (and Health & Safety) training.

Information Technology

<u>Head</u>	:	John Ferguson
<u>Number of staff</u>	:	16 Full-time
<u>Budget 2009</u>	:	£1,112,810
		AC share: £425,224
		CC share: £497,007
		PB share: £190,579

Functions

- Systems development
- Programming
- Software maintenance
- Technical support
- IT consultancy services to wider Church

Staffing

- IT Manager
- 7 Technical & IT Support
- 4 Analyst Programmers & Systems Analysts
- IT Trainer
- IT Financial Support
- Computer Control

The department provides a comprehensive range of IT services to the national Church institutions including the Archbishops' Council. This includes technical support on any software or hardware issue and assistance with the development and/ or implementation of IT systems. Several of the current IT systems in use across the national bodies have been written, and are maintained and updated, by the IT department. Examples of this are the Clergy Payments System that pays all the clergy on the central payroll and pensioners and the CHARM system for Clergy Pensioners Housing.

The department has created, and updates and maintains, an intranet for use within the national Church institutions and also a diocesan intranet through which information and documents are made available to dioceses and which provides a forum for dioceses to share issues with each other.

Work underway includes the introduction of a common accounting package across the NCIs and the replacement of various departmental core systems that will be incorporated in SAP or other 3rd party packages.

2009 Budget

- The budget reflects the completion of the SAP system and major work on a new Clergy Pay system with a separate Clergy Pensions system, Crockford system and HLC module to be interfaced to 3rd party software, as well as the continued maintenance of the Bermondsey Disaster Recovery suite and the upgraded Internet lines.

Records

<u>Director:</u>	Declan Kelly
<u>Number of Staff:</u>	8.5 full-time (including Director of Libraries)
<u>Budget 2009 (net):</u>	£318,386 (excluding accommodation costs)
<u>NCIs costs:</u>	AC share: £94,960 CC share: £201,886 PB share: £21,540

Functions

- Records management services for the administrative records of the NCIs - low-cost off-site storage, efficient retrieval and controlled disposal
- Advice to departments on paper and electronic records management
- Cataloguing of CERC archival holdings into NCIs online archival catalogue
- Title research for glebe property on behalf 43 Anglican dioceses in England
- Public access to historical archives through the reading room at Lambeth Palace Library
- Answering public enquiries concerning the archives of the NCIs

Staffing

- Director (60% funded by Lambeth Palace Library)
- Operations Manager
- 4 Archive/Records Management staff
- 2 Customer Services staff
- IT Systems Administrator (50% funded by Lambeth Palace Library)

The Record Centre provides a records management service for both semi-current and archive material belonging to the Archbishops' Council, as well as other bodies within and beyond the National Church Institutions. The Council now holds most of its semi-current material at the Record Centre, located in Bermondsey, to maximise use of lower-cost storage. Advice and support is provided to departments on paper and electronic records management. Priorities for 2009 will include continuing to produce retention schedules for NCI departments; advice for dioceses on record keeping; and continuing the cataloguing of record centre archival records onto the pan-NCIs online archival catalogue. Important subsidiary roles include providing research access to the historical records of the NCIs through the reading room at Lambeth Palace Library, answering public enquiries concerning the archives of the NCIs and providing a title research service for many of the 43 Anglican diocesan registries in England, which is assuming greater importance as many of them embark on land registration projects.

2009 Budget

- No major changes to expenditure are proposed for 2009. Staffing levels of the Record Centre will remain the same as for 2008 at 8.5 including Director. Non-staff costs at CERC will be held at the same level as for 2008, though higher income levels will be budgeted for in line with 2007 performance and 2008 forecast.

The cost of occupation of the Bermondsey warehouse (2009 budget: £330,000) has, in line with previous years, been excluded from the Records budget quoted in the summary box above and is contained within the overall Accommodation budget.

Church House Publishing

<u>Head:</u>	Thomas Allain-Chapman	
<u>Number of Staff:</u>	8 full-time	4 part-time
<u>Budget 2009 :</u>	Sales	£1,175,000
	Net deficit:	£33,433

Functions

- Official publisher to the Archbishops' Council and General Synod
- Publishing Common Worship texts and resources to complement these and to support the Liturgical Commission's liturgical formation initiative
- Publishing Archbishops' Council official publications (e.g. Crockford and the Church of England Yearbook)
- Official General Synod publications, e.g. major reports and commissions, Report of Proceedings and Legal publications (e.g. Canons)
- Publishing material to further the mission and enhance the reputation of the Church of England

Staffing

- Head of Publishing
- Accounts Officer (part-time)
- New Media Manager
- Book Product Development Manager & Commissioning Editor (part-time)
- Editorial Manager (part-time) plus Project Editor
- Production Manager (part-time)
- Marketing Manager plus Marketing Assistant
- Sales Manager plus Sales Executive

Church House Publishing (CHP) supports the mission of the Archbishops' Council through publications, both in traditional and new media. With around 40 new titles produced in 2007, CHP reached notable milestones, including the 100th edition of Crockford, the completion of the Common Worship project (with the last volume, Festivals, sent to press in December), and over 130,000 copies sold of the first Love Life Live Lent project.

Church House Publishing is a trading name of the Archbishops' Council and trading accounts are prepared and reviewed regularly by staff.

2009 Budget

- CHP budgeted sales for 2009 are £1,175,000 (£36,000 up on 2007, the previous Crockford year). Cautious projections have been made about the sales of Common Worship (expected to decline with the end of the core publishing programme). Reference revenues are expected to increase as a result of a move to online delivery of a wider range of materials, and General book revenues are expected to remain broadly in line with 2008 levels.
- Following an independent review of CHP activities in 2007, a range of initiatives designed to increase CHP's efficiency and reduce its cost base are underway, such as the consolidation of distribution with a single provider, Norwich Books and Music as of 1 May 2008. The focus for 2009 will be on implementing a second phase of changes

focused on boosting direct sales and accelerating moves towards web-based publishing and distribution.

- As part of a revised New Media strategy, 2009 will see a continued focus on developing the main CHP website to become the website of choice for parish and clergy resources – making it the hub of a more direct sales and marketing strategy, providing a wider range of free content alongside physical and electronic publications for sale.
- Key publications planned for 2009 include revising and refreshing established series, including Emmaus and Pocket Prayers, and a range of value-added Common Worship titles designed to meet particular demands, now that the basic range is complete. Continuing strong sales are expected from 2008 titles, including a new Lent course from Paula Gooder, a new title from Stephen Cottrell (author of the 2007 success *Do Nothing to Change Your Life*).
- To ensure full implementation of the revised New Media strategy, a more integrated and streamlined approach to project management is required. A multi-skilled Project Editor role is proposed, replacing two previous posts of Liturgy & Reference Editor and Assistant New Media Manager. This new role will support both print and on-line product development, particularly the move to web-based reference, including an online Church of England Yearbook.
- Staffing levels are anticipated to reduce by one FTE to 12 posts, inclusive of this new role.
- Outsourcing of non-core services in 2008 included advertising sales and technical support for electronic products. Further outsourcing and/or collaboration with third parties to achieve cost and efficiency savings whilst maintaining the integrity and distinctiveness of the CHP brand, are actively being pursued.

Office Services

<u>Head:</u>	John Ferguson
<u>Number of Staff:</u>	5 Full-time
<u>Budget 2009 (net):</u>	£234,083
<u>NCIs costs:</u>	AC share: £102,878 CC share: £108,980 PB share: £22,225

Functions

- Telephone System Management
- Insurance
- Xerox & Printing

Staffing

- Office Services Manager
- Office Services Administrator
- 3 Reprographics Staff

Office Services as a department will be closed down in 2008, with the majority of its functions transferring to either departments or the Corporation of Church House. The remaining functions will transfer to the IT department, but 5 of the staff will remain. The retained functions include:

- Central photocopying facilities ensuring that most copying is done cheaply, in-house
- Management of the telephone system that covers all the London-based NCIs
- Insurance co-ordination & Mobile phone contracts
- The Office Services Manager is the Church House Health & Safety Officer
- Central purchasing of larger Office Supplies such as desks, toners, equipment
- Car park bookings & management of the official car
- Coffee/tea/milk purchase for tea points, water dispensers
- Maintenance of the internal telephone directory and Intranet staff pages

Accommodation

<u>Budget 2009:</u>	£3,174,226
<u>Share of costs:</u>	AC share: £1,434,718 CC share: £1,135,210 PB share: £409,335 Other tenants: £194,962

The Archbishops' Council pays rent and service charge to The Corporation of the Church House in respect of the area it occupies. The costs of rent and service charge and other building-related costs are shared out according to the space occupied by each tenant of Church House. It has been agreed that the rent payable to the Corporation will increase by 5% in 2009. The Council also shares with other bodies the costs of the Record Centre building, including rent to the Church Commissioners (as landlord), which reflects the cost of substantial improvement works to the building.

Grants (Vote 3)

Budget 2009:

£1,668,200

1. This budget encompasses contributions to Anglican Communion and Ecumenical activities and other miscellaneous grants (including the cost of grants to clergy between posts).
2. The Inter Anglican Budget meets the Church of England's contribution towards the Anglican Communion Office (which also provides the Secretariat for the Lambeth Conference, the Anglican Consultative Council and the Primates' meetings).
3. The Church of England actively supports, both financially and through involvement in their activities, Churches Together in Britain and Ireland (CTBI) and Churches Together in England (CTE), the Conference of European Churches (CEC) and the World Council of Churches (WCC).
4. The amount due to both CTE and CTBI is now paid over as a single figure to CTBI under the agreed principle of consolidated subscriptions.
5. The Archbishops' Council decided in 2004 that its contributions to the WCC should be frozen for the foreseeable future for a number of reasons. The grant to CTBI/CTE is also budgeted to be maintained at its 2008 level.
6. It is proposed that there should be an underlying increase of 4.0% over the 2008 level for the Inter-Anglican budget, and 3.4% above 2008 level for the Conference of European Churches.
7. National support through this budget is provided towards the administrative costs of the Church Urban Fund (CUF). An increase of 3.0% is provided for within the 2009 budget.
8. A significant factor behind increases in Vote 3 in recent years has been the Legal Aid Fund. The Synod is required by Measure to maintain a Legal Aid Fund, which is held by the Council on its behalf, to meet the cost of ecclesiastical legal aid awarded by the Legal Aid Commission. The relevant legislation was reviewed thoroughly in the 1990s, and now applies only to legal costs of defendants in clergy discipline cases and to a very few other comparable ecclesiastical proceedings. In deciding whether and if so how far to award financial assistance with such costs out of the Fund, the Legal Aid Commission (whose members are appointed by the Appointments Committee) must consider the means of the individual concerned, whether he or she has reasonable grounds for contesting the proceedings, and all the circumstances of the case, but the Commission cannot withhold legal aid on the grounds that there are insufficient funds within the Fund.
9. The Church Commissioners are empowered by Measure to contribute to the Legal Aid Fund. Historically, this had been at 50% of costs. The Commissioners' Board, which already meets the bishop's legal costs in such cases, decided in February 2005 to withdraw this assistance on a phased basis, reducing contributions to 33% in 2007, 16% in 2008 and none thereafter. The cost of the Legal Aid Fund during 2009 therefore falls entirely on the Council for the first time, and an increase of £50,000 (14.3%) on 2008 level is therefore budgeted.

10. The overall effect of these changes is for a total Vote 3 budget for 2009 showing a 4.5% increase over 2008.

11. The detailed analysis is as follows:-

	Actual 2007 £	Budget 2008 £	Budget 2009 £
Anglican Communion Activities			
Inter Anglican Budget	393,000	405,000	421,200
	<u>393,000</u>	<u>405,000</u>	<u>421,200</u>
Ecumenical Activities			
Churches Together in Britain and Ireland	410,000	410,000	410,000
World Council of Churches	108,000	108,000	108,000
Conference of European Churches	78,800	81,200	84,000
Expenses of representatives	17,817	20,000	20,000
	<u>614,617</u>	<u>619,200</u>	<u>622,000</u>
Miscellaneous			
Church Urban Fund	191,300	197,000	203,000
Legal Costs (Incl Legal Aid Fund)	300,542	350,000	400,000
Minor Grant Schemes	22,641	25,000	22,000
	<u>514,483</u>	<u>572,000</u>	<u>625,000</u>
TOTAL	<u><u>1,522,100</u></u>	<u><u>1,596,200</u></u>	<u><u>1,668,200</u></u>

Mission Agencies

Clergy Pension Contributions (Vote 4)

- 1) Vote 4 provides for the pension contributions in respect of clergy who are employed by the mission agencies. It represents the only direct financial support that the national Church gives to the mission agencies.
- 2) Under an agreement ratified by General Synod in July 2004, the maximum amount made available to the mission agencies is capped. The amount payable is now the lesser of (a) the 2004 Vote 4 budgeted expenditure (£722,750) increasing by RPI in subsequent years and (b) the actual expenditure incurred. In the event of the cap having to be applied, it will be for the Mission Agencies to agree amongst themselves how the balance of the cost of paying contributions in respect of all the clergy employed is to be met. These arrangements will be reviewed by the representatives of the Council and the main PWM Mission Agencies in 2008. The cap is not expected to apply in 2008 or 2009 (when it is forecast to be £826,000 and £851,000 respectively).
- 3) Expenditure on the pension contributions payable under this vote in 2007 was £721,400 against a budget of £770,000 and a forecast of £760,000. The pension contribution level set for three years from 1 April 2008 is within 0.1% of the rate used since 1 January 2007, and so the forecast for 2008 is now £780,000, slightly below the agreed budget of £800,000 due to a continuing fall in the number of clergy employed by the mission agencies. Due to this fall in numbers the budget for 2009 is held at £800,000 which allows for increased contributions in line with stipend increases. For the sake of prudence in the five year forecast it has been assumed that Vote 4 expenditure will increase by RPI (at 3.0% p.a.) to around £875,000 in 2012).

SOCIETY	2003	2004	2005	2006	2007	2008 (Q1)
Crosslinks	14	15	18	19	21	22
CMS	30	30	19	20	19	16
CPAS	10	10	10	9	9	9
Community of St Mary	1	1	0	0	0	0
Jerusalem & Middle East CA	0	0	0	0	0	0
Melanesian Mission Society	1	1	1	0	0	0
Mission to Seafarers	11	11	10	11	14	15
South American Mission Society	16	16	15	14	12	12
USPG	23	22	19	17	14	12
Church Army	7	7	4	5	5	7
Churches Ministry Among Jews	2	2	2	1	0	0
SOMA	2	2	2	1	2	1
Papua New Guinea Church	2	2	1	1	0	0
Inter-Continental Church Society	9	9	5	5	6	6
TOTALS	128	128	106	103	102	100

CHARM (Vote 5)

1. The CHARM scheme, in its current format, was introduced in 1983 and was established to provide housing for clergy retiring from the stipendiary ministry. The scheme is administered by the Church of England Pensions Board largely using capital provided by the Church Commissioners.
2. Clergy seeking to be housed under the scheme may apply to the Board, who will assess the individual's eligibility. Applicants with some capital resources are granted access to the shared ownership option of the scheme (which replaced the mortgage arm of the scheme in April 2008). The Pensions Board purchase properties for up to £200,000 (£225,000 for properties in the South East) in value, or use an existing vacant property for applicants with insufficient capital who enter the rental option. The beneficiary is granted a licence to occupy the property.
3. The Church Commissioners provide loan finance on a 'value linked basis', with interest rates starting at 4% but rising annually broadly in line with the rate of inflation. The sum repayable fluctuates according to the value of the property purchased. Additionally, any capitalised improvements are treated as further advances against the properties and attract interest on the same basis as new loans.
4. The demand for assistance under the CHARM scheme has been reducing and the number of properties in management has steadily decreased. At the end of 2007 the total properties in management was 2680 (mortgage 1374, rented 1306) compared with 3013 (mortgage 1523, rented 1490) ten years ago. The Board's charitable fund also owns over 400 properties on which there are no financing charges, thus reducing the level of the subsidy by about 10%.
5. This budget has been prepared giving due consideration to the various factors that may impact on the subsidy required to operate the scheme and has taken into account the steps which the Board has already authorised to control the costs of the scheme.
 - a. The number of properties in management has been projected to reduce over the projection period, following the planned reduction in void properties. It is, however, impossible to gauge how the economic climate may change over the next five years and the consequent effect this may have on future demand for rented properties. It is a reasonable assumption, though, that the current reduction trend may be expected to continue for the foreseeable future.
 - b. The underlying rate of inflation throughout the five years has been assumed to be 3%. There are however certain costs that can reasonably be expected to rise by more than the rate of inflation. It should be noted that the Board has direct control over less than 45% of the expenditure relating to the CHARM scheme.
6. Due to the relatively high level of Vote 5 reserves as at the end of the 2006 Financial Year the 2008 budget was constructed on the basis of use of £147,000 from reserves, thus providing a Vote 5 apportionment decrease of 3.0%. Current expenditure forecasts provided by the Board suggest that expenditure will exceed diocesan contributions by some £186,000 during 2008, thus requiring a further £39,000 to be drawn from reserves.
7. The 2009 budget projects an increase on overall subsidy costs of 4.7%, broadly in line with the 2009 forecast carried out as part of the 2008 budget exercise. Beyond 2009 the trend is for increases in expenditure of around 4.5% p.a. reflecting above-inflationary

increases in financing charges and repairs which feed directly through into higher subsidy levels (given the cap on the proportion of rent out of total pensioners' income). Work continues with regard to putting into place more cost efficient conveyancing arrangements and to review property management arrangements with a view to increasing efficiency and reducing costs.

8. It is anticipated that a further £150,000 will need to be drawn from reserves in order to meet the required expenditure during 2009.

	Actual 2007	Budget 2008	Forecast 2008	Budget 2009	Forecast 2010	Forecast 2011	Forecast 2012
Properties in management	1,217	1,190	1,197	1,185	1,170	1,160	1,150
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income							
A Rent	4,611	4,590	4,671	4,763	4,844	4,947	5,051
Expenditure							
Controlled by CCs:							
B Interest on Loans - payable to Church Commissioners	3,191	3,257	3,233	3,296	3,352	3,423	3,496
Controlled by CEPB:							
C Building repairs & maintenance (net of capitalised improvements)	2,451	2,385	2,531	2,631	2,728	2,840	2,956
D Other expenses	541	526	502	492	510	531	553
Total CEPB Expenditure	2,992	2,911	3,033	3,123	3,238	3,370	3,508
Total expenditure	6,183	6,168	6,266	6,419	6,590	6,794	7,004
Net deficit	1,572	1,578	1,595	1,656	1,746	1,847	1,953
E Administrative expenses	1,209	1,148	1,148	1,180	1,215	1,251	1,289
F Add mortgage scheme costs	176	234	256	262	270	278	287
Total revenue subsidy	2,957	2,960	2,999	3,099	3,231	3,376	3,529

Notes

- A. The average rent reflects the average income per property. Under the current terms of the scheme the maintenance charge should not exceed 30% of the occupants' gross income. Maintenance contributions are assumed to increase by 3% per annum in line with inflation, clergy stipends and State pensions. The additional income generated by new beneficiaries paying 30% of their income as opposed to the 25% previously has only a minor mitigating effect.
- B. The interest payable to the Church Commissioners on the value-linked loans accounts for more than 50% of the expenditure on CHARM. The interest charged by the Church

Commissioners increases every year in accordance with inflation, which, for this purpose, has been assumed to be 3%. The interest payable however increases by more than the basic rate of inflation each year as new properties purchased in the year will inevitably be at a higher initial cost than the loans redeemed, thus resulting in a higher interest charge; and as building repairs capitalised in the previous year attract interest from the Church Commissioners because they fund the increased capital value.

- C. The expenditure on building repairs and maintenance is based on the average cost per property in 2007, increasing by around 5% per annum. The Board has taken steps to hold down this area of expenditure, however it still has to take account of the following:
- the ageing nature of the housing stock means that additional repairs are required to maintain the properties to an acceptable standard.
 - the increasing age of the scheme's beneficiaries increases the requirement for aids and adaptations to the houses to enable the occupants to continue to live there.
 - The restriction of funds available for the purchase of properties determines the type of property that can be bought and often leads to a substantial level of ongoing works.

The reducing number of properties provides a modest offset to the increased costs. Projected expenditure in 2009 equates to £2,200 per property based on the projected number of properties in the scheme. However, not every property has expenditure each year and an element of this cost relates to ongoing works on new lettings.

- D. Other expenses include water rates, council tax and insurance. In recent years council tax and water rates have increased by more than twice the rate of inflation. All other expenses have been increased in accordance with the assumptions on inflation of 3%.
- E. The Administrative expenses charged by the Board represent the relevant share of the Board's total costs, including salaries and other costs. Approximately 65% of the costs budgeted are within the direct control of the Board; the remainder represents the rent at Church House and contribution to common services departments within the control of the Archbishops' Council.
- F. Mortgage scheme costs are the agreed contributions paid toward quinquennial surveys and the relevant proportion of fees relating to the purchase and sale of properties.

Reserves

The Archbishops' Council has a reserves policy under which it holds only such levels of reserves as are necessary to meet its day to day needs and expenditure which may fall to be met before sufficient income is received to finance it. This is both to maintain sufficient working capital and to maintain liquidity.

It is proposed to amend the Vote 5 policy on reserves. The previous policy, in place since Vote 5 was established within the 2005 budget, was to have no minimum level of reserves and a maximum of an arbitrary £250,000. A more prudent method of setting reserve policy levels is to link into monthly net expenditure (as is the case for Votes 1 & 2). It is, therefore, proposed to set a minimum of 1 month and a maximum of 2 months' net expenditure for Vote 5 reserves. We consider it reasonable to set the Vote 5 reserve at levels below those for Votes 1 and 2 due to the smaller size of that Vote in relation to 1 and 2, and due to the relatively low volatility as compared with Vote 1.

	Minimum (forecast end 2008)	Maximum (forecast end 2008)	Actual (31/12/07)
Vote 1	1.5 months' net expenditure (£1.46m at 2008 forecast level)	3 months' net expenditure (£2.91m at 2008 forecast level)	£2.47 million
Vote 2	1.5 months' net expenditure (£1.26m at 2008 forecast level)	3 months' net expenditure (£2.52m at 2008 forecast level)	£2.58 million (excluding designated funds)
Vote 3	£150,000	£300,000	£173,000
Vote 4	£50,000	£200,000	£151,000
Vote 5	1 month net expenditure (£250k at 2008 forecast level)	2 months net expenditure (£500k at 2008 forecast level)	£256,000

Apportionment

The recommended apportionment table for 2009 is shown below. This table has been prepared using the usual formula adapted as recommended by the Apportionment Limited Review Group which reported in February 2008 (See GS Misc 888). The recommendations have been discussed by the Council, its Finance Committee, the Consultative Group of Diocesan Secretaries & Chairmen, and the Inter-Diocesan Finance Forum. The Council has agreed to implement the recommendations relating to the formula with effect from this 2009 budget.

One of the recommendations is to set a cap which will guarantee that the maximum apportionment increase to be requested from any diocese will be no more than a fixed percentage above the overall apportionment increase. The Council has set this cap at 2.0% for the 2009 budget. Thus in 2009 with the overall recommended apportionment increase at 6.5%, the maximum increase for any diocese (before pooling adjustments) is 8.5%.

Table of Apportionment for 2009

Diocese	Training for Ministry	National Church Responsibilities	Grants & Provisions	Inter-diocesan support of Mission Agency clergy pension contributions	CHARM	Apportionment 2009	% change 2009 on 2008	Pooling	Apportionment plus Pooling
	VOTE 1 £	VOTE 2 £	VOTE 3 £	VOTE 4 £	VOTE 5 £	VOTE 1-5 £	%		
Bath & Wells	326,061	274,968	45,201	21,677	80,095	748,002	4.1	-30,042	717,960
Birmingham	182,628	154,011	25,317	12,142	44,862	418,959	5.4	13,161	432,120
Blackburn	261,612	220,618	36,267	17,392	64,264	600,153	7.1	32,832	632,985
Bradford	101,168	85,315	14,025	6,726	24,852	232,084	5.8	-42,265	189,819
Bristol	191,466	161,464	26,543	12,729	47,033	439,235	6.2	-22,474	416,761
Canterbury	189,859	160,108	26,320	12,621	46,638	435,547	6.8	47,935	483,482
Carlisle	165,236	139,343	22,906	10,985	40,590	379,060	6.9	26,996	406,056
Chelmsford	455,661	384,259	63,168	30,293	111,932	1,045,313	8.0	47,804	1,093,117
Chester	399,826	337,174	55,428	26,580	98,216	917,224	4.9	64,180	981,404
Chichester	522,632	440,737	72,452	34,745	128,383	1,198,949	8.0	23,423	1,222,372
Coventry	192,861	162,640	26,736	12,821	47,382	442,440	0.4	-25,533	416,907
Derby	185,792	156,679	25,756	12,351	45,639	426,217	6.4	19,692	445,909
Durham	177,885	150,010	24,660	11,826	43,697	408,077	8.5	-33,085	374,992
Ely	218,818	184,529	30,334	14,547	53,752	501,980	8.5	-81,103	420,877
Exeter	277,321	233,866	38,444	18,437	68,124	636,192	3.9	37,723	673,915
Gloucester	246,691	208,034	34,199	16,400	60,598	565,922	4.6	-57,115	508,807
Guildford	389,170	328,188	53,950	25,873	95,599	892,780	6.9	48,124	940,904
Hereford	138,337	116,660	19,178	9,196	33,982	317,354	8.4	17,826	335,180
Leicester	168,845	142,387	23,407	11,225	41,476	387,340	4.1	-41,661	345,679
Lichfield	365,502	308,228	50,669	24,299	89,784	838,481	6.5	58,302	896,783
Lincoln	280,589	236,621	38,898	18,654	68,926	643,687	8.0	68,441	712,128
Liverpool	243,245	205,129	33,720	16,171	59,753	558,018	5.3	30,148	588,166
London	962,869	811,989	133,481	64,012	236,526	2,208,876	8.4	-91,925	2,116,951
Manchester	294,147	248,055	40,777	19,555	72,256	674,791	4.8	25,127	699,918
Newcastle	136,658	115,244	18,945	9,085	33,570	313,502	8.5	25,176	338,678
Norwich	229,326	193,391	31,792	15,245	56,333	526,086	6.4	58,924	585,010
Oxford	746,049	629,145	103,423	49,598	183,265	1,711,480	7.6	-44,563	1,666,917
Peterborough	213,899	180,381	29,652	14,220	52,544	490,696	7.4	-30,380	460,316
Portsmouth	154,976	130,691	21,484	10,303	38,069	355,523	6.2	12,637	368,160
Ripon & Leeds	167,732	141,448	23,252	11,151	41,203	384,786	5.2	3,270	388,056
Rochester	337,767	284,840	46,824	22,455	82,971	774,857	6.3	-16,916	757,941
St Albans	455,905	384,465	63,202	30,309	111,992	1,045,872	6.9	42,697	1,088,569
St Eds & Ips	211,113	178,031	29,266	14,035	51,859	484,303	6.3	59,101	543,404
Salisbury	370,028	312,045	51,296	24,600	90,896	848,865	6.2	51,327	900,192
Sheffield	160,225	135,118	22,212	10,652	39,359	367,567	4.8	-53,621	313,946
Sodor & Man	26,874	22,663	3,725	1,787	6,602	61,651	8.5	9,889	71,540
Southwark	539,499	454,961	74,790	35,866	132,526	1,237,641	7.5	-151,247	1,086,394
S'thwell & N'ham	176,010	148,429	24,399	11,701	43,236	403,775	8.5	-22,044	381,731
Truro	133,143	112,280	18,458	8,851	32,706	305,439	7.9	17,457	322,896
Wakefield	165,004	139,148	22,874	10,970	40,533	378,528	4.5	-8,602	369,926
Winchester	366,869	309,381	50,858	24,390	90,120	841,618	4.6	-5,371	836,247
Worcester	189,948	160,184	26,332	12,628	46,660	435,753	3.4	10,881	446,634
York	285,796	241,010	39,619	18,999	70,205	655,630	8.5	-38,977	616,653
Europe	0	0	0	0	0	0		-56,149	-56,149
Armed Forces	28,559	24,083	3,959	1,899		58,500	6.4	0	58,500
totals	12,033,600	10,147,952	1,668,197	800,000	2,949,006	27,598,755	6.5	0	27,598,755

Forecast 2010

Previous Budget Books have attempted to forecast for three years ahead, in order to assist dioceses with their own financial planning. The extreme volatility in Vote 1 in recent years, however, has resulted in those forecasts having proved to be unrepresentative in practice of the actual levels of apportionment required. At this point in time, it is also more difficult to predict the future shape and pattern of the Vote 5 subsidy required whilst the review of clergy retirement housing is still out for consultation, and it is too early to judge the likely take up of the shared equity scheme that has been introduced by the Pensions Board in response to income tax difficulties that presented (following changes in legislation) for the existing CHARM mortgage scheme.

For these reasons, and exceptionally for this year, we have judged it unhelpful to publish a forecast for years beyond 2010 here. However, the Council wishes to work closely with dioceses in updating the Financial Overview of Church Finances that was last circulated in 2006, and will share its emerging projections with dioceses in the course of that work. In addition, the Council will be considering its strategic Objectives for the quinquennial period 2010 to 2014 over the course of the next 12 months, and plans to include financial forecasts in the published document that results from that work.

The following table sets out our current best estimates for 2010. It assumes a modest increase in numbers in training (Vote 1), for the September 2010 entry, on the level projected for the 2009-10 academic year. Increases in National Church Administration (Vote 2), Grants (Vote 3), and Mission Agencies Clergy Pension Contributions (Vote 4) are projected to be no greater than annual inflation but, as in previous years, every endeavour will be made to contain these below that level. Net expenditure on CHARM (Vote 5) is forecast to increase at 4.8% for 2010.

The table below illustrates what the increase in apportionment would be using these projections, firstly if no use is made of reserves to alleviate further pressures in Votes 1 and 5, and secondly assuming £300,000 might be taken from the Vote 2 reserve to underpin those votes. It would be necessary for further transfers to be made from the Vote 2 reserves during 2010, in order to achieve the minimum levels that have been set - or are proposed - for Vote 1 and Vote 5.

Apportionment – 2010 Forecast			
Vote		Without use of Reserves % increase	Using £300,000 Reserves % increase
Vote 1	Ordination Training	10.7%	8.6%
Vote 2	National Support	1.9%	1.9%
Vote 3	Grants (Including Legal Aid)	2.5%	2.5%
Vote 4	Mission Agencies Clergy Pensions	3.0%	3.0%
Vote 5	CHARM Subsidy/Admin Costs	9.6%	7.9%
	Overall Apportionment	6.6%	5.5%