

Archbishops' Council

2008 Budget



2008 Budget Highlights

The recommended Apportionment levels for the 2008 budget, together with the increase on the 2007 level are set out below.

Training Budget	(Vote 1)	£10,647,200	(5.5% increase)
National Support	(Vote 2)	£10,060,328	(1.4% increase)
Grants	(Vote 3)	£1,596,200	(4.9% increase)
Mission Agencies Pensions	(Vote 4)	£791,000	(6.9% increase)
CHARM	(Vote 5)	£2,813,000	(3.0% decrease)
Net Apportionment		£25,907,728	(2.9% increase)

This booklet sets out the underlying figures and provides details of how the budgets are made up and the nature of the work they finance.

The Archbishops' Council seeks through the 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.

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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. The most significant above inflation increase faced by the Church is the cost of financing the clergy pension scheme. Additionally, over the last few years there has been a programme of re-distribution to increase the amount available to the least resourced dioceses amounting in total to £10 million p.a., which the better resourced dioceses have generously supported.
2. In the light of these and other challenges facing the Church, 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 Council began in 2005 a programme of total service reviews. The final phase of those reviews will be completed in 2008. Recommendations from the reviews which have been completed are now being implemented. The reviews are being carried out by an independent Steering Group.

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 forecast of budgets for 2009-11 is provided to assist dioceses in forward planning.
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 the income and expenditure of each department is available to General Synod members on request to David Sewell (Management Accountant – david.sewell@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 and that the budget is strictly necessary in order to carry out the tasks which need to be undertaken. Each team has prepared a Business Plan commenting on 2006 and 2007 and setting out its proposals for 2008. These plans, which will be used as working documents, have been reviewed by the Senior Management Group of the Archbishops' Council and (for Common Service Departments only) the Church Commissioners' and Pensions Board's Management Groups.
6. The Budget was considered by the Archbishops' Council and endorsed after scrutiny from its Finance Committee and Senior Management Group. The Inter-Diocesan Finance Forum also had the opportunity to comment on the budget. It was approved by the Council in June in the form set out in this document.

Common Services

7. Almost half the staff managed by the Archbishops' Council work for one of the common service departments (Communications, Human Resources, Information Technology, Accounts, Internal Audit, Legal Office, Office Services, and the Record Centre), the cost of which is shared on the basis of use between the National Church Institutions (principally the Archbishops' Council, the Church Commissioners, Lambeth Palace, Lambeth Palace Library and the Church of England Pensions Board). At a meeting of the Joint Employment and Common Services Board (JECBSB) on 21 March, these bodies agreed to fund their respective shares of the budgets (which are based on forecast use of the services provided) of the Common Service departments. The amount of time which each of these departments devotes to each NCI is monitored each quarter for recharging and to help monitor costs.

Vote 1 (Ordination Training)

8. 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 for training 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.
9. Actual net expenditure in 2006 was £198,000 above the budget. The over expenditure, which was primarily the result of the number of ordinands training in college in 2005/6 and 2006/7 being higher than assumed when the budget was prepared, was met from reserves.
10. Net expenditure in 2007 is forecast to exceed the budget by £274,000, again principally due to a higher number of college students than expected when the budget was prepared. This over-expenditure will also be met from reserves.
11. Since the 2007 budget was prepared there has been a further increase in the number of ordinands. The resulting increase in variable costs, together with a need to increase core cost funding for colleges in excess of inflation to reflect several years of higher numbers in training, has created the need for a substantially higher Vote 1 provision for 2008 than was envisaged last year. As the increase in numbers also affects 2007 there will be insufficient reserves to mitigate the increase in 2008. As a result, the Archbishops' Council has recommended a budget with net expenditure of £10,947,200 for 2008, 8.5% above the 2007 budget. It is proposed that reserves are used to limit the apportionment increase to 5.5%. The rise in the number of ordinands being trained also means that we anticipate having to transfer £300,000 from reserves to meet the expected commitment.
12. The increase in the number of ordinands in residential training has eased, somewhat, the previous concern about the position and viability of the colleges on formational as well as financial grounds. However the House of Bishops continues to keep the colleges under review in view of the increasing proportion of those in training following routes that are primarily non-residential. From the start of the 2008/09 academic year the new system of block grant funding for theological education and training will be introduced. The new system of funding is intended to be more transparent in its operation and to give greater budgetary authority to the training institutions. The new system is designed to be cost neutral when compared to the total funding given under the present system introduced by *Managing Planned Growth GS Misc 597*. Consideration will also need to be given in the

future to funding of research and to the substantial maintenance backlog within theological colleges, whilst recognising that such matters are primarily for decision by the trustees of those independent institutions and for consideration across each regional partnership.

Vote 2 (National Church Responsibilities)

12. 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.
13. Although each line of expenditure 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. Pay levels are negotiated annually between the Joint Employment and Common Services Board and the recognised Trade Unions. The pay deal from July 2007 has yet to be determined (at the time of writing) and so a reasonable provision has been made for this.
14. A triennial actuarial valuation of the Church Administrators Pension Fund, to which almost all staff of the National Church Institutions (NCIs) belong, was carried out last year. The scheme has faced similar pressures to the Clergy Pension Scheme and other defined benefit schemes, namely changes in investment returns, improvements in life expectancy and the consequences of government regulation. Therefore the NCIs have been paying an increased contribution rate from 1 January 2007.
15. The new contribution rate prompted a review of the Church Administrators Pension Fund and the scheme has been replaced by a defined contribution scheme for staff joining since July 2006. Negotiations are currently taking place to review the existing benefit structure of the scheme for staff remaining in the defined benefit scheme.
16. 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 budgets were prepared. The contingency amount provides a means of meeting unplanned expenditure which Senior Management and the Finance Committee (or its Chairman if the decision is required at short notice) deem necessary. We do not anticipate major calls on the contingency and it has therefore been decided to maintain the amount at the 2007 level of £50,000 in 2008.

Vote 3 (Grants)

22. Vote 3 primarily reflects 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.
23. A budget of £1,596,200 is recommended for Vote 3 in 2008. This is a 4.9% increase on the 2007 budget, reflecting a 3% increase in most grants and the need to build up the Legal Aid Fund. The latter is because of the likelihood of increased legal costs following the implementation of the Clergy Discipline Measure together with the phased withdrawal by the Church Commissioners from contributing to Legal Aid costs.

Vote 4 (Mission Agencies Pension Contributions)

24. Vote 4 covers the pension contributions of clergy employed by the mission agencies as part of the Church's commitment to their work. The recommended 2008 apportionment is £791,000, 6.9% above the 2007 level. The pension contribution rate for 2008 will not be determined until later this year and it is possible reserves will need to be drawn on even if the number of clergy employed by the Mission Agencies continues to reduce.

Vote 5 (CHARM)

25. Vote 5 comprises the revenue costs of the Church's retirement housing scheme to ensure that all clergy have access to housing on retirement.
26. In 2008 expenditure under Vote 5 is expected to be 0.7% above the 2007 budget level. The recommended Vote 5 apportionment for 2008 is £2,813,000, 3.0% below the 2007 level. This reduction has been made possible by using reserves built up from savings achieved by reducing the number of vacant properties in the rental arm of the scheme (which are held pending occupation by other pensioners) and the cost of water rates being transferred from the Pensions Board to occupants over a three year period from 2006. However, it should be noted that the Pensions Board have warned that curtailing increases on Vote 5 is unlikely to be sustainable over the longer term.

Apportionment

27. The apportionment of the budget covered in this report is set out in a table on page 47. It is based on the formula agreed by the General Synod in 2001, as slightly amended by the recommendations of the limited review of Allocations and Apportionment undertaken in 2004-5 and endorsed by General Synod in 2005.
28. The apportionment for the Diocese in Europe (which would have been around £50,000 in 2008 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 Parish Mission Fund.
29. 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

30. The Council reviews its reserve levels annually to ensure that reserves are adequate, without being excessive. Where it considers that excess reserves are held these are returned to dioceses as was done in 2004 and 2005. On this occasion, the Council considers that its reserves in the case of Votes 1 to 4 are at an appropriate level. Due to savings achieved by the Pensions Board, reserves on Vote 5 at the end of 2006 are £406,000 which is over the maximum level.
31. The main planned movements on reserves in 2008 relate to Votes 1 and 5. It is proposed to use £300,000 of Vote 1 reserves which will enable the 8.5% increase in expenditure to be met with a 5.5% increase in apportionment. Vote 5 reserves are currently above the normal maximum level and it is proposed to use £147,000 of reserves in 2008. This

should bring the reserves back to within normal levels during 2008 and will enable the 2008 apportionment to be 3.0% below the 2007 level.

Forecast 2009-11

32. A forecast for 2009-11 is attached later in this document. This is our best estimate of future net expenditure and should be seen as no more than this. Figures for 2009 and beyond need to be treated with caution, but are included to provide dioceses with some outline figures to build into their own long term planning.

Conclusion and Recommendation

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

2008 Budget	
Vote 1	£10,647,200
Vote 2	£10,060,328
Vote 3	£1,596,200
Vote 4	£791,000
Vote 5	£2,813,000
Net Apportionment	£25,907,728

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On behalf of the Archbishops' Council

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June 2007

Budget Summary

Archbishops' Council Budget For the year 2008

	Actual 2006 £	Budget 2006 £	Budget 2007 £	Forecast 2007 £	Budget 2008 £
Training for Ministry					
Income	(103,005)	(145,000)	(135,000)	(85,000)	(85,000)
Expenditure	9,668,002	9,512,000	10,225,900	10,450,107	11,032,200
	9,564,997	9,367,000	10,090,900	10,365,107	10,947,200
Less Diocesan Contributions	Vote 1 (9,267,000)	(9,267,000)	(10,090,900)	(10,090,900)	(10,647,200)
Movement (to)/from Reserves	297,997	100,000	0	274,207	300,000
National Church Responsibilities					
General Income	(328,272)	(320,000)	(350,000)	(350,000)	(360,000)
Net Expenditure (net of related income e.g. contributions from other NCIs to common services)					
Central Secretariat	1,643,906	1,698,361	1,779,033	1,777,181	1,826,054
Ministry Division	1,379,027	1,376,400	1,445,094	1,436,833	1,488,772
Education	631,463	599,662	623,309	605,678	656,475
Mission & Public Affairs	1,131,442	1,130,384	1,245,128	1,226,786	1,272,294
Cathedral & Church Buildings	662,932	665,111	718,240	704,624	797,152
Finance	556,325	554,804	588,602	548,264	531,228
Accounts	339,809	272,260	252,356	268,076	290,596
Internal Audit	56,673	71,170	79,756	73,845	81,858
Legal	582,276	612,497	629,998	624,856	624,469
Communications	416,730	454,429	453,126	443,687	452,618
Human Resources	223,536	264,080	279,516	255,030	266,486
Information Technology	400,639	400,989	409,503	385,383	391,622
Records	80,288	90,095	98,650	93,041	96,480
Church House Publishing	158,682	34,925	863	53,349	34,432
Church House Bookshop	130,422	0	0	0	0
Office services	288,865	327,353	261,931	243,408	225,353
Accommodation	1,518,771	1,816,077	1,353,994	1,428,406	1,334,439
Contingency	0	75,000	50,000	0	50,000
	10,201,786	10,443,600	10,269,100	10,168,447	10,420,328
Less Diocesan Contributions	Vote 2 (9,919,100)	(9,919,100)	(9,919,100)	(9,919,100)	(10,060,328)
Movement (to)/from Reserves	(45,587)	204,500	(0)	(100,653)	0
Grants					
Expenditure	1,416,500	1,416,500	1,522,100	1,522,100	1,596,200
Diocesan Contributions	Vote 3 (1,416,500)	(1,416,500)	(1,522,100)	(1,522,100)	(1,596,200)
Movement (to)/from Reserves	0	0	0	0	0
Mission Agency / Clergy Pensions					
Expenditure	651,468	740,332	770,000	760,000	800,000
Diocesan Contributions	Vote 4 (740,000)	(740,000)	(740,000)	(740,000)	(791,000)
Movement (to)/from Reserves	(88,532)	332	30,000	20,000	9,000
CHARM					
Expenditure	2,817,000	3,111,000	2,940,000	2,905,000	2,960,000
Diocesan Contributions	Vote 5 (3,111,000)	(3,111,000)	(2,900,000)	(2,900,000)	(2,813,000)
Movement (to)/from Reserves	(294,000)	0	40,000	5,000	147,000
Overall Apportionment	(24,453,600)	(24,453,600)	(25,172,100)	(25,172,100)	(25,907,728)

Training Budget Forecast for 2008 (Vote 1)

Numbers in training

1. College ordinand numbers substantially increased (14% on overall numbers) in the academic year 2006/07, and are expected to rise slightly in 2007/08 before falling back in 2008/09. Regional course numbers for 2006/07 did not increase as much as expected when the 2007 budget was drawn up and are expected to increase by a small amount in the next two academic years. Numbers of Ordained Local Ministry (OLM) candidates are expected to decline over that period.
2. The table below sets out the total numbers in training over the last five academic years and estimates for the next two years. Funding is provided based on Full Time Equivalent numbers (FTE).

Actual	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Ordinands							
Colleges*	556	505	501	532	608	610	575
Courses**	608	612	654	668	682	702	722
	1,164	1,117	1,155	1,200	1,290	1,312	1,297
OLM Candidates	217	203	169	189	170	155	135
Total	1,381	1,320	1,324	1,389	1,460	1,467	1,432

* College numbers include ordinands who are research students and candidates undertaking mixed-mode training with the St John's College, Nottingham scheme for two years beyond ordination. The number of centrally funded full-time College ordinands in 2006/07 is 558, estimated to rise slightly (to 560) in 2007/08 and then fall back to 525 in 2008/09.

** The Course student numbers include those candidates undertaking diocesan "pre-theological" training. There are currently 12 students in this category; numbers in this category are expected to remain stable in the forthcoming two academic years.

College Leavers numbered 208 in June 2006, and in contrast the number of leavers from colleges in 2007 will be 258 and in 2008 will be 289. Leavers from courses were 255 in 2006 and are expected to be 251 in 2007 and 249 in 2008.

Core Costs

3. The core cost funding for the institutions in the 2007 Vote 1 budget was restricted to that given in the 2005/06 academic year in the light of financial pressures on dioceses due to the expected increase in clergy pension contributions. At that time the numbers of ordinands in residential colleges were expected to reach 530 FTE in 2006/07 and then fall back to around 500 FTE for 2007/08 making it possible to maintain core costs funding at the 2006 level.
4. It subsequently transpired that there was a further significant increase in the number of ordinands entering residential training in 2006/07 such that there are now 608 ordinands (558 FTE) in college. The adopted core costs policy meant that the increases in overall

funding were restricted to the variable funding only for 2006/07. Indications for the 2007/08 academic year are that the number of ordinands in residential training will remain at around 560 FTE, with a fall to 525 FTE in 2008/09.

5. The Course numbers did not increase by as much as expected for 2006/07 and with numbers increasing by a small amount in the forthcoming two academic years the outturn for 2007 financial year and 2008 budget will take account of the lower costs.
6. The Bishops Committee for Ministry has indicated that it is essential that the squeeze upon institutional finances is not repeated in the 2007/08 or 2008/09 academic years. This means it has been necessary to increase the overall college funding by approximately 5% more than inflation, as the colleges will be unable to absorb a further squeeze on core costs and to increase the course funding to reflect the additional numbers at some courses. Details of the assumed inflation rates are included in paragraph 14 below.

Introduction of Block Grant funding

7. The Archbishops' Council has approved the introduction of the block grant funding system from the start of the 2008/09 academic year. It is intended the new system will be cost-neutral as compared to the funding under the previous system *Managing Planned Growth*.

Revisions to the pattern of training for former OLM candidates

8. All candidates for ordained ministry are now selected within one open category although with particular foci of ministry (for example nationally or locally deployable). With this in mind some dioceses have closed or suspended their OLM schemes and some others are under review. Where dioceses have taken the decision to close their distinctive OLM schemes those candidates who were formerly OLM candidates have been included within the course numbers.
9. Inevitably questions have been raised as to why funding for training is not provided on the same basis as those ordinands whose focus of ministry is nationally non-stipendiary. If all OLM scheme funding were to be changed with immediate effect to the national basis then there would be an increased annual charge of £500,000 to the Vote 1 budget. It is hoped that it will prove possible to phase in any changes on a diminishing scale over three years.

New Training Pathways

10. The 2008/09 academic year will see the introduction of the new Choice of Pathways for theological education and training. It is anticipated that the introduction of the flexibility in the training pathways will not lead to additional cost but clearly there may be changes in the balance between college and course type training, and with some older candidates following short patterns of training.

2006 Out-turn

11. The total training expenditure in 2006 was £9,668,000, against budgeted expenditure of £9,512,000. The over-expenditure was primarily the result of College numbers in both the 2005/06 and 2006/07 academic years being considerably higher than those upon which the 2006 budget was based. College variable costs and student grants were required to be paid in relation to the increased numbers, although College core costs were not allowed to increase by more than an inflationary amount. The total investment income for the year was £103,000, compared with the expected £145,000 and as the 2006 budget was drawn up on the basis that £100,000 would be drawn from reserves. The total call on reserves for 2006 will be £298,000.

2007 Forecast

12. It is anticipated at this stage that there will be over-expenditure of £224,000 in relation to the agreed budget. This was due to a higher number of college students than expected but will be partly offset by the growth in course numbers being more modest than anticipated. The expected investment income will also be reduced by £50,000 and this together with additional expenditure will mean that £274,000 would need to be met from reserves.

Budget 2008

13. The net expenditure budget shows a requirement of £10,947,000 for 2008, representing an increase of 8.5%. This is after allowing for investment and trust income of £85,000. The increase arises from the need to provide funding for the additional numbers of ordinands expected to enter into training and to allow for inflationary increases averaging 3% over the previous years' funding. The use of £300,000 from reserves enables the apportionment increase to be limited to 5.5%.

Assumptions in the 2008 budget

14. The main assumptions on which the budget is based are as follows:
 - Basic inflationary core costs increases will be 3.1% for Colleges and 2.8% for Courses in 2007/08 and estimated 3.3% for Colleges and 3.1% for Courses in 2008/09. These estimates are based upon academic staff salary increases in line with stipend increases for parochial clergy (2.5% from April 2007 and estimated 3.0% from April 2008), non-academic staff salary increases of 4.0% and RPI inflation of 2.65% for both years.
 - Total level of College core costs increased to take account of increase in College ordinand numbers from 2005/06 (i.e. additional 63 fte students).
 - New funding system from 2008/09 cost neutral
 - Basic variable costs will follow expected RPI inflation of 2.65% in the next two academic years.
 - College numbers to remain steady in 2007/08 or increase slightly, and then fall back in 2008/09 following an unusually large number of leavers from College in June 2007.

- Course numbers estimated to continue to increase in the forthcoming two academic years accompanied by some decrease in the number of OLM candidates in training.
- Student allowances increases will follow expected RPI inflation of 2.65%.
- The Church share of the cost of training, taking into account LEA awards and personal contributions, assumed to be fairly stable at around 96.2% for Colleges and 98.0% for Courses.
- University fees – large increase in 2006/7 following the Government’s introduction of top-up fees; no further significant increase expected.
- Pre-theological training – numbers of candidates slightly reduced. Estimated expenditure reduced from £11,000 in 2007 budget to £9,000 estimate in 2008.
- Mixed-mode training – increased expenditure following increase in numbers of mixed-mode candidates in training for the two year period after ordination.
- OLM Training – reducing following reduction of candidates in this category (Estimated £241,000 in 2008 from £280,000 in 2007 budget).

OLM Training

15. Numbers of candidates training on the OLM Schemes have recently fallen (as described above) and are expected to reduce further in the forthcoming two academic years. The contribution made by the Central Fund for Ministerial Training to each approved Scheme, following the recommendations of the General Synod Report, *Strangers in the Wings*, consists of a basic grant (of £8,010 in 2007) combined with the payment of a per capita sum (of £732 in 2007) for each selected ordinand. Expenditure of around £261,000 is now expected on OLM training in 2007 (against the budget of £280,000), reducing to £241,000 in 2008.

Mixed mode training

16. There are currently 31 candidates training with the St John’s Nottingham Mixed-Mode Scheme, 2008. There are also currently 11 sponsored candidates training in a pilot project, run by Ridley Hall, Cambridge in collaboration with the new St Paul’s Theological Centre and Westminster Theological Centre in London. A small number of candidates are training with a further mixed-mode scheme run by the Eastern Region Ministerial Training Course. In both the St John’s and Ridley Hall schemes, training continues for a further two years after ordination to the diaconate, partly supported by grants from CFMT, and it is this expenditure that is separately identified in the budget. CFMT expenditure in this category will be approximately £47,000 in 2007, increasing to £67,000 in 2008.

Reserves

17. Previous reference has been made to the increased numbers entering college training in 2006/07 and the impact on reserves.

18. The expected position for the period 1st January 2007 to 31st December 2008 is as follows:

Vote 1 Reserves

Balance at 1st January 2007	£2,647,000
Deficit on Vote 1 for 2007	(£274,000)
Balance at 31st December 2007	£,2,373,000
Projected deficit on Vote 1 in 2008	(£300,000)
Balance at 31st December 2008	£2,073,000

Diocesan Pooling Costs

19. Expenditure on diocesan support grants made to ordinands in 2006 is currently estimated to be around £3,097,000. Dioceses' expenditure in 2006 is reflected in diocesan contributions to the 2008 budget through the pooling arrangement.

Conclusion

22. The tables on the following page give further details as to how the 2008 Budget has been aggregated and the payments made in 2006 to individual institutions.

Approved Budget 2007		Academic Year 2006/07	Projected Out-turn 2007	Academic Year 2007/08(est)	2008 Forecast	Academic Year 2008/09(est)
£	COLLEGES	£	£	£	£	£
3,798,700	College core costs	3,803,200	2,535,500	-	-	-
980,300	College variable costs	1,045,200	696,800	-	-	-
	College block grant (est)	-	1,254,700	3,764,100	3,728,300	3,656,700
	Ordinand maintenance (est)	-	587,200	1,761,800	1,739,600	1,695,200
4,779,000	Total	4,848,400	5,074,200	5,525,900	5,467,900	5,351,900
955,000	Allowances	1,036,100	1,046,600	1,067,500	1,055,900	1,032,700
5,734,000	Total	5,884,500	6,120,800	6,593,400	6,523,800	6,384,600
200,700	Less LEA etc share	206,000	220,800	250,500	247,900	242,600
5,533,300	Church Share	5,678,500	5,900,000	6,342,900	6,275,900	6,142,000
427,000	University Fees	457,500	464,500	471,500	463,300	455,100
129,500	Long vacation allowance	141,300	141,300	147,100	147,100	142,500
6,089,800	TOTAL COLLEGE	6,277,300	6,505,800	6,961,500	6,886,300	6,739,600
	COURSES					
1,967,600	Course core costs	1,892,800	1,261,900	-	-	-
1,377,000	Course variable costs	1,259,400	839,600	-	-	-
	Course block grant		1,118,000	3,354,200	3,398,700	3,487,800
3,344,600	Total	3,152,200	3,219,500	3,354,200	3,398,700	3,487,800
515,400	Allowances	472,300	481,200	498,900	508,200	526,800
3,860,000	Total	3,624,500	3,700,700	3,853,100	3,906,900	4,014,600
77,200	Less LEA etc share	72,500	74,000	77,100	78,100	80,300
3,782,800	Church Share	3,552,000	3,626,700	3,776,000	3,828,800	3,934,300
279,600	OLM	261,300	261,300	241,000	241,000	215,200
11,000	Pre-theological training	8,800	8,900	9,000	9,100	9,300
4,073,400	TOTAL COURSE	3,822,100	3,896,900	4,026,000	4,078,900	4,158,800
28,700	MIXED-MODE TRAINING	38,000	47,400	66,300	67,000	68,300
	RTPs Implementation	51,600				
34,000	Add. College support					
10,225,900	GRAND TOTAL	10,189,000	10,450,100	11,053,800	11,032,200	10,966,700

TRAINING GRANT PAYMENTS FROM CFMT 2006		
COLLEGES		
		£
Cranmer Hall		480,315
Mirfield		231,819
Oak Hill		618,312
Queen's College, Birmingham		173,510
Ridley Hall		742,201
Ripon College, Cuddesdon		447,248
St John's College, Nottingham		688,304
St Stephen's House		270,789
Trinity College, Bristol		414,489
Westcott House		582,254
Wycliffe Hall		687,417
St Michael's College, Llandaff		26,541
University Fees		337,446
Miscellaneous		55,220
TOTAL COLLEGES		5,755,845
COURSES		
Carlisle & Blackburn		86,575
EAMTC		418,931
EMMTC		161,934
NEOC		218,526
NOC		422,746
NTMTC		292,114
OMC		87,379
SAOMC		176,941
STETS		467,266
SEITE		334,372
SWMTC		187,505
WMTC		157,964
WEMTC		179,299
Miscellaneous		12,699
Pre-theological training		6,109
Course travel expenses		174,044
TOTAL COURSES		3,384,404
ORDAINED LOCAL MINISTRY SCHEMES		
Blackburn OLM Scheme		13,522
Canterbury OLM Scheme		13,998
Coventry OLM Scheme		11,618
Durham OLM Scheme		-
Gloucester OLM Scheme		11,142
Guildford Diocesan Ministry Course		22,689
Hereford Local Ministry Scheme		7,810
Lichfield OLM Scheme		19,234
Lincoln OLM Scheme		-
Liverpool OLM Scheme		14,474
Manchester OLM Scheme		24,232
Newcastle OLM Scheme		11,380
Norwich OLM Scheme		17,806
Oxford OLM Scheme		18,533
St Edmundsbury & Ipswich Scheme		16,140
Salisbury OLM Scheme		19,472
Southwar k OLM Scheme		19,710
Wakefield Ministry Course		21,981
TOTAL OLM SCHEMES		263,741
MIXED-MODE TRAINING		38,100
REGIONAL TRAINING PARTNERSHIPS		125,912
PIONEER CURRICULUM DEVELOPMENT		100,000
GRAND TOTAL		<u>9,668,002</u>

National Support (Vote 2)

Central Secretariat

<u>Director:</u>	David Williams (Clerk to the Synod)
<u>Number of Staff:</u>	24 Full-time (including the Secretary-General) 3 Part-time/part-funded
<u>Budget 2008 (net):</u>	£1,826,054

Functions

- General Synod
- Dioceses Commission
- Liturgical Commission
- Liturgical formation/worship development
- Archbishops' Council
- House of Bishops
- Appointments Committee
- Safeguarding (children and vulnerable adults) issues
- Advice on Church Unity issues
- Fostering ecumenical work nationally
- Central Statistics and Research resource

Staffing

Central Secretariat

- Head of the Central Secretariat/ Clerk to the Synod + full time secretary
- House of Bishops – 2 full time staff; 2 half-share staff (with Ministry/CCU)
- Dioceses and Liturgical Commissions; worship development -3 full time staff
- Administrative Secretary
- Synod Support Unit – 1 full-time, 1 80% staff member

CCU

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

Research and Statistics

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

In addition the post of Secretary General and the 1.5 full time staff support is charged to the Central Secretariat budget.

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 Dioceses and Liturgical Commission, the Appointments and Business Committees and many other ad hoc and permanent bodies. It also has a co-ordinating role in relation to the work of the Council as a whole. The Council for Christian Unity is a body answerable to the General Synod through the Archbishops'

Council. It advises the Synod and the 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.

2008 Budget

- The budget broadly reflects expenditure in previous years. It has been reshaped in order better to reflect the main areas of activity within the Central Secretariat. All of the costs associated with Sessions of the General Synod now form one budget line (previously 5 – General Synod, Verbatim Report, GS papers, the inauguration and an amount for expenses of certain groups of members e.g. *ex officio* and appointed members of the Archbishops' Council), and the Archbishops Council, the House of Bishops, the work of the Liturgical Commission and the services of the National Safeguarding Adviser (bought in from the Methodist Church) have been separated out.
- An amount of £16,000 has been factored into the General Synod budget line to allow for a new phase in the life of the Dioceses Commission following the anticipated coming into force of the Dioceses, Pastoral and Mission Measure. An amount has been removed from this line to reflect the transfer of the Church Heritage Forum budget from the Central Secretariat to the Cathedral & Church Buildings Division.
- There are no additional budget requirements for the CCU or Research & Statistics.

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>	27 (25.2 FTE) and 4 (1.1 FTE) Honorary staff
<u>Budget 2008:</u>	£1,488,722

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

Staffing

- Director
- Finance and Administrative Secretary
- Deployment, Remuneration and Clergy Service Conditions Secretary
- Senior Selection Secretary plus 4.5 Selection Secretaries (1 also responsible for National vocations work, 1 for CME and 1 for pre-theological education)
- Theological Education and Training Secretary
- Officer for Ministry of and Among Deaf and Disabled People and an assistant (0.25 FTE)
- Assistant Secretary to DRACS
- Inspections Officer (0.5)
- Training institution and Ordinands Grants Officer plus an Assistant
- Finance and Statistics Officer
- Executive Officer DRACS
- Deployment Officer
- Research assistant to Director
- Registration Officer
- Panel Administration Supervisor (0.8)
- Assistant for Reader Ministry
- 4.4 (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
- 0.2 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 nearly 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 52 conferences a year involving over 350 selectors. It also administers the budget of £11 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.

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

2008 Budget

➤ 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 (with the National Society)

<u>Chair:</u>	The Bishop of Portsmouth
<u>Director:</u>	The Revd Jan Ainsworth
<u>Number of Staff:</u>	15 Full-time (12.9 wte) <i>Note: 5 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 1 adviser is funded from the DfES grant for youth work (additional NS and other staff support the work of the Division)</i>
<u>Budget 2008 (net):</u>	£656,475

Functions

The Education Division comprises 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 and 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), FE Project Officer (wholly externally funded), Higher Education Adviser and two executive assistants
- Schools Strategy team comprising Head of School Development, Head of School Improvement, School Improvement /RE Officer, School Support Officer and two executive assistants
- Training and Development team comprising two Youth Advisers, Children's Adviser, Lay Discipleship and Shared Ministry Adviser and two 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 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 implementing the Children's Strategy. National Guidance on Admissions to Church of England schools was developed in line with the new Government Admissions Code. A very successful national conference *Church Schools: Faith in the Future* was held in March at which the priorities for educational provision and transformation from 2007-2011 were agreed.

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 for more church secondary schools.

2008 Budget

- The Head of School Development was appointed acting CEO for four months following the appointment of Canon John Hall as Dean of Westminster at the end of 2006. The new CEO, Jan Ainsworth, joined the Division in late March 2007. The rest of the staff is expected to remain stable throughout 2007, but the Division is looking to make a joint appointment with the National Society of a National School Improvement/RE Officer, to enhance the work of the School Strategy Team. An executive assistant (also jointly funded) will be required to support, with the current EA, a team of four officers. 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.
- The youth work grant from the Department for Education and Skills for the year 2007-8 will be £145,035. Part will be retained centrally to cover the salary and on-costs of one of the two youth advisers. The balance funds youth projects in dioceses, in partnership with the Church Urban Fund and CMEAC. The Youth Officers hope to employ a gap year intern each year from September 2007 at a cost of £7,000 in 2008. A Home Office grant has funded an appointment to research into multi-faith HE chaplaincies. A National Development Officer in FE funded by a grant from the Jerusalem Trust has begun work.
- The Methodist Church pays half the costs of the Churches' FE Adviser post and 25% of associated support staff cost. 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 is carrying out a major review of its central staffing costs and a watching brief will be kept on developments.

Mission and Public Affairs

<u>Chair:</u>	Dr Philip Giddings
<u>Director:</u>	Malcolm Brown.
<u>Number of Staff:</u>	25 staff (20.7 FTE)
<u>Budget 2008 (net)</u>	£1,272,294

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 and 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 out this work 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 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, 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, the Training and Development Officer.
- **Administrative and support project assistance staff**

2008 Budget

- The 2008 budget provides for funding of the full division.
- It incorporates the National Rural Officer post which has been largely externally funded for the last four years and with continuing external funding found towards the HCC Training and Development Officer for his work on hospital chaplaincy with the South Yorkshire Strategic Health Authority.
- Non-staff costs include limited provision for buying in external advice on economic policy issues and other projects assistance, which are best provided through outsourcing and buying in rather than employing part-time permanent members of staff.

Cathedrals and Church Buildings

<u>Chair:</u>	The Bishop of London
<u>Director:</u>	Paula Griffiths
<u>Number of Staff:</u>	14 full-time posts(1 externally funded) Two additional part-time volunteers
<u>Budget 2008 (net):</u>	£797,152

Functions

- Co-ordinating the work of Diocesan Advisory Committees (DACs)
- Advising on the use, care, planning or design of places of worship, including environmental issues relating to church buildings
- Liaising with Government Departments and other relevant bodies
- Providing 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
- Administering funds for the conservation of church fabric, furnishings and art
- Giving advice and guidance on plans and problems affecting the fabric, furnishings, fittings and precincts of cathedrals
- Regulatory powers under the Care of Cathedrals Measure
- Co-ordinating national Church policy in respect of its ecclesiastical buildings

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 Cathedrals & Church Buildings Division supports the work of the Council for the Care of Churches (CCC), the Cathedrals Fabric Commission (CFCE) and the Church Heritage Forum (CHF). The drawing together of the two member level bodies (and cuts elsewhere) has generated considerable new policy work on behalf of the wider Church in respect of the ecclesiastical built heritage, as evidenced by Building Faith in our Future and Next Steps discussion document.

The CCB has major responsibilities in relation to Government and its agencies e.g. concerning the ecclesiastical exemption (currently under review). The CCC directly supports 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. It has also been actively involved, alongside Finance and the Churches Main Committee, in addressing the issue of VAT on repairs to church buildings.

Of particular value to parishes, the CCC 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 that 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 also maintains the Churchcare and Churchart websites.

During 2008, subject to Parliamentary approval of the Dioceses, Pastoral and Mission Measure, the Division is expected to absorb the functions of the ABRC and the CCC will be reformed as the Church Buildings Council.

2008 budget

- A bid of £10,000 is made towards supporting strategic policy initiatives (e.g. Building Faith and Shrinking the Footprint), and maintaining flexibility during a period of substantial change, including some significant new legislation, staff restructuring to reflect the ending of the National Aerials arrangements, and the absorption of the ABRC.
- A bid of £2,000 is made for insurance of members against possible claims arising from advice given to dioceses and parishes.

Finance

<u>Chair:</u>	Michael Chamberlain	
<u>Director:</u>	Jackie Bliss	
<u>Head:</u>	David White	(Financial Policy - Acting)
	John Preston	(Stewardship & Resources)
<u>Number of Staff:</u>	11 Full-time	3 Part-time/ part-funded
<u>Budget 2008 (net):</u>	£531,228	

Functions

- Financial policy advice
- Preparation and monitoring of the Council's budgets
- Long-term financial planning and overview of the Church's finances
- Stewardship and fund-releasing
- Allocation of stipend support
- Administration of Church and Community Fund
- Oversight of common services cost allocation

Staffing

- NCI Director of Finance (60% funded by other NCIs)
- Head of Financial Policy
- National Stewardship and Resources Officer
- AC Management Accountant plus 3 staff
- Common Services Management Accountant (part-funded by other NCIs)
- 3 secretarial and support staff (1 shared with Accounts)

The Division exists to serve the Council and the wider Church in administering and planning its finances in the most efficient, effective and economical 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 Division supports the Finance Committee and three sub-committees covering Stewardship and Resources; the CBF Funds (managed by CCLA Ltd); and the Church and Community Fund (which administers grants to parish-based projects). It also provides staff representation when financial input is required, including the Ministry Division's Finance Panel, the Church Colleges Advisory Group and the Publishing Board. The Division has responsibility for preparing a Financial Memorandum for each General Synod session.

Accounts

<u>Head:</u>	Paul Burrage
<u>Number of staff:</u>	24.60 Accounts, 5 Payroll
<u>Budget 2008 (net):</u>	£290,596 (representing 22.0% of total budget)

Functions

- General accounting services including central processing of accounts documents, cash management and maintaining accounting records.
- 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.
- Preparing the Archbishops' Council, Church Commissioners' financial statements
- Asset accounting services for the Church Commissioners
- Administering loans and mortgages
- Administering trust funds

Staffing

- Chief Accountant
- Head of Financial Accounting
- Systems Accountant
- Financial Accountant
- Tax Manager
- Cash & Treasury Manager
- Asset Accountant
- Payroll Manager
- 18.6 accounts staff supporting the above

The Accounts department seeks to provide an efficient and cost effective accounting service to the National Church Institutions. All payroll and accounting services, accounts processing, treasury and cash management and asset accounting, and maintaining accounting records are provided for the Archbishops' Council, the Church Commissioners, the Pensions Board and the National Society. Financial accounting is provided for the Archbishops' Council and the Church Commissioners.

The restructure of the Accounts department commenced in 2006 with the first phase of implementation of the new Finance System (SAP). The restructure is anticipated to be completed during 2007. Thus 2008 will be when realisation of the 2003 centralisation of the Accounts functions becomes fact. Standardisation of procedures across the NCIs should become a reality and more transparent reporting will ensue. The benefits should accrue from having a professional staff enabled to provide a timely, efficient and informative service.

Internal Audit

<u>Head:</u>	Kim Parry
<u>Number of Staff:</u>	7 Full-time
<u>Budget 2008 (net):</u>	£81,858 (representing 28.2% of total budget)

Functions

- independent, objective assurance on governance, risk management and internal control
- consultancy, advocacy and advice to management
- management of the risk identification and mitigation reporting processes
- secretariat to the audit committee

Staffing

- Head of Internal Audit
- 2 Senior Internal Auditors
- 3 Internal Auditors
- Administrative Officer

Internal auditing is established as a service for the Church of England. Its customers are the Church Commissioners, the Church of England Pensions Board, the Archbishops' Council, including the common services provided to all the NCIs, several diocesan offices and other church agencies. The Internal Auditing Department's primary responsibility is to provide each audit committee (or equivalent body) with independent assurance on the organisation's framework of corporate governance, risk management and internal control. It helps each organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The department applies a risk based approach focusing on whether the organisation's risk has been managed effectively and that 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.

2008 Budget

- The budget assumes a level of service agreed with the chairs of the NCI audit committees and with other customers participating in the service defined by a framework agreement.

Legal Office

<u>Director:</u>	Stephen Slack
<u>Number of Staff:</u>	14 full-time; (13wte)
<u>Budget 2008 (net):</u>	£ 624,469 (representing 52.8% of total budget)

Functions

- Legal advice and support to General Synod, Archbishops' Council, the Church Commissioners and the Church of England Pensions Board, together in each case with their committees and commissions etc
- Church Legislation
- Ecclesiastical Law
- Conveyancing and Property Law (Terrier and voluntary registration projects and ecclesiastical property and retained commercial property work)
- Corporate and company law advice
- 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

Part time:

- Standing Counsel to the General Synod
- Consultant to the Synod Team

The Legal Office will continue to provide legal services and support to all the national Church institutions. Property work and advice will largely be restricted 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 almost equally between the Church Commissioners and the Archbishops' Council.

The Legal Office will deal with ecclesiastical law, the preparation of Church legislation, legal advice and support to the Church Commissioners, General Synod and the Archbishops' Council (increasingly as regards the impact of Government legislation on the Church), and it provides the secretariat for the Synod's Clergy Discipline, Fees Advisory, Legal Advisory and Legal Aid Commissions 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.

2008 Budget

- 2008 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 the Church of England Pensions

Measure. Support will also continue to be given to the work of the Women Bishops legislative Drafting Group. A range of advice will be required, on matters ranging from the Single Equality Bill to the implications of the registration of the Church Commissioners as a charity. Substantial work will also be required in relation to the conduct of investigations and tribunal hearings under the provisions of the Clergy Discipline Measure.

Communications

<u>Director:</u>	Peter Crumpler
<u>Number of Staff:</u>	10 Full-time
<u>Budget 2008 (net):</u>	£452,618 (representing 72.0% of total budget)

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 responding to public enquiries; one involved in media policy activities)
- 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's task is to communicate the Council's vision, work with the media, build communications into the planning and execution of all the Council's activities and empower and encourage 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 cutting 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 Church's first on-line Advent Calendar, the use of text messaging and a website to promote Lent, national communications co-ordination for Back to Church Sunday, and a campaign to raise questions about the way Halloween is marked in the country. Work has also been undertaken to encourage more couples to choose Church weddings, including attending commercial marriage exhibitions.

Significant involvement in public affairs work in support of the Church's role in national debates has continued, including support for a better settlement from the government for listed church buildings. '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.

The Communications Training programme was re-designed and re-launched to coincide with the move back into Church House.

Following agreement with the Bishops' CME Committee, from 2007 the media training of bishops will now be undertaken in-house, instead of being contracted to an outside supplier. Although this has brought cost savings, there will need to be additional staff time devoted to this activity, in addition to the buying in of support services. This will be met from Church Commissioners funding.

The work programme being undertaken by the Communications Office is in line with the Into the New Quinquennium objectives, and takes forward the recommendations of the Service Review of Communications, carried out in 2006.

2008 Budget

- The Communications Office will continue to take forward the 'mission-shaped communications' strategy, devoting resources to providing an increasingly proactive media service, and identifying new means of communicating the Church's mission, including the further development of websites and other e-communications.
- The Office will be working to meet the priorities set out in the 'Into the New Quinquennium' report by the House of Bishops and Archbishops' Council, submitted to General Synod in February 2006. Communications will be both taking forward its own objectives and supporting other parts of the NCIs in achieving the communications aspects of their priorities, particularly those aimed at reaching parishes.
- Projects that bring together Communications with mission initiatives and co-ordinate the input of diocesan communicators will be developed. The close relationship with Church House Publishing will be continued, both to promote their publications and to work together on joint initiatives.
- A key focus will be the development of new information and communication technology, while monitoring customer feedback from these initiatives, as supported by the Service Review.
- The Communications Training programme will be taken forward, ensuring that it continues to meet the Church's need to train and equip good communicators ('Advocates') in a timely, cost-effective way.
- The Communications Office will be involved in the communications aspects of the Lambeth Conference, to be held in July/August 2008. This is likely to involve much input from the Office, and significant costs for travel and accommodation in Canterbury. No amount has been included in the budget for travel and accommodation costs or for the costs of hiring equipment or media facilities. It is unclear which costs will be financed from the Anglican Communion's Conference budget.

Human Resources

<u>Director:</u>	Su Morgan
<u>Number of Staff:</u>	8.5 Full-time equivalent
<u>Budget 2008 (net):</u>	£266,486 (representing 42% of total budget)

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 2.6fte
- 2 HR Advisers
- Recruitment Administrator and outsourced response handling service (equivalent to two assistant posts)
- HR and IT Information Adviser
- Health and Safety Adviser 0.5 fte

The Human Resources (HR) department delivers efficient and cost effective HR services, including support for recruitment, in relation to the nearly 460 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.

The 2008 business plan shows additional funding required for extending the hours of the post of HR Manager Clergy Terms of Service (from 0.6 to 1 fte). This is to meet the need to provide complex/technical advice to diocesan HR Advisers, provide annual conferences, CPD opportunities and in some cases manage HR contracts (where certain dioceses may contract this from national level – which will of course be paid for). It is unlikely that the current 0.6 wte will be sufficient to do this adequately, bearing in mind the duties that will continue to be part of that post (managing the bishops' service, continuing to support CTS implementation and legislative revision, development of MDR and support with CME development etc).

Information Technology

<u>Head:</u>	John Ferguson
<u>Number of staff:</u>	15.5 Full-time
<u>Budget 2008 (net):</u>	£391,622 (representing 39.7% of total budget)

Functions

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

Staffing

- IT Manager
- 7 Technical & IT Support
- 5 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 substantial rewriting of the various departmental core systems to interface with the new package (once selected) will be required.

2008 Budget

- The budget reflects the completion of the SAP system as well as the continued maintenance of the Bermondsey Disaster Recovery suite and the upgraded Internet lines.

Records

<u>Head:</u>	Declan Kelly
<u>Number of Staff:</u>	9 full-time net 8.1 wte (including Director of Libraries)
<u>Budget 2008 (net):</u>	£ 96,480 (representing 30.1% of total budget)

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 of the 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 Service staff
- IT Systems Administrator (50% funded by Lambeth Palace Library)

The Record Centre provides a record 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. This was particularly important in helping departmental moves back to Church House in early 2007. Archival cataloguing of CERC holdings remains an important priority and an increasing part of the workload and the NCIs archival catalogue was made available on line in late 2006. Deeds and other materials are also stored at the Record Centre. During 2006 updated advice to parishes was provided in the form of "Keep or Bin – Care of your Parish Records" and Diocesan and Episcopal records versions are planned for 2007. 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.

2008 Budget

- No major changes to expenditure are proposed for 2008. Staffing levels of the Record Centre will remain the same as for 2007 at 8.1 (whole time equivalent) including Director. Non-staff costs at CERC will be held at a slightly lower level than for 2007.

Church House Publishing

<u>Head:</u>	Thomas Allain-Chapman	
<u>Number of Staff:</u>	9 full-time	4 part-time
<u>Budget 2008 :</u>	Sales	£1,125,000
	Net deficit:	£34,432

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 plus Assistant
- Book Product Development Manager & Commissioning Editor (part-time)
- Editorial Manager (part-time) plus Project Editor
- Production Manager (part-time)
- Marketing Manager plus Marketing Executive
- 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 60 new titles produced in 2006, CHP enjoyed both its highest trade sales and its highest profile since the launch of the Common Worship series in 2000.

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

2008 Budget

- In November 2006, the Archbishops' Council agreed a revised strategy for CHP, with a four-year publishing and financial plan commencing from 2007, with CHP delivering a net return over this period. The 2007 Forecast is for a trading deficit of £53,349; the Budget for 2008 is for a trading deficit of £34,432. It is anticipated that, with the advent of new electronic publishing expansion plans, 2009 and 2010 should both result in trading surpluses, thus delivering a positive outturn over the four year period.
- CHP budgeted sales for 2008 are £1,125,000 (1.5% up on 2006, the previous non-Crockford year). Cautious projections have been made about the sales of Common Worship (expected to decline with the end of the core publishing programme).

- 2008 will see continued expansion in general books and a reduction in reference revenues on 2007 due to the absence of Crockford.
- Key titles will include the first full year of *Daily Prayer Reflections*, a quarterly title offering reflections from leading Church of England figures (with ecumenical guest writers) in line with the Common Worship daily lectionary. There will also be a further increase in the range of successful Lent resources that has been a key part of the expansion in General Books since 2004.
- Electronic publishing will begin to take on more importance to CHP in 2008, with Visual Liturgy Live subscription renewals, expanded group and institutional subscription plans for Crockford online and a legal publications subscription site all anticipated this year.
- To ensure CHP's trading activity gains maximum benefit from the introduction of the new SAP accounts system, a new part-time post of Accounts Officer is proposed to take effect from 2007. This role will support the work of CHP and Financial Policy staff in predicting and analysing performance and informing budgeting and business decisions. This will help underpin the increasing commercial focus of CHP, which has seen significant trade sales growth in 2006.
- Staffing levels are anticipated to remain at 13 posts, inclusive of this new role.
- As part of the new strategy for CHP, further collaborations with other parties within Christian publishing 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>	12.5 Full-time
<u>Budget 2008 (net):</u>	£225,353 (representing 38.8% of the total budget)

Functions

- Mapping
- Telephone System Management
- Insurance
- Xerox & Printing
- Telephonists/reception
- Office supplies
- Central Meeting Room bookings
- Inter-site van service

Staffing

- Office Services Manager
- 3 Office Services staff
- 3 Mapping staff
- 2 Reprographics staff
- 1 Telephonist/Reception
- Van Driver/ Messenger
- 2 Meeting Room Stewards

Office Services continues to provide central photocopying facilities ensuring that most copying is done cheaply, in-house. The telephone system covers all the London-based NCIs with a general switchboard to be sited in Church House. The mapping department remain heavily involved with the Church Commissioners' property terrier project to record and register electronically the rural and agricultural portfolio. The Office Services Manager is the Church House Health & Safety Officer, performing this function alongside his other duties.

Accommodation

<u>Budget 2008 (net)</u>	£1,334,439
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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 2008. 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.

- A net saving of around £20,000 accrues to the Council from the apportionment of rent and service charge across all those occupying Church House.
- The budget allows for the Council's 2008 share of the tenants' costs as part of the refurbishment (much of which is being depreciated over a ten year period) together with setting aside funds for future maintenance costs of Church House.

Grants (Vote 3)

Budget 2008:

£1,596,200

1. This budget encompasses national Church of England contributions to Anglican Communion and Ecumenical activities and other miscellaneous grants (including the cost of clergy between posts or additional removal costs when moving to or from the mainland).
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. Other than for the WCC and CTBI/CTE whose grant is maintained at the budget for 2007, it is proposed that there should be an underlying increase of 3% over the 2007 level.
6. National support through this budget is provided towards the administrative costs of the Church Urban Fund (CUF). An increase of 3% is provided for in the level of the Council's grant from Vote 3, which forms part, in 2008, of the higher level of support, totalling £1m p.a. to which the Council has committed to in 2006-2008. The total commitment made is £3m and the balance is being funded by the Council from that part of the Church Commissioners' income which it distributes.
7. A significant factor, in previous years in the increase in Vote 3, has been the Legal Aid Fund. There had been significant expenditure arising from cases previously. The Synod is required by Measure to maintain a Legal Aid Fund, which is held by the CBF 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.
8. 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, however, 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 implementation of the Clergy Discipline Measure from the start of 2006 was expected to lead to significantly increased demand on the Legal Aid Fund (perhaps of the order

of £500,000 p.a.) but this is of course very difficult to estimate accurately and may vary substantially from year to year. However, advice given by our legal department based on lower than anticipated activity in 2006 indicates that we need not continue to increase payments to the fund at the same level as in previous years. For this reason, the balance within the Fund is being built up, by crediting to it any Vote 3 surpluses and by increasing the budget provision for 2008 by 16.7% to £350,000.

9. The effect of these changes is a budget for 2008 showing a 4.9% increase in the level of apportionment over 2007.
10. The detailed analysis is as follows:-

	Actual 2006 £	Budget 2007 £	Budget 2008 £
Anglican Communion Activities			
Inter Anglican Budget	381,600	393,000	405,000
	<u>381,600</u>	<u>393,000</u>	<u>405,000</u>
Ecumenical Activities			
Churches Together in Britain and Ireland	383,000	410,000	410,000
Churches Commission on Mission	36,700	-	-
World Council of Churches	108,000	108,000	108,000
WCC Assembly	35,000	-	-
Conference of European Churches	76,500	78,800	81,200
Expenses of representatives	23,298	16,000	20,000
	<u>662,498</u>	<u>612,800</u>	<u>619,200</u>
Miscellaneous			
Church Urban Fund	185,700	191,300	197,000
Legal Aid Fund	176,526	300,000	350,000
Minor Grant Schemes	10,176	25,000	25,000
	<u>372,402</u>	<u>516,300</u>	<u>572,000</u>
TOTAL	1,416,500	1,522,100	1,596,200

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.
- 3) Expenditure on the pension contributions payable under this vote in 2006 was £651,000 against a budget of £740,000. Due to the increase in pension contribution levels from 1 January 2007 the forecast for 2007 is now £760,000, slightly below the agreed budget due to a continuing fall in the number of clergy employed by the mission agencies. Despite this slight fall in numbers the budget for 2008 of £800,000 shows a modest increase to make provision for a possible further increase in the contribution rate. As the pension contribution rate for 2008 will not be determined by the Pensions Board until later this year reserves may need to be drawn on. It is possible that there will then be a significant further increase in Vote 4 expenditure from 2009, depending on the revised clergy pension contribution rate. For the sake of prudence in the five year forecast it has been assumed that Vote 4 expenditure will increase, to the maximum allowable under the capped arrangements (which assuming RPI at 3% p.a., will be around £840,000 in 2009). Reserves will again be able to soften the impact on apportionment in 2009-10.

SOCIETY	2000	2002	2004	2005	2006	2007 (Q1)
Crosslinks	17	14.5	15	18	18.5	20
CMS	29	30	30	19	20	20
CPAS	12.5	11.5	10	10	9.5	10
Community of St Mary	1	1	1	0	0	0
Jerusalem & Middle East CA	1	1	0	0	0	0
Melanesian Mission Society	1	1	1	1	0.5	0
Mission to Seafarers	26	16.5	11	10	10.5	13
South American Mission Society	22.5	20	16	15	14	13
USPG	33	26.5	22	19	17	15
Church Army	6	5	7	4	5	5
Churches Ministry Among Jews	4	3.75	2	2	1	0
SOMA	1	1.25	2	2	1	1
Papua New Guinea Church	0	1.75	2	1	1	1
Inter-Continental Church Society	9.5	9.5	9	5	5	6
TOTALS	163.5	143.25	128	106	103	104

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 mortgage option of the scheme through which properties are purchased on an equity sharing basis. The Pensions Board purchase properties for up to £150,000 in value (or use an existing vacant property) for applicants with insufficient capital and they enter the rental option. The beneficiary will be 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 interest payable on new loans rises in line with a weighted average of full service clergy and state pensions. 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 2006 the total properties in management was 2642 (mortgage 1405, rented 1237) 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 by 10 per annum, 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, however, that the current 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. Previous projections for Vote 5 had been showings overall subsidy costs increasing by around 10% p.a. As a result of the steps already taken to reduce expenditure, the subsidy cost is projected to stay essentially the same over the period 2006-2008. Beyond 2008 the trend is for increases in expenditure of around 4.5% p.a. as above-inflationary increases in the amount paid in financing charges and for repairs will feed directly through into higher subsidy levels given the cap on the proportion of rent out of total pensioners' income. Further steps are being taken to put into place new more cost efficient conveyancing arrangements and to review property management arrangements with a view to increasing efficiency and reducing costs.

	Actual 2006 £000	Budget 2007 £000	Forecast 2007 £000	Budget 2008 £000	Forecast 2009 £000	Forecast 2010 £000	Forecast 2011 £000
Properties in management	1,237	1,220	1,210	1,190	1,180	1,170	1,160
Income							
Rent	4,497	4,503	4,531	4,590	4,688	4,787	4,889
Expenditure							
Controlled by CCE:							
Interest on Loans - payable to Church Commissioners	3,191	3,225	3,215	3,257	3,326	3,397	3,469
Controlled by CEPB:							
Building repairs & maintenance (net of capitalised improvements)	2,249	2,370	2,310	2,385	2,484	2,586	2,691
Other expenses	655	568	585	526	548	570	594
Total CEPB Expenditure	2,904	2,938	2,895	2,911	3,032	3,156	3,285
Total expenditure	6,095	6,163	6,110	6,168	6,358	6,553	6,754
Net deficit	1,598	1,660	1,579	1,578	1,670	1,766	1,865
Administrative expenses	977	1,053	1,099	1,148	1,182	1,217	1,254
Add mortgage scheme costs	242	227	227	234	241	248	256
Total revenue subsidy	2,817	2,940	2,905	2,960	3,093	3,231	3,375

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 2006, increasing by around 5% per annum. This is a lower rate of increase than that shown in earlier projections because 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 ingoing works.

The reducing number of properties provides a modest offset to the increased costs. Projected expenditure in 2008 equates to £2,000 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 ingoing 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 75% 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.

There is a general reserve in relation to all five votes. These reserves are regularly drawn upon: for example in relation to Vote 1, for at least the first six months of the year the amount paid out exceeds what has been received from dioceses since a number of payments need to be made at the start of each academic term. Part of the Vote 2 reserve balance comprises amounts that have been paid out (and so are not available as cash) for the refurbishment of Church House in 1998-9 but under the Council's accounting policy is being depreciated over a period of ten years (and so is only charged to the accounts in instalments over that time).

No changes have been made to the reserves policy levels. It will be seen that at present only the Vote 5 reserve is above the maximum level, and it is anticipated that by the end of 2008 this excess will have been eliminated (via a reduction in Vote 5 apportionment within the 2008 budget). There are not, therefore any surplus funds available this year to return to dioceses.

	Minimum	Maximum	Actual (31/12/06)
Vote 1	1.5 months' net expenditure (£1.60m at 2006 levels)	3 months' net expenditure (£2.79m at 2006 levels)	£2.65 million
Vote 2	1.5 months' net expenditure (£1.23m at 2006 levels)	3 months' net expenditure (£2.47m at 2006 levels)	£2.46 million (excluding designated funds)
Vote 3	£150,000	£300,000	£173,000
Vote 4	£50,000	£200,000	£132,000
Vote 5	-	£250,000	£406,000

Table of Apportionment for 2008								
Diocese	Training for Ministry	National Church Responsibilities	Grants & Provisions	Inter-diocesan support of Mission Agency clergy pension contributions	CHARM	Total Votes 1-5	Pooling of 2006 candidates costs	Total Net Apportionment
	VOTE 1 £	VOTE 2 £	VOTE 3 £	VOTE 4 £	VOTE 5 £	£	£	£
Bath & Wells	295,279	278,978	44,267	21,938	78,197	718,659	(9,862)	708,797
Birmingham	163,283	154,268	24,479	12,131	43,241	397,403	3,363	400,766
Blackburn	230,186	217,477	34,508	17,101	60,958	560,230	20,976	581,206
Bradford	90,171	85,193	13,518	6,699	23,879	219,460	(30,908)	188,552
Bristol	169,925	160,544	25,474	12,624	45,000	413,568	24,396	437,964
Canterbury	167,600	158,347	25,126	12,452	44,384	407,910	21,470	429,380
Carlisle	145,626	137,586	21,832	10,819	38,565	354,428	28,072	382,500
Chelmsford	397,604	375,652	59,607	29,539	105,293	967,696	40,838	1,008,534
Chester	359,323	339,485	53,868	26,696	95,156	874,528	7,971	882,499
Chichester	456,230	431,042	68,396	33,895	120,819	1,110,383	70,345	1,180,728
Coventry	181,050	171,053	27,143	13,451	47,945	440,641	(36,458)	404,183
Derby	164,647	155,556	24,683	12,232	43,601	400,720	(10,180)	390,540
Durham	154,495	145,966	23,161	11,478	40,914	376,014	(4,907)	371,107
Ely	190,046	179,554	28,491	14,120	50,328	462,539	(80,844)	381,695
Exeter	251,538	237,651	37,710	18,687	66,613	612,199	10,782	622,981
Gloucester	222,327	210,052	33,330	16,517	58,877	541,103	(9,531)	531,572
Guildford	343,216	324,267	51,454	25,499	90,891	835,326	39,684	875,010
Hereford	120,318	113,676	18,037	8,939	31,863	292,831	148	292,979
Leicester	152,808	144,371	22,908	11,352	40,466	371,906	(1,840)	370,066
Lichfield	323,451	305,594	48,490	24,031	85,657	787,223	41,360	828,583
Lincoln	244,953	231,430	36,722	18,199	64,869	596,173	36,212	632,385
Liverpool	217,707	205,687	32,637	16,174	57,653	529,858	34,776	564,634
London	837,377	791,147	125,535	62,213	221,756	2,038,028	(99,342)	1,938,686
Manchester	264,558	249,952	39,661	19,655	70,060	643,887	(33,612)	610,275
Newcastle	118,690	112,137	17,794	8,818	31,432	288,870	23,143	312,013
Norwich	203,238	192,017	30,469	15,099	53,821	494,643	42,421	537,064
Oxford	653,730	617,638	98,004	48,569	173,121	1,591,061	(124,413)	1,466,648
Peterborough	187,739	177,374	28,145	13,948	49,717	456,923	(13,501)	443,422
Portsmouth	137,606	130,009	20,629	10,223	36,441	334,909	9,379	344,288
Ripon & Leeds	150,313	142,014	22,534	11,167	39,806	365,833	25,288	391,121
Rochester	299,410	282,879	44,886	22,245	79,290	728,710	5,434	734,144
St Albans	401,821	379,638	60,239	29,853	106,411	977,963	23,610	1,001,573
St Eds & Ips	187,223	176,887	28,067	13,909	49,581	455,667	33,694	489,361
Salisbury	328,368	310,238	49,227	24,395	86,959	799,188	(10,689)	788,499
Sheffield	144,091	136,136	21,601	10,705	38,158	350,691	(4,412)	346,279
Sodor & Man	23,340	22,052	3,499	1,734	6,181	56,807	(3,668)	53,139
Southwark	473,235	447,108	70,945	35,159	125,322	1,151,769	(14,893)	1,136,876
Southwell	152,866	144,427	22,917	11,358	40,482	372,050	(1,345)	370,705
Truro	116,343	109,920	17,441	8,643	30,810	283,158	1,987	285,145
Wakefield	148,762	140,549	22,301	11,052	39,396	362,059	5,402	367,461
Winchester	330,498	312,252	49,546	24,554	87,523	804,373	17,208	821,581
Worcester	173,073	163,516	25,946	12,858	45,833	421,227	15,262	436,489
York	248,217	234,513	37,212	18,443	65,732	604,116	(60,290)	543,826
Europe	-	-	-	-	-	-	(32,531)	(32,531)
Armed Forces	24,919	24,494	3,759	1,828	-	55,000	-	55,000
totals	10,647,200	10,060,328	1,596,200	791,000	2,813,000	25,907,728	-	25,907,728

Forecast 2009-11

The following table sets out the current projection for 2009-11. It assumes that the numbers in training (Vote 1) remain broadly stable at their projected 2008-9 level and makes an allowance for the further movement of the OLM schemes into mainstream funding. The above-inflation increases projected in Vote 3 relate to further annual increases in 2009 in the amount set aside for Legal Aid, as a result of the implementation of the Clergy Discipline Measure and the phased withdrawal of the Church Commissioners' support of Legal Aid costs in 2007-9. The actual increases needed for Vote 4 over the period will be dependent on the outcome of the triennial actuarial review of the clergy funded pension scheme. Vote 5 increases projected for the period 2009-2011 reflects the fact that reserves will be run down to a modest extent in 2007 and 2008.

The forecast should be treated only as a projection and as our best estimate available at this time. It may of course change over time.

Vote		2009 % increase	2010 % increase	2011 % increase
Vote 1	Ordination Training	3.7%	3.7%	3.2%
Vote 2	National Support	3.0%	3.0%	3.0%
Vote 3	Grants (inc. Legal Aid)	4.4%	3.6%	3.5%
Vote 4	Mission Agencies Clergy Pensions	3.7%	3.7%	3.5%
Vote 5	CHARM subsidy/admin costs	5.0%	6.6%	6.3%
	Overall Apportionment	3.6%	3.7%	3.5%