

GENERAL SYNOD**FINANCING THE CHURCHES CONSERVATION TRUST
IN THE TRIENNIUM 2018 TO 2021****Report by the Church Commissioners
and
Explanatory Memorandum to the Payments to the
Churches Conservation Trust Order 2017****Part A: Report**

This report:

- (i) explains the role of the Churches Conservation Trust (“the Trust”) in the context of dealing with church buildings no longer needed for regular public worship (“closed church buildings”); and
- (ii) outlines the arrangements for financing the Trust and puts before the Synod the Commissioners’ proposals for the payment of the Church’s contribution of a fixed sum of £4.290m (£1.43m per annum) for the funding period 2018 to 2021, and an additional amount of up to £225,000 in the circumstances set out in the Order.¹

The Payments to the Churches Conservation Trust Order 2017, which will put these proposals into effect, is laid before the Synod for approval as GS 2065.

Synopsis

- The Church needs to be able to settle the future of highly listed closed church buildings for which no suitable alternative use is found and which otherwise would be a drain on parish or diocesan resources.
- Closed church buildings in the care of the Trust remain consecrated; many are used for occasional worship by parishes as well as for community use. They remain a potential resource for the Church’s future mission and can be returned to parish use if needed.
- It is the Church Commissioners, not the Trust or the State, who decide which closed church buildings are placed in the care of the Trust.
- The Trust receives core funding from the Government and the Church Commissioners. Last year the Commissioners’ funding of £1.35m was matched by £2.6m from Government with a further £4.6m of philanthropic donations, grants and self-generated income.

¹ Note: for convenience of reading the figures use henceforward in this Report are rounded. The exact figures are used in the Order.

Role of the Churches Conservation Trust

2. The Trust is responsible for closed church buildings of outstanding historic interest or architectural quality for which a suitable alternative use cannot be found. It currently cares for 350 such buildings with three further agreed vestings in the pipeline.
3. These remain consecrated churches available, and in many parishes used, for occasional worship, reflecting the Trust's strengthening relations with local parishes and incumbents who often view their local Trust church as an ally and a resource in mission and ministry. Moreover, Trust churches can be, and occasionally are, restored to regular parochial use if circumstances and future mission needs change.
4. The Trust seeks to ensure that its churches are open and accessible to the public and continue as a focal point for the community. Around 2m visitors came to Trust churches last year and over 2,000 community, arts and educational events were held. The Trust's significant educational work focuses on interpreting the buildings in its care to provide a better understanding of the Christian message and the Christian history of our nation. Further details on the Trust's work can be found on its website at www.visitchurches.org.uk.
5. In recent years the Trust has attracted significant funding for imaginative regeneration schemes involving some of the urban church buildings in its care. Last year, for example, St Mary-at-the-Quay, Ipswich opened as a heritage and well-being centre following an ambitious £5.5m project in partnership with the mental health charity, Suffolk Mind.
6. Using its growing experience in developing community-led uses and local management arrangements for buildings in its own care, the Trust increasingly works strategically with Church partners, including dioceses and parishes, on preventative projects and new approaches to keeping historic churches open for worship. Recent examples include:
 - Helping to develop and deliver the North East Inspired project, funded by the Heritage Lottery Fund, working with 18 churches and their communities in Newcastle and Durham Dioceses to secure a sustainable future.
 - Providing consultancy services and capacity building support for parishes involved in their own regeneration projects.
 - Sharing the 'Church Keys' contemporary music partnership with parishes and dioceses, bringing new audiences and income to churches.
 - Plans for a trial maintenance scheme using the experience and capacity of the Trust's existing maintenance programme where it has clusters of its own churches, to offer a cost-effective service to local parishes and dioceses.
 - Working closer in a mutually beneficial partnership with the Church Buildings Council, sharing good practice across parishes, particularly regarding volunteering, tourism, extended use and other aspects of sustaining church buildings. This includes plans to offer support to Festival Churches in the form of access to the Trust's maintenance regime in particular areas.

Settling the future of closed church buildings

7. The Mission and Pastoral Measure 2011 ("the Measure") enables the Church to deploy and redeploy its resources of clergy, money and buildings, better to meet local mission

priorities and pastoral needs. Closure of those buildings no longer required for regular public worship is an integral element in this redeployment of resources.

8. There are over 16,000 parish churches and places of worship in use, including over 13,000 listed buildings. Closure does not relinquish the Church's responsibility for such buildings although it does remove the financial responsibility from parishes. Their neglect runs reputational risk, while the State, at both central and local levels, possesses powers to enforce the proper care of listed closed churches, as for other listed buildings. Without the Trust the Church would be entirely liable for the upkeep of such buildings if suitable alternative uses cannot be found. It is in the Church's continuing interest that the Trust retains the ability to care for closed church buildings of outstanding heritage value and has the resources to cope with a small number of new vestings each triennium. Arrangements for dealing with closed church buildings, along with funding the Trust, form part of the wider agreement between Church and State regarding the Church's built heritage.
9. When a church building is closed the diocese, in partnership with the Commissioners, normally searches for a suitable alternative use in the first instance. Between 1969 and 2016 the futures of some 1,939 closed church buildings were settled and the majority found suitable alternative uses (including for worship by other Christian bodies, civic, cultural and community purposes, residential conversion and commercial use). Many have yielded significant proceeds which have assisted the living church. Diocesan pastoral accounts have received over £62m from the disposal of closed church buildings in this period; additionally a substantial number of new places of worship (around 180) have been funded directly from the proceeds of closed churches they have replaced.
10. Where a suitable use cannot be found the Commissioners decide, following advice from the Statutory Advisory Committee of the Church Buildings Council, between the remaining alternatives of preservation by the Trust or demolition. (Since 1969 some 390 mostly unlisted closed church buildings have been demolished.). Proposed demolition of listed church buildings or unlisted buildings in conservation areas may result in non-statutory public inquiries or hearings which bring their own associated costs.

Financing the Trust

11. The Trust is jointly funded by Government (via the Department for Culture, Media and Sport ("DCMS")) and the Church (via the Church Commissioners) and buildings are vested in its care "in the interests of the Nation and the Church of England". Respective funding proportions have no statutory basis but have evolved over many years. The DCMS currently provides around two-thirds of core funding, with the Church providing around one-third while also deciding which buildings should be passed to the Trust.
12. The Trust continues to operate in a very difficult financial climate. As a result of almost continuous flat funding in cash terms from both sponsoring bodies, its core funding was reduced by almost a quarter in real terms between 2001 and 2011. Since then, along with other publicly funded bodies, it has suffered cuts in Government grant while facing the challenge of ensuring its continuing sustainability and ability to take on new vestings.
13. Measures taken by the Trust itself in response include:
 - Regionalisation and greater focus on volunteers and local management of buildings.

- Increasing and diversifying its self-generated income through fundraising efforts and business development, thus reducing its reliance on core funding.
 - Securing grants from various bodies for special projects to increase volunteering, education and for specific conservation works.
 - Using its expertise, with the support of dioceses and the Commissioners, in particular preventative projects (either to support continuing parochial use or alternative community use, thereby limiting the call for new vestings).
 - Reducing liabilities by pursuing suitable opportunities, in conjunction with the Commissioners, to lease or divest church buildings in its care.
14. In terms of the Trust's overall income in 2016, the DCMS grant represented about 30% of the total, the Church's share around 16%, with the remaining 54% raised by the Trust itself through donations, earned income and other grants (including very significant capital grants for specific projects).
15. Ninety-five percent of the money the Trust generates is spent directly on the repair, conservation and careful adaptation of churches in its care and on education, tourism and community projects. Forward planning takes account of the assessment of the likely flow of new vestings (for which the Commissioners' adopt stringent criteria) as well as the repair needs of church buildings already in its care.

Current funding triennium (1st April 2015 to 31st March 2018)

16. In the current funding period the Trust is set to receive some £11.93m in core funding, comprising £7.864m from the DCMS and £4.065m from the Commissioners.
17. The Payments to the Churches Conservation Trust Order 2014 provided that if the one-third share of net proceeds of the disposal of closed churches payable to the Commissioners exceeded £0.5m in any calendar year, then the Trust would receive additional payments up to £150,000. An additional payment of this amount was made in 2015 when this condition was met. Separately the Trust has benefited from a number of 'one-off' DCMS grants, for example in relation to financing its Regeneration Task Force and Conservation Churches Programme and also via the Roof Repair Fund.
18. This reflects the changing and more varied financial landscape under which the Trust now operates. While core grant funding is becoming a smaller proportion of its overall income it remains a crucial element, not least in order to attract other sources of financial support and widen its funding base.

Next funding triennium (1st April 2018 to 31st March 2021)

19. The DCMS core grant for the next funding period up to 31st March 2021 is expected to be around £7.85m (excluding any 'one-off' contributions or other grants).
20. The Commissioners propose that the Church's core grant should be £1.43m per annum, or a total of £4.29m over the funding period (a modest increase in cash terms of £75,000 per annum following a lengthy period since 2001 when the Church's grant has essentially remained frozen). This takes into account the fact that there are a number of possible strong candidates for vesting either coming forward for closure or already closed and is proposed on the basis that a budget of £2m will be set aside by the Trust for expenditure on new vestings over the next funding period, allowing for a small number of new

vesting (two to three) each year. Notwithstanding the Festival Churches initiative, a continuing capacity to vest a small number of buildings in the Trust is important.

21. A possible additional payment linked to the performance of sale proceeds arising from the disposal of other closed church buildings is again proposed. In the event that the one-third share of net proceeds exceeds £0.6m in any calendar year (2018, 2019 or 2020) the Commissioners will make additional payments from the excess up to a maximum additional sum of £225,000 during the triennium. This is a higher threshold than in the current funding period for making any such payment; it would have been reached in 2015 but not last year.

Meeting the Church's share

22. The Commissioners are required to determine by Order (to be approved by the Synod) their total grant to the Trust for each funding period. The two sources for meeting the Church's contribution are net proceeds from the disposal of other closed church buildings and the Commissioners' own funds.
23. The level of sale proceeds is difficult to estimate, dependant on such factors as the number of closures, the quality, character and location of the buildings, and economic factors including the state of the property market. Under the Measure two-thirds of net sale proceeds go direct to the relevant diocesan pastoral account to help the living Church; the remaining one-third is applied towards funding the Church's contribution to the Trust and also the statutory Closed Church Buildings Support Account held by the Commissioners. This assists Diocesan Boards of Finance in caring for closed church buildings until their future is settled and may also be used to secure planning consents to further the disposal of closed church buildings (thereby maximising value in relevant cases) and towards the cost of demolition pursued under the Measure.

2015 to 2018

24. Overall sale proceeds have performed well in recent years and we estimate that about £2.65m will be available from the one-third share of proceeds towards the Church's contribution to the Trust for 2015-18, with the estimated balance of £1.56m to be met from Commissioners' grant.

2018 to 2021

25. The Payments to the Churches Conservation Trust Order 2017 is laid before Synod to put into effect the Commissioners' proposals for financing the Trust in 2018 to 2021. It provides for total flexibility for how the proposed grant of £4.29m is met from these two sources, protecting both the efficient operation of the Measure and the Commissioners' ability to support the Church's mission. It also provides for additional payments of up to £225,000 in the event the one-third share of sale proceeds exceeds £0.6m in any calendar year.
26. Given the uncertain economic climate we intend, for budgetary purposes, to include £1.1m per annum in the Commissioners' expenditure projections as the amount to be met from the Commissioners' own funds with the remainder to be met from the one-third share of sale proceeds. Better levels of sale proceeds will reduce the call on the Commissioners' funds and may also enable the additional contribution to the Trust

referred to above.

27. The following Table profiles the source of the Church's funding of the Trust since 1969. In this same time period the disposal of closed church buildings produced £62.12m in net proceeds (up to March 2017) of which £45.39m was applied to Diocesan Pastoral Accounts.

| Funding Period | Breakdown of Church Contribution | | Total From Church £M | Total From State £M | CCT Total £M |
|----------------------|----------------------------------|---------------------------|-------------------------|------------------------|-----------------|
| | From Church Commissioners £M | From Sales Proceeds £M | | | |
| | 1969-74 | 0.20 | | | |
| 1974-79 | 0.70 | 0.35 | 1.05 | 0.70 | 1.75 |
| 1979-84 | 0.97 | 0.48 | 1.45 | 1.45 | 2.90 |
| 1984-89 | 1.88 | 0.92 | 2.80 | 4.21 | 7.01 |
| 1989-94 | 2.50 | 1.20 | 3.70 | 8.70 | 12.40 |
| 1994-97 | 1.56 | 1.52 | 3.08 | 7.19 | 10.27 |
| 1997-2000 | 2.18 | 1.01 | 3.19 | 7.44 | 10.63 |
| 2000-03 | 3.09 | 0.69 | 3.78 | 8.83 | 12.61 |
| 2003-06 | 2.30 | 1.56 | 3.86 | 8.87 | 12.73 |
| 2006-09 | 1.46 | 2.47 | 3.93 | 9.16 | 13.09 |
| 2009-12 | 2.70 | 1.37 | 4.07 | 9.15 | 13.22 |
| 2012-15 | 1.57 | 2.50 | 4.07 | 8.10 | 12.17 |
| | <i>Forecast</i> | | <i>Forecast</i> | | |
| 2015-18 | 1.56 | 2.65 | 4.21 | 7.86 | 12.07 |
| 2018-21 | 3.30 | 1.00 | 4.30 | 7.85 | 12.15 |
| Total 1969 - 2021 | 25.97 | 17.82 | 43.79 | 89.71 | 133.50 |

Notes

The additional payment of £0.15m required under the funding order was paid in 2015 when the condition for such payment was met.

The forecast for 2018-21 shown does not include the further additional payment proposed as this is only payable if net sales proceeds are sufficiently buoyant.

Recommendation

28. The Commissioners invite the Synod to approve their payment in 2018 to 2021 of a fixed total of £4.29m as the Church's contribution to the financing of the Trust, with an additional amount of up to £225,000 if the circumstances set out in the funding Order are met. Payments will be made to the Trust only when the Commissioners are satisfied that the sum is needed by the Trust and that the appropriate balance of the sum will be paid by DCMS. The funding Order laid before Synod provides for funding the Church's share on this basis (see Part B below).

The Commissioners and the Trust will willingly supply members with fuller information about their respective roles in dealing with closed church buildings.

Part B: Explanatory memorandum to the Payments to the Churches Conservation Trust Order 2017

1. The Payments to the Churches Conservation Trust Order 2017 makes provision for the Church Commissioners' financial contribution to the Trust for the period from 1 April 2018 to 31 March 2021. The Church Commissioners made the Order on 23 May 2017, under section 65 of the Mission and Pastoral Measure 2011. That section provides that the Order cannot come into operation unless and until it has been approved by the General Synod. The Order, being a statutory instrument, must also be laid before Parliament.
2. The Order does not automatically entitle the Trust to receive the sums proposed to be provided. The money will be paid to the Trust only as and when it can show its need for it, and the arrangements are made on the understanding that the Trust will make every effort to maximise income from donations and other sources of financial assistance.
3. **Article 1** of the Order provides for citation, coming into force and interpretation.
4. **Article 2** specifies the funding period (1 April 2018 to 31 March 2021).
5. **Article 3** makes provision for the total amount which may be paid to the Trust during the funding period. This is made up of £4,290,000 of grants and moneys allocated from the Commissioners' one-third share of the proceeds of sale of closed church buildings (the balance depending on the factors set out in paragraph 21 of Part A above). In addition, there may be a further sum available of up to £225,000 during the funding period, but this will be available only if and to the extent that the Commissioners' share of net proceeds of sale exceeds £600,000 in a calendar year.
6. **Article 4** specifies the conditions that must be met before a payment may be made to the Trust under the Order.

Andrew Brown
Secretary

June 2017

Churches Conservation Trust: Board of Trustees 2017

Peter Ainsworth, Chairman - distinguished career in politics and business, including serving as Shadow Secretary of State for Culture and Shadow Secretary of State for the Environment; MP for East Surrey for 18 years until 2010. UK Chair of the Big Lottery Fund since 2011 and Board member of the Environment Agency.

The Reverend Duncan Dormor – Dean of Chapel at St John’s College, Cambridge and Affiliated Lecturer teaching sociology and anthropology of religion. University representative on the General Synod since 2005 and member of the Church of England’s Mission Theology Advisory Group and the English Anglican-Roman Catholic committee.

Lady Lucy French - Development Director of the St James Theatre, London since 2011, responsible for marketing, PR and revenue generation. On Board of Victoria Business Improvement District, Patron of Remember WW1 Campaign and founder of First World War centenary charity, Never Such Innocence.

Edward Harley – Chairman of the Acceptance in Lieu Panel and Mappa Mundi Trust and involved in a wide range of charities including the Burghley House Preservation Trust. A former partner of Cazenove and Co, past president of the Historic Houses Association and a Lay Canon of Hereford Cathedral.

Sir Simon Jenkins FSA FRSL - broadcaster, journalist and former Chairman of the National Trust with a keen interest and knowledge of historic churches. Author of ‘England’s Thousand Best Churches’, ‘Country Churches’ and ‘England’s Cathedrals’.

Beth McHattie – Director of ArtsCom London with a background in the heritage and charity sectors, having worked as Head of Media at Historic England until 2015, and served as a trustee of the Rose Theatre. Also former Head of Corporate Press at Sotheby’s.

Liz Peace CBE – Former Chief Executive of the British Property Federation following a career in the Ministry of Defence. Holds a range of non-executive, advisory and charity roles, including at Peabody, Turley, and the Architectural Heritage Fund. Chairman of LandAid, the property industry’s principal charity and is also chairing the shadow board for the Curzon Urban Regeneration Company in Birmingham

Jane Weeks, Deputy Chairman - Consultant specialising in strategic planning and project management; former posts include Manager at Royal Greenwich Observatory and Chair of the Heritage Lottery Fund’s Committee for the South East.

Humphrey Welfare –Member of the Fabric Advisory Committees for Durham and Carlisle Cathedrals and also Carlisle Diocesan Advisory Committee. Chairman of Hadrian’s Wall World Heritage Site Partnership Board. Archaeologist by training and worked for the Royal Commission on Historical Monuments of England and in English Heritage.

Duncan Wilson OBE – Chief Executive of Historic England from 2015. Former Chief Executive of the Greenwich Foundation for the Old Royal Naval College and previously led the Alexandra Palace and Park Trust and former Director of the Somerset House Trust.