

Archbishops' Council

2018 Budget

2018 Budget Overview

The recommended Expenditure and Apportionment levels for the 2018 budget, together with the changes against the 2017 level are set out below.

Table 1: 2018 Summary	Gross Expenditure £	Inc/(dec) vs 2017 %	Diocesan Apportionment £	Inc/(dec) vs 2017 %
A) Training for Ministry (v1)	15,246,952	3.4	14,331,619	2.7
<i>National Church Responsibilities</i>	<i>17,813,306</i>		<i>11,408,601</i>	
<i>Grants</i>	<i>1,244,024</i>		<i>1,244,024</i>	
<i>Mission Agencies Pension Contributions</i>	<i>806,167</i>		<i>139,501</i>	
B) Operating & Other (v2-v4)	19,863,497	8.0	12,792,126	2.7
C) Clergy Retirement Housing (v5)	4,805,985	5.0	4,805,985	5.0
TOTAL	39,916,434	5.8	31,929,730	3.0

The Council's gross expenditure budget for 2018 for areas of its work substantially funded by the diocesan apportionment (including expenditure funded by grants from third parties and its own restricted and designated funds) is £39.9 million – an increase of £2.2 million (5.8%) on the equivalent 2017 level. The main reasons for this increase being a very welcome increase in new ordinands (forecast at 14.2%), a greater proportion of whom are from younger age groups, and additional investment in various aspects of Renewal & Reform.

It is planned that £31.9 million (80%) of this expenditure will be funded from the apportionment requested from dioceses - an increase of 3.0% on 2017. The Council is also grateful for assistance from other funding partners to help meet the increase in expenditure. The All Churches Trust has agreed grant support for the Church of England Ministerial Experience Scheme and the Foundation for Educational Leadership. The Corporation of the Church House granted a fourth year of rent relief for Church House. The Church Commissioners have also increased their level of support and continued to allocate their share of rent relief to be applied alongside the Council's to reduce pressure on the dioceses as a result of the increase in safeguarding costs.

But, to limit this year's apportionment increase to 3.0%, the Council has had to plan to draw £850,000 from the capital of its Church and Community Fund (in addition to the deemed sustainable usage level of £700,000). This compares to the budgeted 2017 capital drawdown of £470,000 and the forecast 2017 drawdown of £110,000. If additional external funding can be sourced the draw on the Church and Community Fund will be reduced. The Council recognises that spending capital is not sustainable indefinitely.

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Executive Summary

1. The Archbishops' Council has endorsed its 2018 budget after detailed scrutiny from its Finance Committee and comments from the Inter-Diocesan Finance Forum (the main way of engaging on the emerging budget with Chairs of Diocesan Board of Finance and Diocesan Secretaries) and commends it to the General Synod. The Council's aim has been to prepare a budget to address the twin challenges of making the investment needed at national level to support all the strands of the Renewal & Reform Programme whilst delivering the necessary work it does on behalf of the Church that can only be done, or is most effectively and efficiently delivered, at national level.

Scope of this budget

2. This paper focuses on areas of the Council's activity that are substantially funded by the diocesan apportionment. In addition, the Council expects to continue to pay grants funded by partners - most notably from funds supplied by the Church Commissioners:
 - in 2018 £24.8 million is expected to be distributed to dioceses as lowest income communities funding and an additional £15.2 million will be distributed in transitional funding focussed on those dioceses with reducing formulaic funding under the new grant systems introduced in 2017
 - Strategic Development Fund grants (up to £74.3 million is available in 2017-2019)
3. The Council is also grateful for the continued pro bono support from the Church Commissioners in respect of the increased workload of administering, monitoring and evaluating the new parish mission and ministry grant schemes under which grants are being distributed in a more targeted and focused manner.

Summary of 2018 budget and illustrations for 2019-2020

4. The total budgeted expenditure from areas of activity substantially funded from the apportionment in 2018 is £39.9 million, £2.2 million (5.8%) above the equivalent 2017 level. The main reasons for this increase are a very welcome increase in new ordinands, a greater proportion of whom are from younger age groups, and additional investment in various aspects of Renewal & Reform. Budgeted expenditure in 2018 is summarised in the table below, together with illustrative forecasts for the following two years, based on the following main assumptions:
 - A 14.2% increase in the number of new ordinands in autumn 2017 compared with autumn 2016, followed by subsequent annual increases of 10%.
 - Inflationary increases of 2.5% in 2018 and 2.0% p.a. thereafter.

Table 2: Gross Expenditure 2017-2020	2017		2018	2019	2020
	Budget	Forecast	Budget	Illustrative Forecast	
	£'m	£'m	£'m	£'m	£'m
Training for Ministry (V1)	14.7	14.3	15.2	17.4	20.0
Clergy Retirement Housing (V5)	4.6	4.6	4.8	5.0	5.3
National Church Responsibilities + Other (V2-V4)	18.4	19.2	19.9	20.2	20.6
Grand Total	37.7	38.0	39.9	42.6	45.9
Increase on previous year's budget			5.8%	7.0%	7.5%

5. The planned overall funding of the budget is shown below. The overall apportionment increase has been limited to 3.0% due to an increase of around £750,000 in funding attracted from external sources and greater use of the Council's restricted funds: in particular the plan to draw £850,000 from the capital of its Church and Community Fund (which will be reduced if additional external funding can be obtained) in addition to the deemed sustainable usage level of £700,000. The Council agreed this course of action cognisant of the range of financial strains on dioceses including the need to begin preparing to meet the stipend and housing costs of a higher number of curates in 2-3 years' time (which for some dioceses may not be offset by the financial impact of clergy retirements).

Table 3: Funding the Council's gross expenditure	2017		2018	2019	2020
	Budget	Forecast	Budget	<i>Illustrative Forecast</i>	
	£'m	£'m	£'m	£'m	£'m
Operating income	4.3	4.8	5.1	5.2	4.6
Restricted + Designated Funds	1.4	1.3	1.4	1.4	1.4
Council net rent relief	0.6	0.6	0.7	0.7	0.7
Drawdown of capital	0.5	0.1	0.9	0.5	0.4
Reserves	0.0	0.2	0.0	0.0	0.0
Diocesan Apportionment	31.0	31.0	31.9	34.9	38.8
Grand Total	37.7	38.0	39.9	42.7	45.9
Apportionment increase			3.0%	9.4%	11.1%

6. The Council recognised that drawing capital from the Church and Community Fund is not a sustainable solution but considered it to be the right thing to do until it becomes clearer that the numbers in training will continue to grow, at which point the Church Commissioners will be approached for potential additional financial assistance. If no capital drawdown were made, the apportionment increase would need to be 2.7 percentage points higher. It is also worth noting that rent relief (including that granted to the Council by the Church Commissioners) reduces the apportionment request by 3.5 percentage points.
7. A brief summary of the key issues within the 2018 budget, by area of expenditure, follows:

A) Training for Ministry

8. Budgeted expenditure in 2018 is £15.2 million, £0.5 million (3.4%) above the 2017 budget and £1.0 million (7.0%) above the 2017 forecast level. This increase is driven by a forecast increase of 14.2% in the number of new ordinands beginning training in autumn 2017 compared with autumn 2016, when the increase in the number of ordinands fell short of the +10% budgetary assumption. We now forecast that there will be 1,237 full time equivalent ordinands in 2017/18 and, assuming a further 10% increase in starters next year, 1,383 in 2018/19. This compares with 1,174 in the current academic year (2016/17).
9. The 14.2% growth forecast has to be based on the assumed outcome of selection processes that are still underway (at the time of writing two-thirds of potential ordinands have attended Bishops' Advisory Panels). Synod will note that we undershot the numbers predicted at the same time in 2016, leading to a lower than expected drawdown on reserves. This is one reason that it is too early to enter dialogue with the Church Commissioners. The Training for Ministry apportionment increase of 2.7% increases the overall apportionment by 1.2%.

B) The work of the Council generally

(i) National Church Responsibilities

10. The 2018 budget for National Church expenditure is £17.8 million. This is £1.4 million (8.8%) above the 2017 budget and £0.6 million (3.6%) above the 2017 forecast.
11. This includes provision for the following additional work:
 - Additional resource for Evangelism and Discipleship, including provision for a new Director and a Head of Discipleship to help progress the work on Setting God’s People Free (the latter funded via a Strategic Development Fund grant).
 - Continuing Programme Management resource for the Renewal & Reform programme (mostly funded from a Strategic Development Fund grant)
 - A further increase in safeguarding resource, expected to be funded by the Church Commissioners.
 - A new and enhanced Church of England website, aiming to improve efficiency and accessibility by adopting a common platform for most NCI websites.
 - Other work funded from external grants such as the expansion of the CEMES scheme and the Foundation for Educational Leadership (both funded by All Churches Trust) and work highlighting the issue of modern slavery (funded by a grant from the Clewer Sisters Fund).
12. During the budget round several opportunities for economy and efficiency were identified and implemented, together with other possibilities that may yield efficiency savings in due course.

(ii) Grants

13. The grants budget of £1.2 million comprises the Church of England’s contributions to the Anglican Communion Office, ecumenical organisations, the Council’s Legal Costs Fund and other grants (including to the Church Urban Fund and Fresh Expressions). The main increases are an inflationary increase in the grant to the Anglican Communion Office and £10,000 to begin to build up a contribution to the costs of the once in seven years World Council of Churches Assembly, due to be held in 2021.

(iii) Mission agency pension contributions

14. The Council also meets pension contributions for clergy serving with the Partnership for World Mission agencies who are regarded as being “in service” for the purposes of the clergy pension scheme (budget 2018: £0.8 million). For budgetary purposes it has been assumed that the number of qualifying clergy will remain at the current level.

Summary

15. In aggregate 2018 budgeted expenditure for areas (i)-(iii) is £19.9 million, an increase of £1.5 million (8.0%) on 2017. But external funding has already been sourced or is expected for much of the increase. The apportionment increase of 2.7% for the work of the Council generally increases the overall apportionment by 1.1%.

C) Clergy retirement housing

16. The Council has made a commitment to increase its grant to support the clergy retirement housing scheme by 5.0% p.a. until 2020 when it is hoped the increase can reduce to around inflation. The proportion of the shortfall in the scheme is met broadly equally by the Council and Pensions Board’s charitable funds, though the Pensions Board bears the risk of any variation in the shortfall. The increase in the Council’s grant feeds through into a 0.7% increase in the overall apportionment.

The longer term context

17. The 3.5% apportionment increase for 2017 agreed last year was the highest requested increase since 2009 (when the 6.5% overall increase was driven by a 13.0% increase in the Training for Ministry budget following a welcome increase in ordinand numbers). This followed an apportionment increase of 2.5% in 2016 so the increase of 3.0% in 2018 represents a cumulative increase of 9.3% (3.0% p.a.) over the past three years. Preceding this timeframe were many years of relatively low, sub inflationary increases - as illustrated by the figures below which show the changes since the clergy retirement housing grant was introduced in 2005.

	%	% p.a.
Training for ministry	56.3%	3.5%
General	11.0%	0.8%
Clergy retirement housing	54.2%	3.4%
Total apportionment	34.1%	2.3%
RPI	46.3%	3.0%
CPI	36.4%	2.4%

18. Reflecting the priorities agreed by the Council, apportionment increases for training for ministry and the clergy retirement housing grant have increased at a higher rate than the overall apportionment. The proportion of apportionment relating to training for ministry has increased from 39% in 2005 to 45% in the budget that is now recommended for 2018. The apportionment to fund the clergy retirement housing grant has increased from 13% to 15% over the same period. A significant real terms cut over the past decade (around a third if measured against RPI) has resulted in the remainder of the apportionment declining from 48% of the total in 2005 to 40% in the 2018 budget.

19. Following the Financial Strategy Review in 2009 the Council's approach had a dominant emphasis on cost efficiency and caution about making investment in new areas as illustrated by the general budget line showing a negligible increase since 2005. In the past couple of years, however, the Council has begun to make the overriding theme of its budgets cost effectiveness - including making the necessary investment in various aspects of the Renewal & Reform Programme.

Looking ahead to 2019-2020

20. Indicative forecasts for 2019 and 2020 have been prepared on the assumption that the number of new ordinands will increase by 10% p.a. from the 2017/18 level and an indicative price inflation of 2% p.a. On these broad brush assumptions, total expenditure would increase by 7.0% in 2019 and a further 7.5% in 2020, broadly similar to the illustrations given last year. In our illustration, which assumes a reducing capital drawdown from the Church and Community Fund and no additional external funding or major changes in the cost structure, apportionment increases of 9.4% and 11.1% would be required.

21. It is recognised that increases of this level are driven primarily by the assumption of the ordinand growth rate. As long as this goal is deemed to be of major strategic importance to the Church it is acknowledged that its achievement must not be constrained by finance. It is equally recognised, however, that increases of this scale would be unsustainable for dioceses. As the Council's ability to moderate apportionment increases by using its own resources is limited the Church Commissioners understand that, if the ordinand growth rate is sustained, we will want to have dialogue with them in order to unlock sufficient funding towards the costs of pre-ordination training, and potentially curacy costs in addition to the support they already provide in other areas

– for which the Council is grateful. As already stated, firmer evidence of growth is required before this conversation can commence.

22. We will continue to listen closely to dioceses through the Inter Diocesan Finance Forum and bilateral conversations. We recognise that apportionment increases should seek to match the cost of living as closely as possible, and that it is ultimately funded by individuals giving. Our aim will be to create overall funding streams which at once sustain strategic goals while enabling dioceses to secure their own ambitions.

23. A summary by main expenditure category of the Council’s 2018 budget together with illustrative figures for the following two years is set out in Table 5 below.

Table 5: Budget Summary

	2017		2018		2019		2020	
	Budget £'000s	Forecast £'000s	Budget £'000s	change vs 2017 budget %	Illustrative Forecast £'000s	change vs 2018 budget %	Illustrative Forecast £'000s	change vs 2019 f/cast %
Training for Ministry								
Income	-20	-20	-20		-20		-20	
Expenditure	14,749	14,256	15,247		17,407		19,953	
Net Expenditure	14,729	14,236	15,227	3.4%	17,387	14.2%	19,933	14.6%
<u>Funded via:</u>								
AC Rest/Des Funds Transfers	340	196	395		395		395	
AC Rent Relief	70	0	0		-		-	
Drawdown of Capital	360	0	500		360		360	
V1 Dioceses via Apportionment	13,959	13,959	14,332	2.7%	16,632	16.0%	19,178	15.3%
Reserves	-	81	-		-		-	
General								
Income	-4,253	-4,752	-5,098		-5,186		-4,610	
Expenditure	18,391	19,208	19,863		20,243		20,629	
Net Expenditure	14,138	14,456	14,766	4.4%	15,056	2.0%	16,019	6.4%
<u>Funded via:</u>								
AC Rest/Des Funds Transfers	1,059	1,100	965		984		1,004	
AC Rent Relief	518	640	659		675		689	
Drawdown of Capital	110	110	350		150		-	
V2-V4 Dioceses via Apportionment	12,452	12,452	12,792	2.7%	13,247	3.6%	14,327	8.1%
Reserves	-	154	-		-		-	
CHARM								
Income	-	-	-		-		-	
Expenditure	4,577	4,577	4,806		5,046		5,299	
Net Expenditure	4,577	4,577	4,806	5.0%	5,046	5.0%	5,299	5.0%
<u>Funded via:</u>								
AC Rest/Des Funds Transfers	-	-	-		-		-	
AC Rent Relief	-	-	-		-		-	
V5 Dioceses via Apportionment	4,577	4,577	4,806	5.0%	5,046	5.0%	5,299	5.0%
Reserves	-	-	-		-		-	
TOTAL								
Income	-4,273	-4,772	-5,118		-5,206		-4,630	
Expenditure	37,717	38,041	39,916		42,696		45,881	
Net Expenditure	33,445	33,269	34,799	4.0%	37,490	7.7%	41,251	10.0%
<u>Funded via:</u>								
AC Rest/Des Funds Transfers	1,399	1,296	1,360		1,380		1,399	
AC Rent Relief	588	640	659		675		689	
Drawdown of capital	470	110	850		510		360	
V1-V5 Dioceses via Apportionment	30,988	30,988	31,930	3.0%	34,925	9.4%	38,803	11.1%
Reserves - use of / (movt to)	-	235	-		-		-	

Training for Ministry

This budget covers the majority of the costs of training clergy for deployment in the Church of England. It excludes the costs of family maintenance grants which are made by dioceses and in 2016/17 amounted to £5.14 million.

2018 Expenditure:	£15,246,952
<u>Funded by:</u>	
Drawdown of Capital	£500,000
AC Restricted / Designated Funds	£395,333
Bank/Deposit funds interest	£20,000
Diocesan Apportionment	£14,331,619

Resourcing Ministerial Education (RME)

24. The Resourcing Ministerial Education Initiative, part of the overall Renewal and Reform programme, is aimed at developing a financial framework for the funding of initial ministerial education which provides greater transparency between the training choices made by dioceses and their financial cost. It has the flexibility to cope equitably with the increasing evolution of pathways in the TEI sector and is structured in a way that incentivises the overall growth in ordinands, specifically younger candidates. This new framework is a key element in support of the aspiration to increase the number of students in training by 50% by 2020.
25. Following approval by the Archbishops' Council in May 2017 after a widespread period of consultation with dioceses and TEIs, the new arrangements are being introduced for all those commencing their training in September 2017. From this point ordinands entering training will have their tuition fees and some allowances funded by a Block Grant given to dioceses according to the number and age of the ordinands they sponsor, regardless of their pathway choice. The money continues to come from the Training for Ministry budget, funded by contributions from all dioceses on an apportioned basis. Tuition fees and allowances of ordinands already in training will continue to be funded in the current manner. By September 2019 all ordinands will be funded according to the new RME Block Grant framework
26. The Block Grant is determined according to the age of the ordinand on September 1st in the year they begin training. For ordinands aged under 32 at the start of training, dioceses will receive sufficient funds to cover the costs of a three-year residential college pathway; those between 32 and 39 enough for two years' residential; those between 40 and 54 enough for three years on a regional course; and those 55 and over will receive sufficient to cover a two-year regional course pathway. The level of grant reflects the costs of the typical pathway that candidates of each age have followed over the past four years. The grant paid to the diocese will be the aggregate of the grants required according to age for all students sponsored by that diocese. An individual grant does not have to be spent exclusively on that student but can be spent on the training needs of any in that cohort. Further details on how the RME arrangements will operate can be found in the RME Reference Handbook which was distributed widely in April 2017 and included with these Synod papers.

27. The anticipated grants for each of the age bands for September 2017 and subsequently 2018 are shown in the table below. Standard Grants for those ordinands in Bands 1 and Band 3 will be paid over three years whilst those in Bands 2 and 4, will be paid over two years. The core training budget for 2018 is comprised of the costs for:

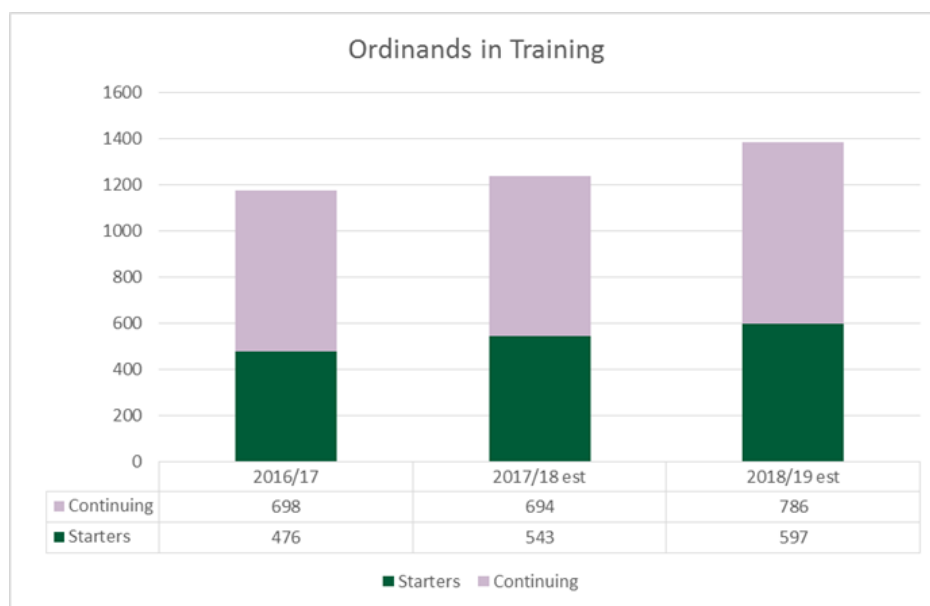
- two terms of those who will begin training in September 2017
- one term of those who are anticipated to begin training in September 2018
- continuing students under the current arrangements whose courses began in September 2016 or earlier.

Estimate of 2017/18 for 2017 starters under RME proposals										
Age Range	Band	College/Course tuition costs and allowances for 2017/18 p.a.	Qualifying years	Full standard grant	Estimated starters in 2017/18	Total cost of age related standard grants	Cost of Age related Grants in academic year 2017/18		Cost of Age related grants in 2017 Training Budget	
								£		£
<32	Band 1	15,396	3	46,188	146	6,743,448	$\frac{1}{3}$	2,247,816	$\frac{1}{3}$	749,272
32-39	Band 2	15,396	2	30,792	88	2,709,696	$\frac{1}{2}$	1,354,848	$\frac{1}{3}$	451,616
40-54	Band 3	6,582	3	19,746	214	4,225,644	$\frac{1}{3}$	1,408,548	$\frac{1}{3}$	469,516
55+	Band 4	6,582	2	13,164	95	1,250,580	$\frac{1}{2}$	625,290	$\frac{1}{3}$	208,430
	Total				543	14,929,368		5,636,502		1,878,834

Estimate of 2018/19 for 2018 starters under RME proposals										
Age Range	Band	College/Course tuition costs and allowances for 2018/19 p.a.	Qualifying years	Full standard grant	Estimated starters in 2018/19	Total cost of age related standard grants	Cost of Age related Grants in academic year 2018/19		Cost of Age related grants in 2018 Training Budget	
								£		£
<32	Band 1	15,781	3	47,343	161	7,622,175	$\frac{1}{3}$	2,540,725	$\frac{1}{3}$	846,908
32-39	Band 2	15,781	2	31,562	96	3,029,933	$\frac{1}{2}$	1,514,966	$\frac{1}{3}$	504,989
40-54	Band 3	6,747	3	20,240	236	4,776,557	$\frac{1}{3}$	1,592,186	$\frac{1}{3}$	530,729
55+	Band 4	6,747	2	13,493	104	1,403,282	$\frac{1}{2}$	701,641	$\frac{1}{3}$	233,880
	Total				597	16,831,947		6,349,518		2,116,506

Numbers in training

28. The chart below shows the number of ordinands in training in the current year alongside an estimate for the forthcoming 2017/2018 and 2018/2019 academic years.



29. A key objective of the RME proposals has been to provide the framework for an increase in the number of ordinands by 50% by 2020. In the projections for the 2017/18 academic year, an increase of 14.2% in the number of starters (from 476 to 543) has been used. As usual this forecast has to be compiled in advance of the end of the selection process cycle in order to comply with General Synod circulation deadlines. At the time of writing around two-thirds of potential ordinands have attended Bishops' Advisory Panels.

30. In 2018/19 a further 10% increase (to 597 starters) is anticipated. Together with continuing students it is expected that there will be 1,237 students overall in 2017/18 rising further to 1,383 in 2018/19. This compares with 1,174 in 2016.

Costs

31. The cost of training, both in the current and new RME arrangements, is based on the average cost of each type of training adjusted for expected cost increases. The following assumptions have been made in arriving at the 2018 budget:

Tuition Costs

32. Tuition costs in 2017/18 of £8,575 per head for College students, representing an increase of 2.2% on the 2016/17 level. This takes into account the known stipend increase in April 2017 of 1.5% and RPI/CPI inflation at 2.5%. For Regional Course and Context-Based students the tuition increase of 2.2% also applies, taking the costs to £5,950 and £7,140 respectively. An across the board increase of 2.2% has been used for the 2018/19 academic year. These values form the basis for the calculation of Block Grants.

Ordinand Allowances & Maintenance

33. Inflation at 2.5% has also been adopted in the expected levels of student grants, college maintenance fees and pre-theological education costs in both 2017/18 and 2018/19. Student grants and maintenance fees are also used in the calculation of the Block Grants

Context Based Poorer Parish Support

34. Although the arrangement to provide support through Central funds will end with the introduction of RME, funds still need to be provided to support continuing students. 2018 forecast: £200,000.

Contingency Funding for the RME Transition

35. The Budget for 2018 includes £83,333 to provide contingency funding for either Band 3 ordinands following 2 years residential training and/or travel expense support for ordinands in dispersed dioceses. More details on the rationale and calculation of these contingency funds can be found in Section 7 of the RME Handbook.

Training for Ministry Budget	2017		2018
	GS2041 Budget Jan-Dec £'000s	Forecast Jan-Dec £'000s	Budget Jan-Dec £'000s
<u>a) Continuing Students 2017/18 & 2018/19</u>			
Tuition Costs	7,566	7,261	3,947
Ordinand Allowances + Maintenance	3,680	3,622	1,914
	11,246	10,883	5,861
<u>b) Block Grants - Sept 2017 & Sept 2018 starters</u>			
Band 1 (<32 yrs)	668	749	3,113
Band 2 (32-39 yrs)	531	452	1,871
Band 3 (40-54 yrs)	484	470	1,951
Band 4 (55+ yrs)	191	208	864
	1,874	1,879	7,800
<u>c) University Fees</u>			
Continuing Students	} 947	722	357
Sept 2017 & Sept 2018 starters		140	582
	947	862	939
<u>d) Disability / Dyslexia / Other Grants</u>			
Continuing Students	} 99	99	48
Sept 2017 & Sept 2018 starters		15	63
	99	114	111
<u>e) Other</u>			
Context-Based Training: Support Grants	360	303	200
TAP / Family Maintenance Grants	312	312	312
Other / RME Contingency	28	20	83
LEA & Self-Funded Support	(117)	(117)	(59)
	583	518	536
TOTAL Expenditure	14,749	14,256	15,247
<u>Funded via</u>			
Diocesan Contributions	13,959	13,959	14,332
Bank interest	20	20	20
ACMTTF + Other Restricted Fund Transfers	340	196	395
Corporation Rent Relief	70	-	-
Capital Drawdown	360	-	500
Reserves: funds (to) / from	-	81	-
TOTAL Funding	14,749	14,256	15,247

Pooling of additional maintenance grants for students

36. Pooled expenditure in the 2016/17 academic year, reflected in the apportionment for 2018, is £5.14 million (including the adjustment in respect of the previous academic year). The pooling adjustment will continue to be made alongside the apportionment for administrative convenience.

POOLING TOTALS 1.9.2016 TO 31.8.2017

	DIOCESE	Married	Unmarried	Adjust *	2016/17 Total	2015/16 Total
1	Bath and Wells	135,263	1,550	2,747	139,560	114,256
2	Birmingham	70,769	3,100	943	74,812	121,820
3	Blackburn	65,360	6,200	1,693	73,253	72,620
5	Bristol	86,268	1,550	-21,327	66,491	101,873
6	Canterbury	37,279	6,200	-	43,479	24,459
7	Carlisle	18,439	-	-	18,439	33,654
8	Chelmsford	174,010	18,432	19,560	212,002	209,118
9	Chester	207,935	6,200	16,800	230,935	125,665
10	Chichester	179,676	4,650	4,827	189,153	191,688
11	Coventry	73,518	1,441	47	75,006	55,080
12	Derby	49,777	2,821	18,753	71,351	95,444
13	Durham	69,541	4,650	-3,913	70,278	109,557
14	Ely	178,529	6,200	768	185,497	311,192
15	Exeter	88,195	3,100	-6,540	84,755	99,254
16	Gloucester	46,406	4,650	387	51,443	61,856
17	Guildford	103,497	4,650	16,356	124,503	97,022
18	Hereford	24,756	1,550	-	26,306	28,427
19	Leicester	92,555	-	-10,089	82,466	84,949
20	Lichfield	128,925	4,650	-9,744	123,831	116,753
21	Lincoln	90,937	4,650	-21,441	74,146	26,622
22	Liverpool	185,176	9,300	5,360	199,836	99,602
23	London	643,078	64,091	-4,707	702,462	616,878
24	Manchester	85,618	6,200	25,598	117,416	117,189
25	Newcastle	62,529	7,750	10,148	80,427	109,225
26	Norwich	49,619	9,300	200	59,119	28,508
27	Oxford	252,665	15,500	42,543	310,708	331,492
28	Peterborough	181,191	6,565	-34,549	153,207	148,580
29	Portsmouth	-	4,650	1,275	5,925	30,547
31	Rochester	67,659	4,650	10,774	83,083	146,334
32	St Albans	97,582	8,876	-2,824	103,634	116,242
33	St Edm and Ips	25,914	1,550	10,065	37,529	31,415
34	Salisbury	88,331	9,300	6,485	104,116	110,041
35	Sheffield	123,143	4,650	4,907	132,700	157,502
36	Sodor and Man	-	-	-	-	-
37	Southwark	319,475	10,850	-13,596	316,729	173,753
38	Southwell & Nottingham	53,879	4,650	16,080	74,609	116,775
39	Truro	92,624	2,914	-10,343	85,195	11,762
41	Winchester	175,947	3,594	-9,397	170,144	203,681
42	Worcester	27,274	4,099	-161	31,212	49,957
43	York	118,495	12,400	7,659	138,554	202,066
44	Europe	-	6,200	-425	5,775	24,505
46	Leeds	275,858	9,300	-149,039	136,119	164,856
45	Armed Forces	32,669	805	15,050	48,524	32,403
	Life assurance	29,109	-	-	29,109	28,261
	TOTAL	4,909,470	293,438	-59,070	5,143,838	5,132,883

* Adjust shows the difference between estimated and actual expenditure for 2015/16

The work of the Council generally

This budget covers:

- (i) the costs of work in support of the Church's ministry and mission to the nation that can only be done, or is most effectively and / or efficiently carried out at a national level
- (ii) Grants met by the Council on behalf of the Church of England
- (iii) Pension contributions for clergy employed by qualifying mission agencies

2018 Expenditure: £19,863,497

2018 Income: £5,097,839

thus 2018 net Expenditure: £14,765,659

Funded via:

AC Restricted / Designated Funds £964,944

Corporation of the Church House rent relief £658,589

Drawdown of Capital £350,000

Diocesan Apportionment: £12,792,126

38. The work carried out in 2018 will continue to be shaped by the three priorities, originally adopted for the lifetime of the 2011-2015 General Synod, considered to provide the compass by which the Council's work will be steered over the coming years:

- Contributing as the national Church to the common good
- Facilitating the numerical and spiritual growth of the Church
- Re-imagining the Church's ministry

(i) National Church Responsibilities (Operating Budget)

39. Together with the other National Church Institutions (NCIs) the Council staff aim to deliver on the purpose below in line with the NCIs 'people values' of excellence, integrity and respect.

"We in the National Church Institutions support the mission and ministries of the Church locally and throughout England. We work together in our teams, with those who serve in parishes, Dioceses, schools and other ministries, and with our partners at a national and international level."

40. The Council has adopted a business planning approach in which objectives for 2018 will be set in the autumn. The current priorities of each of the divisions are summarised in the following section. An analysis of the cost of the individual departments that are supported in the National Church Responsibilities area is available to General Synod members upon request to Simon Florence (Charity Accounting Manager, simon.florence@churchofengland.org) or David White (Head of Financial Policy & Planning, david.white@churchofengland.org).

41. As noted earlier the Church Commissioners have agreed to use their share of Church House rent relief to help reduce pressure on dioceses as a result of the increase in safeguarding costs and aspects of the Renewal & Reform programme. In 2018, as in previous years, they will also provide financial support for other work carried out in Council departments including the Statutory Advisory Committee (which provides independent advice on heritage matters relating to closed and closing churches) and the Parliamentary Unit.

National Church Responsibilities Operating Budget

	2017		2018
	GS2041 Budget £'000s	Forecast £'000s	Budget £'000s
<u>Expenditure</u>			
Ministry	2,024	2,121	2,053
Central Secretariat	1,781	1,701	1,786
Safeguarding	1,380	1,511	1,612
MPA	1,326	1,446	1,491
CCB	977	1,072	1,034
Education Office	591	842	860
Digital Church (incl C-of-E Website)	667	737	709
Evangelism & Discipleship + Life Events	387	388	490
Renewal & Reform	-	133	467
Subtotal Main divisions	9,133	9,950	10,501
Shared Services	3,622	3,535	3,624
Accommodation	2,620	2,578	2,641
Other (incl Pension Deficit)	1,001	1,131	1,048
Total Expenditure	16,376	17,194	17,813
<u>Income</u>			
Main divisions	1,573	2,255	2,567
Shared Services	186	-	-
Accommodation	1,455	1,435	1,477
Other (incl Pension Deficit)	373	395	387
Total Income	3,586	4,086	4,431
Thus net Expenditure	12,790	13,108	13,382
<u>Funded via:</u>			
Diocesan apportionment	11,103	11,103	11,409
AC Rest/Des Funds Transfers	1,059	1,100	965
AC Rent Relief	518	640	659
Reserves: movement (to)/from	-	154	-
Drawdown of Capital	110	110	350
Total Funding	12,790	13,108	13,382

Ministry Division

Chair (of Ministry Council)	The Rt Revd Martin Seeley, Bishop of St Edmundsbury & Ipswich
Director	Ven Julian Hubbard
Staff (FTE)	24.1
	£
Income	374,930
Expenditure	2,052,945
<i>thus</i> Net Expenditure	1,678,015
Funded via:	
Archbishops' Council Restricted / Designated Funds	151,683
Corporation of Church House rent relief	60,000
Dioceses via Apportionment	1,466,332

42. The purpose of the Ministry Division is to support the bishops and dioceses in ensuring a sufficient number of ministers, lay and ordained, of the required ability to promote the mission of the Church of England, and to enable these ministers to grow and flourish all through their ministry.

43. The work of the Ministry Division is in four areas:

- Encouraging and nurturing vocation, including generic provision for all members of the church and specific provision for those exploring forms of ministry
- Formation of ministers, including the provision of a national selection process for Bishops' Advisory Panels and the quality assurance of initial ministerial education
- Ministry Development, providing advice and consultancy on lay and ordained ministry and insight from research on ministry to support strategy and policy
- Finance, administering the budget for initial ministerial training

44. The Division has four priority areas of work which contribute to Renewal & Reform

- Growing Vocations to ministry to meet the resource requirements of dioceses
- Improving ministerial education to align it more closely with the needs of dioceses for mission and ministry, to ensure effective use of resources and to provide for the continuing increase in candidate numbers
- Developing the range of lay ministries exercised in the Church of England, improving the support given to lay ministers and enhancing the quality of collaboration between lay and ordained ministers
- Supporting dioceses in developing strategic capacity to engage in planning for a hopeful future and for growth

45. The main objectives in 2018 are:

- To meet the next objective of a further 10% year on year increase in the number of recommended candidates, including a further increase in younger candidates
- To complete the review of procedures for selection of ministers and implement the new procedures for BAPs from September 2018
- To ensure the successful implementation of the new funding arrangements for ministerial education, to support the dioceses and TEIs in the first year of their operation and to review the performance of the new arrangements in September 2018
- To develop better provision for IME 2 (curate training), including an apprenticeship standard and framework for use by dioceses
- To develop a national framework for the authorisation, support and training of lay ministers

Central Secretariat

(including the Office of the Secretary General)

Secretary General	William Nye
Director	Jacqui Phillips
Staff (FTE)	15.8
	£
Income	328,000
Expenditure	1,785,948
<i>thus</i> Net Expenditure	1,457,948
Funded via:	
Dioceses via Apportionment	1,467,948
Archbishops' Council Restricted / Designated Funds (*transfer to)	(10,000) *

46. The purpose of the Central Secretariat is to operate the national governance arrangements of the Church of England as cost-effectively as possible in pursuit of the Church's mission.

47. The Central Secretariat consists the following teams:

- Secretary General's office
- Core Secretariat (staffing major governance bodies)
- Ecumenical Relations and Theology (staff of the Council for Christian Unity and Faith and Order Commission)

48. The main activities of the Central Secretariat are as follows:

- Support for the Church's main governance bodies, namely the General Synod, the House of Bishops and the Archbishops' Council
- Servicing the policy-making process for the governance bodies through policy and theological advice and other inputs
- Providing logistical and administrative support for meetings
- Servicing the Church of England's relations with other churches (ecumenical relations) through servicing the Council for Christian Unity and supporting the Archbishop of Canterbury's personal ecumenical role
- Supporting other Boards and Commissions of the Archbishops' Council and General Synod

National Safeguarding Team

Chair (of Churches National Safeguarding Committee)

The Rt Revd Peter Hancock, Bishop of Bath & Wells

Head

Graham Tilby

Staff (FTE)

12.7

£

Income

636,132

Expenditure

1,612,334

thus Net Expenditure

976,202

Funded via:

Archbishops' Council Restricted / Designated Funds

480,000

Corporation of Church House rent relief

349,804

Dioceses via Apportionment

146,398

49. The National Safeguarding Team's role is to:

- Develop and implement the 'Promoting a Safer Church' business plan that outlines the actions towards promoting a safer culture throughout the Church of England
- Provide expert advice, guidance and support to dioceses, cathedrals, NCIs and other Church bodies in respect of safeguarding policy, training, casework and communications
- Undertake provincial and national casework, and commission lessons learnt case reviews
- Develop and implement national survivors engagement and support work
- Develop a consistent approach to the support and oversight of offenders and those that may pose a risk within dioceses and other Church bodies
- Develop and support the implementation of House of Bishops' safeguarding policy and practice guidance, and the roll out of a national Training & Development Framework
- Work to strengthen networks and professional support for key safeguarding officers, such as Diocesan Safeguarding Advisers and chairs of Diocesan Safeguarding Advisory Panels
- Develop and implement quality assurance processes, to measure progress and compliance including ensuring that lessons learnt from case reviews inform and improve practice

50. Its main objectives are to:

- Deal effectively with the legacy of the past to ensure that non-current cases are responded to well and lessons identified and learnt
- Implement a national approach to safeguarding that promotes greater consistency in the quality and outcomes of safeguarding processes across the Church of England
- Develop and implement more effective ways of engaging survivors in the development and improvement of Church of England safeguarding arrangements
- Embed safeguarding as everyone's responsibility and as part of the mission, culture and structures of the Church of England in the long-term

51. The key priorities for 2018 include to:

- Extend the independent safeguarding auditing of dioceses to Cathedrals and other NCIs
- Progress work on the development of the 'Safeguarding Hub' – the one-stop shop for parishes, dioceses and other church bodies for safeguarding resources
- Complete the roll-out of senior staff training for all dioceses as part of the implementation of the national Training & Development Framework
- Support the Church of England's effective engagement with the IICSA Public Hearings as part of their investigation into the 'Anglican Church', starting in March 2018
- Implement findings from major independent reviews and research with regards to how the church responds to abuse

Mission & Public Affairs (MPA) Division

Chair (of MPA Council)	Mark Sheard
Director	Revd Canon Dr Malcolm Brown
Staff (FTE)	18.5
	£
Income	296,156
Expenditure	1,490,849
<i>thus</i> Net Expenditure	1,194,693
Funded via:	
Archbishops' Council Restricted / Designated Funds	35,500
Dioceses via Apportionment	1,159,193

52. The work of MPA is in three main areas:

- Witnessing to a Christian world view and to the church's wider understanding of society through engagement in public, political and ethical issues. "Public apologetics" at a National level
- Supporting and encouraging dioceses and parishes in their mission strategies; developing tools for mission in different settings and building, through good research, an accurate picture of the challenges we face and the effectiveness of our responses
- Building up areas of church life which have been marginalised and have the potential to contribute more to the church's mission – such as promoting the involvement of BAME Christians, supporting chaplains in healthcare and other sectors or helping the rural church to grow in mission

53. The Division has six current priority areas of work

- Expanding our support to dioceses and parishes in growing the church, with particular emphasis on youth evangelism and evangelism on outer estates, backed by extensive research into people's experience of evangelism and different approaches
- Combatting human trafficking and modern day slavery by enabling local churches to be effective in identifying and challenging abuses and supporting vulnerable people (The Clewer Initiative)
- Supporting bishops in their public ministries, including enhanced scientific literacy through a Templeton-funded training programme. Continuing to maximise the impact of the Lords Spiritual in Parliament and across the whole field of public engagement
- Maintaining a well-informed and evidence-based theological and ethical contribution to the developing debate about medical and genetic research, Artificial Intelligence and other spheres where rapid technological change has an uncertain human impact
- Supporting local churches and dioceses in their work to support refugees
- Enhancing the involvement of BAME people in the life of the church and extending the church's engagement with BAME communities
- Supporting the work of chaplains in (e.g.) healthcare and enabling chaplains to better understand their role in the church's ecology of mission

54. The main objectives are:

- A growing and more confident church, supported through direct intervention and building up the dioceses and parishes in mission
- A church on the front foot in matters of personal and social ethics and offering a compelling vision of a flourishing society
- A church in which all communities and individuals feel recognised and able to participate
- Confident church members, resourced to pursue their vocations in public and private life

Cathedral & Church Buildings (CCB) Division

Chair	The Rt Revd Dr John Inge, Bishop of Worcester
Director	Becky Clark
Staff (FTE)	15.1
	£
Income	232,268
Expenditure	1,033,597
<i>thus</i> Net Expenditure	801,330
Funded via:	
Archbishops' Council Restricted / Designated Funds	37,750
Dioceses via Apportionment	763,580

55. The main areas of the division's work can be summarised as follows:

- Helping maintain the Church of England as visible, relevant and accessible to all by promoting the national profile of all church buildings
- Helping dioceses, cathedrals and churches to grow by getting the best out of their church buildings
- Championing churches, working to ensure their contributions to the spiritual, social, environmental and economic life of England are understood and appreciated

56. The Division currently has five priority areas of work:

- Increasing diocesan strategic capacity for managing church buildings through a national training and capacity building partnership programme
- Providing targeted support for growth areas such as Resource Churches, buildings-based Sustaining the Future projects, and Festival Churches
- Implementing the recommendations of the Church Buildings Review
- Ensuring the DCMS review of the sustainability of Cathedrals and Church Buildings is fully informed of the realities of church buildings management and funding
- Awarding grants for buildings and objects conservation, and actively seeking secure future funding for church buildings

57. The main objectives are:

- To ensure that there are good sustainable futures for church buildings appropriate to the particular situation of each place
- To provide effective training and resources, especially to staff operating at diocesan level, in order that care of church buildings is part of supporting mission and growth
- To deliver timely and effective grants programmes and increase the funding that is available
- To ensure the effective operation of the Ecclesiastical Exemption via the Faculty System
- To continue positive relationships with government around the nationwide benefits of investment in church buildings
- To support the Environmental Working Group and promote action on climate change

Education Office

Chair (of National Society)	The Rt Revd Stephen Conway, Bishop of Ely
Director	Revd Nigel Genders
Staff (FTE)	7.9
	£
Income	267,000
Expenditure	860,210
<i>thus</i> Net Expenditure	593,210
Funded via:	
Dioceses via Apportionment	593,210

58. The work of the Education Office is in four areas:

- Promoting a vision for statutory and voluntary education in the mission of the Church of England, serving the common good
- Speaking on behalf of the national church across the breadth of education issues for all ages
- Engaging with Parliament and working with government departments to shape and respond to policy and practice
- Enabling parishes and dioceses to promote the mission of the church with children, young people, schools, colleges and universities

59. The Education Office has four priority areas of work:

- Securing and enhancing the provision of Church of England schools in order to ensure a strong platform from which to contribute to the Church's wider engagement with education
- Growing the Church of England Foundation for Educational Leadership to ensure the quality and quantity of leaders needed to promote our vision for education in schools and dioceses
- Hearing and responding to the voice of children and young people in the life of the church and equipping them as agents of mission and change
- Promoting mission and evangelism with younger people in parishes, schools, FE and HE institutions

60. The main objectives are:

- To ensure that any new legislation for schools and academies offers a framework within which Church schools can flourish
- To ensure that the Church is able to promote and open as many new schools as possible, including technical and vocational education, special and alternative provision as well as continuing with new mainstream schools, especially in the secondary phase
- To implement a new denominational inspection framework to ensure consistency and rigour and the connection of the inspection process to our vision for education
- To deliver a new diocesan education leadership programme through The Foundation
- To promote religious literacy through high quality RE and encourage schools in developing children for a ministry of reconciliation and living well together
- To implement new apprenticeships for the training of church based youth and children's ministry

Digital Evangelism, C-of-E Website & Church House Publishing (*incl Crockford's*)

<u>Team</u>	<u>Head</u>	<u>Staff (FTE)</u>	<u>Income</u>	<u>Expend</u>	<u>Thus net (income) / Expenditure</u>
Digital Church	} Adrian Harris	5.0	-	666,667	666,667
Church of England Website			-	42,000	42,000
Church House Publishing (CHP) <i>incl Crockford's</i>	Thomas Allain-Chapman	5.0	(372,210)	359,839	(12,370)
				<i>thus</i> Net Expenditure	696,296
				Funded via:	
				Dioceses via Apportionment	696,296

61. The Digital Communications team is currently focused on building strong foundations, particularly in the areas of a new Church of England website, growing national social media presence to reach the widest relevant audience and transforming the A Church Near You website.
62. The first six months through to May 2017 has seen several key successes, with 1.5 million people engaged in the Christmas 2016 campaign and 2.5 million with the Lent and Easter discipleship course. A team of five people has been recruited (Head of Digital Communications, Digital Comms Manager, Video & Content Producer, Digital Comms Officer and Digital Content Producer). This lean, focused team of experts will enable the programme of activities to flourish.
63. The priorities for 2018 continue to be built around three common themes:
- **Digital Evangelism:** Running effective and engaging Lent and Christmas campaigns, supporting Thy Kingdom Come, establishing a national social media advocacy network with Christians across the country and investigating evangelism materials to reach BAME 16-24 year olds with partnerships and research (Numerical Growth)
 - **Digital Discipleship:** To complete the *Setting God's People Free* digital discipleship portal research and launch a pilot with several dioceses. Develop digital welcome packs for those leaving a CofE primary school and starting secondary school (Spiritual Growth)
 - **Digital Campaigns:** Deliver compelling campaigns that play to the CofE's strengths as a church with a physical presence in every community. Buying appropriate equipment and investing in targeted social media campaigns (Common Good)
64. **Church House Publishing (CHP)** is the official publishing imprint of The Archbishops' Council, supporting the Council's objectives through publications in both traditional and digital media, aiming to equip the Church of England for worship, ministry and mission. Under an agreement in place since July 2009, Hymns Ancient & Modern Ltd act as CHP's production & marketing arm.
65. Key objectives for CHP are:
- Launch and promotion of the new Youth Pilgrim resource piloted in 2017, with significant digital component and social media support in collaboration with Communications in support of 'Digital Discipleship' strand
 - Support the new Liturgical Commission's publishing priorities including re-presenting Baptism and Initiation services and developing digital service-planning tools and a range of new audio content
 - Continue to publish resources to support and disseminate the work of the Council's Life Events team with DVDs, stationery and books
 - Contributing to Phase 2 and beyond of the new Church of England website, providing dynamic prayer, worship and other essential resource for parishes and clergy
66. **Crockford's Clerical Directory** is the definitive record of the Anglican Clergy in the UK & Ireland, providing national, diocesan and local organisations – as well as the public – with reliable and up-to-date information essential to their ministries. The Crockford's team priorities for 2018 will include working closely to ensure improved data-flows between NCIs systems, including the planned updated system for A Church Near You.

Evangelism & Discipleship / Life Events / Renewal & Reform

<u>Team</u>	<u>Head</u>	<u>Staff (FTE)</u>	<u>Income</u>	<u>Expend</u>	<u>Thus net (income) / Expenditure</u>
Evangelism & Discipleship	Vacant	} 2.8	(16,000)	489,754	473,754
Life Events	Revd Dr Canon Sandra Millar				
Renewal & Reform	Mike Eastwood	4.0	(416,552)	466,552	50,000
<i>thus</i> Net Expenditure					523,754
Funded via:					
Archbishops' Council Restricted Funds					53,949
Corporation of Church House rent relief					50,000
Drawdown of capital					210,000
Dioceses via Apportionment					209,806

67. The prevailing staffing structure within the Archbishops' Council results in several disparate strands of evangelism and discipleship work being carried out in different departments. There is already considerable liaison between staff engaged in this work, but the Council has agreed that there would be better strategic coordination by creating a new post of Director of Evangelism & Discipleship to manage a core **Evangelism & Discipleship team**. This new team will work alongside a wider team enabling the Council to better resource those activities, largely carried out in dioceses and parishes, which support and contribute to bringing more people to faith.
68. The new team will incorporate some existing staff including those carrying out the **Life Events** work which will continue to support parish ministry carried out through and around funerals, baptisms and marriages.
69. Funding has been secured from a Strategic Development Fund grant to provide expanded, but still limited, capacity for various aspects of the **Renewal & Reform programme**. This will include:
- A full-time Programme Director – responsible for the on-going shape and development of the programme, the advocacy and inclusion work, the integration of fresh expressions and the theological depth
 - A full-time Head of Discipleship – responsible both for the implementation of what has already been agreed in the Setting God's People Free report – GS 2056 - (the priority areas – including establishing learning communities as the highest cost item) and the interpretation and delivery of the 8 levers for change identified in the report
 - Programme and administrative capacity to ensure on-going delivery and accountability
 - Programme resource to commission theology, wider programme engagement, research and – crucially – dissemination of learning and good practice

Shared Services (provided via Church of England Central Services)

Chair (of Joint Employment & Common Services Board)	Canon John Spence		
Function	Director	Staff (FTE)	£
Finance & Resources	Ian Theodoreson	75.5	4,583,864
IT	Yasmin Thompson	18.0	1,613,442
Records & Office Services	Declan Kelly	18.9	1,370,026
Legal	Stephen Slack	11.2	1,160,182
HR	Hannah Foster	17.0	1,107,526
Communications	Vacant	11.3	778,963
Risk Management & Internal Audit	Aneil Jhumat	4.0	389,565
		156.0	11,003,568
Funded via:		%	£
	Church Commissioners	49.8	5,482,757
	Church of England Pensions Board	17.2	1,896,676
	Archbishops' Council (via Diocesan Apportionment)	33.0	3,624,135
		100.0	11,003,568

70. Staff in the shared services departments set out above support the work of all the NCIs. Their work is overseen by Church of England Central Services - the Directors of which are the Chair of the Council's Finance Committee, the First Church Estates Commissioner and the Chair of the Church of England Pensions Board.
71. The Finance & Resources Department comprises six main sections: Finance Operations (including Payroll), Resource Strategy and Development (running, monitoring and evaluating grant schemes and providing consultancy to dioceses), Financial Policy and Planning (providing financial analysis and advice), Research and Statistics (providing a range of information to support strategy and planning), Stewardship and Resources (including the Parish Buying procurement programme) and Finance Systems Support.
72. The IT department provides technology in line with the IT strategy to support the NCIs' current and emerging business needs.
73. The Records department supports the efficient management of the NCIs' paper and electronic records and produces record keeping guides for the wider church.
74. The Office Services Department provides a range of facilities management and print room services to the NCIs.
75. The Legal Office supports the legislative and other functions of the General Synod, House of Bishops, the NCI trustee bodies and committees and commissions. It also undertakes advisory work for the above, some property related work and discharges the central Church functions in relation to clergy discipline.
76. The HR department provides the NCIs with all HR services including employee relations, strategic HR advice, recruitment support, reward planning, employee consultation, wellbeing and HR information system support. The team also provides HR services to all Bishops' offices and supports all work at governance level on Clergy Terms of Service, including supporting the operation of the RACSC committee and escalated HR issues from Dioceses. In 2017 new services for the wider Church being delivered through HR included Ministerial Transitions, Church Salary survey and delivery of the Enabling Recruitment programme. More recently the How We Work programme within the Renewal & Reform agenda has been programme managed from HR overseeing organisational development, leadership development, culture, communications and succession planning.
77. The Communications office is responsible for promoting the wider interests and managing the reputation and coordinating information flow of the National Church and the NCIs. It creates and executes proactive media strategies for the NCI departments across traditional and digital media while providing issues management services in areas including finance, education, safeguarding,

public affairs and church buildings. It delivers a daily media digest by email, and works closely with dioceses in their communication strategies providing a range of services including blogs, podcasts, videos and sharing stories via twitter and Facebook.

78. The Risk Management and Internal Audit department works with management, staff, trustees and the NCI audit committees to deliver risk management and assurance services. The services are delivered by a blend of NCI staff and a co-sourcing arrangement with an external accountancy firm.

Accommodation	
	£
Expenditure due under lease	2,640,571
Funded via:	
Church Commissioners	954,395
Church of England Pensions Board	389,397
Other tenants	133,133
Dioceses via Apportionment	1,163,646
Corporation of Church House rent relief	(1,365,821)

79. Under a lease from the Corporation of the Church House (The Corporation) the Archbishops’ Council pays rent and service charge in respect of the area it occupies. The costs of rent and service charge and other building related costs are shared out according to space occupied by tenants within Church House.

80. The Corporation have, for the fourth successive year, generously granted the NCIs a waiver on the £1.365 million rental charge that would otherwise be payable in 2018. The Council has used its share of rent relief, together with the Church Commissioners’ share, to help meet the challenges of Renewal & Reform and the necessary increased safeguarding resource. Without this assistance, assuming no other changes to the budget, an overall apportionment increase of 6.5% would have been required rather than 3.0%.

ii) Grants

81. This budget is for national Church of England contributions to the Anglican Communion and Ecumenical activities, the Legal Costs Fund and other grants including to the Church Urban Fund and Fresh Expressions. The planned level of grants is shown in the table below. The main budgetary assumptions are:

- The Inter Anglican Budget contribution will increase by inflationary factors of 2.5% in 2018 and an illustrative 2.0% p.a. in the following two years
- An increase in the request for World Council of Churches to build up a provision for a contribution towards the costs of the 2021 Assembly (an event which takes place every seven years)
- Other grants will remain flat throughout the period, with the exception of the grant to Fresh Expressions where the Council has agreed to make an additional grant to help meet pension costs. This means an additional annual grant of around £2,300 until 2019 (increasing in year in line with the change to pension contributions) and a 'top-up' sum of £15,702 p.a. to be paid until 2019

	2017 Budget £	2017 Forecast £	2018 Budget £
Anglican Communion Activities			
Inter Anglican Budget	536,120	536,120	549,523
Ecumenical Activities			
Churches Together in England	150,000	150,000	150,000
World Council of Churches (incl Assembly)	108,000	108,000	118,000
Conference of European Churches	90,474	90,474	90,474
Churches Together in Britain & Ireland	15,000	15,000	15,000
Expenses of representatives	20,000	20,000	20,000
	383,474	383,474	393,474
Miscellaneous			
Church Urban Fund	203,000	203,000	203,000
Legal Costs (incl Legal Aid) Fund	20,000	20,000	20,000
Fresh Expressions	57,993	57,993	58,027
Minor grants	20,000	20,000	20,000
	300,993	300,993	301,027
TOTAL	1,220,587	1,220,587	1,244,024
Note: The additional grant to Fresh Expressions in respect of pension "top up" (£62,808) was accounted for in full in 2016. This sum was met from reserves and will be collected via the apportionment in annual instalments from 2017.			

(iii) Mission agencies pension contributions

82. The Church Commissioners have statutory responsibility for meeting the pension contributions for clergy employed by qualifying Partnership in World mission (PWM) mission agencies. The Council took on financial responsibility for these contributions on a phased basis between 1999 and 2004 to enable the Commissioners to increase their grants to dioceses by a matching amount. Since then the Council has met the financial responsibility in full. But for 2017-2019 the Commissioners have agreed to fund £2.0 million of contributions which has enabled the Council to fund a three year digital church pilot project. This is legitimate use of Church Commissioners' funds as they are the Responsible Body for such clergy under Section 4(4)(e) of the Pensions Measure 1997.
83. The key factors determining the level of Mission Agency pension contributions expenditure are the rate of pension contributions set by the Pensions Board and the number of qualifying clergy employed by the PWM mission agencies. For many years the number of clergy whose pension contributions are funded in this way had been declining (from 128 in 2004 to a low point of 78 in early 2012) but this trend reversed in mid-2012 and across the past three years the average number of qualifying clergy has ranged between 85 and 90.
84. The budget takes account of the 1.5% increase in the National Minimum Stipend (NMS) in the 2017/18 stipend year and the contribution rate of 39.9% of the pensionable stipend that has applied since the start of 2015. For illustrative purposes the NMS is assumed to increase by 2.0% in 2018/19 and 2019/20 and it has been assumed the contribution rate will not change. The table below show the average numbers (full-time equivalents FTE) of qualifying clergy employed by the Mission Agencies across the 2011-2017 period.

Mission agency qualifying clergy 2011-2017	2011 Ave FTE	2012 Ave FTE	2013 Ave FTE	2014 Ave FTE	2015 Ave FTE	2016 Ave FTE	End Jun 2017
CCE – Papua New Guinea Church Partnership	1.0	1.0	1.0	1.0	0.5	-	-
Church Army	5.0	6.0	4.3	3.9	5.0	5.0	5.0
CMS	15.0	15.3	16.5	17.0	17.0	14.6	14.4
CPAS	8.4	3.8	5.0	5.0	5.0	6.1	6.4
Crosslinks	21.5	20.3	21.5	23.3	26.0	26.3	25.0
Inter-Continental Church Society	6.0	6.0	5.8	4.8	6.0	6.0	6.0
Jerusalem & Middle East CA	0.8	-	-	-	-	-	-
Mission to Seafarers	14.0	13.5	19.0	17.9	13.1	10.0	7.0
SOMA	1.0	1.0	1.0	1.0	1.0	1.0	1.0
South American Mission Society	10.3	9.5	10.0	10.0	8.8	8.3	8.0
USPG	4.0	3.0	3.0	2.0	1.8	1.0	1.0
TOTAL	87.0	79.4	87.1	85.4	84.2	78.3	73.8

85. Although the number of qualifying clergy has been relatively low in the first half of 2017, the budget assumes some pick up towards recent average levels as vacant posts are filled as has been the case in several previous years.

Clergy retirement housing grant

The Church's Housing Assistance for the Retired Ministry (CHARM) scheme, which provides housing for those retiring from stipendiary ordained and lay ministry with insufficient financial resources of their own, was introduced in its current form in 1983. It is administered by the Church of England Pensions Board which also provides some financial assistance for the scheme from its charitable funds. Until 2005 the remaining subsidy was funded by the Church Commissioners, since then the Archbishops' Council has met this part of the subsidy, enabling the Commissioners to increase their targeted grant support. In 2010 the Pensions Board obtained a new commercial loan facility, and since when their charitable funds have met a greater proportion of the overall subsidy.

2018 Expenditure: **£4,805,985**

Funded by:

Diocesan Apportionment **£4,805,985**

86. Clergy approaching retirement with sufficient capital resources to invest in a portion of their retirement property may apply for the shared ownership option of the CHARM scheme (which replaced the mortgage arm of the scheme in April 2008) where the Pensions Board's maximum contribution is £150,000.
87. Those with insufficient capital for the shared ownership scheme may be eligible for the rental scheme. The beneficiary is granted an Assured Shorthold Tenancy to occupy an existing vacant property or one purchased by the Board. Under the new choice-based lettings policy introduced in April 2015 a property may be reserved some time before retirement. From April 2015, rent has been charged on a 'target rent' basis as widely used in the Housing Association sector. As reported to General Synod in July 2014 (see GS Misc1073), this new system is being very gradually phased in for existing CHARM customers whose rent had been limited to 30% of their total income.
88. At the end of 2016 there were 2,102 properties in the scheme (value-linked mortgages 772, shared ownership 114 and rented 1,216). Since the scheme's inception, the Pensions Board has used its charitable funds to purchase some properties. At the end of 2016 it held a 100% interest in 875 rented properties and 72 shared ownership properties (representing 71% of properties within the open sections of CHARM).
89. Until mid-2010, the remaining finance was obtained from the Church Commissioners on a 'value-linked' basis. When the Commissioners' loans are repaid, they receive the same proportion of the sale proceeds as their original investment related to the purchase price (adjusted for any additional loans or part repayments during the life of the loan). To help smooth the transition to the new financing arrangements, the Commissioners will, until July 2020, continue to make a contribution to the cost of capitalised improvements to those properties for which they originally provided finance.
90. For property purchased from July 2010 the Pensions Board has access (via a commercial provider) to a revolving bank loan facility of £50 million. This was supplemented by a £70 million inflation linked bond issued in August 2015 (with a further £30 million retained for future issue) which is repayable in five equal tranches between 2038 and 2048. As part of a long term strategy to keep or acquire properties that are most suitable for the rental scheme, replace others as they become vacant and add further properties to give clergy approaching retirement a wider choice, part of the proceeds were used to acquire the economic interest in 196 properties originally financed by the Church Commissioners. Within the next two years, the Board is expected to seek further finance in a manner which will enable it to reduce the variability of interest rate costs.

91. Under the revised financing arrangements the Pensions Board retains the full risks and rewards of future capital appreciation on the property acquired. Recognising this, the Pensions Board has agreed that, by giving increased support from its charitable funds, it will endeavour to smooth the level of support required for the scheme from dioceses.
92. The Council has agreed a 5% p.a. increase in its grant until 2020 in the clergy retirement housing grant. The Council took on responsibility for this grant – often referred to as the ‘Vote 5 grant’ - in 2005. Over the following three years it was reduced by a cumulative 10% which was not sustainable. The 5% p.a. increase has been needed since 2010. There is an aspiration that increases of no more than inflation will be needed after 2020. There is a reasonable prospect of the scheme becoming self-sufficient over the next 20-25 years, although this will depend on a range of factors most notably demand for the scheme, housing price inflation, interest rates and the ability to obtain further financing on sufficiently attractive terms.
93. In 2016 the total net cost (after occupants’ payments) of the housing support provided for retired clergy (excluding interest foregone by the Pensions Board) was £8.1 million as set out below. The Council’s grant met 54% of this cost with the remainder being met from the Pensions Board’s charitable funds:

	£m
Net cost to the Pensions Board of CHARM rental scheme (including £2.0 million spend from designated funds on major works to properties)	5.3
Net cost to the Pensions Board of CHARM mortgage scheme	0.5
Net cost to the Pensions Board of CHARM shared ownership scheme	0.2
Net cost to the Pensions Board for Supported Housing and Housing Care Homes	1.6
Loan costs	0.3
Governance	0.2
Support for clergy retirement housing per financial statements	<u>8.1</u>

Reserves

94. 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 to maintain sufficient working capital, to maintain liquidity and to give the Council some modest flexibility to smooth year-on-year apportionment increases should there be significant additional expenditure pressures.
95. The Council's reserve policy is to hold between one and three months' expenditure for each area of its expenditure that is substantially funded by the diocesan apportionment. It also has a reserves target of the mid-point of the reserves range for each of these areas.
96. The minimum, maximum and medium term target levels under the Council's policy, together with forecast reserves at the beginning and end of 2018, are set out below. The Council reviews the ranges and target levels annually and considers that they remain suitable.

	Policy		Forecast			End 2018 above / (below) target £000s
	Min (1 month expend) £000s	Max (3 months expend) £000s	Start 2018 £000s	End 2018 £000s	Medium- term target £000s	
Training for ministry <i>(v1)</i>	1,271	3,812	2,592	2,592	2,541	51
Operational unrestricted <i>(v2)</i>	1,484	4,453	2,991	2,991	2,969	22
Grants <i>(v3)</i>	104	311	188	188	207	(19)
Mission agency pensions <i>(v4)</i>	67	202	150	150	134	16
Clergy retirement housing <i>(v5)</i> (including designated fund)	400	1,201	803	803	801	2
TOTAL	3,326	9,979	6,724	6,724	6,653	71

97. By the end of 2018 the reserves are forecast to be reasonably close to the target levels. In the event of a significant unexpected cashflow or expenditure need the Council has the ability to draw on two of its restricted funds with relatively wide purposes – the Church and Community Fund and Special Purposes Fund with a combined capital value of £22.4 million at the end of 2016 – provide sufficient mitigation.

Apportionment

98. The recommended apportionment table for 2018, using the usual formula, is shown on the following page.
99. The apportionment of the budget between the dioceses is calculated by a formula agreed by General Synod in 2001 with minor amendments following limited reviews in 2005¹ and 2008². Since 2009 there has been a cap which guarantees that the maximum apportionment increase to be requested from any diocese will be no more than a fixed percentage above the overall apportionment increase (before the pooling adjustment in respect of additional maintenance costs for ordinands). In 2009-2015 the cap was set at two percentage points and in 2016-2017 it was set at one percentage point. The Council has again set the cap for 2018 at one percentage point so in 2018, the maximum increase for any diocese (before the pooling adjustment) will be 4.0%. Nine dioceses will be asked to meet an increase at the maximum level.

¹ GS Misc 779

² GS Misc 888 - <http://www.churchofengland.org/media/1229440/gsmisc%20888.pdf>

Table of Apportionment for 2018

Diocese	Training for Ministry	National Church Responsibilities	Grants & Provisions	Inter-diocesan support of Mission Agency clergy pension contributions	CHARM	Apportionment 2018	% change 2018 on 2017	Pooling 2016/17	Total Apportionment post pooling 2018
	£	£	£	£		£	%		
Bath & Wells	381,504	303,694	33,116	3,713	128,245	850,272	2.9	-3,403	846,869
Birmingham	183,504	146,077	15,929	1,786	61,686	408,982	1.4	-10,570	398,412
Blackburn	294,058	234,083	25,525	2,862	98,850	655,378	2.1	30,655	686,033
Bristol	218,764	174,146	18,989	2,129	73,539	487,567	2.9	11,566	499,133
Canterbury	227,376	181,001	19,737	2,213	76,434	506,761	2.8	37,517	544,278
Carlisle	204,829	163,053	17,780	1,994	68,855	456,511	3.8	55,296	511,807
Chelmsford	536,692	427,231	46,586	5,224	180,413	1,196,146	3.0	-20,279	1,175,867
Chester	470,159	374,267	40,811	4,576	158,047	1,047,860	2.7	-63,626	984,234
Chichester	615,090	489,639	53,391	5,987	206,767	1,370,874	2.3	28,801	1,399,675
Coventry	222,908	177,444	19,349	2,170	74,932	496,803	3.8	5,205	502,008
Derby	203,259	161,803	17,643	1,978	68,327	453,010	4.0	2,574	455,584
Durham	216,231	172,130	18,769	2,105	72,688	481,923	3.7	7,496	489,419
Ely	266,085	211,815	23,097	2,590	89,446	593,033	4.0	-87,014	506,019
Exeter	334,868	266,569	29,067	3,260	112,568	746,332	3.4	35,447	781,779
Gloucester	293,323	233,498	25,461	2,855	98,603	653,740	4.0	55,939	709,679
Guildford	490,617	390,553	42,587	4,776	164,925	1,093,458	4.0	53,865	1,147,323
Hereford	167,201	133,099	14,514	1,628	56,206	372,648	1.9	32,651	405,299
Leicester	186,890	148,773	16,223	1,819	62,825	416,530	4.0	-12,455	404,075
Lichfield	419,251	333,742	36,392	4,081	140,934	934,400	2.5	24,971	959,371
Lincoln	304,462	242,365	26,428	2,964	102,347	678,566	0.0	30,574	709,140
Liverpool	272,469	216,897	23,651	2,652	91,593	607,262	2.6	-102,991	504,271
London	1,327,788	1,056,978	115,256	12,924	446,346	2,959,292	4.0	-189,072	2,770,220
Manchester	326,240	259,701	28,320	3,176	109,668	727,105	3.1	-705	726,400
Newcastle	166,389	132,453	14,443	1,620	55,933	370,838	3.3	-20,803	350,035
Norwich	243,984	194,222	21,179	2,375	82,017	543,777	1.8	26,794	570,571
Oxford	891,435	709,621	77,379	8,677	299,662	1,986,774	3.5	9,516	1,996,290
Peterborough	276,802	220,346	24,027	2,694	93,049	616,918	2.4	-55,077	561,841
Portsmouth	177,178	141,042	15,380	1,725	59,560	394,885	4.0	58,156	453,041
Rochester	395,480	314,820	34,329	3,850	132,944	881,423	2.9	58,059	939,482
St Albans	527,672	420,050	45,803	5,136	177,381	1,176,042	2.3	83,245	1,259,287
St Eds & Ips	246,124	195,926	21,364	2,396	82,737	548,547	1.9	49,212	597,759
Salisbury	442,813	352,499	38,437	4,310	148,855	986,914	2.3	52,753	1,039,667
Sheffield	181,453	144,445	15,751	1,766	60,997	404,412	3.4	-67,609	336,803
Sodor & Man	31,937	25,423	2,772	311	10,736	71,179	4.0	12,045	83,224
Southwark	715,092	569,245	62,072	6,961	240,383	1,593,753	4.0	-53,309	1,540,444
Southwell & Nottingham	207,048	164,819	17,972	2,015	69,601	461,455	2.5	-1,120	460,335
Truro	152,246	121,194	13,215	1,482	51,178	339,315	3.1	-30,771	308,544
Winchester	412,385	328,277	35,796	4,014	138,626	919,098	3.5	-22,037	897,061
Worcester	209,605	166,855	18,194	2,040	70,460	467,154	2.4	43,071	510,225
York	339,020	269,875	29,428	3,300	113,964	755,587	2.8	-17,725	737,862
Europe	30,083	23,948	2,611	293	10,088	67,023	3.0	-5,775	61,248
Leeds	486,588	387,346	42,237	4,736	163,570	1,084,477	2.5	36,566	1,121,043
Armed Forces	34,718	27,637	3,014	338	-	65,707	3.0	-	65,707
Armed Forces Pooling								-48,524	-48,524
Life assurance								-29,109	-29,109
TOTAL	14,331,619	11,408,601	1,244,024	139,501	4,805,985	31,929,730		-	31,929,730