

# Archbishops' Council

# **2013 Budget**

## 2013 Budget Overview

Last year General Synod approved a 2012 apportionment which was 1.8% above the 2011 level. The Archbishops' Council subsequently agreed, however, that the overall apportionment requested from dioceses in 2012 should be reduced to the 2011 level. (see Archbishops' Council apportionment 2012 - GS Misc 1016)

For 2013 the apportionment requested represents a 1.3% increase over the level funded by the dioceses in 2011 and 2012. In other words, the overall apportionment requested for 2013 will remain **less** than that first approved by Synod last year for 2012.

The recommended Net Expenditure and Apportionment levels for the 2013 budget, together with the changes on the 2012 level are set out below. All comparisons are given against the 2012 levels (i.e. lower) as set out in GS Misc 1016 unless otherwise stated.

<b>Summary of 2013 budget</b>					
		Net Expenditure £	Inc/(dec) vs 2012 %	Diocesan Apportionment £	Inc/(dec) vs 2012 %
Training for Ministry	<b>Vote 1</b>	12,559,340	2.9	12,559,340	1.6
National Support	<b>Vote 2</b>	10,636,428	2.3	10,321,700	1.8
Grants & Provisions	<b>Vote 3</b>	1,284,774	(6.6)	1,220,774	(11.3)
Mission Agencies Pensions	<b>Vote 4</b>	644,986	(17.8)	524,986	(23.4)
Clergy retirement housing	<b>Vote 5</b>	3,765,615	5.0	3,904,400	8.9
<b>Total</b>		<b>28,891,143</b>	<b>1.9</b>	<b>28,531,200</b>	<b>1.3</b>

The above table highlights a 1.9% increase in overall net expenditure across the five Votes, reduced to a 1.3% increase in apportionment through judicious use of reserves.

The amount requested from the dioceses to fund Training for Ministry - Vote 1 - expenditure is in line with budgeted net expenditure.

It is planned to use around £315,000 from National Support - Vote 2 - reserves in 2013 to bring them close to the medium term target of the reserves range. The requested apportionment in 2013 is 1.8% above the revised 2012 level.

The relatively high level of Vote 3 reserves and the level of the Legal Costs Fund enable a reduction of 11.3% in the requested diocesan contributions for Grants & Provisions.

The relatively high levels of Vote 4 reserves combined with a lower number of qualifying clergy permit a 23.4% reduction (against 2012 budget) in the request for diocesan contributions to fund pension contributions for clergy employed by mission agencies in 2012.

The amount requested from dioceses for Clergy retirement housing – Vote 5 - is set at approximately £139,000 above projected expenditure levels to enhance reserves to bolster the Council's ability to fund a greater proportion of the scheme subsidy should the Pensions Board's charitable funds be unable to limit the Council's contribution to the budgeted level without threatening the sustainability of the scheme.

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

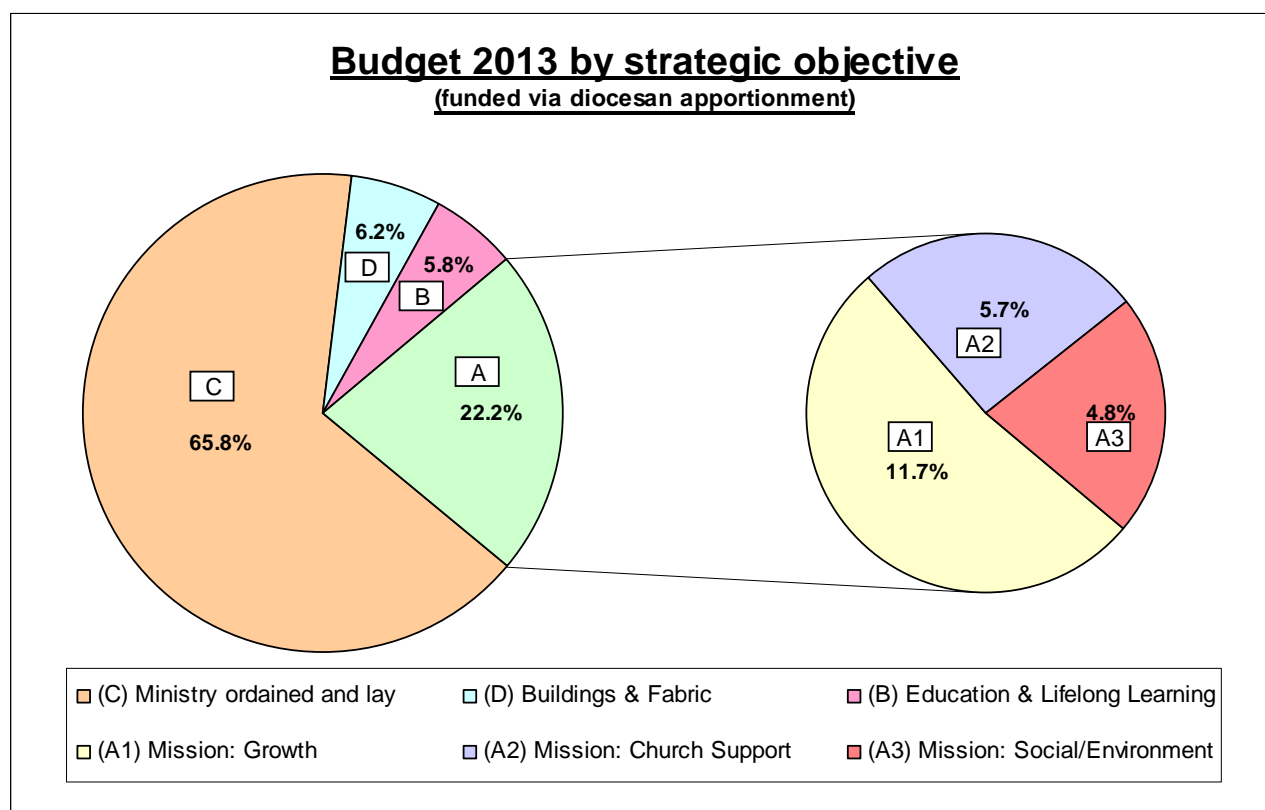
# Strategic Objectives

The strategic objectives of the Archbishops' Council are:

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

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A broad analysis of the Council's statutory and discretionary expenditure (funded by the dioceses via the apportionment) across its strategic objectives is shown in the chart below:



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# Executive Summary

## Introduction

1. This executive summary of the Archbishops' Council's budget for 2013 is followed by an overall budget summary and detailed sections on each vote.
2. An analysis of the income and expenditure of individual departments is available to General Synod members upon request to Simon Florence (Senior Accountant for the Council, [simon.florence@churchofengland.org](mailto:simon.florence@churchofengland.org)) or David White (Head of Financial Policy & Planning, [david.white@churchofengland.org](mailto:david.white@churchofengland.org)).
3. Each part of the budget has been reviewed line-by-line to ensure that budgeted income and expenditure are at realistic and justifiable levels. For Vote 2, each team has prepared a business plan which includes setting out its achievements in 2011, providing an update on plans for 2012 and – having regard to the quinquennial goals in Challenges for the new quinquennium (GS 1815<sup>1</sup>) – setting out proposals and targets for 2013. These plans and the consequent budgets, which will be used as working documents, were reviewed in detail by the Council's Senior Management Group. Shared Service departments budgets have also been reviewed and approved by the Joint Employment and Common Services Board (comprising the Chair of the Council's Finance Committee, the First Church Estates Commissioner and the Chair of the Church of England Pensions Board) and the governing bodies of the Church Commissioners and Church of England Pensions Board.
4. The budget is commended to the General Synod by the Archbishops' Council which endorsed it after detailed scrutiny from its Finance Committee. The Inter-Diocesan Finance Forum (comprising the Chair of the Diocesan Board of Finance, the Diocesan Secretary and a General Synod representative from each diocese) also had an opportunity to comment on the emerging budget.

## Recent history / Recap on 2012

5. Last July the General Synod approved the Archbishops' Council's 2012 budget (GS 1842<sup>2</sup>) and the apportionment to dioceses of £28.650 million, which was around £500,000 (1.8%) above the 2011 level. But, in autumn 2011, the Council reviewed a forecast for its expenditure in 2011 and 2012 which was notably less than when the 2012 budget was approved, thus it agreed that the overall apportionment requested from dioceses in 2012 should be reduced to the 2011 level. Dioceses were informed of this decision in a letter sent to DBF Chairs and Diocesan Secretaries on 12 December 2011 and General Synod members were informed in GS Misc 1016.
6. The revised sums requested for 2012, and the proportion of total apportionment each Vote represented compared with the equivalent figures five years ago, are set out in Table 1.

<b>Table 1</b>		<b>2012</b>		<b>2007</b>	
		£m	%	£m	%
	Vote				
Training for Ministry	1	12.364	43.9	10.091	40.1
National Support	2	10.140	36.0	9.919	39.4
Grants and Provisions	3	1.376	4.9	1.522	6.0
Mission Agencies Pensions	4	0.685	2.4	0.740	2.7
Clergy Retirement Housing	5	3.586	12.7	2.900	11.5
<b>TOTAL</b>		<b>28.151</b>		<b>25.172</b>	

<sup>1</sup> <http://www.churchofengland.org/media/1163101/gs%201815.pdf>

<sup>2</sup> <http://www.churchofengland.org/media/1281161/gs%201842.pdf>

7. In 2007 the two largest Votes – Training for Ministry and National Support – accounted for roughly similar proportions of the Council’s total budget at 40% and 39% respectively.
8. In the five years since then the apportionment has increased on average by 2.3% per year. But this average figure masks an appreciable shift in the pattern of national expenditure (and consequent apportionment) since 2007. Table 2 shows the breakdown of that average of 2.3% by each Vote.

<b>Table 2</b>	<b>Vote</b>	<b>% inc/(dec) per annum</b>
Training for Ministry	1	4.1%
National Support	2	0.4%
Grants and Provisions	3	(2.0%) (1.5%)
Mission Agencies Pensions	4	)
Clergy Retirement Housing	5	4.3%
<b>TOTAL</b>		<b>2.3%</b>

9. This clear shift in the Council’s priorities has resulted in the Vote 1 Training for Ministry budget clearly representing the most significant part of the overall budget. At £12.364 million in 2012 it represented almost 44% of the total sum funded by the dioceses.

### **2013 in the context of the Financial Strategy Review**

10. The Council’s 2013 budget is the third to be prepared within the framework established by the Financial Strategy Review (GS 1731)<sup>3</sup> which set spending priorities for 2010-2015.
11. A key aim within this financial framework was for the overall apportionment funded by the dioceses in 2011 and 2012 to increase by no more than 0.5% below the rate of inflation in each of those years, and by no more than the rate of inflation in 2013-2015. It was also agreed that the expenditure on Vote 1 (Training for Ministry) would be planned and if necessary controlled so that, where the overall increase was up to the permitted maximum, the increase to Vote 1 would be no more than 1% above this level.
12. The average independent forecast increase is that RPI will increase by 2.7% this year and by 2.8%<sup>4</sup> in 2013 which means that the Council could have asked the dioceses for an increase of 2.8% for 2013 and remained within the budgetary framework endorsed by General Synod in July 2010. But the Archbishops’ Council is acutely aware that parishes and dioceses are under very considerable financial pressure and an exchange at the Finance Committee earlier in the year suggested that dioceses would struggle with an overall apportionment increase in excess of 1.5%.
13. With this in mind, the Archbishops’ Council has proposed an overall apportionment increase of 1.3%. The resulting year-on-year changes to diocesan contributions for the Votes range from a decrease of 23.4% for Vote 4 to an increase of 8.9% for Vote 5. The increases in the two largest votes are 1.6% for Vote 1 and 1.8% for Vote 2.
14. The budget has been constructed on the basis that a net sum of £360,000 will be drawn from reserves rather than passing on the whole 1.9% budgeted expenditure increase to dioceses. The Council considers this to be an appropriate strategy since current forecasts suggest that almost £350,000 will be added to reserves in 2012. The Council plans to draw on reserves to enable it to move towards recently established reserves target levels for each Vote.

<sup>3</sup> <http://www.churchofengland.org/media/39324/gsl731.pdf>

<sup>4</sup> Source: HM Treasury Forecasts (May 2012) – <http://www.hm-treasury.gov.uk/d/201205forecomp.pdf>

15. Being broadly half way through the 2010-2015 strategy period, it is timely to review changes in the apportionment against the financial parameters set out in 2009. The comparison between changes in the apportionment from 2010 to 2013 and other forecast indices from the start of 2010 to the end of 2012 (using consensus forecasts for 2012<sup>5</sup>) is:

- Apportionment +2.9%
- Average earnings +6.1%
- CPI +10.5%
- RPI +12.8%

16. A brief summary of the key issues within the 2013 budget, by Vote, is set out below.

### Vote 1

17. This budget funds costs associated with ordination training, acknowledging that the training of future clergy is a national responsibility. It is the Church's policy to train all those who are recommended by their Bishop after a process of discernment including a selection panel. The financial systems (including the pooling of additional maintenance costs for ordinands paid by dioceses) are designed to ensure that dioceses should not suffer financially if they put forward a larger than average number of ordinands.

18. As noted above, the Financial Strategy Review acknowledged that whilst expenditure in this area should be a priority for the Archbishops' Council funding for Vote 1 should be planned and controlled (via the funding cap referred to in para 11 above) if necessary. It has not been necessary to do this for the 2013 budget.

19. In 2009 the House of Bishops decided that it would attempt to assist the Council's and training institutions' budgeting (and also assist prospective ordinands' planning and preparation) by bringing forward, to the end of May each year, the deadline by which all candidates must have attended a national selection panel (in order to commence training at the start of the next academic year). This caused some practical difficulties last year and from 2012 onwards this deadline has been revised to be the end of June.

20. The 2012 budget was prepared against a background of considerable uncertainty around the future arrangements for Higher Education (HE) and the impact in the funding of pre-ordination training. It included a planned transfer of £100,000 to reserves reflect this. The budget also included a contingency sum of £193,000 (roughly equivalent to providing funding for one year's training for an additional 13 full-time students undertaking college-based tuition in view of the increased drive to encourage younger ordinands. It is now forecast that around £408,000 will be added to reserves in 2012. Recognising this sizeable increase in the size of the Vote 1 reserve, the 2013 budget has been set on the basis that expenditure will match the apportionment raised and not include further contingency. i.e. any increased expenditure as a result of additional HE costs in 2013 would be met from reserves.

21. In total, the Archbishops' Council recommends a Vote 1 budget with net expenditure of £12.559 million – an increase of 2.9% on the 2012 budget. The recommended Vote 1 apportionment is also set at £12.559 million – an increase of 1.6% on the 2012 level.

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<sup>5</sup> Source: HM Treasury Forecasts for the UK economy May 2012 - <http://www.hm-treasury.gov.uk/d/201205forcomp.pdf> - RPI: 2.7%, CPI: 2.3%, average earnings: 2.0%.

## Vote 2

22. This budget covers the costs of work supporting the Church's ministry and mission to the nation that needs to be undertaken, or is most effectively and/or efficiently carried out, at national level.
23. Tables 1 & 2 above both clearly highlight the tight budgetary discipline within which Vote 2 has operated in recent years – the 2013 budgeted apportionment of £10.322 million is only 0.2% higher than the 2010 level, at a time in which RPI for the same period is forecast to have increased by 12.8%. In fact, looking further back in time, the 2013 requested apportionment is only 9.9% higher than the equivalent request in 2003 (RPI over the same period is forecast to have increased by 37.8%).
24. The Vote 2 budget reflects an ongoing all round squeeze, not least as there is likely to be some pressure from increased pension contributions following the triennial review of the defined benefit section of the Church Administrators Pension Fund (which was closed to new entrants in July 2006) as at the end of 2011. Room has been made, however, for investment in particular priorities including some new work.
25. A summary of departments' objectives and priorities for 2013 is included in the Vote 2 section of this document. These have been developed in the light of the three themes set out in GS 1815 which, together, were considered to provide a robust framework for the work of the Church of England at national level for the quinquennium to the end of 2015:
  - contributing to the common good
  - facilitating the growth of the Church
  - re-imaging the Church's ministry
26. The budget includes additional Council investment in the following areas:
  - An increase from £10,000 to £40,000 in the provision in Vote 2 for work to support ministry amongst the Deaf and Disabled.
  - Funding a time limited curriculum development officer post in the Ministry Division from the Jenkinson restricted fund in connection with the Higher Education validation work.
  - Provision of £35,000 for follow-up work for Church Schools of the Future (in addition to around £250,000 expected to be spent from the Church Schools designated fund over three years or so).
27. These increases will be offset by the full year effect of savings arising from reorganisations already agreed in Mission & Public Affairs, Cathedral and Church Buildings and the Central Secretariat. While this year does not involve hard choices over additional reductions in posts (and, therefore, work done) it cannot be assumed that the same will be true in the 2014 and 2015 budgets to deliver the overall savings to which the Council is still committed for the remainder of the five year strategy period.
28. The Education, Ministry and Mission and Public Affairs Divisions also have plans to spend around £170,000 from their restricted funds in support of work on the three themes outlined above, thereby reducing their call on diocesan support.
29. In addition, the present expectation is that the Council will spend around £180,000 from three of its designated funds in respect of (i) support for the Church Schools of the Future project from the Church Schools Fund, (ii) pump-priming money for the publication of a Christian Basics course being devised by the Bishops of Chelmsford and Sheffield, as part of the growth project already agreed by the Council and House of Bishops, and (iii) depreciation for the new payroll system (People & Pay).



30. In total, the Archbishops' Council recommends a Vote 2 budget with net expenditure of £10.636 million – an increase of 2.3% on the 2012 budget. The requested Vote 2 apportionment is £10.321 million – an increase of 1.8% on the 2012 level.

### **Vote 3**

31. This budget comprises contributions to the Anglican Communion, Ecumenical activities, the Council's Legal Costs Fund and other grants.

32. Contributions to the Inter-Anglican budget are budgeted to increase by 4.0% whilst the grant to the Conference of European Churches is budgeted to increase by 2.0%.

33. The combined grant for the Home Ecumenical Instruments (Churches Together in England and Churches Together in Britain & Ireland) remains flat – extending the three-year funding agreement reached in 2010 for a further year.

34. The grant made by the Archbishops' Council to the Church Urban Fund and the core grant World Council of Churches are also budgeted to remain flat in 2013. The budget makes provision (funded from the Vote 3 reserve) for an additional contribution to the WCC assembly which is held every seven years. The 2013 assembly will be held in South Korea and the Expenses of Representatives budget has been increased by £8,000 to fund Church of England representatives' attendance.

35. General Synod is required by Measure to maintain a Legal Aid Fund, which is held by the Archbishops' Council on its behalf, to meet the costs of ecclesiastical legal aid awarded by the Legal Aid Commission. The Council's Legal Costs Fund (which includes the Legal Aid Fund) has been built up substantially in recent years and now stands at almost £1.4 million. In view of this, the Council considers that it is appropriate to reduce the 2013 contribution to the fund to £50,000 – a decrease of 75% on 2012 budget.

36. In total, the Archbishops' Council recommends a Vote 3 budget with net expenditure of £1.285 million – a decrease of 6.6% on the 2012 budget. The requested Vote 3 apportionment is £1.221 million – a decrease of 11.3% on the 2012 level.

### **Vote 4**

37. The Vote 4 budget provides for the pension contributions in respect of clergy who serve with the Partnership for World Mission agencies.

38. At the end of 2011 Vote 4 reserves were £154,000 above the maximum level projected for 2013 under the Council's reserves policy, and are forecast to grow by a further £59,000 by the end of 2012. This is because the number of qualifying clergy employed by the mission agencies continues to reduce. We plan to reduce Vote 4 reserves by £120,000 in 2013 and, unless the trend in the number of qualifying clergy reverses, by a similar amount in 2014.

39. In total, the Archbishops' Council recommends a Vote 4 budget with net expenditure of £645,000 – a decrease of 17.8% on the 2012 budget. The recommended Vote 4 apportionment is £525,000 – a decrease of 23.4% on the 2012 level.

## Vote 5

40. The Vote 5 budget provides assistance by way of a grant to the Church of England Pensions Board to help fund the cost of the subsidy for some occupants of properties in the Church's Housing Assistance for the Retired Ministry (CHARM) scheme which ensures that all clergy have access to housing upon their retirement.
41. During the negotiation of the loan facility established in 2010, the Pensions Board helpfully agreed to continue to use some of its charitable funds to help provide the subsidy needed for the clergy retirement housing (CHARM) scheme. At the same time the Council gave a commitment to increase their contribution to this important arrangement by 5.0% p.a. in the current quinquennium and there is no scope to reduce this.
42. Under the new financing arrangement the Pensions Board is obliged to meet various loan covenants including one relating to the ratio between its income (including realised profits on sale of CHARM properties purchased from its charitable funds) and expenditure. If there were doubts about the Board's ability to meet this covenant in any year the Council would need to provide a greater proportion of the overall CHARM subsidy and such a request could come at quite short notice. An additional contribution from the Council in such circumstances would help avoid the situation where the covenant was breached, with a consequent increase in the on-going costs of the scheme.
43. There are no immediate concerns about the Pensions Board's ability to meet the key loan covenants, but this remains dependent on property sales which could dry up for a while without much warning. It is therefore considered prudent to set the 2013 apportionment to enable the Vote 5 reserve level to be boosted to increase the Council's ability to provide extra support if needed. This results in a requested Vote 5 apportionment increase of 8.9%, which will enable £139,000 to be added to the Vote 5 reserve.
44. In total, for Vote 5, the Archbishops' Council recommends a 2013 budget with net expenditure of £3.766 million – an increase of 5.0% on the 2012 budget. The recommended Vote 5 apportionment is £3.904 million – an increase of 8.9% on the 2012 level.

## The pooling adjustment

45. In addition to the basic maintenance provided from Vote 1, married ordinands and some single ordinands are supported by additional payments from their sponsoring diocese. Such payments made in accordance with Ministry Division guidelines are 'pooled' amongst all dioceses and shared using the apportionment formula. The 'pooling adjustment' to be applied alongside the 2013 budget relates to grants paid by dioceses to ordinands in the academic year 2011/2012.

## Apportionment

46. The apportionment of the budget across the dioceses is set out on page 40. It is based on the formula agreed by General Synod in 2001 with minor amendments made following limited reviews in 2005<sup>6</sup> and 2008<sup>7</sup>.
47. The 2008 modification saw the imposition of 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). The Archbishops' Council has decided that the cap for 2013 should be set at two percentage points – the same level as has applied in each year since its inception in the 2009 budget.

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<sup>6</sup> GS Misc 779

<sup>7</sup> GS Misc 888 - <http://www.churchofengland.org/media/1229440/gsmisc%20888.pdf>

48. As in recent years the apportionment for the Diocese in Europe (estimated to be around £60,000 in 2013 before pooling adjustments) is waived to enable corresponding funds to be available for mission projects as the Diocese is not legally able to receive funds from the Mission Development Fund.

## **Reserves**

49. Reserves are held for cashflow purposes, to enable expenditure to be met before income has been received, to reduce the impact if payment of apportionment by dioceses is delayed and, perhaps most importantly, to give the Council some modest flexibility to smooth year-on-year apportionment increases should there be additional expenditure pressures.
50. The Archbishops' Council reviews its reserves policy ranges annually to ensure that reserves are adequate to manage variations in the pattern of income and expenditure and to provide a modest cushion against unanticipated and unavoidable adverse variations against budget, without being excessive.
51. In 2010 the Archbishops' Council approved revised guidelines to bring consistency to the reserve policy across all five Votes – specifically a minimum of one and a half months net expenditure and maximum of three months net expenditure. The resultant reserves policy levels are set out in the reserves section towards the end of this paper. Additionally the Council has set a target for each reserve. It has agreed that for Votes 2, 3 and 4 the target should be the mid-point of the reserves range. For Votes 1 and 5, which are substantial and very hard to control in the short term, the reserves target is mid way between the mid-point and maximum of the range (i.e. at the '75% level'). This will give the Council some extra capacity to respond to an increase in ordinand numbers and to help in supporting the on-going financial stability of the clergy retirement housing scheme if necessary.
52. The recommended budget would see the Vote 3 and Vote 5 reserves close to their target by the end of 2013 (£17,000 above and £39,000 below respectively). It is planned to reach the Vote 4 target by the end of 2014 so as to avoid a very steep one-year percentage increase in apportionment. At the end of 2013 Vote 2 reserves are budgeted to be almost £170,000 above the target - though still within the permitted range - to give extra flexibility to respond to the challenge of additional pension contributions, the level of which will not be certain for some months yet. The Vote 1 reserve is budgeted to be around £130,000 below target at the end of 2013, but this is considered acceptable (in the short-term) given the range of restricted funds available to help meet expenditure in this area.

## Conclusion

53. General Synod is invited to approve the Archbishops' Council's budgeted expenditure (net of income from sources apart from diocesan contributions) for 2013, together with the apportionment to dioceses, as summarised in Table 3 below:

<b>Table 3</b>		2013 budgeted net expenditure	% inc/(dec) vs revised 2012 budget
Vote 1	Training for ministry	£12,559,340	2.9
Vote 2	National Church responsibilities	£10,636,428	2.3
Vote 3	Grants & Provisions	£1,284,774	(6.6)
Vote 4	Mission agency clergy pension contributions	£644,986	(17.8)
Vote 5	CHARM	£3,765,615	5.0
<b>TOTAL</b>		<b>£28,891,143</b>	<b>1.9</b>

54. This budget would result in the following apportionments to dioceses:

<b>Table 4</b>	2013 Apportionment	% inc/(dec) vs final 2012 apportionment
Vote 1	£12,559,340	1.6
Vote 2	£10,321,700	1.8
Vote 3	£1,220,774	(11.3)
Vote 4	£524,986	(23.4)
Vote 5	£3,904,400	8.9
<b>TOTAL</b>	<b>£28,531,200</b>	<b>1.3</b>

	Actual 2011 £	GS1842 Budget 2012 £	GS Misc 1016 Budget 2012 £	Forecast 2012 £	Budget 2013 £	inc/(dec) Draft Bud '13 GS Misc 1016 %
<b>Vote1 Training for Ministry</b>						
Income	(11,291)	(30,000)	(30,000)	(15,000)	(15,000)	(50.0)
Expenditure	11,749,310	12,540,000	12,235,610	11,971,500	12,574,340	2.8
Net expenditure	11,738,019	12,510,000	12,205,610	11,956,500	12,559,340	2.9
<b>Diocesan Contributions</b>	<b>(12,240,500)</b>	<b>(12,610,000)</b>	<b>(12,364,000)</b>	<b>(12,364,000)</b>	<b>(12,559,340)</b>	<b>1.6</b>
Movement (to)/from Reserves	(502,481)	(100,000)	(158,390)	(407,500)	-	
<b>Vote 2 National Church Responsibilities</b>						
Income	(302,530)	(315,000)	(315,000)	(305,000)	(275,000)	(12.7)
Expenditure	9,960,956	10,807,700	10,707,700	10,537,249	10,911,428	1.9
Transfers to Designated Funds	380,000	-	-	-	-	-
Net expenditure	10,038,425	10,492,700	10,392,700	10,232,249	10,636,428	2.3
<b>Diocesan Contributions</b>	<b>(10,140,735)</b>	<b>(10,392,700)</b>	<b>(10,140,000)</b>	<b>(10,140,000)</b>	<b>(10,321,700)</b>	<b>1.8</b>
Movement (to)/from Reserves	(102,310)	100,000	252,700	92,249	314,728	
<b>Vote 3 Grants</b>						
Net Expenditure	1,495,900	1,376,000	1,376,000	1,401,000	1,284,774	(6.6)
<b>Diocesan Contributions</b>	<b>(1,554,700)</b>	<b>(1,376,000)</b>	<b>(1,376,000)</b>	<b>(1,376,000)</b>	<b>(1,220,774)</b>	<b>(11.3)</b>
Movement (to)/from Reserves	(58,800)	-	-	25,000	64,000	
<b>Vote 4 Mission Agency / Clergy Pensions</b>						
Net Expenditure	715,003	785,000	785,000	626,196	644,986	(17.8)
<b>Diocesan Contributions</b>	<b>(800,000)</b>	<b>(685,000)</b>	<b>(685,000)</b>	<b>(685,000)</b>	<b>(524,986)</b>	<b>(23.4)</b>
Movement (to)/from Reserves	(84,997)	100,000	100,000	(58,804)	120,000	
<b>Vote 5 CHARM</b>						
Net Expenditure	3,412,162	3,586,300	3,586,300	3,586,300	3,765,615	5.0
<b>Diocesan Contributions</b>	<b>(3,415,550)</b>	<b>(3,586,300)</b>	<b>(3,586,300)</b>	<b>(3,586,300)</b>	<b>(3,904,400)</b>	<b>8.9</b>
Movement (to)/from Reserves	(3,388)	-	-	-	(138,785)	
<b>TOTAL Votes 1-5</b>						
Net Expenditure	27,779,510	28,750,000	28,345,610	27,802,245	28,891,143	1.9
<b>Diocesan Contributions</b>	<b>(28,151,485)</b>	<b>(28,650,000)</b>	<b>(28,151,300)</b>	<b>(28,151,300)</b>	<b>(28,531,200)</b>	<b>1.3</b>
Movement (to)/from Reserves	(751,976)	100,000	194,310	(349,055)	359,943	

BUDGET SUMMARY

# Training for Ministry budget (Vote 1)

The Vote 1 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 currently amount to around £5m.

<u>Budget 2013:</u>	£12,559,340	Diocesan Contributions
	£12,574,340	Net Expenditure

## The scope of the Vote 1 budget

55. The Vote 1 budget covers the tuition costs, university fees, colleges and personal maintenance, book and travel costs of sponsored students prior to ordination. Currently a small (and reducing) number of students following an approved course of mixed mode training at certain institutions may be funded for up to two years after ordination.
56. Until September 2012 the funding for tuition costs was provided to training institutions through a system of standard block grants for the academic year. From September 2012, institutions will be funded on a fee per student basis, whereby a standard amount is made available per full time equivalent ordinand. Full time equivalence for this purpose is based on the standard training pathway at the college or regional course.
57. Students undertaking full time residential college training receive a means tested maintenance and personal grant from the Vote 1 budget at differential rates depending on whether they occupy college or privately-owned accommodation. The dioceses are directly responsible for the additional cost of the means tested family support for married students and some supplementary maintenance for single persons whilst at college. This additional expenditure, based on guidelines issued by the Ministry Division, is pooled and apportioned across the dioceses as explained below.
58. Students training on regional courses are supported with book and travel grants paid from the Vote 1 budget. From September 2011, Ordained Local Ministry (OLM) schemes have been fully incorporated into regional courses.

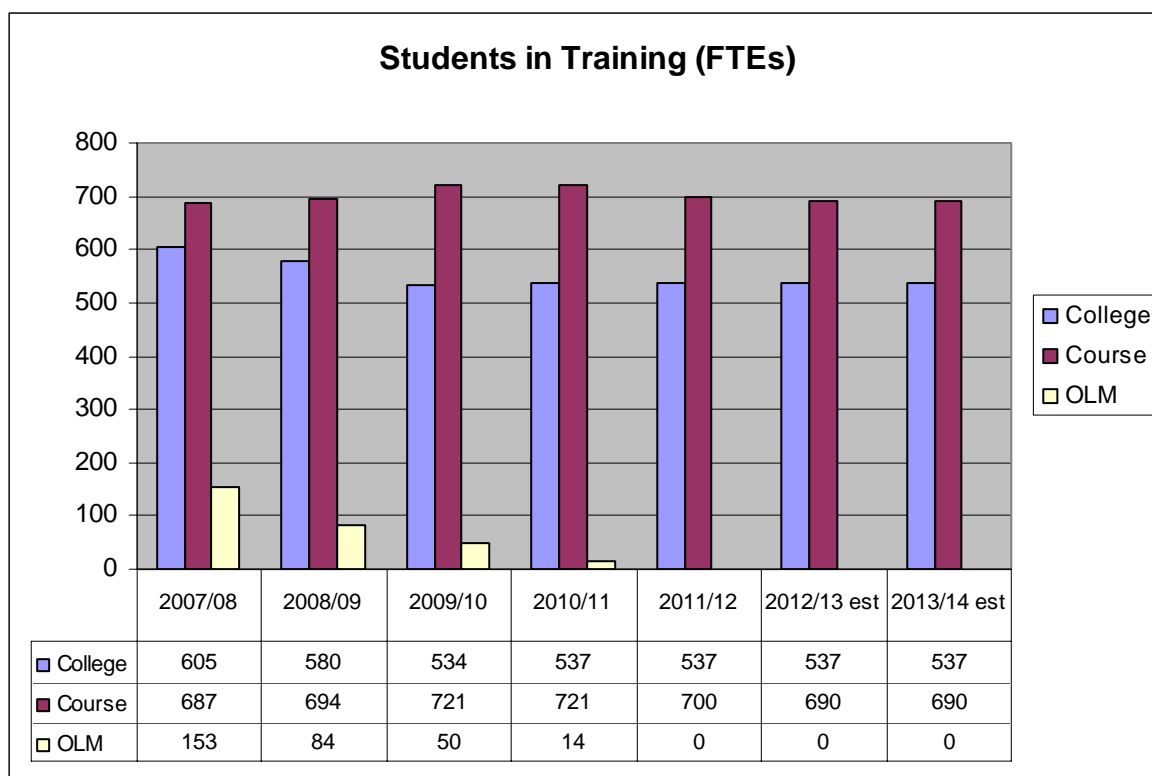
## Re-imagining Ministry

59. In 2010, the General Synod agreed three linked priorities for the next five years in the life of our Church: serving the common good; growing the Church and re-imagining ministry both lay and ordained. In the words of the Archbishop of Canterbury we are called: “To re-shape or re-imagine the Church’s ministry for the century coming so as to make sure that there is a growing and sustainable Christian witness in every local community”.
60. The Ministry Council, Bishops and staff are currently engaged in a major piece of work to translate this vision into a practical reality. There is a recognition that in the coming century we will need more ordained and lay ministers, and that the role of ordained ministry may change but certainly not diminish. This budget is predicated on the assumption that the provision of ministerial training needs to continue at the very least at current levels, in accordance with the intention articulated in the Sheffield Report<sup>8</sup> of “giving as good a training as possible to as many as possible”.
61. As Re-imagining Ministry articulates and shapes the direction of ministry, future budgets will need to ensure that adequate resources are made available to support this direction.

<sup>8</sup> GS1836- <http://www.churchofengland.org/media/1280742/gs%201836.pdf>

## Methodology used in drawing up the training budget

62. In order to prepare the training budget it is necessary to estimate the numbers entering training at the start of the next two academic years and the training pathways they will follow. To ensure greater stability in the total Vote 1 apportionment and training costs, and in line with the Archbishops' Council's Financial Strategy Review<sup>9</sup> endorsed by Synod in 2009, the maximum number of students on courses and in colleges in any one year will be maintained at the 2009/2010 level for courses and 10 above this level for Colleges.
63. Recommended candidates may enter training at the start of the next academic year provided they attend a Bishops Advisory Panel (BAP) by the cut off date – from 2012 this date has been extended to 30<sup>th</sup> June in order to accommodate the workloads of DDOs, as well as the expected increase in the number of candidates being presented for BAPs. Currently, the intake for each college is restricted to a Bishops' Agreed Maximum (BAM) – applicable to Church of England ordinands only<sup>10</sup> - and institutions will not receive funding for students that they accept above their BAM. This is presently under review, and options for modifying or replacing the BAM are currently being considered.
64. If the total intake across all colleges has reached BAM levels, students have the option to train on a course as long as the maximum intake across all courses has not been reached. If the maximum intake for both colleges and courses has been reached students will have to wait until the following year to commence training.
65. Analysis of full-time equivalent (FTE) students in training in recent years is shown in the chart below.



\*The Course numbers include those candidates undertaking diocesan pre-theological training. There are currently 10 students in this category.

<sup>9</sup> GS1731

<sup>10</sup> i.e. there is no restriction on the number of independent students that a college or course can recruit

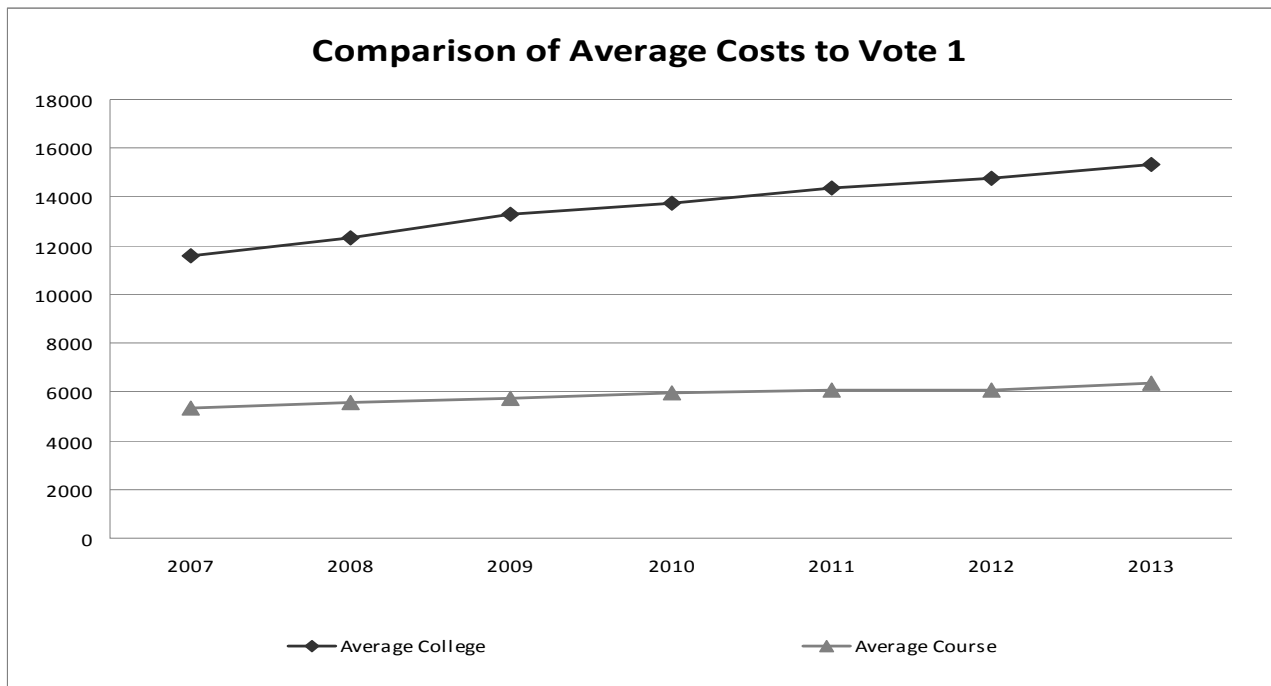
## Costs

66. The cost of training is based on the average cost for each type of training in the previous academic year adjusted for expected cost increases. The following assumptions have been made in arriving at the 2013 budget:
- Tuition costs are expected to increase by 2.4% for both colleges and courses in 2012/2013 and 2013/2014. These projections take account of the increase in the National Stipend Benchmark of 2.0% from April 2012 and an estimated 2.1% from April 2013.
  - Maintenance grants and allowances to students are projected to increase by 2.5% in both 2012/2013 and 2013/2014.
  - OLM schemes have reduced in number in recent years, and all have now merged with regional courses.
  - Pre-theological education costs are projected to remain stable at around £5,000 per annum.
67. As noted last year, university fees are expected to increase substantially from September 2012 as a result of the forthcoming changes to the funding of Higher Education. The Bishop of Sheffield's Working Group (set up to look into the Church's response to this) calculated that, on the basis of information received from training institutions in early 2011, the additional cost to Vote 1 could be in excess of £600,000. It recognised that such increases were not tenable and identified a number of proposals, which if adopted, would mitigate the increase as far as practicable. These proposals were debated at General Synod in July 2011 and were adopted.
68. Under these proposals, from September 2012 the amount paid for university validation fees will be limited to £700 per FTE student. This will apply to all ordinands in training at September 2012 and will follow them for the duration of their training. From 2013, it is proposed that a centrally validated common suite of awards will be introduced. The aim is that this will reduce the validation fee per student to below £700 per FTE.
69. By adopting the Sheffield Working Party proposals, the full year impact of higher university fees on Vote 1 would be in the region of £400,000. This increase will be phased in over three academic years – £70,000 was added to the Vote 1 budget for 2012 and a further £134,000 has been added for 2013.
70. In view of the current drive to encourage younger vocations and the uncertainty surrounding the exact impact of the university fee increases, the 2012 budget also included an additional contingency provision of £193,000. In the event, this additional provision was not required, and so it has been removed for the 2013 budget.

## Average Cost

71. The average annual training costs to Vote 1 for a college student (i.e. excluding any diocesan maintenance grant) is currently £15,300. The equivalent annual figure for a regional course student £6,300.
72. The length of college training may be 2 or 3 years – the average being 2.5 years. Thus the average total training costs to Vote 1 of college-based students is £38,250.
73. In comparison the average length of regional course training is currently 2.7 years, the average total training costs therefore being £17,000.
74. The comparative training costs to Vote 1 of different types of training in each budget year since 2007 are shown in the graph below. (It should be noted that married ordinands in college training do in most cases also receive a diocesan family maintenance grant – at an average level of £11,400 in 2012/2013; single students in college training will receive an average diocesan grant of £1,730 in 2012/2013).





75. It is important to note that the above chart shows arithmetic averages only. The cost of individual students can be significantly higher or lower depending on the year(s) of study and the particular university courses followed.

### Tuition Funding

76. Until September 2012 institutions have been funded by means of block grants to meet the tuition costs of students. These grants were based on the expected academic and administrative staff costs, premises and other costs in relation to (banded) numbers of students. The cost of academic staff was based on an expected staff/student ratio of 1:10 and 1:20 in colleges and courses respectively.

77. From September 2012 funding will be on a “fee-per-student” basis, whereby the institutions will receive a set amount per student irrespective of the number of students they have. For the academic year 2012/2013 the fee per student has been set at £7,700 for colleges and £5,400 for courses.

78. The move to the fee-per-student basis is intended to be broadly cost-neutral, but it is acknowledged that funding for some institutions will increase under the new system while funding for others will decrease. As a result, there will be a transitional adjustment made in the first year of operation, whereby only 50% of the difference between what an institution would get under the old and new systems will be applied.

### University Fees

79. Some of our prospective ordinands are enrolled directly as students of a university as part of their training and receive part or all of their teaching directly from the university - either by its own staff or college staff in their roles as university staff. The fees charged by the universities in respect of students following these pathways will rise in line with the general rise in tuition fees (for some pathways more than doubling the costs to the Church). However in most cases there is a partial flow back of fees from the university to the training institution in recognition of the amount of teaching done by the college’s own staff.

80. The costs are uneven across the sector. Some universities are expected to charge the maximum £9,000 per student per year, while others have already indicated that they will be charging less. Additionally, in some instances, the proportion of the new higher tuition fee which flows back

to the training institution may rise. In these cases the net cost to the Church may remain the same or be subject to only a small increase. The Sheffield Report recommended that the payment of university tuition fees be capped at 50% of the maximum chargeable, thereby limiting the amount payable from Vote 1 to £4,500 per ordinand.

81. The majority of students are enrolled in courses which are taught by a theological college or course but validated by a university. Validation fees are charged by universities in different ways. Some charge a block fee for the whole course. Others have a set charge per student. Others have a fixed charge per module or Higher Education (HE) credit unit.
82. Again, different training routes will be affected in different ways. In some places costs will not rise, especially where students have not been within a university's numbers as defined for funding purposes by the Higher Education Funding Council for England (HEFCE). In others they will rise significantly, because the university will compensate for the loss of HEFCE funding for students on validated programmes in the form of a much larger validation fee. The restrictions outlined in paragraph 14 above provide some protection to the Vote 1 budget.
83. As noted above (paragraph 70) the first academic year in which the impact of the changes to university funding will begin to impact the Church is 2012/2013, so for 2013 the Vote 1 budget contains an increase of £134,000.

#### **Deployment of Ordinands into training posts**

84. The numbers deployed into training posts in 2011 and so far in 2012, together with the expected numbers seeking title posts in 2013, are set out below. It is expected that the vast majority of candidates trained for stipendiary ministry will find suitable training posts.

##### **Deployment to Title posts**

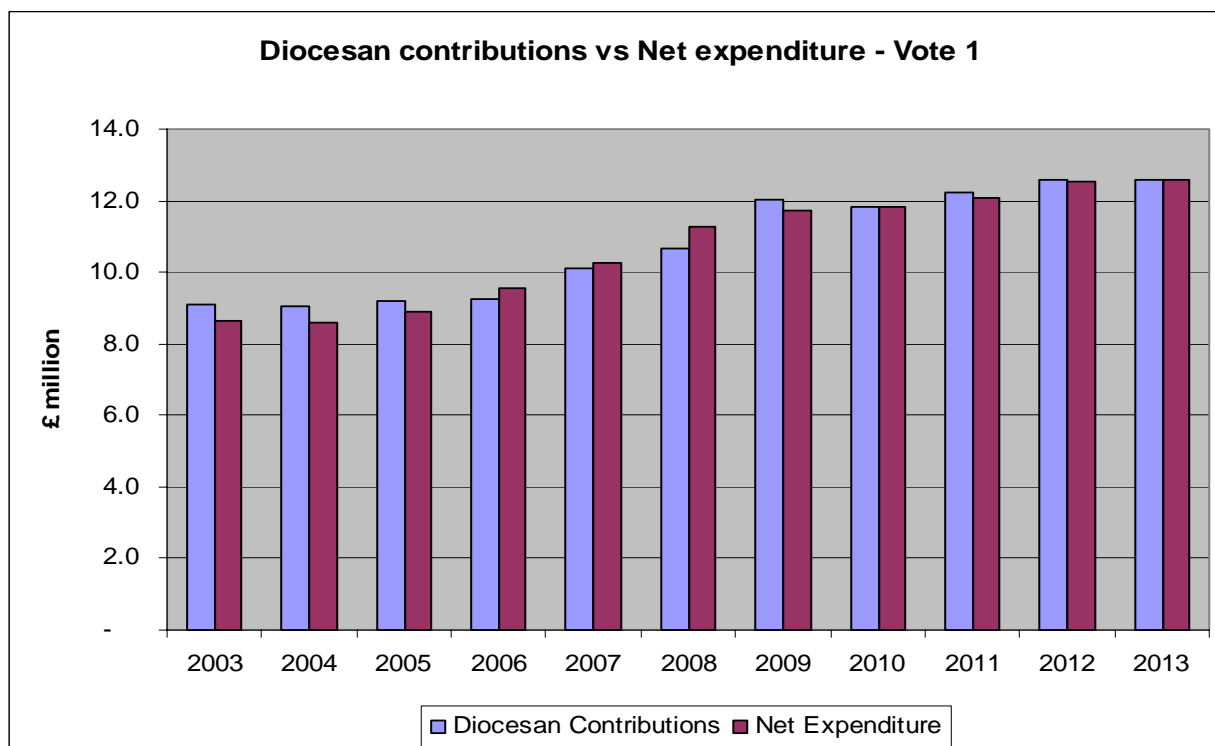
	<b>2011</b>	<b>2012</b>	<b>2013</b>
Stipendiary*	264	277	310
Self Supporting & OLM	240	207	175

\*Reflects the deferral by some candidates from earlier years

85. Forecasts show a steep decline (given present trends) in the number of stipendiary clergy in the next 10 years. Work is being undertaken across the Church to assess workforce needs and consider how these may be best met through a combination of paid and self-supporting ministries. Clearly it is important that investment in the training of priests remains a strategic priority.

## Reserves

86. A comparison between the amounts requested from the dioceses and actual (or expected) expenditure is set out in the chart below.



87. In years in which net expenditure exceeded diocesan contributions (e.g. 2006-8) the shortfall has been met via a draw-down from the reserves the Archbishops' Council holds specifically for Vote 1 purposes.

88. The 2012 budget was prepared on the basis of dioceses funding an additional £100,000 in excess of budgeted net expenditure in order to help replenish Vote 1 reserves. The 2013 budget does not include any additional sums in this respect. As outlined earlier it also contained a provision of £193,000 for an increased number of vocations which have been possible to fund from “core” Vote 1 monies. It is currently forecast that around £408,000 will be added to reserves in 2012. The 2013 budget does not include any additional sums in this respect.

89. A summary of the Vote 1 reserves position is outlined below:

	£000
Balance as at 1 <sup>st</sup> January 2012	2,209
Forecast under spend during 2012	407
Forecast balance as at 31 <sup>st</sup> December 2012	2,616
Transfer to reserves during 2013	-
<b>Expected balance as at 31<sup>st</sup> December 2013</b>	<b>2,616</b>

## Vote 1 Budget

GS1842 Budget	GSMisc1016 Revised Budget		Academic Year	Mar '12 Forecast	Academic Year	Draft Budget	Academic Year
2012	2012		2011/12	2012	2012/13	2013	2013/14
£	£		£	£	£		
		<b>TUITION COSTS</b>					
4,072,600	4,012,500	Colleges	3,936,405	4,018,700	4,137,048	4,170,200	4,236,400
3,769,300	3,642,800	Courses	3,557,572	3,580,200	3,668,600	3,698,100	3,757,000
-	-	Schemes	-	-	-	-	-
5,000	5,000	Pre Theological Education	5,100	5,200	5,249	5,000	5,380
<b>7,846,900</b>	<b>7,660,300</b>		<b>7,499,077</b>	<b>7,604,100</b>	<b>7,810,897</b>	<b>7,873,300</b>	<b>7,998,780</b>
		<b>UNIVERSITY FEES</b>					
675,000	638,950	Colleges	579,400	656,400	733,542	801,740	869,900
123,700	104,860	Courses	99,200	113,200	127,160	139,400	151,600
<b>798,700</b>	<b>743,810</b>		<b>678,600</b>	<b>769,600</b>	<b>860,702</b>	<b>941,140</b>	<b>1,021,500</b>
		<b>ORDINAND ALLOWANCES AND MAINTENANCE</b>					
3,259,600	3,211,600	Colleges	3,126,000	3,184,900	3,302,550	3,329,900	3,384,700
564,800	545,900	Courses	517,100	527,600	548,760	553,300	562,400
39,800	39,800	Disability and Dyslexia Grants	44,000	42,400	39,379	39,700	40,400
<b>3,864,200</b>	<b>3,797,300</b>		<b>3,687,100</b>	<b>3,754,900</b>	<b>3,890,689</b>	<b>3,922,900</b>	<b>3,987,500</b>
(162,900)	(158,900)	LEA and self funded adjustments	(153,177)	(157,100)	(161,719)	(163,000)	(165,600)
193,100	193,100	Contingency	-				
<b>12,540,000</b>	<b>12,235,610</b>	<b>TOTAL VOTE 1 EXPENDITURE</b>	<b>11,711,600</b>	<b>11,971,500</b>	<b>12,400,569</b>	<b>12,574,340</b>	<b>12,842,180</b>
(30,000)	(30,000)	Investment Income		(15,000)		(15,000)	
100,000	158,390	Transfer To/(From) Reserves		407,500		(59,340)	
<b>12,610,000</b>	<b>12,364,000</b>	<b>VOTE 1 APPORTIONMENT</b>		<b>12,364,000</b>		<b>12,500,000</b>	

### Details of block grants paid to Colleges for the academic year 2011/12

College	FTE Ordinands	Standard Block Grant £	Transitional Funding £	Total Block Funding £
Cranmer Hall Durham	33	249,562	19,303	268,865
Mirfield	21	171,986	-	171,986
Oak Hill	42	326,646	(38,542)	288,104
Queen's College Birmingham	13.5	93,897	19,496	113,393
Ridley Hall Cambridge	62.3	479,501	34,328	513,829
Ripon College Cuddesdon	67	512,568	(35,925)	476,643
St John's College Nottingham	61.5	479,501	(19,392)	460,109
St Stephen's House Oxford	14.8	93,897	19,496	113,393
Trinity College Bristol	81.6	584,972	-	584,972
Westcott House Cambridge	65.2	479,501	16,533	496,034
Wycliffe Hall Oxford	55.5	403,609	37,946	441,555
St Michael's Llandaff (fees)	1	7,520	-	7,520
	<b>518.4</b>	<b>3,883,160</b>	<b>53,245</b>	<b>3,936,405</b>

The total maintenance fees and personal grants paid to residential students (including mixed-mode students) in 2011/12 was £3,126,000.

The total university fees paid in respect of ordinands following college based training in 2011/12 was £579,400.

### Details of block grants paid to Courses for the academic year 2011/12

Course	FTE Ordinands	Standard Block Grant £	Transitional Funding £	Total Block Funding £
Bristol OLM pathway (based at Trinity College)	14.4	58,559	19,116	77,675
Lincoln School of Theology	22	111,310	(7,259)	104,051
Eastern Region Ministry Course	53	287,633	26,064	313,697
Lancs and Cumbria Training Partnership	24	111,310	18,246	129,556
Lindisfarne RTP	11	58,559	-	58,559
St Mellitus College *	106.4	538,425	(24,671)	513,754
Oxford Ministry Course	42	213,330	63,215	276,545
South North West Training Partnership	61	339,760	-	339,760
South Central Regional Training Partnership	14.4	58,559	19,116	77,675
Southern Theological Education and Training Scheme	85.5	439,093	24,995	464,088
South East Institute for Theological Education	62	339,760	-	339,760
South West Ministerial Training Scheme	37	198,812	-	198,812
Queen's Foundation (Course)	42	213,330	(7,259)	206,071
West of England Ministerial Training Course (WEMTC) **	29	147,802	-	147,802
Wycliffe Hall p/t pathway	4	22,134	-	22,134
Yorkshire Ministry Course	54	287,633	-	287,633
	<b>661.7</b>	<b>3,426,009</b>	<b>131,563</b>	<b>3,557,572</b>

\* incorporating North Thames Ministerial Training Course

\*\* WEMTC is now incorporated into the Oxford Ministry Course

The total amount of travel and book grants paid to ordinands on regional courses during 2011/12 was £517,100.

The total university fees paid in respect of ordinands following course based training in 2011/12 was £99,200.

## Pooling of additional maintenance grants for students

90. In addition to the basic maintenance provided from Vote 1, married students and some single students are supported by additional payments from their sponsoring diocese. If additional payments are made following the guidelines issued by the Ministry Division then the cost is pooled amongst all dioceses and shared in accordance with the apportionment formula that includes an element of mutual support.
91. The General Synod in July 2011 accepted the Sheffield Report's recommendation to "limit the pooling of maintenance costs for candidates to those candidates who can be ordained by the time they are 50 years of age having completed their normal training". This new policy will come into effect in September 2012.
92. The pooling of additional maintenance grants has recently been subject to a further change, moving to an academic year basis from a calendar year basis - 2011 representing the transitional year from previous to new arrangement. Pooled expenditure in the 2011/12 academic year, reflected in the apportionment for 2013, is £4,900,361. The pooling adjustment will continue to be made alongside the apportionment for administrative convenience.

### POOLING TOTALS 1.9.2011 to 31.8.2012

	<b>DIocese</b>	<b>Married</b>	<b>Unmarried</b>	<b>Adjust *</b>	<b>2011/12 Total</b>
1	Bath and Wells	106,704	2,195	-	108,899
2	Birmingham	48,699	2,790	357	51,846
3	Blackburn	142,208	2,790	1,524	146,522
4	Bradford	54,481	-	-	54,481
5	Bristol	81,110	4,185	7,262	92,557
6	Canterbury	63,940	1,395	-	65,335
7	Carlisle	40,486	6,564	-	47,050
8	Chelmsford	113,079	10,127	(2,392)	120,814
9	Chester	207,993	6,831	8,316	223,140
10	Chichester	306,757	10,125	(15,444)	301,438
11	Coventry	40,398	2,790	-	43,188
12	Derby	61,621	-	-	61,621
13	Durham	70,867	6,969	1,529	79,365
14	Ely	141,393	4,185	12,886	158,464
15	Exeter	170,305	18,481	2,602	191,388
16	Gloucester	100,086	-	(5,617)	94,469
17	Guildford	88,319	4,479	(39,674)	53,124
18	Hereford	13,848	2,762	-	16,610
19	Leicester	92,502	4,185	-	96,687
20	Lichfield	147,030	5,157	(7,312)	144,875
21	Lincoln	-	2,790	-	2,790
22	Liverpool	137,069	-	(2,029)	135,040
23	London	618,629	33,500	3,376	655,505
24	Manchester	162,725	15,771	8,547	187,043
25	New castle	30,333	2,411	3,750	36,494
26	Norwich	65,877	-	122	65,999
27	Oxford	290,296	20,519	4,076	314,891
28	Peterborough	72,063	1,395	-	73,458
29	Portsmouth	18,163	650	2,145	20,958
30	Ripon	43,907	2,495	(3,398)	43,004
31	Rochester	158,738	5,580	10,278	174,596
32	St Albans	120,079	24,286	14,276	158,641
33	St Edms and Ipswich	39,825	2,790	(529)	42,086
34	Salisbury	172,024	5,883	(515)	177,392
35	Sheffield	61,609	4,795	5,323	71,727
36	Sodor and Man	-	-	-	-
37	Southwark	280,305	13,716	11,521	305,542
38	Southwell	71,925	-	-	71,925
39	Truro	-	-	(754)	(754)
40	Wakefield	38,381	-	(2,546)	35,835
41	Winchester	100,266	4,185	(9,189)	95,262
42	Worcester	-	989	-	989
43	York	26,824	6,975	865	34,664
44	Europe	34,088	2,790	1,230	38,108
45	Armed Forces	7,548	-	(255)	7,293
	<b>TOTAL</b>	<b>4,642,500</b>	<b>247,530</b>	<b>10,331</b>	<b>4,900,361</b>

\*Adjust shows the difference between estimated & actual expenditure re 2010/11

## NATIONAL CHURCH RESPONSIBILITIES (VOTE 2)

	Budget 2011 £	Actual 2011 £	GS1842 Budget 2012 £	GSMisc1016 Budget 2012 £	Forecast 2012 £	Budget 2013 £	Draft Jan '13 Staffing FTE
<b>AC main divisions</b>							
Central Secretariat	1,815,857	1,771,855	1,832,504	1,832,504	1,828,011	1,837,289	22.6
Ministry Division	1,312,541	1,282,919	1,334,396	1,334,396	1,351,285	1,403,813	19.2
Education	681,646	689,127	694,773	694,773	717,706	749,481	9.8
Mission & Public Affairs	1,245,368	1,116,539	1,311,375	1,311,375	1,201,769	1,285,786	17.3
Cathedral & Church Buildings	828,430	787,621	869,239	869,239	845,715	844,162	14.3
Projects & Development	-	-	-	63,523	99,996	102,963	1.0
<b>Shared Services costs</b>							
<b>AC managed depts</b>							
Communications	463,301	461,262	504,205	440,682	425,945	453,169	5.5
Human Resources	357,203	370,467	397,515	397,515	386,246	407,835	5.3
Legal	668,421	590,747	638,642	638,642	634,890	654,329	7.1
<b>CC managed depts</b>							
Finance & Resources	798,032	845,036	857,389	875,086	871,583	880,474	15.7
IT & Office Services	478,135	487,770	484,406	466,709	472,230	479,861	7.9
Records	197,996	177,629	193,353	193,353	189,909	204,341	2.9
<b>PB managed dept</b>							
Internal Audit	78,237	66,154	80,262	80,262	77,463	76,484	1.1
<b>Other National Support costs</b>							
Church House Publishing	(44,106)	(114,402)	(18,720)	(18,720)	(57,685)	(42,778)	1.6
Accommodation	1,277,538	1,132,291	1,244,441	1,244,441	1,230,518	1,287,554	-
Depreciation	187,135	183,920	183,920	183,920	161,665	161,665	-
People & Pay Project	-	-	100,000	-	-	-	-
Contingency	100,000	112,021	100,000	100,000	100,000	125,000	-
	10,445,735	9,960,956	10,807,700	10,707,700	10,537,249	10,911,428	131.3
General Income	(305,000)	(302,530)	(315,000)	(315,000)	(305,000)	(275,000)	
<b>Expenditure (net of general income)</b>	10,140,735	9,658,425	10,492,700	10,392,700	10,232,249	10,636,428	
Less Diocesan Contributions	(10,140,735)	(10,140,735)	(10,392,700)	(10,140,000)	(10,140,000)	(10,321,700)	
Total in-year (surplus)/deficit	-	(482,310)	100,000	252,700	92,249	314,728	
Transfers to Designated Funds	-	380,000	-	-	-	-	
Movement (to)/from Reserves	-	(102,310)	100,000	252,700	92,249	314,728	

## National Church Responsibilities (Vote 2)

This budget covers the costs of work in support of the Church's ministry and mission to the nation that needs to be undertaken, or is most effectively and/or efficiently carried out, at national level.

<u>Budget 2013:</u>	£10,321,700	Diocesan Contributions
	£10,636,428	Net Expenditure

93. The Council's departments have developed their objectives in the light of the three themes identified by the House of Bishops' Standing Committee which, together, were considered to provide a robust framework for the work of the Church of England at national level over the next five years, as set out in GS 1815, i.e.:

- contributing as the national Church to the common good;
- facilitating the growth of the Church;
- re-imagining the Church's ministry.

94. These objectives (which do not encompass the totality of the departments' work) together with a summary of the work of the shared services departments, are summarised below.

### Central Secretariat

(including Council for Christian Unity, Research & Statistics and the Secretary General of the Archbishops' Council)

<u>Director:</u>	Dr Colin Podmore (Clerk to the Synod)
<u>Number of Staff:</u>	24 staff (22.6 FTE)
<u>Budget 2013 (net):</u>	£1,837,289

95. In the **Central Secretariat**, particular focuses will include delivering a Transforming Worship Conference (Liturgical Commission), working towards a General Synod debate on the draft reorganisation Scheme for the West Yorkshire dioceses (Dioceses Commission) and further research into church growth and congregation diversity (Research & Statistics). The Division will also facilitate further work towards the publication of reports from the Bishops' Group on sexuality (House of Bishops) and the Faith and Order Commission's report on senior Church leadership.

96. In 2013 the Council for Christian Unity expects to complete the current series of conversations with the Baptist Union and look to discern the way forward for the Anglican-Methodist Covenant. It will work on the roll-out of the recommendations of the report on local unity, which is intended to resource bishops and their staff in initiating mission in partnership with other churches at local level, and will prioritise building relationships with black majority and pentecostal churches.



## Ministry

<u>Chair:</u>	The Rt Revd Steven Croft, The Bishop of Sheffield
<u>Director:</u>	The Ven. Julian Hubbard
<u>Number of Staff:</u>	21 (19.2 FTE) and 4 (1.4 FTE) Honorary staff
<u>Budget 2013 (net):</u>	£1,403,813

97. The **Ministry Division** will complete the review of Higher Education funding and establish a common suite of validated awards for ordinands. It will support the last round of current inspections of theological training institutions and the transition to the system of self-evaluation followed by external review. It will carry out the quinquennial review of Continuing Ministerial Development (CMD) provision for the House of Bishops and support dioceses in their delivery and review of CMD and Ministerial Development Review programmes.
98. It will support Young Vocations Champions in their encouragement of the *Young Vocations Initiative* and work with CMEAC in developing a more effective strategy for encouraging minority ethnic vocations. It will review Diocesan resourcing for vocation discernment processes. It will also develop regular deployment work (e.g. placement of deacons, projections of clergy numbers) and strategic work to support dioceses in working through the implications of changing patterns of ministry.
99. The Division will work with the Education and Mission & Public Affairs Divisions to develop strategy and policy for encouraging lay discipleship, ministry and witness. It will also follow through the work of the *Re-imagining Ministry* process and encourage dioceses in pursuing developments in ministry stimulated through it.

## Education

<u>Chair:</u>	The Rt Revd John Pritchard, The Bishop of Oxford
<u>Director:</u>	The Revd Jan Ainsworth
<u>Number of Staff:</u>	13 (9.8 FTE) staff (of whom 6 part-funded by the National Society)
<u>Budget 2013 (net):</u>	£749,481

100. The main drivers for the **Education Division's** work in 2013 will be the *Church School of the Future Programme* and *Going for Growth*. It plans to develop a new concordat with government and the Department for Education to ensure that legislation and regulation takes into account the needs of the Church school system. It will help develop the role and resourcing of Diocesan Boards of Education including regional collaboration, consultations with Diocesan Bishops and Secretaries. It will also implement a new management charter setting out the roles of the central organisation and the dioceses including funding arrangements. It will continue to embed and disseminate good practice in school improvement, developing a framework of quality assured partners and implement a revised Statutory Inspection of Anglican Schools framework.

101. The Division will continue the Anglican Identity project to clarify the distinctiveness of Church of England Universities and University Colleges. It will also carry out a pilot project with independent schools with an Anglican foundation to review Christian foundation issues and deliver a national conference for school chaplains. It will prepare a new bid for external funding for an RE Development Project to resource RE in Church of England schools and work with publishers to pilot and produce learning materials for the teaching of Christianity in Church schools.
102. Turning to *Going for Growth*, the Division plans to work with diocesan networks and the Children's Society to enable policy engagement with government and the DfE. It also plans to highlight good practice across the Church in employment of youth / children's workers. It will develop resources for parishes for work with older people in the Church and develop future proposals for the Church of England Youth Council.

## Mission and Public Affairs

<u>Chair:</u>	Philip Fletcher
<u>Director:</u>	The Revd Dr Malcolm Brown
<u>Number of Staff:</u>	20 (17.3 FTE) staff (of whom 2 part-funded by the Church Commissioners)
<u>Budget 2013 (net):</u>	£1,285,786

103. The **Mission and Public Affairs Division** will develop a National Mission Strategy, including identifying local mission initiatives which, with some central support and encouragement, could be replicated more widely or develop into national projects. Areas of focus will include youth evangelism and ways to express the imperative of growth across the different church traditions. The Division will also foster better communication and cooperation between major world mission players and build mission capacity with international church networks.
104. There will be work to inform how chaplaincy can be better supported in the church and contribute to an integrated understanding of mission. The Division will also work to encourage Minority Ethnic vocations. MPA will develop its support for local Christian Community Action through the interactive website ([www.how2help.net](http://www.how2help.net)) and will aim to double current usage to c.20 "hits" per day over the year. Other work will include support for the House of Bishops' work on sexuality. New projects will include research on how our public affairs engagement can become "Christian apologetics" in ways which the wider society can hear and appreciate.
105. The Division will monitor, and where appropriate respond to, the government's programme of legislation, seeking to represent the church's views on social and ethical matters. It will aim to use every opportunity to fight back against aggressive secularism. The Parliamentary Unit will continue to provide expert guidance and support for the Lords Spiritual and work to raise the church's parliamentary profile. Alongside the continuing work of responding to the parliamentary agendas, the Unit will organise seminars and social gatherings where MPs and Lords can meet church leaders, be introduced to church projects and generally become more aware of the importance of the Church of England in national life. Relationships with MPs, Lords and senior officers, analysts, think-tanks and others will continue to be nurtured.

## Cathedral and Church Buildings

<u>Chair:</u>	The Rt Revd & Rt Hon Richard Chartres, The Bishop of London
<u>Director:</u>	Janet Gough
<u>Number of Staff:</u>	15 (14.3 FTE) staff (of whom 2 wholly by the Church Commissioners, 1 funded externally)
<u>Budget 2013 (net):</u>	£844,162

106. The **Cathedral and Church Buildings Division's** *Open and Sustainable Churches* initiative will give support to dioceses - ranging from intensive targeted support for major historic buildings to directing dioceses and parishes in how to assess and develop their buildings - in order to sustain and develop the Christian presence in every community. It will include identifying different combinations of church and community use and the legal and funding implications. The *Education and Church Buildings* initiative will develop a range of media (including Apps and online courses) to be used to help a range of groups understand and in many cases manage their church buildings better as well to help us all 'tell the story' of our churches.
107. The Division will continue to campaign on topical issues such as metal theft, infrastructure & government planning and VAT on alterations & repairs to listed buildings. It will respond to other matters of national concern or initiatives as they arise (e.g. populating English Heritage's Buildings at Risk Register). It will seek to reduce the casework covered by the Church Buildings Council by 20%, improve consistency in referrals across the dioceses and look to improve the advice given on the most complex cases. The Cathedral Fabric Commission will develop guidance on policy and a significant grants programme.
108. As well as training and engaging with Diocesan Chancellors, Archdeacons, new Deans and members of Chapter and administrators, Diocesan Advisory Committee & Fabric Advisory Committee secretaries and Diocesan Environmental Officers, the Division will deliver two major training events and a second major international symposium on the conservation of significant ecclesiastical artworks. It will complete the distribution of the DCMS's one-off £781,000 capital grants for new works. It will increase funds available for grant aid for historic parish churches, focusing on proactive conservation projects e.g. screens and parochial libraries (using a £200,000+ legacy).

## Projects and Development

<u>Head:</u>	Gillian Oliver
<u>Number of Staff:</u>	1 full-time
<u>Budget 2013 (net):</u>	£102,963 plus additional funding allocated from unrestricted legacies

109. The main area of focus for the **Projects and Development team** will be enhancing the welcome offered by the Church at the birth of a child and its ministry to those who are bereaved. The *aim* is to attract more people to chose a church service when a baby is born or when someone they love dies, to *build* public understanding of Christian doctrines and values for these “life events” and *care* for people who come so that more of them want to stick with the Church. The project will be in three phases with research leading to development of pilot programs to be launched in 2014 before rolling out to all dioceses that wish to participate in the work. It will also maintain the [www.yourchurchwedding.org](http://www.yourchurchwedding.org) website, provide literature and answer couples’ queries. It is envisaged that the programme will be financed by the Council (including using unrestricted legacy monies) and other funding sources.

## Communications

<u>Director:</u>	The Revd Arun Arora (from summer 2012)
<u>Number of Staff:</u>	9 full-time (AC share: 5.4 FTE)
<u>Budget 2013 (net):</u>	£732,385
<u>NCIs costs:</u>	AC share - £453,169 CC share - £198,883 PB share - £80,333

110. The **Communications Office** will continue to promote the Church’s position on key social and moral issues and provide a professional, proactive, media service. It will monitor media of interest to the Church and provide communications training, including identifying and training ‘good talkers’ who can speak for the Church on specific subjects and provide media training for bishops.

111. It will continue to progress development work for festivals, life events and the profiling of ‘front-line’ CofE people and represent the Church at national weddings shows, including the production of literature. Taking forward the development of new web technologies, including social networking, in order to communicate directly with as large a public as possible. It will support the further development of the network of diocesan communicators, resourcing the continuing professional development and the post-graduate training programme and supporting them in their work. It will also support the role of the Bishop of Norwich on the Lords Communications Committee; resourcing the ‘Religion in Media’ group; and liaising with the ecumenical Church and Media Network.

## Human Resources

<u>Director:</u>	Su Morgan
<u>Number of Staff:</u>	9 full-time and 2 part-time posts (AC share: 4.1 FTE)
<u>Budget 2013 (net):</u>	£783,196
<u>NCIs costs:</u>	AC share - £407,835 CC share - £279,115 PB share - £96,246

112. The **Human Resources Department** plans to carry out work around flexible retirement options for clergy and employees and develop a more strategic approach to talent management and succession planning in the NCIs. The Department will review, monitor and explore issues as they arise around terms of service for clergy. It will also carry out work to help build up the financial capability of clergy.

## Legal

<u>Director:</u>	Stephen Slack
<u>Number of Staff:</u>	12 full-time and 2 part-time posts (AC share: 6.8 FTE)
<u>Budget 2013 (net):</u>	£1,152,216
<u>NCIs costs:</u>	AC share - £654,329 CC share - £485,657 PB share - £12,230

113. The **Legal Office** will continue both to support the procedural integrity of groups of sessions of the General Synod and resource its legislative function. Legislation will include any further work that may be required in connection with Women in the Episcopate, including on the Code of Practice and an Act of Synod, the Miscellaneous Provisions Measure, an amending Code of Practice and Rules under the Clergy Discipline Measure and draft legislation to give effect to the recommendations of the Elections Review Group and the 'Simplification Group'.

114. The Legal Office will also continue to provide advice and related legal services to the National Church Institutions and their committees, the House of Bishops, the committees and commissions of the General Synod, and the statutory commissions of the Church of England (especially to the Dioceses Commission in relation to the making of the diocesan reorganisation scheme relating to the Yorkshire dioceses).

115. It will also continue to undertake the services required to be performed by the Designated Officer under the Clergy Discipline Measure and to support the operation of that Measure generally. Within the limits of available resources, it will produce general advice for dioceses and their registrars on current legal issues, especially new legislation.

## Finance & Resources

<u>Director:</u>	Ian Theodoreson
<u>Number of Staff:</u>	54 full-time and 7 part-time posts (AC share: 15.9 FTE)
<u>Budget 2013 (net):</u>	£3,433,021
<u>NCIs costs:</u>	AC share - £880,474 CC share - £1,853,982 PB share - £698,565

116. The **Finance & Resources Department** will complete the roll out of a new payroll system to replace the ageing clergy-pay system and assess the possibility of offering the new service to dioceses to manage their non-clergy payrolls. It will further develop reporting tools to improve efficiency and effectiveness. It will also roll out church-wide procurement strategy and negotiate national purchasing contracts with the aim of saving parishes and dioceses £10 million p.a. to invest in church growth.

## IT & Office Services

<u>Director:</u>	Declan Kelly
<u>Number of Staff:</u>	21 full-time and 1 part-funded posts (AC share: 8.0 FTE)
<u>Budget 2013 (net):</u>	£1,357,501
<u>NCIs costs:</u>	AC share - £479,861 CC share - £617,425 PB share - £260,215

117. The **IT & Office Services Department** will investigate the rationalization of the multiple national Church websites with a view to hosting as many as possible in a single “cloud” provision which may also provide some business continuity facilities. It will install a wireless network infrastructure in all working areas of Church House of a similar type to that installed by the Corporation for the Conference Centre, providing both network access privately for staff and also secured public access for visitors and members.

## Records

<u>Director:</u>	Declan Kelly
<u>Number of Staff:</u>	6 full-time and 6 part-time / part-funded posts (AC share: 2.9 FTE)
<u>Budget 2013 (net):</u>	£730,465 (including £368,000 accommodation charges)
<u>NCIs costs:</u>	AC share - £204,341 CC share - £476,848 PB share - £49,277

118. The **Records Centre** will support the efficient management of the NCIs' records in both paper and electronic forms. It will increase archival cataloguing, working on the NCIs' common archival catalogue and continue the appraisal of un-appraised material. It will continue to deliver archival and records management advice and support to the wider church through records management guides, factsheets and training to clergy, diocesan and episcopal staff.

## Internal Audit & Risk Management

<u>Director:</u>	Michael Cole
<u>Number of Staff:</u>	6 full-time posts (AC share: 1.1 FTE)
<u>Budget 2013 (net):</u>	£454,909
<u>NCIs costs:</u>	AC share - £76,484 CC share - £242,455 PB share - £135,971

119. The **Internal Audit and Risk Management Department** will continue to embed the risk management framework by facilitating the regular updating of risk registers with risk owners and the maintenance of a dynamic risk register for each area. This will include providing regular risk reporting to management groups, audit committees, sub committees and trustee bodies to allow them to discharge their respective responsibilities around risk management. The Department will continue to deliver an efficient and effective internal audit function, including ensuring prompt follow up of recommendations and management actions. It will also continue to plan and support meetings of the NCIs' Audit Committees.

## Church House Publishing

<u>Head:</u>	Thomas Allain-Chapman
<u>Number of Staff:</u>	2 staff (1.6 FTE)
<u>Budget 2013 (net surplus):</u>	£42,778

120. Alongside the core of regular publications – including the *Lectionary*, *Reflections for Daily Prayer*, *The Church of England Year Book* and the 53<sup>rd</sup> edition of *Crockford* – **Church House Publishing**'s plans for 2013 include:

- A new version of the highly successful *Love Life Live Lent* booklet series.
- *Moving On in Ministry* – a collection of essays on transition in ministry
- *A Simple Guide to Leading Prayer Book Services*.

## Accommodation

<u>Budget 2013:</u>	£2,867,000
<u>Share of costs:</u>	AC share - £1,287,554 CC share - £1,031,547 PB share - £420,876 Others - £143,923

121. The Archbishops' Council pays rent and service charge to The Corporation of the Church House in respect of the area it occupies. The costs of rent and service charge and other building-related costs are shared out according to the space occupied by each tenant of Church House. In accordance with the revised lease terms agreed in January 2010, the annual rent payable to the Corporation will increase by RPI (previously 5.0% p.a.).

## Depreciation

<u>Budget 2013:</u>	£161,655
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122. The Archbishops' Council's depreciation budget includes the annual charge for its capital expenditure on the 2007 office relocation project (£32,000 p.a. over a 10-year period) and the Council's share of the pan-NCIs SAP project (£130,000 p.a. over a 5-year period).



## Grants and provisions (Vote 3)

This budget encompasses national Church of England contributions to Anglican Communion and Ecumenical activities, the Legal Costs Fund and other grants. ‘Minor grants’ (formerly met by the Church Commissioners) are the only new category to be added to the budget since the Council’s inception.

<u>Budget 2013:</u>	£1,220,774	Diocesan Contributions
	£1,284,774	Net Expenditure

123. The Inter Anglican Budget is the Church of England’s contribution to the Anglican Communion Office (which also provides the secretariat for the Lambeth Conference, the Anglican Consultative Council and the Primates’ meetings). The budget includes provision for an increase of 4.0% for this.
124. The Church of England actively supports, both financially and through involvement in their activities, the home ecumenical instruments of Churches Together in England (CTE) and Churches Together in Britain and Ireland (CTBI), the Conference of European Churches (CEC) and the World Council of Churches (WCC).
- The Archbishops’ Council’s contribution towards CTE and CTBI has been maintained at £260,000 – the same level as the three-year funding agreement reached in 2010.
  - In 2004 the Archbishops’ Council decided that its core contributions to the WCC should be frozen for the foreseeable future. The 2013 budget maintains this freeze but includes an additional grant for 2013 only of £30,000 to support the WCC Assembly which is held every seven years (the 2013 Assembly will be held in South Korea). This additional contribution (together with a contribution of £25,000 in 2012) will be funded from reserves. (The WCC asks for an additional contribution – over 2-3 years – equivalent to the annual contribution; as for the last Assembly, the Council decided to make an additional contribution equivalent to 50% of the annual contribution.)
  - The Council has supported the on-going reform of CEC. It hopes that this will in time lead to a more efficient and cost-effective organisation, but as this process is not yet concluded the budget includes provision for an increase of 2.0% for the grant to CEC.
125. National support, through Vote 3, is also provided to the Church Urban Fund (CUF). The Council’s 2013 budget contribution has been held at £203,000 – the same level as in the previous three years.
126. The Council’s contribution towards the Legal Costs Fund is budgeted to decrease by 75.0% to £50,000.
- General Synod is required by Measure to maintain a Legal Aid Fund, which is held by the Council on its behalf, to meet the cost of ecclesiastical legal aid awarded by the Legal Aid Commission. The relevant legislation was reviewed thoroughly in the 1990s, and now applies only to legal costs of defendants in clergy discipline cases and to a small number of other comparable ecclesiastical proceedings.
  - The Council’s Legal Costs Fund (which includes the Legal Aid Fund) has been built up substantially over the past five years create a reserve for potential additional costs following

the enactment of the Clergy Discipline Measure 2003 and at the end of 2011 stood at almost £1.4 million. As such it is considered appropriate to reduce the annual contribution made from the Vote 3 budget in 2013 to £50,000.

127. Minor grants comprises two schemes where modest grants may be made available for a limited period to clergy returning from overseas on the recommendation of the Clergy Appointments Adviser.
128. The overall effect of the above changes is the total Vote 3 expenditure budget for 2013 is 6.6% below the 2012 budget. With the planned use of £64,000 in reserves (the grant for the WCC Assembly plus an additional sum to aim to bring the Vote 3 reserve to its target level of the mid-point of the policy range by the end of 2013) the decrease in apportionment is 11.3%.
129. The detailed analysis of grants is as follows:

	Actual 2011 £	Budget 2012 £	Budget 2013 £
<b><u>Anglican Communion Activities</u></b>			
Inter Anglican Budget	455,600	473,900	492,900
	<hr/> 455,600	<hr/> 473,900	<hr/> 492,900
<b><u>Ecumenical Activities</u></b>			
CTBI / CTE	260,000	260,000	260,000
World Council of Churches (WCC)	108,000	108,000	138,000
Conference of European Churches (CEC)	85,700	88,700	90,474
Expenses of representatives	20,400	20,400	28,400
	<hr/> 474,100	<hr/> 477,100	<hr/> 516,874
<b><u>Miscellaneous</u></b>			
Church Urban Fund	203,000	203,000	203,000
Legal Costs (incl Legal Aid Fund)	400,000	200,000	50,000
Minor grants	22,000	22,000	22,000
	<hr/> 625,000	<hr/> 425,000	<hr/> 275,000
<b>TOTAL</b>	<hr/> <hr/> 1,554,700	<hr/> <hr/> 1,376,000	<hr/> <hr/> 1,284,774

# Mission Agencies

## Clergy Pension Contributions (Vote 4)

Vote 4 provides for the pension contributions in respect of clergy who are employed by qualifying Partnership in World Mission (PWM) mission agencies. The Council took on financial responsibility for these contributions from the Church Commissioners on a phased basis between 1999 and 2004. This enabled the Commissioners to release a similar sum for parish mission and ministry support grants which would not otherwise be made.

<u>Budget 2013:</u>	£524,986	Diocesan Contributions
	£644,986	Net Expenditure

130. Expenditure in 2011 was £715,000 compared with diocesan contributions of £800,000. The underspend (which was added to reserves) arose because the number of clergy employed by the mission agencies last year was less than assumed at the time of construction of the budget.
131. The forecast for 2012 of around £626,000 assumes that the number of qualifying clergy remains at the current level, which is significantly less than assumed when the budget was set. Whereas the budget was set aiming to draw almost £100,000 from reserves, it is now forecast that almost £59,000 will be added to reserves.
132. For 2013 it is budgeted that total expenditure in respect of pension contributions for qualifying clergy will total £645,000. This assumes that the contribution rate will remain at 38.2% of the pensionable stipend.
133. At the end of 2011 the Vote 4 reserve was £154,000 above the maximum recommended level projected for 2013 under the Council's reserves policy. It is forecast to be £213,000 above this level by the end of 2012. In order to bring reserves back in line with policy guidelines the 2013 budget has been constructed on the basis of drawing £120,000 from reserves to fund Vote 4 expenditure in 2013. This represents a 23.4% decrease in year-on-year Vote 4 apportionment.
134. The 2013 apportionment has been set at a level which aims to bring the Vote 4 reserve to the medium term target of the mid-point of the policy range within a reasonable timeframe (circa end 2014) without creating a need for too substantial an increase once the target is realised and all expenditure has to be met from in-year diocesan contributions.
135. The table below shows the average numbers (full-time equivalents) of qualifying clergy employed by the Mission Agencies across the 2009-2012 period

	2009 Ave FTE	2010 Ave FTE	2011 Ave FTE	2012 (Q1) Ave FTE
CCE – Papua New Guinea Church Partnership	1.0	1.0	1.0	1.0
Church Army	5.0	5.0	5.0	6.0
CMS	13.0	13.0	15.0	15.0
CPAS	7.8	9.8	8.4	4.0
Crosslinks	25.8	24.3	21.5	20.0
Inter-Continental Church Society	5.8	6.0	6.0	6.0
Jerusalem & Middle East CA	0.5	1.0	0.8	0.0
Mission to Seafarers	15.0	15.5	14.0	12.0
SOMA	1.0	1.0	1.0	1.0
South American Mission Society	12.3	10.5	10.3	10.0
USPG	8.0	5.5	4.0	3.0
<b>TOTAL</b>	<b>95.2</b>	<b>92.6</b>	<b>87.0</b>	<b>78.0</b>

## CHARM (Vote 5)

The Church's Housing Assistance for the Retired Ministry (CHARM) scheme, in its current form, was introduced in 1983. Its purpose is to provide housing for those retiring from stipendiary ordained and lay ministry with insufficient financial resources of their own.

The scheme is administered by the Church of England Pensions Board which also provides some financial assistance for the scheme from its charitable funds. The remaining subsidy was originally funded by the Church Commissioners but since 2005 the Council has met this cost, enabling the Commissioners to make an equivalent additional sum available to dioceses as parish mission and ministry support grants which would not otherwise be made. In 2010 the Pensions Board obtained a new loan facility on a commercial basis and since this time their charitable funds have met a greater proportion of the overall subsidy.

<u>Budget 2013:</u>	£3,904,400	Diocesan Contributions
	£3,765,615	Net Expenditure

136. Clergy approaching retirement seeking access to CHARM scheme housing may apply to the Pensions Board, which will assess the individual's eligibility, taking their financial circumstances into account.

- Applicants with sufficient capital resources to invest in a portion of their retirement property may use the shared ownership option of the scheme (which replaced the mortgage arm of the scheme in April 2008) where the Pensions Board's maximum contribution is £150,000.
- Applicants with insufficient capital for the shared ownership scheme may be eligible for the rental scheme. Under this scheme, the Pensions Board purchases properties for up to £200,000 (£225,000 for properties in the South East) in value, or uses an existing vacant property. The beneficiary is granted an Assured Shorthold Tenancy to occupy the property. The contribution towards costs payable by beneficiaries is limited to 30% of their total income.

137. In recent years the number of properties in management has steadily decreased. At the end of 2011 there were 2,423 properties in the scheme (value-linked mortgages 1,106, shared ownership 105 and rented 1,212). This is almost 15% less than the 2,846 properties (mortgage 1,482 and rented 1,364) as at the start of 2005, when Vote 5 began. That said, the survey carried out as part of the Review of Retirement Housing in 2008 indicated that around 30% of retiring clergy expected to need assistance under the scheme in line with the long term average. A follow-up survey to establish likely demand has been undertaken in 2012.

138. Since the scheme's inception, the Pensions Board has used its charitable funds to purchase some properties and at the end of 2011 held a 100% interest in 316 properties (representing 26% of rental scheme properties within the scheme). For loans granted before the end of June 2010, the Pensions Board does not charge interest on the capital it has invested and this represents additional support of around £1.5 million p.a.

139. Until mid 2010, the remaining finance was obtained from the Church Commissioners on a 'value-linked' basis. Finance has subsequently been obtained through an external commercial provider.
- When 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). Additionally, any capitalised improvements funded by the Commissioners are treated as further advances against the properties. 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 in respect of those properties for which they originally provided finance.
  - For loans post July 2010 the Pensions Board has access (via a commercial provider) to a loan facility of £50 million, of which £11 million had been drawn down by the end of 2011. It is estimated that this facility will meet capital requirements for the next three to four years. The cost of running the CHARM scheme under these post July 2010 arrangements does exceed that under the previous arrangements due to current market interest rates and the additional costs involved in sourcing and maintaining the availability of external loan finance. The Pensions Board will manage interest rate risk by taking out some loans on a fixed rate or inflation-linked basis and transacted its first inflation linked SWAP in 2011.
140. 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. Thus part of the costs of continuing to run the CHARM scheme will in future be funded from the sale of existing properties owned by the Pensions Board and realised capital appreciation from sales of properties financed under the new arrangements.
141. With the increased support from the Pensions Board's charitable funds the increase in planned expenditure from Vote 5 in 2013 has again been limited to the 5% p.a. agreed in the Council's Financial Strategy Review for 2010-2015. This takes account of the inflationary pressures on CHARM scheme costs including the automatic annual inflationary increases in the rate of interest charged on the existing loans from the Commissioners, building cost inflation (in respect of maintenance and repair works), increases in insurance costs and salary inflation in relation to the cost of administering the scheme. However the Pensions Board will need to regularly review its ability to maintain this arrangement in the light of events and the cost of each new tranche of borrowing.
142. Under the new financing arrangement the Pensions Board is obliged to meet various loan covenants including one relating to the ratio between its income (including realised profits on sale of CHARM properties purchased from its charitable funds) and expenditure. If there were doubts about the Pensions Board's ability to meet this covenant in any year the Council would need to provide a greater proportion of the overall CHARM subsidy and such a request could come at quite short notice. An additional contribution from the Council in such circumstances would help avoid the situation where the covenant was breached, resulting in an increase in the on-going costs of the scheme.
143. There are no immediate concerns about the Pensions Board's ability to meet the key loan covenants, but it is dependent on property sales, which could dry up for a period without much warning. It is therefore considered prudent to set the 2013 apportionment to enable the Vote 5 reserve level to be boosted to increase the Council's ability to provide extra support if needed.
144. This results in a **recommended Vote 5 apportionment increase of 8.9%** to £3.9 million, which will enable £139,000 to be added to the Vote 5 reserve.

145. In 2011 the support provided for clergy retirement housing from the Pensions Board's charitable funds included £0.5 million in respect of costs relating to the amortisation of the new loan facility and £1.3 million as a provision for future repairs to CHARM scheme properties and the Pensions Board's supported Housing and Housing Care Homes identified after stock condition surveys. The total cost to the Church of the housing support provided for retired clergy in 2011 was £8.7 million. This is analysed as follows:

	£m
Support for CHARM from Vote 5	3.4
Pensions Board support for costs of establishing new CHARM loan facility (amortised over 15 years)	0.5
Pensions Board support for other CHARM costs	1.1
Pensions Board support for Supported Housing and Housing Care Homes	0.9
Pensions Board provision for future repairs	1.3
<b>Support for clergy retirement housing per financial statements</b>	<b>7.2</b>
Pensions Board interest foregone	1.5
<b>Total support for clergy retirement housing</b>	<b>8.7</b>

## Reserves

146. 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.
147. In 2010 the Archbishops' Council approved revised guidelines to bring consistency to the reserve policy for all Votes – namely a minimum of 1.5 month's net expenditure & a maximum of 3 month's net expenditure. In addition this year it has decided to set reserves targets for each Vote. For Votes 2, 3 and 4 the target is the mid-point of the reserves range. For Votes 1 and 5, which are substantial and very hard to control in the short term, the reserves target is mid way between the mid-point and maximum of the range (the '75% level'). This will give the Council some extra capacity to respond to an increase in ordinand numbers and to help in supporting the on-going financial stability of the clergy retirement housing scheme if necessary.
148. The minimum, maximum and medium term target levels under the Council's policy, together with forecast reserves at the beginning and end of 2013, are set out below.

	Policy		Forecast		
	Minimum (1.5 months net expenditure as at end 2013) £000s	Maximum (3 months net expenditure as at end 2013) £000s	Start 2013  £000s	End 2013  £000s	Medium- term Target  £000s
Vote 1	1,570	3,140	2,616	2,616	2,747
Vote 2	1,330	2,659	2,476	2,161	1,994
Vote 3	161	321	322	258	241
Vote 4	81	161	374	254	121
Vote 5 (including designated fund)	471	941	647	785	824

## Apportionment

149. The recommended apportionment table for 2013 using the usual formula is shown on the following page.
150. One of the recommendations implemented in 2008, following the Apportionment Limited Review Group's report (GS Misc 888), was for a cap which would guarantee that the maximum apportionment increase to be requested from any diocese would be no more than a fixed percentage above the overall apportionment increase. The Council has set this cap at two percentage points for the 2013 budget (the level set each year since the 2009 budget). Thus in 2013, with the overall recommended apportionment increase at 1.3%, the maximum increase for any diocese (before the pooling adjustment) is 3.3%. Three dioceses (London, Peterborough and Southwark) face increases at the maximum level.

## Table of Apportionment for 2013

Diocese	Training for Ministry	National Church Responsibilities	Grants & Provisions	Inter-diocesan support of Mission Agency clergy pension contributions	CHARM	Apportionment 2013	% change 2013 on 2012	Pooling	votes 1 to 5 post pooling
	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5	VOTE 1-5			
	£	£	£	£	£	£	%	£	£
Bath & Wells	333,581	274,148	32,424	13,944	103,955	758,051	1.5	21,191	779,242
Birmingham	178,682	146,846	17,368	7,469	55,683	406,049	(1.0)	17,546	423,595
Blackburn	269,728	221,672	26,218	11,275	84,056	612,950	0.8	(41,447)	571,503
Bradford	101,532	83,442	9,869	4,244	31,641	230,728	0.6	(14,940)	215,788
Bristol	194,177	159,581	18,874	8,117	60,512	441,259	0.9	(16,906)	424,353
Canterbury	201,758	165,812	19,611	8,434	62,874	458,489	1.8	13,382	471,871
Carlisle	175,080	143,845	17,013	7,316	54,545	397,750	1.8	21,237	418,987
Chelmsford	474,430	389,902	46,114	19,831	147,848	1,078,126	1.2	64,130	1,142,256
Chester	416,145	342,003	40,450	17,395	129,685	945,677	1.7	(60,785)	884,892
Chichester	552,512	454,074	53,704	23,095	172,181	1,255,567	1.3	(86,021)	1,169,546
Coventry	191,554	157,426	18,619	8,007	59,695	435,302	1.6	31,534	466,836
Derby	179,985	147,917	17,495	7,523	56,089	409,008	(0.6)	8,327	417,335
Durham	188,630	155,023	18,336	7,884	58,784	428,657	1.6	(5,787)	422,870
Ely	226,212	185,908	21,988	9,456	70,495	514,060	1.3	(70,273)	443,787
Exeter	287,139	235,981	27,910	12,002	89,482	652,515	1.9	(79,328)	573,187
Gloucester	250,043	205,495	24,304	10,452	77,921	568,215	1.0	2,971	571,186
Guildford	413,896	340,154	40,231	17,301	128,983	940,564	1.6	108,321	1,048,885
Hereford	149,278	122,682	14,510	6,239	46,520	339,230	2.4	41,692	380,922
Leicester	162,659	133,679	15,810	6,800	50,690	369,638	0.0	(33,409)	336,229
Lichfield	385,270	316,629	37,449	16,105	120,063	875,515	1.3	5,329	880,844
Lincoln	296,089	243,336	28,779	12,377	92,271	672,852	0.8	112,540	785,392
Liverpool	244,670	201,078	23,782	10,228	76,248	556,006	0.5	(39,771)	516,235
London	1,086,985	893,322	105,655	45,437	338,740	2,470,139	3.3	(215,140)	2,254,999
Manchester	288,065	236,742	28,000	12,041	89,770	654,618	0.5	(74,889)	579,729
Newcastle	145,965	119,960	14,188	6,101	45,488	331,702	1.7	20,445	352,147
Norwich	228,342	187,659	22,195	9,545	71,158	518,900	(0.2)	22,799	541,699
Oxford	774,061	636,150	75,239	32,356	241,222	1,759,028	1.2	(13,145)	1,745,883
Peterborough	241,099	198,143	23,435	10,078	75,134	547,889	3.3	21,073	568,962
Portsmouth	152,667	125,467	14,840	6,382	47,577	346,932	0.6	38,494	385,426
Ripon & Leeds	170,937	140,482	16,615	7,146	53,269	388,449	0.9	23,595	412,044
Rochester	348,187	286,151	33,844	14,554	108,507	791,243	0.9	(38,939)	752,304
St Albans	474,144	389,668	46,087	19,819	147,759	1,077,477	1.1	26,153	1,103,630
St Eds & Ips	223,575	183,742	21,732	9,345	69,673	508,068	1.6	45,124	553,192
Salisbury	393,652	323,518	38,263	16,455	122,674	894,563	(0.8)	(24,446)	870,117
Sheffield	159,297	130,916	15,484	6,658	49,641	361,996	0.3	(9,724)	352,272
Sodor & Man	28,163	23,146	2,738	1,176	8,777	63,998	0.2	10,960	74,958
Southwark	590,515	485,306	57,398	24,683	184,024	1,341,925	3.3	(74,581)	1,267,344
Stthel & Notts	184,685	151,781	17,951	7,720	57,553	419,691	1.1	55	419,746
Truro	137,750	113,208	13,389	5,758	42,928	313,032	0.5	54,390	367,422
Wakefield	168,644	138,598	16,393	7,050	52,556	383,240	0.9	29,866	413,106
Winchester	360,492	296,265	35,040	15,069	112,341	819,206	0.4	45,079	864,285
Worcester	191,312	157,228	18,596	7,997	59,620	434,752	0.8	73,534	508,286
York	307,317	252,563	29,871	12,846	95,770	698,366	1.4	85,165	783,531
Europe	-	-	-	-	-	-	-	(38,108)	(38,108)
Armed Forces (AF)	30,487	25,054	2,963	1,275	-	59,779	0.2	-	59,779
AF Pooling	-	-	-	-	-	-	-	(7,293)	(7,293)
<b>Totals</b>	<b>12,559,340</b>	<b>10,321,700</b>	<b>1,220,774</b>	<b>524,986</b>	<b>3,904,400</b>	<b>28,531,200</b>	<b>1.3</b>	<b>-</b>	<b>28,531,200</b>