

GENERAL SYNOD

**FINANCING THE CHURCHES CONSERVATION TRUST IN THE TRIENNIUM
2015 TO 2018**

**Report by the Church Commissioners
and
Explanatory Memorandum to the Payments to the Churches Conservation Trust Order
2014**

Part A: Report

This report:

- (i) explains the role of the Churches Conservation Trust (“the Trust”) in the context of dealing with church buildings no longer needed for regular public worship (“closed church buildings”); and
- (ii) outlines the arrangements for financing the Trust and puts before the Synod the Commissioners’ proposals for the payment of the Church’s contribution of a fixed sum of £4.065m (£1.355m per annum) for the funding period 2015-2018, and an additional amount of up to £150,000 in the circumstances set out in the Order.

The Payments to the Churches Conservation Trust Order 2014, which will put these proposals into effect, is laid before the Synod for approval as GS1955.

Synopsis

- The Church needs to be able to dispose of highly listed closed church buildings no longer required for regular public worship and which otherwise would be a drain on parish or diocesan resources.
- It is the Church Commissioners, not the Trust or the State, who decide which buildings are placed in the care of the Trust.
- Church buildings in the care of the Trust remain consecrated; many are used for occasional worship by parishes as well as for community use. They remain a potential resource for the Church’s future mission and needs, with two Trust churches returned to parish use in the past five years.
- Last year the Commissioners’ funding of £1.355m was matched by £2.9m from Government with a further £2m of philanthropic donations, grants and self-generated income.

Role of the Churches Conservation Trust

1. The Trust is responsible for church buildings of significant historic interest or architectural quality which have closed for regular public worship, but for which a suitable alternative use cannot be found. It currently cares for 345 such church buildings, with three further agreed vestings in the pipeline.
2. These remain consecrated churches and are available, and in many parishes used, for occasional worship. Strengthening relations with local parishes and incumbents has been a Trust priority in recent years, highlighted by the growing number of worship services being held, some for the first time since the building was closed. Many incumbents and congregations now view their local Trust church as an ally and a resource in mission and ministry. Trust churches can also be returned to regular parochial use if circumstances and future needs change (in the last five years two were restored to use as parish churches supporting new Christian communities).
3. The Trust seeks to ensure that its churches are open and accessible to the public and continue as a focal point for the community. Over 1.9m visitors came to Trust churches last year and around 3,500 community, arts and educational events are held annually. The Trust's significant educational work focuses on interpreting the buildings in its care to provide a better understanding of the Christian message and the Christian history of our nation, while it is currently working with local communities around the First World War Memorials within its buildings.
4. The Trust also continues to work strategically with Church partners, including the Church Buildings Council, to drive forward various joint initiatives for the benefit of historic churches, including promoting Church Tourism and volunteering. Many of its initiatives are developed in partnership with local parishes and dioceses with wider benefits to those concerned with the repair and use of church buildings. Trust churches are also involved in supporting urban and rural regeneration, in particular attracting significant additional funding for imaginative schemes involving the large urban church buildings in its care. The Trust has worked hard to transform its business so that despite continuing cuts in its core grant it is still able to take on new vestings. Further details on the Trust's work can be found on its website at www.visitchurches.org.uk.

Settling the future of closed church buildings

5. The Mission and Pastoral Measure 2011 gives the Church of England the means to deploy and redeploy its resources of clergy, money and buildings, better to meet the Church's local mission and pastoral needs. Closure of those church buildings no longer required for regular public worship is a key element in this redeployment of resources.
6. There are over 16,000 parish churches and places of worship in use, including over 13,000 listed church buildings. Closure does not remove the Church's responsibility for such buildings although it does remove the financial responsibility from parishes. Their neglect carries reputational risk, while the State, at both central and local levels, possesses powers to enforce the proper care of closed listed churches, as for other listed buildings. It is in the Church's continuing interest that the Trust retains the ability to care for closed church buildings of significant heritage value and has the resources to cope with new vestings. Without the Trust the Church would be entirely liable for the upkeep of such buildings.

7. When a church building is closed the diocese, in partnership with the Commissioners, normally searches for a suitable alternative use in the first instance. Between 1969 and 2013 the futures of some 1,883 closed church buildings were settled under the Mission and Pastoral Measure, with the majority found suitable alternative uses, including for worship by other Christian bodies, civic, cultural and community purposes, residential conversion and commercial use. Many have yielded significant proceeds which have assisted the living church. Diocesan pastoral accounts have received over £45m from the disposal of closed church buildings in this period; additionally a substantial number of new places of worship (around 175) have been funded directly from the proceeds of closed churches they have replaced.
8. Where a suitable use cannot be found the Church Commissioners decide, following advice from the Statutory Advisory Committee of the Church Buildings Council, between the remaining alternatives of preservation by the Trust or demolition. Proposed demolition of listed church buildings or unlisted buildings in conservation areas may result in non-statutory public inquiries or hearings and the associated costs. (Since 1969 some 380 closed church buildings have been demolished.) The arrangements for dealing with closed church buildings, along with funding of the Trust, all form part of the wider agreement between Church and State in respect of the Church's built heritage.

Financing the Trust

9. The Trust is jointly funded by Government (via the Department for Culture, Media and Sport ("DCMS")) and the Church (via the Church Commissioners). Churches are vested in its care "in the interests of the Nation and the Church of England". The respective funding proportions have no statutory basis but have evolved over many years, with the Government's share rising in stages from an initial 40% in 1969 to 70% by 1989, a level at which it then broadly remained until the impact of cuts made in the DCMS grant in Comprehensive Spending Reviews since 2010, in line with cuts to other publicly funded bodies, took effect. Notwithstanding such cuts, the DCMS still provides about two-thirds of the Trust's core funding, leaving the Church to meet around one-third while also deciding which buildings should be passed to the Trust. However, the Trust is working hard to build up its funding from other sources, with around 20% of its annual income is now made up of donations, earned income and other grants.
10. This is a particularly challenging time in the life of the Trust. Its core funding from both the DCMS and the Church was reduced by almost a quarter in real terms between 2001 and 2011 as a result of almost continuous flat funding in cash terms from both sponsoring bodies (apart from a modest increase in 2008-09¹). Additionally, during the current triennium, ending in March 2015, the DCMS core grant will have been reduced to around £8.2m. At the same time the Trust's estate has continued to grow with seven additional churches either vested or earmarked for vesting so far during the current triennium.
11. While Dioceses with our support make strenuous efforts to secure suitable alternative uses wherever possible, there are major challenges ahead to ensure the continuing sustainability of the Trust while retaining its ability to take on new vestings. The Trust itself has responded by taking a number of measures including:

- Restructuring, reducing staffing levels and making other expenditure cuts.

¹ In 2008-2009 the DCMS provided a slight increase of £0.16m per annum, matched by the Commissioners on a 30:70 basis.

- Reducing liabilities by pursuing suitable opportunities, in conjunction with the Commissioners, to lease or divest church buildings in its care (one such church was divested for alternative use in 2012).
 - Increasing and diversifying its self-generated income through fundraising efforts and business development, thus reducing its reliance on core funding.
 - Securing grants from various bodies for special projects to increase volunteering, education and for conservation works.
 - Using its expertise, with the support of the diocese and the Commissioners, in preventative projects, for example by supporting a local community group in Lincolnshire to create a community trust to care for a closed church building.
12. Most of the Trust's income is applied to putting vested churches in a good state of repair and thereafter maintaining them. Forward planning takes account of the Commissioners' assessment of the likely flow of new vestings (for which they adopt stringent criteria) as well as the repair needs of church buildings already in its care.

Current funding triennium (2012-2015)

13. For the current funding period (2012 to 2015) the Trust is set to receive some £12.19m in core funding, comprising £8.12m from the DCMS and, under the Payment to the Churches Conservation Trust Order 2011, £4.065m from the Commissioners.

Next funding triennium (2015-2018)

14. The DCMS grant for the next funding period up to 31st March 2018 is expected to be about £7.5m (reflecting further cuts announced in the last Comprehensive Spending Review). Any reciprocal cut in the Church's own funding would seriously undermine the Commissioners' ability to transfer further buildings to the Trust, a key element in redeploying the Church's resources in response to local needs, at a time when we are aware of a number of potentially strong candidates possibly coming forward for closure. While sympathetic to the position of the Trust, the Commissioners propose that the Church's own grant will be maintained at the current level of £1.355m per annum, or a total of £4.065m over the funding period (meaning that the Church's grant will essentially have remained frozen since 2001), but with provision for a small additional payment linked to the performance of sale proceeds arising from the disposal of other closed church buildings, as set out below.
15. Although we do not provide for any increase in the Church's core grant, we note that the DCMS has provided occasional one-off grants to the Trust, including an additional £0.25m for small capital repair projects last year and £0.1m recently in response to damage caused by the bad weather earlier this year. We propose that, in the event that the one-third share of sale proceeds available towards funding the Trust (see Paragraph 19) exceeds £0.5m in any calendar year during the next triennium, the Commissioners will make additional payments from these monies up to a maximum additional contribution of £0.15m. (Since 2000, the annual one-third share received was in seven years less than £0.5m (including two of the last three years) while in seven years it exceeded that amount). Any such additional monies will be ring-fenced for the new vestings budget to enable £2m to continue to be set aside for new vestings.
16. We have already opened a dialogue with the DCMS underlining our concerns about the long-term sustainability of the Trust and the need to continue to honour the joint funding agreement and expect this to be an important feature of our work in the coming months.

Meeting the Church's share

17. The Commissioners are required to determine by Order (to be approved by the Synod) their total grant to the Trust for each funding period.
18. There are two sources for meeting the Church's contribution: (1) net proceeds from the disposal of other closed church buildings; and (2) the Commissioners' own funds. The level of sale proceeds is difficult to estimate and depends on a variety of factors including the number of closures, the quality, character and location of the closed church buildings, and economic factors including the state of the property market. Under the Mission and Pastoral Measure 2011 two-thirds of net sale proceeds go direct to the relevant diocesan pastoral account to help the living Church, while the remaining one-third is applied towards funding the Church's contribution to the Trust and to the formerly-named statutory Temporary Maintenance Account ("TMA") held by the Commissioners to assist Diocesan Boards of Finance with the care of closed church building until their future is settled. The Church of England (Miscellaneous Provisions) Measure 2014 renamed the TMA the Closed Church Buildings Support Account ("CCBSA"), widening its scope to fund applications for planning permission and listed building consent to secure new uses for closed church buildings (thereby helping to maximise value in relevant cases) and also in assisting demolition of such buildings pursued under the 2011 Measure.

2012-2015

19. Sale proceeds have continued to hold up reasonably well in the current triennium, with an exceptional outcome in the year ending 31 March 2014 (as a result of the capitalisation as a lease premium of rents on two closed church buildings). We estimate that about £2.5m will be available from the one-third share of proceeds towards the Church's contribution to the Trust for 2015-18, leaving the estimated balance of £1.6m to be met from Commissioners' grant. At the same time around £10m will have passed to diocesan pastoral accounts from sale proceeds. Additionally we have been able to top up the CCBSA by a further £1m to optimise use of its widened scope.

2015-2018

20. The Payments to the Churches Conservation Trust Order 2014 is laid before Synod to put into effect the Commissioners' proposals for financing the Church's share of the Trust for 2015-18. This provides for total flexibility for how the Church's fixed contribution of £4.065m is met from the one-third share of net proceeds and from grants from the Commissioners' general fund, to cover all eventualities and protect both the efficient operation of the Mission and Pastoral Measure and the Commissioners' ability to support the Church's mission. It also provides, as explained, for additional payments of up to £0.15m in the event the one-third share of sale proceeds exceeds £0.5m in any calendar year.
21. For budgetary purposes we intend to continue to include £1.1m per annum in the Commissioners' expenditure projections as the amount to be met from their own funds, with the remainder to be met from the one-third share of sale proceeds. Better levels of sale proceeds will reduce the call on the Commissioners' General Fund and enable the

additional contribution referred to above to be made to the Trust.

22. The following Table profiles the Trust's funding by source since 1969. In the same time period, sales of closed church buildings have produced over £58m and Appendix 1 sets out how these proceeds have been applied.

Funding Period	Breakdown of Churches Contribution		Total From Church		Total From State		CCT's Budget
	From Church Commissioners	From Sales Proceeds					
	£M	£M	£M		£M		£M
	Actual	Actual					
1969-74	0.2	0.1	0.3	60%	0.2	40%	0.5
1974-79	0.7	0.35	1.05	60%	0.7	40%	1.75
1979-84	0.95	0.5	1.45	50%	1.45	50%	2.9
1984-89	1.9	0.9	2.8	40%	4.2	60%	7.0
1989-94	2.5	1.2	3.7	30%	8.7	70%	12.4
1994-97	1.6	1.5	3.1	30%	7.2	70%	10.3
1997-2000	2.2	1.0	3.2	30%	7.4	70%	10.6
2000-03	3.1	0.7	3.8	30%	8.8	70%	12.6
2003-06	2.3	1.54	3.8	30%	9	70%	12.8
2006-09	1.2	2.7	3.9	30%	9.16	70%	13.06
2009-12	2.7	1.4	4.1	31%	9.15	69%	13.25
	Forecast	Forecast			Forecast		
2012-15	1.6	2.5	4.1	34%	8.12	66%	12.22
2015-18	2.4	1.7	4.1	35%	7.5	65%	11.6
Total 1969 - 2015	23.35	16.09	35.3	29%	81.58	67%	120.98

23. The Commissioners invite the Synod to approve their payment in 2015 to 2018 of a fixed total of £4.065m as the Church's contribution to the financing of the Trust, with an additional amount of up to £0.15m if the circumstances set out in the funding Order are met. Payments will be made to the Trust only when the Commissioners are satisfied that the sum is needed by the Trust and that the appropriate balance of the sum will be paid by DCMS. The funding Order laid before Synod provides for funding the Church's share on this basis (see Part B below).

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

Part B: Explanatory memorandum to the Payments to the Churches Conservation Trust Order 2014

1. The Payments to the Churches Conservation Trust Order 2014 makes provision for the Church Commissioners' financial contribution to the Churches Conservation Trust ("the Trust") for the period from 1 April 2015 to 31 March 2018. The Church Commissioners made the Order on 12 June 2014, under section 65 of the Mission and Pastoral Measure 2011. That section provides that the Order cannot come into operation unless and until it has been approved by the General Synod. The Order is a statutory instrument which must also be laid before Parliament and may be annulled on a resolution of either House of Parliament.
2. The Order provides for complete flexibility as to the proportion of the core grant of £4,065,000 to be paid out of the Commissioners' own funds and the proportion to be paid out of sale proceeds. However, as noted in Part A, the estimate is that approximately £2.5m will be available from the one-third share of proceeds towards the Church's contribution to the Trust for 2015-18, leaving the estimated balance of £1.6m to be met from Commissioners' grant.
3. The Order does not automatically entitle the Trust to receive the sums proposed to be provided. The money will be paid to the Trust only as and when it can show its need for it, and the arrangements are made on the understanding that the Trust will make every effort to maximise income from donations and other sources of financial assistance.
4. **Article 1** of the Order provides for citation, coming into force and interpretation.
5. **Article 2** specifies the funding period (1 April 2015 to 31 March 2018).
6. **Article 3** makes provision for the total amount which may be paid to the Trust during the funding period. This is made up of £4,065,000 of grants and sale proceeds. In addition, there may be a further sum available of up to £150,000 during the funding period, but this will be available only if and to the extent that the Commissioners' share of net proceeds of sale exceeds £500,000 in a calendar year.
7. **Article 4** specifies the conditions that must be met before a payment may be made to the Trust under the Order.

Andrew Brown
Secretary

June 2014

Application of Sale Proceeds of Closed Churches

	To Diocesan Pastoral Accounts £		To Churches Conservation Trust £		Total £
1969 - 74	1,640,421	(94.3%)	100,000	(5.7%)	1,740,421
1974 - 79	2,688,711	(88.5%)	350,000	(11.5%)	3,038,711
1979 - 84	2,603,729	(84.4%)	483,000	(15.6%)	3,086,729
1984 - 89	5,997,445	(86.7%)	919,848	(13.3%)	6,917,293
1989 - 94	7,303,359	(85.9%)	1,200,000	(14.1%)	8,503,359 (a)
1994 - 97	2,231,968	(59.6%)	1,516,000	(40.4%)	3,747,968 (b)
1997 - 2000	1,957,262	(66.0%)	1,007,188	(34.0%)	2,964,450 (b)
2000 - 03	1,330,543	(65.6%)	697,585	(34.4%)	2,028,128 (b)
2003 - 06	3,478,647	(69.1%)	1,559,136	(30.9%)	5,037,783 (a)
2006 - 09	2,979,678	(50.6%)	2,911,488	(49.4%)	5,891,167 (a)
2009 - 12	3,510,126	(72.0%)	1,362,560	(28.0%)	4,872,686 (a)
1 Apr 12 - 31 Mar 14	9,305,178	(89.1%)	1,140,000	(10.9%)	10,445,178 (a), (b)
	45,027,068	(77.3%)	13,246,806	(22.7%)	58,273,873

Notes (a) Excludes funds earmarked for the Temporary Maintenance Account £250,000 in 1989-94, £200,000 in 2003-06, £250,000 in 2006-09 and £400,000 in 2009-12.

(b) Includes Surplus sale proceeds (plus interest) from previous funding periods applied towards the work of the Trust in the following funding period.

Churches Conservation Trust: Board of Trustees 2014

Loyd Grossman OBE FSA, Chairman - distinguished career in journalism and broadcasting, Commissioner of English Heritage (1997-2003) and Royal Commission on Historic Monuments of England (1999-2003). Former Chairman of Campaign for Museums and of the Public Monuments and Sculpture Association. Founded the 24 Hour Museum (now Culture 24) and was its Chairman until 2005. Chairman of Heritage Alliance.

Lady Lucy French - Development Director of the St James Theatre, London since 2011. On Board of Victoria Business Improvement District and Patron of WW1 Campaign.

The Reverend Duncan Dormor – President and Dean of Chapel at St John’s. University of Cambridge representative on the General Synod since 2005. Member of the Mission and Public Affairs Council and the Anglican - Roman Catholic committee.

Keith Halstead – Chief Executive of Community Transport Association and former senior manager with National Trust. Member of Heritage Lottery Fund’s Committee for South East England. And DEFRA’s Civil Society Advisory Board.

Christopher Knight - Chartered Accountant and former investment banker.

Liz Peace CBE – Chief Executive of the British Property Federation since 2002 following a long and varied career in the Ministry of Defence.

Nick Thompson - Chartered Surveyor and former Prudential Head of Property and Investment Management; Chairman of the ING UK Real Estate Income Trust Ltd.

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

Humphrey Welfare – Archaeologist by training who spent most of career in Royal Commission on Historical Monuments of England and in English Heritage. Chairman designate of the Hadrian’s Wall World Heritage Site Management Plan

Duncan Wilson OBE – currently Chief Executive of Alexandra Palace and Park, former Chief Executive of the Greenwich Foundation for the Old Royal Naval College.