

# **GENERAL SYNOD**

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## **FEBRUARY GROUP OF SESSIONS 2012**

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### **THIRTEENTH NOTICE PAPER**

**ITEM 505      PAROCHIAL FEES ORDER 2012**

**ITEM 503      DRAFT CLERGY DISCIPLINE (AMENDMENT)  
MEASURE**

**ITEM 504      DRAFT DIOCESE IN EUROPE MEASURE**

#### **Financial statement pursuant to Standing Order 98**

1. Financial Statements under Standing Order 98 set out the approximate financial effect that would result from implementing recommendations of reports and taking forward motions to be considered by the Synod. In most cases, figures provided are approximate, recognising the uncertainty in estimating various factors such as the amount of work (and hence time and cost) likely to be involved.
2. Estimates are based on proposals as they currently stand and estimates of the financial implications of any amendments proposed by Members will be provided subsequently either in a notice paper or in an oral statement from the Chair of the Archbishops' Council's Finance Committee or another member of this Committee who is a General Synod member. Members of Synod are asked to take this statement into account alongside non-financial factors in considering these items of business.
3. An item is included in this memorandum only if significant financial implications arise. This threshold is defined as (i) additional costs of £10,000 or more or (ii) opportunity costs (e.g. an estimated cost of staff time likely to be involved) of £20,000 or more.
4. If the cost of work on any motion, if passed, would fall to the Archbishops' Council to bear, it would have to be accommodated within the Council's 2012 budget which Synod

approved at the July 2012 Group of Sessions. For any work not already scheduled, the relevant Director, in consultation with others, would consider whether other work of similar cost should be dropped or postponed or if additional, unbudgeted, staff resource could be provided by securing funding from another source. The estimate of staff time is usually an opportunity cost, giving an estimate of the cost of other work that would need to be dropped or rescheduled. If it is not possible to drop or reschedule sufficient other work, this would have an impact on the timescale for delivery of the requested work.

5. All costs are estimated at 2012 levels unless otherwise stated. Costs include relevant salaries, employers' national insurance and pension contributions. They exclude office costs such as the printing and postage costs involved in the preparation of new legislation, and also the opportunity cost of Synodical time.

#### **ITEM 505: PAROCHIAL FEES AND SCHEDULED MATTERS AMENDING ORDER 2012**

6. The Parochial Fees Order 2012 sets out proposed fee levels for 2013-2014. If the Order is approved, there will be a difference in the balance of fees payable to Diocesan Boards of Finance (DBFs) and Parochial Church Councils (PCCs) in 2013 compared with 2011. In particular in many categories there would be a significant increase in fees payable to PCCs to take account of the fact that they will no longer be able to charge separately for lighting and administration (which were outside of the scope of previous Fees Orders). The proposed fee increases in 2014 are broadly in line with expected inflation and so this financial comment focuses on the estimated difference between aggregate fee income in 2011 and 2013 that would follow if the Synod approves the Order.
7. In last year's financial memorandum on parochial fees policy, it was stated that the level of fee income retained by dioceses and parishes to support their mission and ministry was currently estimated at somewhere over £35 million per annum. A precise figure is not available as no aggregate records are kept on the sums collected by PCCs on behalf of third parties such as organists and choir members. This means that any estimate of

the financial effect of the proposed Fees Order can only be tentative.

8. It is estimated that the fees that would be received by DBFs in 2013 if the Fees Order is approved would be around £4.6 million more than that payable to incumbents (most of whom assign their fees to the DBF) in 2011 (93% of recorded fees were assigned to DBFs in 2011). This is on the assumption that a similar number of weddings, funerals and service in crematoria are carried out in 2013 as in 2009 (the most recently available complete data).
9. On the same assumptions, if it is assumed that around 20% of the sum recorded by PCCs in their parish finance returns as fee income relates to sums collected on behalf of third parties, it is estimated that fee income for all PCCs in 2013 will be around £0.1 million more than their fee income in 2011, which included additional sums.
10. This is on the assumption that, averaged across the country, there will be no overall change in the additional sums charged by PCCs for items not covered by the Fees Order such as heating and vergers' fees. However, it is acknowledged that under the arrangements proposed in the Parochial Fees Order 2012, some individual PCCs will receive a higher level of income from services covered by the Fees Order than in 2011, whilst others will receive less. The effect of the proposals on individual PCCs will depend on the mix of services carried out in the parish and the level of charges made under the previous arrangements for heating, lighting and vergers' fees etc.
11. The estimated changes in fees received are summarised in the table below:

	2011 estimated £m	2013 proposed £m	Change %
Incumbent / DBF	15.0	19.6	+31
PCC (ex sums paid to third parties)	26.0	26.1	+4
Total	41.0	45.7	+12

12. Thus it is estimated that, if the Fees Order is passed, fee income for the Church in aggregate in 2013 will be around £4.7 million (12%) higher than in 2011. However, when comparing these figures it needs to be borne in mind that inflation has recently been running at around 5% a year. If the new arrangements lead, as expected, to increased efficiency in the payment and collection of fees due to Incumbents, DBFs and PCCs, then the overall increase in fee income will be greater than this figure.
- Estimated additional fee income to DBFs: around £4.6 million
  - Estimated increase in PCCs' income from occasional offices: around £0.1 million
  - Estimated net increase in fee income to the Church overall: £4.7 million

### **ITEM 503: DRAFT CLERGY DISCIPLE (AMENDMENT) MEASURE**

13. In so far as the changes made by the draft Measure would facilitate the making of complaints that would not otherwise have been made, additional costs would, if they materialised, fall on the Archbishops' Council (which pays for the costs and expenses of tribunals), its Legal Aid Fund (also funded by dioceses through Vote 3), and the Church Commissioners (who have a discretionary power to meet certain legal costs incurred by bishops in their corporate capacity). It is not possible to estimate realistically the likely number of any such additional cases (although they are expected to be very few) or the cost of an average case and the cost of staff time as these would depend on the complexity of the case and how far it progressed.
14. Clauses 3 and 4 of the draft Measure are likely to result in cost savings (in respect of hearing costs and staff time) by removing the automatic right of appeal for cases considered to be unmeritorious and altering the threshold for bishops to impose a penalty under the 2003 Measure without further proceedings following criminal convictions. It is not possible to estimate these savings realistically but it is considered that the combined

impact of these proposed changes, together with those in the preceding paragraph, is likely to be broadly cost neutral.

15. If the draft Measure proceeds, the cost of staff time to support the legislative process through the final drafting, final approval, Legislative Committee and Parliamentary stages is expected to be less than the £20,000 threshold for formal comment.

#### **ITEM 504: DRAFT DIOCESE IN EUROPE MEASURE**

16. If approved, the draft legislation would enable the Church Commissioners and Archbishops' Council to make grants to the Diocese in Europe (the Diocese) for a broader range of purposes than at present. But the legislation does not commit either body to any specific expenditure.
17. Furthermore, as explained in GS 1853X, any additional grants made to the Diocese will mean that lower distributions are made to other beneficiaries of the Commissioners and the Council than would otherwise have been the case. It is not possible to be specific about the impact on any beneficiary. From the perspective of the Commissioners and the Council, the proposals will be cost-neutral. On a practical level, as spending plans for the 2011-2013 have already been set, no additional grant funding for the Diocese in Europe could be given by the Commissioners or the Council until 2014 at the earliest.
18. There will be some additional costs arising from the need to determine the level of grants to be made to support mission and ministry in the Diocese vis-à-vis support given to other beneficiaries, and the related need to evaluate their effective use. However, these costs are estimated to be below the threshold for comment.
19. The meeting and subsistence costs of the Steering and Revision Committees which would oversee the legislative process will fall below the £10,000 threshold for comment. The cost of staff time to support the legislative process through to its full conclusion is estimated at £22,000. 40% of this relates to the revision stage and the remaining 60% to the final drafting and final approval, Legislative Committee and Parliamentary stages.

- Estimated cost of staff time to support the legislative process: £20,000.

Church House  
February 2012