

REPORT FROM THE CATHEDRALS WORKING GROUP

CHURCH OF ENGLAND

**CATHEDRALS
WORKING GROUP**

Final Report

14 June 2018

**CATHEDRALS WORKING GROUP
PREFACE FROM THE CHAIR**

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1. As a parish priest for 20 years I had always been something of a sceptic about cathedrals. So, it was one of God's little jokes when I was asked to become a dean.
2. I quickly discovered, of course, just how wrong I had been. These amazing places incorporate everything the Church of England aspires to be in its best moments: congregations are growing and visitor numbers are remarkable; people on the edge of faith experience them as safe spaces to explore Christianity; they have become a focus for enquiry and activity in the public square, gathering places for communities at times of national crisis or celebration; and a crucial source of 'bridging' social capital at a time when darker forces threaten to fracture the social landscape.
3. Towards the end of 2017, just before we launched this report for consultation, the latest statistics on cathedrals were published. Average weekday attendances were up yet again, and visitor numbers (including Westminster Abbey) exceeded 10 million in the past year. 16,500 people attended Fresh Expression services and 310,000 young people came to cathedrals through special educational visits, both of which were significant increases on previous years. Cathedrals continued to be centres of civic life, with 1.2 million people reported at 6,000 civic services and events throughout the year.
4. As the Rt Revd John Inge, Bishop of Worcester, and lead bishop for cathedrals and church buildings, said in response to these latest statistics:

"Behind these figures lie stories of worship, learning, exploring faith and spirituality and encountering God at times of joy and despair. Through new forms of worship, bringing people of all faiths and none together, and serving the young and old alike, these amazing places continue to be at the heart of national life."
5. On almost any ecclesiastical or missional measure – the five marks of mission, or the quinquennial goals, for instance – cathedrals are leading the way for the rest of the Church.
6. At a time when many parts of the Church of England are struggling with a form of institutional anxiety, it is therefore ironic that there is an enquiry into the cathedral sector. For in many ways cathedrals are one of the church's 'success stories', bucking the trends of numerical decline, exerting a growing influence in civil society, and demonstrating an effective way of engaging with contemporary culture.
7. However, these remarkable achievements do not tell the whole story. In 2016 the episcopal visitations at Peterborough and Exeter exposed serious fault-lines in their cathedrals and raised important questions about the structures by which cathedrals are governed. At the same time, the Church Commissioners produced a report on the financial sustainability of the cathedral sector, illuminating the large number of cathedrals under significant financial pressure.
8. These developments led to the establishment of the Cathedrals Working Group to address the question: does the unusual governance structure of cathedrals expose them to particular vulnerabilities and place their gift and inheritance at risk?

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9. Twenty-five years ago, in an ironic piece of historical symmetry, the Howe Commission was set up in the light of problems at two other cathedrals (Hereford and Lincoln). Their work, published as *Heritage and Renewal*¹, laid the foundation for the 1999 Cathedrals Measure and set the framework by which cathedrals are governed today.
10. It is worth stating that the Cathedrals Working Group is not another Howe. We have been a Working Group rather than a Commission, and we have had neither the time nor the resources to conduct a piece of work with the scope or the depth that was so evident in *Heritage and Renewal*. Nonetheless we have attempted to consult relationally with key stakeholders, to honour the rich experience that exists in cathedrals and dioceses, and to consider the wide range of important issues that emerge from the central question about governance. We are clear that the profile and significance of cathedrals to English society as well as to the Church requires a higher degree of visible accountability and regulation than was the case when the Howe Commission reported. The Howe Commission's insights were acute and comprehensive for their time, but best practice in charity governance and the heritage sector has moved on since then, and the digital communications revolution means that public institutions are under more scrutiny than ever before.
11. The safeguarding environment has also changed beyond recognition since the Howe report. This was chillingly reflected in March 2018 as we were preparing our final version of this report, when the Independent Inquiry into Child Sexual Abuse (IICSA) heard harrowing evidence of historic safeguarding failures at Chichester Cathedral and how the diocese and the cathedral had not worked together to address them effectively at the time.
12. The governance and management of the whole range of a cathedral's activities, and the care of buildings of such extraordinary sensitivity, requires considerable sophistication and skill. Cathedral Chapters have learnt much from *Heritage and Renewal* and continue to embed the requirements of the Care of Cathedrals and Cathedrals Measures. Many do so with ambition and creativity, but often with too little resource or training. In the years since the turn of the century, Chapters have often embarked on major building and development schemes despite lacking project management capacity. They have sometimes failed to be good clients. Some serious governance mistakes have been made. Chapters have much to learn.
13. There is also a need for penitence for those occasions when relationships between cathedral and diocese, bishop and dean have broken down. Cathedrals can easily turn inwards and be organised for the best interest of Chapter, or staff, or volunteers and not for the needs and hopes of those outside their doors. Chapters can be too protective of the spiritual capital of the cathedral, resisting opening their hearts and the cathedral's giftedness to bishop and diocese. Bishops, sometimes lacking experience or understanding of cathedrals, can fail to understand the riches the cathedral can offer, fail to receive the gift of the cathedral with grace, or fail to find in the cathedral a fount for mission. These failings are to the detriment of the whole Church.

¹ The report of the Archbishops' Commission on Cathedrals 1994

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14. In addressing the challenges of this piece of work, we have had to ask ourselves how much can be achieved by codes of practice and guidelines, and how much requires legislation. In our consultations, many people have wanted to stress that the **quality of relationships** is primary, and no amount of legislation can solve the problems of dysfunctional relationships. On the other hand, every organisation has to ask itself the question: when something goes wrong, who has the power to intervene, and what powers of intervention are available to them? We have tried to find a balance in all of this, honouring the achievements of cathedrals and their special place in the ecology of the Church of England, while at the same time recognising the seriousness of the situation facing many of them.
15. Wherever possible, we have tried to strike a careful balance between learning from best practice in other areas whilst not discarding the ecclesiological and spiritual heart of what a cathedral is and does. Our recommendations relating to new governance structures accordingly align cathedrals more closely to best practice in third sector organisations whilst recognising the ecclesiological necessity of preserving the clear leadership of the dean and the paramount importance of a praying community shaping the ethos and values of the cathedral's life.
16. Our sense is that cathedrals are increasingly open to seek financial advice from the National Church Institutions, to strengthen the relationship between deans and bishops, to utilise existing tools such as the Association of English Cathedrals' (AEC) governance guidance, to consider external regulation, for Chapters to recognise the trustee responsibilities implicit in their role, and for Chapters and Councils to review the way they work together. A piece of work that emerged from a place of anxiety is therefore landing in a context that already feels as if it is moving on. Changes are already in the wind, and they are to be welcomed. The question before us has been: are they enough?
17. Over the course of January – February 2018 we carried out a consultation exercise on the first draft of this report. It reinforced our sense of the energy and passion of all those involved with cathedrals. Respondee ranged from senior cathedral clergy and lay staff, members of cathedral congregations and Councils, community leaders and members of the general public. Most respondees were supportive, many had suggestions for improvements, a few were angry, and it is fair to say that not all respondees agreed with one another.
18. Whatever the views expressed, all our respondees came across as utterly committed to the future flourishing and creativity of our cathedrals. I would like to set down here my immense gratitude on behalf of the Working Group to all those who responded during the relatively short period which for unavoidable reasons we had to give to the consultation exercise.
19. The passion and (in some cases controversy) that the report excited would seem to us to have helped crystallise and surface some long-standing and deeply-held concerns and issues that have long pre-dated our own report and even those which came before it. We hope that in stimulating debate our report has performed a service to cathedrals and the wider church in helping them face up to and resolve some of these issues.

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20. We are reassured by the fact that most of our proposals were broadly supported by the majority of respondees during the consultation exercise.
21. In the final analysis, the primary task of a cathedral is something that transcends regulation and scrutiny. It is the worship of Almighty God. The extraordinary impact of cathedrals is not a function of their governance and management, it is their capacity to draw the soul to the Creator, Redeemer and Sustainer of all things. The Working Group has held this as a guiding vision, even as we have applied ourselves to the important and pragmatic issues before us.
22. Every member of the Working Group would want to pay tribute to the support of the staff at Church House as we have gone about our work. They have been exemplary, professional, responsive and human in equal measure, and we could not have achieved any of this without them.
23. Discussion on the Working Group has reflected the full panorama of opinion about the Cathedrals Measure, from evolution to revolution. I am extremely grateful to each and every member of the Group for their commitment to this piece of work, and for the honest, skilful and gracious discussion we have enjoyed together. We have endeavoured to come to as common a mind as possible – not as some form of lowest common denominator but in order to present a cogent, coherent and politically achievable set of recommendations to enable cathedrals to flourish.
24. In offering this report and its accompanying recommendations we are aware that it will be for others within the cathedrals world and the wider Church to decide whether to accept them and to put in place the arrangements for their implementation. This report is very much the start of a journey for others to take forward. England's cathedrals are an immense gift to Church and nation, and we hope that our report can help to form a better understanding of how this gift can be nurtured and protected, celebrated and safeguarded long in to the future.

+Adrian Stepney

Chair of the Cathedrals Working Group

May 2018

CATHEDRALS WORKING GROUP

EXECUTIVE SUMMARY

Executive Summary

1. Cathedrals are spectacular and wonderful expressions of the mission of God in His world. There is much to celebrate, guard and nurture in the life of cathedrals - congregations are growing, people continue to visit in vast numbers, and demand for the contribution of cathedrals in civil society and the public square defies expectations in a secular age. All of this attests to their increasing popularity and cultural importance – cathedrals bring something unique and wonderful to Church and nation. Our vision in preparing this report has been to seek to preserve these extraordinary places so that they may carry on flourishing into the future.
2. However, recent failures of governance and management within a small number of cathedrals have highlighted vulnerabilities across the sector, many of which have a financial basis. Therefore, this report makes a series of recommendations to improve the governance and management of cathedrals. It does so in order to sustain and enhance the vital role that cathedrals play across the landscape of the Church's mission and public life.
3. Our report can be summarised as follows:

Mission and ecclesiology

4. Cathedrals 'do God' in ways that resonate uniquely with aspects of contemporary culture. A cathedral is the focus of a bishop's 'gathering' role and this gives meaning and content to the definition of a cathedral as the seat of the bishop and a centre of worship and mission. Diocese and cathedral are part of one body, working together to proclaim the Kingdom of God. There are many ways to improve relationships and joint-working between cathedrals, bishops, dioceses and National Church Institutions.

Governance

5. The responsibilities and accountabilities of various cathedral bodies and roles are unclear or ambiguous under the current governance arrangements set out in the Cathedrals Measure. The consequent confusion of governance and management has increased both operational and financial risks for the cathedral sector. In this report we propose a series of steps to address this as follows:
 - Retaining Chapter as the governing body, but with enhanced membership and a majority of 'non-executive' members, at least two-thirds of whom would be laity.
 - Retaining the dean as chair of Chapter (just as bishops chair their Councils and incumbents chair their Parochial Church Councils (PCCs)).
 - A clear separation of governance and management, involving the establishment of a Senior Executive Team to oversee day-to-day cathedral operations.
 - Strengthening the Chapter's engagement with finance, audit and risk management activities.
 - Establishing a quinquennial assurance review of processes and controls.
 - Enabling the bishop to appoint a non-executive member to sit on Chapter as Vice-Chair. This would have the effect of giving the bishop a more direct

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and positive relationship with Chapter, while respecting the historic ecclesiological pattern of Chapter as a praying community led by the dean.

- Abolishing Cathedral Councils whilst expecting that cathedrals will establish their own arrangements for stakeholder engagement as required.
- Registering cathedrals with the Charity Commission through bringing them under the Charities Act.

Leadership and management

6. Good governance only works effectively if it is supported by a clear and robust management structure. Many of the strategic, operational and financial challenges in cathedrals stem from issues around management focus and effectiveness. We propose addressing these as follows:
 - All cathedral clergy and staff will be accountable to the Chapter through the dean in relation to their operational responsibilities within and on behalf of the cathedral.
 - Ministerial Development Review requirements for deans and residentiary canons will be revised and updated to ensure that the management structure and processes operate effectively to support the governance model we are recommending.
 - Chapters will establish a Nominations and Development committee, with a significant brief to review and address the skills and experience necessary for effective governance and management.
 - Proper attention should be given to appointment, induction, training and development of Chapter and staff members.

Finance

7. Without robust financial management, the sustainability of cathedrals can be put at risk. Given their often-substantial outgoings and obligations, cathedral finances are under considerable pressure, and yet their management is often under-resourced for the tasks they need to undertake. We make detailed recommendations for this major risk area, including:
 - Prioritising the recruitment and retention of a suitably qualified Chief Financial Officer and supporting staff.
 - Establishing a central support service for cathedrals to access skills that they may not have in-house.
 - Establishing, at a minimum, a Finance, Audit and Risk committee with an appropriately qualified independent chair. Where local circumstances and resources permit, it would be best practice to have an Audit and Risk Committee separate from the Finance Committee.
 - Creating robust internal and external reporting structures.
 - Selecting auditors from a nationally-endorsed panel.
8. We have also proposed a range of changes to the funding streams from the Church Commissioners in the interests of flexibility, simplification, fairness and innovation

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Buildings

9. Major buildings projects play a large part in the life of many cathedrals but represent the largest episodic financial risk that cathedrals face. Before embarking on major projects, Chapters need to ensure that they have:
 - Carried out a skills audit and gap analysis.
 - Established effective project governance and management structures.
 - Access to high quality advice.
10. Collaboration between cathedrals and the National Church Institutions is valued and necessary. Work needs to be done at national level to assess the overall national repair and maintenance liabilities of cathedrals. Government should be approached to begin a dialogue about state contribution to a national UK Cathedral Fabric Fund.

Safeguarding

11. While progress has been made in the past few years, we remain concerned that the cathedral sector as a whole has much more to do in developing safeguarding policy and practice. We endorse the proposed 'whole church' approach to safeguarding being led by the National Safeguarding Team and expect cathedrals to work jointly with their diocese in order to achieve it. There remain shortcomings in safeguarding practice for some cathedrals and we call for these to be addressed as a matter of urgency.

Conclusion

12. While many of our recommendations require legislative change, there is much that cathedrals can do in anticipation of legislation to adopt good practice. In proposing them, we want to ensure that cathedrals flourish long in to the future to fulfil their primary tasks of worship and mission.
13. This report, and especially this Executive Summary, may appear to focus on the corporate governance, risk management and financial aspects of the day-to-day life of cathedrals. This is because this was the task that the Working Group was set, and which was made clear in our terms of reference. It is accordingly in these areas that we are recommending that changes be made, and certain activities strengthened.
14. We have devoted an early section of this report to considering the Mission, Role and Ecclesiology of cathedrals and we have referred to the work on this which is taking place elsewhere. We have also suggested that the Church commission further thinking on this area. The report takes as read the huge contribution that cathedrals make to the Church and the world. Our recommendations are aimed at helping cathedrals to strengthen and support their ministry for future generations.

CATHEDRALS WORKING GROUP INTRODUCTION TO THE REPORT

Introduction to the Report

Our vision and key principles

1. The Archbishops commissioned this report in 2017 to look into recommending improvements to the governance and management of cathedrals. This has been the focus of our work in preparing this report. However, we wanted to set out up front the broader vision for cathedrals which has informed every stage of our work. This vision has been inspired by our many years of involvement with cathedrals, as clergy, Chapter and Council members, heritage consultants, and worshippers.
2. The consultation exercise we carried out on the draft version of this report in January – February 2018 has been invaluable in many ways, not least in helping us to refine and in some cases adjust our recommendations. A detailed analysis of the consultation responses is appended to this Report.
3. The many detailed and thoughtful responses we received have been enormously helpful in helping to crystallise and articulate with greater clarity the underlying principles behind our recommendations which we make because we want to support cathedrals as spectacular and wonderful expressions of the mission of God in this world.
4. We remain committed to the vision of cathedrals as the seat of the bishop, as gathering places for Church and Society, as place makers for cities and regions, and as centres of mission. The underlying principles behind this vision may be briefly summarised as follows:
 - Cathedrals are part of the whole Church. Whilst they have a unique role, they are an organic part of the whole.
 - The cathedral is the seat of the diocesan bishop. It exists to support his/her ministry and the ministry of the diocese and wider Church.
 - A cathedral is at heart a praying community which exists for the worship and service of God. Whilst we endorse the adoption of many appropriate aspects of charity sector best practice, cathedrals should not be constituted or operate in an entirely identical way to secular charities.
 - The wider regulatory framework has changed beyond recognition, and the profile and significance of cathedrals to English society and the Church requires a higher degree of visible accountability, scrutiny and regulation than has previously been the case.
 - Cathedral Chapters must work closely, collegially and collectively in the wider interests of the cathedral, the diocese and the whole Church.
 - Given the unusual nature of cathedral governance, a system of adequate checks and balances is vital to ensure proper transparency and accountability.
 - Cathedrals must be fully committed to the whole church approach on safeguarding.
5. In pragmatic terms, our principles translate into our recommendations in each of the sections as follows:

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- **Ecclesiology:** We emphasise the function of cathedrals as a key locus of "the gathering Christ", expressed through the ministry of the bishop.
 - **Governance:** We seek to clarify the boundary between management and governance. We emphasise the need for effective independent scrutiny and the need to balance best governance practice in the third sector with appropriate ecclesiology.
 - We seek to provide for an **oversight role of the bishop** while maintaining the operational independence of the cathedral.
 - **Leadership, management and people:** We seek to give a clear framework for the authority of the dean as the leader of the cathedral, implementing with lay and ordained colleagues the policies agreed by the Chapter. The recommendations relating to MDR, the residentiary canons and recruitment flow from that authority.
 - **Finance:** Our recommendations flow from the fact that any financial failure on the part of a cathedral carries substantial reputational risk for the Church as a whole. A system of adequate checks and balances is vital to ensure proper transparency and accountability.
 - **Buildings:** We take the view that large cathedral projects carry major risks which historically have sometimes been badly assessed and poorly managed. We make some recommendations on ways in which work already being done in this area can be enhanced.
 - **Safeguarding:** This section sets out ways in which cathedrals can add urgency to their work in this area by closer and more effective collaboration with diocesan structures.
6. In summary, this review was inspired by a concern that the current governance arrangements in cathedrals, inadequately scrutinised, left too much room for ineffective management. Our conclusion – that the Chapter should remain the governance body, with the dean as Chair – makes it necessary that there should be a system of adequate checks and balances to ensure proper transparency and accountability.
 7. Consequently, our recommendations include the provisions that non-executives should form the majority of Chapter; that a vice-chair of Chapter should be appointed by the bishop; that the Finance Committee should have a non-executive chair; and that management should be carried out by a Senior Executive Team, with considerable shared membership with Chapter but a distinctly different role. We of course recognise that such a governance framework will not stop cathedrals having difficulties, sometimes serious; but we believe that it will both reduce the risk of serious difficulties and improve the chances of dealing successfully with them when they do arise.

Cathedrals, Church and society

8. Cathedrals are part of all our history. Many of them have featured in some of the most momentous events and occasions in the history of this country, in sadness and in joy. In a sense, they have always been contested spaces, sometimes literally fought over by different interests. Far from tranquil repositories of historic artefacts, they are packed with different meanings for different people.

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9. Our objective in preparing this report has been to preserve these extraordinary places to carry on flourishing into the future. The governance and financial structures we are recommending are not ends in themselves. The people who are coming in rising numbers to cathedrals today, whether as worshippers, tourists or simply seekers of the numinous, are not drawn to them because they are governed well but because they are a 'thin place', often filled with great beauty and allowing glimpses of the divine.
10. Cathedrals do not just belong to the Church, although it is the Church which runs them, bears most of the financial burden for them, staffs them and ensures their ministry of prayer, worship and mission. They do this for the wider public benefit. Cathedrals do not just pray for and support the spiritual life of their communities. They are often also venues for public occasions, mark the various stages in the life of the community throughout the year and have an iconic local status, attracting tourism and businesses to the area.
11. Given this importance in the secular sphere and civil society, we think it is time to re-visit the complex but important issue of whether there should be some kind of state funding for cathedrals. Their liabilities are very considerable, their running costs huge and yet the loss to the community were they to fail would be incalculable. Our suggestion in the draft version of this report that the Church should begin a dialogue with the Government about future possibilities for funding has been welcomed by many of those who responded to our consultation. We hope that this will become part of the public policy debate in the near future.
12. We are aware of the considerable literature that already exists about cathedrals and their meaning. The next section on the Mission, Role and Ecclesiology of cathedrals attempts to unpack some of the theology of cathedrals and how they fit into the wider Church ecclesiology. The theological backdrop to cathedral ministry is vital and we want to encourage further work in this area.

How to use the Report: Decisions and implementation

13. In our draft version of this report we warned against 'cherry-picking' its recommendations, reminding readers that the 1994 Howe Commission made an array of interlocking recommendations, but its later implementation achieved, in some cases, the opposite of what was intended. Our warning received widespread resistance from respondees, who argued that an "all or nothing" approach was both impracticable given the Synodical stages involved in amending legislation, and ill-advised since they viewed some of our recommendations as either wrong or requiring considerable further work before they could be accepted as viable.
14. We have reflected on these points and we accept that there is some truth in them. We are also very much aware that implementation is out of our hands, although we have offered an outline **implementation plan** for the recommendations in a separate document, indicating the nature and type of the action required (e.g. legislative, non- legislative, national, regional etc) and the group(s) responsible for taking this forward. We expect that this implementation plan will need to be expanded and developed into a more detailed programmatic structure over coming months, but we hope it will give momentum and focus to enacting the changes which we believe are required to help ensure the sustainability of cathedrals and their mission into the future.
15. With this proviso in mind, we retain the general view that, whatever adjustments

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need to be made to some of our recommendations, cathedrals and the wider church must work together to avoid undermining the general interlocking coherence of the proposals and the principles behind them.

Background to the Cathedrals Working Group

16. The Working Group was set up by the Archbishops' Council following the Bishop of Peterborough's visitation of Peterborough Cathedral in response to the issues which surfaced there, and in particular the 'reflections for the House of Bishops and the National Church Institutions' which constitute sections 25-30 of Bishop Donald's charge, culminating in this section:

*I urge the Archbishops' Council, the Church Commissioners, and the House of Bishops, to **look at whether the current Cathedrals Measure is adequate, and to consider revising it.***¹

17. The Working Group was asked to review the sufficiency of the Measure and to focus on the following areas within its Terms of Reference:

- Financial management
- Major buildings projects
- Safeguarding
- Accountability, oversight and scrutiny
- Leadership capacity, including training and development needs for deans and Chapters
- The relationship of cathedral governance structures to other key partners, especially the diocesan bishop, diocese and Church Commissioners
- The planning, execution, communication and implementation of cathedral visitations

18. The presenting issues at Peterborough and Exeter reflected failings of governance and management, especially in the area of finance. The core task of this report is therefore to propose measures for the cathedral sector to protect it against similar difficulties and to strengthen cathedrals in their key roles of worship and mission, to set a framework in which they can flourish even more than they do now.

The Howe Commission

19. This report follows in the magisterial footsteps of a much more ambitious and lengthy report prepared by the Cathedrals Commission led by Lady Elspeth Howe (now Baroness Howe) and published in 1994². The Howe Commission took two years to carry out its work and reach its conclusions, visiting every cathedral in the country and consulting very extensively. The depth and care of its work is reflected in its detailed and helpful conclusions. We are indebted to the report – much of which is still relevant – and have referred to it closely in our work and in the writing of this report.

¹ Bishop of Peterborough Visitation Charge paragraph 30. See: <http://www.peterborough-cathedral.org.uk/userfiles/bishops-charge.pdf>

² Heritage and Renewal: The Report of the Archbishops' Commission on Cathedrals. London: Church House Publishing (CHB), 1994

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20. In their introduction to the Howe report, the Archbishops of Canterbury and York wrote as follows:

Everyone will surely agree that our 42 cathedrals are among the glories of the Church of England in their daily offering of worship and praise to God. But cathedrals are also human institutions which have been developed over the centuries and which, from time to time, need to be reviewed and given fresh direction so that they can continue their inspiring involvement in the mission of the *whole Church*.

This Working Group was established with a much shorter timescale and with a very clear-cut set of objectives as set out in the Terms of Reference. It has never been our intention to replicate the scale and ambition of the Howe Report. Instead, in lines with the Terms of Reference, we have attempted to do the following:

- To scrutinise the causal factors behind the recent issues identified in the visitations of Peterborough and Exeter and to identify any lessons learned.
- To respond to the challenge to review the Cathedrals Measure as set out in the Bishop of Peterborough's January 2017 Visitation Charge.
- To review the current regulatory regime for cathedrals in the light of best practice elsewhere in the Church and in the charity sector and to see what changes may be required to bring cathedrals in line with this.
- To take account of concerns and issues raised within the cathedral sector, but also concerns and insights we have gathered from dioceses and the National Church Institutions.
- To take account of more recent contextual developments and concerns – particularly questions of safeguarding – which impact the mission and operation of the cathedral sector and which were less of an issue for the Howe Commission in 1994.

21. We are acutely aware of the omissions in this report. We have not been able to cast more than a glance at some fundamental aspects of a cathedral's life and witness: music, education, interpretation, visitors, volunteers, cathedral schools and security to name but a few. This is not to deny the importance of these areas of cathedral life, but our focus has been on the narrower areas of governance and management – and our hope is that by enhancing these basic structures in a cathedral, we can strengthen their ability to deliver their mission.

22. In parallel to our work, the English Churches and Cathedrals Sustainability Review ("Taylor Review") has been considering a range of issues relating to church buildings, some of which will undoubtedly overlap with the themes of this report. We think that the Taylor Review's recommendations helpfully align with many of our own.

Approach to our work

23. The Working Group met for six full days between May and November 2017 and for two further days in March and April 2018. We began our work in May 2017 with a review of the literature on cathedrals from the time of the Howe Report onwards.

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We called for – and received – a range of excellent papers from staff members at Church House.

24. During the middle of 2017 we undertook a number of stakeholder consultations:
- 35 one-to-one conversations with cathedral deans,
 - 30 one-to-one conversations with diocesan bishops (including the two Archbishops),
 - 15 one-to-one conversations with individuals wanting to make verbal submissions (Chapter and Council members, fund-raisers, musicians, politicians, lawyers, historians, members of visitation teams, etc),
 - A review of confidential material from recent visitations,
 - A focus group consultation with senior members of cathedral operations staff,
 - A presentation and consultation with the Cathedrals Administration and Finance Association (CAFA) conference,
 - A presentation and plenary with the Association of English Cathedrals (AEC) annual meeting,
 - A focus group consultation with bishops, deans and chairs of Cathedral Councils
 - A consultation with the Church Commissioners,
 - A focus group meeting of bishops and deans,
 - A presentation and consultation with Adam Halsey, Head of Faith Charities at haysmacintyre,
 - A survey of all the chairs of Cathedral Councils,
 - A survey of all the chairs of Cathedral Trusts,
 - A survey of selected Cathedral Finance Committees
 - A survey of all the chairs of local authorities
25. We also received written submissions from a large number of individuals and groups associated with cathedrals, and we have reviewed theological input from a range of sources.
26. We tried to make this initial consultation process as ‘human’ as possible, meeting or speaking relationally rather than as a desk-top exercise. We hope, in so doing, to have heard the voices of many of those who will be most closely impacted by our work. The wealth of source material offered to the Group via these conversations, meetings and written submissions was invaluable in steering our work and guiding our thinking as we finalised the first draft of the report. The consultation exercise provided further in-depth responses.

Public Consultation January – February 2018

27. With the agreement of the Archbishops’ Council, we published our draft report for consultation on the Church of England website on 14 January 2018, closing it six weeks later on 28 February 2018. We did our best to ensure that

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the report was disseminated as widely as possible amongst the cathedrals' community and beyond to the wider Church, civil society audiences, Government departments, heritage organisations and others.

28. Respondee included the following:

- **Cathedral related** (about 68% of respondees): Cathedral Chapters, deans, residentiary canons, individual Chapter members and clergy, cathedral Administrators, Cathedral Council members, chairs of finance committees, Fabric Advisory Committee (FAC) members, heads of finance, lay staff, safeguarding officers, cathedral volunteers & congregation, cathedral representative organisations: Cathedrals Administration and Finance Association (CAFA), Cathedral Architects Association (CAA), the Cathedral Fabric Commission for England (CFCE), the Cathedral Organists Association (COA) and the Association of English Cathedrals (AEC)
- **Wider church responses** (about 7%) such as those from diocesan bishops, suffragan bishops, archdeacons, diocesan secretaries, diocesan safeguarding officers, the Archbishops' Council Finance Committee and the Church Commissioners
- **Other respondees** (25% of responses): The Charity Commission, the Charity Finance Group, cathedral grant funders, the Cabinet Office, audit firms, local authorities, local residents, Lord Lieutenants and High Sheriffs.

29. There were also two Synod fringe meetings, an AEC conference consultation, a meeting with residentiary canons, and various individual conversations held.

30. In addition to these responses, we were grateful to receive specialist input on some technical issues from Mike Hudson, an expert in charity governance, and Pelham Allen, a restructuring specialist.

Responses to public consultation

31. A more detailed analysis of the consultation responses and a full list of those respondees who wished to be named is available as a separate document to this report. We therefore only offer a brief summary of them here. We have been impressed by the time and trouble which many people have taken to comment on our draft. These comments have led us in all cases to a careful review of our recommendations, and in the final version of the report that follows we have modified some proposals in response. Where we have stood by some recommendations which attracted criticism, we have only done so after considerable thought and discussion.

32. It is worth emphasising that there was a considerable degree of support for the majority of the CWG's recommendations. The Association of English Cathedrals (AEC), the representative body for cathedrals, has indicated its willingness to work with its membership on implementation of the Report's recommendations, addressing the non-legislative recommendations as soon as practicable.

33. It is perhaps inevitable that issues of trust and mutual suspicion came through in some of the responses, but we continue to want to shape policy and practice on the basis of an assumption that transparent and mutually supportive relationships between all individuals and all parts of the Church is the norm.

34. It is worth noting here that the following issues were the ones which aroused most

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comment in the responses we received:

- The proposal regarding a lay Vice Chair of Chapter appointed by the bishop.
 - The role and status of residentiary canons.
 - Governance arrangements for 'Parish Church' Cathedrals.
 - The proposal for a nationally-generated list of audit firms.
35. In general, we were impressed (but not surprised) by the huge commitment and enthusiasm for the flourishing of cathedrals evidenced by all those who responded, whether individually or corporately and from whichever quarter they responded and from all perspectives. We found this a positive and encouraging hope for the long-term health and sustainability of cathedrals.

Main recommendations

36. From the evidence we have reviewed – as well as our own professional experience – it is clear to us that cathedrals need to have a **strong governance framework** underpinned by a **robust management structure** with clear lines of accountability in order to meet the challenges that they face. Added to this, cathedrals need to be able to **access necessary professional skills and services**, particularly **finance, risk management and project management**, to avoid getting into financial difficulty and manage often scarce resources as effectively as possible.
37. In considering these practical matters, we have attempted to hold these together with the historic ecclesiology of cathedrals as well as the contemporary context of their mission.

Shape of the report

38. In setting out our recommendations, we have addressed each of these matters in turn. We start with the **mission** of cathedrals as this frames their existence and activities and should underlie everything that they are and do.
39. From this, we move to consider what should be the optimum **governance framework** for a cathedral. A good governance framework for a cathedral only operates effectively if it is supported by a clear **management structure**, so we address that next.
40. Strong **financial management** is crucial to a cathedral's current operations and future sustainability, so this forms the middle section of our report.
41. We then move on to two major areas of **risk** for cathedrals, namely major **buildings projects** and **safeguarding**.
42. All these questions of governance, leadership, financial management and risk sit within the context of mission and are intimately related to each other. Falling short in one area will inevitably undermine the effectiveness of other parts of the cathedral's activities.
43. Our conversations with a variety of stakeholders, as well as our own thinking as a group, have reinforced our conviction that specific action is required. This includes immediate changes to cathedrals' operations and processes, but also broader governance changes which will require legislation. We are aware that the latter will take longer, but we are optimistic that the General Synod and the UK Parliament

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will understand the reasons behind the recommendations we are making and wish to do everything they can to support a healthy future for the cathedrals sector.

44. Cathedrals can be more fragile than their enormous buildings might suggest. It has been our privilege as well as our responsibility in this generation to look at how they may be preserved and enhanced for the future.

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The Mission, Role, and Ecclesiology of Cathedrals

Introduction

1. When the Howe Commission published its report 'Heritage and Renewal' in 1994, it began by stating that

this is not the first age in which people have valued the monumental splendour of cathedrals without being entirely certain what they are for¹.

2. A generation before *Heritage and Renewal*, the Dutch Reformed theologian Albert Van Den Heuvel gave an address at Coventry Cathedral in 1966 in which he expressed the complexity of expectations of a cathedral's roles somewhat poetically. He talked of a cathedral

as a sign of pro-existence, a symbol of diversity in unity, a Pentecostal laboratory, a theatre of basic drama, a temple of dialogue, a centre of creativity, an academy of committed information, a clinic for public exorcism, an international exchange, a broadcasting station for the voice of the poor, a tower of reconciliation, a motel for pilgrims, a house of vicarious feasts, and the hut of the shepherd.²

3. More prosaically, the Cathedrals Measure incorporates the statement of purpose first articulated in the Care of Cathedrals Measure 1990, and re-iterated by *Heritage and Renewal*, that the cathedral is the 'seat of the bishop and a centre of worship and mission'.
4. Since *Heritage and Renewal*, there has been a growing body of work attempting to unpack what this means, to articulate the role, mission and purpose of cathedrals, and to understand where they sit within the ecology of the Church of England.
5. Prayer and worship is at the heart of this. Cathedrals have been soaked in prayer for generations, and there is a continuing focus on prayerful and sacramental ministry, within a building full of the stories and symbols of Christian faith. A cathedral's priority for prayer and worship is fundamental to its purpose. It gathers around a praying community which is distinctive and easily overlooked. This is the beating heart of a cathedral, a rhythm of prayer, a cycle of worship, the 'opus dei' from which all other work flows.
6. There has been a tendency to separate this emphasis on prayer and worship from another role central to that of a modern cathedral – that of a tourist destination. But a fascinating research project initiated by the Centre for the Study of Christianity and Culture³ has demonstrated how this is a false separation.
7. A journey around a cathedral engages all the senses, and visitors to cathedrals of all sorts find themselves touched or nudged or gripped by God. Those cathedrals

1 Heritage and Renewal p.3

2 Quoted in *Theology* Feb 1970 by M. S. Stancliffe, former Dean of Winchester

3 Pilgrimage and England's Cathedrals, Results published as *Cathedrals, Mission and the Power of Place: Past, Present and Future*. November 2017 Lambeth Palace

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which have re-established a ministry around their shrines have discovered the extraordinary transforming presence of this particular focus for prayer.

8. The seminal Theos research on cathedrals '*Spiritual Capital*' picks up on this and points to the ability of cathedrals to convey a sense of the sacred to those on the edges of faith (or beyond it). It observes:

*Because the church, in particular the established church, has long been (understood as) an institution with clear and confirmed views on spiritual issues, it does not naturally inhabit the more liminal spiritual space that ever more people are occupying. While not necessarily unique in their position, cathedrals are an important exception to this – clearly and distinctly perceived as Christian, and as institutions, but at the same time understood as open spaces of spiritual possibility in which exploration and development of emergent spiritualities are made possible.*⁴

9. *Spiritual Capital* also details how cathedrals function as venues for civic, cultural and academic events; contribute to the local economy; engage in social action around issues of social justice; take a lead in inter-faith issues; enable communities to address community tensions; and act as a symbol of community identity. It concludes:

*"Few institutions today manage to combine a clear identity with a public profile that allows them to connect disparate sections of (an often diverse) community. Cathedrals are an exception."*⁵

10. All cathedrals have discovered the significance for the wider community of the spiritual capital that they engender, and therefore their power as creators of place. As one regular Hindu visitor to Leicester Cathedral put it,

*this city is my city because this cathedral is my cathedral*⁶

11. Cathedrals have reordered not just their interiors, but also their precincts, contributing significantly to urban regeneration in cities which otherwise have struggled to maintain their identity.

12. The Working Group's consultation with the chief executives of local authorities was illuminating. Their responses demonstrated the huge 'place-making' impact of cathedrals. This comment was representative of many we received:

The cathedral plays a huge symbolic role in the city. The cathedral and its surrounding environs are at the heart of the city centre and the building is iconic to many. It is the premier tourist attraction in the city. ... Therefore, it is a driver for economic benefit and the local economy.

4 See THEOS, *Spiritual Capital: The Past and Future of English Cathedrals*, p. 55.

Available at:

<https://www.theosthinktank.co.uk/cmsfiles/archive/files/Reports/Spiritual%20Capital%2064pp%20-%20FINAL.pdf> ,

5 *Ibid.* p. 44

6 comment from research for Theos and Grubb Institute 2012

<http://www.theosthinktank.co.uk/files/files/Reports>

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The cathedral does have a significant impact on the image of the city and it probably plays a bigger role in shaping investment decisions and in shaping individual decisions on whether to move to the city than people perceive.

13. This place-making function has meant, as Nicholas Henshall has noted⁷, that cathedrals have become an attractive brand, often understood better by the wider community than by the church.

14. *Spiritual Capital* concludes that cathedrals have a unique ability to ‘connect’ different, disparate and diverse people and communities:

The present and future of English cathedrals lies particularly in their ability to enable and sustain a range of connections – between the tourist and the pilgrim; between people and the traditions from which modern life cuts them off; between the diverse organisations and communities that share the same social and physical space and infrastructure yet never meet; and between a people who may be less Christian than their parents but are no less spiritual, and the God who made, sustains, loves and hopes for them to join Him at his table.⁸

15. These are important findings. They need to be read alongside the much-heralded but no less significant statistics which confirm the numerical growth of cathedrals – both in terms of congregational attendance and visitor numbers. Lynda Barley first detailed this growth, in her Chapter ‘Stirrings in Barchester: Cathedrals and Church Growth’.⁹ Her findings were then confirmed by the Church Growth Research Programme (October 2013).

16. The Theos research built on this platform. They found that congregational attendance had increased by 18% in the 10 years to 2015, almost entirely due to a very significant increase in midweek attendance. Alongside this, 27% of England’s adult population visit a Church of England cathedral each year, and these visitors are not confined to any one particular demographic group (for instance 20% of 18-34-year-olds visit; 20% of lower socio-economic groups visit). These visitor numbers had increased by a staggering 37% in the previous 10 years alone.

17. These statistics tell a remarkable story. At a time of declining numbers and changing patterns of worship, cathedrals are bucking the trend in just about every conceivable way. There is something very precious here to celebrate, learn from, and hold on to. Cathedrals ‘do God’ in a way which is resonating uniquely with aspects of contemporary culture.

18. The Working Group endorses the extraordinary work and impact of cathedrals – their ability to grow the church, their contribution to the common good, and their capacity to re-imagine ministry within a broadly traditional setting. These are the Church of England’s quinquennial goals, and cathedrals are demonstrating in a

⁷ Focuses of Prophecy? In *Holy Ground Cathedrals in the twenty-first century* ed Stephen Platten Sacristy Press 2017 p146

⁸ Ibid. p. 62.

⁹ BARLEY, Lynda, ‘Stirrings in Barchester: Cathedrals and Church Growth’ in ‘*Church Growth in Britain: 1980 to the Present*’, ed. David Goodhew. Farnham: Ashgate 2012.

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remarkable way how to address them by capturing the imagination of a post-religious culture.

19. All of this sharpens the edge of the questions in front of us: how can we protect the cathedral sector against the challenges posed by blurred governance and management structures, inadequate resources, and sometimes imperfect relationships, without damaging the delicate institutional ecology which has somehow managed to produce such a stunning set of outcomes in the first place?
20. To put it another way – in the description coined by the Archbishop of Canterbury when he was Dean of Liverpool (and adopted as a mantra by many cathedrals subsequently), if a cathedral is a ‘safe place to do risky things in Christ’s service’, how can we strengthen governance without undermining the missional and entrepreneurial context within which cathedrals seem to flourish?
21. The Working Group has been very conscious of not wanting to leap to instrumental solutions without attempting to engage with some of the key ecclesiological aspects of a cathedral’s life. Partly this was because we needed to understand some of the theological (as well as historical) reasons for the way that cathedrals have developed their structures of governance, but partly it was also to try and discern if there is anything we need to guard if cathedrals are to continue to be pioneers in mission for the Church of England.

Ecclesiology

22. It struck the Working Group almost immediately how little work seems to have been done on the ecclesiology of cathedrals. Yet this is an essential question to engage with, because it lies behind the different expectations that people have about what a cathedral is and how it engages with some of the key constituencies in its shared life.
23. Peter Atkinson, in Stephen Platten’s new book, identifies (at the end of his Chapter on ‘cathedrals at prayer’), six ecclesial identities that are present in a modern English cathedral:
 1. Cathedral as seat of the bishop,
 2. Cathedral as monastery,
 3. Cathedral as ‘college’ or ‘foundation’,
 4. Cathedral as quasi-parish church community,
 5. Cathedral as shrine,
 6. Cathedral as virtual church, addressing a global congregation.
24. He sees each identity as a ‘palimpsest’, “superimposed on the previous ones, modifying them but not effacing them”.¹⁰
25. These multiple identities create an ambiguity which cathedrals have always valued, but it is a complexity that those outside the cathedral world often find confusing. This is important, because if we only hold a limited concept of a cathedral’s identity in our minds, it may seem obvious to us that certain things need to be prioritised or emphasised, but they may only reflect a small part of the ‘bandwidth’ which

¹⁰ ATKINSON, Peter, “The Cathedral as Shrine” in PLATTEN, Stephen and FIELD, Frank, eds., *Holy Ground*. Durham, Sacristy Press, 2017 p135

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attaches to a cathedral. Yet as we have seen, the ambiguity of a cathedral – the unacknowledged, unobserved or badly understood aspects of its identity – is part of its gift.

26. If the fundamental identity is as the seat of the bishop, this is the place to begin an exploration of a cathedral's ecclesiology.
27. In his retreat addresses to the 2008 Lambeth Conference, then-Archbishop Rowan Williams explored the role of the bishop as having to do with representing "the gathering Christ". He said:

"If we are indeed in that place where we stand for "the gathering Christ", that place where we show forth a humanity in which life and suffering flow together, then we are never going to be just the servants of this group or that group, this individual or that individual. And in so doing we say to the world "this is the Church of God, not a sub-department of this nation or this cause." The bishop is therefore someone around whom it should be possible to see what the Church is.What if we are meant to be a sign of that unity in which there are no defensive boundaries between the life and pain of diverse people and communities? What if we are meant to be signs of that unity where, in Christ and through the Spirit, human lives flow together to announce God's glory?"

28. This 'gathering' role is helpful in clarifying the role of the bishop and the nature of a diocese. It suggests that the primary task of a cathedral is to be the focus of this gathering role and gives meaning and content to the definition of a cathedral as the seat of the bishop and a centre of worship and mission. And Rowan Williams' description of this role bears an uncanny resemblance to the visible mission of cathedrals explored and endorsed by *Spiritual Capital*.
29. The 1961 report '*Cathedrals in Modern Life*' refers to cathedrals as 'the visible counterpart of the episcopal system'. This accords well with the notion of bishops representing the 'gathering Christ', and cathedrals as places which express this.
30. The Working Group was greatly helped in its ecclesiological thinking by Professor Simon Oliver's essay, now published in *Holy Ground*¹¹ and by his presentation to the group in September, both of which build on this idea of a 'gathering' role. With permission, we reproduce the text of his presentation in full here

11 Cathedrals and Rooted Growth in Stephen Platten (ed), *Holy Ground: Cathedrals in the Twenty-First Century* (Sacristy Press, Durham 2017)

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To understand the theology of the cathedral we must understand the episcopal nature of the Church.

The apostles possessed authority in the earliest Christian communities because they were eyewitnesses to Christ's life, death and resurrection. St. Paul possessed authority by virtue of his extraordinary conversion. When the generation of the apostles ends, who has authority and who is going to teach? How can the Church of successor generations know that it is one and the same Church of the apostles? Via the laying on of hands and the transmission of authority which is born of service. At first, the overseers (episkopos) and elders (presbuteros) are not clearly distinguished. By the early second century, they are distinct orders of bishop and priest.

*Episcopate answers the question concerning **how the unity of the Church across time is to be maintained**. This is why the Anglican, Orthodox, and Roman Catholic Churches preserve the **historic** episcopate—the episcopate extending back through time via the laying on of hands—to preserve and make visible the unity of the Church across time. Other communions (e.g. the United Methodist Church in the US) have bishops, but they are not part of an **historic** episcopate. Their role is functional or managerial rather than sacramental.*

The unity of the Church across time refers to the inseparability of the Church in the present age from the Church of the apostles and the oecumenical councils of the first six centuries. In other words, the Church established by Christ upon the rock of Peter is one and the same Church of which we are members today.

*The early Church also faced another challenge. Because Christianity is both particular and universal, **it traversed cultural boundaries very quickly**. Christianity is not for anyone in particular. It is not unified racially as with Judaism. Initially, it seemed to unite both Hellenistic and Hebraic cultures as it spread across the Mediterranean. **St Paul's letters are in large part focused on the question of how one preserves the unity of the Church's witness in the face of ever-increasing cultural diversity and geographical spread**. In the second century a response to this question was to appoint a distinct order of overseers with a shepherding and teaching office which was focused particularly on the building up of the one body of Christ.*

*But the unity of the Church in this kind of context cannot rest on everyone agreeing to a set of very particular propositions. Even grounding the unity of the Church on the proclamation of scripture is problematic because interpretations of scripture vary. In any case, for the first three centuries of the Church there was no single thing called 'scripture' or 'the Bible'. The unity of the Church is a gift of the Spirit rather than something of our own making. Because we are physical, corporeal beings who do not exist only in the realm of ideas and propositions, **the unity of the Church has to be made visible**.*

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We must be able to see that unity in such a way that it transcends the opinions and predilections of individuals, or a particular locale, generation, or culture. For Roman Catholics, the unity of the Church is most particularly visible in the Pope. For Anglicans and Orthodox it's in the bishop and the provincial primus or Patriarch.

The episcopate therefore makes visible the unity of the Church across time (historically) and space (e.g. culture and geography).

One of the most important aspects of episcopal ministry, therefore, concerns the protection (an important aspect of shepherding) of the unity of the Church in obedience to Christ's prayer and St Paul's teaching (John 17. 20–24; 1 Corinthians 12. 12–31). The cathedral, in being first and foremost the seat or cathedra of the bishop, shares in the ministry of gathering and unifying the Church in a visible fashion. The cathedral is the place from which the bishop oversees and teaches—it is the platform from which the bishop can address God's people and minister to their needs. As the bishop presides at the Eucharist in his or her cathedral, we have a threefold sacramental visibility of the unity of the Church.

Within Anglican polity, the bishop has no formal jurisdiction within his or her cathedral. The bishop does not possess the cathedral by canonical or juridical right. The people of God invite the bishop's oversight in the gift of the cathedral from which he or she sends and leads as a labourer in the vineyard.

*This is what it means for the cathedral to be the focus of mission – not in the sense that it has the biggest congregation with the best young adults' course or music to show all the parish churches how it ought to be done (that would be too elitist), but in the sense that it is the place where the bishop gathers, ordains, baptises, confirms, hears the renewal of ordination vows, commissions and teaches to **send out** labourers into the harvest. In that sense, it is a **fount** of mission.*

*This theology of the cathedral is the basis of the wider role of cathedrals in fostering and making visible a **local, national, or global unity**. Today's cathedrals have numerous stakeholders and are the locus for countless gatherings of civic and cultural importance: funerals of important public figures, the remembrance of war or local tragedy, thanksgiving for civic and commercial success, public debate, and cultural celebration.*

*Durham Miners' Gala and a service for the Courts of Justice take place in Durham Cathedral on consecutive days. Both are attended by more than a thousand people. Both are politically potent symbols of, respectively, trade unionism and industry, and the Queen's peace preserved by the rule of law. **The bishop presides at both and a sermon is preached.** The gathering and unifying ministry of the cathedral is part of the bishop's oversight of all people and the furtherance of unity and peace. As such, the cathedral realizes the catholic nature of the Church because it reaches out and gathers all*

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people across civic society, convinced that there is no place in which the Church does not belong.

*The gathering and unifying ministry of cathedrals is not grounded in a political, cultural, or economic consensus, but in the prayer of Christ that God's people be one as he and the Father are one. In the Church of England, it serves ecclesial **and** civic unity.*

*We can think about this via the classic Anglican *via media*. Is the *via media* just a compromise? No – it's about having a centre or 'middle' (Christ) which comprehends the whole¹².*

*The Church, therefore, is a *via media* because it has a centre that gathers everything to itself and comprehends the whole. The diocese has the particular centre of its ministry—not a geographical but a theological centre—in the cathedral and the figure of the bishop who teaches and shepherds from the cathedra. The cathedral is an expression of the Anglican *via media* in which the middle is Christ, not in terms of compromise but in terms of comprehension, for Christ "fills all in all" (Ephesians 1. 23).*

31. This 'gathering and unifying' approach is a helpful theological construct for aligning the ministry of bishop and cathedral, and it clearly reflects the way in which cathedral ministry is received, welcomed and understood by many within church and civil society in today's world. The Working Group, recognising that it is clearly not the final word on cathedral ecclesiology, urges cathedrals to work with the national Church, Theological Education Institutions and universities to develop this ecclesiological thinking further, and we welcome the work that the AEC is currently engaged on to this end.
32. These insights have guided our thinking about governance, and in particular the fundamental question of who governs a cathedral. For, as Simon Oliver concludes:

*We must be mindful of the unity of the cathedral itself. The cathedral is, as it were, an organism. It is a single body.its **praying heart is also its governing heart – the Chapter**. This is not clericalism because the *Cathedrals Measure* allows for up to seven external lay members of Chapter which, in any cathedral, would give a majority. But it does mean that....the Chapter unifies the cathedral.*

¹² See Edmund Newey, 'The Covenant and the *Via Media*: Compatible or Contradictory Notions of Anglicanism?' in Benjamin Guyer (ed.), *Pro Communion: Theological Essays on the Anglican Covenant* (Eugene, OR: Pickwick Publications, 2012). Newey points to a sermon preached by Lancelot Andrewes at around the time he was translated from Chichester to Ely in 1609 in which he described the Church of England's middle way. In summary Andrewes viewed Christ as mediator *not by compromise but by comprehension*. This comprehensive ministry does not just have a horizontal dimension, reaching out to all humanity, but also a dimension beyond immediate space and time, linking heaven to earth. This typifies the ecclesiology and so the mission and ministry of cathedrals as they reach out to their communities seeking to invite everyone to discover God in Christ.

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33. Equally, we believe that these initial observations about ecclesiology enable us to comment on some of a cathedral's key relationships.

Bishop and Diocese

34. The nuances in the relationship between a bishop and their cathedral are of course a reflection of the deep historical currents that flow between cathedrals and dioceses, deans and bishops. For some people, this represents a vital part of the ecology of a healthy organisation, offering an imaginative way of holding and processing unresolved contradictions within the ecclesial community, and allowing the cathedral to act and speak from

*a creatively marginal place in relationship both to the institutional structures of the church and to the wider networks of society*¹³

35. saying and doing things which nobody else can.

36. On the other hand, these nuances can be regarded as creating an unhelpful and confusing structural division between the life and mission of a cathedral and the bishop (and diocese) it serves. Some people think that cathedrals have used arguments about independence as a convenience to progress their own agenda without reference to the broader strategic context of bishop and diocese. The Howe Commission recognised the importance of a degree of functional autonomy for a cathedral, but also stated that

*there is no need for the independence of cathedrals to be regarded as a kind of balance in ecclesiastical polity.*¹⁴

37. If independence becomes a means of protecting a cathedral against unwelcome external intervention, it suggests that something has already fundamentally broken down in the vital network of relationships that a cathedral inhabits. But a degree of structural independence or ambiguity might also contain something important that may be too easily lost.

38. There is a piece of liturgical theatre at the beginning of a bishop's ministry which tries to capture this delicate balance. Before a bishop is installed in their cathedra at the start of their episcopate, by tradition they have to knock three times on the closed door of the cathedral. It is a piece of liturgical symbolism, a powerful reminder to the incoming bishop that they enter the cathedral by invitation (receiving it as a gift).

39. The Working Group recognises the tensions in the current arrangement but wants to view this positively. We want to encourage bishops to make full use of the powers they already possess under the Cathedrals Measure, working together with deans to utilise the significance of the cathedra in the liturgical, teaching and missional life of the diocese.

40. It has become clear during the course of our work and in the consultations that we have held, that a good working relationship between the bishop and the dean is

13 HENSHALL, Nicholas, "Focuses of Prophecy" in *Holy Ground*, ed. Stephen Platten. London, Sacristy Press, 2017.

14 *Heritage and Renewal*, p. 7.

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crucial to the good operation of the cathedral and the diocese. In particular, the dean and bishop should be partners in the mission of the diocese and the cathedral both locally and nationally. With regards to the cathedral, they should work together to ensure that the cathedral plays its part in this missional role, that it operates effectively, has strong financial controls in place, and is part of the 'hole church' approach to Safeguarding in the diocese.

41. We recommend that further thought is given at implementation stage to how this relationship might work in practice, including the possibility of creating good practice guidance based on examples of best practice.
42. We want to endorse some fundamental principles as cathedrals and bishops work out the implications of this together:
 - Diocese and cathedral are part of one body, working together for the proclamation of the Kingdom.
 - If cathedrals are to be effective as the key locus of the ministry of "the gathering Christ", expressed through the ministry of the bishop, then an open, robust and mutually supportive dialogue between bishop and dean is a prerequisite of missional leadership in the diocese. Bishops and deans are not leaders of two competing systems or fiefdoms within the diocese but essentially partners in their respective roles.
 - If the Church's mission is primarily expressed in the non-defensive gathering of differences, then key diocesan occasions which take place in cathedrals (ordinations, confirmations, etc) will be arranged and ordered to give expression to this missional imperative; and if the bishop is to sustain this gathering role in an increasingly fragmented and divided culture, then the spiritual and pastoral resources of the cathedral are an essential support and base for his or her ministry.
 - Gatherings of individuals and organisations from civil society for anniversaries, celebrations and commemorations in the cathedral point people towards that essential diversity which is at the heart of the life of the Kingdom of God.
43. We are encouraged by the ways in which cathedrals and dioceses have committed to work together more closely in recent years, including the desire to align strategies, attempts to co-locate various back-office functions or share staff where possible and appropriate, and the many examples of mutual support in mission and ministry that we have encountered.
44. In a number of cathedrals, the dean and residentiary canons take on significant structural roles in the diocese and commit to leading and preaching in parishes on a regular basis. Opportunities are taken within a cathedral's constitution and statutes to appoint diocesan clergy and staff to governance roles in the cathedral's structure. All of this strengthens the mutuality and collaboration between the diocese and cathedral. We hope this will continue and develop further.
45. We have heard from many bishops a discomfort with the role of Visitor as it currently operates, casting them rather distantly and unhelpfully as 'judge' in their relationship with the cathedral. We have tried to address this in the following section on governance.

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National Church Institutions (NCIs)

46. There is a need for increased clarity about the relationship of the National Church Institutions (NCIs) (including the Church Commissioners) with cathedrals. An ecclesiological reflection on the place and role of the NCIs generally is beyond the scope of this report, but the (necessary) intervention by the Commissioners to resolve the problems at Peterborough Cathedral revealed significant role conflicts and confusions both within the NCIs and between the NCIs and the role of bishop, which have left a broader legacy of uncertainty and even mistrust.
47. This needs to be addressed as a matter of urgency, and the Working Group was encouraged at the healthy engagement that already seems to be emerging following events at Peterborough and Exeter. Far more can be done to develop a closer relationship between cathedrals and the NCIs to everyone's mutual benefit, and elsewhere in our report we suggest a number of practical areas of work, which might additionally include:
- Greater clarity about, and development of the remit of the Third Church Estates Commissioner to provide oversight of the link between the Church Commissioners and cathedrals, including the work of the Association of English Cathedrals (AEC) and the Cathedrals Administration and Finance Association (CAFA).
 - Revision of the Terms of Reference for the Cathedrals and Bishoprics Committee of the Church Commissioners to enable the Third Church Estates Commissioner and Commissioner Deans to resource the committee in its work of reviewing, funding and developing the work of cathedrals.
 - An audit by the new Cathedrals Liaison Officer of the work currently provided by the NCIs to resource and regulate cathedrals and an assessment of how this work should develop in service of the mission of cathedrals.
48. The tension in adopting this closer working relationship will always be around the nature of any intervention. A far closer relationship between cathedrals and the NCIs would bring significant benefits in all sorts of ways, but it would be ecclesiologicaly problematic if the NCIs possessed a statutory right to intervene in a bishop's cathedral, without the bishop inviting them to do so.

Summary

49. The growth of cathedrals (in congregational numbers, visitor numbers, and influence in the public square) is highly encouraging at a time when the Church of England is attempting to re-orientate itself around mission.
50. Ecclesiologicaly, the relationship with the bishop is fundamental to this, and we suggest that a vision for bishops as 'representatives of the gathering Christ' could go a long way to inform an understanding of the way in which cathedrals can be fully integrated and aligned with their role as the seat of the bishop and a centre of worship and mission for the diocese.
51. This is a shared vision for the mission of cathedral and bishop that bears an uncanny resemblance to what God already seems to be doing in and through the life and ministry of cathedrals.

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Ecclesiology: List of recommendations

The Working Group makes the following recommendations:

- The Church should encourage, and commission further work on the ecclesiology of cathedrals and their relation to bishop, cathedral, diocese and the NCIs.
- Bishops should be encouraged to make full use of the powers they already possess under the Cathedrals Measure, working together with deans to utilise the significance of the cathedra in the liturgical, teaching and missional life of the diocese.
- A good working relationship between the bishop and the dean is crucial to the good operation of the cathedral and the diocese. We recommend that further thought is given at implementation stage to how this relationship might work in practice, including the possibility of creating good practice guidance based on examples of best practice.
- There should be greater clarity about, and development of, the remit of the Third Church Estates Commissioner to provide oversight of the link between the Church Commissioners and cathedrals, including the work of the AEC and CAFA.
- There should be a revision of the Terms of Reference for the Cathedrals and Bishoprics Committee of the Church Commissioners to enable the Third Church Estates Commissioner and Commissioner Deans to resource the committee in its work of reviewing, funding and developing the work of cathedrals.
- There should be an audit by the new Cathedrals Liaison Officer of the work currently provided by the NCIs to resource and regulate cathedrals and an assessment of how this work should develop in service of the mission of cathedrals.

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The Governance of Cathedrals

Principles of a Cathedral's governance and management

1. The governance of cathedrals is the core matter we were requested to examine in our Terms of Reference. In the course of our deliberations we have considered a wide range of models of governance across the corporate, voluntary and public sectors as well as across the Church of England. We have also benefited greatly from the feedback which we received in our various consultation exercises.
2. As we crystallised our recommendations, we realised it would be helpful if we set out the **key principles** which underlie them. We therefore outline them in this section as follows:
3. The Working Group agreed that there is a clear need to distinguish between the functions of **governance** and **management** within a cathedral, even if there is some overlap between the individuals involved in each activity. The **governance** function is principally concerned with the taking of strategic decisions, setting the cathedral's mission objectives and seeing to it that they are being effectively implemented and that the cathedral as a whole is being run properly and effectively. The **management** function is concerned with operational matters arising from the implementation of the Chapter's objectives. Responsibility for the exercise of these different functions should be clearly demarcated.
4. The Working Group took careful stock of the voices calling for a radical change to the governance arrangements for cathedrals. In particular, we gave considerable attention to the view that **cathedrals should follow best practice in the secular charity sector** and **separate governance and management** completely by creating a governing body **above** the Chapter, with the dean essentially running Chapter as an Executive Team (and the dean as CEO).
5. However, we concluded that a secular governance structure of this nature would not provide a model which met the particular needs of cathedrals. This decision was reached for the following reasons:
 - The collegial and residential role of the clergy does not fit in to a secular governance structure. The essential nature of a cathedral is a religious community (albeit a collegiate rather than a monastic one) that is formed by the rhythms of prayer and worship. A secular model of governance would not be able to accommodate that.
 - If everything within the ambit of a cathedral is the responsibility of the governing body, this must include worship – one of the principal purposes for which cathedrals exist. But for a body of trustees to exclude from its membership the dean and residentiary canons who themselves direct the pattern or form of a cathedral's worship would be an inappropriate crossing of boundaries. Under the Cathedrals Measure 1999, the Chapter cannot alter the ordering of the cathedral services without the consent of the dean; we do not envisage that requirement being changed.
6. It was, ultimately, a consideration of a cathedral's ecclesiology which led us to conclude that **the Chapter should remain the governing body, with the dean as Chair of Chapter**. This becomes a foundational aspect of our proposals on governance: the governing body of a cathedral should continue to be based on a resident 'praying community' centred around the dean and residentiary canons.

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7. This represents a conscious decision on our part **not to propose a secular governance model for cathedrals**. We have reached that decision as a matter of principle for the reasons set out in this section. In doing so, we were aware that a model where clergy with ‘executive’ functions are members of governance bodies is not uncommon in religious charities. We noted the Charity Commission’s Guidance that

the governance model for many church charities allows or requires the priest, pastor or vicar to be a trustee because it can be important for those in such a pivotal role within these charities to be involved in their strategic oversight and leadership.¹

Current roles and responsibilities

8. Prior to outlining our recommendations, we felt it would be helpful to re-cap on the current governance arrangements for cathedrals under the Cathedrals Measure. Under the Measure there are currently **three** bodies established for each cathedral but only one of them is directly responsible for the governance of the cathedral:

Current role of the Chapter

9. The executive body which has the general control of a cathedral is **the Chapter**. Under Section 4 (8) of the Cathedrals Measure, the main function of the Chapter is ‘to direct and oversee the administration of the affairs of the cathedral’.² It consists of the dean and all the residentiary canons and a number of other persons, at least two-thirds of whom must be lay.

10. Particular functions of the Chapter include–

- ordering the worship and promoting the mission of the cathedral;
- formulating proposals for the general direction and mission of the cathedral (after consultation with the bishop and with the advice of the Council),
- preparing the annual budget;
- submitting an annual report and accounts to the Council and the College of Canons;
- keeping the Constitution and Statutes under review; and
- managing and maintaining the cathedral’s buildings and managing its assets;

Current role of the Cathedral Council

11. Every cathedral also has a **Council**. The main function of the Council is “to further and support the work of the cathedral, spiritual, pastoral, evangelistic, social and ecumenical, reviewing and advising upon the direction and oversight of that work by the Chapter’. The Council is chaired by a lay person appointed by the bishop. The other members of the Council include the dean and no more than five other members of the Chapter, two members of the College of Canons, four elected

¹ Charity Commission Guidance C11, *Trustee Expenses and Payments* at section 6.4.

² Section 4(18) of the Cathedrals Measure 1999 at <https://www.legislation.gov.uk/ukcm/1999/1/section/4>

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members representing the cathedral community and between five and ten appointed members.

12. Particular functions of the Council include—

- advising the Chapter on the general direction and mission of the cathedral;
- receiving from the Chapter and considering the annual budget, annual accounts and annual report;
- considering proposals submitted by the Chapter relating to the revision of the constitution and statutes; and
- revising the constitution and statutes (with the consent of the bishop).

Current role of the College of Canons

13. **The College of Canons** is made up of the dean, the suffragan bishops of the diocese, all of the canons of the cathedral (residentiary and non-residentiary, ordained and lay) and all of the archdeacons of the diocese. The functions of the College of Canons are—

- electing the bishop in accordance with the Appointment of Bishops Act 1533
- receiving and considering the annual report and accounts of the cathedral
- ‘discussing such matters concerning the cathedral as may be raised by any of its members’.

Current role of the diocesan bishop

14. **The diocesan bishop** has a specific role in relation to the cathedral:

- the bishop is entitled to attend and speak, but not vote, at meetings of the Council;
- the bishop is entitled to be consulted by the Chapter about the general direction and mission of the cathedral;
- the bishop is the Visitor of the cathedral and has various quasi-judicial powers in that capacity;
- the bishop’s consent is required for any revision of the constitution and statutes.

Current role of the dean

15. **The dean** has, in addition to being a member of the Chapter, specific duties. As ‘chairman of the Chapter’ it is the dean’s duty ‘to govern and direct on its behalf the life and work of the cathedral’. Particular duties of the dean include—

- ensuring the performance of divine service;
- ensuring observance of the constitution and statutes;
- securing the pastoral care of members of the cathedral community; and
- taking decisions to deal with emergencies pending consideration by the Chapter.

Disadvantages of the current arrangements

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16. A typical charity has a trustee body setting strategy, policy and direction, overseeing the work of an executive team, whose role is to lead and manage the charity's staff and resources to deliver the strategy. Cathedrals do not conform to this simple model, with a 'Russian Doll' of constituencies and bodies (Council, Chapter, College of Canons, clergy, management, cathedral community, volunteers, external stakeholders, etc) with overlapping membership and often unclear responsibilities, and Chapters whose membership includes a number who hold both executive roles and governance responsibilities.
17. The complex nature of a cathedral's governance structure gives rise to some specific problems:
- **Governance and management become blurred and conflated** in many cathedral Chapters. A lack of distance between these two functions can result in there being insufficient checks and balances in place, and the loss of effective accountability.
 - The day to day involvement of a significant proportion of Chapter members in the operation of the cathedral can result in what auditors call '**self-review threat**'.
 - Chapter members can be unaware that they carry the equivalent responsibilities of charity trustees. This can result in an **unwillingness – or an inability – to bring sufficient challenge** or scrutiny to Chapter plans.
 - There is a **lack of effective independent scrutiny**. In part, this is a function of the lack of separation between governance and management, but there are other reasons as well – including the designation of finance committees as purely 'advisory', the lack of teeth given to Councils in their scrutiny role, and the absence of any independent body to act as a regulator.
 - There is **no effective power of intervention** when something has gone wrong, except for Visitation. The governance structure does not seem to allow for effective external intervention to take place at an early juncture when problems arise.
 - The **Church Commissioners** have very limited powers in relation to cathedrals, there is no national church body operating as a 'cathedrals commission', and cathedrals are not charities within the meaning of the Charities Act 2011 (they are not regulated by the Charity Commission), so there is **no over-arching regulatory framework for a cathedral**.
 - The **role of the Cathedral Council is unclear**. This point came up repeatedly in the consultations. The 1999 Cathedrals Measure watered down the recommendations of the Howe Commission relating to Cathedral Councils, which has resulted in the confusion of a body that is given advisory/scrutiny responsibilities but no power to enact them.
 - Members of the Cathedral Council and College of Canons are both part of the cathedral's 'body corporate' but have **no control** over it.
18. The Bishop of Peterborough's Visitation Charge picked up on a number of these problems, highlighting in particular:
- The **lack of expertise or power** within the Council and College of Canons to scrutinise or mount any effective challenge to Chapter;

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- The **lack of external scrutiny** – and therefore accountability – for a Chapter's actions (Church Commissioners, Charity Commission, diocese, bishop); and
- **Independence leading to unnecessary or unacceptable degrees of risk.**

Non-legislative options for change

19. In seeking to address the deficiencies in the current arrangements, the Working Group considered whether to recommend approaches for the future which essentially left the governance structure untouched, but which incorporated a range of non-legislative proposals to improve the way in which these structures work.
20. A number of people called for us to adopt non-legislative solutions, partly on the basis that there may be little appetite for legislative change, but mainly because they felt that the current arrangements **could** be made to work. They highlighted the importance of relationships within any governance structure and pointed to the fact that in a majority of cathedrals the current structure seems to be working sufficiently well. There was an honest acknowledgement that much more could be done to improve things, and a recognition that Good Practice Guidelines and Codes of Conduct would be very welcome, but essentially the view was that the Cathedrals Measure is 'good enough'.
21. The Working Group agreed that there are some excellent examples of cathedrals which have taken the recent challenges to heart and have made real progress in the practice of their governance arrangements. We want to endorse the work of the AEC on a self-evaluation framework for Chapter, and the forthcoming Peer Review process alongside this, and welcome all of the non-legislative steps that are being taken already.
22. These are welcome and necessary steps, but as a Working Group we do not feel they are sufficient and that legislative change is therefore required. The inadequacies of the current structure are too serious to leave to good practice guidelines. It would be too easy for some to comply and others to ignore. In setting out our proposals we have sought to clarify the boundary between management and governance, emphasise the need for effective independent scrutiny and the need to balance best governance practice in the third sector with appropriate ecclesiological considerations.

Proposed new governance arrangements

Role of the bishop

23. Under our proposed arrangements, the diocesan bishop would:
- remain the Visitor and retain the role of approving amendments to the constitution and statutes
 - appoint one non-executive member of the Chapter who would serve as Vice Chair
 - have the right of approval in respect of the other non-executive members of the Chapter
 - generally, have the right to attend and speak (but not to vote) at Chapter meetings and be expected to attend at least one Chapter meeting each year

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- appoint residentiary canons (subject to the approval of the dean) except where these are Crown appointments
- remain responsible for the MDR of the dean and the residentiary canons
- receive the statutory annual report and financial statements of the Chapter
- commission a quinquennial assurance review and receive its report.

Role of the dean

24. In the cathedral context, it is the dean – supported by the residentiary canons – who is responsible for leading the cathedral in its worship and mission. It is therefore necessary, in our view, for the dean and residentiary canons to be members of the governing body of the cathedral. It is also necessary for the dean to chair the Chapter to provide the cathedral as a whole with the strategic oversight that it must have in order to achieve its purpose as the seat of the bishop and a centre of worship and mission.
25. A cathedral is a community of faith and can only be led by a spiritual leader chosen for this task under God. As a eucharistic community, this would be an ordained person, and in Anglican polity and ecclesiology, this has to be the dean as senior priest in the diocese.
26. The identity and the authority of the dean derives from their priesthood, from their *being* not their *function*, from their gathering of the community in worship together with their roles as intercessors, teachers and guardians of Christian faith and practice. This is the charisma that a cathedral community recognises and to which it relates.
27. The Working Group noted that our proposed model is the one that applies in the Church of England's largest category of worshipping communities, the parishes, where the incumbent and other clergy are all members of the parochial church council and the incumbent chairs that trustee body.
28. The Group acknowledges that a structure of this nature requires a range of measures to allow for appropriate supportive challenge to the dean's role, and we have proposed a number of checks and balances in what follows.

The overall shape of the Chapter

29. Whilst our proposals are sensitive to the history and ecclesiological traditions of cathedrals, they do **not** leave cathedral governance arrangements unchanged.
- **The Governing body** of a cathedral should be a Chapter comprising the dean as Chair, residentiary canons, and a majority of 'non-executive' members.
 - In order to ensure effective governance and operation, it is anticipated that a Chapter would comprise at least eight but not normally more than twelve members³

³ This recommendation is consistent with the recommendation in the new Charity Governance Code (published in July 2017 and endorsed by the Charity Commission) that the boards of charities should have between 5 and 12 trustees, depending on the requirements of the charity. Most cathedrals have a maximum of four residentiary canons. That means that in most cases it will be possible for a cathedral to implement this recommendation – which needs to be read with the requirement that a Chapter must have a majority of 'non-executive' members – without any difficulty. In the small number of cathedrals with more than four residentiary canons, the Chapter will need to have more than 12 members to ensure

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- The dean would chair the Chapter, for reasons set out above.
- The bishop would appoint one non-executive member of Chapter and that member would be the Vice Chair of the Chapter.
- The dean and residentiary canons would form a **minority** of the members of the Chapter.
- The non-executive members (other than the Vice Chair) would be appointed by the Chapter itself but subject to the approval of the bishop⁴.
- The Chapter should have a Nominations and Development Committee to select appropriate candidates for appointment as non-executive Chapter members, who should have the required skill sets identified as needed by the Chapter.
- At least two-thirds of the non-executive members would be laity.
- The non-executive members should be independent of the management and operations of the cathedral.
- The non-executive members (including the Vice Chair appointed by the bishop) would serve for time-limited terms of office which would normally be renewable, but which would not usually exceed a total period of 10 years.
- The majority of non-executive members of Chapter should be communicant Anglicans or from churches in communion with the Church of England, although those who are practising Christians, but not necessarily communicant Anglicans could make up a minority of the non-executive members.
- Of the non-executive members, at least one must have current, relevant financial expertise; others would be appointed because they have relevant and current expertise in areas identified as appropriate to the cathedral, such as risk and property management, and can bring different experiences and skills to increase the diversity of the Chapter.
- The cathedral's Chief Operating Officer (formerly Administrator) and Chief Financial Officer **would attend in an advisory capacity**. We realise that in some cathedrals the cathedral Administrator is already a member of Chapter, but we do not think such an arrangement is sustainable under the new arrangements because it obscures the difference between governance and management responsibilities in a way that cannot be justified under the new Charity Governance Code and can potentially create a conflict of interest.
- We recommend that committees of the Chapter, even if they include those who are not members of Chapter, should be chaired by Chapter members. We consider that this will strengthen the governance structure by providing direct trustee oversight of each committee, simplify the task of reporting on the work of committees and improve accountability.

that the 'non-executive' members are in the majority. Precisely how to address this should be left to the discretion of the individual cathedrals concerned.

³ This may be different for parish church cathedrals as some Chapter members are elected by those on the Electoral Roll.

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Example Composition of Chapter where there are four Residentiary Canons

Executive Chapter Members	Executive Chapter Members
Dean (Chair)	Vice Chair (appointed by bishop)
Residentiary Canons (4) with operational responsibilities engaged on cathedral duties	Non-executive members (5) (appointed by Chapter, approved by bishop), including all Committee chairs
Total: 5 Executive members	Total: 6 Non-Executive members, of whom at least two-thirds (4) would be laity and a majority (4) would be communicant Anglicans

Selection of non-executive members of Chapter

30. The appointment of new non-executive members of Chapter is a vital component of the new-style Chapters we are proposing, but will present challenges in terms of recruitment, induction and training. We recommend that a small amount of central resource be made available to assist Chapters that do not yet have the skills, experience and capacity needed to manage these processes to the highest standards. This might include national advertising, board member search and recruitment experts, centrally delivered training sessions for people who will be leading the recruitment process in each Chapter, guidance on good practices in recruitment and an advice line to support Chapters whilst they are undertaking this 'step change' in their recruitment process.
31. Consideration should be given to creating **regional lists**, facilitated by a national Church body, of suitably qualified people who would be willing to serve on cathedral Chapters and committees, to assist cathedrals in making appropriate appointments, especially where sufficient candidates are not identified locally.
32. The new-style Chapter is deliberately not intended to represent particular interests but to provide the required governance expertise. The appointment of Chapter members is crucial if it is to function effectively. Cathedrals will therefore need to address elements of their constitution and statutes which currently allow for the appointment of Chapter members on the basis of representation alone.
33. There is much evidence to demonstrate that diversity on boards leads to more effective governance. We recommend that Chapters should seek to appoint appropriately qualified non-executive members who reflect the diversity of their local Christian community.
34. We believe that the new Cathedrals Measure should not be prescriptive about the number of times a year that Chapter meets annually, but we consider that best practice would be at least four times a year and probably more frequently.
35. The Chapter would be the corporate body of the cathedral. Members of the Chapter will need to be clear that irrespective of any particular functions they carry out or responsibilities they carry, they are **all** collectively responsible for decisions taken by the Chapter and its governance of the cathedral.
36. The Chapter would be given the power to make changes to the constitution and

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statutes that are consistent with the provisions of the Cathedrals Measure in the form it would take after being amended in the way we propose. Any changes to the constitution and statutes would be subject to approval by the bishop and a national Church body (in the latter case to ensure consistency with the Measure and with good practice).

The Vice Chair

37. We have proposed that the bishop should appoint one of the non-executive members of the Chapter to serve as the Vice Chair of the Chapter. We see this as a key role within the proposed governance model for Chapter, as the Vice Chair is expected to lead the non-executive members of Chapter in holding the executive Chapter members to account.
38. The person appointed as the Vice Chair may be lay or ordained but **must** have no role within the day-to-day management of the cathedral.
39. As a member of the Chapter, the Vice Chair would be required to act at all times in the best interests of the cathedral in line with the usual requirements of trustees and must not act under the direction of the bishop (or of anyone else). But, subject to that overriding duty, the Vice Chair would provide a link between the diocese and the Chapter and would keep the bishop informed about the work of the Chapter.
40. The Vice Chair would chair meetings of Chapter in the absence of the dean. (Duties in relation to services and other matters of a spiritual nature would be carried out by a residentiary canon in the dean's absence – the sub dean where such an office exists. Functions of an administrative nature would be carried out by the COO.)
41. Vice Chairs can perform a hugely important role in the governance of charities and other organisations. A model Role Description for the Vice Chair should be prepared to be used for recruitment and appointment and on-going management purposes, but might include:
 - Leading the non-executive Chapter members in holding the executive Chapter members to account;
 - acting as a 'critical friend' to the dean and chairing Chapter meetings when the dean is unavailable;
 - Taking on particular tasks for the dean to reduce the responsibilities associated with this role;
 - and contributing to reviews for the dean and feeding the results back to Chapter.

Senior Executive Team

42. In order to make a clear distinction between governance responsibility and management, the Chapter would establish a **Senior Executive Team** which would be responsible for the day-to-day running of the cathedral under the oversight of the Chapter.
43. Arrangements for the composition and chairing of the Senior Executive Team would be largely left to the discretion of individual cathedrals depending on their needs and staffing structures.
44. The **Senior Executive Team** could comprise the following individuals:

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- Dean
- Chief Operating Officer
- Chief Financial Officer, and

other appropriate persons, including departmental heads, both clerical and lay.

45. Options for the chair of the Senior Executive Team could be the dean, the sub dean or the COO.

46. The Senior Executive Team would have an operational focus and meet frequently

47. The effective operation of the Senior Executive Team requires clear reporting lines and accountabilities. The Working Group took the view that all cathedral staff and clergy with executive roles should be accountable to the Chapter through the dean, and we explore some of the practicalities of this further in the next section of our report.

Other committees

48. The Chapter would continue to be required to appoint a finance committee, but with a broader remit. This committee would be known as the **Finance, Audit and Risk Committee** and should have a non-executive member of the Chapter as its Chair. The current description of the committee as 'advisory' would be removed. The committee would provide oversight of the activities of the cathedral and its management in the areas within its remit. The scope of the responsibilities of this committee, together with pro forma Terms of Reference, are set out in Annex D.

49. We recognise that it is best practice to have an Audit and Risk Committee separate from the Finance Committee, and this is recommended where sufficient resources of the necessary calibre and experience are available in a cathedral's locality. However, the Group appreciates that this could present practical challenges for some cathedrals.

50. The Chapter should appoint a **Nominations and Development Committee** to assist it with the recruitment and ongoing training of Chapter members. Periodic skills assessments will be needed so that the Nominations and Development Committee can assist the Chapter by ensuring its membership covers the range of skills and experience needed to enable it to exercise its governance functions effectively. Nominations and Development Committees will need to keep in touch with the national Church body responsible for assisting cathedrals with identifying people with relevant skills and experience to serve on cathedral Chapters.

51. The chair of each committee would report formally to Chapter and minutes of all sub committee meetings would be provided to Chapter, the COO and the CFO.

Role of the Cathedral Council

52. Almost every consultee recognised that under the Cathedrals Measure the Council is in an invidious position – part of the body corporate but without any real powers of intervention.

53. In saying this, we are not in any way seeking to undermine the many committed and able members of existing Councils. We want to pay tribute to Council members in their efforts to make the current system work, and we are aware that many members of Councils offer invaluable professional skills to the dean and the Chapter, including offering financial advice and sitting on appointments panels.

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54. After careful consideration, the Working Group proposes the abolition of Cathedral Councils because the current legislative arrangements are a recipe for confusion of accountability and do not assist with good governance.
55. The Working Group recognise and anticipate that appropriately skilled and experienced Council members might migrate into governance roles on the new-style Chapters and their committees under the new arrangements.
56. In the absence of a Council we would encourage cathedrals to establish a stakeholder group(s) as a matter of best practice, given the huge importance that most cathedrals have for their communities, including secular authorities and other civil society groupings.

Parish Church Cathedrals

57. There appears to be a misconception in some places that the 1999 Cathedrals Measure abolished any distinction between the old 'Dean and Chapter' cathedrals and parish church cathedrals. Under the 1999 Measure, parish church cathedrals are governed by a Chapter in the same way as the former dean and Chapter cathedrals, the Chapter of a parish church cathedral having taken over the functions that were once exercised by the parochial church council. However, a number of legislative provisions concerned with parishes and parochial church councils continue to apply to parish church cathedrals – including the Church Representation Rules, the Parochial Church Councils (Powers) Measure 1956, and the Churchwardens Measure 2001 (in each case subject to certain modifications).
58. We have been told that a number of parish church cathedrals had wrongly assumed that the Churchwardens Measure 2001 and the Church Representation Rules did not apply to them, with the result that they had not been operating in accordance with the legislation relating to parishes.
59. We recognise that some parish church cathedrals value their status and want to retain it, while others would like to cease being a parish church cathedral and come wholly under the statutory provisions that apply to non-parish church cathedrals. We therefore recommend that the revised Measure provides a mechanism for those parish church cathedrals which no longer wish to be parish church cathedrals to cease to be a parish church cathedral. Once this change in status has been effected, a cathedral would no longer be subject to the provisions of the Church Representation Rules or other legislation relating to parish governance. We recognise that there will be implications which will need to be addressed in order to implement this recommendation, which relate to the parish of a cathedral which decides to change its status using the mechanism to be provided under the revised Measure, so that it is no longer a parish church cathedral.
60. There is also a question as to how those parish church cathedrals which choose to remain parish church cathedrals will retain their congregational representation under the new Chapter model proposed. We recommend that parish church cathedrals should continue to be able to elect some members of their congregation as members of Chapter. However, it is vital that mechanisms are put in place to ensure that members of Chapter elected in this way are: (a) eligible and suitable to act as trustees and members of Chapter, and (b) have the required skill sets, so that each Chapter can ensure it has the balance of core skills it requires to carry out its responsibilities as a trustee body.

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61. We therefore recommend that further work is done jointly by the AEC and the NCIs to consider options for the future legal framework of parish church cathedrals. This work should include consultation with the parish church cathedrals constituency.

The AEC may wish to set up a small working group to review options and make recommendations for change.

College of Canons

62. The College of Canons occupies an unusual place under the current Measure. While there is a valuable role to be played by the College, it does not seem appropriate for its members automatically to be part of the corporate body of the cathedral.

63. We recognise that the College of Canons provides an important link with the wider diocese and it forms part of the bishop's 'familia'. We suggest that this, rather than governance, should be its focus. In particular, it can provide a bridge between the diocese and cathedral, the bishop and the dean and so has a very important contribution to make to the cathedral's status as the gathering point for the diocese.

64. It will be up to each individual Chapter, in consultation with the bishop, to decide how best to use its College of Canons, based on the needs and particular circumstances of the cathedral and diocese. The College of Canons would therefore continue to exist but its functions – other than the election of the bishop – would not be prescribed. Instead the College would have such functions as were conferred on it by the constitution and statutes of the particular cathedral, and its members would carry out such duties, in support of the worship and mission of the cathedral, as assigned to them by the Chapter.

Quinquennial Assurance Reviews, Visitations and Whistleblowing

65. An **assurance review** would be undertaken for each cathedral at least once every 5 years. The bishop would commission the assurance review and nominate the team after consultation with the dean and receive its report. The objective of the review would be to provide assurance that appropriate governance, management, financial and operational controls are in place and operating effectively.

66. The review (equivalent in substance to an internal audit) would be undertaken by a small team drawn from the finance and operations functions of other cathedrals and the national Church, with a view to identifying and sharing best practices, as well as any areas for improvement. The review could bring new insights, a wider perspective and add greater value if the team included one or two people not professionally involved in cathedral management but who had relevant experience in the charitable (or commercial) sector.

67. We recommend that a template for assurance reviews is produced, along with practice guidance on what an assurance review is (and is not) expected to include. The starting point for the assurance review is expected to be the cathedral's most recent AEC Peer Review Process Self-evaluation questionnaire and its financial reports. The assurance review report would be provided to the bishop and copied to the Chapter and to the Third Church Estates Commissioner. A non-routine review could be requested by the bishop if considered necessary.

68. **Visitation** would remain available to the bishop in its current form. However, it is anticipated that the implementation of the recommendations in this report, including

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the introduction of the quinquennial assurance reviews, will mean in practice that Visitation will rarely be used, as there will be other mechanisms available to the bishop to undertake a review and to bring about improvements in financial or other governance matters at a cathedral. Visitation would continue to be available to resolve disputes of a specifically legal nature (for example as to the construction of, or disputes arising under, the constitution and statutes) although the bishop would generally be expected to commit the exercise of this type of Visitation to an ecclesiastical judge.

69. In addition, guidance on **Whistleblowing** should be drafted for adoption by cathedrals.

Role of the National Church Institutions (NCIs)

70. We are aware that the NCIs work with cathedrals in many different ways as follows:

- The **Finance Department** of the NCIs receive the annual Report and Accounts of cathedrals and have recently begun to use them for analysis and engagement with cathedrals, mainly on financial sustainability matters. They calculate the Commissioners' Section 23 grants and act as the initial point of contact for Cathedral Sustainability Fund grants. The department also helps the Commissioners' Board in its responsibility to set best professional practice and standards relating to a cathedral's annual report and accounts and to enquire into any departure from those practices and standards.
- The **Church Commissioners** provide grants for the stipend and associated costs of the dean and two residentiary canons under Section 21 of the Cathedrals Measure. The Church Commissioners make grants for other stipends and salaries under Section 23 of the Measure. The Commissioners' consent is required for certain cathedral property transactions over a particular value and to authorise some cathedral borrowing from endowment. This process is delegated to their Bishoprics and Cathedrals Committee and to the Bishoprics and Cathedrals Department which also administers grants to cathedrals. Very occasionally, the Commissioners have also provided loans to cathedrals which can only be offered at commercial interest rates under the Commissioners' general investment powers. The Commissioners also make grants towards the chancel repair liabilities of cathedrals which are administered by their Pastoral and Closed Churches Department.
- The **NCIs HR department** has sometimes offered advice on HR matters to deans and senior staff, however this advice is offered on an informal basis. Any systematic provision for HR support to cathedrals would require careful design and costing.
- The **National Safeguarding Team (NST)** has intermittent contact with cathedrals with regards to policy, training and casework-related matters. From 2018 it will receive an annual cathedral self-assessment safeguarding return. The NST is in the process of designing and carrying out Cathedral Safeguarding Audits over the next 2 years.
- The **Cathedrals and Church Buildings Division** has regular contact with cathedrals with regards to their buildings and heritage management activities
- A number of deans are members of **national governance bodies**, boards and committees, including the General Synod, the Church Commissioners' Board

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of Governors, the National Safeguarding Steering Group (NSSG), the Cathedrals Fabric Commission for England (CFCE) and the Church Buildings Council

- The **Church House Legal Office** assists Cathedral Councils in fulfilling their responsibilities in relation to amending the constitution and statutes of their respective cathedrals.

71. This contact at national level with the cathedrals sector, whilst extremely helpful, is highly fragmented and has no national co-ordination and oversight. We therefore recommend that the new Third Church Estates Commissioner should establish and chair a Cathedrals Support Group to co-ordinate and oversee the activities of the National Church Institutions in relation to cathedrals. The full membership and Terms of Reference should be approved at implementation stage.

Charity Commission regulation

72. Regulation of cathedrals by an external body can only be effective if it forms part of a broader context of good governance and oversight.

73. At present, the Church Commissioners have a limited regulatory role for cathedrals with regards to the use of endowments, the acquisition of land and certain other matters. This does not constitute a holistic regulatory regime and has not prevented cathedrals from experiencing financial difficulties and governance failings. In consultation, the Church Commissioners have made clear to us that they would prefer **not** to have a regulatory role with regards to the cathedrals sector, preferring to operate as funders, advisers and partners of the sector, in the same way as they do with dioceses. Moving to Charity Commission regulation of cathedrals would help resolve the ambiguities of this current situation and enable the Church Commissioners to focus on their preferred role.

74. The absence of any external body with a regulatory role for cathedrals is an anomaly. The Working Group takes the view that the Charities Act 2011 should be amended so that cathedrals become subject to the jurisdiction of the Charity Commission. This would have a number of advantages both for cathedrals and for the wider church:

- It would recognise cathedrals' position as charitable institutions.
- It would place a requirement on cathedrals to comply with the reporting requirements for charities, thus increasing public confidence.
- It would give the public assurance that the Charity Commission had the power to take action in the event of poor administration or breach of trust by the charity trustees (i.e. the members of the Chapter).
- It would provide greater clarity and assurance for those who make charitable donations to cathedrals.
- It would require cathedrals to report 'serious incidents' to the Charity Commission.
- It would bring the cathedral sector into line with other bodies in the Church of England such as PCCs, Diocesan Boards of Finance, the Church Commissioners and the Archbishops' Council, all of which are subject to the Charity Commission's jurisdiction (although of course the requirement to order worship is a particular function of Chapters).

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- It would assist cathedrals with regards to the registration and reporting on their Restricted Funds (which are already subject to the jurisdiction of the Charity Commission).
75. We are aware that as with any regulatory change there may be downsides. Bringing cathedrals within the jurisdiction of the Charity Commission will, to a limited extent, increase the administration cathedrals must carry out.
76. They would have to register and ensure that their registration details were kept up to date. However, this should not be onerous. A large number of parochial church councils have registered, in most cases without the administrative resources that cathedrals have.
77. Cathedrals would also have to comply with the reporting requirements for charities. This would normally involve submitting an annual report and accounts to the Charity Commission. These are documents which a cathedral should already be producing in any event and the normal reporting requirement should not therefore be problematic.
78. Cathedrals would need to report any 'serious incident' to the Charity Commission. A 'serious incident' is an incident that has resulted, or could result, in a significant loss of funds or a significant risk to a charity's property, work, beneficiaries or reputation.
79. Bringing charities within the scope of the 2011 Act would bring them within the coercive powers of the Charity Commission. Those powers include:
- instituting inquiries, carrying out searches and calling for documents;
 - issuing official warnings to charity trustees;
 - establishing a scheme for the administration of a charity;
 - suspending or removing charity trustees, appointing an interim manager and appointing charity trustees;
 - directing that specified action must be taken, or must not be taken, by the charity trustees;
 - directing how property is to be applied.
80. In principle, the Charity Commission would have the power to remove members of the Chapter (or of any other trustee body that might be established for cathedrals).
81. The Charity Commission would receive considerable powers in relation to cathedrals which no secular authority has previously had. But if cathedrals are administered properly there should not be any need for the Charity Commission to exercise these powers. We believe that it is therefore essential that the new governance arrangements we suggest elsewhere in this report are put into effect, as they will ensure that cathedrals have appropriate structures and resources in place to make this new arrangement work effectively for all.
82. If Cathedrals become regulated by the Charity Commission, the Church Commissioners' current powers of regulation will need to be reviewed in light of the level of regulation to be provided by the Charity Commission.
83. As dialogue with the Charity Commission is opened, we would like to set down our initial thinking on the position that the NCIs should take in advocating for

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cathedrals to come under this regime.

- Firstly, we favour an ‘all or nothing’ approach, i.e. either all cathedrals come under Charity Commission regulation, or none of them should do so. It will be simply unacceptable to have a ‘two-tier’ regime for cathedrals.
- We do accept that in practical terms it will not be feasible to have blanket registration for all cathedrals, although model applications and other template materials could be prepared for them centrally in order to help them with the registration process, in the same way as was done for PCCs a few years ago.
- We believe that it may be more feasible to secure this regulatory position if the NCIs were to agree, and legislate for, ‘carve-outs’ from Charity Commission regulation for certain aspects of cathedrals’ operation. Such carve-outs may be needed where the Charity Commission has expressed itself unable/unwilling to regulate certain areas of cathedral activity, or where it is considered that the Charity Commission may not have the resources or expertise to regulate cathedrals in an effective and timely manner, for example transactions relating to cathedral property.
- Consideration should also be given to limiting some of the Commission’s powers of intervention so that, for example, the Commission could not appoint a successor if it removed a dean or residentiary canon from office.

84. We believe that whatever the outcome of the dialogue with the Charity Commission, the NCIs should proceed with implementing the remainder of our proposals with regards to legislation, finance, HR matters, safeguarding etc. Were discussions with the Charity Commission to prove unfruitful, they might also need to explore alternative options for regulatory oversight of cathedrals. These might include the following:

- Regulation by the Church Commissioners;
- Regulation by another separate body set up for the purpose; or
- Establishing a department within the NCIs specifically focused on the oversight of cathedrals

Summary

85. Governance issues have been a central aspect of the Working Group’s deliberations. We recognise and accept many of the criticisms made of the current structures, and, although much can be done to mitigate the problems, we do not believe that it is sufficient simply to try and improve current practice – a more radical change is required. Nor do we believe that adopting a classic model of secular governance would be right for a cathedral.

86. Our solution is to retain the Chapter as the governing body but to make significant changes to the way in which governance is conducted, along with incorporating a variety of checks and balances to ensure proper transparency and accountability. Our proposals will require legislative change. Meanwhile, much can be done to improve the operation of the current structure (indeed to begin to anticipate the new one).

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Governance: List of recommendations

The Working Group makes the following recommendations:

Separation of Governance and Management

- The functions of governance and management must be clearly distinguished by all those involved in the running of a cathedral
- Responsibility for the exercise of these different functions should be clearly demarcated, even if there is some overlap between the individuals involved in each activity

Role of the Chapter

- The governing body of a cathedral should be the Chapter chaired by the dean
- Members of the Chapter will need to be clear that irrespective of any particular functions they carry out or responsibilities they carry, they are all collectively responsible for decisions taken by the Chapter and its governance of the cathedral.
- The Chapter would be given the power to make changes to the constitution and statutes that are consistent with the provisions of the Cathedrals Measure in the form it would take after being amended in the way we propose.
- Any changes to the constitution and statutes would be subject to approval by the bishop and a national Church body (in the latter case to ensure consistency with the Measure and with good practice).

Composition of the Chapter

- The Chapter's membership should consist of the following:
 - Dean (chair of Chapter)
 - Vice Chair appointed by the bishop
 - All the residentiary canons of the cathedral
 - A majority of non-executive members, including the Vice Chair.
- The Chapter should comprise at least 8 but not normally more than 12 members.
- For cathedrals who have more than 4 residentiary canons, it may be necessary for the membership of Chapter to be larger than 12 in order to ensure the non-executive majority.
- Cathedrals should address elements of their constitution and statutes which currently allow for the appointment of Chapter members on the basis of representation alone.
- Chapters should strive to appoint appropriately qualified non-executive members who reflect the diversity of their local Christian community.

Meetings of the Chapter

- The new Cathedrals Measure should not be prescriptive about the number of times a year that Chapter meets annually, but best practice would be for it to meet at least four times a year and probably more frequently.

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- The cathedral's Chief Operating Officer (formerly Administrator) and Chief Financial Officer would attend in an advisory capacity but would not be members of the Chapter.

Non-executive members of Chapter

- The non-executive members should form the majority of Chapter.
- The non-executive members (other than the Vice Chair) should be appointed by the Chapter itself, but subject to the approval of the diocesan bishop. The Chapter should have a Nominations and Development Committee to facilitate this.
- At least two-thirds of the non-executive members would be laity.
- The non-executive members should be independent of the management and operations of the cathedral.
- Of the non-executive members, at least one must have current, relevant financial expertise; others, ideally, would include members with current and relevant risk and property expertise.
- All the non-executive members should be Christian, the majority of whom should be Communicant Anglicans or from churches with whom the Church of England is in communion.
- The non-executive members (including the Vice Chair appointed by the bishop) should serve for time-limited terms of office which would normally be renewable but which would not usually exceed a total period of 10 years except in exceptional circumstances.
- Some central resource should be made available to assist those Chapters who require such support to manage the transition and recruitment process
- Consideration should be given at implementation stage to creating regional lists of suitably qualified people to serve on Chapter

Vice Chair

- The bishop would appoint one non-executive member of the Chapter and that member would be the Vice Chair of the Chapter.
- The Vice Chair role may be lay or ordained but **must** have no role within the day-to-day management of the cathedral.
- As a member of the Chapter, the Vice Chair would be required to act at all times in the best interests of the cathedral in line with the usual requirements of trustees and must not act under the direction of the bishop or any other member of Chapter.
- Subject to this consideration, the Vice Chair would provide a link between the diocese and the Chapter and would keep the bishop informed about the work of the Chapter.
- The Vice Chair would chair meetings of Chapter in the absence of the dean
- A model Role Description for the Vice Chair should be prepared to be used for recruitment and appointment and on-going management purposes

Senior Executive Team

- The Chapter should establish a **Senior Executive Team** which would be

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responsible for the day-to-day management of the cathedral under the oversight of the Chapter.

- The Senior Executive Team should have an operational focus and meet as frequently as required
- The arrangements for the composition and chairing of the Senior Executive Team is for the discretion of individual cathedrals depending on their needs and staffing structures

Committees of the Chapter

- Committees of the Chapter, even if they include those who are not members of Chapter, should be chaired by Chapter members.
- A small amount of central resource should be made available to assist Chapters that do not yet have the skills, experience and capacity needed to manage the transition to the new-style Chapter
- Chapter should appoint a **Finance, Audit and Risk Committee** with a non-executive member of Chapter as its Chair
- Chapter should appoint a separate Audit and Risk Committee
- The Finance Committee and **Audit and Risk Committees** should ideally be separate committees unless this is not feasible
- The Chapter should appoint a **Nominations and Development Committee** with a non-executive member of Chapter as its chair
- The chair of each committee would **report formally to Chapter** and minutes of all sub committee meetings would be provided to Chapter.
- Consideration should be given to creating regional lists, facilitated by a national Church body, of suitably qualified people who would be willing to serve on cathedral Chapters and committees, to assist cathedrals in making appropriate appointments, especially where sufficient candidates are not identified locally.

Role of the Diocesan bishop

87. The Diocesan bishop would:

- remain the Visitor (but see below on visitation) and retain the role of approving amendments to the constitution and statutes;
- appoint one non-executive member of the Chapter who would serve as Vice Chair;
- have the right of approval in respect of the other non-executive members of the Chapter;
- have the right to attend Chapter meetings and be expected to attend at least one Chapter meeting each year;
- appoint residentiary canons (subject to the approval of the dean) except where these are Crown appointments;
- remain responsible for the MDR of the dean and the residentiary canons;

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- receive the statutory annual report and financial statements of the Chapter; and
- commission a quinquennial assurance review and receive its report.

Cathedral Councils

- Cathedral Councils should be abolished, and individual cathedrals should seek alternative options for establishing stakeholder groups according to their local needs.
- Appropriately skilled and experienced Council members may be invited to join Chapter or its committees as non-executive members under the new arrangements.

Parish Church Cathedrals

- We recommend that the revised Measure provides a mechanism for those parish church cathedrals which no longer wish to be parish church cathedrals to cease to be so whilst retaining the option for those who wish to continue with this status to continue to do so
- Further work should be done jointly by the AEC and the NCIs to consider options for the future legal framework of those parish church cathedrals which wish to remain parish church cathedrals, including how to facilitate continued congregational representation on Chapter.
- This work should include consultation with the parish church cathedrals constituency.
- The AEC should establish a small working group to review options and make recommendations for change.

College of Canons

- It will be up to each individual Chapter, in consultation with the bishop, to decide how best to use its College of Canons, based on the needs and particular circumstances of the cathedral and diocese. Its functions would be conferred on it by the constitution and statutes of the particular cathedral.

Quinquennial Assurance Reviews

- An **assurance review** (equivalent in substance to an internal audit) should be undertaken for each cathedral at least once every 5 years.
- The objective of the review would be to provide assurance that appropriate governance, management, financial and operational controls are in place and operating effectively.
- The bishop should commission the assurance review and nominate the team after consultation with the dean.
- The assurance review report should be provided to the bishop and copied to the Chapter and the Third Church Estates Commissioner.
- We recommend that a template for assurance reviews is produced, along with practice guidance on what an assurance review is (and is not) expected to include.

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Visitations

- Visitation would remain available to the bishop in its current form. It is anticipated that, with the introduction of the quinquennial assurance reviews, as well as the other recommendations in this report, Visitation will, in practice, rarely be used.

Whistleblowing

- Guidance on **whistleblowing** should be drafted by the National Church Institutions for adoption by cathedrals.

National Church Institutions (NCIs)

- The Third Church Estates Commissioner should establish and chair a new Cathedrals Support Group to co-ordinate and oversee the activities of the NCIs in relation to cathedrals.
- The full membership and Terms of Reference of the Cathedrals Support Group should be drawn up at implementation stage and agreed by the Archbishops

Charity Commission

- The Charities Act 2011 should be amended so that all cathedrals become subject to the jurisdiction of the Charity Commission.
- Charity Commission regulation should cover all cathedrals without exemption to avoid a 'two-tier' regime for cathedrals.
- Whilst blanket registration for all cathedrals may not be feasible, the registration of all cathedrals with the Charity Commission should be facilitated through the preparation of template application materials by the national Church.
- It may be necessary for some aspects of Cathedral activity to be exempted from Charity Commission regulation, which would still be provided by the Church Commissioners, e.g. transactions relating to Cathedral property.
- Consideration should also be given to limiting some of the Charity Commission's powers of intervention so that, for example, the Charity Commission could not appoint a successor if it removed a dean or residentiary canon from office.
- The NCIs would need to explore with the AEC and the cathedrals community potential alternative options for regulatory oversight for cathedrals, should discussions with the Charity Commission prove unfruitful.

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Leadership, Management and People

1. Governance works best if it set in the context of a positive operating culture with healthy relationships, is supported by a clear and robust management structure, and with suitably skilled people to carry out the operational function. It is vital to have good working relationships between the various people involved in running a cathedral, lay and ordained.
2. The Working Group has had well-articulated to them the wide variety of operational and strategic issues cathedrals are facing. Many of these issues, whilst they manifest in financial form, stem from issues around the team. This tends to come from just a few root causes:
 - A lack of clarity of roles and responsibilities within and between the Chapter and senior staff;
 - A lack of real or perceived ability for Chapter (both lay and ordained) to hold each other to account and for deans to manage residentiary canons;
 - A lack of resources or ability to access expertise or knowledge at the right level or the right time;
 - Insufficient experience, expertise or development in lay and ordained members of the Chapter to undertake the roles they are given; and
 - Relationship breakdown or lack of trust between Chapter members and/or senior staff.
3. In addressing these issues, the Working Group is keen to emphasise the need for the wider cathedral team and individuals to flourish as well as underlining the need for the management structure to function clearly and effectively.

Culture of cathedrals

4. As the seat of the bishop, a centre for worship and mission, a sign of prophetic and confident Christian witness, and an operation which requires all the management functions set out elsewhere in the report, the way in which cathedrals are led and managed is critical.
5. A cathedral's culture is shaped by a number of factors some of which are not within its control, including the ministry and mission emphases of the bishop and the context of the communities and diocese it serves. This interdependence is stressed throughout this report, and the leadership role of the dean in shaping the life of the cathedral and in building the team of lay and ordained people who share in its ministry is key. The way in which the dean and those residentiary canons with an operational cathedral responsibility are able to meet and relate in day-to-day prayer and work provides an opportunity for ongoing dialogue and conversation. The calling to work in an environment where individual ministry is so closely linked to a wider corporate and collegial vision can be a demanding one, and encouraging a culture of openness and trust across the whole cathedral is a primary responsibility of the dean.
6. Many cathedral Chapters work closely with a facilitator or coach to enable members to work together as effectively as possible. We commend this. As in any organisation, we are also aware that despite this support, relationships in these complex organisations can become strained. There needs to be a way that

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confidential support can be provided to Chapter members to help address relationship breakdown. Counselling and/or mediation is available in a number of dioceses. The Working Group recommends extending diocesan schemes of counselling and mediation to cathedrals, in order to provide clergy/Chapters with access to facilitated individual or group relational improvement work in the case of relationship breakdown.

Management structure

7. The nature of clergy tenure and the arrangements for Chapter appointments means that there is no clear line management process within a Chapter team. In some cathedrals, there is a tacit acceptance of the dean's authority, and the management processes adapt accordingly – but this is by no means the case everywhere. The Working Group heard evidence from a number of cathedrals where a dean's ability to lead was being undermined by, amongst other things, inadequate management structures and confused reporting arrangements, resulting in many deans feeling systemically disempowered to manage clergy in relation to their role.
8. A key management issue is therefore how residentiary canons who manage areas of the life of the cathedral's mission and ministry can be held accountable. At a governance level, our proposed model for Chapter mitigates the danger of self-review threat by (among other things) having a majority of non-executives, but the Chapter also need to hold those executive members of Chapter who are engaged on cathedral duties to account.
9. As stated in our section on governance, we believe that for management purposes the best way to address this is **for all cathedral clergy and staff to be accountable to the Chapter through the dean in relation to their operational responsibilities within and on behalf of the cathedral**. The corollary to strengthening Chapter scrutiny and accountability is that deans need to have suitable structures in place to be enabled to provide proper management, and this will require changes to the management structure.
10. Some have suggested that a management structure of this nature undermines the collegial nature of shared ministry within a cathedral. We do not believe this to be the case. It is not **power** that is vested in the dean, but **leadership**. Agency rests with the Chapter, who share a fundamental equality.
11. One of the key recommendations of the Working Group is to establish a **Senior Executive Team**, comprising the dean, the Chief Operating Officer, Chief Financial Officer and other appropriate persons, including residentiary canons with operational responsibilities, and other departmental heads, both clerical and lay. We do not wish to make any further prescriptive recommendations at this point, as we feel that the exact details of the Senior Executive Team should be a matter for the Chapter to decide. However it is constituted and however often it meets, we recommend that the Senior Executive Team should have day-to-day responsibility for the cathedral's operations, meeting on a regular basis.

Roles within the structure

12. This proposal clarifies the two roles of deans and residentiary canons. In their role as members of Chapter they need to operate as trustees. The dean and those residentiary canons who are engaged on cathedral duties (whether exclusively or

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on a part-time basis) have a second role in carrying out the particular duties attached to their respective offices. They are accountable to the Chapter (via the dean in the case of residentiary canons) for the way in which they carry out these duties.

Deans

13. We are aware that the role we envisage for the dean is a demanding one for someone whose calling is primarily as a priest and a minister of the Gospel. It will require deans to have an adequate (if non-specialist) understanding of the key operational and business-related issues facing a cathedral as a small to medium sized enterprise.
14. Deans need to have skills which will equip them to have effective oversight across every dimension of the cathedral's life. Whilst they do not need to have specialist professional skills, they need to be recruited, inducted and trained for the task and be given access to specialist support in areas such as finance, asset management, project management, and the marketing of a heritage site. Given the complexity of cathedral operations, and the dean's leadership role in overseeing the worship and mission of the cathedral, the Group felt that it was **essential for the dean, on behalf of Chapter, to be able to oversee the work of the residentiary canons with cathedral duties**. We recognise that in many cathedrals our proposal already happens by consent. However, as the current Measure is not clear about the oversight of a residentiary canon's operation in role or how they are held accountable to the Chapter for their responsibilities, we recommend that this is made clear in the revised Measure.

Residentiary Canons

15. The Working Group has given a lot of consideration to the role and status of residentiary canons who hold duties in relation to the Cathedral. Historically, they have been considered a senior church appointment; they are crucial members of Chapter and form part of the 'praying community' that we believe lies at the heart of a cathedral's life. They share responsibility with the dean for day-to-day oversight of the cathedral, and together with the dean they have a specific responsibility to animate worship, prayer and mission. Because of the important role that they play, residentiary canons should be of the highest competence and calibre and work as integral parts of the cathedral community and governance structure. The roles of residentiary canons vary considerably, both as between different cathedrals and as between different residentiary canons within the same cathedral. While many residentiary canons have particular operational responsibilities within and on behalf of a cathedral (for example as precentor or canon pastor), some residentiary canons have diocesan responsibilities which are not directly related to the work of the cathedral (for example as archdeacon or director of ordinands). Others combine a mixture of cathedral and diocesan roles.
16. The Cathedrals Measure already recognises this diversity, requiring that the holders of at least two residentiary canonries must be "engaged exclusively on cathedral duties"; other residentiary canons may be engaged on non-cathedral duties as is appropriate to the context of the particular cathedral and diocese. Even supposedly 'specialist' residentiary canonries (such as a precentor or a theologian) can have a significant impact for good on the wider diocese.

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17. Under the current Cathedrals Measure, residentiary canons are already committed to the overall strategy of the Chapter. Becoming trustees of a registered charity will highlight and formalise this part of the role, making it explicit that they are not only responsible for a specific, focused, designated function but that they also carry full trustee responsibilities in relation to the cathedral as a whole.
18. Those residentiary canons who are engaged on cathedral duties will be responsible to the Chapter for these through the dean who will oversee their work to ensure that the cathedral's objectives are being met. As part of the cathedral's professional team, residentiary canons need to be part of creating a culture of shared responsibility for shaping and delivering the cathedral's strategy
19. Residentiary canons who are not engaged on cathedral duties will operate as trustees through their role on Chapter and will participate in the worshipping and mission of the cathedral to the extent that it is possible given the duties they have outside the cathedral.
20. We affirm clergy becoming residentiary canons at all stages of their ministerial development and acknowledge the significant contribution that many senior clergy make to cathedral, diocese and community in this role. It is also the case that the role of residentiary canon offers a particularly rich foundation for personal, spiritual and professional growth which often leads to opportunities for individuals to move on, after an appropriate period, to further roles, The Working Group therefore also wants to encourage cathedrals to think creatively about residentiary canonries as developmental opportunities for clergy at different stages of ministry.

The cathedral Administrator

21. The key role of Cathedral Administrator appears to operate in a variety of ways and under a bewildering array of titles, many of which reflect a rich local history.
22. Whatever the title used for ceremonial purposes, the Working Group concluded that the title "Cathedral Administrator" no longer encapsulates the operational management nature of the role. Accordingly, we recommend that the term "Cathedral Administrator" is replaced by "Chief Operating Officer" (COO) in cathedral legislation, not least to make clear the strong operational expertise that is required for the role. We feel that such clarity will help to recruit the right people in to post and make clear the purpose of the role.
23. Chapters will have different preferences as to the division of responsibilities between dean and COO, based on their respective skill sets. Some deans will wish to chair the Senior Executive Team. Others will prefer the COO to do this, whilst they sit as a member of the group. In all cases, clear and comprehensive role descriptions will minimise the potential for duplication or oversight.

Supporting policies and frameworks

24. In system terms, it is anomalous that residentiary canons hold such a critical place in a cathedral's ecosystem, yet they are appointed by Crown or by the bishop, admitted to office by the bishop, and their ministry is reviewed under arrangements made by the bishop – with little formal structural relationship with the dean.
25. The Working Group was concerned at the potential this creates for residentiary canons with cathedral duties to discharge those responsibilities with a degree of unhelpful independence from either the collegial vision of the Chapter or accountability to the Chapter through the dean. In most cases the relational quality

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of the Chapter is strong enough to avoid such pitfalls, but in a number of situations with insufficient relational capital, the current structure creates intractable problems. As a general principle, it is important for a cathedral's objectives to be collegially agreed and owned by the whole Chapter, with cathedral clergy aware of their particular roles and how they contribute to achieving the strategy of the Chapter as a whole, and their responsibilities for delivering these objectives.

26. In the light of this, the Working Group has explored a number of key policy areas set out below.

Recruitment and appointments

General

27. The process for the advertisement and recruitment of clergy, lay Chapter members and senior staff should be made more transparent. All cathedral appointments should involve the following:

- A clear role description; and
- External advertising and search process.

28. In our view, the importance of a detailed role description at the appointment stage cannot be over-stated. Such a document is extremely useful in creating expectations amongst all those involved so that there is clarity over the purpose of the role. Role profiles should explicitly state any oversight/line management responsibilities that the role will have for others.

29. There should also be a clear link between the role profiles of the cathedral clergy and the wider cathedral strategic objectives so that named ownership of the wider strategic objectives is clear in both documents. It would also be considered good practice for role profiles to be kept under regular review to ensure they remain appropriate. It may be that Chapters should review all clergy and senior staff role profiles annually alongside any review of strategic objectives. Any amendments to the dean or residentiary canons' role profiles will need the approval of the bishop.

30. Cathedrals will benefit from the current national investment in recruitment technology. Recruitment is an area where being able to tap into central expertise could support local decision-making around key posts. Elsewhere in this report, we have recommended establishing a central support system for cathedrals, and there are a number of ways in which central support could enhance appointments to key governance and management posts – particularly those cathedrals less able to attract people of sufficient calibre locally.

Clergy Recruitment and Appointments

31. The Development and Appointments Group (DAG), a sub-committee of the House of Bishops, which includes two deans as members, has particular responsibility for the appointments processes of deans and residentiary canons. It is currently also responsible for the learning and development of deans and has worked closely with the AEC/Deans Conference on Chapter training (which is not funded by DAG). This is an important relationship which will need to continue to be developed and DAG will be aware of the recommendations of this report as it prepares its wider strategy for 2020 and beyond.

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32. In the appointment of deans we want to stress the importance of reviewing the current appointment processes in order to take account of the changes we have proposed to the responsibilities and powers of deans.
33. Shortlisting and interviews by an appropriate panel (as set out in the Appointments Guidelines) should, in the case of residentiary canons, include both the bishop and the dean and any appointment will be made with the approval of both. Appointments guidelines will need to be amended accordingly.

Clergy Terms of Service

34. All deans and residentiary canons appointed since the 31st January 2011 are appointed under Common Tenure. It is the bishop rather than the dean who has the legal powers or responsibilities in connection with the terms of service of residentiary canons (although this would not prevent the bishop from delegating them to the dean). In particular:
- Residentiary canons are legally required to give notice of resignation to the bishop (not the dean).
 - It is the bishop and not the dean who is legally required to make and keep under review a ministerial development review scheme and arrangements to ensure that any office holder is provided with suitable training and afforded such time off work as is necessary to undertake it.
 - It is the bishop who is named in the Statement of Particulars as able to grant special leave in particular circumstances.
 - Any dispute about discharging public duties in addition to the duties of the office would be determined by the bishop
 - It is the bishop who directs an office holder to undergo an occupational health assessment, and
 - It is the bishop who issues a direction that a dean or residentiary canon who has reached the age of 70 shall have the term of their office extended for a period or periods until they reach their 75th birthday
35. It is recommended that the following functions under the Ecclesiastical Offices (Terms of Service) Regulations 2009 in relation to residentiary canons are transferred from the bishop to the dean:
- The provision of suitable training;
 - The granting of special leave;
 - The determination of any dispute as to the amount of time a residentiary canon may spend on public duties and
 - the giving of a direction in connection with occupational health assessment.
36. It should be stated for purposes of clarity that this recommendation should only apply to residentiary canons who hold cathedral duties. Any other offices held will continue to operate under the existing regulations, or, in the case of diocesan employees such as DDOs, be subject to the provisions of their employment contract.

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37. It is also recommended that the bishop should consult the dean before deciding whether to issue a direction for a residentiary canon to hold office beyond the age of 70.
38. The Working Group did consider whether it might be preferable for residentiary canons with operational responsibilities in the cathedral to be employees rather than holding office under Common Tenure. This would avoid some of the anomalies within the current structure. However, we have decided against this option, since in our view it does not reflect the collegial structure of cathedrals and does not address the underlying cultural issues.

Non-executive appointments

39. In our proposed governance model, we have recommended that each Chapter establishes a **Nominations and Development Committee**. In addition to reviewing the skills/experience requirements for effective governance, this committee will ensure that formal appointment processes for the non-executive Chapter members are in place with clear accountabilities and due diligence in relation to safeguarding, financial probity, etc, and that development, training and review processes are happening for all non-executive appointments.

Induction and training

40. The Working Group discussed at length thoughts on how to ensure Chapter could be supported, trained and developed effectively to undertake the variety of roles involved in discharging their responsibilities.
41. For most people who join a Chapter, lay or ordained, the nature of cathedral work has elements that will be new. There are a number of areas that are relatively specific even within the Church, for example: the scale of the operation and the complexity of the various constituencies in a cathedral, managing a major heritage building, cathedral worship and the choral tradition, the scale of a cathedral's commercial operations, the cathedral as a tourist attraction, safeguarding, and the system of governance.
42. Even the most qualified clergy and lay professionals are likely to need support to be effective. Additionally, the Chapter team does not work together all the time but need to operate effectively as a group. It is worth noting that sometimes clergy joining Chapters have little experience of managing people/employees and teams when they start. This should be identified at recruitment and specific support given when it is the case.
43. There needs to be proper support for people joining Chapters, to understand the general elements of cathedral working, finance and accounts, the structures of governance and operational systems, and we recommend that this induction should be delivered on a national basis alongside local induction plans for areas specific to each particular cathedral (for example strategy, finance, roles and responsibilities, policies etc). This should be a part of learning and development services delivered by the NCIs to the wider church. DAG, HR and other central functions will need to explore how this should be progressed in collaboration with the AEC.
44. Good governance practice would suggest regular development and clear induction planning throughout the life of a Chapter and at times of change. Equally, understanding the skills of the team and identifying appropriate training needs is

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an important element of governance and management teams. DAG, the AEC and the Deans' Conference need to work closely to determine what national provision might be made for this. At a more local level we anticipate that the Nominations and Development Committee would be charged with including this within their regular skills audit. This should include assessing the skills of the non-executive members of Chapter. Feedback loops between DAG, the AEC and the Nominations and Development Committee will be crucial.

45. The Working Group was impressed by the work that is being done to ensure that appointment and training processes align with the particularity of a dean's role but recognise the lack of resources currently available – particularly around training and support for deans. The 'mini-MBA' is clearly a quality programme and was generally very well received, and we recommend that further and adequate resource be found for induction and training to support deans in the specific demands of their role. There would be an added benefit in providing recommended training for residentiary canons – particularly at induction.

Ministerial Development Review

General

46. We spent a significant amount of time exploring Ministerial Development Review (MDR) arrangements for the dean and residentiary canons with operational responsibilities within and on behalf of the cathedral. Whilst it is expected that the dean will meet regularly with residentiary canons about their portfolio of responsibilities, the MDR provides an opportunity for a more structured discussion.
47. The framework for MDR is set out in a guidance note prepared by the Archbishops' Council in January 2010. All clergy, including those with freehold, should be offered the opportunity for an MDR and those on common tenure are required to participate in it. It is hoped that, in the spirit of shared responsibility for the delivery of the cathedral vision, all cathedral clergy will feel that an effective MDR discussion will enable them in their ministry.
48. The guidelines set out that:

the purpose of the review is to look back and to reflect on what has happened over the last year or two of ministry and, informed by that, to look forward to plan, anticipate and develop a clearer vision for what lies ahead". It is anticipated that it will be a "searching discussion" which will include "an assessment of how far past objectives or priorities have been met or refined and how fruitful they have been in the life of the ...area of ministry of the participant as well as priority setting for the next period. ..."Longer term development and ministry objectives may also need to be considered.

Current practice

49. Under current regulations, there are no provisions for MDR that are specific to cathedral clergy. The basic requirements of the legislation are that the bishop is responsible for ensuring that an MDR scheme is in place, that reviews are to be conducted at least every two years and for a written record – signed by reviewer and reviewee – to be kept. We are aware that some MDR schemes involve appraisal of performance, whereas others are more focused on ministerial or personal development. Feedback suggests that the impact and effectiveness of MDR discussions are patchy. It is clearly important for both elements to happen

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and the recommendations set out below seek to hold performance and vocational development together.

50. We are aware that a number of clergy benefit from a discussion with a colleague or from some form of external coach/consultant as they prepare for their MDR. This is something to be encouraged if it is helpful, but it is clearly not a replacement for an open and honest discussion within the cathedral structure.
51. The acute issues faced by cathedrals in aligning MDR with performance review in a way which makes good sense of governance and vocational flourishing is equally pertinent to other parts of the Church of England and this is a theme bishops continue to bear in mind in MDR scheme design. We are also conscious of the need to maintain a consistent form of MDR across the Church because a multiplicity of schemes for different groups of clergy would place an additional burden on bishops' offices as they co-ordinate the MDR process amongst various groups of clergy across dioceses. It will therefore be helpful to minimise the procedural differences between MDR for cathedrals and parishes. Performance management is an area in which all clergy in leadership roles should be skilled and the provision of adequate training is important.
52. In the light of the recommendations set out below, the Working Group recommends that the Ministry Council, supported by staff from Ministry Division and HR within the NCIs, working with DAG as appropriate, review the Ministerial Development Review Guidance (2010) to ascertain whether any amendments are required.

Deans

53. There is no legal requirement for the bishop to carry out the dean's MDR personally, but currently, most deans appear to have an MDR with their bishop at least every two years, although this is not centrally monitored. The purpose of the MDR is both to hold deans to account for their specific responsibilities and to explore their longer-term development and vocational issues.
54. In addition to an MDR with the bishop, we also recommend that the MDR scheme for deans should provide for an annual review with the Vice Chair of Chapter, focused both on the dean's role as Chair of Chapter and within the Senior Executive Team of the cathedral. This would be aligned with the collegiate objectives of the Chapter and would include feedback from stakeholders including senior diocesan staff, civic leaders, the cathedral community, cathedral staff and Chapter.
55. These two forms of review could reasonably be combined into one if appropriate and mutually agreed.
56. As trustees with ultimate responsibility for the organisation, it will be important for the Chapter to have an opportunity to discuss the dean's performance as the Chair of Chapter. In line with the current Charity Governance Code, the Working Group suggests that there should be occasional meetings of the Chapter in the absence of the dean to review this. The dean should be kept informed of any such meetings.
57. It is understood that DAG is currently reviewing the detail of the deans' MDR scheme with the Dean's Conference and the House of Bishops and it is hoped that the recommendations of this report will be taken into account as part of its review.

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Residentiary Canons

58. MDR of residentiary canons is currently the responsibility of the bishop, and there is no formal requirement for the dean to contribute to it.
59. Given the recommendation that residentiary canons who have cathedral duties are to be held accountable to Chapter through the dean in relation to these responsibilities, it is recommended that
- The bishop will continue to be responsible for residentiary canons' MDRs as part of their general episcopal oversight of all clergy holding office in the diocese. The MDR scheme for residentiary canons should provide for the following
 - Deans would meet regularly with residentiary canons engaged in cathedral duties to review the plans for and delivery of these within the collegiate objectives of Chapter.
 - Deans would conduct an annual review for residentiary canons with cathedral duties focussing on the delivery of these and planning for the next year, in the context of ensuring alignment with the collegiate objectives of the Chapter. This review will include feedback from stakeholders including senior diocesan staff, civic leaders, the cathedral community, cathedral staff and Chapter. The write-up from this review would be made available to the diocesan bishop with a summary of the key points agreed by the residentiary canon and the dean.
 - Bishops would meet with residentiary canons at least once every two years to conduct their MDR focussing on longer term development and performance issues having received the agreed write-up above.
 - Where the residentiary canon has responsibilities outside the cathedral (for example as a DDO or archdeacon), the bishop needs to ensure that appropriate arrangements are made for MDR.
60. The Group believes that requiring a residentiary canon to be accountable to the Chapter through the dean for their cathedral duties is not a diminution of status or role but an affirmation of the collegiate nature of their ministry and its contribution to the whole work of the cathedral.

Other policies

61. Recent national events have made it clear that a healthy organisation needs an effective system to allow individuals to 'whistle-blow' where there is inappropriate behaviour. To our knowledge this is something that has been paid scant attention in most cathedrals, but it is a growing issue and we have recommended elsewhere that guidance on whistle-blowing should be drafted for adoption by cathedrals. In addition, it is recommended that appropriate Dignity at Work policies are implemented.
62. It is good practice for the governance body of any organisation to have an annual opportunity to discuss people-related risks and issues. This should include an assessment of the skills on the Chapter and the identification of any skills gaps and how they might be filled. It should also flag up issues for key staff posts

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Summary

63. Effective governance requires a healthy operating culture, a clear and robust management structure, and suitably-skilled people in post. This section has proposed clarifying the responsibility, review and reporting lines to empower deans to lead the cathedral with residentiary canons being held accountable to the Chapter through the dean. Good recruitment, induction, training, management and support of key roles is fundamental to the smooth running of a cathedral, and a regular audit of skills and experience should become a key feature of cathedral governance, cascading across the management structure.

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Leadership, Management and People: List of Recommendations

The Working Group makes the following recommendations:

- Diocesan schemes of counselling and mediation should be extended to cathedrals.
- That all cathedral clergy and staff are accountable to the Chapter through the dean in relation to their cathedral duties.
- The establishment of a Senior Executive Team, comprising the dean, the Chief Operating Officer, Chief Financial Officer and other appropriate persons, including residentiary canons with operational responsibilities, and other departmental heads, both clerical and lay. This team will have day-to-day responsibility for the cathedral's operations.
- The exact details of the Senior Executive Team should be a matter for each Chapter to agree in its role as a governance body.
- Cathedrals should think creatively about residentiary canonries as developmental opportunities for clergy at different stages of ministry in addition to being roles for experienced clergy.
- The term "Cathedral Administrator" should be replaced by "Chief Operating Officer" (COO) in cathedral legislation.
- The process for the advertisement and recruitment of clergy, lay Chapter members and senior staff should be made more transparent. All cathedral appointments should involve a clear role description and an external advertising and search process.
- There should be a clear link between the role profiles of the cathedral clergy and the wider cathedral strategic objectives. Role profiles should be kept under regular review to ensure they remain appropriate.
- Amendments to the dean or residentiary canons' role profiles should be approved by the diocesan bishop.
- The relationship between DAG, the Deans Conference and the AEC in relation to training issues should be deepened.
- A review of the current appointment processes for deans and residentiary canons should be undertaken in order to take account of the proposed changes set out in this report.
- The Nominations and Development Committee to oversee formal appointment processes for the non-executive Chapter members and that development, training and review processes are happening for all non-executives.
- The following functions are transferred from the bishop to the dean in the Statements of Particulars for residentiary canons – the provision of suitable training and the provision of time of work to undertake it, the granting of special leave, the determination of issue to do with public duties in addition

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to the office and direction in connection with occupational health assessment. This should exclude those residentiary canons who hold diocesan appointments without operational cathedral responsibilities

- The diocesan bishop will only issue a direction that a residentiary canon might extend their office once they have reached the age of 70 following consultation with the dean.
- Learning and development services delivered by the NCIs will need to include adequate induction for Chapter members and DAG, HR and other central functions will need to explore how this should be progressed in collaboration with the AEC.
- Further resources should be found for induction and training to support deans in the specific demands of their role and consideration given to providing training for residentiary canons – particularly at induction.
- Ministry Council, working with DAG as appropriate, should review the Ministerial Development Review Guidance (2010) to ascertain whether any amendments are required.
- In addition to an MDR with the diocesan bishop, the bishop's MDR scheme for deans should provide for an annual review with the Vice-Chair of Chapter, focused on the dean's performance in role. A written copy of the meeting should be provided to the bishop.
- In line with the current Charity Governance Code, there should be occasional meetings of the Chapter in the absence of the dean to review their performance. The dean should be kept informed of any such meetings.
- The bishop will continue to be responsible for residentiary canons' MDRs as part of their general episcopal oversight of all clergy holding office in the diocese and that a write-up from the meeting of the dean with the residentiary canon is provided to support this.
- MDR schemes for residentiary canons should include provision for regular meetings of the dean and residentiary canons to review their cathedral duties as well as an annual review of residentiary canons by the dean. A copy of the summary points agreed by the dean and residentiary canon should be provided to the bishop.
- Appropriate dignity at work policies are introduced alongside a whistleblowing policy.
- The Chapter will have an annual discussion of people-related risks and issues.

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Finance

Introduction and Background

1. Addressing the financial management of cathedrals is at the core of our Terms of Reference and we are aware that this section of our report contains considerable detail. Much of this is technical, but before we outline our recommendations, we would like to re-visit the points we made at the start of this report about the need to ensure the sustainability of cathedrals for the future. Without robust financial management, these wonderful places will not exist for future generations. It is our duty and our privilege to ensure that they have the structures and resources they need for their current and future mission.
2. The financial crisis at Peterborough Cathedral coincided with several other cathedrals approaching the Church Commissioners for advice on improving their financial sustainability. Alongside anecdotal evidence of other cathedrals being in a weak financial position, this prompted the national Church's Finance & Resources Department to undertake a piece of work to assess the financial sustainability of cathedrals in general which was considered by the Commissioners' Board and Archbishops' Council and circulated to deans, with a recommendation it should be discussed with their Chapters and diocesan bishops. While a few individual cathedrals took issue with some of the findings of the report, overall it served to highlight the financial vulnerability of many cathedrals.
3. There is no doubt that the cathedral sector as a whole is under considerable financial pressure. At one level this is nothing new, as illustrated by these words from *Heritage and Renewal* back in 1994:

*In general, the overall state of cathedral finances is not at all comfortable. Although at the aggregate level, cathedrals have just about been breaking even, that hides the fact that, individually, they divide almost equally between those in surplus and those in deficit. However, if the benefits of legacies and appeals are excluded, then the overall [annual] deficit is nearly £3 million, with only about a quarter of cathedrals in surplus and the rest in deficit.*¹
4. However, whenever cathedrals get into debt and serious financial difficulties, this presents a reputational risk for the entire Church, especially where a cathedral is unable to pay its creditors in full. The Working Group has taken the view that all steps necessary should be taken to ensure that cathedrals do not get into financial situations where they require external intervention at national level.
5. In addressing issues of financial sustainability, we want to emphasise some fundamental points:
 - The question of the financial management of cathedrals is closely linked to considerations of cathedral governance. There is also a clear read-across to people issues.
 - All cathedrals are different. They have different histories, differing levels of endowment and operate in different contexts for their mission. We are aware that the ability of cathedrals to raise funds may vary and be linked to factors such as their national or international profile and historic status.

¹ *Heritage and Renewal*, p. 170.

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- In our view, not all cathedrals should be expected to do the same thing in the same way but should adapt according to their contexts and the level of resourcing available to them.
- Despite the differences amongst cathedrals, every cathedral needs financial staff of sufficient quality and seniority. Under-investment in financial leadership is a costly error.
- More work needs to be done on the financial sustainability of cathedrals. In the face of increasing demands on cathedrals, there is a level of systemic under-funding that needs addressing by church and state. We have referenced this in our Introduction, but we think that a dialogue needs to be developed in this area.

Structure of finance recommendations

6. In considering the future financial needs and management of cathedrals, we have grouped our findings and recommendations under the following headings:
 - Adequacy of cathedral finance functions
 - Access to financial advice, support and assurance from the national Church
 - Financial reporting
 - External audit
 - Considerations required when taking on debt
 - Insolvency arrangements
 - Funding from the Church Commissioners

Adequacy of cathedral finance functions

7. Every cathedral needs financial staff of sufficient quality and seniority. During our consultations, the issue of being able to attract and recruit individuals of the necessary quality and calibre, and with the requisite skills and experience, was a pervasive issue for cathedrals, especially in the area of finance.
8. In the majority of corporate organisations, the Chief Financial Officer (CFO) is the chief executive's second in command, and it is thus recommended that each cathedral's CFO should work closely with the cathedral's COO (formerly the Cathedral Administrator) and be in attendance at meetings of the Chapter and the Finance, Audit and Risk Committee to provide financial commentary and answer questions.
9. The effectiveness of this role will be substantially dependent upon the skills and experience of the CFO. The Group recommends that every cathedral should require all future CFO appointees to hold a recognised accountancy or finance qualification, the level of qualification being appropriate to the needs of the individual cathedral. It is further recommended that this is a role which should be prioritised in setting aside funds to pay a market rate to hire the level of expertise required.

Access to financial advice, support & assurance from the National Church

10. A consistent theme from our work was the wish of cathedrals' operational and financial personnel to be able to draw upon central support, rather than having to reinvent or acquire financial advice and support locally.

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11. The question of the adequacy of the financial advice available to cathedrals was raised repeatedly in the consultations we have carried out whilst preparing this report. Many cathedrals (particularly the smaller ones) have indicated to us that they struggle to find the funds to pay for an adequate level of financial advice.
12. We take the view that a cathedral's inability to access appropriate levels of professional financial advice is a serious risk for the cathedral sector and the Church more generally. All cathedrals need to ensure that they have the necessary finance and other professional skills available to them. The way in which this resource might be provided is explored below.
13. All cathedrals should undertake a skills audit of Chapter, its sub-committees (including Finance, Audit and Risk) and the senior executive team to ensure that there is sufficient professional expertise appropriate to running small to medium-sized businesses, especially in terms of skills and experience relating to property, finance, risk management, operations and fund-raising.
14. We recommend that the national Church, in liaison with CAFA, produces a list of the areas which need to be covered by financial operating standards, and the controls required to be put into effect by every cathedral. These should include the processes and controls listed in the Annexes, tailored in respect of the scope and scale of operation of the cathedral.
15. We encourage cathedrals with similar scope and scale to share policies and identify areas of good practice to be taken into account in the regular review of policies and procedures. The recommended quinquennial assurance reviews will act as further confirmation of the adequacies of controls in place and highlight areas for improvement. Over time, benchmarks and examples for model practices should be developed and shared.
16. In addition, we recommend that all cathedrals undertake a detailed review of their funds to ensure that their classification amongst endowment, restricted, designated (a sub-classification of unrestricted) and unrestricted accords with charity law. Cathedrals should give particular attention to whether endowment funds do actually represent permanent endowment rather than being available for other uses and should take legal advice if required.

Central support services for cathedrals

17. Given some of the issues outlined above, the Working Group has come to the view that cathedrals would benefit enormously from some kind of central support services function which would enable them to draw down collectively on professional advice to assist with their overall governance and financial management.
18. Currently, there is little central resource available to provide an appropriate level of professional guidance to cathedrals on a range of areas, including finance, audit, HR, project management and safeguarding, amongst other areas.
19. We have discussed this issue with the NCIs, including the Church Commissioners. We have received the indication that the Church would be willing to provide a central support service for cathedrals. We are advised that any package of services could be provided through Church of England Central Services (ChECS) which is jointly owned by the Archbishops' Council, Church of England Pensions Board and Church Commissioners.

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20. ChECS provides shared services such as HR and Finance & Resources to the other NCIs and has a trading subsidiary company, ChECS Trading Ltd, which provides services to external Church customers, most significantly Parish Buying: a procurement service used by churches, cathedrals and church schools. It has also recently launched the Pathways recruitment portal which can already be used by cathedrals.
21. Given the financial constraints faced by the cathedral sector, we recommend that the establishment of such a central support service should be funded centrally, as was originally the case for the provision of central services to dioceses and other parts of the Church. The provision of specific services to cathedrals should subsequently be provided as cost efficiently as possible on a basis to be agreed between the national Church and the cathedrals sector.
22. There has not been time for the Working Group to scope out exactly what this central support function would look like, what it would cover, and how it would operate. However, we recommend that the newly-appointed NCI Chief Finance and Operations Officer should take forward scoping work to establish a national support services function for the cathedral sector, liaising with representatives from cathedrals, with consideration specifically being given to services where it is inefficient and/or uneconomic for cathedrals to employ full or part time resources locally, or to maintain competence over time. The services which we believe would be worthy of consideration are set out in an Annexe to this report.

Financial reporting

23. As noted in the introduction to this Finance section, financial challenges have caused several cathedrals to approach the Church Commissioners for advice on improving their financial sustainability. Whenever cathedrals get into debt and serious financial difficulty, this presents a reputational risk for the entire Church, especially where a cathedral is unable to pay its creditors in full. The Working Group has taken the view that all steps necessary should be taken to ensure that all cathedrals have longer term financial plans, are going concerns, and have adequate reserves, thus mitigating the risk of the need for external intervention at national level.

Reporting to Chapter and the Finance, Audit and Risk Committee

24. Our engagement with cathedrals has highlighted the fundamental importance of Chapters and their Finance Committee and their Audit & Risk Committee (or Finance, Audit and Risk Committee, if combined) having timely, complete and consistent financial information available to them to aid their financial monitoring and decision making.
25. All cathedrals should produce monthly management accounts on a timely basis (within 3-4 weeks of month end) in order that cathedral management and the Finance, Audit & Risk Committee can monitor and discuss financial performance compared with budget and the latest cash position. The monthly reporting should be clear and transparent, and management accounts should contain a commentary, statement of financial activities by fund, balance sheet, cash flow statement and rolling year-ahead cash flow forecast.
26. These should be in a format which provides visibility of activity of underlying funds and of underlying operating performance excluding depreciation and accounting gains and losses. Consideration should also be given to the development of a model

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set of such management accounts, including cash flow forecast, by the national Church. Rolling five-year plans should be produced and updated annually, and shared with the national Church, as discussed further below.

Statutory reporting

27. Charity Commission regulation will require cathedrals to make their annual reports and financial statements publicly available through their filings with the Commission. The financial statements will need to comply with the accounting guidelines for English Anglican Cathedrals and, consequently, the Charities SORP (FRS102), including specifying the distinction between endowment, restricted, designated and other unrestricted funds.
28. A standard year-end date of 31 December should be implemented, to allow comparisons between cathedrals This also brings the year end date into line with all other church institutions (NCIs, dioceses and parishes).
29. This statutory annual report of the trustees will need to address, *inter alia*, the financial condition of the cathedral (including whether it is a going concern), the principal risks which the cathedral faces, its reserves policy and its approach to financial management and control.

Reporting to the national Church

30. Beyond this statutory reporting, we believe that a significant way of addressing the broader financial and reputational risks for the wider Church would be by putting in place clearer reporting arrangements between cathedrals and the national Church, so long as such reporting, as is the case for dioceses:
 - is easy to provide and readily available;
 - is provided for a clearly understood, practical purpose, rather than just being 'nice to have'; and
 - comprises data from which the national Church is able to provide feedback and aggregation to cathedrals in some useful and practical form.
31. The Working Group explored the role of the Church Commissioners in relation to cathedral finances. The Commissioners have very limited powers of scrutiny, intervention or enforcement, and in practice are a funder rather than a regulator. Apart from receiving annual accounts, no other financial information is supplied to the Commissioners, meaning that all available data is significantly out of date and any attempt at analysis becomes very difficult. In this context, the Working Group feels that the provision of the following data by each cathedral to the Church Commissioners, in addition to the statutory annual report and financial statements, would be apposite as well as helping Chapters in managing cathedral finances:
 - budget and forecast cash flow for the forthcoming year;
 - rolling five-year plan, as updated annually; and
 - summary management accounts at the year-end highlighting variances against budget and including the reserves position at the beginning and end of the period, analysed between unrestricted, restricted and endowment funds.

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32. The provision of this data would enable meaningful benchmarking, comparisons and analysis to be undertaken and shared across the cathedral sector, identifying areas of best practice (as well as areas of poor practice) which can be replicated. It will also help the NCIs to assist in mitigating any potential difficulties. We recommend that this matter is taken forward by the national Church's Finance & Resources Department, the AEC and CAFA.

External audit

33. A key area of concern is the ability of cathedrals to access appropriate external audit expertise. Recent experience has shown that some cathedral auditors have inadequate experience of auditing cathedral accounts and are not able to ask sufficiently probing questions with regards to the management of a cathedral.
34. The Working Group recommends that cathedral auditors should be selected from a nationally-recommended panel of auditors, comprising national, regional and local firms that are assessed for their suitability to perform this task. Whilst it would not be compulsory for cathedrals to choose from this panel, the firms listed would have been selected for their quality and experience of the Church and the charity sector.
35. Regular review of professional advisors is good practice, whilst also recognising the value of good professional working relationships and the audit firm's experience of a particular cathedral as a client. In this context, we recommend that the Audit & Risk Committee (or Finance, Audit and Risk Committee, if combined) of each cathedral reviews the quality of their external audit and the performance of their audit firm annually, with the lead external partner being changed at least every 7 years, the external audit being tendered at least every 10 years, and the audit firm being changed at least every 20 years, in line with UK corporate practice.
36. We note that the National Church's Financial Policy and Planning unit has issued (via CAFA) guidance on selecting auditors. We firmly believe that cathedrals should follow this advice, subject to the above recommendations concerning tendering and rotation, and to the detailed recommendations in an Annexe to this report.

Considerations required when taking on debt

37. As noted earlier, whenever cathedrals get into debt and serious financial difficulty, this presents a reputational risk for the entire Church, especially where a cathedral is unable to pay its creditors in full. All steps necessary should be taken to ensure that cathedrals do not get into financial situations where they require external intervention at national level.
38. To this end, the Group notes that, as required by charity law, a cathedral should be able to demonstrate prior to entering into any term loan, bond or bank overdraft that, having regard to local mission priorities, any prospective debt can be appropriately serviced and repaid **prior to entering into** any term loan, bond or bank overdraft. We have considered recommending that cathedrals be required to seek permission from the Church Commissioners to take on significant new debt but have rejected this possibility given our recommendations for the strengthening of cathedral governance through the new-style Chapter and the Finance, Audit and Risk Committee (or separate committees), and the requirements of charity law.
39. Clearly there is an obligation upon the Chapter to ensure that the cathedral is a going concern. To the extent that any prospective debt would cause the total borrowings of a cathedral to exceed the lower of 10% of its annual unrestricted income or

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£1million, it is recommended that the cathedral should be required to consult with the bishop and the Third Church Estates Commissioner to ensure that the diocese and National Church is aware of the cathedral's prospective liabilities.

Insolvency arrangements

40. It is currently not clear how the statutory insolvency regime applies to cathedrals. In the modern era there has not been a case of a cathedral going into liquidation, though in 2000 the court decided that Bradford Cathedral could enter into a Company Voluntary Arrangement (CVA) which provided a mechanism for the cathedral's major creditors to write down their debts.
41. If the provisions of insolvency legislation which enable an insolvent corporation's debts to be dealt with in an orderly way is not available, the insolvency of a cathedral would be exceptionally difficult to manage. We therefore recommend that legislation should be developed to clarify that the CVA regime will apply to cathedrals, should the need arise. The legislation should be drafted to make clear that winding-up provisions should not allow the sale of the cathedral to meet a Chapter's debts.
42. The Church Commissioners cannot 'underwrite' cathedrals so cannot be considered a backstop if cathedrals get into financial difficulty.

Funding from the Church Commissioners

43. The Cathedrals Measure sets out the main funding streams available from the Church Commissioners:
 - Section 21 - stipend costs of the dean and two residentiary canons;
 - Section 23 – salary costs of lay staff and stipends not covered in section 21; and
 - Section 25 – contribution to chancel repair liabilities;
44. It also sets out the following:
 - The powers under sections 22 and 24 relating to payment of removal expenses of the dean and residentiary canons and a contribution to housing costs respectively (in practice these are not now used, and the section 21 grant covers removal expenses);
 - The manner in which section 21 and 23 grants are calculated and distributed is detailed in an Annexe to this report.
45. Customarily, the Church Commissioners vary the aggregate amount of the section 21 and 23 grants to cathedrals each year, either upwards or downwards, in line with changes to bishops' grants and Parish Mission and Ministry grants.
46. In addition, it should be noted that early in 2017, in response to the financial vulnerability of many cathedrals, the Church Commissioners' Board agreed to the creation of a £3million 'cathedral sustainability fund'. The fund has been established out of the past five years' unrestricted legacy receipts and has been welcomed by the cathedral sector. Any cathedral being awarded a grant must submit to a governance review as a condition of the grant being made. We recommend that the form of this governance submission is developed on a basis consistent with the recommendations set out in this Finance section as a whole.

Allocation of grants under Section 23

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47. The system for the allocation of section 23 grants, as detailed in the Annexe has been tried and tested for several years and is generally well understood by cathedrals. The measure of **net unrestricted income** is deemed as a proxy for cathedral wealth and ability to fund-raise. It is an attempt to develop a formula that will address cathedrals of all sizes.
48. However, the Working Group is persuaded that the formula is unsatisfactory for a number of reasons:
- Section 23 grants reduce the incentive for cathedrals to encourage increases in unrestricted income, including from cathedral congregations, particularly for those cathedrals who receive the largest of grants. For example, those cathedrals who fall below band 1, for every £1,000 increase in unrestricted income they will lose £220 of section 23 grant (though how this works in practice depends on the change in average income relative to other cathedrals and the total sum available for section 23 grants).
 - Unrestricted income is assumed as a simple proxy for financial need. Some cathedrals have large endowments where some of the income is unrestricted but some of the income is restricted (for example a music endowment). Other cathedrals may have larger unrestricted income to make up for the fact that they do not have a music endowment. The use of unrestricted income does not therefore necessarily identify financial need.
 - The cathedral accounting regulations specify the distinction between endowment, restricted and unrestricted funds which cathedrals are meant to follow. Unfortunately, in practice there is some inconsistency between treatments of these funds. Also, the scheme could incentivise cathedrals to record income as restricted to keep the unrestricted income level as low as possible.
49. The Working Group has noted the reforms recently introduced relating to how dioceses receive funding from central sources. The formula for national funding for dioceses has now been adjusted so that half the funding available for grants to dioceses is distributed by a formula to support dioceses who have a greater than average level of deprivation.
50. All dioceses are able to apply for a grant from the remaining half for Strategic Development Funding which provides tactical support to fund projects aiming for church growth as part of Renewal and Reform. This is designed to move dioceses from being dependent on central funding to operating on a more sustainable basis. Transitional funds are being provided to help dioceses move to this new model. The Working Group recommends a dialogue between the AEC, national Church and COO/CFOs to explore whether a similar model might work for the cathedral sector. The Working Group further recommends that cathedrals be encouraged to seek Strategic Development Funding, in consultation with their diocese, for relevant projects which meet the criteria for such financial support.

Allocation of grants under Section 25

51. 15 cathedrals have historic repair liabilities for around 200 chancels. These are a mix of full and partial liabilities equivalent to complete liability for 153 chancels in around 200 historically-associated churches, but they are unevenly spread across

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the sector – some cathedrals have a significant number of chancel repair liabilities (the maximum is 37), while many have none.

52. Under section 25, the Church Commissioners “have power to make out of their general fund to any cathedral such grants as they may think fit for the repair of any chancel, other than the chancel of the cathedral, which that body is wholly or partly liable to repair”.
53. Since the mid-1990s the Commissioners have made grants of two-thirds of the costs, although previously for some time they had fully reimbursed cathedrals for their liabilities. The Working Group recommends a return to full reimbursement, so that all cathedrals are on an even playing field.

Recommendations concerning funding from the Church Commissioners

54. The current funding arrangements have been in place for nearly 20 years. On the basis of our work and consultations, we believe that there would be considerable merit in these arrangements being reviewed and refreshed better to reflect the financial challenges which cathedrals are facing today.
55. Accordingly, we recommend the following:
- That the costs of chancel repair liabilities, and consequently the need for section 25 grants, be removed from the cathedrals’ funding process on the grounds of simplification and fairness. We recommend that cathedrals should transfer the management and administration of their chancel repair liabilities to the Church Commissioners on the understanding that the Church Commissioners would make grants to cover 100% of the cost of these liabilities, recognising that this could result in a modest reduction in the sum available for other types of cathedral grants;
 - That the residual funds available for distribution by the Commissioners to cathedrals (ie the current section 21 and 23 grants) be considered as a single funding pool.
 - That each cathedral covered by the Cathedrals Measure² receives a minimum grant equivalent to the stipend, pension and national insurance costs of its dean and two full-time equivalent residentiary canons. This should give cathedrals greater flexibility in meeting the costs of residentiary canons (for example, where roles and costs are shared with diocesan roles);
 - That there should be greater flexibility in how the balance of the available funding can be used by cathedrals in terms of the costs of either clergy or lay cathedral personnel, according to the financial and missional needs of the cathedral, with cathedrals having the ability to apply a portion of their grant to non-payroll administration related costs, subject to the agreement of the Commissioners on a case by case basis;
 - That consideration be given by the national Church bodies, in consultation with the AEC and cathedral COOs and CFOs, to revising the basis of the allocation of the residual funding (ie beyond the costs of a dean and two full-

² Oxford and Sodor and Man are outside the normal funding arrangements, so no change is proposed for these cathedrals: the Commissioners fund one full time residentiary canon at Oxford and no cathedral funding is provided for Sodor and Man.

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time equivalent residentiary canons), based on financial need, but rewarding enterprise, good governance and financial management, and that the scale of financial obligations and historical financial and other assets are taken into account;

- That consideration is given to the potential for releasing further funding for cathedrals from within the Church Commissioners Funds; and
- Acknowledging that there will be some cost to cathedrals to implement the recommendations in this report, as part of the implementation plan we recommend national funding is made available to cover these costs.

Summary

56. The cathedral sector as a whole is under considerable financial pressure, and whenever individual cathedrals get into serious financial difficulty, it represents a reputational risk for the entire Church. Consistent under-resourcing of the finance function in a cathedral is a false economy and a costly error, leading to ineffective strategic financial management and poor collective decision-making.

57. The significant number of cathedrals at severe financial risk means that 'doing nothing' is no longer an option, so the Working Group has made a number of detailed recommendations to address staff appointments, financial advice and support, planning, audit and reporting arrangements, as well as proposing changes to the funding arrangements which we hope will provide for greater flexibility according to local context.

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Finance: List of recommendations

The Working Group makes the following recommendations:

- The role of Chief Financial Officer (CFO) should be prioritised by Chapters in order to hire the level of expertise required.
- For future appointments, each cathedral CFO must hold a recognised accountancy or finance qualification appropriate to the needs of the individual cathedral.
- Each cathedral's CFO should work closely with the cathedral's Chief Operating Officer (formerly the Cathedral Administrator) and be in attendance at meetings of the Chapter and the Finance, Audit and Risk Committee (or separate committees)
- All cathedrals should undertake a skills audit of Chapter, its sub-committees (including Finance, Audit and Risk) and the senior executive team to ensure that there is sufficient professional expertise appropriate to running small to medium-sized businesses, especially in terms of skills and experience relating to property, finance, risk management, operations and fund-raising.
- The national Church, in liaison with CAFA, should produce a list of the areas which need to be covered by financial operating standards, and the controls required to be put into effect by every cathedral.
- All cathedrals should undertake a detailed review of their funds to ensure that their classification amongst endowment, restricted, designated (a sub-classification of unrestricted) and unrestricted accords with charity law.
- The new chief finance and operations officer of the NCIs should take forward scoping work to establish a national support services function for the cathedral sector, liaising with representatives from cathedrals, with consideration specifically being given to those services where it is inefficient and/or uneconomic for cathedrals to employ full or part time resources locally, or to maintain competence over time.
- All cathedrals should produce monthly management accounts on a timely basis (within 3-4 weeks of month end) which should contain a commentary, statement of financial activities by fund, balance sheet, cash flow statement and rolling year-ahead cash flow forecast.
- Consideration should also be given to the development of a model set of management accounts, including cash flow forecast, by the national Church.
- Rolling five-year plans should be produced and updated annually and shared with the national Church.
- Cathedrals' annual reports and financial statements should comply with the accounting guidelines for English Anglican Cathedrals and the Charities SORP (FRS102), including specifying the distinction between endowment, restricted, designated and other unrestricted funds.
- A standard year-end date of 31 December should be implemented.
- The statutory annual report should address, *inter alia*, the financial condition of the cathedral (including whether it is a going concern), the principal risks

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which the cathedral faces, its reserves policy and its approach to financial management and control.

- The following data should be provided by each cathedral, in addition to the statutory annual report and financial statements, to the national Church:
 - budget and forecast cash flow for the forthcoming year;
 - rolling five-year plan, as updated annually; and
 - summary management accounts at the year-end highlighting variances against budget and including the reserves position at the beginning and end of the period, analysed between unrestricted, restricted and endowment funds.
- Cathedral auditors should be selected from a nationally-recommended panel of auditors, comprising both national, regional and local firms that are assessed for their suitability to perform this task.
- The Audit & Risk Committee (or Finance, Audit and Risk committee, if combined) of each cathedral should review the quality of their external audit and the performance of their audit firm annually, with the lead external partner being changed at least every 7 years, the external audit being tendered at least every 10 years, and the audit firm being changed at least every 20 years, in line with UK corporate practice.
- Cathedrals should follow the advice issued by the Financial Policy and Planning unit (via CAFA) on selecting auditors. This advice should be updated in accordance with the recommendations in the Working Group report.
- Chapter should be able to demonstrate that any prospective debt can be appropriately serviced and repaid prior to entering into any term loan, bond or bank overdraft.
- To the extent that any prospective debt would cause the total borrowings of a cathedral to exceed the lower of 10% of its annual unrestricted income or £1million, the cathedral should consult with the bishop and the Third Church Estates Commissioner to ensure that the national Church is aware of the cathedral's prospective liabilities.
- Legislation should be developed to clarify that Company Voluntary Arrangements should apply to cathedrals in the event of insolvency. It should make clear that winding-up provisions should **not** allow the sale of the cathedral to meet a Chapter's debts.
- The costs of chancel repair liabilities, and consequently the need for section 25 grants, should be removed from the cathedrals' funding process. Cathedrals should transfer the management and administration of their chancel repair liabilities to the Church Commissioners on the understanding that the Church Commissioners would make grants to cover 100% of the cost of these liabilities.
- Current sections 21 and 23 grants should be treated as a single funding pool

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- Each cathedral covered by the Cathedrals Measure should receive a minimum grant equivalent to the stipend, pension and national insurance costs of its dean and two full-time equivalent residentiary canons.
- Consideration should be given by the national church bodies, in consultation with the AEC and cathedral COOs and CFOs, to revising the basis of the allocation of the residual funding (ie beyond the costs of a dean and two full-time equivalent residentiary canons), based on financial need, but rewarding enterprise, good governance and financial management, and that the scale of financial obligations and historical financial and other assets are taken into account.
- Cathedrals should be encouraged to seek Strategic Development Funding, in consultation with their diocese, for relevant projects which meet the criteria for such financial support.
- Consideration should be given to releasing further funding for cathedrals from within the Church Commissioners' Funds.
- National funding should be made available to cathedrals to pay for the cost of the implementation plan.
- A dialogue should be opened up with government regarding possible state funding for cathedrals.

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Major Buildings Projects

Introduction

1. Cathedral buildings form part of a cathedral's missional work, and major projects and developments will always be a part of their life. Major buildings projects constitute the largest episodic financial risk that cathedrals face. In particular this report notes that issues of cash flow and match-funding for grants can put particular strain on resources.
2. The Working Group recognises that keeping the buildings in a good state of repair, developing existing buildings to meet changing requirements from visitors and worshippers, and on occasion developing entirely new facilities, is crucial to maintaining the centrality of cathedrals in the religious and civic life of the nation. As such major projects are an important part of the life of cathedrals. They can be a great opportunity for outreach and missional growth.
3. The risks around major projects can be summarised in the following categories:
 - A lack of available funds compromising a cathedral's ability to carry out urgent and preventative repairs, conservation and maintenance.
 - A lack of understanding within Chapter regarding the prioritisation of buildings projects, or decisions on priorities being dictated by available funding rather than need.
 - A lack of understanding within Chapter regarding the best practice in governance and management of major buildings projects, including a full and well managed risk analysis.
4. The number and size of such projects has grown in the past 20 years, in large part because funding avenues have shifted to encourage significant capital building works. These include those arising in the course of the continual process of repair and maintenance that cathedral buildings require. Often, these works need to be managed and overseen as separate projects.
5. The primary source of funds for major buildings projects is the Heritage Lottery Fund (HLF). Most Church of England cathedrals have received HLF grant money since it was set up in 1994. Between 2016-18 the First World War Centenary Cathedral Repairs Fund awarded £40m of government money to urgent and necessary repairs directed towards keeping cathedrals safe and open. Every cathedral bound by the Cathedrals Measure benefited from this Fund.
6. Through our consultation with cathedrals we are aware that individual cathedrals' capacity to manage major buildings projects varies hugely. As indicated elsewhere, we are also aware that the opportunity for different cathedrals to raise funds varies widely, with large and internationally-recognised cathedrals and those in more affluent areas of the country finding it easier to attract donors and resource fundraising efforts than cathedrals with more limited recognition and resources.
7. This section concentrates its focus on three areas:
 - the core responsibilities that all cathedrals should undertake to put themselves in the best position possible to deliver complex buildings projects;
 - the management of risk; and

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- what needs to be considered nationally for all cathedrals.
8. Much of what follows in this section is to recommend good practice, and to try and ensure a measure of consistency in approach. The major overall risk identified is not around individual projects, but the availability of long-term funding for ongoing maintenance and repair liabilities. Understanding the scale of the problem in relation to cathedrals' abilities to raise that money is key. Key considerations for major projects are the availability of suitable skills, the management of projects, the role played by Chapter in buildings projects and the impact of major projects on a cathedral's finances.
 9. The recommendations of this section are intended to complement those regarding cathedral governance and management made elsewhere in this report. We believe that these recommendations will ensure that project development, initiation and management will match the level of resilience and robustness in the overall governance and management structures of cathedrals.

Improved collaborative working between cathedrals and the NCIs

10. We are aware that there is a robust process for advice and permission-giving for building works in place through the Care of Cathedrals Measure 1999. No changes are proposed to this Measure or to the ways of operating of the Cathedrals Fabric Commission for England (CFCE) or Fabric Advisory Committees (FACs). The work of the CFCE is well received and successful, as consultation responses received in preparation of this report make clear.
11. The Working Group welcomes the AEC's creation of a project panel (a pool of experts to help guide the successful identification and initiation of projects). The importance of the CFCE's role, particularly in providing pre-application advice, is recognised and endorsed. Its interaction with the AEC's project panel must remain clear so that the two sets of expert resource can work in a complementary and communicative way – we anticipate this being facilitated at the NCIs through the Cathedral and Church Buildings Division.
12. Continuation and refinement of this resource pool should be a priority both for cathedrals and the NCIs, supporting the development of improved project management and business planning expertise.
13. The lack of a clear understanding of the liability caused by the need for repair and maintenance across the cathedral sector as a whole makes planning difficult, both on a cathedral-by-cathedral basis and at a central level. We suggest that the Cathedral and Church Buildings Division, in collaboration with the cathedrals and the Cathedral Architects Association, should carry out a total overview of buildings needs so that there is a better idea of the quantum involved, including the liabilities faced by the sector, and the ability of individual cathedrals to raise resource against their known needs. This is not about arriving at a definite number, which would in any case change as soon as work was formally commissioned, but about giving a broader understanding of where the most significant liabilities and threats to long-term viability may lie. Additional resource would be needed for this.

Core responsibilities before undertaking buildings projects

14. We recognise that all cathedrals use their buildings as missional tools. We believe that in order for this to be as effective as possible, all cathedrals should have in place the following:

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- an up to date conservation plan;
 - an up to date liturgical plan endorsed by the Cathedrals Fabric Commission for England via its Liturgy and Liturgical Furnishings Committee; and
 - an up to date visitor engagement plan.
15. Each of these must be consistent with the others and should be reviewed regularly by the Senior Executive Team of the cathedral. This will deliver a clear view of short and long-term conservation and repair needs in the context of liturgical and missional ambitions, the visitor experience and staffing levels.
 16. The importance and increasing number of major projects in securing cathedrals' long-term futures means there is a need to re-assess which skills are needed as a standard part of a cathedral's management team. We believe that the shift in working style towards a project-based approach is not a short-term one, but now a fundamental part of everyday operation. As such, management and governance functions need to have knowledge of this way of working, and access to specialist support.
 17. Additionally, there is a need for cathedrals to assess which skills should be bought in for the duration of a particular project, and the extent to which these may have longer-term value for the management of the cathedral. Financial resource may need to be re-focused (or made available from a central pot) in order to secure these skills. It is possible that similar cathedrals could share these skills between them, but unlikely that this will be possible simultaneously on larger projects. Understanding of these issues is not an additional skill Chapters might wish to cultivate, but an essential risk-management tool.
 18. Major projects are a necessary part of securing cathedrals' long-term futures. There is a need for a robust architecture of support to allow cathedrals to develop, initiate and manage projects in a way that enhances, rather than detracts from, their day-to-day operations. Investment in project planning should not be made at the expense of regular good governance and management.
 19. We recommend that, before embarking on any project, a skills audit of Chapter and available staff is undertaken. A gap analysis should then be carried out to map the additional resource required. Following these exercises, the governance and management of projects should be established in a way that creates clear lines of responsibility and communication.
 20. The impacts of any project on the longer-term running costs of the cathedral (staff and maintenance), any changes in staff which may be required and any impact of increased visitor numbers should be thought through at this early stage; and work should be done on the best way to carry out revenue planning and estimate long term building and maintenance costs.
 21. In our view, project governance and management should be understood as two different competencies, and may best be established through a separate project management board made up of staff and clergy. Resource implications of projects should be honestly and fully assessed at the outset, including for existing staff and clergy.

Risk management

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22. In line with the proposed focus on risk by the Chapter and the Finance, Audit and Risk Committee, we suggest that all cathedrals contemplating a major project should undertake a comprehensive risk assessment.
23. The willingness to try risky things in order to advance mission is one of cathedrals' finest qualities. However, projects may change expectations and can lead to unforeseen issues with consequences both for staff and for resources. It would be beneficial for there to be an ongoing conversation about attitude to risk and the consequences for buildings, clergy and staff, visitors and wider communities.

Funding

24. The Heritage Lottery Fund (HLF) has been generous to cathedrals, awarding over £100m since 1994. However, there is some evidence that the outcomes of HLF can drive cathedral projects in directions they would not otherwise have considered. In some cases, this is beneficial as it promotes new thinking, but the reliance on a single funder is risky and can be burdensome when not fully understood from the outset.
25. Given that the requirement to carry out major projects and handle their impacts is not going to diminish in the near future, it would be sensible for work to be done on strengthening cathedrals as intelligent applicants and clients of HLF. In light of the fact that current changes at the HLF may limit applications to lower financial levels in future, it is necessary that cathedrals should consider ways of further diversifying income generation (including but not exclusively fundraising) to become less dependent on a single funder.
26. Given the temptation to 'chase the money', it is important for cathedrals to understand and assess their ability to discharge their contractual duties to a funder's requirements and outcomes, before accepting an award or donation.
27. No phase of a buildings project should start until all funding is committed. Cathedrals should not enter into legally binding commitments with contractors until they are satisfied the necessary funding will be available to enable them to meet those commitments. Chapter must be certain that it will have access to the funds required for managing cash flow, even if that requires them to take on debt. Access to sufficient liquidity is essential and Chapter should satisfy itself that this is in place before taking up a grant offer or beginning any phase of a project.
28. There is much that cathedrals can do themselves to carry out major projects sustainably, but the Working Group recognised that they will always require some level of external funding for repairs and maintenance. This will be necessary for them to continue to carry out the wider civic and missional roles that they currently hold, and which consultation for this report showed was appreciated and expected of them.
29. The Working Group believes that the unique national contribution of cathedrals, including delivery of government policy objectives in areas such as interfaith work and community development, as well as their internationally recognised heritage value, makes continued public funding essential and desirable. Individual cathedrals have proven themselves adept at working with grant funders and individual philanthropists, and this report does not seek to compromise those significant efforts.

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30. However, in order to address the twin issues of large-scale repair bills and lack of parity between different cathedrals' abilities to raise funds, it is right that consideration be given to fundraising at a national level. A clear understanding not just of liability but also of ability to meet that liability could then be used in conversations with Government and with potential funders, and internally to assess where the greatest risks lie and where particular support from the NCIs and/or AEC may be most needed.
31. It is the strong recommendation of the Working Group that the NCIs and AEC should work jointly on an approach to Government and large philanthropic organisations with the aim of establishing a significant, possibly endowment based, Cathedral Fabric Fund for the UK. This must be carefully considered alongside a funding strategy for parish churches, to ensure the differences in scale and need are fully appreciated.

Summary

32. The scale of major buildings projects in cathedrals is breath-taking, and a huge amount has been achieved across the sector engaging in significant opportunities to develop and enhance cathedral facilities to serve their cities and communities better, but these projects carry major risks which are often badly assessed and poorly managed. Much is already being done to address this situation, and the Working Group hopes that the proposals here will add weight to the growing recognition that more work needs to be done in this area. All of our recommendations will need to be built into an Implementation Plan which could be taken forward by the cathedral sector and the NCIs, working in partnership together. The Group also firmly recommends a co-ordinated approach to Government to establish a national Cathedral Fabric Fund.

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Buildings: List of Recommendations

The Working Group makes the following recommendations:

- The NCIs and AEC should work jointly on an approach to Government and large philanthropic organisations with the aim of establishing a significant, possibly endowment based, Cathedral Fabric Fund for the UK. This must be carefully considered alongside a funding strategy for parish churches, to ensure the differences in scale and need are fully appreciated
- The cathedrals and the Cathedral and Church Buildings Division should work with the Cathedral Architects Association to carry out a calculation of known backlog on cathedral repairs, including rough estimated costings
- Using an economic place-based model, the ability of each cathedral to generate the funds it has identified as needed for buildings projects should be mapped. This calculation should include the potential impact on mission (positive and negative) of addressing the backlog through fundraising and income generating activities, recognising the risks of 'fundraising fatigue' and a desire by cathedrals not to draw all locally available funds towards themselves to the detriment of other important local causes.
- Cathedrals should be supported in developing improved project management and business planning expertise and support at an appropriately senior level. Chapter needs to understand the requirements of good project management and ensure that appropriate structures for this are put in place.
- Cathedrals' handling of risk, including risk appetite and issues of what is appropriate in risk-taking, should be reviewed by the AEC and the NCIs in the light of recent projects with a view to recommending changes and improvements to current practice.
- This report recognises the potential of the AEC project panel and endorses its creation of a pool of experts who can help to guide the successful identification and initiation of projects. Continuation and refinement of this resource pool should be a priority both for cathedrals and the NCIs
- The impacts of any project on the longer-term running costs of the cathedral (staff and maintenance), any changes in staff which may be required, and any impact of increased visitor numbers should be considered as part of an early business planning stage in any project.
- The buildings section of the AEC self-assessment toolkit should be revised to strengthen assessment of project management capabilities. We also recommend that the AEC's Chapter training include an option on buildings management, including revenue planning and how to estimate long term building and maintenance costs.
- Before embarking on any project, a skills audit of Chapter and available staff is undertaken. A gap analysis should then be carried out to map the additional resource required.
- Following these exercises, the governance and management of projects should be established in a way that creates clear lines of responsibility and

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communication. Project governance and management should be understood as two different competencies and established through a separate project management board made up of staff and clergy.

- No phase of a buildings/capital project should start until all funding is committed. Cathedrals should not enter into legally binding commitments with contractors until they are satisfied the necessary funding will be available to enable them to meet those commitments

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Safeguarding

Introduction: Safeguarding and cathedrals

1. We have said at the beginning of this report that cathedrals are special places, threshold buildings which connect the human with the divine. This is only possible if they are safe spaces for everyone, including children and vulnerable adults. Although we have put the safeguarding section towards the end of the report, we believe that safeguarding is fundamental to cathedrals' mission and essential to their continued existence.
2. Cathedrals work extensively with children and vulnerable adults. Children and young people in choirs, participants in choral outreach projects, schools and wider learning programmes, as well as extensive holiday and outreach activities are evidence of lively mission. Many adults as well as children come to cathedrals in search of pastoral care, or simply refuge and shelter, and cathedrals work hard to offer a welcome to all, including some who are very vulnerable.
3. The open nature of cathedrals, allowing people to come and go, creates a context which requires careful management and oversight to ensure that cathedrals are, and remain, safe for everyone. Ensuring that children and vulnerable people are safeguarded requires the right policies, people and processes. But above all it requires a culture which puts those who are at risk right at the centre of ministry and of management and governance attention.
4. It requires the whole community to work to prevent the abuse of power. Jesus himself put children at the centre of the attention of His followers and of religious people generally, and He attended to the longings of the vulnerable. As His followers, we need to learn from Him.
5. Cathedrals' record of ministry has demonstrated how they can be places where their power has been used to further the kingdom. But they are hierarchical institutions where young or vulnerable people can find it hard even to find a place or words to talk of their experiences. Cathedrals must therefore give absolute priority to safeguarding them. This priority includes, in practice, the allocation of time and resource, and a readiness on the part of deans and Chapter members to be accountable to statutory and Church authorities.
6. Twenty-five years ago, the Howe report did not look in any detail at safeguarding of children and vulnerable adults within the cathedral sector. Societal changes – particularly in the last 5-10 years – have meant that safeguarding is now a paramount social issue, and one which preoccupies all of our public institutions. At time of writing, the Independent Inquiry into Institutional Child Sexual Abuse (IICSA) is yet to finish its workstream on the Anglican Church. However, it has already looked at past safeguarding failures at Chichester Cathedral, and its eventual recommendations may well cover cathedrals in general.

The Church's work on safeguarding

7. We are aware that the Church of England has itself been on a long and painful journey with regards to safeguarding and that it still has a long way to go. A National Safeguarding Team (NST) was established in 2014 and since then much has been done at national and diocesan level to strengthen and coordinate safeguarding policy and practice.

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8. It is not our role in preparing this report to run through all the very substantial work that the Church has been doing on safeguarding in recent years. Nor is it our place to comment on the wider debates and controversies on casework handling, the operational structure for safeguarding within the Church or broader safeguarding policy matters.
9. We are aware that other debates on safeguarding are on-going both within the Church, in the IICSA and in the wider public domain. Our hope is that our recommendations will make a contribution to these broader debates.
10. In April 2016, the Deans' Conference nominated the Very Revd Stephen Lake, Dean of Gloucester as Lead Dean for Safeguarding. He now sits on the main national body for safeguarding, the National Safeguarding Steering Group (NSSG) as well as the church's steering group on the Independent Inquiry into Institutional Sexual Abuse (IICSA). At the time of his appointment, he said the following:

Cathedrals have been on a journey into deeper and better safeguarding provision like the rest of the Church. The context and complexity of cathedrals is different to that of the dioceses, but cathedrals are often on a front line of safeguarding risks because of the nature of their specific ministry. Cathedrals are committed to excellence in safeguarding provision and yet are often difficult to compare in scale and contact. Equally, the depth and rigour of interaction in safeguarding between cathedrals and dioceses ranges from excellent to modest. As the dean is ex-officio a member of the bishop's staff team, it ought to be obvious and regularly reviewed that this interaction is in place as a mutual responsibility. Moving from self-evaluation, through some involvement in diocesan SCIE [Social Care Institute for Excellence] processes, to specific, named responsibilities and functions in the National Policy, Regulations & Practice Guidance, to having a dean on the NSSG and IICSA groups is good progress. Cathedral specific SCIE-like audits would be welcomed and are planned.

The "Whole Church" approach to safeguarding

11. The cathedral sector has made considerable progress in the area of safeguarding within the last 18 months. Many cathedrals have overhauled their safeguarding arrangements and taken on more staff to comply with national policy. But we are also aware that much more needs to be done. In particular, we remain concerned that further progress in the area of safeguarding cannot be left to chance or voluntary compliance.
12. There are specific issues that need to be addressed as follows:
 - Cathedrals do not seem to have a uniform approach to safeguarding across the sector.
 - In some cases, they are not able to access all the expertise they need whether through unwillingness to do so or lack of resources.
 - Not all cathedrals are yet working with their diocese on a joint approach to safeguarding.
13. We note that the Church of England is committed to promoting a 'whole church' approach to safeguarding. In regulatory and compliance terms this means that all Church of England bodies come under the 'umbrella' of the House of Bishops

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safeguarding policy and (where appropriate) canon law relating to safeguarding and clergy discipline. Church of England national policy and practice guidance now applies to all Church bodies, including the cathedrals sector.

14. We would also suggest that the ‘whole church’ approach applies in other ways too. Cathedrals are part of the broader Church, they are flagships of its mission, their reputational and financial failings damage the whole Church. The general public, visitors and worshippers see no difference between diocese and cathedral, local church and the Church of England as the established church of this country. This is something that has been pointed out to the Church by its external safeguarding auditors when carrying out audits of dioceses.
15. We note that as matters stand it is only the **clergy** in a cathedral who are subject to the statutory requirement in section 5 of the Safeguarding and Clergy Discipline Measure 2016 to have due regard to the House of Bishops’ guidance on Safeguarding. We also note that the provisions relating to disqualification and suspension on safeguarding grounds that apply to parochial church councils and certain other Church bodies (see rules 46A – 46D of the Church Representation Rules) do not apply to cathedrals. Legislation should be amended so that cathedral Chapters are subject to the same statutory requirements as regards safeguarding as PCCs and other Church bodies.
16. While the Working Group endorses the ‘whole church’ approach of the NST and the House of Bishops’ current policies and processes as necessary steps in giving assurance of progress, we recognise that mere compliance will not create culture change. Cathedrals will need to continue to work collaboratively with the wider Church to reflect on their learning so the whole Church develops greater expertise in handling the ongoing safeguarding management and oversight challenges.

Setting the Context: Church of England policy and practice guidance on safeguarding

17. Within the Church of England, safeguarding is governed by House of Bishops policies and practice guidance. Under section 5 of the Safeguarding and Clergy Discipline Measure 2016, all clergy are required to ‘have due regard’ to this policy and practice guidance, meaning that they must comply with it unless they can demonstrate a compelling legal reason not to do so.
18. The latest Practice Guidance issued by the House of Bishops on the *Key Roles and Responsibilities of Church Office Holders and Bodies*¹ states that it is the duty of the diocesan bishop to:

*Seek to ensure that there is a structure to manage safeguarding in the diocese with clear lines of accountability between diocesan groups and bodies. In addition to ensure that there are clear arrangements in place with **cathedrals** [our emboldening] and any other relevant Church bodies e.g. religious communities, TEs.*
19. The Practice Guidance goes on to stipulate that dioceses should ensure that all Church-related bodies in the diocese should have

¹ See <https://www.churchofengland.org/sites/default/files/2017-10/roles-and-responsibilities-practice-guidance.pdf>

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agreed safeguarding arrangements in place supported by information sharing protocols.

20. The Guidance notes that with regards to cathedrals,

Some dioceses have a formal agreement with cathedrals to provide joint safeguarding arrangements. If there are separate arrangements, the DSA should liaise regularly with the named safeguarding leads in cathedrals and offer advice on safeguarding matters, as required. Some cathedrals have employed a professional safeguarding adviser. In these situations they must work closely with the DSA. All concerns or allegations against church officers must be reported to the DSA.

Safeguarding audits of cathedrals

21. The dioceses of the Church of England have already undergone a safeguarding audit process which has been carried out by an external organisation, the Social Care Institute for Excellence (SCIE). These were completed in all 42 dioceses by the end of 2017. On behalf of the NSSG, the NST is in the process of commissioning a further set of Independent Audits specifically focused on cathedrals. Given the complexity of cathedrals' activities, their often-complicated structures, their varying sizes and their very particular modes of operating, these audits are unlikely to be completed until the end of 2021
22. In the meantime, the diocesan audits have sometimes touched upon cathedral safeguarding matters, particularly where there are already joint safeguarding arrangements in place between the diocese and cathedral. In some dioceses, the SCIE audits have considered the handling of diocesan casework which has also involved the cathedral.
23. From this slightly fragmented contact with the sector, the NST have informed us that they have managed to draw some conclusions about how safeguarding is currently operating in cathedrals. Some of these are reported here.
24. Some positive findings from the diocesan SCIE audits included the following examples of good practice:
- Joint working on safeguarding between Gloucester Cathedral and the diocese, where the cathedral has a service-level agreement in place with the Diocesan Safeguarding Team. This enabled the cathedral to access professional support on casework handling and safeguarding training for cathedral staff, volunteers and clergy.
 - Southwark Diocese where the Diocesan Safeguarding Team offers an 'extended' safeguarding service to the cathedral involving casework support, advice and bespoke training.
 - Other diocesan reports which included positive comments about the relationship between the diocese and cathedral included Bath & Wells, Carlisle, Coventry, Ely, Liverpool, Newcastle and York.

Self-assessment checklists and past cases reviews

25. In 2015, most cathedrals completed Self-Assessment Safeguarding Checklists sent out by the NST. These checklists were largely based on a diocesan checklist developed for the House of Bishops, which the Deans Conference adapted and

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adopted for implementation across the cathedral sector. The completed checklists were reviewed towards the end of 2015 by the NST and highlighted the significant improvements that have been made across cathedrals in recent years.

26. We note from the NST that questions remain about how many cathedrals undertook a Past Safeguarding Cases review (PCR) during 2008 – 2010 and whether those that did so followed the House of Bishops protocol of the time. We understand that Sir Roger Singleton, the former Chief Government adviser for safeguarding, has been conducting a review of the adequacy of the past case review work for the Church of England and that this will report shortly.
27. Having been advised on the emerging recommendations of Sir Roger's review, we would like to make the following recommendations:
 - We urge cathedrals to address any issues of concern which are identified in Sir Roger's report as soon as possible.
 - We urge cathedrals to ensure that any further past case review work is carried out in accordance with the revised national protocol and by a pool of independent and experienced auditors commissioned by the NST.
 - Past case review work for cathedrals must be aligned with the diocesan and the national approach to such reviews

Clarifying roles and responsibilities

The role of the dean

28. In her Independent Review of the Peter Ball case, Dame Moira Gibb states as her first recommendation that:

The House of Bishops should reaffirm and take steps to demonstrate the individual and collective accountability of bishops for the safety and protection of everyone within the Church.²

29. Furthermore, recommendation 7 of the Gibb Review states as follows:

'the Church should review its organisational arrangements so that, for safeguarding purposes, all Church bodies come within the relevant diocesan arrangements where safeguarding capacity and expertise can be both concentrated and deployed most efficiently'.³

30. The Church of England has accepted this recommendation and we understand the reason for doing so. However, we note that there are some particular complications of this framework as regards cathedrals. Whilst we agree that the diocesan bishop is **ultimately** responsible for all safeguarding across his or her diocese, the diocesan bishop is not involved in the day-to-day running of the cathedral. Bishops are not members of the cathedral Chapter and so have no trustee responsibilities in this regard. It is the dean of the cathedral who is responsible and accountable for all safeguarding matters within a cathedral on an operational basis.

²GIBB, Dame Moira, *An Abuse of Faith: Independent Review into the Peter Ball Case.*, p. 75.

³ Ibid. p. 75.

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31. Section 5 of the House of Bishops guidance sets out in detail the role and responsibilities of the dean and the Chapter. It makes clear that it is the responsibility of the dean

to provide leadership concerning safeguarding, and to encourage everyone to 'Promote a Safer Church'.

32. By default, under the practice guidance, the **dean** is the nominated safeguarding lead on the Chapter. The dean's primary role is to have an oversight of the activities that are the responsibility of the Chapter, particularly involving children and vulnerable adults; inform and work in co-operation with the DSA in the event of allegations, suspicions or disclosures of abuse and ensure that those who may present a risk to children, young people and vulnerable adults are effectively managed. However, in order to assist them in this task, the dean may wish to nominate another member of Chapter to lead on this in order to support their accountability in this area. The dean and the Chapter should have access to professional safeguarding advice (see below). However, none of this detracts from the dean's overall accountability in the area of safeguarding. Safeguarding at operational level in the cathedral is – and should remain - the responsibility of the dean, in line with his or her other governance responsibilities as set out elsewhere in this report.

33. In addition to day-to-day operational oversight of safeguarding, the dean has certain reporting requirements as follows:

- To submit an annual report on safeguarding on behalf of the Chapter
- To ensure that the Chapter reports on all its safeguarding activities and any issues arising to the Diocesan Safeguarding Adviser who should in turn submit this report to the NST as part of the annual Diocesan Self-Assessment Safeguarding Returns.
- To ensure that the Chapter complete an annual self-assessment and this is submitted to the NST.

The role of the Chapter

34. The safeguarding guidance makes clear that the Chapter has a **collective** responsibility for the following:

- to oversee safeguarding in the cathedral;
- to ensure compliance with Church policies and practice guidance; and
- to appoint staff and to liaise closely with the diocese and statutory authorities.

35. The Working Group recommends that their respective responsibilities for safeguarding are included in the role description for every member of Chapter. We recommend that every assurance review and self-assessment exercise should check that these responsibilities are being discharged effectively. Every cathedral should publish an annual safeguarding report as part of their Annual Report, outlining key issues and progress made in the area of safeguarding.

36. We note that deans, senior cathedral clergy and staff are being included in the roll-out of national safeguarding training initiatives, which we see as a welcome development.

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The role of the Diocesan bishop

37. House of Bishops policy and practice Guidance makes clear that the diocesan bishop is ultimately accountable for safeguarding in all parts of his or her diocese. However, we are aware that in practice, the day-to-day accountability for safeguarding within the cathedral must rest with the dean. This is in line with the governance recommendations we have made elsewhere in the report and also makes sense in light of the dean's trustee responsibilities as chair of Chapter.
38. However, the dean should remain accountable to the diocesan bishop on all safeguarding matters. As is the case for senior diocesan staff and clergy, the dean should also be supported by specialist safeguarding staff, whether employed directly by the cathedral or by the diocese. These arrangements should be contained in a formal agreement between the cathedral and diocese, regardless of how these arrangements are made. Such an agreement should explicitly deal with how safeguarding is to be resourced and how the cathedral and diocese will deal with potential conflicts of interest and where there are competing demands for specialist safeguarding expertise between the cathedral and dioceses. The agreement will also need to address how to deal with matters of dispute requiring escalation within the dioceses and to the NST, in accordance with national guidance.
39. Whatever form the day-to-day working arrangements for safeguarding take, we would emphasise that the bishop and the dean are both ultimately accountable for the delivery of good safeguarding practice.

Joint working on safeguarding with dioceses

40. The Working Group takes the view that all cathedrals should work jointly with their diocese on safeguarding and move towards this at the earliest possible opportunity. This is an area where the relative independence of cathedrals does not just lead to operational failings, it puts children and vulnerable adults at risk and damages the mission of cathedrals. This must be an imperative for the wider church and for the cathedrals sector itself. There are requirements contained in House of Bishops guidance that require the cathedral to notify the diocese in respect of safeguarding concerns or allegations against a church officer within the cathedral setting.
41. Cathedrals and dioceses must work together on safeguarding. We also note the July 2016 SCIE overview report to the Church of England has pointed out that joint-working arrangements between cathedrals and dioceses vary widely and are not in place across all dioceses. This should be remedied at the earliest opportunity.
42. We are aware that many cathedrals and dioceses are still learning how best to operate joint working on safeguarding. We recommend that it may therefore be helpful for a model Partnership Agreement and guidance on joint working on safeguarding to be developed by the NST and also to be included in template materials provided nationally.
43. Joint working arrangements and Partnership Agreements for safeguarding would complement the joint accountability for safeguarding in the cathedral which should be held by both the bishop and the dean.
44. We understand that many larger cathedrals may have their own professional safeguarding staff employed directly by the cathedral. We do not see this as in

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any way problematic, as long as they work closely with the safeguarding staff of their diocese. Whatever the staffing arrangements, the diocese and cathedral still need a Partnership Agreement in order to set out how they will work to together. In any event, all safeguarding allegations against Church officers, whether in the diocese or cathedral, still need to be reported to the Diocesan Safeguarding Adviser (DSA).

45. In the event that the cathedral has its own safeguarding staff, it is vital that no matter falls between the gaps of the two institutions. Safeguarding staff in the diocese and cathedral need close working relationships to ensure that this does not happen.

Safeguarding resourcing

46. At a practical level, we see considerable benefits in cathedrals being able to access safeguarding expertise held at diocesan level (and sometimes this dynamic can work in the other direction in the case of the larger cathedrals). We also think that joint-working arrangements between all cathedrals and their dioceses would be a considerable step forward in implementing the “whole church” approach to safeguarding supported by the House of Bishops.
47. There are two particular issues with regards to resourcing which we think should be considered carefully at the implementation stage.

Allocation of resources between cathedral and diocese.

48. Cathedrals must not lose out to the diocese in the event of competition for finite resources on safeguarding. Careful consideration must be given to how the resourcing needs of both cathedral and diocese can be assessed neutrally and allocated fairly. This could be picked up in the joint Partnership Agreement outlined above. We also think that the Independent Chair of the Diocesan Safeguarding Board may have a key role to play in deciding resource allocation.

Allocation of resources within the cathedral itself

49. We are aware that most dioceses and many cathedrals have increased their safeguarding staffing and upskilled their teams in recent years. A few cathedrals now have their own professional safeguarding advisers. Some cathedrals work with volunteers or delegate safeguarding matters to a non-safeguarding professional. The consultation responses to the draft of our report have indicated that not all cathedrals are confident that they have sufficient resources in place to address all their safeguarding needs. This is a matter for concern and we would urge cathedrals to prioritise safeguarding needs when allocating resources.

Safeguarding and cathedral and choir schools

50. We have become aware of some confusion about how the Church’s safeguarding regulatory regime overlaps with other regulatory regimes in this area, particularly for cathedral and choir schools. We understand that this question will be addressed in the policy materials which are being developed by the NST for cathedrals and dioceses.

Summary

51. While progress has been made in recent years, we remain concerned that the cathedrals sector may be lagging behind other parts of the Church in the area of

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safeguarding. We call on the cathedrals sector to address these failings as a matter of urgency.

Safeguarding: List of recommendations

52. The Working Group makes the following recommendations:

“Whole Church” Approach to Safeguarding

- Cathedrals should endorse and work within the “Whole Church” approach to safeguarding
- Cathedrals should continue to work collaboratively with the wider Church to develop the whole Church approach to safeguarding

Self-Assessment checklists and Past Case Reviews

- Cathedrals should address any issues emerging from the past case review at the earliest opportunity
- Cathedrals should ensure that any further past case review work required by the NCIs is carried out in accordance with the revised national protocol and by a pool of independent and experienced auditors commissioned by the NST.

Independent Audits

- The proposed Independent External Safeguarding Audits by SCIE should go ahead as planned and be completed at the earliest opportunity.
- Every assurance review and self-assessment exercise should check that safeguarding responsibilities are being discharged effectively by the cathedral and diocese

Role of the diocesan bishop and dean

- The diocesan bishop is ultimately responsible for all safeguarding across his or her diocese
- The dean is responsible and accountable for all safeguarding matters within a cathedral on an operational basis.
- The dean is accountable to the bishop on safeguarding matters.

Role of the Chapter

- Chapter responsibilities for safeguarding, as identified in the House of Bishops’ Policy Statement on *Roles and Responsibilities for Safeguarding* in October 2017, should be included in the role description for every member of Chapter.
- Each assurance review should check that these responsibilities are being discharged effectively.
- Legislation should be amended so that cathedral Chapters are subject to the same statutory requirements as regards safeguarding as those which apply to PCC’s and other Church bodies.
- Each cathedral should publish an Annual Safeguarding Report as part of

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their Annual Report outlining key issues and progress made in the area of safeguarding

Joint working on safeguarding with dioceses

- All cathedrals should work jointly with their diocese on safeguarding and move towards this at the earliest possible opportunity. There should be a Partnership Agreement in place which defines how they will work together.
- The NST should develop a model Partnership Agreement for use by cathedrals and dioceses to assist with this joint working arrangement
- The NST should issue guidance on joint working on safeguarding by cathedrals and dioceses to assist with this cross working and to ensure that this is factored into training programmes for dioceses and cathedrals.
- Safeguarding staff in cathedral and diocese should ensure that they work closely to avoid any matter falling between the two institutions

Resourcing of Safeguarding

- Safeguarding needs of cathedrals should not take second place to those of dioceses.
- Resources for safeguarding should be allocated to cathedrals according to need by the dioceses and the NCIs.
- Cathedrals should ensure that they have sufficient resources in place to ensure the delivery of appropriate safeguarding arrangements. Resources might be sought from their diocese or employed directly by the cathedral.

Safeguarding and cathedral and choir schools

- Guidance should be provided by the NST on how Church and Cathedral safeguarding requirements overlap and align with the statutory requirements regarding safeguarding in Cathedral Choir Schools.

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CONCLUSIONS

Conclusions

1. The level of interest in this report has been a reflection of the continuing significance of cathedrals in Church and nation.
2. In presenting our recommendations we recognise the diverse constituencies that make up the cathedral sector, and the fact that some of our proposals may prove unpalatable or unpopular. We have stopped short of some more radical options but still feel that if we are going to strengthen cathedrals and sustain their national impact, we need to make some legislative changes. We look to General Synod and Parliament for support in this.
3. The central message in our report is this: **there is something remarkable to celebrate in the life of cathedrals, and something serious to be addressed.** We want to hold these two things in counterpoint, celebrating and affirming the unique contribution of cathedrals to the quinquennial goals, while recognising that recent high-profile cases have exposed some underlying issues with governance and management that need to be addressed. The mirror image to the cathedrals' national profile is the potential reputational damage to the Church of England if something goes badly wrong.
4. Opinions have differed as to whether the 1999 Cathedrals Measure is 'good enough' and can be made to work effectively as it is, or whether the presenting issues make it necessary to revise it. It is our belief that, while much can be done within the current arrangements to make them work better, the inadequacies of the Measure have been exposed and there is a need for legislative change to correct them.
5. In proposing changes to **governance** structures and aspects of cathedral operations, we do not wish to destabilise the sector in any way or to inhibit the entrepreneurial flair that has characterised so much that is good about the world of cathedrals. However, we are concerned to protect cathedrals against unnecessary and inappropriate risk in order to enable them to flourish even more in to the future.
6. We have tried to weigh carefully what 'good governance' looks like for a cathedral. Our governance proposals retain the Chapter as the governing body of the cathedral ('its praying heart is also its governing heart') but clearly separate governance and management in order to ensure a proper focus for the Chapter.
7. We recognise that cathedrals have hitherto been among the least-regulated of any Church or charitable body, and in addressing this we have been careful to avoid the pendulum swinging too far in the opposite direction. In composing the Chapter as the trustee body we have recommended certain checks and balances to ensure an appropriate level of accountability and scrutiny.
8. The opaque nature of the Council and College of Canons within the corporate body is addressed, and the bishop is given a more direct relationship with the Chapter, while still respecting the historic ecclesiological pattern.
9. We hope that the publication of our report will encourage a much closer collaboration between cathedral and diocese, dean and bishop. We have attempted to clarify the role of the bishop in relation to the cathedral, and to point towards good practice in a cathedral's wider relationships with the diocese and the NCIs. The mutuality of these relationships is vital and requires a less defensive approach than has sometimes been the case.

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CONCLUSIONS

10. Alongside the question of governance, our report proposes a separation and strengthening of cathedral **management** in order to embed an operational step-change across the sector. We are aware that these arrangements place very significant responsibility on the Chapter, especially the dean. It is vital that they are supported in carrying out these tasks, and that appointment, induction, training, development and support systems reflect the duties expected of all those involved.
11. This anticipates a positive response within individual cathedrals but also from the national Church, to whom we look for additional support.
12. The detailed recommendations around **finance** reflect the fact that cathedral finances are under considerable pressure and represent a substantial area of risk. Across the sector as a whole there is significant under-investment in financial management, and this needs to be addressed as a priority. This of course raises questions of funding and access to suitably qualified staff, Chapter members and financial advisers. We recognise the challenges inherent in this, but have made a number of proposals to address them, alongside some more forensic recommendations about financial systems and processes.
13. Two other major risk areas are addressed: **buildings projects** and **safeguarding**. Major buildings projects now play a large part in the life of many cathedrals. They generate issues that read across clearly to our observations on governance, management and finance, and they require specific attention from Chapters, for which we make some clear proposals. Safeguarding is an area where good progress has been made but from a very low base, meaning that there is still a considerable amount to do, and this work remains urgent for the cathedral sector. We are confident that our proposals on governance and management will create a framework within which both of these key areas can be better addressed.
14. Cutting across our report at various points is the question of **state funding**. We are of the view that the unique nature of cathedrals, and their contribution to the life of the nation, justifies the use of public funds to support them. A dialogue with Government should be opened up about this as a matter of urgency, given the scale of the financial challenges they face.
15. We trust that there is a coherence and a cogency to our proposals, which we offer to the Archbishops' Council and the wider Church for consideration and discussion.
16. Following this period of re-consultation, and once the recommendations are agreed and accepted, we look to the Archbishops' Council to draw up an implementation plan. Implementation will be vital to make this vision hang together and we are aware that this will be a significant piece of work, which we commend to the Archbishops' Council to request its Secretariat to take forward.

Now to him who by the power at work within us is able to accomplish abundantly far more than all we can ask or imagine, to him be glory in the church and in Christ Jesus to all generations, forever and ever. Amen. (Ephesians 3:20-21)

FOR AND ON BEHALF OF THE CATHEDRALS WORKING GROUP

RT REVD ADRIAN STEPNEY

CHAIR OF THE CATHEDRALS WORKING GROUP

MAY 2018

CATHEDRALS WORKING GROUP

ANNEXES

ANNEX A

List of Recommendations

Ecclesiology

1. The Church should encourage, and commission further work on the ecclesiology of cathedrals and their relation to bishop, cathedral, diocese and the NCIs.
2. Bishops should be encouraged to make full use of the powers they already possess under the Cathedrals Measure, working together with deans to utilise the significance of the cathedra in the liturgical, teaching and missional life of the diocese.
3. A good working relationship between the bishop and the dean is crucial to the good operation of the cathedral and the diocese. We recommend that further thought is given at implementation stage to how this relationship might work in practice, including the possibility of creating good practice guidance based on examples of best practice.
4. There should be greater clarity about, and development of, the remit of the Third Church Estates Commissioner to provide oversight of the link between the Church Commissioners and cathedrals, including the work of the AEC and CAFA.
5. There should be a revision of the Terms of Reference for the cathedrals and Bishops Committee of the Church Commissioners to enable the Third Church Estates Commissioner and Commissioner Deans to resource the committee in its work of reviewing, funding and developing the work of cathedrals.
6. There should be an audit by the new Cathedrals Liaison Officer of the work currently provided by the NCIs to resource and regulate cathedrals and an assessment of how this work should develop in service of the mission of cathedrals.

Governance

Separation of governance and management

7. The functions of governance and management must be clearly distinguished by all those involved in the running of a cathedral.
8. Responsibility for the exercise of these different functions should be clearly demarcated, even if there is some overlap between the individuals involved in each activity.

Role of the Chapter

9. The Governing body of a cathedral should be the Chapter chaired by the dean.
10. Members of the Chapter will need to be clear that irrespective of any particular functions they carry out or responsibilities they carry, they are all collectively responsible for decisions taken by the Chapter and its governance of the cathedral.
11. The Chapter would be given the power to make changes to the constitution and statutes that are consistent with the provisions of the Cathedrals Measure in the

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form it would take after being amended in the way we propose.

12. Any changes to the constitution and statutes would be subject to approval by the bishop and a national Church body (in the latter case to ensure consistency with the Measure and with good practice)

Composition of the Chapter

13. The Chapter's membership should consist of the following:
 - Dean (chair of Chapter)
 - Vice Chair appointed by the bishop
 - All the residentiary canons of the cathedral
 - A majority of non-executive members, including the Vice Chair.
14. The Chapter should comprise at least 8 but not normally more than 12 members.
15. For cathedrals who have more than 4 residentiary canons, it may be necessary for the membership of Chapter to be larger than 12 in order to ensure the non-executive majority.
16. Cathedrals should address elements of their constitution and statutes which currently allow for the appointment of Chapter members on the basis of representation alone.
17. Chapters should strive to appoint appropriately qualified non-executive members who reflect the diversity of their local Christian community.

Meetings of the Chapter

18. The new Cathedrals Measure should not be prescriptive about the number of times a year that Chapter meets annually, but best practice would be for it to meet at least four times a year and probably more frequently.
19. The cathedral's Chief Operating Officer (formerly Administrator) and Chief Financial Officer would attend in an advisory capacity but would not be members of the Chapter.

Non-executive members of Chapter

20. The non-executive members should form the majority of Chapter.
21. The non-executive members (other than the Vice Chair) should be appointed by the Chapter itself, but subject to the approval of the diocesan bishop. The Chapter should have a Nominations and Development Committee to facilitate this.
22. The non-executive members should be independent of the management and operations of the cathedral.
23. At least two-thirds of the non-executive members would be laity.
24. Of the non-executive members, at least one must have current, relevant financial expertise; others, ideally, would include members with current and relevant risk and property expertise.
25. All the non-executive members should be Christian, the majority of whom should be communicant Anglicans or from churches with whom the Church of

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England is in communion.

26. The non-executive members (including the Vice Chair appointed by the bishop) should serve for time-limited terms of office which would normally be renewable, but which would not usually exceed a total period of 10 years except in exceptional circumstances.
27. Some central resource should be made available to assist those Chapters who require such support to manage the transition and recruitment process.
28. Consideration should be given at implementation stage to creating regional lists of suitably qualified people to serve on Chapter.

Vice Chair

29. The bishop would appoint one non-executive member of the Chapter and that member would be the Vice Chair of the Chapter.
30. The Vice Chair role may be lay or ordained but must have no role within the day- to-day management of the cathedral.
31. As a member of the Chapter, the Vice Chair would be required to act at all times in the best interests of the cathedral in line with the usual requirements of trustees and must not act under the direction of the bishop or any other member of Chapter.
32. Subject to this consideration, the Vice-Chair would provide a link between the diocese and the Chapter and would keep the bishop informed about the work of the Chapter.
33. The Vice Chair would chair meetings of Chapter in the absence of the dean.
34. A model Role Description for the Vice Chair should be prepared to be used for recruitment and appointment and on-going management purposes.

Senior Executive Team

35. The Chapter should establish a Senior Executive Team which would be responsible for the day-to-day management of the cathedral under the oversight of the Chapter.
36. The Senior Executive Team should have an operational focus and meet as frequently as required.
37. The arrangements for the composition and chairing of the Senior Executive Team is for the discretion of individual cathedrals depending on their needs and staffing structures.

Committees of the Chapter

38. Committees of the Chapter, even if they include those who are not members of Chapter, should be chaired by Chapter members.
39. A small amount of central resource should be made available to assist Chapters that do not yet have the skills, experience and capacity needed to manage the transition to the new-style Chapter.
40. Chapter should appoint a Finance, Audit and Risk Committee with a non-executive member of Chapter as its Chair.
41. The Finance Committee and Audit and Risk Committees should, ideally, be

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separate committees unless this is not feasible.

42. The Chapter should appoint a Nominations and Development Committee with a non-executive member of Chapter as its chair.
43. The chair of each committee would report formally to Chapter and minutes of all committee meetings would be provided to Chapter.
44. Consideration should be given to creating regional lists, facilitated by a national Church body, of suitably qualified people who would be willing to serve on cathedral Chapters and committees, to assist cathedrals in making appropriate appointments, especially where sufficient candidates are not identified locally.

The role of the diocesan bishop

45. The diocesan bishop would:
 - remain the Visitor (but see below on visitation) and retain the role of approving amendments to the constitution and statutes;
 - appoint one non-executive member of the Chapter who would serve as Vice Chair;
 - have the right of approval in respect of the other non-executive members of the Chapter;
 - have the right to attend Chapter meetings and be expected to attend at least one Chapter meeting each year;
 - appoint residentiary canons (subject to the approval of the dean) except where these are Crown appointments;
 - remain responsible for the MDR of the dean and the residentiary canons;
 - receive the statutory annual report and financial statements of the Chapter; and
 - commission a quinquennial assurance review and receive its report.

Cathedral Councils

46. Cathedral Councils should be abolished, and individual cathedrals should seek alternative options for establishing stakeholder groups according to their local needs.
47. Appropriately skilled and experienced Council members may be invited to join Chapter or its committees as non-executive members under the new arrangements.

Parish Church Cathedrals

48. We recommend that the revised Measure provides a mechanism for those parish church cathedrals which no longer wish to be parish church cathedrals to cease to be so, whilst retaining the option for those who wish to continue with this status to continue to do so.
49. Further work should be done jointly by the AEC and the NCIs to consider options for the future legal framework of those parish church cathedrals which wish to remain parish church cathedrals, including how to facilitate continued congregational representation on Chapter.

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50. This work should include consultation with the parish church cathedrals constituency.
51. The AEC should establish a small working group to review options and make recommendations for change.

College of Canons

52. It will be up to each individual Chapter, in consultation with the bishop, to decide how best to use its College of Canons, based on the needs and particular circumstances of the cathedral and diocese. Its functions would be conferred on it by the constitution and statutes of the particular cathedral.

Quinquennial Assurance Reviews

53. An assurance review (equivalent in substance to an internal audit) should be undertaken for each cathedral at least once every 5 years.
54. The objective of the review would be to provide assurance that appropriate governance, management, financial and operational controls are in place and operating effectively.
55. The bishop should commission the assurance review and nominate the team after consultation with the dean.
56. The assurance review report should be provided to the bishop and copied to the Chapter and the Third Church Estates Commissioner.
57. We recommend that a template for assurance reviews is produced, along with practice guidance on what an assurance review is (and is not) expected to include.

Visitations

58. Visitation would remain available to the bishop in its current form. It is anticipated that, with the introduction of the quinquennial assurance reviews, as well as the other recommendations in this report, Visitation will, in practice, rarely be used.

Whistleblowing

59. Guidance on **whistleblowing** should be drafted by the National Church Institutions for adoption by cathedrals.

National Church Institutions (NCIs)

60. The Third Church Estates Commissioner should establish and chair a new Cathedrals Support Group to co-ordinate and oversee the activities of the NCIs in relation to cathedrals.
61. The full membership and Terms of Reference of the Cathedrals Support Group should be drawn up at implementation stage and agreed by the Archbishops.

Charity Commission

62. The Charities Act 2011 should be amended so that all cathedrals become subject to the jurisdiction of the Charity Commission.
63. Charity Commission regulation should cover all cathedrals without exemption to avoid a 'two-tier' regime for cathedrals.

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64. Whilst blanket registration for all cathedrals may not be feasible, the registration of all cathedrals with the Charity Commission should be facilitated through the preparation of template application materials by the national Church.
65. It may be necessary for some aspects of cathedral activity to be exempted from Charity Commission regulation, which would still be provided by the Church Commissioners, e.g. transactions relating to cathedral property.
66. Consideration should also be given to limiting some of the Charity Commission's powers of intervention so that, for example, the Charity Commission could not appoint a successor if it removed a dean or residentiary canon from office.
67. The NCIs would need to explore with the AEC and the cathedrals community potential alternative options for regulatory oversight for cathedrals, should discussions with the Charity Commission prove unfruitful.

Leadership, Management and People

68. Diocesan schemes of counselling and mediation should be extended to cathedrals.
69. That all cathedral clergy and staff are accountable to the Chapter through the dean in relation to their cathedral duties.
70. The establishment of a Senior Executive Team, comprising the dean, the Chief Operating Officer, Chief Financial Officer and other appropriate persons, including residentiary canons with operational responsibilities, and other departmental heads, both clerical and lay. This team will have day-to-day responsibility for the cathedral's operations.
71. The exact details of the Senior Executive Team should be a matter for each Chapter to agree in its role as a governance body.
72. Cathedrals should think creatively about residentiary canonries as developmental opportunities for clergy at different stages of ministry in addition to being roles for experienced clergy.
73. The term "Cathedral Administrator" should be replaced by "Chief Operating Officer" (COO) in cathedral legislation.
74. The process for the advertisement and recruitment of clergy, lay Chapter members and senior staff should be made more transparent. All cathedral appointments should involve a clear role description and an external advertising and search process.
75. There should be a clear link between the role profiles of the cathedral clergy and the wider cathedral strategic objectives. Role profiles should be kept under regular review to ensure they remain appropriate.
76. Amendments to the dean or residentiary canons' role profiles should be approved by the Diocesan bishop.
77. The relationship between DAG, the deans Conference and the AEC in relation to training issues should be deepened.
78. A review of the current appointment processes for deans and residentiary canons should be undertaken in order to take account of the proposed

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changes set out in this report.

79. The Nominations and Development Committee to oversee formal appointment processes for the non-executive Chapter members and that development, training and review processes are happening for all non-executives.
80. The following functions are transferred from the bishop to the dean in the Statements of Particulars for residentiary canons – the provision of suitable training and the provision of time off work to undertake it, the granting of special leave, the determination of issues to do with public duties in addition to the office and direction in connection with occupational health assessment. This should exclude those residentiary canons who hold diocesan appointments without operational cathedral responsibilities.
81. The diocesan bishop will only issue a direction that a residentiary canon might extend their office once they have reached the age of 70 following consultation with the dean.
82. Learning and development services delivered by the NCIs will need to include adequate induction for Chapter members and DAG, HR and other central functions will need to explore how this should be progressed in collaboration with the AEC.
83. Further resources should be found for induction and training to support deans in the specific demands of their role and consideration given to providing training for residentiary canons – particularly at induction.
84. Ministry Council, working with DAG as appropriate, should review the Ministerial Development Review Guidance (2010) to ascertain whether any amendments are required.
85. In addition to an MDR with the diocesan bishop, the bishop's MDR scheme for deans should provide for an annual review with the Vice-Chair of Chapter, focused on the dean's performance in role. A written copy of the meeting should be provided to the bishop.
86. In line with the current Charity Governance Code, there should be occasional meetings of the Chapter in the absence of the dean to review their performance. The dean should be kept informed of any such meetings.
87. The bishop will continue to be responsible for residentiary canons' MDRs as part of their general episcopal oversight of all clergy holding office in the diocese and that a write-up from the meeting of the dean with the residentiary canon is provided to support this.
88. MDR schemes for residentiary canons should include provision for regular meetings of the dean and residentiary canons to review their cathedral duties as well as an annual review of residentiary canons by the dean. A copy of the summary points agreed by the dean and residentiary canon should be provided to the bishop.
89. Appropriate dignity at work policies are introduced alongside a whistleblowing policy.
90. The Chapter will have an annual discussion of people-related risks and issues.

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Finance

91. The role of Chief Financial Officer (CFO) should be prioritised by Chapters in order to hire the level of expertise required.
92. For future appointments, each cathedral CFO must hold an appropriate accountancy or finance qualification appropriate to the needs of the individual cathedral.
93. Each cathedral's CFO should work closely with the cathedral's Chief Operating Officer (formerly the Cathedral Administrator) and be in attendance at meetings of the Chapter and the Finance, Audit and Risk Committee (or separate committees).
94. All cathedrals should undertake a skills audit of Chapter, its sub-committees (including Finance, Audit and Risk) and the senior executive team to ensure that there is sufficient professional expertise appropriate to running small to medium-sized businesses, especially in terms of skills and experience relating to property, finance, risk management, operations and fund-raising.
95. The national Church, in liaison with CAFA, should produce a list of the areas which need to be covered by financial operating standards, and the controls required to be put into effect by every cathedral.
96. All cathedrals should undertake a detailed review of their funds to ensure that their classification amongst endowment, restricted, designated (a sub-classification of unrestricted) and unrestricted accords with charity law.
97. The new chief finance and operations officer of the NCIs should take forward scoping work to establish a national support services function for the cathedral sector, liaising with representatives from cathedrals, with consideration specifically being given to those services where it is inefficient and/or uneconomic for cathedrals to employ full or part time resources locally, or to maintain competence over time.
98. All cathedrals should produce monthly management accounts on a timely basis (within 3-4 weeks of month end) which should contain a commentary, statement of financial activities by fund, balance sheet, cash flow statement and rolling year- ahead cash flow forecast.
99. Consideration should also be given to the development of a model set of management accounts, including cash flow forecast, by the national Church.
100. Rolling five-year plans should be produced and updated annually, and shared with the national Church.
101. Cathedrals' annual reports and financial statements should comply with the accounting Regulations for English Anglican Cathedrals and the Charities SORP (FRS102), including specifying the distinction between endowment, restricted, designated and other unrestricted funds.
102. A standard year-end date of 31 December should be implemented.
103. The statutory annual report should address, *inter alia*, the financial condition of the cathedral (including whether it is a going concern), the principal risks which the cathedral faces, its reserves policy and its approach to financial management and control.
104. The following data should be provided by each cathedral, in addition to the

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statutory annual report and financial statements, to the national Church:

- budget and forecast cash flow for the forthcoming year;
 - rolling five-year plan, as updated annually; and
 - summary management accounts at the year-end highlighting variances against budget and including the reserves position at the beginning and end of the period, analysed between unrestricted, restricted and endowment funds.
105. Cathedral auditors should be selected from a nationally-recommended panel of auditors, comprising both national, regional and local firms that are assessed for their suitability to perform this task.
 106. The Audit & Risk Committee (or Finance, Audit and Risk committee, if combined) of each cathedral should review the quality of their external audit and the performance of their audit firm annually, with the lead external partner being changed at least every 7 years, the external audit being tendered at least every 10 years, and the audit firm being changed at least every 20 years, in line with UK corporate practice.
 107. Cathedrals should follow the advice issued by the Financial Policy and Planning unit (via CAFA) on selecting auditors. This advice should be updated in accordance with the recommendations in the Working Group report.
 108. Chapter should be able to demonstrate that any prospective debt can be appropriately serviced and repaid prior to entering into any term loan, bond or bank overdraft.
 109. To the extent that any prospective debt would cause the total borrowings of a cathedral to exceed the lower of 10% of its annual unrestricted income or £1million, the cathedral should consult with the bishop and the Third Church Estates Commissioner to ensure that the Church is aware of the cathedral's prospective liabilities.
 110. Legislation should be developed to clarify that Company Voluntary Arrangements should apply to cathedrals in the event of insolvency. It should make clear that winding-up provisions should **not** allow the sale of the cathedral to meet a Chapter's debts.
 111. The costs of chancel repair liabilities, and consequently the need for section 25 grants, should be removed from the cathedrals' funding process. Cathedrals should transfer the management and administration of their chancel repair liabilities to the Church Commissioners on the understanding that the Church Commissioners would make grants to cover 100% of the cost of these liabilities.
 112. Current sections 21 and 23 grants should be treated as a single funding pool.
 113. Each cathedral covered by the Cathedrals Measure should receive a minimum grant equivalent to the stipend, pension and national insurance costs of its dean and two full-time equivalent residentiary canons.
 114. Consideration should be given by the national church bodies, in consultation with the AEC and cathedral COOs and CFOs, to revising the basis of the allocation of the residual funding (ie beyond the costs of a dean and two full-time equivalent residentiary canons), based on financial need, but rewarding

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enterprise, good governance and financial management, and that the scale of financial obligations and historical financial and other assets are taken into account.

115. Cathedrals should be encouraged to seek Strategic Development Funding, in consultation with their diocese, for relevant projects which meet the criteria for such financial support.
116. Consideration should be given to releasing further funding for cathedrals from within the Church Commissioners' Funds.
117. National funding should be made available to cathedrals to pay for the cost of the implementation plan.
118. A dialogue should be opened up with government regarding possible state funding for cathedrals.

Buildings

119. The NCIs and AEC should work jointly on an approach to Government and large philanthropic organisations with the aim of establishing a significant, possibly endowment based, Cathedral Fabric Fund for the UK. This must be carefully considered alongside a funding strategy for parish churches, to ensure the differences in scale and need are fully appreciated.
120. The Cathedrals and the Cathedral and Church Buildings Division should work with the Cathedral Architects Association to carry out a calculation of known backlog on cathedral repairs, including rough estimated costings.
121. Using an economic place-based model, the ability of each cathedral to generate the funds it has identified as needed for buildings projects should be mapped. This calculation should include the potential impact on mission (positive and negative) of addressing the backlog through fundraising and income generating activities, recognising the risks of 'fundraising fatigue' and a desire by cathedrals not to draw all locally available funds towards themselves to the detriment of other important local causes.
122. Cathedrals should be supported in developing improved project management and business planning expertise and support at an appropriately senior level. Chapter needs to understand the requirements of good project management and ensure that appropriate structures for this are put in place.
123. Cathedrals' handling of risk, including risk appetite and issues of what is appropriate in risk-taking, should be reviewed by the AEC and the NCIs in the light of recent projects with a view to recommending changes and improvements to current practice.
124. This report recognises the potential of the AEC project panel and endorses its creation of a pool of experts who can help to guide the successful identification and initiation of projects. Continuation and refinement of this resource pool should be a priority both for cathedrals and the NCIs.
125. The impacts of any project on the longer-term running costs of the cathedral (staff and maintenance), any changes in staff which may be required, and any impact of increased visitor numbers should be considered as part of an early business planning stage in any project.

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126. The buildings section of the AEC self-assessment toolkit should be revised to strengthen assessment of project management capabilities. We also recommend that the AEC's Chapter training include an option on buildings management, including revenue planning and how to estimate long term building and maintenance costs.
127. Before embarking on any project, a skills audit of Chapter and available staff is undertaken. A gap analysis should then be carried out to map the additional resource required.
128. Following these exercises, the governance and management of projects should be established in a way that creates clear lines of responsibility and communication. Project governance and management should be understood as two different competencies and established through a separate project management board made up of staff and clergy.
129. No phase of a buildings/capital project should start until all funding is committed. Cathedrals should not enter into legally binding commitments with contractors until they are satisfied the necessary funding will be available to enable them to meet those commitments.

Safeguarding

“Whole Church” approach to safeguarding

130. Cathedrals should endorse and work within the “Whole Church” approach to safeguarding.
131. Cathedrals should continue to work collaboratively with the wider Church to develop the “Whole Church” approach to safeguarding.

Self-assessment checklists and past case reviews

132. Cathedrals should address any issues emerging from the past case review at the earliest opportunity.
133. Cathedrals should ensure that any further past case review work required by the NCIs is carried out in accordance with the revised national protocol and by a pool of independent and experienced auditors commissioned by the NST.

Independent audits

134. The proposed independent external safeguarding audits by SCIE should go ahead as planned and be completed at the earliest opportunity.
135. Every assurance review and self-assessment exercise should check that safeguarding responsibilities are being discharged effectively by the cathedral and diocese.

Role of the diocesan bishop and dean

136. The diocesan bishop is ultimately responsible for all safeguarding across his or her diocese.
137. The dean is responsible and accountable for all safeguarding matters within a cathedral on an operational basis.
138. The dean is accountable to the bishop on safeguarding matters.

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Role of the Chapter

139. Chapter responsibilities for safeguarding, as identified in the House of Bishops' policy statement on roles and responsibilities for safeguarding in October 2017, should be included in the role description for every member of Chapter.
140. Each assurance review should check that these responsibilities are being discharged effectively.
141. Legislation should be amended so that cathedral Chapters are subject to the same statutory requirements as regards safeguarding as those which apply to PCC's and other Church bodies.
142. Each cathedral should publish an Annual Safeguarding Report as part of their Annual Report outlining key issues and progress made in the area of safeguarding.

Joint working on safeguarding with dioceses

143. All cathedrals should work jointly with their diocese on safeguarding and move towards this at the earliest possible opportunity. There should be a Partnership Agreement in place which defines how they will work together.
144. The NST should develop a model Partnership Agreement for use by cathedrals and dioceses to assist with this joint working arrangement.
145. The NST should issue guidance on joint working on safeguarding by cathedrals and dioceses to assist with this cross working and to ensure that this is factored into training programmes for dioceses and cathedrals.
146. Safeguarding staff in cathedral and diocese should ensure that they work closely to avoid any matter falling between the two institutions.

Resourcing of safeguarding

147. Safeguarding needs of cathedrals should not take second place to those of dioceses.
148. Resources for safeguarding should be allocated to cathedrals according to need by the dioceses and the NCIs.
149. Cathedrals should ensure that they have sufficient resources in place to ensure the delivery of appropriate safeguarding arrangements. Resources might be sought from their diocese or employed directly by the cathedral.

Safeguarding and cathedral and choir schools

150. Guidance should be provided by the NST on how Church and cathedral safeguarding requirements overlap and align with the statutory requirements regarding safeguarding in cathedral and choir schools.

For and on Behalf of the Cathedrals Working Group

RT REVD ADRIAN NEWMAN, BISHOP OF STEPNEY (Chair)

May 2018

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ANNEX B

CATHEDRALS WORKING GROUP: MEMBERSHIP AND TERMS OF REFERENCE

Terms of Reference

The Cathedrals Working Group has been established by the Archbishops in response to the request from the Bishop of Peterborough in his Visitation Charge "to look at whether the current Cathedrals Measure is adequate, and to consider revising it".

The Working Group will therefore review the sufficiency of the Cathedrals Measure in relation to governance structures in cathedrals, with particular reference to:

- Financial management
- Major buildings projects
- Safeguarding
- Accountability, oversight and scrutiny

The Working Group will also review:

- Leadership capacity, including training and development needs for deans and Chapters
- The relationship of cathedral governance structures to other key partners, especially the Diocesan bishop, diocese and Church Commissioners
- The planning, execution, communication and implementation of Cathedral Visitations

The Working Group will report back initially to the Archbishops' Council, Church Commissioners and House of Bishops in December 2017, with any recommendations for the revision of the Cathedrals Measure and any other relevant findings.

Membership of the Cathedrals Working Group

- Chair: Rt Revd Adrian Newman, Bishop of Stepney
- Vice-Chair: Very Revd Vivienne Faull, Dean of York
- Mrs Julie Dziegiel, member of General Synod (Oxford) and of the Archbishops' Council Finance Committee
- Andrew Holroyd CBE, Executive Chairman, Jackson Canter Solicitors, Lay Canon and member of Chapter of Liverpool Cathedral
- Carl Hughes, Member of the General Synod and the Archbishops' Council Finance Committee; led the Visitation of Peterborough Cathedral on behalf of the Bishop of Peterborough; Vice Chairman of the Southwark Diocesan Board of Finance
- Richard Oldfield, Chairman, Oldfield Partners, and chair of Canterbury Cathedral Council
- Baroness Maeve Sherlock OBE
- Jennie Page CBE, Former Vice Chair of the Cathedral Fabrics Commission for England, Vice Chair, Church Buildings Council
- Dr Fiona Spiers, former Regional Director for Yorkshire and Humber, Heritage Lottery Fund

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- Rt Hon Jack Straw MP
- Rt Revd Tim Stevens CBE, former Bishop of Leicester

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Detailed recommendations to be reflected in the CAFA guidance concerning the selection and appointment of a cathedral's external auditor

- The external audit firm should be selected by the Chapter, on the advice of its Finance, Audit and Risk Committee, from a list of national and regional audit firms which have been pre-screened by a national Church body to ensure that the firm has a depth of experience of charity law and accounting practice, auditing larger charities and, ideally, of auditing other cathedrals and Church bodies;
- The assigned audit partner should be able to demonstrate experience of auditing larger charities and, ideally, other cathedrals and church bodies;
- The external auditors' report should explicitly confirm that the cathedral's financial statements have been prepared in accordance with, and comply with, the English Anglican Cathedral Accounting Guidelines;
- External auditors should be expected to report to the Finance, Audit and Risk Committee at the conclusion of each annual audit and to issue a 'management letter' which should cover, inter alia, the auditor's observations on any management, control or reporting weaknesses relating to the key financial processes and controls, and any issues relating to the cathedral's ability to continue as a going concern. The Finance, Audit and Risk Committee should report annually to Chapter on the main findings and management responses before the report and accounts are signed off; and
- Invitations to tender for cathedral audits should, as a minimum, provide the tendering firms with details of the bid process, an organisational structure diagram, the scope of the audit, and the annual report and financial statements for prior years. They should invite tendering firms to engage in discussions on the cathedral's audit needs and requirements prior to submitting their proposals to help assess the level and depth of engagement with the cathedral's operations, reduce the assumptions made by the bidders, and improve the quality of bids received.

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ANNEX D

Finance, Audit and Risk Committee (FARC)

Introduction and Background

1. As noted in the Governance section of this report, the Group recommends that the Chapter should appoint a Finance, Audit and Risk Committee which would be chaired by a non-executive Chapter member and would provide oversight of the activities of the cathedral and its management in the areas within its remit.
2. It would, however, be best practice to have an Audit and Risk Committee separate from the Finance Committee. This is recommended where sufficient resources of the necessary calibre and experience are available in a cathedral's locality. However, the Group appreciates that this could present practical challenges for some cathedrals. In such circumstances, the roles and terms of reference set out below would need to be divided appropriately between the committees.
3. The chair of each committee would report formally to Chapter and minutes of all committee meetings would be provided to Chapter.

Committee's role

4. The role of the Committee would be to act as the sub-committee of the Chapter providing review and oversight of all financial, audit and risk matters relating to the operation of the cathedral. This would include, but not be limited to, oversight of the following:
 - Ensuring that the minimum financial operating standards and controls (*qv*) are in place and operating effectively;
 - Ensuring the adequacy of the cathedral's finance function;
 - Ensuring that the cathedral is a going concern;
 - Ensuring that the cathedral is in compliance with all applicable laws and regulations;
 - Ensuring compliance with the cathedral's policies concerning conflicts of interest and related party transactions;
 - Reviewing, questioning and challenging the cathedral's annual budget, five-year financial plan, monthly management accounts and annual financial report and accounts;
 - Ensuring that the annual financial statements comply with the cathedral accounting regulations;
 - Ensuring that the cathedral's accounting and reserves policies are adequate and appropriate;
 - Directing the areas for focus and review through internal audits/peer reviews and the external auditors;
 - Overseeing the selection, appointment and performance appraisal of the external auditors;
 - Receiving a planning report from the external auditors in advance of their

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audit work and a final report and management letter from the external auditors at the conclusion of their annual audit, and taking such actions as are considered necessary as a consequence;

- Reviewing and challenging the completeness of the cathedral's risk register and the processes in place to mitigate the risks identified, including, but not limited to, health, safety, safeguarding, finance, property, terrorism and security risks; and
 - Providing advice, direction and guidance on the cathedral's investment and property portfolios (where applicable) and overseeing the selection, appointment and performance appraisal of relevant professional advisers and fund managers.
5. Agendas and papers for each Committee meeting should be circulated at least five days prior to each meeting, copied to members of the Chapter if the Chapter so requests. Minutes of each Committee meeting should be agreed by the Committee chairman and circulated to Committee members and members of Chapter within ten working days of each meeting.

Committee's composition

6. It is anticipated that the FARC should comprise at least five, and not more than eight, members, with the cathedral COO and CFO being in attendance at all the Committee's meetings. The Committee's chairman should be a lay person who, by virtue of his/her chairmanship of the FARC, is a member of the Chapter. The Committee's members should include at least one representative of the cathedral's clergy.
7. The composition of the Committee should primarily be determined on the basis of the relevant skills and experience required of members to be able to exercise the review and oversight role described earlier. It is thus anticipated that the following skills and experience would be present amongst the Committee members:
- Financial management and reporting
 - Financial and management accounting
 - Systems of internal control
 - External and internal audit processes
 - Risk management frameworks and processes
 - Investment management (where applicable)
 - Property management (where applicable)

Committee's Terms of Reference

8. Proforma Terms of Reference for a cathedral's FARC are set out below.

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Finance, Audit and Risk Committee
Pro Forma Terms of Reference

1. Constitution

The Finance, Audit and Risk Committee (the “Committee”) is established as a sub-committee of the Chapter. The role and responsibilities of the Committee shall be as detailed in these terms of reference and shall not be amended except with the approval of the Chapter.

2. Role

The role of the Committee is as follows:

Finance

- to monitor and review the effectiveness of the cathedral’s finance function and its risk management and internal control systems, ensuring that the minimum financial operating standards and controls expected of cathedrals are in place and operating effectively;
- to review, question and challenge the cathedral’s annual budget, five-year financial plan, monthly management accounts and annual financial report and accounts, reviewing any significant financial reporting judgements;
- to ensure that the annual financial statements comply with the cathedral accounting regulations and that the cathedral’s accounting and reserves policies are adequate and appropriate;
- to monitor the cathedral’s financial position to ensure that it is a going concern;
- to ensure that the cathedral is in compliance with all applicable laws and regulations;

Audit

- to direct the areas for focus and review by quinquennial assurance reviews and the external auditors;
- to oversee the selection, appointment and performance appraisal of the external auditors, to review the external auditors’ independence and objectivity and the effectiveness of the audit process, taking into consideration relevant laws, regulations and ethical codes;
- to receive a planning report from the external auditors in advance of their audit work and a final report and management letter from the external auditors at the conclusion of their annual audit, and take such actions as are considered necessary as a consequence;
- to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant laws, regulations and ethical guidance regarding the provision of non-audit services by the external audit firm;
- to monitor compliance with the cathedral’s policies concerning conflicts of interest and related party transactions;

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Risk

- to review and challenge the completeness of the cathedral's risk register and the processes in place to mitigate the risks identified;

Investment and property (where applicable)

- to provide advice, direction and guidance on the cathedral's investment and property portfolios (where applicable) and oversee the selection, appointment and performance appraisal of relevant professional advisers and fund managers.

3. Membership

- The Committee shall comprise not less than five members of whom the majority shall be independent, lay people.
- The members of the Committee shall be appointed by the Chapter, in consultation with the Chair of the Committee.
- At least one member of the Committee shall be a member of the cathedral's clergy.
- At least one member of the Committee shall have recent and relevant financial experience and the Committee as a whole shall have competence relevant to external and internal audit, systems of internal control, risk management frameworks and processes and, if applicable, investment and/or property management.
- The Chapter shall appoint the Committee Chair and may at any time remove him/her from that office. The Committee Chair shall be a lay person and a member of the Chapter. In the absence of the Committee Chair or an appointed deputy at a meeting of the Committee, the remaining members present shall appoint one of their number to chair the meeting.
- Appointments to the Committee shall be for a period of up to three years, which may be extendable for two further three-year periods.

4. Committee Secretary

The cathedral CFO or his/her nominee shall act as the Secretary of the Committee and will provide all necessary support to the Committee.

5. Quorum

The quorum necessary for the transaction of business shall be four members. Recommendations to the Chapter arising at each meeting of the Committee shall be decided by majority vote.

6. Attendance

- 6.1 Only members of the Committee and the Committee's secretary have the right to attend Committee meetings.

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6.2 The cathedral's Chief Operating Officer and Chief Financial Officer will normally attend the meetings of the Committee, with the external auditors being in attendance at least twice each year.

7. Notice of Meetings

7.1 Meetings of the Committee shall be convened by the Secretary of the Committee after discussion with the Committee Chair. Special meetings may be requested by any member of the Committee or the external auditors.

7.2 Unless otherwise agreed, notice of each meeting shall be forwarded to each Committee member and to other attendees (as appropriate) at least five days in advance of each scheduled meeting date, together with an agenda and supporting papers, to enable full and proper consideration.

8. Frequency of Meetings

The Committee shall meet not less than six times in each calendar year. The timing of all such meetings shall be at the discretion of the members of the Committee, but will coincide with key stages within the financial reporting and operational review and external audit cycles, in particular when financial and risk reports and are available for review, and when full year financial and external audit reports are available.

9. Minutes of meetings

9.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

9.2 Minutes of Committee Meetings shall be circulated to the Committee Chair for review and subsequently to all members of the Committee within ten working days of each meeting. Any Chapter member may, on request to the Secretary, obtain a copy of the papers prepared for the Committee.

10. Authority

10.1 The Committee is authorised by the Chapter:

- to seek any information it requires from any cathedral office holder, employee or volunteer;
- to employ the service of such advisers as it deems necessary or appropriate to fulfil its responsibilities; and
- to investigate any activity it deems necessary to carry out its duties.

10.2 It shall be the responsibility of the Committee Secretary to ensure that information required under 10.1 is made available in a timely manner.

11. Duties

11.1 The duties of the Committee shall be as follows:

Reporting Responsibilities

11.2 The Committee Chair shall report formally to the Chapter on its proceedings after each meeting on all matters within its duties and responsibilities, including:

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- the results of reviews of the effectiveness of the systems for risk management and internal control (including operational controls);
- the significant issues that it considered in relation to the cathedral's annual budget, five-year financial plan, monthly management accounts and annual financial report and accounts, and how these issues were addressed;
- its assessment of the effectiveness of the external audit process, its recommendation on the appointment or reappointment of the external auditor, and the results of the external audit and how it contributed to the integrity of financial reporting including the role of the Committee in that process; and
- where applicable, its consideration of the cathedral's investment and property portfolios.

11.3 The Committee shall make whatever recommendations to the Chapter it deems appropriate on any area within its remit where action or improvement is needed.

Review of Committee's Effectiveness

11.4 The Committee shall annually review its terms of reference and its effectiveness and recommend any changes it considers necessary to the Chapter.

Internal Control and Risk Management

11.5 The Committee shall:

- on an ongoing basis, assess the scope and effectiveness of the risk management framework and the systems and processes established by cathedral management to identify, assess, manage and monitor operational risks (including health, safety, safeguarding, property, terrorism and security) and financial risks;
- review and assess plans for reviewing the effectiveness of the cathedral's systems of risk management and internal control taking into account the principal risks inherent and emerging in cathedral operations, as documented in the cathedral's risk register, and the system of internal control necessary to monitor such risks;
- direct the areas for focus and review through internal audits/peer reviews, consider the results of those reviews and the actions required for the continuous improvement of the internal control and risk management framework;
- review the remit and the expertise, objectivity and effectiveness of the work of those responsible for developing the above-mentioned plans and of those carrying out the reviews;
- review the adequacy of the cathedral's finance function and cathedral management's responsiveness to the findings and recommendations arising from the reviews;

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- review the procedures for monitoring compliance with the cathedral's policies concerning conflicts of interest and related party transactions and for ensuring that the cathedral is in compliance with all relevant laws and regulations;
- review arrangements by which staff may, in confidence, raise concerns about possible improprieties relating to finance or other aspects of the cathedral's operations in order to ensure that arrangements are in place for the investigation of such matters and for appropriate follow-up action; and
- review and approve the statement to be included in the Annual Report and Accounts in relation to the Chapter's assessment of the cathedral's prospects and its ability to continue in operation and meet its liabilities as they fall due over the period of not less than one year from the date of the review.

Financial Planning and Reporting

11.6 The Committee shall:

- review, question and challenge the cathedral's annual budget, five-year financial plan and monthly management accounts.

Annual Report and Financial Statements

11.7 The Committee shall review with management and the external auditors the integrity of the annual financial statements before submission to the Chapter, focusing in particular on:

- the consistency of and the appropriateness of any changes to accounting and reserves policies;
- the accounting treatment and effect of significant or unusual transactions, and how they are disclosed;
- the appropriateness of assumptions and judgements in items subject to estimation;
- significant adjustments resulting from the audit and any unadjusted items identified during the audit together with management's explanations as to why they have not been adjusted;
- the appropriateness of adopting the going concern assumption, identifying any material uncertainties to the cathedral's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- compliance with financial reporting standards and the cathedral accounting regulations; and
- the clarity and completeness of disclosures.

External Audit

11.8 The Committee shall:

Appointment, reappointment and resignation

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- be responsible for the procedure for the selection of the external auditor and make recommendations to the Chapter in relation to the appointment, re-appointment and removal of the external auditors and approve the remuneration and terms of appointment of the external auditors;
- ensure that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms and, in respect of such tender, oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process, always ensuring that the audit firms considered have a depth of experience of charity law and accounting practice, of auditing larger charities and, ideally, of auditing other cathedrals and Church bodies; and
- if any auditor resigns, investigate the issues leading to this and decide whether any action is required.

Terms of engagement

- oversee the relationship with the external auditors, including (but not limited to):
 - the negotiation and approval of their terms of engagement, including the scope of the audit and the level of remuneration in respect of audit services provided; and
 - the review and approval of the engagement letter issued at the start of each audit, ensuring that it has been updated to reflect changes in circumstances arising since the previous year.

Independence and expertise

- review and monitor the external auditors' expertise, resources, independence and objectivity taking into consideration relevant law, professional and regulatory requirements;
- seek annually from the external auditors information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including those regarding the rotation of audit partners and staff.

Non-audit services

- review and monitor the appropriateness of the provision of non-audit services to the cathedral by the auditor, taking into account ethical guidance and legal requirements, ensuring that the provision of such services does not impair the external auditors' independence and objectivity; and
- develop and implement a policy on (i) the engagement of the auditors to supply non-audit services; and (ii) the employment of former employees of the external auditors, taking into account any relevant law, ethical guidance and regulatory requirements on this matter.

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Audit cycle

- review the annual audit plan and ensure that it is consistent with the scope of the audit engagement letter;
- review the findings, conclusions and recommendations of the external auditors (including any recommendations for improvements in internal financial controls and/or reporting processes). This shall include, but not be limited to, the following:
 - a discussion of any major issues which arose during the audit;
 - any accounting and audit judgments;
 - levels of errors identified during the audit;
 - review of the management letter and management's response to the external auditors' findings and recommendations; and
 - any other matters the external auditors may wish to discuss (in the absence of management where necessary).
- review any representation letter requested by the external auditor before it is signed by management, giving particular attention to non-standard issues;
- review the effectiveness of the audit process; and
- meet the external auditors at least once a year without management being present, to discuss their remit and any issues arising from the audit.

Investment and Property

11.9 The Committee shall:

- provide advice, direction and guidance on the cathedral's investment and property portfolios (where applicable) and oversee the selection, appointment and performance appraisal of relevant professional advisers and fund managers.

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GLOSSARY OF ACRONYMS

AEC – The Association of English Cathedrals
CAFA – Cathedrals Administration and Finance Association
CEO – Chief Executive Officer
CFCE – Cathedrals Fabric Commission for England
CFO – Chief Financial Officer
CHECS – Church of England Central Services
COO – Chief Operating Officer
DSA – Diocesan Safeguarding Adviser
FAC – Fabric Advisory Committee
FARC – Finance, Audit and Risk Committee
FRS – Financial Reporting Standard
HLF – Heritage Lottery Fund
IICSA – Independent Inquiry into Child Sexual Abuse
MBA – Master of Business Administration
MDR – Ministerial Development Review
NCI – National Church Institution
NSSG – National Safeguarding Steering Group
NST - National Safeguarding Team
PCC – Parochial Church Council
TEI – Theological Education Institution
SCIE – Social Care Institute for Excellence
SORP - Statement of Recommended Practice

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ANNEX F

Grants paid to cathedrals by the Church Commissioners under Sections 21 and 23 of the Cathedrals Measure 1999

Section 21 grants

All cathedrals receive a section 21 grant to cover the stipend and associated costs of the dean and two residentiary canons.

Cathedrals can apply to use any underspend against the allocated level for section 23 purposes. There is no other flexibility for these grants and an absolute requirement under current legislation that cathedrals maintain the establishment of a full-time dean and two full-time residentiary canons. The Working Group was made aware of two recent examples where cathedrals wanted to vary these arrangements but were unable to do so. In one case a cathedral wished to have a mix of a full time and part time appointments whilst retaining a complement of at least two full time residentiary canons; in the other, a cathedral wished to reduce to one full time residentiary canon and use the savings for lay staff posts.

Section 23 grants

The current system for distributing section 23 grants was introduced in 2006. In 2017 the section 23 distribution was £3.6m. A key factor for determining the section 23 grants for cathedrals is their net unrestricted income available for mission as per their published accounts ('net' means after costs directly related to income such as costs relating to catering and retail offers and investment management costs). An average over a number of years (in 2017 this was 9 years) of this figure is taken to smooth out the effect of one-off factors such as significant legacies.

The principle of the section 23 grant formula is to give higher grants to those cathedrals with the lowest average net income:

- There are three 'bands' into which cathedrals are classified according to their level of income. Cathedrals with average net unrestricted income exceeding the band 3 rate receive no section 23 grants. This has meant that in 2017 seven cathedrals – Canterbury, Durham, Lincoln, St Paul, Salisbury, Winchester and York have received no section 23 grant.
- The income level of the three bands was set when the formula was first created and is changed each time the formula is updated in line with the percentage change in the overall sum available for the grants i.e. if the sum increases by 2%, the income level of each band also increases by that rate.
- Each band also has its own 'percentage rate' to be applied to the income figures. These were also fixed when the formula was created but the band three rate varies depending on cathedrals' overall average net income and the overall sum available for section 23 grants to ensure the money is fully utilised.

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ANNEX G

Minimum financial operating standards and controls

- Financial planning and reporting
- Appointment of external auditors
- Purchase order, invoice and payment authorisations, delegations of authority and management review;
- Effective segregation of duties between authorisation and payment, between the cathedral and any related trusts, between bank accounts and accounting;
- Specification, implementation and documentation of accounting procedures and policies, covering endowment and restricted funds, as well as designated and other unrestricted funds, and target levels for unrestricted financial reserves;
- Expenditure controls so that no expenditure above a certain threshold (say £1,000) is permitted by Chapter members or cathedral staff without prior authorisation according to the delegations of authority;
- Conflicts of interest and related party policies, including with respect to all members of Chapter and all cathedral personnel; and
- Reporting non-charitable trading and any associated sales or corporate taxes.

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ANNEX H

Support services which could be relevant for provision to cathedrals by the National Church

- HR management;
- Safeguarding;
- Payroll;
- Property management;
- Risk management frameworks;
- IT (including pre-procurement advice);
- Procurement services, including pre-screening of suppliers (including external auditors);
- Framework and support for planning, executing and funding major capital works;
- Mentoring;
- Accounting advice (including model management accounts);
- General management consultancy (including on how to diversify income streams);
- Compliance with laws and regulations (including production of checklists);
- Health and safety; and
- Security.