

Archbishops' Council

2019 Budget

Executive Summary

Table 1: 2019 Summary	Gross		Net Expenditure		Diocesan Apportionment		Regular Use of Rest/Des Funds £'000s	Funding Gap £'000s
	Expend	Income	£'000s	Increase	£'000s	Increase		
	£'000s	£'000s		%		%		
Training for Ministry - Vote 1	17,337	520	16,817	10.4%	14,776	3.1%	402	1,640
National Church Responsibilities (Operating Budget) - Vote 2	18,794	5,745	13,048	2.6%	11,749	3.0%	950	350
Grants - Vote 3	1,253	-	1,253	0.7%	1,253	0.7%	-	-
Mission Agencies Pension Contributions - Vote 4	822	667	156	11.6%	156	11.6%	-	-
Clergy Retirement Housing - Vote 5	5,046	-	5,046	5.0%	5,046	5.0%	-	-
TOTAL	43,252	6,932	36,320	6.4%	32,979	3.3%	1,352	1,990

The scope of this paper is those areas of the Council's activity that are substantially funded by the diocesan apportionment. In addition, the Council expects to continue to pay grants funded by partners - most notably from funds supplied by the Church Commissioners (Strategic Development Funding, Lowest Income Communities Funding and the transitional funding agreed to accelerate the implementation of these two funding streams in 2017).

The Council's gross expenditure budget for 2019 for areas of its work substantially funded by the diocesan apportionment is £43.3 million – an increase of £3.6 million (9.0%) on the equivalent 2018 level. The main reason for this increase is the continued growth in new ordinands (a greater proportion of whom are younger) and additional provision for the operating budget to ensure adequate resources are made available in priority areas – most notably the National Safeguarding Team. The budget assumes achievement of a cost saving challenge initiated by the Finance Committee and endorsed by the Archbishops' Council.

The Council's gross income budget for 2019 is £6.9 million – an increase of £1.4 million (25.4%). This includes grants totalling £2.25 million from The Corporation of the Church House (The Corporation). After providing support via a rent waiver across 2015-2018 The Corporation, following a recent amendment to its Royal Charter, is now able to provide intentional grants to the National Church Institutions. The Council is grateful to the Corporation for its award of £1.75 million to facilitate the work of the National Safeguarding Team and a further £0.5 million to support ordinands in training in 2019.

The dioceses are asked to fund £33.0 million via the Apportionment in 2019 - an increase of 3.3% on 2018. This represents 76.2% of the Gross Expenditure budget.

A consequence of providing funding for continued growth in ordinand numbers, whilst limiting the increase in apportionment to 3.3%, is that the Council will need to draw £2.0 million from the capital of its Church & Community Fund (in addition to the deemed sustainable 'regular' usage level of £0.6 million). A capital drawdown of £0.85 million will also be required in 2018 – as per the budget agreed by General Synod last year.

The Council recognises that an ongoing capital drawdown is not sustainable indefinitely. If the welcome increase in ordinands in training continues in line with aspirations (c.10% p.a.) and funding streams coming to an end in 2019 / 2020 are not replaced, then the funding gap could increase to over £4 million in 2020 and £6 million in 2021. A strategic funding solution is therefore required and work is underway towards achieving this.

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Budget Summary

		<u>2018</u>		variance vs budget %	2019 Draft Budget £'000s	year-on- year change v %
		Budget* £000s	Forecast £'000s			
Training for Ministry	Gross Income	-20	-20	0.0%	-520	2500.0%
	Gross Expenditure	15,247	15,254	0.0%	17,337	13.7%
	Net Expenditure	15,227	15,234	0.0%	16,817	10.4%
	Funded via:					
	AC Rest/Des Funds Transfers	395	360		402	
	Drawdown of Capital	500	500		1640	
Vote 1	Dioceses via Apportionment	14,332	14,332	0.0%	14,776	3.1%
	Reserves	-	43		-	
Operating Budget						
Operating Budget	Gross Income	-4,840	-5,216	7.8%	-5,745	18.7%
	Gross Expenditure	17,563	18,503	5.3%	18,794	7.0%
	Net Expenditure	12,724	13,287	4.4%	13,048	2.6%
	Funded via:					
	AC Rest/Des Funds Transfers	965	1,039		950	
	Drawdown of Capital	350	350		350	
Vote 2	Dioceses via Apportionment	11,409	11,409	0.0%	11,749	3.0%
	Reserves	-	489		-	
Grants						
Grants	Gross Income	-	-		-	
	Gross Expenditure	1,244	1,266	1.7%	1,253	0.7%
	Net Expenditure	1,244	1,266	1.7%	1,253	0.7%
	Funded via:					
Vote 3	Dioceses via Apportionment	1,244	1,244	0.0%	1,253	0.7%
	Reserves	-	21		-	
Mission Agency Pension Contributions						
Mission Agency Pension Contributions	Gross Income	-667	-667	0.0%	-667	0.0%
	Gross Expenditure	806	806	0.0%	822	2.0%
	Net Expenditure	140	140	0.0%	156	11.6%
	Funded via:					
Vote 4	Dioceses via Apportionment	140	140	0.0%	156	11.6%
	Reserves	-	-		-	
CHARM						
CHARM	Gross Income	-	-		-	
	Gross Expenditure	4,806	4,806	0.0%	5,046	5.0%
	Net Expenditure	4,806	4,806	0.0%	5,046	5.0%
	Funded via:					
Vote 5	Dioceses via Apportionment	4,806	4,806	0.0%	5,046	5.0%
	Reserves	-	-		-	
TOTAL						
TOTAL	Gross Income	-5,526	-5,902	6.8%	-6,932	25.4%
	Gross Expenditure	39,666	40,635	2.4%	43,252	9.0%
	Net Expenditure	34,140	34,732	1.7%	36,320	6.4%
	Funded via:					
	AC Rest/Des Funds Transfers	1,360	1,399	2.9%	1,352	-0.6%
	Drawdown of capital	850	850	0.0%	1,990	134.1%
	Dioceses via Apportionment	31,930	31,930	0.0%	32,979	3.3%
	Reserves - use of / (movt to)	-	554		-	

* adjusted to remove £250,000 income & expenditure relating to the ATL grant for the Foundation for Educational Leadership that was made to the National Society rather than the Archbishops' Council

Budget Commentary

1. The Archbishops' Council has endorsed its 2019 budget after detailed scrutiny from its Finance Committee and commends it to the General Synod. The Council's aim has been to prepare a budget to address the twin challenges of making the further investment needed at national level to maintain support for all the strands of the Renewal & Reform Programme whilst delivering the work it does on behalf of the Church that can only be done, or is most effectively and efficiently delivered, at national level.

Scope of this budget

2. This paper focuses on areas of the Council's activity that are substantially funded by the diocesan apportionment. In addition, the Council expects to continue to pay grants funded by partners - most notably from funds supplied by the Church Commissioners:
 - in 2019 £25.6 million is expected to be distributed to dioceses as lowest income communities funding, with an additional £9.7 million distributed in transitional funding focussed on those dioceses with reducing formulaic funding under the new grant systems introduced in 2017.
 - Strategic Development Fund (SDF) grants (up to £74.3 million available across 2017-2019)
 - Restructuring grants (£12.8 million across 2017-2019)
3. The Council is also grateful for the continued pro-bono support from the Church Commissioners in respect of the administration, monitoring and evaluation of these schemes under which grants are distributed in a targeted and focused manner.

Summary of 2019 budget

4. The Council's total budgeted expenditure for areas of activity substantially funded from the apportionment in 2019 is £43.3 million - £3.6 million (9.0%) above the equivalent 2018 level. The main reasons for this increase are: a) continued growth in new ordinands (a greater proportion of whom are from younger age groups), b) additional provision for the operating budget to ensure adequate resources are made possible in priority areas – most notably the National Safeguarding Team, c) the Council's commitment to increase its grant to support the clergy retirement housing scheme by 5.0% p.a. until 2020.

Table 2: Gross Expenditure	2018		2019	Inc/(Dec)rease : 2019	
	Budget £'000s	Forecast £'000s	Budget £'000s	Budget vs 2018 Budget £'000s	%
Training for Ministry - Vote 1	15,247	15,254	17,337	2,090	13.7%
National Church Responsibilities (Operating Budget) - Vote 2	17,563	18,503	18,794	1,230	7.0%
Grants - Vote 3	1,244	1,266	1,253	9	0.7%
Mission Agencies Pension Contributions - Vote 4	806	806	822	16	2.0%
Clergy Retirement Housing - Vote 5	4,806	4,806	5,046	240	5.0%
TOTAL	39,666	40,635	43,252	3,586	9.0%

5. Budgeted expenditure in 2019 is summarised in Table 2 above, based on the following main assumptions:
- A 6.4% increase in the number of new ordinands in autumn 2018 compared with autumn 2017, followed by a further increase of 10% in autumn 2019.
 - Inflationary increases of 2.5%.
6. The planned overall funding of the budget is shown in Table 3 below.

Table 3: Funding the Council's Gross Expenditure	2018		2019	Inc/(Dec)rease : 2019 Budget vs 2018 Budget	
	Budget £'000s	Forecast £'000s	Budget £'000s	£'000s	%
SubTenants' Accommodation charge	1,477	1,538	1,588		
Church Commissioners (excl Accommodation)	1,151	1,313	1,361		
Rent Relief	1,126	1,175	0		
3 rd Party Grant Funding	440	526	2,599		
Strategic Development Fund Grants	417	376	417		
Other Operating Income	916	973	968		
SubTotal: Income (excl Apportionment)	5,526	5,902	6,932	1,406	25.4%
AC Restricted / Designated Funds	1,360	1,399	1,352		
Drawdown of capital	850	850	1,990		
Reserves	0	554	0		
Diocesan Apportionment	31,930	31,930	32,979		
Grand Total: Funding (incl Apportionment)	39,666	40,635	43,252	3,586	9.0%

7. This includes grants totalling £2.25 million from The Corporation of The Church House (The Corporation). After providing support via a rent waiver across 2015-2018 The Corporation, following a recent amendment to its Royal Charter, is now able to provide intentional grants to the National Church Institutions. The 2019 budget includes a sum of £1.75 million from The Corporation to be directed towards the work of the National Safeguarding Team and a further £0.5 million towards the Training for Ministry budget to support the welcome increased growth in number of ordinands in training. The Archbishops' Council is most grateful for this generous support.
8. The overall 2019 Diocesan Apportionment increase has been limited to 3.3% due to a net increase of around £1.0 million in funding attracted from external sources (principally The Corporation) and a draw of around £2.0 million of capital from the Church & Community Fund (CCF) in addition to its deemed sustainable 'regular' usage level of £0.6 million.
9. The Council recognises that drawing capital from the CCF is not an indefinitely sustainable solution. If the increase in ordinands in training continues in line with aspirations (c.10% p.a) then the funding gap (temporarily plugged by capital drawdown) would likely grow to over £4.0 million in 2020 and £6.0 million in 2021.
10. Such figures of a funding gap are clearly worrisome from a financial perspective, but it must be viewed in the context that the gap primarily exists because of the success seen in terms of growing the number of ordinands in training – an outcome that we must rejoice rather than lament.
11. Work to determine an appropriate longer-term strategic funding solution is already underway and will gather pace over summer 2018 with the aim of implementing as part of the 2020 budget round.

12. A summary of the key issues within the 2019 budget, by area of expenditure, follows:

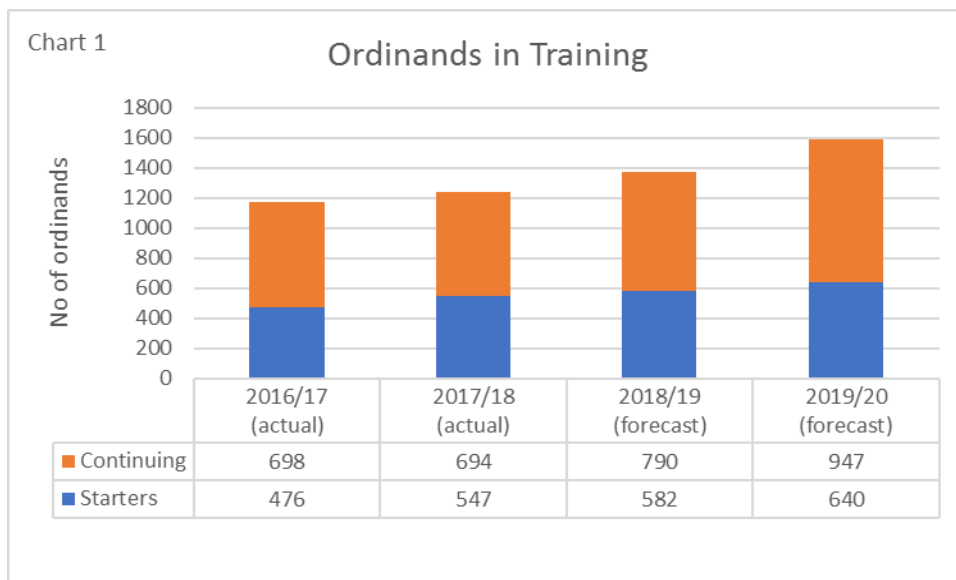
A) Training for Ministry – Vote 1

13. This budget covers the majority of the costs of training clergy for deployment in the Church of England. It excludes the costs of family maintenance grants which are made by the dioceses and in 2017/18 amounted to £5.8 million.

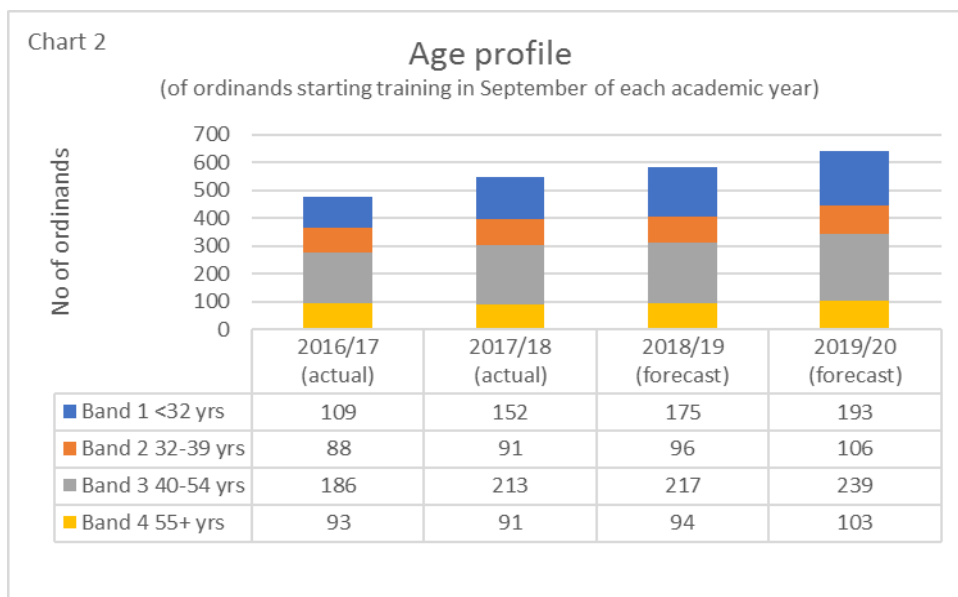
14. Budgeted Gross Expenditure in 2019 is £17.3 million, £2.1 million (13.7%) above the 2018 budget.

15. We have seen a 14.9% increase in the number of new ordinands commencing training in autumn 2017 and a further increase of 6.4% is forecast for autumn 2018, based on candidates who attended Bishops Advisory Panels (BAPs) from September 2017 – May 2018 and those due to attend BAPs before the summer break.

16. The 2019 budget includes an assumption that a further 10% increase (to 640 starters) will be seen for those candidates commencing training in autumn 2019 – working towards the Resourcing Ministerial Education (RME) initiative of an increase in vocations of 50% by the early 2020s.



17. Under the RME framework, implemented following significant consultation with dioceses and Theological Education Institutions (TEIs), new arrangements were introduced for all ordinands commencing training in September 2017. Dioceses now receive a Block Grant for ordination training according to the number and age of the ordinands they sponsor. The diocese will determine the most appropriate training pathway for each candidate, with financial support via the Block Grant provided based on the typical pathway for a candidate falling within the age band.



18. As can be seen in Chart 2 above, the number of candidates entering training aged below 32 increased significantly in September 2017 – a 39% increase on the September 2016 profile, underlining the significant progress that has been made in regards younger vocations. Data from BAPs that have taken place from September 2017 – May 2018 continues this profile with the most significant demographic increases being seen among the young. The Archbishops’ Council welcomes such a position. Those who are younger have the opportunity to serve the Church for decades, providing a substantial return on investment.

B) National Church Responsibilities (Operating Budget) – Vote 2

19. This budget covers the work in support of the Church’s ministry and mission to the nation that can only be done or is most effectively and / or efficiently carried out at a national level.

20. The financial challenge for the Council remains making the investment needed at national level to support all the strands of the Renewal & Reform Programme whilst maintaining its ‘business as usual’ activity that remains a priority.

21. Before commentary on the 2019 budget, a brief explanation of the 2018 Gross Expenditure forecast of £18.5 million is provided. This is £0.9 million (5.3%) above restated 2018 budget¹ driven by the following changes:

- £0.3 million – National Safeguarding Team – providing additional staffing capacity for policy and quality assurance work and the establishment of a new non-current cases team to mitigate the risk of having the existing policy and casework teams disproportionately concentrating on problems of the past. This sum also makes provision for evaluation of training, development of specialist modules and necessary enhancements to policy and practice guidance. The Council will continue to review how to optimise the effectiveness and efficiency of spending in this area.
- £0.3 million – Archbishops’ Council’s additional contribution to the cost of Church of England Central Services (ChECS) – this includes expenditure for General Data Protection Regulation (GDPR) work and Cyber Security IT projects.

¹ restated to remove £250,000 income and expenditure relating to the AllChurchesTrust Ltd (ATL) grant for the Foundation for Educational Leadership that was made to the National Society rather than the Archbishops’ Council as assumed when the budget was set last year

- £0.1 million – Ministry Division (partially offset by increased income) – providing capacity for evaluation of psychometric testing and living ministry research.
 - £0.1 million – Central Secretariat (entirely offset by increased income).
 - £0.1 million – Accommodation (partially offset by increased income) – including additional service charge and utility costs at a higher rate than assumed in budget.
22. Budgeted Gross Expenditure in 2019 is £18.8 million, £1.2 million (7.0%) above 2018 budget and £0.3 million (1.6%) above 2018 forecast.
23. The most significant year-on-year increases (compared with 2018 budget) are seen within:
- £0.4 million - National Safeguarding Team – including the full-year cost of: a) new non-current cases team, b) Policy Officer, c) Quality Assurance Officer, d) enhanced training resources to help dioceses and other Church bodies embed new policies.
 - £0.2 million – Archbishops’ Council share of ChECS – an increase on the 2018 budget but in line with 2018 forecast levels.
 - £0.2 million – Ministry Division – including the continuation of the Church of England Ministerial Experience Scheme (CEMES) to end 2019 which during 2019 will have exhausted the original AllChurches Trust (ATL) funding of £0.7 million across 2016-2019.
 - £0.2 million – Central Secretariat (partially offset by increased income) – including provision for work on the Human Sexuality & Marriage teaching document, the Pastoral Advisory Group and the Cathedrals Working Group (staffing costs offset by income provided by the Church Commissioners). The 2019 budget also includes provision for anticipated additional Crown Nominations Commission work and the cost of the Joint Bishops Conference (2019 being the Church of England’s turn to host the event).
 - £0.2 million – Accommodation (partially offset by increased income) – provision for additional service charge and utility costs.
24. During the budget round several opportunities for economy and efficiency were identified and implemented, together with incorporating savings targets for areas that may yield efficiency savings in due course.

C) Grants – Vote 3

25. This budget comprises the Church of England’s contributions to the Anglican Communion Office, ecumenical organisations, the Council’s Legal Costs Fund and other grants (including to the Church Urban Fund and Fresh Expressions).
26. The 2019 grants budget of £1.25 million is in line with the 2018 budget.
27. In autumn 2017 the Archbishops’ Council agreed to pay, from its reserves, a higher contribution towards the Anglican Communion Office (ACO) than the budget level approved by General Synod last year. It did so in recognition of the additional demands placed upon the ACO ahead of the Lambeth Conference in 2020. The 2019 budget includes an inflationary increase to the enhanced 2018 level for the ACO.
28. The budget also includes a reduction in grant to Fresh Expressions (FE) following the end of the agreed 5-year period (end March 2019) in which FE received funding from Vote 3 grants. The Council is in discussion with FE about the possibility of FE applying for funding in 2019 from the non-diocesan element of SDF. All other grants remain cash flat in the 2019 budget.

D) Mission agency pension contributions – Vote 4

29. The Council meets pension contributions for clergy serving with the Partnership for World Mission (PWM) mission agencies who are regarded as being “in service” for the purposes of the clergy pension scheme.
30. The 2019 budget of £0.82 million is £0.02 million (2.0%) above the 2018 budget. Across 2017-2019 the Church Commissioners are funding the majority of these costs (£2.0 million) which in turn enable the Council to fund its digital evangelism project.
31. From 2020 the Council will, most likely, need pass on the full cost of PWM Mission Agency pension contributions to dioceses via the Apportionment – as was the case from 2004-2016.

E) Clergy retirement housing – Vote 5

32. The Council has agreed a 5.0% increase in its grant to support the clergy retirement housing (CHARM) scheme until 2020. The 2019 budget of £5.0 million reflects this increase.
33. The Council took on responsibility for this grant in 2005. Over the following three years (2006-2008) it was reduced by a cumulative 10% which was not sustainable. The 5.0% p.a. increase has applied since 2010.
34. The prospect of the scheme becoming self-sufficient over the next 25 years or so will depend on a range of factors most notably demand for the scheme, house price inflation, interest rates and the ability to obtain further financing on sufficiently attractive terms. The fixed-rate bond issued earlier this year (raising £30 million) has provided the Church of England Pensions Board with greater certainty on its financing costs and was achieved at a pricing level in line with its long-term business plan assumptions.

Apportionment

35. The apportionment of the budget between the dioceses is calculated by a formula agreed by General Synod in 2001 with minor amendments following limited reviews in 2005 and 2008. Since 2009 a cap has applied which guarantees that the maximum apportionment increase to be requested from any diocese (before the pooling adjustment in respect of additional maintenance costs for ordinands). Any sums above the capped amount are apportioned to other dioceses in accordance with the apportionment formula. In 2009-2015 the cap was set at two percentage points above the average and in 2016-2018 the cap was set at one percentage point above the average. The Council has agreed that the cap for the 2019 apportionment should be set at one percentage point. The maximum increase for any dioceses (before the pooling adjustment) is therefore 4.3%. Nine dioceses are asked to pay an increase at the maximum level.
36. The recommended apportionment table for 2019 is shown on the following page.

Table of Apportionment for 2019

Diocese	Training for Ministry	National Church Responsibilities	Grants & Provisions	Inter-diocesan support of Mission Agency clergy pension contributions	CHARM	Apportionment 2019	% change 2019 on 2018	Pooling 2017/18	Total Apportionment post pooling 2019
	£	£	£	£	£	£	%	£	£
Bath & Wells	392,797	312,326	33,305	4,137	134,309	876,874	3.1	-51,066	825,808
Birmingham	188,978	150,263	16,023	1,990	64,617	421,871	3.2	12,889	434,760
Blackburn	301,889	240,042	25,597	3,180	103,225	673,933	2.8	28,873	702,806
Bristol	225,281	179,129	19,101	2,373	77,031	502,915	3.1	39,803	542,718
Canterbury	235,388	187,164	19,958	2,479	80,486	525,475	3.7	15,150	540,625
Carlisle	211,869	168,464	17,964	2,231	72,444	472,972	3.6	48,378	521,350
Chelmsford	553,880	440,408	46,963	5,834	189,389	1,236,474	3.4	-104,020	1,132,454
Chester	484,123	384,942	41,048	5,099	165,536	1,080,748	3.1	-47,635	1,033,113
Chichester	631,514	502,138	53,546	6,651	215,934	1,409,783	2.8	37,752	1,447,535
Cov entry	231,690	184,225	19,645	2,440	79,222	517,222	4.1	16,885	534,107
Derby	211,624	168,269	17,943	2,229	72,361	472,426	4.3	13,070	485,496
Durham	224,091	178,182	19,001	2,360	76,624	500,258	3.8	35,720	535,978
Ely	277,035	220,280	23,490	2,918	94,727	618,450	4.3	-29,105	589,345
Ex eter	346,360	275,402	29,368	3,648	118,431	773,209	3.6	127,336	900,545
Gloucester	305,395	242,829	25,894	3,217	104,424	681,759	4.3	11,494	693,253
Guildford	510,809	406,161	43,311	5,380	174,661	1,140,322	4.3	-30,608	1,109,714
Hereford	170,761	135,777	14,479	1,798	58,388	381,203	2.3	9,685	390,888
Leicester	194,582	154,719	16,498	2,049	66,534	434,382	4.3	-131,893	302,489
Lichfield	431,962	343,467	36,626	4,550	147,701	964,306	3.2	22,975	987,281
Lincoln	306,506	243,713	25,988	3,228	104,804	684,239	0.8	17,552	701,791
Liverpool	280,047	222,674	23,745	2,950	95,757	625,173	2.9	-172,521	452,652
London	1,382,434	1,099,219	117,216	14,560	472,697	3,086,126	4.3	-247,518	2,838,608
Manchester	336,185	267,312	28,505	3,541	114,952	750,495	3.2	23,133	773,628
New castle	171,938	136,714	14,579	1,811	58,791	383,833	3.5	24,303	408,136
Norwich	250,074	198,842	21,204	2,634	85,508	558,262	2.7	-3,659	554,603
Oxford	923,447	734,263	78,299	9,726	315,755	2,061,490	3.8	121,832	2,183,322
Peterborough	283,087	225,092	24,003	2,982	96,796	631,960	2.4	39,573	671,533
Portsmouth	184,471	146,679	15,641	1,943	63,076	411,810	4.3	67,322	479,132
Rochester	407,497	324,014	34,551	4,292	139,336	909,690	3.2	85,843	995,533
St Albans	540,742	429,962	45,849	5,695	184,897	1,207,145	2.6	75,609	1,282,754
St Eds & Ips	251,282	199,803	21,306	2,647	85,921	560,959	2.3	7,859	568,818
Salisbury	453,100	360,275	38,418	4,772	154,929	1,011,494	2.5	86,305	1,097,799
Sheffield	187,701	149,247	15,915	1,977	64,181	419,021	3.6	-99,694	319,327
Sodor & Man	33,251	26,439	2,819	350	11,370	74,229	4.3	5,745	79,974
Southwark	744,522	591,994	63,128	7,842	254,575	1,662,061	4.3	-69,229	1,592,832
Southwell & N	212,253	168,770	17,997	2,236	72,576	473,832	2.7	20,333	494,165
Truro	157,533	125,260	13,357	1,659	53,865	351,674	3.6	6,652	358,326
Winchester	425,458	338,295	36,074	4,481	145,477	949,785	3.3	-3,148	946,637
Worcester	215,435	171,300	18,267	2,269	73,664	480,935	2.9	31,639	512,574
York	350,572	278,752	29,725	3,692	119,872	782,613	3.6	86,323	868,936
Europe	31,015	24,661	2,630	327	10,593	69,226	3.3	-139,306	-70,080
Leeds	499,656	397,293	42,366	5,263	170,848	1,115,426	2.9	114,742	1,230,168
Armed Forces	17,379	13,818	1,474	183	-	32,854	-50.0	-	32,854
Armed Forces Pooling								-74,096	-74,096
Life assurance								-31,277	-31,277
Totals	14,775,613	11,748,578	1,252,816	155,623	5,046,284	32,978,914	3.3	-	32,978,914

Reserves

37. The Council holds reserve funds for each of the five areas of expenditure voted on separately by General Synod to enable it to meet its obligations and commitments which span more than one accounting period, to assist in cash flow management and to help reduce the risk of needing to ask dioceses for a substantial increase in Apportionment funding in any one year.
38. The Council's reserves policy is to hold between one and three months' expenditure as reserves for each of these five areas of expenditure, including its unrestricted funds (excluding designated funds). It also has a medium-term reserves target of the mid-point of the range (i.e. two months expenditure).

	Actual 1 Jan 2018 £'000s	Forecast Movement Jan-Dec 2018 £'000s	Thus end Dec 2018 £'000s	2019 Policy levels		Budget Movement Jan-Dec 2019 £'000s	Thus end Dec 2019 £'000s	Medium-term target level £000s
				Min £000s	Max £000s			
Training for ministry - Vote 1	2,692	(43)	2,649	1,445	4,334	-	2,649	2,890
Operating Budget (Unrestricted) - Vote 2	3,230	(489)	2,741	1,566	4,698	-	2,741	3,132
Grants - Vote 3	238	(21)	217	104	313	-	217	209
Mission agency pension contributions - Vote 4	216	-	216	69	206	-	216	137
Clergy retirement housing - Vote 5	805	-	805	421	1,262	-	805	841
Total	7,181	(554)	6,627	3,604	10,813		6,627	7,209
				Min 1mths / Max 3 mths total expenditure				

39. It is forecast that during 2018 the Council will need to draw £0.5 million from its Unrestricted reserve – principally to fund the additional expenditure of the National Safeguarding Team and to meet its share of the pan-NCI ChECS activities. This sum is in addition to the planned capital drawdown of £0.85 million from the Church & Community Fund (CCF), in line with 2018 budget.
40. The 2019 budget has been constructed on the basis that a further £2.0 million capital drawdown will be required from the CCF – i.e. the funding gap will require no additional adjustment to Votes 1-5 reserves as the CCF (being an Endowment Fund) is not included within the above Reserves definition.
41. It is accepted that the consequence of limiting the 2019 diocesan Apportionment increase to 3.3% is that the end 2019 budgeted position for the Votes 1-5 reserves is £0.6 million below medium-term target, but well within the one-three month policy range.
42. It should be noted that the various grants awarded by the Council as a result of Church Commissioners funding are excluded from the above Reserves calculation. A Statement of Funding Principles has been agreed between the Council and the Commissioners which provides comfort that Grant commitments can be met without the Council needing to provide additional specific reserves.

Appendices

2019 Budget

Training for Ministry – Vote 1

This budget covers the majority of the costs of training clergy for deployment in the Church of England. It excludes the costs of family maintenance grants which are made by dioceses and in 2017/18 amounted to £5.8 million.

2019 Expenditure (£)	17,337,309
<u>Funded by:</u>	
Drawdown of Capital	1,639,696
Corporation of Church House Grant	500,000
AC Restricted / Designated Funds	402,000
Bank / Deposit funds interest	20,000
Diocesan Apportionment (£)	14,775,613

Resourcing Ministerial Education (RME) – a reminder

43. The Resourcing Ministerial Education Initiative, part of the overall Renewal and Reform programme, is aimed at developing a financial framework for the funding of initial ministerial education which provides greater transparency between the training choices made by dioceses and their financial cost. It has the flexibility to cope equitably with the increasing evolution of pathways in the TEI sector and is structured in a way that incentivises the overall growth in ordinands, specifically younger candidates. This new framework is a key element in support of the aspiration to increase the number of students in training by 50% by 2020.
44. The new arrangements were introduced for the 547 ordinands commencing their training in September 2017. Ordinands have their tuition fees and some allowances funded by a Block Grant given to dioceses according to the number and age of the ordinands they sponsor, regardless of their pathway choice. The money continues to come from the Training for Ministry budget, funded by contributions from all dioceses on an apportioned basis. Tuition fees and allowances of ordinands already in training will continue to be funded in the pre-RME manner. By September 2019 all ordinands will be funded by the RME Block Grant
45. The Block Grant is determined according to the age of the ordinand on September 1st in the year they begin training. For ordinands aged under 32 at the start of training, dioceses will receive sufficient funds to cover the costs of a three-year residential college pathway; those between 32 and 39 enough for two years' residential; those between 40 and 54 enough for three years on a regional course; and those 55 and over will receive sufficient to cover a two-year regional course pathway. The level of grant reflects the costs of the typical pathway that candidates of each age have followed over the past four years. The grant paid to the diocese will be the aggregate of the grants required according to age for all students sponsored by that diocese. An individual grant does not have to be spent exclusively on that student but can be spent on the training needs of any in that cohort.

Training for Ministry Budget 2019

46. The schedule below gives a revised forecast for 2018 and a budget for 2019, based on the latest information. The gross expenditure projection for 2018 of £15,254k is essentially in line with budget. The gross expenditure budget for 2019 of £17,337k represents an increase of £2,090k (13.7%) on the 2018 budget.
47. The block grants for each of the age bands are shown below. Block Grants for those in Bands 1 and 3 are paid over three years whilst those in Bands 2 and 4, are paid over two years. Of those generating Block Grants, 30% of ordinands are anticipated to be in Band 1, 17% in Band 2, 37% in Band 3 and 16% in Band 4.

Training for Ministry Budget	2017		2018		2019
	A	B	C	D	E
	GS2041 Budget £'000s	Actual £'000s	GS2076 Budget £'000s	FP(18)05 Forecast £'000s	Draft Budget £'000s
<u>a) Continuing Students 2017/18 & 2018/19</u>					
Tuition Costs	7,566	7,175	3,947	3,891	1,189
Ordinand Allowances + Maintenance	3,680	3,778	1,914	1,880	537
	11,246	10,953	5,861	5,771	1,726
<u>b) Block Grants - Starters from Sept 2017</u>					
Band 1 (<32 yrs)	668	782	3,113	3,280	6,235
Band 2 (32-39 yrs)	531	457	1,871	1,917	3,050
Band 3 (40-54 yrs)	484	463	1,951	1,898	3,459
Band 4 (55+ yrs)	191	200	864	816	1,288
	1,874	1,902	7,800	7,910	14,032
<u>c) University Fees</u>					
Continuing Students	947	847	357	410	119
Starters from Sept 2017			582	574	968
	947	847	939	984	1,087
<u>d) Disability / Dyslexia / Other Grants</u>					
Continuing Students	99	36	48	48	14
Starters from Sept 2017			63	63	113
	99	36	111	111	127
<u>e) Other</u>					
Context-Based Training: Support Grants	360	284	200	176	62
TAP / Family Maintenance Grants	312	137	312	271	151
Other / RME Contingency	28	12	83	88	170
LEA & Self-Funded Support	(117)	-	(59)	(58)	(17)
	583	433	536	478	366
TOTAL Gross Expenditure - £'000s	14,749	14,170	15,247	15,254	17,337
Variance %		-3.9%		0.0%	13.7%
Bank interest	(20)	(10)	(20)	(20)	(20)
Grant Income	-	-	-	-	(500)
TOTAL Gross Income - £'000s	(20)	(10)	(20)	(20)	(520)
TOTAL Net Expenditure - £'000s	14,729	14,160	15,227	15,234	16,817
<u>Funded via</u>					
Diocesan Apportionment	13,959	13,977	14,332	14,332	14,776
ACMTTF + Other Restricted Fund Transfers	340	197	395	360	402
Corporation Rent Relief	70	-	-	-	-
Capital Drawdown	360	-	500	500	1,640
Reserves: funds (to) / from	0	(13)	-	43	-
TOTAL Funding - £'000s	14,729	14,160	15,227	15,234	16,817

Numbers in training

48. The schedule incorporates an estimate of student numbers for 2018/19 and a projection for the following 2019/20 academic year. The estimated number of starters in 2018 has been based on candidates who attended BAPs September 2017 – May 2018 and the latest information on those who are expected to attend before the summer 2018 cut-off. This gives a September 2018 projected total of 582 starters - an increase of 6.4% on September 2017 starters.

49. A further 10% increase (to 640 starters) has been anticipated for the 2019/20 academic year – working towards the aspiration of an increase in vocations of 50% by the beginning of the 2020s.

Academic Year	Starters	Year-on-Year Increase (%)	Cumulative Increase (%)	Total in Training	Year-on-Year Increase (%)	Cumulative Increase (%)
2016/17 (actual)	476			1174		
2017/18 (actual)	547	14.9%	14.9%	1241	5.7%	5.7%
2018/19 (forecast)	582	6.4%	22.3%	1372	10.6%	16.9%
2019/20 (forecast)	640	10.0%	34.5%	1587	15.7%	35.2%
2020/21 (forecast)	705	10.2%	48.1%	1735	9.3%	47.8%
2021/22 (forecast)	705	0.0%	48.1%	1839	6.0%	56.6%

Costs

50. The cost of training, both in the current and new RME arrangements, is based on the average cost of each type of training adjusted for expected cost increases. The following assumptions have been made in arriving at the 2019 budget:

Tuition Costs

51. Tuition costs in 2018/19 of £8,760 per head for College students, representing an increase of 2.3% on the 2017/18 level. This takes into account the stipend increase in April 2018 and a projection of 2.5% for inflation. For Regional Course and Context-Based students the tuition increase of 2.3% also applies, taking the costs to £6,087 and £7,305 respectively. An across the board increase of 2.3% has been used for the 2018/19 academic year. These values form the basis for the calculation of Block Grants.

Ordinand Allowances & Maintenance

52. Inflation at 2.5% has also been adopted in the expected levels of student grants, college maintenance fees and pre-theological education costs in both 2018/19 and 2019/20. Student grants and maintenance fees are also used in the calculation of the Block Grants

Context Based Poorer Parish Support

53. Although the arrangement to provide support through Central funds will end with the introduction of RME, funds still need to be provided to support continuing students. 2019 forecast: £62,000.

Contingency Funding for the RME Transition

54. The Budget for 2019 includes £170,000 to provide contingency funding for either Band 3 ordinands following 2 years residential training and/or travel expense support for ordinands in dispersed dioceses. This has been increased following a Ministry Council decision to provide 100% funding support for Band 3 ordinands studying residentially if they are from a diocese with a block grant deficit.

Pooling

55. Pooled expenditure in the 2017/18 academic year is £5.8million (including the adjustment in respect of the previous academic year). The pooling adjustment will continue to be made alongside the Apportionment for administrative convenience. Following the introduction of RME there is an additional reduction in allowable pooling of £3,000 per context based ordinand.

POOLING TOTALS 1.9.2017 TO 31.8.2018

	a	b	c	d	e	f	g
DIOCESE	2017/18 Estimated spend	2017/18 Single cap adjustment	2017/18 Context based cap adjustment	2017/18 Total Estimated poolable spend	Prior Year (16/17) adjustment *	2017/18 TOTAL	2016/17 Total
				(a+b+c)		(d+e)	
Bath and Wells	202,514	-13,300	-4,575	184,639	19,934	204,573	139,560
Birmingham	58,968	-338	-	58,630	2,365	60,995	74,812
Blackburn	104,672	-20,562	-	84,110	4,377	88,487	73,253
Bristol	67,773	-18,010	-2,668	47,095	1,173	48,268	66,491
Canterbury	79,802	-4,461	-	75,341	2,410	77,751	43,479
Carlisle	35,114	-	-	35,114	-	35,114	18,439
Chelmsford	361,710	-45,554	-12,000	304,155	17,247	321,403	212,002
Chester	279,411	-25,552	-10,575	243,284	-6,418	236,866	230,935
Chichester	213,432	-11,359	-6,000	196,073	11,708	207,781	189,153
Coventry	79,208	-45	-6,000	73,163	1,729	74,892	75,006
Derby	74,881	-3,025	-	71,856	639	72,495	71,351
Durham	59,083	-6,521	-	52,562	272	52,834	70,278
Ely	150,161	-9,986	-	140,175	2,415	142,590	185,497
Exeter	68,606	-10,281	-4,575	53,750	-44,605	9,145	84,755
Gloucester	127,476	-12,617	-3,000	111,859	-	111,859	51,443
Guildford	273,643	-25,631	-15,000	233,012	959	233,971	124,503
Hereford	59,577	-2,001	-	57,576	-1,514	56,062	26,306
Leicester	226,073	-13,971	-16,575	195,527	17,641	213,168	82,466
Lichfield	177,433	-3,493	-3,000	170,940	-24,889	146,051	123,831
Lincoln	108,850	-8,566	-3,000	97,284	-	97,284	74,146
Liverpool	292,788	-10,534	-18,941	263,313	18,305	281,618	199,836
London	1,054,570	-126,143	-21,000	907,427	-64,119	843,308	702,462
Manchester	105,887	-949	-9,000	95,938	12,516	108,455	117,416
New castle	30,279	-4,294	-	25,985	17,349	43,334	80,427
Norwich	110,986	-7,402	-3,000	100,584	-	100,584	59,119
Oxford	295,326	-36,710	-11,645	246,971	-4,013	242,958	310,708
Peterborough	90,818	-12,710	-3,000	75,108	-5,405	69,703	153,207
Portsmouth	16,719	-10,419	-	6,300	-	6,300	5,925
Rochester	83,035	-2,241	-	80,794	-7,166	73,628	83,083
St Albans	178,728	-36,940	-4,446	137,342	-3,436	133,906	103,634
St Edmundsbury & Ipswich	93,079	-10,725	-	82,354	6,478	88,832	37,529
Salisbury	102,387	-13,611	-	88,776	-10	88,766	104,116
Sheffield	156,572	-1,607	-	154,965	18,706	173,671	132,700
Sodor and Man	7,966	-	-	7,966	526	8,492	-
Southwark	403,058	-40,364	-1,575	361,119	9,675	370,794	316,729
Southwell & Nottingham	96,001	-29,465	-4,575	61,961	-	61,961	74,609
Truro	59,104	-1,700	-1,936	55,468	-1	55,467	85,195
Winchester	217,397	-34,853	-13,575	168,969	1,064	170,034	170,144
Worcester	58,175	-438	-6,000	51,737	551	52,288	31,212
York	78,914	-18,378	-7,226	53,310	-1,550	51,760	138,554
Europe	125,706	-4,119	-3,000	118,587	20,719	139,306	5,775
Leeds	134,545	-14,019	-3,000	117,526	-37,947	79,578	136,119
Armed Forces	66,817	-	-	66,817	7,279	74,096	48,524
Life assurance	32,125	-	-	32,125	-848	31,277	29,109
TOTAL	6,699,368	-652,893	-198,887	5,847,588	-5,883	5,841,705	5,143,838

total adjustment (for non-poolable costs) 851,780

* Prior Year adjustment shows the difference between estimated and actual expenditure for 2016/17

National Church Responsibilities (Operating Budget) – Vote 2

This budget covers the cost of work in support of the Church's ministry and mission to the nation that can only be done or is most effectively and / or efficiently carried out at a national level.

2019 Expenditure (£)	18,793,759
<u>Funded by:</u>	
Corporation of Church House Grant	1,751,543
SubTenants' Accommodation charge	1,587,511
Church Commissioners (excl Accommodation)	694,091
Strategic Development Fund Grant	416,610
3rd Party Grant Funding	347,619
Other Operating Income	947,926
AC Restricted / Designated Funds	949,882
Drawdown of Capital	350,000
Diocesan Apportionment (£)	11,748,578

56. The work carried out by the Council will continue to be shaped within the context of its 9 objectives:

1) Evangelism

To bring more of the people of England to the faith of Christ through the Church of England.

2) Discipleship

To strengthen the Christian faith and life of all who worship God in the Church of England.

3) Ministry

To ensure there are sufficient ordained and lay ministers of the required gifts and qualities who are effectively deployed to enable the Church of England to fulfil its mission, and to support those ministers in their calling, development, ministry and retirement.

4) Common Good

To contribute to transforming our society and communities more closely to reflect the Kingdom of God through loving acts of neighbourliness and service to all.

5) Education

To promote high quality Christian education in Church of England schools and voluntary education settings, and through our Church contribution to other schools, colleges, further and higher education institutions.

6) Resources for the Church

To help dioceses and cathedrals to be most effective in their mission, by providing cost-effective national and specialist services and advice.

7) Safeguarding

To ensure all children and vulnerable adults are safe in the Church.

8) Governance

To operate the national governance arrangements of the Church of England as cost-effectively as possible in pursuit of the Church's mission.

9) A Church for all people

To be a Church that can provide a home for all people in England.

National Church Responsibilities Operating Budget

	2018		2019
	GS2076 Budget* £'000s	Forecast £'000s	Budget £'000s
<u>Expenditure</u>			
Ministry	2,053	2,153	2,263
Central Secretariat	1,786	1,917	2,019
Safeguarding	1,612	1,897	1,988
MPA	1,331	1,348	1,385
CCB	1,034	1,062	937
Education Office	580	565	591
Evangelism & Discipleship	680	684	644
Renewal & Reform	467	426	467
Subtotal Main divisions	9,542	10,053	10,293
Shared Services (incl Digital Church)	4,333	4,594	4,594
Accommodation	2,641	2,746	2,834
Other (incl Pension Deficit)	1,048	1,109	1,073
Total Expenditure	17,563	18,503	18,794
<u>Income</u>			
SubTenants Accommodation charge	-1,477	-1,538	-1,588
Rent Relief	-1,126	-1,175	-
Corporation of Church House grant	-	-	-1,752
Church Commissioners (excl Accommodation)	-484	-646	-694
Strategic Development Grant	-417	-376	-417
Other 3rd Party Grant Funding	-440	-526	-348
Other Operating Income	-896	-953	-948
Total Income	-4,840	-5,216	-5,745
Thus net Expenditure	12,724	13,287	13,048
<u>Funded via:</u>			
Diocesan apportionment	11,409	11,409	11,749
AC Rest/Des Funds Transfers	965	1,039	950
Reserves: movement (to)/from	-	489	-
Drawdown of Capital	350	350	350
Total Funding	12,724	13,287	13,048

* 2018 Budget restated to remove £250,000 income & expenditure relating to the AllChurches Trust (ATL) grant for the Foundation for Educational Leadership that was made to the National Society rather than the Archbishops' Council as assumed when the budget was set last year

Ministry Division

Chair (of Ministry Council)	The Rt Revd Martin Seeley, Bishop of St Edmundsbury & Ipswich
Director	Ven Julian Hubbard
Staff (FTE)	24.1
Income (£)	-377,148
Expenditure (£)	<u>2,262,585</u>
<i>thus</i> Net Expenditure (£)	1,885,437

57. **Statement of Purpose:** The Ministry Division exists to support the bishops and dioceses in ensuring a sufficient number of lay and ordained ministers of the required ability to promote the mission of the Church of England, and to enable these ministers to flourish throughout their ministry.

58. **Ministry Division's Main Priorities in 2019 include:**

- Providing a programme of 49 Bishops Advisory Panels for up to 780 candidates.
- Conducting 5 external reviews of theological education institutions (TEIs).
- Administering the funds for ministerial education of £18m in 2019.
- Achieving a further 10% annual increase in recommended candidates.
- Implementing new selection procedures, including pilots of experimental forms.
- Engaging dioceses and TEIs in planning for the future of ministerial education and its funding in preparation for a review of RME in 2020-21.
- Improving the quality and coherence of IME 2 (post-licensing/ordination training).
- Developing a strategy for increasing the number of lay ministers.

Central Secretariat

(including the Office of the Secretary General)

Secretary General	William Nye
Director	Jacqui Phillips
Staff (FTE)	17.8
Income (£)	-464,295
Expenditure (£)	<u>2,019,067</u>
<i>thus</i> Net Expenditure (£)	1,554,772

59. **Statement of Purpose:** To strengthen the institutional effectiveness of the Church through promoting good governance, risk management, robust financial systems and a framework of law that is fit for purpose

60. **Central Secretariat's Main Priorities in 2019 include:**

- Efficient and effective servicing of the preparation, content and meetings of the Church's major governance bodies and sub committees, including the Archbishops' Council, General Synod, House of Bishops and related Boards and Committees.
- Delivering improvements to governance processes and communications to major stakeholders.
- Servicing the working groups preparing the Teaching Document on Human Sexuality.
- Servicing the major ecumenical relationships between the Church of England and other Christian denominations in England.
- Leading the work on Simplification of Church legislation under the Renewal and Reform programme.

National Safeguarding Team

Chair (of Churches National Safeguarding Committee)	The Rt Revd Peter Hancock, Bishop of Bath & Wells
Head	Graham Tilby
Staff (FTE)	21.0
Corporation of Church House Grant (£)	-1,751,543
Other Income (£)	-236,240
Expenditure (£)	<u>1,987,783</u>
<i>thus</i> Net Expenditure (£)	-

61. **Statement of Purpose:** The National Safeguarding Team aims to provide a “national professional safeguarding service working collaboratively to promote a safer church for all.”

62. **National Safeguarding Team Main Priorities for 2019 include:**

- Effective engagement with IICSA and implementation of the key themes and recommendations arising from our work with the Inquiry.
- The implementation of the recommendations arising from the independent scrutiny of the adequacy of the Past Cases Review (PCR) including the provision of a PCR-2 and development of dedicated response to ‘non-recent’ abuse.
- The development and implementation of the ‘Safeguarding Hub’ to include a national casework management system and e-safeguarding manual of policy/guidance/resources.
- The development and implementation of the Safe Spaces initiative alongside work to strengthen support for, and engagement of, survivors of abuse.
- Implementation of the findings of the independent evaluation of the Safeguarding Training & Development Framework.
- Roll-out of diocesan Safeguarding Progress Reviews alongside the roll-out of independent auditing of cathedrals and the Archbishops’ Offices.

Mission & Public Affairs (MPA) Division

Chair (of MPA Council)	Mark Sheard
Director	Revd Canon Dr Malcolm Brown
Staff (FTE)	17.7
Income (£)	-290,291
Expenditure (£)	<u>1,384,836</u>
<i>thus</i> Net Expenditure (£)	1,094,545

63. **Statement of Purpose:** MPA exists to witness to the Christian faith in public life and national debates; to support dioceses and parishes in mission and to help make the church more inclusive.

64. **MPA’s Main Priorities in 2019 include:**

- Continuing to improve our support for the Lords Spiritual.
- Setting up a CofE Reference Group on Domestic Religious Liberty.
- Working with dioceses on practical responses to key issues such as modern-day slavery
- Delivering action on Archbishops’ Council Objective 9.
- Supporting the process for delivering the Teaching Document on Human Sexuality and servicing the Pastoral Advisory Group.
- New initiatives on chaplaincy and mission.
- Learning about developments in Artificial Intelligence and contributing to the national debate about the ethics of AI.
- Supporting rural parishes in growth initiatives.
- Taking the work on Estates Evangelism into the delivery phase.

Cathedral & Church Buildings (CCB) Division

Chair	The Rt Revd Dr John Inge, Bishop of Worcester
Director	Becky Clark
Staff (FTE)	13.8
Income (£)	-184,750
Expenditure (£)	936,867
<i>thus</i> Net Expenditure (£)	752,117

65. **Statement of Purpose:** The Division exists to support church buildings as tools for mission, outreach, social justice, celebration, commemoration, evangelism and worship

66. **CCB's Main Priorities in 2019 include:**

- Increasing diocesan strategic capacity for managing church buildings through a national training and capacity building partnership programme.
- Providing targeted support for key missional areas such as Resource Churches, rural ministry, and urban estates ministry.
- Implementing the recommendations of the Church Buildings Review.
- Ensuring the Church of England's own planning and regulatory systems are as simple and non-burdensome as possible, whilst maintaining the level of heritage protection due to England's largest group of listed buildings.
- Awarding grants for buildings and objects conservation, and actively seeking secure future national funding for church buildings.

Education Office

Chair (of National Society)	The Rt Revd Stephen Conway, Bishop of Ely
Director	Revd Nigel Genders
Staff (FTE)	7.8
Income (£)	-14,200
Expenditure (£)	590,951
<i>thus</i> Net Expenditure (£)	576,751

67. **Statement of Purpose:** The Education Office exists to promote mission and ministry among children and young people through churches, schools, colleges, universities and families.

68. **Education's Main Priorities in 2019 include:**

- Securing and enhancing the provision of Church of England schools in order to ensure a strong platform from which to contribute to the Church's wider engagement with education.
- Growing the Church of England Foundation for Educational Leadership to ensure the quality and quantity of leaders needed to promote our vision for education in schools and dioceses.
- Developing the church's vision for higher and further education and supporting colleges and universities through policy, advocacy and support for chaplaincy.
- Promoting evangelism and discipleship amongst children and young people and equipping them as agents of mission and change.

Evangelism & Discipleship

Director	Revd Dave Male
Staff (FTE)	5.6
Income (£)	-16,000
Expenditure (£)	643,805
thus Net Expenditure (£)	627,805

69. **Statement of Purpose:** The Evangelism & Discipleship team was created in order to bring coherence and integration to the essential elements of the evangelism and discipleship work across the Church, enabling a strategic and cohesive national approach.

70. Evangelism & Discipleship Team Main Priorities in 2019 include:

- Changing behaviour around evangelism. Helping to increase the confidence of regular attendees to articulate their faith in all areas of their lives.
- Shifting the focus from church attendee to faith in the whole of life particularly through *Setting God's People Free*. This will require a clearer understanding of what this shift means in practice and how we can resource discipleship for life. We recognise the close interconnection of evangelism and discipleship in the life of the Church.
- Helping to renew and reimagine the mixed economy parish so that we can be truly present in every community as we seek to be a church for all.

Renewal & Reform

Director	Debbie Clinton
Staff (FTE)	3.8
Income (£)	-416,610
Expenditure (£)	466,610
thus Net Expenditure (£)	50,000

71. **Statement of Purpose:** Renewal & Reform is a body of work aiming to help the church become once again a growing church for all people and places.

72. Renewal & Reform's Main Priorities in 2019 include:

- Engagement with Dioceses and individuals in the culture change set out in *Setting God's People Free* and make effective progress in embedding the recommendations of the report. This includes the completion of Discipleship learning communities.
- Communicating the benefits of the work of the Simplification Task Group for the mission of the church and identify further barriers that could be removed.
- Refocussing the How We Work programme to create further tangible benefits for Dioceses and Cathedrals
- Taking forward work on cross-Diocese aspects of Renewal & Reform including Estates Evangelism, Rural and Coastal and any new significant areas agreed by the Archbishops' Council and House of Bishops.
- Providing capacity for ensuring delivery of existing workstreams, developing and sharpening emerging work and supporting the Renewal and Reform futures group, Archbishops' Council and House of Bishops as they look to the longer-term vision for Renewal & Reform.
- Ensuring that learning from Renewal & Reform is documented, disseminated and evaluated appropriately, communicating to internal and external audiences as appropriate.
- Commissioning research to enhance understanding of how we engage with people in a way that supports our objectives of becoming a growing church for all people and places.
- Effectively communicating and developing the narrative of Renewal & Reform.
- Reviewing the impact of significant changes already implemented by Renewal & Reform, including Resourcing the Future, Resourcing Ministerial Education, Growing Vocations and Nurturing and Developing Senior Leadership.

Shared Services (provided via Church of England Central Services)

Chair (of Joint Employment & Common Services Board)	Canon John Spence		
<u>Function</u>	<u>Director</u>	<u>Staff (FTE)</u>	<u>£</u>
Finance & Resources	Gareth Mostyn	57.9	4,947,135
IT	Yasmin Thompson	18.0	1,645,821
HR & Office Services	Carole Harden (Interim Director)	26.0	1,548,304
Records	Declan Kelly	11.1	1,125,611
Legal	Stephen Slack	12.0	1,170,031
Communications	Tashi Lassalle	12.0	923,263
Digital	Adrian Harris	5.0	666,667
Risk Management & Internal Audit	Aneil Jhumat	4.0	394,132
Contingency			209,091
		<u>146.0</u>	<u>12,630,054</u>
Funded via:		<u>%</u>	<u>£</u>
	Church Commissioners	46.9	5,921,430
	Church of England Pensions Board	16.7	2,114,484
	Archbishops' Council (via Diocesan Apportionment)	36.4	4,594,140
		<u>100.0</u>	<u>12,630,054</u>

73. Staff in the Shared Services functions support the work of all the NCIs. Their work is overseen by Church of England Central Services – the Directors of which are the Chair of the Council's Finance Committee, the First Church Estates Commissioner and the Chair of the Church of England Pensions Board.
74. *Finance & Resources* comprises: i) Finance Operations (including Payroll & Finance Systems Support), ii) Strategy & Development (running, monitoring and evaluating grant schemes and providing consultancy to dioceses), iii) Financial Policy & Planning (providing financial analysis and advice), iv) Research & Statistics (providing a range of information to support strategy and planning), and v) Stewardship & Resources (including the Parish Buying procurement programme).
75. *IT* provides technology and communication services in line with the IT strategy to support the NCIs' current and emerging business needs. IT Services comprises: i) Service Desk (responding to c.12,000 enquiries p.a.), ii) Infrastructure (managing the NCIs physical and virtual technology infrastructure), iii) Business Change (supporting the specification and delivery of the NCIs IT enabled projects portfolio), iv) Contract & Procurement Management (managing technology contracts portfolio and overseeing IT procurement procedures and processes), and v) People & Pay (providing dedicated specialist support to teams that make use of HR information systems).
76. *HR* provides a range of services to the NCIs, Bishops' offices and diocesan colleagues including: i) HR Operations (strategic and operational HR advisory service), ii) Recruitment (including Pathways jobs board), iii) Clergy HR (including Terms of Service), iv) Learning & Development (including a range of courses), v) Reward (including advice on pay, compensation, benchmarking and data analysis), vi) Projects & Systems (improving people data, systems and processes) and vii) Internal Communications.
77. *Office Services* provides: i) facilities management, ii) hospitality, iii) logistics and iv) print services to the NCIs.
78. *Records* supports the efficient management of the NCIs' paper and electronic records and produces record keeping guides for the wider church.
79. *Legal* supports the legislative and other functions of the General Synod, House of Bishops, NCI trustee bodies and committees and commissions. It also undertakes advisory work for the above, some property related work and discharges the central Church functions in relation to clergy discipline.
80. *Communications* is responsible for promoting the wider interests and managing the reputation and coordinating information flow of the National Church and the NCIs. It creates and executes proactive media strategies for the NCI departments across traditional and digital media while

providing issues management services in areas such as finance, education, safeguarding, public affairs and church buildings.

81. *Digital* was established in October 2016 with three years of funding to harness the considerable opportunities that digital and social media brings. The work of the Digital Team continues to be built around common themes of: i) Evangelism (running an effective and engaging Christmas campaign that achieves maximum impact; supporting the new Evangelism & Discipleship team; adding new features and functionality to A Church Near You), ii) Discipleship (leading a Lent and Easter campaign to grow people's discipleship and love of God; providing resources for parents and schools for those leaving at age 11), iii) Campaigns (deliver compelling campaigns that play to the Church of England's strengths with a physical presence in every community; further digital research with Christians and non-Christians; running a Digital Labs event in early 2019)
82. *Risk Management & Internal Audit* works with management, staff, trustees and the NCI audit committees to deliver risk management and assurance services. The services are delivered by a blend of NCI staff and a co-sourcing arrangement with an external accountancy firm.

Accommodation	
Expenditure (£)	2,834,061
Funded via:	
Church Commissioners	1,019,695
Church of England Pensions Board	416,040
Other tenants	151,776
Dioceses via Apportionment	1,246,550

83. Under a headlease from The Corporation of the Church House (The Corporation) the Archbishops' Council pays rent and service charge. All building related costs are shared out according to space occupied by tenants within Church House.
84. The Corporation generously granted the NCIs a waiver on their rental charge (c.£1.3 million p.a.) across 2015-2018. Following an amendment to its Royal Charter, The Corporation is now able to provide intentional grants to the National Church Institutions. The Corporation will re-commence charging rent from January 2019 and have agreed to provide the Council with a grant of £2.25 million (significantly higher than the rental charge) in 2019 to be directed towards the work of the National Safeguarding Team (£1.75 million) and the Training for Ministry budget (£0.5 million).

Grants - Vote 3

This budget is for national Church of England contributions to the Anglican Communion and Ecumenical activities, the Legal Costs Fund and other grants including to the Church Urban Fund and Fresh Expressions.

2019 Expenditure (£) **1,252,816**

Funded by:

Diocesan Apportionment (£) **1,252,816**

85. The planned level of grants is shown in the table below. The main budgetary assumptions are:

- The Inter Anglican budget will increase by 3.0% from the augmented level² approved by the Council in autumn 2017.
- The World Council of Churches budget includes the additional £10,000 p.a. sum established in the 2018 budget to build up a provision for a contribution towards the costs of the 2021 Assembly (an event which takes place every seven years).
- Other grants will remain unchanged, with the exception of the grant to Fresh Expressions (FE) following the end of the agreed 5-year period (end March 2019) in which FE received funding from Vote 3 grants. The Council is in discussion with FE about the possibility of FE applying for funding in 2019 from the non-diocesan element of the Strategic Development Fund (SDF).

	2018		2019
	Budget £	Forecast £	Budget £
Anglican Communion Activities			
Inter Anglican Budget	549,523	571,010	588,140
Ecumenical Activities			
Churches Together in England	150,000	150,000	150,000
World Council of Churches (incl Assembly)	118,000	118,000	118,000
Conference of European Churches	90,474	90,474	90,474
Churches Together in Britain & Ireland	15,000	15,000	15,000
Expenses of representatives	20,000	20,000	20,000
	393,474	393,474	393,474
Miscellaneous			
Church Urban Fund	203,000	203,000	203,000
Legal Costs (incl Legal Aid) Fund	20,000	20,000	20,000
Fresh Expressions	58,027	58,027	28,202
Minor Grants	20,000	20,000	20,000
	301,027	301,027	271,202
Grand Total	1,244,024	1,265,511	1,252,816

² Additional provision made in recognition of the additional demands placed upon the Anglican Communion Office ahead of the Lambeth Conference in 2020.

Mission Agencies Pension Contributions – Vote 4

The Church Commissioners have statutory responsibility for meeting the pension contributions for qualifying clergy employed by certain Partnership in World Mission (PWM) agencies. The Council took on financial responsibility for these contributions on a phased basis between 1999-2004 to enable the Commissioners to increase their grants to dioceses by an equivalent sum. For 2017-2019 the Commissioners agreed to fund £2.0 million of these contributions which in turn enables the Council to fund its digital evangelism project.

2019 Expenditure (£)	822,290
<u>Funded by:</u>	
Church Commissioners (£)	666,667
Diocesan Apportionment (£)	155,623

86. The key factors determining the level of Mission Agency pension contributions expenditure are the rate of pension contributions set by the Pensions Board and the number of qualifying clergy employed by the PWM mission agencies. The number of clergy whose pension contributions are funded in this way declined from 128 in 2004 to a low point of 76 during 2012. The number of qualifying clergy increased to between 85 and 90 in 2013-15 but has been between 75 and 80 since early 2016.
87. The budget takes account of the 2.0% increase in the National Minimum Stipend (NMS) in the 2018/19 stipend year and the contribution rate of 39.9% of the pensionable stipend that has applied since the start of 2015. The table below shows the average numbers (full-time equivalents FTE) of qualifying clergy employed by the Mission Agencies since 2013.

Mission agency qualifying clergy	2013 Ave FTE	2014 Ave FTE	2015 Ave FTE	2016 Ave FTE	2017 Ave FTE	End May 2018
CCE – Papua New Guinea Church Partnership	1.0	1.0	0.5	-	-	-
Church Army	4.3	3.9	5.0	4.5	4.5	2.5
CMS	16.5	17.0	17.0	14.6	14.9	14.4
CPAS	5.0	5.0	5.0	6.1	6.4	7.4
Crosslinks	21.5	23.3	26.0	26.3	25.3	25.5
Inter-Continental Church Society	5.8	4.8	6.0	6.0	5.8	6.5
Mission to Seafarers	19.0	17.9	13.1	8.0	8.3	10.0
SOMA	1.0	1.0	1.0	1.0	1.0	1.0
South American Mission Society	10.0	10.0	8.8	9.0	8.5	7.5
USPG	3.0	2.0	1.8	1.0	1.0	2.0
TOTAL	87.1	85.4	84.2	77.0	76.7	76.8

Clergy Retirement Housing Grant – Vote 5

The Archbishops' Council took over responsibility for this grant, enabling the Church Commissioners to increase their targeted grant support to dioceses in 2005. In 2010 the Church of England Pensions Board obtained its first commercial loan facility, since when their charitable funds have met a greater proportion of the overall subsidy.

2019 Expenditure (£)	5,046,284
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Funded by:

Diocesan Apportionment (£)	-5,046,284
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88. The Church's Housing Assistance for the Retired Ministry (CHARM) scheme provides housing for those retiring from stipendiary ordained and lay ministry with insufficient financial resources of their own. Clergy approaching retirement with sufficient capital resources to invest in a portion of their retirement property may apply for the shared ownership option of the CHARM scheme (which replaced the mortgage arm of the scheme in 2008), where the Pensions Board's maximum contribution is £150,000.
89. Those with insufficient capital for the shared ownership scheme may be eligible for the rental scheme. The beneficiary is granted an Assured Shorthold Tenancy to occupy an existing vacant property or one purchased by the Board. Under the choice-based lettings policy introduced in April 2015 a property may be reserved some time before retirement. From April 2015, rent has been charged on a 'target rent' basis as widely used in the Housing Association sector. As reported to General Synod in July 2014 (see GS Misc1073), this system is being very gradually phased in for existing CHARM customers whose rent had previously been limited to 30% of their total income.
90. At the end of 2017 there were 2,012 properties in the scheme (value-linked mortgages 700, shared ownership 112 and rented 1,200). Since the scheme's inception, the Pensions Board has used its charitable funds to purchase some properties. At the end of 2017 it held a 100% interest in 854 rented properties and 71 shared ownership properties (representing 71% of properties within the open sections of CHARM).
91. Until mid-2010, most of the capital required for the scheme was obtained from the Church Commissioners on a 'value-linked' basis. When the Commissioners' loans are repaid, they receive the same proportion of the sale proceeds as their original investment related to the purchase price (adjusted for any additional loans or part repayments during the life of the loan).
92. For property purchased from July 2010 the Pensions Board has access (via a commercial provider) to a revolving commercial bank loan facility of £50 million. This was supplemented by a £70 million inflation linked bond issued in August 2015 (with a further £30 million retained for future sale) which is repayable in five equal tranches between 2038 and 2048. In April 2018 the Board issued a second bond raising a further £30 million (with £20 million retained for future sale) at a fixed rate of 3.509%. The 2018 bond is repayable in three equal trades in 2044, 2046 and 2048.
93. Under these revised financing arrangements the Pensions Board retains the full risks and rewards of future capital appreciation on the property acquired. Recognising this, the Pensions Board has agreed that, by giving increased support from its charitable funds, it will endeavour to smooth the level of support required for the scheme from dioceses by way of grant.
94. The Council has agreed a 5% p.a. increase in its grant until 2020 in the clergy retirement housing grant. The Council took on responsibility for this grant – often referred to as the 'Vote 5 grant' - in 2005. Over the following three years it was reduced by a cumulative 10% which was not sustainable and hence the 5% p.a. increase has been needed since 2010. The Council and Pensions Board will discuss what level of support is required from 2020 in the light of a review of the financial model for the scheme, including expected future demand.
95. In 2017 the total net cost (after occupants' payments) of the housing support provided for retired clergy (excluding interest foregone by the Pensions Board) was £8.5 million. The Council's grant met 54% of this cost with the remaining 46% being met from the Pensions Board's charitable fund.