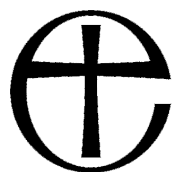


Archbishops' Council

2004 Budget

June 2003



2004 Budget Highlights

Training Budget	(Vote 1)	0.4% decrease
National Support	(Vote 2)	0% increase
Grants and Provisions	(Vote 3)	0% increase
Mission Agencies Pensions	(Vote 4)	22.7% increase
Net Apportionment		0.4% increase

This booklet sets out the underlying figures and provides details of how the budgets are made up and the nature of the work they finance.

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Executive Summary

Key Points

- | | | | |
|------|--------------------------|---|--|
| 2002 | <input type="checkbox"/> | Vote 1 underspent by £330,594 (3.7%) | |
| | <input type="checkbox"/> | Vote 2 underspent by £150,025 (1.6%) | |
| 2003 | <input type="checkbox"/> | Vote 1 outturn estimated at £127,000 below budget | |
| | <input type="checkbox"/> | Vote 2 outturn expected to be in line with budget | |
| 2004 | <input type="checkbox"/> | Vote 1 (Ordination Training) | decrease of 0.4% |
| | <input type="checkbox"/> | Vote 2 (Support and Administration) | freeze |
| | <input type="checkbox"/> | Vote 3 (Grants and Provisions) | freeze |
| | <input type="checkbox"/> | Vote 4 (Mission Agency Clergy Pensions) | increase of 22.7% (final year of transition) |

Introduction

1. The financial situation of the Church of England remains difficult, with dioceses and parishes having now had to absorb for a year a significantly higher level of contribution to the clergy pension scheme. With lower stock market returns and an uncertain investment outlook, it is a real possibility that the conclusion of the next actuarial review will be that a further rise will be necessary, although it is hoped that any such rise would not be as steep as in 2004. Despite some transitional assistance being provided over the period 2002-4 by the Church Commissioners, this has been a further pressure creating difficulty for some dioceses in balancing their budgets.
2. Recent General Synod debates have confirmed the need for redistribution of resources between dioceses beyond what can be achieved through the amount currently made available through selective allocations. Following wide consultation within the Church on Clergy Stipends, Pensions and other financial issues (GS Misc 663), proposals were agreed by General Synod in November 2002 which will result in around £9 million p.a. being recycled to dioceses judged to be in greatest financial need. The first phase of this is that transferred cost allocations (i.e. that part of the costs of the Archbishops' Council representing functions previously carried out by the Church Commissioners) will from 2004 be distributed selectively to dioceses in greatest need (see paragraph 12).
3. Against this background, the decision by the Archbishops' Council in 2001 to freeze its net administrative expenditure for the three year period 2002-4 remains necessary. Dioceses have planned accordingly and this budget allows the Council to fulfil its undertaking to freeze Vote 2 costs for a further year and to do the same for Vote 3. A reduction in the level of numbers coming forward for ordination

results in an overall apportionment increase (Votes 1-4) for 2004 of just 0.4%.

4. The budget takes account of the proposals set out in *Discerning the Future* (GS Misc 671) and is also set in the context of the organisational structures set out in the report of the Guildford Review (GS 1453). The budgets for the Boards and Councils (formerly grouped within the Church and World Division) are presented within the new organisational arrangements proposed by that Review, which are being implemented from early 2003. Similarly, the Central Secretariat now includes Research and Statistics and Christian Unity. Comparative figures have been adjusted accordingly.

Format

5. This executive summary of the budget is followed by an overall budget summary and detailed sections on each activity. The section on the costs of the work carried out at Church House is analysed further to provide a description of each area including its cost, staffing (which makes up the vast majority of the total cost) and principal functions. It is hoped that this format provides a helpful summary of the work carried out at Church House on behalf of the wider Church. A brief leaflet summarising the budget will be prepared for wider circulation, particularly at diocesan and parish level, once the budget has been approved by General Synod. A five year forecast also forms part of this document, particularly to assist dioceses in forward planning. Finally, the document contains a budget summary showing gross expenditure for each department to support the motions before Synod. An analysis of the income and expenditure of each department is available to General Synod members on request to Mark Humphriss (Chief Budget Officer).

Process

6. The Budget was considered in turn by the Senior Management Group, the Finance Committee and the Archbishops' Council itself. Each body considered the budget in detail and, for example, noted the uncertainties as regards the Communications function pending the outcome of the current Communications review. The Archbishops' Council at its meeting on 28 May approved the budget as a whole in the form set out in this document.

Bids

7. Two bids for additional resources were received as part of the budget process. The first was from the Cathedral and Church Buildings Division for short term assistance (for up to a year) to assist with the Church Heritage Forum's initiative *The Way Forward : Towards a Policy Statement for Church Buildings*. The Senior Management Group, Finance Committee and the Archbishops' Council itself recognised the limited duration of the need and that there was urgent and important work which could not be fully accommodated by other members of the department. There were also indications that this financial support might unlock additional funding. The Council was content to endorse this bid, which does not create any ongoing commitment and can be met without breaching the limits set by the three year freeze. Subject to General Synod's endorsement of the strategy

paper from the Cathedral and Church Buildings Division, this now forms part of the budget.

8. The second bid was for a National Liturgical Education Officer. Enhancing worship is (alongside Christian Unity) one of the Council's Fundamentals and the Archbishops' Council holds firmly to this. However, the Council wishes to discuss further with the Liturgical Commission what resources across the Church are in place to support this key aspect of the Church's life and ministry. In advance of that, and having regard particularly to the three year freeze and inevitable uncertainties over the future financial position, the Council did not feel able at this stage to agree a new commitment of this kind.

Apportionment

9. The apportionment of the budget covered in this report is set out in the table on page 44. It is based on the formula recommended by the Allocations and Apportionment Review Group and agreed by the General Synod in 2001. A different (and less selective) formula applies to apportionment than to the allocation of monies from the Church Commissioners and where the amount of allocations and/ or apportionment varies from year to year due to changes in the underlying data a capping mechanism limits this variation, taking the two together, to 2% of parish share.
10. It was agreed with dioceses last year that, as the Diocese of Europe is not legally able to receive funds from the Parish Mission Fund, that diocese's apportionment (which would have been £42,869 in 2004 in advance of pooling adjustments) is being waived in 2002-4. This is being achieved in respect of 2002-3 through direct additional contributions from the remaining dioceses and as regards 2004 has been factored into the apportionment table.

Common Services

11. A number of staff managed by the Archbishops' Council work for one of the common service departments (Communications, Human Resources, Information Technology, Internal Audit, Legal Services, Office Services and the Record Centre), the cost of which is shared between the National Church Institutions (principally the Archbishops' Council, the Church Commissioners, Lambeth Palace and the Pensions Board). At a meeting of the Joint Employment and Common Services Board (JECBSB) on 1 April, these bodies indicated their agreement to fund their respective shares of the budgets of departments in which they have an interest. The amount of time which each common service department devotes to each NCI is monitored each quarter to help assess the likely budgetary impact.

Additional (Transferred Cost) Allocations

12. It was agreed in 1997 that, where staff and other costs transferred from the Church Commissioners to the Archbishops' Council, an amount equal to the costs saved by the Commissioners (now around £2 million p.a.) would be added to their

allocations for parish ministry support and distributed on the same basis as is used for the apportionment. This arrangement was to protect dioceses during the transitional period for the new funded clergy pension scheme. Thus it was agreed that this arrangement would last from the start of the Council in 1999 until the end of 2002. The Council agreed, in consultation with the Commissioners, that the additional allocations should continue to be distributed between dioceses on the same basis in 2003 during the consultation on stipends, pensions and other financial matters. As already mentioned, in accordance with the General Synod's decision in November 2002, from 2004 onwards these amounts are distributed on a fully selective basis only to those dioceses in receipt of allocations. This change led to the increase in the level of apportionment from 2002 to 2003 but does not represent any overall increase in central costs.

Overview

2002 outturn

13. Overall net expenditure in 2002 was £555,082 (3.1%) below budget. The largest element of this underspend was on Vote 1 (£330,594) due to a further reduction in the numbers coming forward for ordination. Part of the underspend will be applied to augment the Vote 1 rolling reserve proposed by *Managing Planned Growth* to smooth the effect of future variations in numbers coming forward for ordination. As noted later in this document under "Reserves", the balance is now sufficient to be able to return £155,623 to dioceses as the Council is very conscious of the need not to hold on to more reserves than necessary and this has now happened. The underspend on Vote 2 (£150,025) arose principally due to certain posts being vacant for part of the year. The Vote 3 surplus (£35,466) arose as the Vote 3 contingency was not fully required (a smaller level of Vote 3 contingency is planned for 2004). Finally, Vote 4 also produced a small surplus as the number of clergy employed by the mission agencies was slightly less than budgeted. The 2002 outturn figures shown in the Budget Summaries differ in certain respects from the statutory accounts due to the revised accounting treatment for deferred expenditure.

2003 Budget

14. Vote 1 is forecast to be £127,000 below the budgeted level. Overall net Vote 2 expenditure is expected to be broadly in line with the budget. Whilst in certain departmental budgets (particularly that of the Legal Office) a saving against budget is likely to materialise, certain necessary items of expenditure have arisen since the budget was prepared a year ago. For example, to comply more effectively with health and safety requirements, a part-time health and safety adviser has been employed. Similarly, expenditure on business continuity will be necessary in 2003 to ensure the national Church institutions are better protected in the event of a major event which caused its offices to be inaccessible. Vote 3 is expected to be slightly below budget. Vote 4 is estimated to be at around the apportionment level (but not to require the use of reserves as had been budgeted).

2004 Budget

15. The individual apportionment increases are as follows:-

Apportionment increase

Vote 1 (Ordination Training)	- 0.4%
Vote 2 (National Church Responsibilities)	0.0%
Vote 3 (Grants and Provisions)	0.0%
Vote 4 (Mission Agencies Pensions)	22.7%

Individual Votes

Vote 1 (Ordination Training)

16. In the light of the smaller numbers coming forward for training, action is being taken to reduce the core costs borne by Vote 1 in respect of those theological colleges where there is excess capacity, whilst still being mindful of the hope that there will be an upturn in numbers. The Finance Committee and the Ministry Finance Panel will continue to keep this carefully under review, balancing the need to achieve savings because of lower numbers with the preservation of some capacity to be able to accommodate a hoped-for increase in numbers in the future.

Vote 2 (National Church Responsibilities)

17. 2002 expenditure overall was £150,025 below budget. Vacancies in certain posts for part of the year (including that of Secretary General) amounted to over £250,000 and restructuring in the Records Centre reduced the cost to the Council by nearly £70,000. This has allowed the Council to set aside £100,000 towards its share of the costs of implementing a common service accounting department (to improve more efficient working for all the NCIs) and to make prudent provision in relation to legal action on the Aston Cantlow case (see paragraph 22 below).

18. Both the 2002 and 2003 budgets assumed pay inflation of 4.5%, which for staff entitled to increments comprises general salary increases of 3.5% plus 1% to fund increments. However, it was decided to carry out a fundamental review of pay structures (following a similar exercise in the Home Office, which is currently the analogue for NCI salaries) to try and harmonise the quite different pay arrangements which apply, for historical reasons, to the different organisations.

19. In the light of this, an interim pay settlement of 2.5% was made in 2002 with the balance carried forward (along with such savings as may be achieved in the 2003-4 budgets) to help fund any buy out of terms, to pay any remaining amounts due in respect of 2002 and to deal with salary adjustments to a number of posts where the re-organisation of the Council's structure has led to changes in levels of responsibility.

20. The pay review has yet to be completed. The funds set aside for its implementation remain ringfenced and cannot be used for other purposes. If a buy out does not

prove practicable they will be available to offset the apportionment for the 2005 budget. A lower pay inflation assumption of 4%, including the cost of any increments, has been included in the 2004 budget. The budget fully reflects staff pension contributions being charged at the rate of 20% and for employer's national insurance contributions at the higher levels applicable from April 2003.

21. Reductions in individual expenditure items have been taken wherever they can be achieved. Improvements in technology (particularly email) continue to enable reductions in stationery, postage and other costs. A balanced budget has been possible by a combination of these savings, all the savings set out in *Discerning the Future*, some savings from a space utilisation exercise (see under Accommodation later in this document) and a modest reduction in the Council's use of the common services.
22. Provision has been made to increase the amount available for unforeseen expenditure (contingency) to £150,000 (or 1.5% of the total budget). The long lead-in time for the preparation of budgets means that new items of expenditure always arise which could not have been foreseen early the previous year when budgets were prepared and this remains a small proportion of the total budget. The contingency fund provides a means of meeting unbudgeted expenditure which senior management and the Finance Committee (or its Chairman if a decision is required at short notice) deem necessary. Demands have always outstripped the amount of the contingency fund. In 2002 the amount spent from contingency significantly exceeded the budgeted provision, particularly due to provision needing to be made against a legal case at Aston Cantlow in which the Council agreed to bear a proportion of the PCC's costs as it raises wider issues about the status of a PCC in the light of the Human Rights Act which are relevant to the wider Church. There are also at present particular uncertainties in the area of Communications pending the outcome of the Communications Review.

Vote 3 (Grants & Provisions)

23. Expenditure in 2002 overall was broadly in line with budget. The amount of the grant to the Church Urban Fund was increased to take account of the fact that for VAT reasons rent had to be charged on the accommodation occupied by CUF (previously provided as a gift in kind). This was offset by only £12,000 of the Vote 3 contingency being drawn upon (principally to mitigate the impact of a sudden closure in early 2002 of Churches Information for Mission which would have had a particularly adverse effect on work being done for the Church of England). Vote 3 expenditure in 2003 is expected to be broadly in line with the budget.
24. The Vote 3 budget for 2004 has been prepared on the basis that our contribution to the Inter Anglican budget (which forms the Church of England's share towards the cost of the Anglican Communion Office), the contributions to the ecumenical instruments and other grants would be frozen in 2004, as in 2003, as agreed by the Council at its November 2001 meeting. Other adjustments have been agreed with the bodies concerned and do not affect the decision that the underlying grant in each case remains frozen.

25. It has been agreed with the bodies concerned that denominations should in future make a consolidated grant to Churches Together in Britain and Ireland and Churches Together in England, rather than specific grants being made as previously. One exception to this is the Churches Commission on Mission, in view of the separate parallel contributions from the mission agencies.
26. For many years the Vote 3 budget has contained provisions in respect of expenditure that falls unevenly between years. Contributions towards the cost of the Lambeth Conference, WCC Assembly and periodic European Assemblies have all involved provisions of £5,000 p.a. to avoid significant variations from year to year in budgetary provision and expenditure. From 2002 these provisions are now held in reserves, rather than as creditors. As a result, a higher Vote 3 reserves level now needs to be retained since these amounts will still be called upon in the future.

Vote 4 (Mission Agencies Pension Contributions)

27. These payments are a statutory liability on the Church Commissioners as a consequence of the Pensions Measure 1998. However, it was agreed with dioceses that the financial support for this liability should be transferred to the Council's budget over a 6 year period from 1999 to 2004 to ensure that the Commissioners' capacity to maintain its stipends support to dioceses in need was not impaired. Expenditure in 2002 was £38,997 below budget due to lower numbers of clergy being employed by the mission agencies. The surplus is being applied to reduce the apportionment increase in 2004 to 22.7%. (Some specific proposals relating to 2005 and beyond are set out on pages 40-42.)

Common Worship

28. Prior to 2003 the budget for Church House Publishing excluded the trading profit from the Common Worship project. Lower sales in 2002 than had been expected have meant that the surplus as at 31 December 2002 is less than was first hoped and a fair amount of the surplus (of around £400,000) represents stock and work in progress on Virtual Liturgy 4 (rather than cash). The Council decided that from January 2003 Common Worship should form part of the normal publishing budget and this has been implemented. The remaining surplus will be transferred with effect from 1 January 2003 to Vote 2 reserves. The Finance Committee believes that this would be more appropriate than seeking to spend this sum directly on other purposes that were not authorised through the budget process and which might create long-term commitments which could not be sustained. If this results in reserves in excess of the agreed policy, these would be available to return to dioceses in due course.

Pension Surplus

29. A surplus accrued at the last actuarial valuation (31 December 1999) on the Church Administrators Pension Fund. It was decided to adopt a cautious approach, with the surplus being utilised over a ten year period. Investment

performance over the past three years confirms the wisdom of that approach. The 2002 element of the surplus was credited to the early retirement/ restructuring fund, and it is proposed to do so also in 2003 and 2004, to cover anticipated needs and to replenish the Fund to an acceptable level. By the time of the 2005 Budget, a further actuarial review of the Fund will have been received (it is due this summer) and it will be possible for the Finance Committee to consider the position further, when it is known how much of the surplus remains.

Five Year Forecast

30. A five year forecast is attached later in this document. This is our best estimate of future net expenditure, and should be seen as no more than this. Especially as regards 2005 onwards it needs to be treated with caution, but will provide dioceses with some outline figures to build into their own long term planning.

Conclusion and Recommendation

31. The General Synod is invited to approve the budget set out in Special Agenda V which would result in the following apportionments :-

	2004 Budget
Vote 1	£ 9,049,298
Vote 2	£ 9,228,360
Vote 3	£ 1,194,229
Vote 4	£ 675,000
Net Apportionment	£20,146,887

Michael Chamberlain
 Chairman, Finance Committee
 On behalf of the Archbishops' Council

Church House
 London SW1P 3NZ

5 June 2003

Budget Summary (net)

	Actual 2002 £	Budget 2002 £	Budget 2003 £	Budget 2004 £
<u>Training for Ministry</u>				
Income	(89,277)	(100,000)	(85,000)	(90,000)
Expenditure	8,795,399	9,138,175	9,175,071	9,139,298
	8,706,122	9,038,175	9,090,071	9,049,298
Less Diocesan Contributions Vote 1	(9,036,716)	(9,038,175)	(9,090,071)	(9,049,298)
Movement (to)/from Rolling Reserve	(330,594)	0	0	0
<u>National Church Responsibilities</u>				
General Income	(290,398)	(336,000)	(315,000)	(300,000)
Net Expenditure (net of related income e.g. contributions from other NCIs to common services)				
Central Secretariat	1,567,217	1,745,969	1,596,180	1,624,237
Ministry Division	1,135,058	1,183,050	1,206,920	1,295,768
Education	589,774	608,510	551,841	516,789
Mission & Public Affairs	953,217	989,403	1,019,185	1,020,689
Cathedral & Church Buildings	506,167	516,719	490,170	538,087
Finance	820,044	751,258	742,031	746,341
Internal Audit	65,368	51,200	57,733	61,077
Legal	374,166	413,633	540,368	500,421
Communications	321,726	413,550	386,783	352,679
Human Resources	207,664	193,659	174,348	208,210
Information Technology	411,231	425,493	416,300	404,489
Records	103,019	171,288	90,867	84,474
Church House Publishing	33,895	0	0	32,181
Church House Bookshop	70,114	(670)	25,415	40,357
Office services	305,298	375,980	374,988	345,438
Accommodation	1,704,686	1,772,600	1,770,233	1,607,121
Contingency	110,485	66,000	100,000	150,000
	9,279,130	9,677,641	9,543,360	9,528,360
Less Diocesan Contributions Vote 2	(7,341,683)	(7,342,868)	(9,228,360)	(9,228,360)
Less Transferred Cost Allocations *	(1,822,588)	(1,970,795)		
Movement from Reserves	(175,539)	27,978	0	(0)
<i>Direct parish ministry support</i>	-	-	1,885,492	1,885,492
<u>Grants and Provisions</u>				
Expenditure	1,233,763	1,230,132	1,187,479	1,194,229
Diocesan Contributions Vote 3	(1,004,900)	(1,004,900)	(1,187,479)	(1,194,229)
Less Transferred Cost Allocations *	(264,329)	(225,232)		
Movement from Reserves	(35,466)	0	0	0
<i>Direct parish ministry support</i>	-	-	189,329	189,329
<u>Mission Agency / Clergy Pensions</u>				
Expenditure	425,003	464,000	584,300	722,750
Diocesan Contributions Vote 4	(464,000)	(464,000)	(550,000)	(675,000)
Movement from Reserves	(38,997)	0	34,300	47,750
Overall Apportionment	(17,847,299)	(17,849,943)	(20,055,910)	(20,146,887)
<i>Total Direct parish ministry support</i>	-	-	2,074,821	2,074,821

* Shown as Direct Parish Ministry Support in 2003; become part of Selective Stipend Allocations from 2004.

Training Budget Forecast for 2004 (Vote 1)

Ordinand Numbers

1. Since the 2000/01 academic year, the funding arrangements for the Theological Colleges and Regional Courses have followed the recommendations of the Archbishops' Council's Working Party Report, *Managing Planned Growth*. The Report aimed to give the training institutions a measure of stability; and at the same time protect the annual training budget from substantial fluctuations resulting from sudden increases (or decreases) in numbers of ordinands. Numbers of sponsored ordinands attending Colleges and Courses in the last five academic years and estimates for the next two years are set out below. The table also shows the numbers of OLM ordinands training on Schemes recognised by the House of Bishops.

	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Colleges*	601	638	622	614	556	540	540
Courses ⁺	595	615	601	598	608	608	608
	1,196	1,253	1,223	1,212	1,164	1,148	1,148
OLM Candidates	185	201	209	191	217	220	225
Total	1,381	1,454	1,432	1,403	1,381	1,368	1,373

* College numbers include ordinands who are research students and candidates undertaking mixed-mode training with the St John's College, Nottingham scheme. The number of centrally funded full-time College ordinands in 2002/03 is 540, expecting to reduce to 524 in the forthcoming two academic years.

+ The Course student numbers include those candidates undertaking diocesan "pre-theological" training. There are currently 20 students in this category; numbers in this category are expected to remain stable in the forthcoming two academic years.

2. Whilst ordinand numbers increased sharply in the period 1997-2000, College numbers have since declined and are not showing signs of recovery, at least in the near future. The Ministry Division's Finance Panel has therefore examined the core costs of Colleges met from the Central Fund for Ministerial Training and resolved that these in total must be brought down by £160,000 in each of the forthcoming two academic years and this is being implemented. A reduction in core costs at this level, although sizeable, will still allow a margin for future increases in College numbers. Numbers on Courses have remained reasonably steady. Numbers of candidates training with the OLM Schemes are very gradually increasing.

2004 Budget Assumptions

3. The main assumptions on which the budget is based are as follows:
 - **Basic** inflationary core costs increases for the forthcoming academic year will be 3.2% for Colleges and 3.1% for Courses, and for the following year estimated to be 3.4% for both Colleges and Courses. These estimates are based upon academic staff

salary increases in line with stipend increases for parochial clergy (3.0% tutors and principals from April 2003 and estimated 3.5% from April 2004), non-academic staff salary increases of 4.0% and RPI inflation of 2.5% for both years.

- **Basic** variable costs will follow expected RPI inflation of 2.5% in the next two academic years. (The calculated distribution of Course core and variable costs alters slightly from September 2003 onwards, thence calculated on the basis of 60% core 40% variable as opposed to the current 65:35).
- Numbers of ordinands attending the Regional Courses are expected to remain steady in the forthcoming two academic years, although a further fall is anticipated in College ordinands of 16 from current numbers.
- In view of the downturn in College numbers over the past three years, a reduction of £160,000 is expected in the level of overall College core costs in the 2003/04 academic year followed by a comparable reduction in 2004/05.
- Student allowances increases will follow expected RPI inflation of 2.5%.
- The Church share of the cost of training, taking into account LEA awards and personal contributions, is fairly stable at around 98.0% for Colleges and Courses.
- Pre-theological training expected expenditure down by £3,500 from the 2003 budget figure to £12,900 in 2004.
- OLM training expenditure increasing by 5.7% from the 2003 budget to £295,000 in 2004.
- Mixed-mode training expenditure fairly stable at £24,500 in 2003 and £25,500 in 2004.

2002-2005 Main Budget Features

4. 2002 Outturn

Training expenditure during 2002 was £8,795,399, £342,000 below the budget agreed for 2002 of £9,138,000. This under-expenditure has resulted from the fact that numbers at Colleges in both the 2001/02 and 2002/03 academic years have been below the budgeted numbers, plus some savings in respect of pre-theological training and OLM.

5. 2003 Revised Estimate

It is at this stage anticipated that there will be savings against budget in 2003 of approximately £127,000, resulting from a further fall in College numbers combined with the reduction in Colleges' overall core costs from September 2003.

6. 2004 Budget

The forecast shows a training budget requirement of £9,139,000 in 2004, representing a 0.4% decrease from the budget for 2003 and a 1.0% increase on the revised estimate for 2003.

7. 2005 and 2006 Forecast

The training requirement for the 2005 budget year is currently forecast to be approximately £9,338,000, representing an increase of 2.2% over the 2004 forecast. The budget forecast for 2006 on this same basis will be £9,673,000 (3.6% increase). This allows for above inflation increases in both years in the Lichfield Scale to which academic staff are linked. This results from the 4.5% increase in incumbents' stipends (over and above normal annual increases) planned over 2005/2006 as recommended in the Financial Issues Working Group report.

Structure and Funding of Ordination Training Working Group

8. General Synod will also be considering at the July 2003 Sessions *Formation for Ministry within a Learning Church*, the report of the Structure and Funding of Ordination Training Working Group. The report contains proposals which would have a substantial impact on the structure and quantum of the Vote 1 budget as set out in the report. The forecast figures in this document do not, however, take this into account (as decisions are yet to be taken and the year in which changes might be made to Vote 1 is as yet uncertain). The figures for the 2004 Vote 1 Budget and the 2005/6 forecast contained in that report were provisional figures, later replaced by the figures in this budget. The report also quantifies savings (of a broadly comparable magnitude) from the intended reduction in college core costs.

Diocesan Pooling Costs

9. Expenditure on diocesan support grants made to ordinands in the year 2002 amounts in total to £3,092,516. Dioceses' expenditure in 2002 will be reflected in diocesan contributions to the 2004 budget through the pooling arrangements as set out in the apportionment table later in this document.

Conclusion

10. The budget forecast for 2004 and the revised estimate for 2003 are set out in the table on the following page, together with the details of expenditure in the academic years to which the two budget years relate. Details follow of the grant payments made to the training institutions in 2002.

TRAINING BUDGET FORECAST FOR 2004: relation of academic years to budget years

Approved Budget 2003		Academic	Revised	Academic	Forecast	Academic
		Year	Estimate	Year	For	Year
2003		2002/03	2003	2003/04 (est)	2004	2004/05 (est)
£	COLLEGES	£	£	£	£	£
4,148,758	College core costs	4,091,936	4,081,242	4,059,854	4,051,877	4,035,923
927,120	College variable costs	895,315	893,461	889,751	897,044	911,632
5,075,878	Total	4,987,251	4,974,702	4,949,605	4,948,921	4,947,555
5,552	Assessment Fees	5,004	4,997	4,982	5,022	5,103
928,136	Allowances	857,352	856,328	854,280	861,660	876,420
6,009,566	Total	5,849,607	5,836,027	5,808,866	5,815,603	5,829,078
(120,191)	Less LEA etc share	(116,992)	(116,721)	(116,177)	(116,312)	(116,582)
5,889,375	Church Share	5,732,615	5,719,306	5,692,689	5,699,291	5,712,496
264,262	University Fees	268,929	268,871	268,812	274,052	279,292
117,882	Long vacation allowance	97,704	97,704	117,612	117,612	120,528
6,271,519	TOTAL COLLEGE	6,099,248	6,085,881	6,079,113	6,090,955	6,112,316
	COURSES					
1,519,541	Course core costs	1,483,271	1,461,190	1,417,028	1,433,087	1,465,207
753,941	Course variable costs	807,430	851,350	939,189	947,015	962,669
2,273,482	Total	2,290,701	2,312,540	2,356,217	2,380,103	2,427,875
5,196	Assessment Fees	5,292	5,336	5,424	5,469	5,559
357,201	Allowances	372,204	375,306	381,509	384,688	391,047
2,635,879	Total	2,668,197	2,693,181	2,743,150	2,770,260	2,824,481
(52,718)	Less LEA etc share	(53,364)	(53,864)	(54,863)	(55,405)	(56,490)
2,583,161	Church Share	2,614,833	2,639,318	2,688,287	2,714,855	2,767,991
279,112	OLM	285,070	285,070	295,140	295,140	307,236
16,665	Pre-theological training	12,500	12,604	12,812	12,919	13,132
2,878,938	TOTAL COURSE	2,912,403	2,936,992	2,996,239	3,022,913	3,088,359
24,614	MIXED-MODE TRAINING	24,414	24,613	25,012	25,429	26,262
		-	-	-	-	-
9,175,071	GRAND TOTAL	9,036,065	9,047,486	9,100,363	9,139,297	9,226,938

TRAINING GRANT PAYMENTS FROM CFMT 2002

COLLEGES

	£
Cranmer Hall	574,572
Mirfield	220,430
Oak Hill	507,777
Queen's College, Birmingham	189,847
Ridley Hall	597,033
Ripon College, Cuddesdon	676,930
St John's College, Nottingham	735,476
St Stephen's House	353,882
Trinity College, Bristol	694,737
Westcott House	631,980
Wycliffe Hall	664,727
St Michael's College, Llandaff	37,793
Miscellaneous	58,475
TOTAL COLLEGES	5,943,659

COURSES

Carlisle & Blackburn	54,424
EAMTC	300,268
EMMTC	109,732
NEOC	165,086
NOC	290,033
NTMTC	157,832
SAOMC	244,352
STETS	362,687
SEITE	303,085
SWMTC	132,258
WMMTC	136,476
WEMTC	133,300
Miscellaneous	12,091
Pre-theological training	5,182
Course travel expenses	163,651
TOTAL COURSES	2,570,457

ORDAINED LOCAL MINISTRY SCHEMES

Blackburn OLM Scheme	10,410
Canterbury OLM Scheme	16,430
Carlisle OLM Scheme	8,905
Coventry OLM Scheme	8,475
Gloucester OLM Scheme	11,055
Guildford Diocesan Ministry Course	17,075
Hereford Local Ministry Scheme	8,475
Lichfield OLM Scheme	15,355
Lincoln OLM Scheme	7,615
Liverpool OLM Scheme	13,635
Manchester OLM Scheme	17,935
Newcastle OLM Scheme	7,185
Norwich OLM Scheme	21,160
Oxford OLM Scheme	17,720
St Edmundsbury & Ipswich Scheme	13,205
Salisbury OLM Scheme	20,945
Southwarl k OLM Scheme	26,320
Truro OLM Scheme	5,250
Wakefield Ministry Course	12,545
TOTAL OLM SCHEMES	259,695

MIXED-MODE TRAINING

21,588

GRAND TOTAL

£8,795,399

National Support (Vote 2)

Central Secretariat

<u>Secretary General</u>	:	William Fittall
<u>Head</u>	:	David Williams (Clerk to the Synod)
<u>Number of Staff</u>	:	27 Full-time 3 Part-time/part-funded
<u>Budget 2004 (net)</u>	:	£1,624,237 (including Christian Unity/ Research and Statistics)

Functions

- General Synod support
- Liturgical support
- Dioceses Commission
- Archbishops' Council support
- House of Bishops' support
- Doctrine Commission
- Appointments Committee
- Child protection issues

Staffing

- Secretary General
- Head of the Central Secretariat/ Clerk to the Synod
- House of Bishops support (2.5 staff)
- 2 Administrative Secretaries
- Head of Planning
- Synod Support Unit (2 staff)
- Theological Secretary (shared with Christian Unity)
- Child Protection Officer (part-time)
- 6 support staff

The Central Secretariat provides administrative support for the General Synod. This is an exacting function with a substantial need for forward planning for sessions at both an administrative and policy level. The Secretariat also services the Archbishops' Council, the House of Bishops, the Liturgical Commission, the Appointments Committee and many other ad hoc and permanent bodies. It also has a co-ordinating role in relation to the work of the Council as a whole.

The Christian Unity and Research and Statistics Units are now part of the Central Secretariat and the budgets have been integrated. For ease of reference, the functions, staffing and other comments in respect of the two Units are however shown separately in this report.

2004 Budget

- The budget reflects the new arrangements for the Central Secretariat following the *Discerning the Future* and Guildford Review exercises and broadly follows expenditure in previous years.
- The budget reflects the transfer of the Inspections function to the Ministry Division.

- Income from the Methodist Statistical Analysis Consultancy is budgeted at £12,000. It is anticipated that this statistical service will continue as a medium term commitment.
- The Research and Statistics Unit actively supports the Geographical Information System mapping of diocesan boundaries and its links with government and church data. This and other increasingly specialised statistical work necessarily involves the ongoing use (and licensing) of appropriate specialised computer software which has necessitated an increased budget.

Christian Unity (part of the Central Secretariat)

<u>Chair</u>	:	The Bishop of Peterborough
<u>Head</u>	:	The Revd Preb Dr Paul Avis

Functions

- Encouraging Christian churches to live and work together at all levels
- Engaging in informal and formal theological conversations with other churches at home and abroad
- Supporting and servicing the Church of England's membership of the ecumenical instruments -
 - ❖ World Council of Churches
 - ❖ Conference of European Churches
 - ❖ Churches Together in Britain and Ireland
 - ❖ Churches Together in England
- Participating in theological work on the Church and its unity
- Advising all areas of the NCIs on working with ecumenical partners

Staffing

- Head
- Local Unity Secretary
- European Secretary
- Theological Secretary (shared with House of Bishops)
- 3 support staff

The Unit supports the vision for the full visible unity of currently separated Christian churches – a vision to which the Church of England is committed. Much of the work involves nurturing the formal relationships that we have entered into with other churches: the Evangelical Church in Germany, the Moravian Church in Great Britain and Ireland, a number of the Nordic and Baltic Lutheran Churches and the French Lutheran and Reformed Churches. The staff work to ensure that our relationships are made known to the Church of England as a whole, and advise dioceses on setting up links and using these links to their maximum potential in sharing in a common life. The Local Unity Secretary visits dioceses to offer advice on working ecumenically.

Research and Statistics (part of the Central Secretariat)

<u>Head</u> : The Revd Lynda Barley

Functions

- Ongoing development, collection, analysis and reporting of parochial membership, attendance and finance statistics
- Statistical and research advisory service to other departments
- Assisting other departments with statistical and research work
- Promotion of appropriate research and its interpretation across the Church

Staffing

- Head of Research and Statistics
- Database Manager
- Statistics Officer
- Office Supervisor
- 2 Statistical Assistants (1 part-time)

Changes endorsed by the General Synod in July 2000 following the Statistics Review Group report involve a wider remit for the department, although the implementation of the changes is limited by the current financial climate. Whilst the collection and analysis of parochial membership, attendance and finance statistics will remain a principal task, the department is also now actively involved in further survey work. For example, the 2002 ethnic origin enquiry and that hitherto done through the Churches Information for Mission (CIM) project will enable the Church to realise further mission-related objectives. The Unit also assists the Methodist Church with statistical and research work.

Ministry

<u>Chair</u> :	The Bishop of Guildford
<u>Head</u> :	The Ven Dr Gordon Kuhrt
<u>Number of Staff</u> :	25 Full-time 3 Part-time/ part-funded
<u>Budget 2004</u> :	£1,295,768

Functions

- Vocations, recruitment and selection
- Theological education and training
- Deployment, remuneration and conditions of service
- Ministry of and among deaf and disabled people
- Reader Ministry

Staffing

- Head
- Finance and Administrative Secretary
- Senior Selection Secretary plus 4.5 Selection Secretaries (1 also involved with vocations, 1 with OLM, 1 with CME and 1 with pre-theological education)
- Theological Education and Training Secretary
- Grants Officer plus Assistant
- Finance and Statistics Officer and Registry Officer
- DRACS Secretary plus 2 staff
- Officer for Ministry of and among Deaf and Disabled People
- Inspections Officer (half-time)
- 10 secretarial and support staff

There are some 28,500 active and retired clergy, Readers, evangelists and other licensed ministers in the Church of England today. In addition there are nearly 1,400 in training for the ordained ministry and 1,200 in Reader training. The Ministry Division is responsible for their recruitment and selection or for setting the national standards and has both advisory and executive functions.

The division monitors and validates initial theological training and co-ordinates guidelines on Continuing Ministerial Education for clergy and Readers. In terms of prospective candidates for ordination, the division currently runs just under 50 conferences a year involving over 350 selectors. It also administers the budget of £9 million for ordination training costs.

The division's remit extends to Church-wide ministerial strategy including terms and conditions, remuneration, housing, pensions and other aspects of deployment policy. New patterns of ministry, sector and chaplaincy ministry, continuing ministerial education (CME) and advising on ministerial review/ appraisal schemes for clergy all form part of the work. The division also has lead responsibility for recommending policy on stipends, pensions and parochial fees.

The division has responsibility for supporting the work of ministry of and among deaf and disabled people which also includes a brief for wider disability issues.

2004 Budget

Increases in the budget are mainly as the result of

- Transfer of the cost of the administration of Bishops' Inspections work from the Central Secretariat to the division
- Increase in staff expenses following the unfreezing of the post of Officer for Ministry of and among Deaf and Disabled People
- Review of the procedures for medical examinations for sponsored candidates

Education

<u>Chair</u>	:	The Bishop of Portsmouth
<u>Head</u>	:	The Revd Canon John Hall
<u>Number of Staff</u>	:	15 Full-time <i>Note: 5 staff are part-funded by the National Society.</i>
<u>Budget 2004 (net)</u>	:	£516,789

Functions: The work of the Education Division is undertaken by 3 teams:-

- Training and Development Team: voluntary and continuing education for people involved in work with children and young people, adult education and lay training
- Life-Long Learning Team: supporting Further and Higher Education institutions and chaplaincy
- School Strategy Team: all aspects of Church schools; religious education for all schools; independent schools; Church colleges

Staffing

- Chief Education Officer
- Schools Strategy team comprising School Development Officer, School Improvement Officer, Schools Adviser
- Training and Development team comprising 2 Youth Officers, Children's Officer and Lay Discipleship Officer
- Lifelong Learning team comprising Further Education Adviser (part-funded externally) and Higher Education Adviser
- 5 secretarial/ support staff based within the three teams.

The Board's wide-ranging responsibilities include influencing the Church to:

- take life-long learning seriously and to work with the Government in the new learning partnerships
- see church schools at the centre of the Church's mission to the nation
- celebrate and nurture the children and young people within its orbit and reach
- grasp the opportunities of ministry and mission in higher and further education.

The staff maintain high levels of communication with the diocesan networks they serve: with Government and its agencies, with ecumenical partners, with national organisations of all kinds, and with professional and academic bodies. E-mail bulletins are sent weekly to the Division's networks in dioceses and beyond with information about new developments, training, and local and national events. All the Division's staff work closely and interactively with diocesan staff.

Recent initiatives involving Division staff have been: the extension of the Youth Strategy and development of the Children's Strategy in line with the Archbishops' Council's themes; the inauguration of *Partnerships for Church of England Schools* which will enable the replacement of old and unfit school buildings in a national programme; and innovative work in developing community-based projects in FE colleges.

The National Society continues to work very closely in partnership with the Education Division and supports the training of diocesan staff and Section 23 inspectors.

2004 Budget

- The loss of 3 posts over the past 2 years has reduced the staff costs, but the workload on the remaining staff has increased. This has resulted in a change of role for support staff who have become administrators, based within the three teams. Linked to this development, the officers have become more mobile, spending more time away from the office supporting their networks. The 2004 budget reflects this change in keeping down the costs of paper and postage, but enabling greater expenditure on travel and meetings.
- The youth work grant from the Department for Education and Skills is £85,000 for the year ahead and in 2004 around half this grant funding will be used to support the cost of employing two youth officers (to the equivalent of the salary of 1 officer). The balance of the grant funds youth projects, often innovative, within dioceses.
- The Methodist Church is now contributing the full half-share of the costs of the FE Adviser post. The School Improvement Officer post is part-funded from the Church Schools Initiative, to which a significant amount of staff time is being devoted.

Mission and Public Affairs

<u>Chair</u>	:	Dr Philip Giddings
<u>Director</u>	:	John Clark
<u>Number of Staff</u>	:	25 Full-time 1 Part - time
<u>Budget 2004 (net)</u>	:	£1,020,689

The Division came into existence on 1 January 2003. It drew together work formally undertaken by the Boards of Mission and Social Responsibility, the Hospital Chaplaincies Council and the Committee for Minority Ethnic Anglican Concerns. Details of the wide range of work covered are set out in the Archbishops' Council's report for 2002.

Functions

Under the oversight of the Mission and Public Affairs Council, the staff of the division are responsible for the national dimension of the Church of England's work in the following areas:

- The Church's engagement with social, political, environmental issues and work for justice and peace at local, national and international levels;
- Mission and evangelism; the Church of England's responsibilities for world mission and development; inter faith relations; and theological and missiological reflection on them;
- The Church's mission and ministry (in liaison with Ministry Division) in urban and rural areas;

- The Church's responsibility to confront the reality of racism in its own life and in society;
- The support of minority ethnic Christians in the Church of England, and their contribution to its life and witness;
- The work of Hospital Chaplaincy and the Church's relation to the Department of Health, the National Health Service and Trusts and the provision of professional training and Continuing Professional Education for Chaplains.

In carrying this work out their responsibilities include

- advising the Archbishops' Council, the General Synod and the House of Bishops on matters within the Council's remit;
- working with dioceses, the numerous relevant diocesan networks and the Church's voluntary societies involved in work in England and internationally;
- relating to and co-operating with appropriate bodies within the churches of Britain and Ireland and ecumenical instruments of CTBI and CTE and their forums and Commissions;
- taking the lead in relating to other Churches of the Anglican Communion and the Anglican Consultative Council, its Commissions and Networks, on issues relating to the Church's mission and role in public life;
- relating to Government departments and voluntary bodies relevant to its work.

Staffing

- The **Director**
- **Community and Public Affairs Team** comprising the Adviser for Minority Ethnic Anglican Concerns; Adviser for Marriage and Family Policy; Urban Affairs Adviser; Science, Technology Medical Ethics and Environmental Issues Adviser; International Relations Adviser; Home Affairs Adviser.
- **Mission Team** comprising National Evangelism Adviser, Mission Theology Adviser; Partnership for World Mission Secretary (part-funded by mission agencies); Inter Faith Relations Adviser (part-funded by CTBI); National Rural Officer (part-funded); Archbishop's Officer for Evangelism Among Children (externally funded).
- **Hospital Chaplaincy Team**, consisting of the Chief Executive, the Training and Development Officer (funded from training income), Web officer and part-time Assistant.
- **Administrative and support staff/** projects assistance – 9 posts

2004 Budget

- The 2004 budget provides for funding of the full division as proposed in the Guildford Review.
- It reflects the various 2003/4 savings set out in *Discerning the Future* with external funding found towards the National Rural Officer post (and a small amount towards the Mission Theology Adviser).
- Non-staff costs include limited provision for buying in external advice on racial justice and economic policy issues and other projects assistance, which are best provided this way rather than employing part-time permanent members of staff.

Cathedral and Church Buildings Division

<u>Chair</u>	:	The Bishop of London
<u>Director</u>	:	Paula Griffiths
<u>Number of Staff</u>	:	16 full-time
<u>Budget 2004 (net)</u>	:	£538,087

Functions

- Co-ordinating the work of Diocesan Advisory Committees (DACs)
- Advising on the use, care, planning or design of places of worship
- Liaising with Government Departments and other relevant bodies
- Providing diocesan pastoral committees with detailed reports on the architectural and historic qualities of churches likely to be declared redundant, and specialist advice to Diocesan Chancellors and DACs
- Administering funds for the conservation of church fabric, furnishings and art
- Giving advice and guidance on plans and problems affecting the fabric, furnishings, fittings and precincts of cathedrals
- Regulatory powers under the Care of Cathedrals Measure
- Co-ordinating national Church policy in respect of its ecclesiastical buildings

Staffing

- Head, Deputy Head and personal secretary
- Cathedrals section comprising 2 staff
- Casework & Law section comprising 3 staff
- Conservation section comprising 3 staff
- Education Officer (if externally-funded)
- 2 research/resource assistants (1 externally-funded)
- Two additional posts facilitate the aerials project, fully-funded from payments from the Approved Operator.

The Church is blessed with an inheritance of some 16,000 churches, ancient and modern and still in use for the purpose for which they were designed. They bear witness to generations of faith and offer a countrywide network from which to further mission in every community.

The Cathedral & Church Buildings Division supports the work of the Church Heritage Forum (CHF), the Council for the Care of Churches (CCC) and the Cathedrals Fabric Commission (CFC). The drawing together of these bodies (and cuts elsewhere) has generated considerable new policy work on behalf of the wider Church in respect of the ecclesiastical built heritage. Most recently, this meant lobbying Government over the Licensing Bill.

The CCC has major responsibilities in relation to Government and its agencies e.g. concerning the ecclesiastical exemption, and in direct support of parishes and dioceses. It deals with statutory casework under the Faculty Jurisdiction and Pastoral Measure and offers free advice on every aspect of the care of the church building, its contents and its churchyard, from the basic concerns of security and drainage to complex conservation. It has also been actively involved, alongside the Finance Division and the Churches Main Committee, in addressing the issue of VAT on repairs to church buildings.

Of particular value to parishes, the CCC gathers and distributes grants for the contents of churches from bells and organs to stained glass, monuments and textiles, and publishes straightforward guidance on the most effective ways of looking after churches and churchyards. CCC also operates a grants scheme to assist parishes to undertake conservation work to historic furnishings and fittings. The scheme is largely funded from block grants given by charitable trusts. Negotiations are in hand with the Heritage Lottery Fund to establish a scheme of grants for church conservation projects. The Council also has a publicly available library and archive on the art and history of our churches.

The CFC is statutory. It oversees the operation of the legislative system for the care of cathedrals. It seeks to ensure the cathedrals are supported by authoritative advice on care, conservation, repair and development. It promotes co-operation between all heritage and planning bodies interested in cathedrals and encourages educational and research projects designed to ensure that the value of cathedrals is acknowledged and treasured.

As required by the legislation, the CFC handles a large number of applications for works to cathedrals by deans and chapters taking into account both the conservation requirements and the place of the cathedral as a centre of worship and mission. It also articulates how the system for the care of cathedrals works, through a series of Guidance and Advisory notes, as well as advising on archaeology, organs, and the environment around cathedrals.

2004 Budget

- Two posts have been added by the formation of the Archbishops' Council's Telecommunications Office and a further contribution of £40,000 is made to the core work of the Division in respect of work under the National Aerials arrangements. These costs, and all other associated costs, are fully funded from payments received from the Approved Operator.
- One other post is already externally funded. The Education Officer post will only be filled if external funding is in place: pressures on the Division have meant that preparation of this bid has been delayed.
- It has been possible to hold non-staff costs at below their 2001 budget level.

- A bid for £30,000 as the national Church's contribution to the funding of the exercise to produce a Policy Statement for Church Buildings was accepted by the Archbishops' Council and has been reflected in this budget.

Finance & Common Services

Finance

<u>Chair</u>	:	Michael Chamberlain
<u>Head</u>	:	Shaun Farrell
<u>Number of Staff</u>	:	21 Full-time 3 Part-time/ part-funded
	<i>Notes:</i>	<p>1. Additionally, 17 staff (inc. 2 part-time) in Clergy Pay are managed on behalf of Church Commissioners.</p> <p>2. Also responsible, directly or indirectly, for the common service departments</p>
<u>Budget 2004 (net)</u>	:	£746,341

Functions

- Financial administration and accounting
- Budgeting
- Long-term financial planning
- Stewardship
- *Crockford* directory and database
- Allocation of stipend support
- Payroll for all the national Church institutions, episcopal staff and pensioners
- Clergy Payments (on behalf of the Church Commissioners)
- Oversight of common services

Staffing

- Financial Secretary/ Director of Central Services
- Chief Accountant plus 7 staff
- National Stewardship Officer
- Chief Budget Officer plus 3 Financial Planning staff
- Common services executive assistant (part-time)
- 3 secretarial and support staff
- 3 payroll staff (1 part-time) covering the NCI/ episcopal staff payroll
- 3 *Crockford* staff (1 part-time)

The Division exists to serve the Council and the wider Church in administering and planning its finances in the most efficient, effective and economical way. It has various co-ordinating roles in relation to the Church as a whole, which it exercises through the Inter-Diocesan Finance Forum and Consultative Group of DBF Chairmen and Secretaries.

The division supports three sub-committees covering Stewardship; Investment Management (in conjunction with CCLA Ltd); and the Central Church Fund (which administers grants to parish-based projects). It also provides staff representation when financial input is required, including the Ministry Division's Finance Panel, the Church Colleges Advisory Group, the

Publishing Board and in relation to the relocation of Whitelands College (University of Surrey) in which the Central Board of Finance owns the freehold.

The Financial Secretary also has direct responsibility for Internal Audit, Publishing, IT and Office Services and certain strategic responsibilities in relation to the remaining Common Services (HR, Legal, Records and Communications).

The accounting functions of the Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are in the process of being merged to form a Common Service Accounting Department. This will enhance the efficiency and cost-effectiveness of the finance functions.

2004 Budget

- The establishment of a common service accounting department will have budgetary implications but it has not yet been possible to assess these. Whilst all the staff will be co-located in Church House from autumn 2003, much work remains to be done on harmonising systems and savings will not materialise before 2005/6.

Internal Audit

<u>Head</u>	:	Kim Parry
<u>Number of Staff</u>	:	4 Full-time
<u>Budget 2004 (net)</u>	:	£61,077

Functions

- Independent, objective assurance on governance, risk management and internal control
- Consultancy, advocacy and advice to management
- Management of the risk identification and mitigation reporting processes
- Secretariat to the audit committees

Staffing

- Head of Internal Audit
- 3 Internal Auditors

Internal auditing is established as a service for the National Church Institutions. Its principal customers are the Church Commissioners, the Church of England Pensions Board and the Archbishops' Council, including the common services provided to all the NCIs. Internal Audit's primary responsibility is to provide each NCI's audit committee with independent assurance on the Institution's framework of corporate governance, risk management and internal control. It helps each Institution accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The department is developing its approach to risk based auditing, seeking to achieve a high degree of coherence with each Institution's approach to risk management, whilst continuing to advocate improvement. Generic advice on risk management is available to dioceses from

the department. The department continues to identify opportunities to increase the efficiency of its own operations by improving its working practices and utilising specialist ICT applications.

2004 Budget

- The budget assumes a level of service agreed with the chairmen of the audit committees.
- The budget makes provision for the acquisition of specialist data interrogation software and associated training.

Legal Office

<u>Head</u>	:	Stephen Slack
<u>Number of Staff</u>	:	24 full-time; 3 part-time plus 2 employed directly by the Church Commissioners
<u>Budget 2004 (net)</u>	:	£500,421

Functions

- Legal advice and support to General Synod, Archbishops' Council, Church Commissioners and Church of England Pensions Board
- Church Legislation (in conjunction with Standing Counsel)
- Legal Advisory Commission
- Legal Aid Commission
- Ecclesiastical Law
- Conveyancing and Property Law (corporate and ecclesiastical)
- Corporate and company law advice
- Employment and pensions law advice
- Legal advice in relation to Pastoral re-organisation

Staffing

- Head of Legal Office/Legal Adviser to General Synod
- Deputy Head (Professional)/Official Solicitor to Church Commissioners
- Deputy Head (Operations)
- Assistant Legal Adviser to the General Synod
- Standing Counsel to the General Synod
- 10 Solicitors (incl. Deputy Official Solicitor & Clergy Discipline Solicitor)
- 8 Legal Executives
- 6 secretarial and support staff

The Legal Office provides legal services and support to all the national Church institutions. In terms of volume of business, the greatest user of the Legal Office is the Church Commissioners. Most of the staff in the Legal Office undertake conveyancing in relation to the Commissioners' substantial property assets and (for the Pensions Board) the sale and purchase of properties occupied by the Pensions Board's beneficiaries.

The Legal Office also deals with ecclesiastical law, the preparation of Church legislation (in conjunction with Standing Counsel), legal advice and support to General Synod, and it provides the secretariat for the Synod's Legal Advisory and Legal Aid Commissions.

In addition to these specialist areas of work, the Legal Office provides legal advice across the range of corporate and commercial law to which any large organisation may be exposed, including employment law, administrative law, charity law, education law, publishing etc.

2004 Budget

- 2004 will be the first full year of planned expenditure in respect of the Designated Officer under the provisions of the Clergy Discipline Measure, which is now awaiting Royal Assent.
- There will be additional staff resources dedicated to Synod work, in particular to accommodate the McLean Review of Clergy Terms and Conditions, the Working Party established by the Fees Advisory Commission and the policy on child protection. This will not involve taking on new staff but will mean a slightly higher share of the work (and cost) being allocated to the Council as against 2002. A higher share was already budgeted for in 2003 and so this does not represent any increase in cost over the 2003 budget.

Communications

<u>Acting Head</u>	:	Steve Jenkins
<u>Number of Staff</u>	:	10 Full-time
<u>Budget 2004 (net)</u>	:	£352,679

Functions

- Press and broadcast relations
- Media training and communications development for the whole Church
- Co-ordination of external communications work for the National Church Institutions
- Internal communications within the NCIs
- Public enquiries

Staffing

- Director of Communications (currently vacant)
- 3 Press Officers and 1 Assistant Press Officer
- 2 Training staff
- Internal Communications
- Enquiry Officer
- 1 administrative/secretarial support staff

The Communications Unit is responsible for external and internal communications and promotion for the Archbishops' Council, General Synod and Church Commissioners, and advises other central Church bodies, including the Pensions Board. It operates 24 hours a day, 365 days a year and is at the disposal of the whole Church at any time.

The Unit seeks to communicate the Council's vision, interface with the media, build communications into the planning and execution of all the Council's activities and empower and encourage staff at all levels to communicate the Church's messages well.

Given resource levels, the key to success or failure of communications within the Church is the relationship with diocesan communicators. A daily press cuttings service is provided for the NCIs and for diocesan and bishops' offices. Drawing where appropriate on a broadcast studio, a comprehensive training programme is offered in all aspects of communications.

New initiatives include a range of externally-sponsored web-related projects (which in particular is enabling us to improve the Church of England web site), and *A Year In Review*, an annual review for all the NCIs, which it is hoped will assist in promoting and advertising, throughout the Church and beyond, the work of the national institutions.

2004 Budget

- An independent review of the function and structure of national Church communications is nearing completion. It is not yet possible to say what the future staffing and resource needs of the Unit will be until this study has been completed, and its recommendations considered and decided upon. The budget currently recognises that *Discerning the Future* expected significant savings elsewhere within the Unit if the post of Director is filled.

Human Resources

<u>Head</u>	:	Su Morgan
<u>Number of Staff</u>	:	7 Full-time
<u>Budget 2004 (net)</u>	:	£208,210

Functions

- Workforce policy and planning
- Recruitment and deployment
- Organisational development and training
- Employee resourcing and relations

Staffing

- Director of HR
- 2 HR Managers
- HR Adviser
- Recruitment Manager/ Adviser (funds outsourced service)
- HR and IT Information Adviser

Constituted for all the National Church Institutions, the human resource function provides the management and staff of Church House and the other NCIs with a high standard of personnel practice, including training and career development. Policies are now in place covering numerous areas of employment practice including equal opportunities and work is nearing completion on a new pay strategy.

The Health & Safety Adviser post (0.5 wte) transfers to Office Services at the end of the first quarter of 2004 and is therefore not shown in the above staff numbers.

2004 Budget

- The budget reflects the inclusion for one quarter of the part-time Health & Safety Adviser post
- The budget assumes a likely continuing need for support with restructuring.

Information Technology

<u>Head</u>	:	John Ferguson
<u>Number of staff</u>	:	19 Full-time
<u>Budget 2004 (net)</u>	:	£404,489

Functions

- Systems development
- Programming
- Software maintenance
- Technical support
- IT consultancy services to wider Church

Staffing

- IT Manager
- Deputy IT Manager
- 9 Technical & IT Support
- 4 Analyst Programmers & Systems Analysts
- 2 IT Trainers
- IT Financial Support
- Computer Control

The department provides a comprehensive range of IT services to the national Church institutions including the Archbishops' Council. This includes technical support on any software or hardware issue and assistance with the development and/ or implementation of IT systems. Several of the current IT systems in use across the national bodies have been written, and are maintained and updated, by the IT department. Examples of this are the Clergy Payments System that pays all the clergy on the central payroll and pensioners and the CHARM system for Clergy Pensioners Housing.

The department has created, and updates and maintains, an intranet for use within the national Church institutions and also a diocesan intranet through which information and documents are made available to dioceses and which provides a forum for dioceses to share issues with each other.

Work underway includes the introduction of a common accounting package across the NCIs and substantial rewriting of the various departmental core systems to interface with the new package (once selected) will be required.

2004 Budget

- The budget reflects the saving of a technical support post and the reduction to half a post in Data Control from mid-2004.

Records

<u>Head</u>	:	Andy Dovey (Interim Manager)
<u>Number of Staff</u>	:	10 full-time equivalent
<u>Budget 2004 (net)</u>	:	£84,474

Functions

- Records management services for the administrative records of the NCIs - low-cost off-site storage, efficient retrieval and controlled disposal
- Advice to departments and dioceses on record keeping and filing systems
- Advice on record keeping
- Public access to historical archives

Staffing

- Head
- Records Manager and Archivist
- Systems Support/Deeds Research
- 2 x Customer Services (plus some provision for temporary assistance)
- Workflow Coordinator and Administrator
- 3 x Archivists

The Record Centre provides a record management service for both semi-current and archive material belonging to the Archbishops' Council, as well as other bodies within and beyond the national Church institutions. The Council now holds more of its semi-current material at the Record Centre, located in a warehouse at Bermondsey, to maximise use of lower-cost storage. Deeds and other materials are also stored at the Record Centre and advice and support is provided to departments on record management.

It has proved possible to make substantial efficiency savings over the past year, reducing the level of staff necessary to fulfil the service required. Further restructuring is taking place during 2003 and will show the further cost benefits in 2004 which are reflected in the budget.

2004 Budget

- The restructuring process will have been completed by the start of 2004. The staffing levels of the Records Centre will have almost halved from 2001 to 2003.

Church House Publishing

<u>Head</u>	:	Alan Mitchell
<u>Number of Staff</u>	:	14 full-time 3 part-time
<u>Budget 2004 (net)</u>	:	£32,181

Functions

- Official publisher to the Archbishops' Council and General Synod
- Publishing Crockford's Clerical Directory and the Church of England Year Book
- Liturgical publishing (including Common Worship)
- Publishing reports commissioned by General Synod
- Publishing material to support the work and mission of the Church

Staffing

- Publishing Manager (part-time)
- Product Development Manager
- Commissioning Editor
- Electronic Projects Manager plus Web Editor
- Special Projects Officer
- Editorial and Copyright Manager (part-time) plus Editor
- Design Manager plus Designer
- Production Manager (part-time) plus Production Editor
- Marketing Manager plus Assistant Marketing Manager
- Sales Manager plus Assistant Sales Manager
- Publishing Administrator

The department carries out editorial, production, marketing and copyright functions in-house, drawing on freelance assistance where this is more cost-effective. Staff have particular expertise in electronic and web publishing. Almost all publications from the national Church institutions are published by Church House Publishing (CHP). The department also generates income for the Archbishops' Council by selling its services to other Churches and organisations, including CTBI, the Methodist Church, the National Society and Roots for Churches Ltd. Publications are marketed both via the book trade, in the UK and overseas, and via direct mail to clergy and lay leaders.

A Publishing Board was established in 2002 and a consolidated publishing budget was set up under which publications income and expenditure for all Council departments (except free publications) are shown together. Church House Publishing is a trading name of the Archbishops' Council and trading accounts are prepared and reviewed regularly by staff and the Publishing Board.

2004 Budget

- The Trading Account budget for 2004 shows a surplus of £434,050, a small increase on the latest 2003 projection. This is before staff and overhead costs, which result in the projected deficit of £32,181. Common Worship and educational publications (formerly published by the National Society) are now included in the consolidated trading account.

- Copyright income is expected to be in line with the 2002 outturn rather than the 2003 Budget, a reflection of diminishing royalties paid to the Archbishops' Council from the sales of Common Worship material.
- Income generation projects are budgeted to make a slightly increased contribution compared with 2002 and 2003. The most substantial potential variable concerns income from the services provided to CTBI, which is currently reviewing its publishing activity. If CTBI was to give notice that it wishes to withdraw from the current arrangements, other options to generate income (or, failing that, save cost) would have to be pursued.
- From 1 April 2003, CHP is no longer be using the services of Christian Publishers' Representatives to visit the UK booktrade. Instead, the CHP Sales Manager and his Assistant will be visiting key accounts. The budget for staff expenses has consequently been increased.
- The purchase of new IT systems for project management, direct marketing and the updating of the CHP and CHB web sites is currently under consideration. New budget provision for IT systems depreciation and systems maintenance has therefore been added.

Church House Bookshop

<u>Head</u>	:	Mark Clifford
<u>Number of Staff</u>	:	8 full-time
<u>Budget 2004 (net)</u>	:	£40,357

Functions

- Stocks unique range of Church House Publishing and General Synod titles
- Stocks a comprehensive product range of religious books from all leading UK publishers, and is known in the trade for its range of academic theology
- Large mail-order department and internet bookshop

Staffing

- Retail Co-ordinator (Manager)
- Mail Order and Web Manager
- Bookshop Manager
- 2 Mail-order Sales Advisers
- 2 Bookshop Sales Advisers plus Postal Administrator

The reputation of Church House Bookshop has increased significantly over recent years and it is now recognised as one of the leading Christian bookshops in the UK. In 1998 it won the award of UK Large Christian Retailer of the Year. It has a particular niche role as a supplier of Church of England material. The total turnover in 2002 was £840,000 which was less than expected for a number of reasons, the most significant being an unexpected drop in Common Worship sales in the early part of 2002 and a general reduction in business in the UK religious book market (where almost all shops have experienced difficulty). This resulted in a deficit in 2002 of £70,114.

2004 Budget

- The bookshop currently represents a net cost to the Council and the Publishing Board and Finance Committee are monitoring closely its operations with a view to moving towards the target of a break-even position. Various steps including a tightening of the policy as regards discounts and a higher level of recovery of postage charges, plus increased discounts on stock purchases from CHP, will reduce the budget cost to around £40,000 in 2002. This is only slightly more than the value of the service functions (such as despatch of parcels and mail order functions) which the bookshop provides for other departments of the Council, but attempts will be made to improve the position further.

Office Services

<u>Head</u>	:	John Ferguson
<u>Number of Staff</u>	:	19 Full-time 1 Part-time
<u>Budget 2004 (net)</u>	:	£345,438

Functions

- Mapping
- Messengers *
- Security *
- Staff Restaurant
- Xerox & Printing
- Telephonists/reception
- Office supplies

* Provided via the Corporation of Church House in relation to Church House

Staffing

- 2 Office Services Site Managers (1 Church House, 1 Millbank)
- 3 Office Services staff
- 4 Mapping staff
- 1 Health & Safety adviser (part-time)
- 4 Printing/Xerox staff
- 2 Telephonists/Reception
- Postal Supervisor
- Van Driver/ Messenger
- 2 Messengers

The major project to produce, and provide to dioceses, digitised maps of all parish boundaries was completed in 2002 and the second phase to integrate this with the Census information is the 2003/4 aim. There is a highly-professional printing plant ensuring that most printing is done cheaply, in-house. There are 2 printing units, one at Church House, the other at Millbank. The telephone system covers all the London-based NCIs with a general switchboard at Millbank. A new post of Health & Safety adviser was recruited in Human Resources during 2003 and will transfer to Office Services in 2004.

2004 Budget

- Provision has had to be made for further substantial increases in insurance premiums (especially for employers' liability insurance) based on professional advice regarding likely market premiums. This has been offset by a radical review of insurances and combining separately held NCI policies under global coverage, which has resulted in savings.
- The Health and Safety adviser post is to be transferred from Human Resources during 2004 and is budgeted for from this budget from the second quarter (in the case of non-staff costs for the whole year).
- The Council's share of the cost of the Environmental Working Group has been added to the budget.
- The Mapping team will take on additional new work from the Church Commissioners' Property Investments department in respect of their Agricultural property registration.

Accommodation

Budget 2004 (net) : £1,607,121
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The Archbishops' Council pays rent and service charge to the Corporation of Church House in respect of the area it occupies. The budget also provides for contributions into sinking funds to fund future internal and external repairs. It also shares with other bodies the costs of the Record Centre building, including (with effect from 2002) rent to the Church Commissioners (as landlord), which in turn reflects the cost of forthcoming substantial improvement works to the building.

A space utilisation exercise is underway, under which certain staff (including the Church Urban Fund and accounting staff) will move from 1 Millbank to Church House in 2003. This will allow the Archbishops' Council to sublet some of the space it currently occupies and therefore reduces the net rent and service charge expenditure it meets. (The Church Commissioners will in turn be able to increase rental income received in respect of 1 Millbank.)

2004 Budget

- The space utilisation exercise results in the net amount of rent and service charge payable by the Council reducing by around £85,000 p.a.
- The amount payable in respect of service charge is expected to be around £50,000 less than was budgeted for in 2003.
- Two depreciation provisions amounting to £60,000 came to an end in 2003.

Grants and Provisions (Vote 3)

<u>Budget 2004</u> : £1,194,229

This budget encompasses national Church of England contributions to Anglican Communion and Ecumenical activities and other miscellaneous grants.

In each case, the Church of England is represented and negotiations take place with regard to the appropriate level of contribution.

The Inter Anglican Budget meets the Church of England's contribution towards the Anglican Communion Office (which also provides the Secretariat for the Lambeth Conference, the Anglican Consultative Council and the Primates meetings).

The Church of England actively supports, both financially and through involvement in their activities, Churches Together in Britain and Ireland (CTBI) and Churches Together in England (CTE), the Conference of European Churches (CEC) and the World Council of Churches (WCC). The Church of England asked in 2000 for an overall review of its contributions to CTBI and CTE and this has resulted in an agreement that we may largely freeze our contributions to both bodies until 2006.

National support through this budget is also provided towards the administrative costs of the Church Urban Fund (CUF). It was agreed with CUF that the level of the grant would be reduced from 2003 onwards to enable the Archbishops' Council to establish an urban resource unit as recommended by the CUF Review and this has now happened. Other variations from budget are technical adjustments relating to the value of accommodation and gift in kind services and have been agreed with CUF.

In view of the general financial environment, the Council decided in November 2001 that all Vote 3 grants should be frozen in 2003 and 2004 at their 2002 level. The 2004 Budget reflects the second and final year of this agreement.

Prior to 2003 several of the grants included earmarked contributions for specific work within the organisations concerned, including CEC's Church & Society Commission, CTBI's Commissions and a contribution towards the funding of a Secretary for Black Christian Concerns (CTBI). From 2003 in all these cases – except Churches Commission on Mission and WCC's Faith and Order Work (£6,200) – it is proposed that contributions should be consolidated and it should be for each body to decide, and review from time to time, its priorities for spending.

It has also now been requested that the amount due to both CTE and CTBI should be paid over as a single figure. The amount shown against CTBI in 2004 therefore includes the amounts previously paid also to CTE (including the Group for Evangelisation), CTBI's Commissions and the Church's Commission for Racial Justice. From 2003 it also includes the grant (£9,300) to the Churches Commission for International Students (previously supported from the Education budget) as CCIS now forms part of CTBI. It has also been agreed with CTBI that the level of funding from it towards our Inter-Faith Officer, who works half-time for the Churches Commission for Inter-Faith Relations, should be reimbursed at the level of the costs incurred and we have agreed to increase the grant to CTBI by a similar amount, which is the reason for the increase of £13,000 in grant level between the 2003 and 2004 Budget levels.

Provision is made from 2003 for assistance towards statistics for mission projects, which properly fall under this budget due to their ecumenical nature.

Having not needed to make provision for some years as there have been few cases drawing on it, the Legal Aid Fund now needs replenishing. The Synod is required by Measure to maintain a Legal Aid Fund, which is held by the CBF on its behalf, to meet the cost of ecclesiastical legal aid awarded by the Legal Aid Commission. The legislation on this was thoroughly reviewed in the 1990s, and now applies only to legal costs of defendants in clergy discipline cases and to a very few other comparable ecclesiastical proceedings. In deciding whether and if so how far to award financial assistance with such costs out of the Fund, the Legal Aid Commission (whose members are appointed by the Appointments Committee) must consider the means of the individual concerned, whether he or she has reasonable grounds for contesting the proceedings, and all the circumstances of the case.

The effect of these changes is a budget for 2004 showing a zero increase in the level of apportionment over 2003. The detailed analysis is as follows:-

	Actual 2002 £	Budget 2003 £	Budget 2004 £
Anglican Communion Activities			
Inter Anglican Budget	359,700	359,700	359,700
Lambeth Conference – Provision	5,000	5,000	5,000
	<hr/>	<hr/>	<hr/>
	364,700	364,700	364,700
Ecumenical Activities			
Churches Together in England	173,000	173,000	-
Churches Together in Britain and Ireland	157,000	195,000	381,000
Churches Commission for Racial Justice	28,800	-	-
Churches Commission on Mission	34,600	34,600	34,600
World Council of Churches	108,000	108,000	108,000
WCC Assembly (provision)	5,000	5,000	5,000
Conference of European Churches/European Ecumenical Commission for Church and Society	72,100	72,100	72,100
Third European Assembly (provision)	5,000	5,000	5,000
Ecumenical Statistics for Mission project(s)	-	8,500	8,500
Expenses of representatives	25,000	25,000	25,000
	<hr/>	<hr/>	<hr/>
	608,500	626,200	639,200
Miscellaneous			
Church Urban Fund	248,563	181,250	175,000
Legal Aid Fund	-	-	10,000
Contingency	12,000	22,079	5,329
	<hr/>	<hr/>	<hr/>
	260,563	203,329	190,329
TOTAL	1,233,763	1,194,229	1,194,229

Inter-Diocesan Support – Mission Agencies (Vote 4)

Background

1. The basic philosophy underlying the (Clergy) Pensions Measure is that all costs in respect of pensionable service from the beginning of 1998 should be met by the bodies responsible for paying the stipend. The Church Commissioners had previously covered the pensionable service in respect of those clergy ‘employed’ by the Mission Agencies under discretionary ‘free agreements’ and it was planned that the Mission Agencies, like other ‘responsible bodies’ (as defined by the Pensions Measure), would become responsible for making pension contributions for clergy in their employment after 1 January 1998 on the same basis as for all other stipendiary clergy. However, at the November 1996 Sessions, Mr. Ian Smith (York) successfully moved an amendment whereby Synod made the Church Commissioners responsible for paying the pension contributions under the future service scheme of “clerks in Holy Orders employed by a World Mission Agency ... which is ... an associate or full member of the Partnership for World Mission; or a clerk in Holy Orders employed by the Church Pastoral Aid Society” (Section 4(4)(e) of the Pensions Measure, 1997).
2. In addition to making an exception to the normal funding arrangements, one practical consequence of this amendment was that it would reduce the amount available for allocation from the Church Commissioners, (in due course through the Archbishops’ Council), in the form of stipend assistance to the dioceses most in need of financial support. In the light of this, the Consultative Group of DBF Chairmen and Secretaries approached the Partnership for World Mission Committee (representing the General Synod's partnership with the Mission Agencies) to explore ways in which the wealthier dioceses might contribute so that the cost might be shared equitably by all dioceses, rather than being funded, effectively, by a reduction in assistance to those dioceses receiving the higher selective allocations. This was of particular importance as these are the dioceses least able to deal with the added financial costs of meeting the future service pension costs of their diocesan clergy. The CBF offered to act as broker in these discussions. A representative group of the CBF, the Mission Agency members of the Partnership for World Mission and the Consultative Group of DBF Chairmen and Secretaries was formed under the chairmanship of Mr. Alan Cooper.
3. Following discussions, the CBF, the Mission Agencies and the DBF representatives agreed that the most appropriate way forward would be for the payment of the Mission Agencies clergy pension contributions to be funded by a system of Inter-Diocesan support through the central apportionment, effectively reimbursing the Church Commissioners who are statutorily responsible to make the payments. This would ensure that the cost was spread between all the dioceses on an equitable basis. It would be approved annually by the General Synod as a separate expenditure item which became Vote 4. This approach gained the full support of the Mission Agencies concerned, the Diocesan Boards of Finance, the Central Board of Finance, and was endorsed by the Church Commissioners. It was approved by General Synod in July 1998.
4. In order to mirror the arrangements already in place for diocesan clergy, it was proposed that the provision for these costs via Vote 4 should be phased in over a period of years commencing in 1999, with the Commissioners meeting the balance of the cost during those years. Under those arrangements Vote 4 will be picking up the full cost of these pension contributions in 2004 at an estimated annual cost of £722,000. (The Vote 4 apportionment is less than this as some reserves have built up).

5. Despite the arrangements set out above, there have been regular concerns expressed about General Synod's original decision and representatives of a number of dioceses have asked for the issue to be re-opened. These concerns led the Archbishops' Council to agree that the matter should be looked at again before the end of the present transitional period.

Issues

6. Amongst the issues considered were that:-
 - the present arrangements are a symbolic and practical affirmation of the contribution to the Church of England's global mission made by the agencies. Historically, clergy have played an important part in this mission seeing their roles as an integral part of their ordination within the Church of England;
 - the Agencies therefore see the present pension arrangements for clergy within the PWM Mission Agencies (Vote 4) as a symbolic affirmation of this contribution to global mission made by the Agencies themselves and the clergy who serve within them and by the Church of England, on behalf of which they undertake that mission;
 - this is one of very few instances where the "responsible body" which meets the stipend of the clergy concerned is not now also responsible for meeting the pension contributions;
 - the current arrangements are open-ended. Whilst the number of mission agencies covered by this arrangement are defined in the Measure, the number of clergy they can employ is not. (It should be noted however that the number employed by the agencies has been dropping steadily since 1998);
 - since the Pensions Measure was approved and introduced, the financial position of most (if not all) dioceses has deteriorated further most notably as a result of the first triennial review of the pension scheme. This resulted in the need for a significant increase in the pension contribution rate from 21.9% of the pensionable stipend to 29.1%. This has already resulted in a substantial increase (in 2002/3) in Vote 4.

Outcome of discussions

7. Discussions have taken place between representatives of the Council's Finance Committee and the main PWM Mission Agencies and a range of options were considered. It has been agreed that the present open-ended arrangements are not sustainable. Within the context of an ongoing commitment to world mission and with the continued existence of Vote 4 being an aspect of the mutually beneficial partnership with the Mission Agencies, it is proposed that the maximum amount made available to the agencies each year through Vote 4 be capped with effect from 2005. The amount payable would be the lesser of (a) the 2004 Vote 4 budgeted expenditure increasing by RPI in subsequent years and (b) the actual expenditure incurred. At current pension contribution levels, this would equate to supporting a maximum of 145 clergy. It will be for the Mission Agencies to agree amongst themselves how the total amount payable is divided between them and how any balance of the cost of paying contributions in respect of all the clergy employed is to be met. It was agreed that these new arrangements would be reviewed by the representatives of the Council and the main PWM Mission Agencies in 2008.

8. Expenditure on the pension contributions payable under this vote in 2002 was £425,003 against a budget of £464,000 due to a reduced number of clergy being employed by the mission agencies (the table below illustrates how the number of clergy covered by this provision has reduced over time). As modest reserves have now built up which are slightly in excess of what is required, the 2004 Vote 4 apportionment is set at nearly £50,000 less than the budgeted expenditure.
9. General Synod is asked to approve the 2004 Vote 4 Budget (as part of Special Agenda V) and immediately following the Budget debate will be invited to endorse the proposal (for 2005 onwards) set out in paragraph 7 above.

SOCIETY	1998	1999	2000	2001	2002	2003 (2nd qtr)
CROSSLINKS	19	17	17	16	14.5	14
CMS	29.5	30.5	29	27	30	28
CPAS	15	14	12.5	12	11.5	10
Com. of S Mary	1	1	1	1	1	1
Jerus. & Mid East	1	1	1	1	1	1
Melanesian Mis.	1	1	1	1	1	1
Mission to Seafarers	26	25	26	20	16.5	14.5
SAMS	23	24	22.5	22	20	21
USPG	39	35	33	30	26.5	26
Church Army	6	6	6	5	5	6
Ch Min. Among Jews	4	4	4	4	3.75	3
SOMA	1	1	1	1	1.25	2
PNG Church	1	1	0	1	1.75	2
ICS	6.5	7.5	9.5	11	9.5	9
TOTALS	<u>173</u>	<u>168</u>	<u>163.5</u>	<u>152</u>	<u>143.25</u>	<u>138.5</u>

Reserves

The Archbishops' Council has a reserves policy under which it holds only such levels of reserves as are necessary to meet its day to day needs, expenditure which may fall to be met before sufficient income is received to finance it. This is both to maintain sufficient working capital and to maintain liquidity.

There is a general reserve in relation to all four votes. These reserves are regularly drawn upon: for example in relation to Vote 1, for at least the first six months of the year the amount paid out exceeds what has been received from dioceses since a number of payments need to be made at the start of the first two terms. Part of the Vote 2 reserve balance comprises amounts that have been paid out (and so are not available as cash) for the refurbishment of Church House but under the Council's accounting policies are being charged to the accounts/depreciated over a period of ten years.

In addition, in respect of the training for ministry fund (Vote 1), the three year rolling reserve was created in accordance with the recommendations in "Managing Planned Growth" to smooth out future fluctuations in expenditure. This stands at £555,623 following the 2001/2 Vote 1 surpluses. The Finance Committee, on the recommendation of the Ministry Division Finance Panel, has determined that the appropriate level for the time being is a maximum of £400,000 and the balance over and above this figure has therefore been returned to dioceses in 2003.

Having in the past only had a reserves policy for Vote 2, the Finance Committee has determined in 2003, as set out in the following table, the maximum level of reserves which it considers appropriate for each of the four Votes. Any significant balances over and above these figures will be returned to dioceses. It will be seen that at present only the Vote 4 reserves are above the maximum level and this is being addressed, as noted on the previous page, by setting a level of apportionment in 2004 (and 2005 if appropriate) of less than the budgeted expenditure level.

	<u>Minimum</u>	<u>Maximum</u>	<u>Actual (31/12/02)</u>
<u>Vote 1</u>	1.5 months' net expenditure (£1.14m at 2003 levels)	3 months' net expenditure (£2.27m at 2003 levels)	£1.48 million (excluding rolling reserve)
<u>Vote 2</u>	1.5 months' net expenditure (£1.13m at 2003 levels)	3 months' net expenditure (£2.26m at 2003 levels)	£1.31 million
<u>Vote 3</u>	-	£200,000	£127,000
<u>Vote 4</u>	-	£50,000	£104,000

Table of Apportionment for 2004

Diocese	Training for Ministry	National Church Responsibilities	Grants & Provisions	Inter-diocesan support of Mission Agency clergy pension contributions	Total Votes 1-4	Pooling of 2002 candidates costs	Total Net Apportionment
	VOTE 1 £	VOTE 2 £	VOTE 3 £	VOTE 4 £	£	£	£
Bath & Wells	259,415	264,149	34,235	19,350	577,149	36,500	613,649
Birmingham	138,868	141,788	18,326	10,358	309,340	(33,125)	276,215
Blackburn	203,656	207,557	26,876	15,191	453,280	10,153	463,433
Bradford	79,793	81,184	10,530	5,952	177,459	(7,547)	169,912
Bristol	146,085	148,726	19,279	10,897	324,987	19,525	344,512
Canterbury	144,450	147,220	19,063	10,775	321,508	(17,464)	304,044
Carlisle	127,413	129,177	16,815	9,504	282,909	(21,994)	260,915
Chelmsford	340,697	347,745	44,961	25,413	758,816	17,160	775,976
Chester	311,115	317,256	41,058	23,206	692,635	(22,614)	670,021
Chichester	401,630	410,193	53,003	29,958	894,784	(69,037)	825,747
Coventry	158,065	161,492	20,860	11,790	352,207	6,472	358,679
Derby	142,481	145,295	18,803	10,628	317,207	23,131	340,338
Durham	134,376	136,528	17,733	10,023	298,660	(31,086)	267,574
Ely	157,534	160,753	20,790	11,751	350,828	(11,014)	339,814
Exeter	222,044	225,652	29,303	16,563	493,562	52,667	546,229
Gloucester	190,904	194,736	25,193	14,240	425,073	24,101	449,174
Guildford	290,054	296,513	38,278	21,636	646,481	(23,249)	623,232
Hereford	103,724	105,857	13,688	7,737	231,006	33,623	264,629
Leicester	130,903	133,421	17,275	9,764	291,363	(6,871)	284,492
Lichfield	280,888	286,127	37,069	20,952	625,036	16,310	641,346
Lincoln	205,845	209,997	27,165	15,354	458,361	64,739	523,100
Liverpool	185,016	188,563	24,416	13,801	411,796	27,998	439,794
London	664,796	680,328	87,734	49,588	1,482,446	(83,889)	1,398,557
Manchester	228,037	232,587	30,094	17,010	507,728	47,676	555,404
Newcastle	99,451	100,934	13,124	7,418	220,927	(17,991)	202,936
Norwich	175,073	178,438	23,104	13,059	389,674	39,586	429,260
Oxford	549,492	560,996	72,516	40,987	1,223,991	(35,360)	1,188,631
Peterborough	160,943	164,443	21,240	12,005	358,631	18,871	377,502
Portsmouth	117,859	119,802	15,554	8,791	262,006	(13,684)	248,322
Ripon & Leeds	129,686	132,277	17,115	9,673	288,751	31,061	319,812
Rochester	251,048	256,406	33,130	18,726	559,310	17,203	576,513
St Albans	339,130	346,256	44,755	25,296	755,437	30,762	786,199
St Eds & Ips	160,214	163,512	21,143	11,951	356,820	28,811	385,631
Salisbury	282,313	287,481	37,257	21,058	628,109	68,229	696,338
Sheffield	126,976	129,223	16,757	9,471	282,427	(978)	281,449
Sodor & Man	19,653	19,934	2,594	1,466	43,647	3,902	47,549
Southwark	391,731	400,429	51,696	29,220	873,076	(61,425)	811,651
Southwell	127,078	129,439	16,770	9,479	282,766	(40,489)	242,277
Truro	99,479	101,076	13,128	7,420	221,103	(172)	220,931
Wakefield	130,858	133,186	17,270	9,761	291,075	16,856	307,931
Winchester	274,080	278,776	36,170	20,444	609,470	(76,013)	533,457
Worcester	150,067	152,794	19,804	11,194	333,859	23,998	357,857
York	216,378	220,114	28,555	16,140	481,187	(52,250)	428,937
Europe	-	-	-	-	-	(33,082)	(33,082)
totals	9,049,298	9,228,360	1,194,229	675,000	20,146,887	-	20,146,887

Five Year Forecast

The table below sets out the current 5-year projection. It assumes the numbers in training (Vote 1) remain broadly stable at their 2003 level. It also reflects the decision by General Synod in November 2002 (GS 1467) that both the administration and subsidy costs in relation to the Church Housing Assistance for Retired Ministry (CHARM) scheme should be met in future by dioceses through apportionment (as Vote 5), with the selective stipend allocations to dioceses being increased by a similar amount. The forecast should be treated as our best estimate available at this time and may of course change over time.

Vote		2003		2004	
		Apportionment	% increase	Apportionment	% increase
Vote 1	Ordination Training	9,090,071	0.5%	9,049,298	-0.45%
Vote 2	Administration and Support	9,228,360	0.00%	9,228,360	0.00%
Vote 3	Grants and Provisions	1,194,229	0.00%	1,194,229	0.00%
Vote 4	Mission Agencies Clergy Pensions	550,000	18.53%	675,000	22.73%
Vote 5	CHARM subsidy/admin costs				
	Overall Apportionment	20,062,000	0.69%	20,146,887	0.42%

Vote	2005		2006		2007 onwards
	Apportionment	% increase	Apportionment	% increase	% increase
Vote 1	9,248,383	2.20%	9,581,324	3.60%	3.75%
Vote 2	9,574,424	3.75%	9,933,464	3.75%	3.75%
Vote 3	1,283,796	7.50%	1,315,891	2.50%	3.00%
Vote 4	740,000	9.63%	758,500	2.50%	2.50%
Vote 5	2,396,633		2,480,515	3.50%	3.50%
Overall	23,243,236	15.37% *	24,069,695	3.56%	3.70%

* Including addition of Vote 5: excluding Vote 5, the overall apportionment increase in 2005 is projected to be 3.3%.

Facts and figures

Q: *How many people are employed by the Archbishops' Council?*

A: Around 260, including just over 100 involved in the work of the common service departments which support all the national Church institutions.

Q: *Is there a history of pruning for growth?*

A: Yes. Following a 10% savings exercise in 1995-7 involving the loss of 16 posts, some £270,000 was saved in 2001 by cutting thirteen posts. Over the period 2002-4, savings amounting by 2004 to at least £1.3 million p.a. will have been made and are resulting in the loss (or, in a few cases, external funding) of around 50 posts.

Q: *What attempt is made to budget in accordance with the priorities of the Church?*

A: The Archbishops' Council's key themes and priorities, which were formed in consultation with the General Synod and the House of Bishops, were published in late 2000 and departmental budgets are formed and reviewed in the light of them.

Q: *What happens to the money gained by savings?*

A: It is Church policy to return savings to dioceses in the form of reduced apportionments in future years where not needed to replenish reserves. At least £155,000 has been repaid to dioceses in 2003 and there may be scope to repay further sums in a year's time if savings emerge in 2003.

Q: *Does the Corporation of Church House charge a full market rent?*

A: No. The Corporation only charges the Church what it needs to maintain the building and its services and to provide for future capital expenditure. The costs it charges are, however, increasing by more than inflation to build up a reserve towards the refurbishment of the north side of Church House.

Q: *What attempt is made to attract sponsorship and grants?*

A: Whilst outside organisations are often reluctant to provide sponsorship for 'core' work, several parts of the House's work attract grants from sources outside the Church and is instrumental in substantial sums being made available to the Church for disbursement to the parishes or for other front-line ministry work. For example, the Council for the Care of Churches attracts and disburses to the parishes nearly £500,000. Other parts of Church House make money by providing services to outside users, eg Church House Publishing and the Media Development & Training Unit.

Q: *When General Synod asks Church House to take on something new, does it realise the costs?*

A: Standing Orders require that the Synod is advised of the cost implications of any new proposals. A Financial Memorandum is now regularly prepared setting out the financial implications of items of business before Synod so that Synod can take them into account.

Q: *How do we know we aren't doing something which could be best left to the dioceses, parishes or others?*

A: Our work is open to internal and external scrutiny and there have been a substantial number of reviews, which have included representation from the dioceses, to look at where the work under examination is best done and at its cost-effectiveness and changes have been made as a result and will continue to be made. With a reduced level of staffing it becomes even more important that we only do what can best be done, and needs to be done, at the national level.

Budget Summary (gross)

	Actual 2002 £	Budget 2002 £	Budget 2003 £	Budget 2004 £
<u>Training for Ministry</u>				
Income	(89,277)	(100,000)	(85,000)	(90,000)
Expenditure	8,795,399	9,138,175	9,175,071	9,139,298
	8,706,122	9,038,175	9,090,071	9,049,298
Less Diocesan Contributions Vote 1	(9,036,716)	(9,038,175)	(9,090,071)	(9,049,298)
Movement (to)/from Rolling Reserve	(330,594)	0	0	0
Rolling reserve brought forward	(225,029)			
<u>National Church Responsibilities</u>				
Income	(5,470,718)	(6,006,634)	(6,469,190)	(6,341,244)
Expenditure				
Central Secretariat	1,590,044	1,789,469	1,613,930	1,636,237
Ministry Division	1,148,479	1,183,050	1,206,920	1,311,768
Board of Education	729,268	828,240	789,310	737,041
Mission & Public Affairs	1,123,286	1,190,763	1,249,460	1,267,439
Cathedral and Church Buildings	532,827	549,419	558,370	654,844
Finance Division	1,005,532	928,073	975,180	1,059,393
Internal Audit	143,669	170,666	174,947	185,083
Legal	1,299,322	1,437,244	1,586,970	1,478,540
Communications Unit	457,249	558,050	525,860	509,492
Human Resources	412,943	437,358	423,935	433,617
Information Technology	1,015,443	1,064,067	1,050,660	1,017,490
Records	505,881	572,820	488,670	379,133
Church House Publishing	552,072	563,660	642,712	678,231
Church House Bookshop	910,837	989,330	1,020,415	953,357
Office services	702,027	845,200	884,330	787,739
Accommodation	2,220,085	2,174,866	2,405,882	2,330,199
Contingency	110,485	66,000	100,000	150,000
	14,459,450	15,348,275	15,697,550	15,569,604
Less Diocesan Contributions Vote 2	(7,341,683)	(7,342,868)	(9,228,360)	(9,228,360)
Less Transferred Cost Allocations *	(1,822,588)	(1,970,795)		
Movement from Reserves	(175,539)	27,978	0	(0)
<i>Direct parish ministry support</i>	-	-	1,885,492	1,885,492
<u>Grants and Provisions</u>				
Expenditure	1,233,763	1,230,132	1,187,479	1,194,229
Diocesan Contributions Vote 3	(1,004,900)	(1,004,900)	(1,194,229)	(1,194,229)
Less Transferred Cost Allocations *	(264,329)	(225,232)		
Movement from Reserves	(35,466)	0	0	0
<i>Direct parish ministry support</i>	-	-	189,329	189,329
<u>Mission Agency / Clergy Pensions</u>				
Expenditure	425,003	464,000	584,300	722,750
Diocesan Contributions Vote 4	(464,000)	(464,000)	(550,000)	(675,000)
Movement from Reserves	(38,997)	0	34,300	47,750
Overall Apportionment	(17,847,299)	(17,849,943)	(20,062,660)	(20,146,887)
<i>Total Direct parish ministry support</i>	-	-	2,074,821	2,074,821

* Shown as Direct Parish Ministry Support in 2003; become part of Selective Stipend Allocations from 2004.