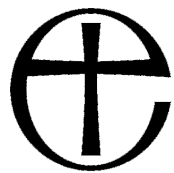


Archbishops' Council

2005 Budget



2005 Budget Highlights

Training Budget	(Vote 1)	1.3% 'ordinary' increase plus 11.4% due to addition of maintenance grants
National Support	(Vote 2)	3.75% increase
Grants	(Vote 3)	6.5% increase
Mission Agencies Pensions	(Vote 4)	0% increase
CHARM	(Vote 5)	new (£3.1m)
Net Apportionment		Underlying increase 2.7% Including maintenance grants and CHARM 23.3% increase
2003 Surplus		£296,037 is being returned to dioceses in June 2004.

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

2003	<input type="checkbox"/>	Vote 1 underspent by £421,037 (4.6%)	
	<input type="checkbox"/>	Vote 2 underspent by £703,998 (7.6%)	
2004	<input type="checkbox"/>	Vote 1 outturn estimated at £228,000 below budget	
	<input type="checkbox"/>	Vote 2 outturn expected to be broadly in line with budget	
	<input type="checkbox"/>	Vote 3 outturn expected to be in line with budget	
	<input type="checkbox"/>	Vote 4 outturn expected to be £65,000 below budget	
2005	<input type="checkbox"/>	Vote 1 (Ordination Training)	1.3% increase plus 11.4 % for addition of maintenance grants
	<input type="checkbox"/>	Vote 2 (Support and Administration)	3.75% increase
	<input type="checkbox"/>	Vote 3 (Grants)	6.5% increase
	<input type="checkbox"/>	Vote 4 (Mission Agency Clergy Pensions)	nil increase
	<input type="checkbox"/>	Vote 5 (CHARM)	£3.1m (new)

Introduction

1. The Church of England has for a number of years now borne significant increases in costs, largely due to the need to establish funded pension arrangements for the clergy and the decision to maintain those benefit levels in the face of increasing contribution levels. We are very conscious of the pressures this has entailed, and will later in 2004 be conducting the Financial Outlook exercise to enable us to look again at an overall picture of the Church of England's finances to assist all those taking decisions about its ministry and mission as it looks further ahead.
2. The difficult investment market that has adversely affected investment returns within the central funds will have also affected dioceses' and parishes' own investments (where they exist) and, although stock markets have shown some recovery over the last twelve months, both capital and income levels will often be lower than would have been expected three years ago. The actuarial review of the Church Commissioners has indicated that some additional funds are available for distribution due to strong investment performance. As was indicated in the interim assessment carried out at the end of 2002 that of the Church of England Funded Pensions Scheme has shown however that an increase in the contribution rate of approximately 4% will be required from April 2005.
3. Giving levels have, however, continued to respond to the challenge of meeting higher costs and will need to continue to do so. It is important, more than ever, that we ensure that we practise the best possible stewardship of our resources to

ensure that no more than the proper and necessary level of funding is requested of dioceses, bearing in mind the implication that will have on parish share increases.

4. The Archbishops' Council **will have succeeded in freezing its net administrative expenditure for the three year period 2002-4** (as have the Church Commissioners), and has frozen grant levels to other bodies for two years (2003-4). The freeze on administrative costs has involved very considerable pain across the Archbishops' Council – it resulted in the loss (or, in a few cases, external funding) of around 50 posts – but was accepted as necessary in response to the financial pressures on the dioceses. Whilst that freeze ends in 2004, and would not have been sustainable for a longer period if the required level of services is to be provided, it is fully acknowledged that increases in the budget need to be kept to the minimum. To that end, all parts of the budget have been examined comprehensively and pruned wherever possible. **Discounting the adjustments relating to Vote 1 and the introduction of Vote 5, the underlying overall budget increase in 2005 would have been just 2.7% described in more detail below.**

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 five year indicative forecast also forms part of this document, particularly to assist dioceses in forward planning. The document contains a budget summary showing gross expenditure for each department to support the motions which Synod will be asked to approve. 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. An analysis of the income and expenditure of each department is available to General Synod members on request to Mark Humphriss (Head of Financial Policy Unit).

Process

6. Each part of the budget has been reviewed line-by-line to be satisfied that income and expenditure are at realistic and justifiable levels and that the budget is for no more than is strictly necessary in order to carry out the tasks which need to be undertaken. Each department prepared a Business Plan commenting on 2003 and 2004 and setting out their proposals for 2005. These were reviewed at a residential meeting of the Senior Management Group and will be used as working documents to develop the Council's business planning capacity and in responding to new and existing strategic challenges.

7. The Budget was considered in detail by the Council's Senior Management Group, the Finance Committee and the Archbishops' Council itself and a number of savings were agreed as part of this process. The Inter-Diocesan Finance Forum also had the opportunity to comment on the budget before it was considered by the Council. The Archbishops' Council at its meeting on 25 May approved the budget as a whole in the form set out in this document.
8. 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 (contained in GS 1467) which will result in around £10 million p.a. being recycled to dioceses judged to be in greatest financial need. The first phase of this 'mutual support' programme was that transferred cost allocations (i.e. that part of the costs of the Archbishops' Council representing functions previously carried out by the Church Commissioners) were from 2004 distributed selectively to dioceses in greatest need (around £2.1m).

CHARM

9. The next phase is for costs associated with the Church's Housing Assistance for the Retired Ministry (CHARM) to be borne on the central apportionment (rather than by the Church Commissioners) from 2005. These costs relate to the subsidy that is provided to limit to 30% (25% for older loans) of a clergy pensioner's income the rent for a CHARM property (£1.9m), a share of certain costs in respect of the mortgage part of the scheme (£0.2m) and the Pensions Board's costs in administering the rental and mortgage schemes (£1.0m). The subsidy in particular has increased significantly over the past year because of rises in house prices and other costs such as water rates.
10. It has therefore been necessary to set the budget at a level of £3.1m, £700,000 higher than the 2001 figures set out in *Clergy Stipends, Pensions and other Financial Issues* (GS 1467) and which was reflected in last year's Five Year Forecast. The details of this Vote are set out later in this document. Several meetings with staff of the Pensions Board (and Church Commissioners, who provide the loan finance for this scheme) have taken place and the Council is satisfied that, based on the current terms and operation of the scheme, it is necessary to budget for this amount in 2005, although it will be reviewed later this year with the Pensions Board whether there are ways of reducing the forecast annual growth of Vote 5 (10%).

Abolition of Special Payments/ Guaranteed Annuities

11. The final phase (subject to the passage of legislation through General Synod and Parliament) of the recycling proposals agreed by General Synod in November 2002 is the abolition of Guaranteed Annuities and other Special Payments. This should free up around £4.5 million currently distributed on a historical basis by the Church Commissioners towards stipend costs. Whilst dioceses will no longer have the benefit of those allocations, the amount freed up will be distributed in parish ministry support via selective stipend allocations to the least well resourced dioceses. This is expected to occur from 2006.

Phasing

12. A phasing mechanism already exists whereby it was agreed with dioceses that where the amount of allocations and/ or apportionment varies from year to year due to changes in the underlying data or transfers of funding responsibility, a capping mechanism limits this variation, taking the two together, to 2% of parish share. Whilst we have calculated that the extra costs to be borne by dioceses as a result of taking on CHARM costs in 2005 will not itself quite trigger that 2% threshold, taken alongside the ongoing adjustments for those most affected by the introduction of the formula, several dioceses benefit from the phasing mechanism and the same will apply to the planned ending of Guaranteed Annuities in 2006.

Hind Review

13. The General Synod approved in July 2003 the implementation of the Hind Review, *Formation for Ministry within a Learning Church* (GS 1496), subject to a number of amendments. That work is now being taken forward by the Ministry Division through a series of sub-groups reporting to an overall Steering Group chaired by the Bishop of Chelmsford. Following one of the Synod amendments, one such group (chaired by Dr Richard Turnbull) has been considering whether appropriate savings or income can be identified to enable CME and Research work to be funded without limiting the number receiving maintenance grants. That group's report is to be considered by the General Synod at these sessions: it does not affect the 2005 Budget since it is not intended that new provision for CME and Research should start until 2006.
14. The aspect which most affects the 2005 Budget concerns the implementation of the recommendation that the responsibility for funding maintenance grants paid to single and married students should become part of Vote 1. (At present, it is funded direct by dioceses, albeit subject to a pooling mechanism.) It is intended to implement this with effect from September 2005 and the budget has been prepared on this basis. This increases Vote 1 in 2005 by £1.03m and it is estimated that it will amount in 2006 to £3.2m. This is broadly the same amount (adjusted for inflation) as has been funded by dioceses in the past and **so does not represent**

any overall increase in cost to the Church, although it does naturally increase the central apportionment level. It is proposed to continue to operate the pooling mechanism for both 2005 (based on 2003 expenditure) and 2006 (based on 2004 expenditure) so that dioceses which are incurring above-average expenditure in those years continue to be recompensed until 2006.

Common Services

15. A significant number of staff managed by the Archbishops' Council work for one of the common service departments (Communications, Human Resources, Information Technology, Accounts, Internal Audit, Legal Services, Office Services and the Record Centre), the cost of which is shared on the basis of use 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.

Individual Votes

Vote 1 (Ordination Training)

16. The 2003 outturn was a saving of £421,000. This is explained by two main factors. First, there continued to be a substantial reduction in numbers in training. Second, in the light of the lower numbers coming forward for training, the Ministry Finance Panel continued to take action 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. 2004 is expected also to result in a surplus, albeit of a lesser order (£228,000).
17. However, there has been a welcome increase in 2004 in the numbers coming forward for selection. Provided this translates into the expected increase in numbers training, it is predicted that the numbers would increase to around 1,400. In the light of this, it is no longer intended to proceed with a final small reduction in college core costs. In terms of core costs, we will be funding 530 College places against budgeted 2004/5 numbers of 516 (and will no longer be paying substantial sums for unfilled places). 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 increases in numbers.
18. As set out above in paragraph 14 and in more detail in the Vote 1 section of this report, the 2005 Budget also makes provision for maintenance grants to become

part of Vote 1 from September 2005. Some provision is also made for Hind implementation costs, the budget for which will be particularly carefully managed by the Finance Panel to ensure that the expenditure contributes towards achieving the savings required in subsequent years.

Vote 2 (National Church Responsibilities)

19. **2003 expenditure** overall was £704,000 below budget. The main reasons were (i) a very modest staff pay award in July; (ii) the inability because of accounting rules to charge certain necessary provisions directly to expenditure, (iii) vacancies in certain posts for part of the year; and (iv) lower accommodation costs. The majority of the balance is required for specific anticipated future needs related to pay, pensions and accommodation costs.
20. As reported last year, a fundamental review of pay structures (following a similar exercise in the Home Office which is currently the analogue for NCI salaries) to try to harmonise the quite different pay arrangements which apply for historical reasons to the different organisations. This is now at a very advanced stage and the Budget allows for an additional payment to 'buy out' existing rights to the incremental and performance pay arrangements to which many staff are entitled and for pay increases in July 2004 and July 2005 at levels agreed by the JECSB (which I chair).
21. The budget fully reflects staff pension contributions being charged at the higher rate of 22.5% (an increase from 20%) which has applied since January 2004 as a result of the latest actuarial review of the Church Administrators Pensions Fund (see paragraph 34) and for employer's national insurance contributions at the higher levels applicable from April 2003.
22. Reductions in individual expenditure items have been taken wherever they can be achieved. Improvements in technology (particularly email) have in recent years made possible substantial reductions in stationery, postage and other costs. A combination of these savings, the 2002-4 savings set out in *Discerning the Future* (GS Misc 671) and savings from a space utilisation exercise (see under *Accommodation* later in this document), coupled with a determination by the Senior Management Group to arrive at a budget that is within this, has enabled a Vote 2 budget requiring an apportionment increase of 3.75% as forecast last year. Work is underway through the Council's Publishing Board to explore ways of improving the trading position results of the Publishing Department and Church House Bookshop.
23. The **contingency** fund in 2003 funded expenditure of £10,000 towards the appointment of a limited-term appointment within the Cathedrals and Church Buildings Division (which forms part of that budget), the Council's share of a limited relocation exercise within Church House (£78,000, within the

Accommodation budget, which is resulting from 2004 in considerable rent savings) and a £500 payment towards costs associated with the signing of the Methodist Covenant.

24. 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. 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.
25. The amount set aside for unforeseen expenditure was increased in the 2004 Budget to £150,000 (or 1.5% of the total budget) due to uncertainties surrounding the outcome of the Communications Review. This has proved wise as the Council's share of the cost of the new Director of Communications will be drawn from this sum in 2004. This sum has now been reduced to its earlier level of £100,000 in 2005.

Vote 3 (Grants)

26. Expenditure in 2003 overall was broadly in line with budget. The modest savings that did arise (from non-use of the Vote 3 contingency amount and provisions that it was no longer possible to charge to the accounts) have been transferred to the Legal Aid Fund in view of the need to build up that Fund (the balance was extinguished in 2003). The same is intended with any surplus that arises in 2004. The 2005 Budget also allows for sums to be transferred to the Legal Aid Fund - it is envisaged that the annual cost of legal aid once the Clergy Discipline Measure is in place from 2006, at least in the early years, could amount to a substantial sum.
27. The 2005 Budget additionally provides funding of £20,000 for certain minor grant schemes which are considered very worthwhile but which the Church Commissioners can no longer legally fund as part of the allocations made available to the Council. It has also been agreed that the Church of England's contribution to the costs of the next WCC Assembly should amount to £55,000, of which £20,000 is due in 2005.
28. The Vote 3 budget for 2005 provides for an underlying increase of 3% in grants – recognising the very substantial pressure that any continuation of the freeze in 2003-4 would place - but with the increase in our contribution to CTBI/ CTE amounting to less than 0.5% (as agreed until 2006) and our contribution to WCC being frozen, as set out later in this report

Vote 4 (Mission Agencies Pension Contributions)

29. These payments are a statutory liability on the Church Commissioners as a consequence of the Pensions Measure 1997. However, it was previously 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. It has now been agreed with the mission agencies that this, currently open-ended liability will be capped at the 2004 level plus RPI as set out later in this document and the General Synod's endorsement will be sought of this arrangement in July.
30. Expenditure in 2003 was £138,000 below budget due to substantially lower numbers of clergy being employed by the mission agencies. A surplus is also expected in 2004, but of a much lesser order since the budget was already based on a lower number of clergy. The surpluses will be applied in part to reduce the apportionment increase in 2005 to zero (and to reduce the 2006 apportionment increase from what it would otherwise need to be) and part has been repaid to dioceses (see paragraph 37).

Vote 5 (CHARM)

31. From 2005 for the first time the budget will provide for costs associated with the Church's Housing Assistance for the Retired Ministry (CHARM) to be met from the apportionment, rather than by the Church Commissioners, thus releasing extra parish ministry support. The budgeted amount is £3.1 million. Further details are set out in paragraph 9-10 above.

Apportionment

32. The apportionment of the budget covered in this report is set out in a table later in this document. It is based on the formula recommended by the Allocations and Apportionment Review Group and agreed by the General Synod in 2001. One diocese has notified us that its Diocesan Synod will be considering a motion to cap its apportionment payment in 2005 below that requested because it feels it is being asked to meet a disproportionate share of the total budget under the current formula. At the time of writing dialogue was continuing about the implications of this.
33. It was agreed with dioceses in 2002 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 around £50,000 in 2005 in advance of pooling adjustments) should be waived in 2002-4 to enable corresponding funds to be available for mission projects. It is intended that this arrangement should continue until further notice and the apportionment table has been prepared on that basis.

Staff Pension Deficit

34. The results of the latest triennial actuarial valuation of the Church Administrators Pension Fund (of which almost all staff of the Archbishops' Council are members) were received in June 2003. The conclusion, based on the valuation as at 31 December 2002, was that it was necessary for the employer's contribution level to increase from 20% to 22.5% with effect from 1 January 2004. This was not budgeted for within the 2004 Budget but will have to be financed from within the overall amount set aside for employment costs (both in 2004 and on an ongoing basis).
35. Additionally, the surplus in the fund (of around £3 million at the previous valuation) has now become a substantial deficit. The Council has therefore started to pay an additional amount of £150,000 p.a., increasing by RPI, with effect from 2003, towards this deficit. The 2003 payment was met from in-year savings and it is hoped to do the same in 2004 (otherwise reserves will need to be drawn upon). The 2005 payment has been factored into these budgets.

Reserves

36. The Council reviews its reserve levels annually. Vote 1 reserve levels are considered to be at a satisfactory level, except that the amount currently within the rolling reserve is higher than the Council considers can be justified. The Finance Committee agreed that the balance over £500,000 should be returned to dioceses (as set out in the Vote 1 section later in this document) and £196,037 has been returned earlier this month. Vote 2 reserves are within reserves policy levels (albeit towards the upper limit).
37. Vote 3 reserves are deliberately now being built up and a higher reserves policy has been agreed by the Finance Committee at the levels set out later in this document. This is in part as accounting rules now require that amounts set aside for expenditure arising irregularly have to be held within reserves, rather than as creditors, and especially due to the open-ended nature of the commitment for legal aid (and, to a lesser extent, in relation to the minor grant schemes). The Finance Committee also agreed that the Vote 4 reserves policy limits should be increased, so as to use part of the reserves to lower apportionment levels from what they would otherwise need to be. However, this still left Vote 4 reserves at a higher level than can be justified and so £100,000 p.a. was returned to dioceses.

Five Year Forecast

38. 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. Figures in respect of 2006 and beyond need to be treated with particular caution, but will provide dioceses with some outline figures to build into their own long term planning. The main factors are the full-year costs in 2006 of Vote 1 maintenance grants; a further above-average increase in Vote 3 due primarily to the anticipated need to increase the Legal Aid Fund contribution to £100,000; and ongoing annual increases in Vote 5.

Conclusion and Recommendation

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

	2005 Budget
Vote 1	£ 10,201,840
Vote 2	£ 9,574,425
Vote 3	£ 1,271,850
Vote 4	£ 675,000
Vote 5	£ 3,117,000
Net Apportionment	£24,840,115

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

Church House
 London SW1P 3NZ

4 June 2004

Budget Summary (net)

Archbishops' Council Budget For the year 2005

	Actual 2003 £	Budget 2003 £	Budget 2004 £	Budget 2005 £
Training for Ministry				
Income	(128,057)	(85,000)	(90,000)	(120,000)
Expenditure	8,795,581	9,175,071	9,139,298	10,446,840
	8,667,524	9,090,071	9,049,298	10,326,840
Less Diocesan Contributions	Vote 1 (9,088,561)	(9,090,071)	(9,049,298)	(10,201,840)
Movement (to)/from Rolling Reserve	(421,037)	0	0	125,000
National Church Responsibilities				
General Income	(283,016)	(315,000)	(300,000)	(310,000)
Net Expenditure (net of related income e.g. contributions from other NCIs to common services)				
Central Secretariat	1,494,631	1,596,180	1,624,237	1,677,212
Ministry Division	1,211,268	1,206,920	1,295,768	1,340,452
Education	514,963	551,841	516,789	554,199
Mission & Public Affairs	941,856	1,019,185	1,020,689	1,033,895
Cathedral & Church Buildings	534,657	490,170	538,087	590,705
Finance	733,409	742,030	489,684	524,216
Accounts	0	0	256,656	239,720
Internal Audit	48,274	57,733	61,077	67,603
Legal	439,141	540,368	500,421	570,254
Communications	354,278	386,783	352,679	424,670
Human Resources	190,438	174,348	208,210	238,261
Information Technology	379,542	416,300	404,489	395,884
Records	103,556	90,867	84,474	80,002
Church House Publishing	(4,888)	0	32,181	45,632
Church House Bookshop	88,726	25,415	40,357	60,495
Office services	339,324	374,988	345,438	362,943
Accommodation	1,437,212	1,770,233	1,607,121	1,578,281
Contingency	500	100,000	150,000	100,000
	8,806,887	9,543,360	9,528,361	9,884,425
Less Diocesan Contributions	Vote 2 (9,227,869)	(9,228,360)	(9,228,360)	(9,574,425)
Movement (to)/from Reserves	(703,998)	0	0	(0)
Direct parish ministry support	-	1,885,492	1,885,492	
Grants				
Expenditure	1,194,229	1,194,229	1,194,229	1,271,850
Diocesan Contributions	Vote 3 (1,194,062)	(1,194,229)	(1,194,229)	(1,271,850)
Movement (to)/from Reserves	167	0	0	0
Direct parish ministry support	-	189,329	189,329	
Mission Agency / Clergy Pensions				
Expenditure	412,158	584,300	722,750	735,753
Diocesan Contributions	Vote 4 (550,000)	(550,000)	(675,000)	(675,000)
Movement (to)/from Reserves	(137,842)	34,300	47,750	60,753
CHARM				
Expenditure	0	0	0	3,117,000
Diocesan Contributions	Vote 5 0	0	0	(3,117,000)
Movement from Reserves	0	0	0	0
Overall Apportionment	(20,060,492)	(20,062,660)	(20,146,887)	(24,840,115)
Total Direct parish ministry support	-	-	2,074,821	0

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

Training Budget Forecast for 2005 (Vote 1)

Numbers in training

1. 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.

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Colleges*	638	622	614	556	505	541	541
Courses*	615	601	598	608	612	649	649
	1,253	1,223	1,212	1,164	1,117	1,210	1,210
OLM Candidates	201	209	191	217	197	207	207
Total	1,454	1,432	1,403	1,381	1,314	1,397	1,397

* 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 2004/05 is expected to be 516.

* The Course student numbers include those candidates undertaking diocesan "pre-theological" training. There are currently 16 students in this category; numbers in this category are expected to remain stable in the forthcoming two academic years.

Funding for Core and Variable Costs

2. Since the 2000/01 academic year, the funding arrangements for theological colleges and regional courses have been based on the principle of core and variable costs recommended in the Archbishops' Council working party report, *Managing Planned Growth*. Last year the Ministry Division's Finance Panel resolved to bring down the core costs by £160,000 in 2003/04, and an additional £160,000 in 2004/05.
3. In setting the fees for the academic year 2003/04, the college core costs were reduced by £188,000 more than the required level to give a total reduction of £348,000 in these core costs. Nevertheless the Finance Panel decided to continue to reduce the core costs further by £160,000 in 2004/05. These reductions will bring about a fall in the number of sponsored full-time College places from the present 553 to 530 in 2004/05.
4. The numbers of candidates coming forward for selection conferences have recently shown marked and welcome signs of improvement, such that numbers in training could possibly increase by about 73 in 2004/05 (On present trends these would be distributed as 36 additional college students and 37 course students). This would mean that the actual numbers in college training could be 516, those in course training 633 (excluding Pre

Theological candidates) and 207 training on OLM schemes.

5. If the numbers in training reflect the expected increase then the colleges will be operating near the numbers for which core funding is now provided. If the pattern were to be repeated for the academic year 2005/06 then it may become necessary to increase the provision for core costs.
6. In considering the budget for 2005 the Archbishops' Council agreed that:-
 - i. the Vote 1 training budget for colleges, courses and OLM schemes for 2005 should amount to £9,256,240. This compares to the budget provision for 2004 of £9,139,297 and represents an increase of 1.3% in gross costs.
 - ii the Rolling Reserve (detailed below) created in respect of training costs should be used to cover £125,000 of the proposed increase.

Implications of the Hind Review

7. The Report *Formation for Ministry within a Learning Church* (GS1496) recommended that Vote 1 should be expanded to include the amounts currently paid by the dioceses to support married and single students. Students are currently eligible for a mixture of central, diocesan and other charitable grants. The Finance Panel has considered how these payments might be introduced into the Vote 1 provision of General Synod and has recommended that
 - i) Payment to the candidates should be made from the Ministry Division starting in September 2005.
 - (ii) The budget should assume that we will fund 305 married candidates in 2005
 - (iii) Based on the present (2004) average grants to married students of £9,165 and to single students of £1,078 the total required in a full year is £3,017,000. In the budget year 2005 allowing for a 2.5% increase in costs this would equate to **£1,030,600**. This proposed budget is a fixed sum available to meet the cost of student support.
 - iv) If demand were to exceed this level, it would be necessary to apply a cap (which would apply to those who had not yet been to selection conferences) unless other Vote 1 funds could be made available. This might include Vote 1 reserves but it is suggested that no more than £100,000 should be available for this purpose. It is, however, hoped that capping will not be required but working within a budget requires that the option exists.
8. *Formation for Ministry within a Learning Church* also recommended that the cost of maintaining the then number (360) of married candidates in colleges should be reduced by £1m or approximately 75 places to fund the enhanced provision of CME1-4. The General Synod requested that the Implementation Group should look for ways in which this reduction could be avoided. The Group is reporting to the July 2004 Synod. The proposed budget does not include any changes or savings that might arise from their recommendations. Any changes arising under their proposals would be likely to arise from 2006 coinciding with the envisaged start in September 2006 of enhanced provision for CME1-4 and Research.
9. The report also recommended a number of changes to the provision of various training

functions within the Church. Provision of £160,000 has been made in the 2005 Budget towards the costs of establishing Regional Training Partnerships. The budget will be administered by the Ministry Division Finance Panel which will need to prioritise claims according to what will result in the most effective and economical new arrangements. As noted above, CME1-4 and Research costs will not arise until September 2006 and savings in administration and academic costs are not expected to accrue until 2006 (or later) although every effort will be made in the fee negotiations for 2005 to identify real and potential savings.

2003 Outturn

10. Training expenditure during 2003 was £8,795,581, £376,000 below the budget agreed for 2003 of £9,175,000. This under-expenditure has resulted primarily from the fact that numbers at Colleges in both the 2002/03 and 2003/04 academic years have been below the budgeted numbers. Course numbers, in contrast, have slightly exceeded budgeted numbers. Additional income (primarily interest on cash balances) increased the amount contributing to the Rolling Reserve to £421,037.

2004 Revised Estimate

11. It is at this stage anticipated that there would be savings against budget in 2004 of approximately £228,000, again resulting from the fall in College numbers combined with the large reduction in Colleges' overall core costs from September 2003.

2005 Budget

12. The proposed 2005 Budget is as follows:-

Provision for Colleges and Courses		£9,256,240
Less Trust and General Income	(£120,000)	
Less funded from reserves	(£125,000)	(£245,000)
		<u>£9,011,240</u>
Provision for support of candidates		£1,030,600
To provide for Implementation of RTPs as per the Hind Report		<u>£160,000</u>
		<u>£10,201,840</u>

13. The main assumptions on which the budget is based are as follows:

- Core costs are assumed to increase in 2004-5 by 3.2% for Colleges and 3.0% for Courses and the following year 3.7% for colleges and 4.0% for courses. These estimates are based upon academic staff salary increases in line with stipend increases for parochial clergy (3.0% from April 2004 and 5.1% from April 2005), non-academic staff salary increases of 4.0% and RPI inflation of 2.5% for both years.
- Variable costs are assumed to follow expected RPI inflation of 2.5% in the next two academic years.

- c) Numbers of ordinands attending Colleges, the Regional Courses and the OLM Schemes (as set out in the table above).
- d) Student allowances increases follow expected RPI inflation of 2.5%.
- e) The Church share of the cost of training, taking into account LEA awards and personal contributions, assumed to be fairly stable at around 97.0% for Colleges and 98.0% for Courses.
- f) Pre-theological training expenditure stable - increase to £13,200 in 2005 (to take account of inflation).
- g) OLM training expenditure £295,525 - no increase required from the 2004 budget figure.
- h) Mixed-mode training expenditure expected to increase by 35.0% to £34,400 in 2005 due to an increase in expected numbers.

University fees

- 14. Expenditure on University fees is expected to be £291,200 in 2005 and £271,600 in the Revised Estimate for 2004. The Government's proposals concerning University "top-up" fees are expected to have at least a modest impact upon the fees charged for some ordinands' courses from September 2006.

OLM training

- 15. There are currently 19 diocesan OLM Schemes approved by the House of Bishops. No further new Schemes are expected to be developed and given approval in the next two years. The contribution made by Central Fund for Ministerial Training (CFMT) to each approved Scheme, following the recommendations of the General Synod Report, *Strangers in the Wings*, consists of a basic grant (of £7,207 in 2004) combined with the payment of a per capita sum (of £679 in 2004) for each selected ordinand. Expenditure of £279,000 is expected in the revised estimate for 2004 and £295,000 in 2005.

Mixed mode training

- 16. There are currently 12 candidates training with the St John's Nottingham Mixed-Mode Scheme. Training with the scheme continues for a further two years after ordination to the diaconate, partly supported by grants from the CFMT, and it is this expenditure which is separately identified in the budget. CFMT expenditure in this category will be approximately £22,500 in 2004 and £34,400 in 2005. The overall costs to CFMT of mixed-mode training and conventional College training are broadly comparable.

Forecast for 2006

- 17. The training requirement for 2006 is currently forecast at £9,562,000 as regards the college and course expenditure. This represents a 3.3% increase on the provision for 2005. In addition maintenance costs for a full year are projected to be £3,169,300 (based on 305

married students requiring grants and 206 single students). There will also be the following additional costs arising under *Formation for Ministry in a Learning Church*:-

Provision for CME	£346,000
Research Provision	£80,000
RTP costs of implementation	£80,000
Expected savings	£(133,000)

18. The Hind Report set out that the additional costs for CME and research would be met, as set out in paragraph 8 above, by reducing the amount paid in maintenance grants. As it would not be appropriate to provide both for the full level of maintenance grants and for CME/Research, the 2006 Forecast has been prepared on the basis that CME/Research costs are not included. This will be adjusted when the 2006 Budget is prepared, by which time a capping mechanism for maintenance grants will need to have been agreed (which would reduce maintenance costs and allow financial provision for CME/Research) unless equivalent savings/income have been agreed. The General Synod will be considering proposals at these sessions intended to meet this need.

19. The Vote 1 forecast for 2006 is comprised as follows:-

Training Requirement	£9,562,000
Maintenance Grants	£3,169,300
RTP Implementation Costs	£ 80,000
Expected Savings	£ (133,000)
	£12,678,300

The Rolling Reserve

20. The rolling reserve exists to meet the fluctuations in costs arising from increases in numbers in training beyond what is provided for in the budget. The fall in the number of students and savings made in the core costs in 2003 and 2004 gives rise to the following situation:-

Balance at 1 st January 2003	£555,629
Returned to the Dioceses in 2003	<u>£155,629</u>
	£400,000
Vote 1 provision under-spent in 2003	<u>£421,037</u>
Total available	<u>£821,037</u>

21. Bearing in mind that at this stage it is difficult to be precise about the number of students and how sustained the increase will be it has been agreed that £125,000 of the potential increase in funding for colleges and courses should be met from the Rolling Reserve in order to smooth the apportionment of the costs to the Dioceses. £500,000 is the maximum level that it is considered should be held within the Rolling Reserve. This leaves a balance of £196,037 which is being returned to dioceses in June 2004.

Diocesan Pooling Costs

22. Expenditure on diocesan support grants made to ordinands in the 2003 calendar year amounted in total to £2,702,501. This was a lower figure than in 2002 (2002: £3,092,516) due to the lower number in training in 2003. Dioceses' expenditure in 2003 is reflected in diocesan contributions to the 2005 budget through the pooling arrangements as set out in the apportionment table, later in this document.

Conclusion

23. The table on the following page gives fuller details as to how the 2005 Budget for Colleges and Courses has been aggregated. The subsequent page indicates the level of expenditure in 2003 to each Theological College/Course/Institution.

Approved Budget 2004		Academic		Revised		Academic		Forecast		Academic
		Year		Estimate		Year		For		Year
		2003/04		2004		2004/05(est)		2005		2005/06(est)
£	COLLEGES	£		£		£		£		£
4,051,877	College core costs	3,885,744		3,873,839		3,850,030		3,897,453		3,992,301
897,044	College variable costs	845,698		873,900		930,304		938,120		953,751
4,948,921	Total	4,731,442		4,747,739		4,780,334		4,835,573		4,946,052
5,022	Assessment Fees	4,545		4,694		4,991		5,031		5,112
861,660	Allowances	798,910		825,288		878,043		885,437		900,224
5,815,603	Total	5,534,897		5,577,721		5,663,368		5,726,041		5,851,388
(116,312)	Less LEA etc share	(166,047)		(167,332)		(169,901)		(171,781)		(175,542)
5,699,291	Church Share	5,368,850		5,410,389		5,493,466		5,554,260		5,675,847
274,052	University Fees	256,320		271,608		286,896		291,282		295,668
117,612	Long vacation allowance	106,359		106,359		120,751		120,751		123,997
6,090,955	TOTAL COLLEGE	5,731,529		5,788,356		5,901,114		5,966,293		6,095,512
	COURSES									
1,433,087	Course core costs	1,455,777		1,470,335		1,499,450		1,519,443		1,559,428
947,015	Course variable costs	960,752		989,137		1,045,906		1,054,622		1,072,054
2,380,102	Total	2,416,529		2,459,471		2,545,356		2,574,064		2,631,482
5,469	Assessment Fees	5,364		5,409		5,498		5,543		5,632
384,688	Allowances	387,996		399,823		423,477		427,275		434,871
2,770,259	Total	2,809,889		2,864,703		2,974,331		3,006,882		3,071,985
(55,405)	Less LEA etc share	(56,198)		(57,294)		(59,487)		(60,138)		(61,440)
2,714,854	Church Share	2,753,691		2,807,409		2,914,844		2,946,744		3,010,545
295,140	OLM	279,523		279,523		295,525		295,525		304,390
12,919	Pre-theological training	12,812		12,919		13,132		13,241		13,460
3,022,913	TOTAL COURSE	3,046,026		3,099,851		3,223,501		3,255,511		3,328,395
25,429	MIXED-MODE TRAINING	16,659		22,490		34,151		34,436		35,005
		-		-		-		-		-
9,139,297	GRAND TOTAL	8,794,214		8,910,696		9,158,766		9,256,240		9,458,912

TRAINING GRANT PAYMENTS FROM CFMT 2003

COLLEGES

	£
Cranmer Hall	560,169
Mirfield	178,906
Oak Hill	499,734
Queen's College, Birmingham	193,073
Ridley Hall	609,675
Ripon College, Cuddesdon	572,577
St John's College, Nottingham	687,569
St Stephen's House	296,110
Trinity College, Bristol	646,003
Westcott House	586,376
Wycliffe Hall	682,557
St Michael's College, Llandaff	52,075
University Fees	264,780
Miscellaneous	23,463
TOTAL COLLEGES	5,853,067

COURSES

Carlisle & Blackburn	51,667
EAMTC	228,570
EMMTC	102,552
NEOC	161,263
NOC	334,934
NTMTC	174,755
SAOMC	253,564
STETS	365,799
SEITE	317,665
SWMTC	146,849
WMMTC	137,450
WEMTC	163,688
Miscellaneous	6,594
Pre-theological training	4,031
Course travel expenses	198,078
TOTAL COURSES	2,647,459

ORDAINED LOCAL MINISTRY SCHEMES

Blackburn OLM Scheme	11,170
Canterbury OLM Scheme	18,650
Carlisle OLM Scheme	9,410
Coventry OLM Scheme	9,960
Gloucester OLM Scheme	9,410
Guildford Diocesan Ministry Course	16,890
Hereford Local Ministry Scheme	7,870
Lichfield OLM Scheme	16,010
Lincoln OLM Scheme	11,170
Liverpool OLM Scheme	11,830
Manchester OLM Scheme	18,210
Newcastle OLM Scheme	8,750
Norwich OLM Scheme	20,190
Oxford OLM Scheme	18,430
St Edmundsbury & Ipswich Scheme	23,270
Salisbury OLM Scheme	20,410
Southwark OLM Scheme	26,130
Wakefield Ministry Course	20,410
TOTAL OLM SCHEMES	278,170

MIXED-MODE TRAINING	16,885
GRAND TOTAL	<u>8,795,581</u>

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>	:	26 Full-time 4 Part-time/part-funded
<u>Budget 2005 (net)</u>	:	£1,677,212 (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
- Advice on Church Unity issues by the CCU
- Fostering of ecumenical work nationally
- Central Statistics and Research Resource

Staffing

- Secretary General
- Head of the Central Secretariat/ Clerk to the Synod
- House of Bishops support (2.5 staff)
- 2 Administrative Secretaries
- Synod Support Unit (2.75 staff)
- Theological Secretary (part-time)
- Child Protection Officer (part-time)
- 5 support staff

- Head of CCU
- 2.5 senior administrative staff
- 3 support staff

- Head of Research and Statistics
- 5 support staff

The Central Secretariat provides administrative support for the General Synod and its Houses. 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 Council for Christian Unity is a body answerable to the General Synod through the Archbishops' Council. It is responsible for one of the two 'fundamentals' of the Archbishops' Council. It advises the Synod and the Council on unity

issues and fosters ecumenical work in the Church nationally. The Research and Statistics Department provides a central statistics and research resource to the Archbishops' Council.

2005 Budget

- The budget broadly follows expenditure in previous years. Modest additional provision is included to resource the inauguration of the new Synod in November 2005.
- Substantial areas of work will include the follow up to the review of the Dioceses and Pastoral Measures and continuing work on the review of marriage law. Further work on women on the episcopate is likely following the reception by the Synod of the Rochester Report.
- The budget envisages completion of the first phase of the Joint Implementation Commission under the Anglican-Methodist Covenant and report to General Synod.
- The budget provides for the establishment of a post of Worship Development Officer with effect from mid-2005.

Ministry

<u>Chair:</u>	The Bishop of Chelmsford
<u>Director:</u>	The Ven. Dr Gordon Kuhrt
<u>Number of Staff:</u>	23 full-time 5 part-time
<u>Budget 2005:</u>	£1,340,452

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
- DRACSC Secretary plus 2 staff
- Inspections Officer (part-time)
- Grants Officer plus Assistant
- Finance and Statistics Officer and Registry Officer
- Officer for Ministry of and Among Deaf and Disabled People
- 10 secretarial and support staff (1 part-time)

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 over 1,300 in training for the ordained ministry and 1,200 in Reader training. The Ministry Division is responsible for their recruitment and selection, 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 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.

Finally, the Division has responsibility for supporting the work of ministry and among deaf and disabled people which also includes the brief for wider disability within Church House.

Education

<u>Chair</u>	:	The Bishop of Portsmouth
<u>Director</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 2005 (net)</u>	:	£554,199

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, School Support Officer
- Training and Development team comprising 2 Youth Officers, Children's Officer and Lay Discipleship and Shared Ministry Officer
- Lifelong Learning team comprising Further Education Adviser (part-funded externally) and Higher Education Adviser
- Five executive assistants based within the three teams.

The Division'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: continuing implementation of the Youth Strategy and beginning to implement the Children's Strategy in line with the Archbishops' Council's themes; continuing work to develop *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.

2005 Budget

- The workload of the staff remains high. One officer in the Schools Strategy Team retired and the two other officers moved on to other posts outside the NCIs in 2003. A reorganisation within the team and the decision not to appoint a deputy Chief Education Officer has enabled all three posts to be filled at a slightly reduced cost.
- The support staff have settled well into their enhanced role as executive assistants, based within and providing valuable support to the three teams as the officers spend more time away from the office supporting their networks. The 2005 budget reflects this change in keeping down the costs of paper and postage, but 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 2005 around half this grant funding will be used to support the cost of employing two youth officers (to the equivalent of the salary costs 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 and associated support staff cost. 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>	:	24 Full-time 2 Part - time
<u>Budget 2005 (net)</u>	:	£1,033,895

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 2003.

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; Youth Ministry Development Officer (subject to external funding).
- **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 Administrator, Assistant Training Officer/ Web Mistress and part-time Assistant.
- **Administrative and support staff/** projects assistance – 8 posts

2005 Budget

- The 2005 budget provides for funding of the full division as proposed in the Guildford Review.
- It reflects the various 2004/5 savings set out in *Discerning the Future* with external funding found towards the National Rural Officer post.
- 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 but permanent members of staff.
- Provision is made in the budget for a Youth Ministry Development Officer to continue to be funded if external funding remains forthcoming.

Cathedral and Church Buildings Division

<u>Chair</u>	:	The Bishop of London
<u>Head</u>	:	Paula Griffiths
<u>Number of Staff</u>	:	16 full-time posts One additional short-term (one year) post from November 2003
<u>Budget 2005 (net)</u>	:	£590,705

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
- Supporting the National Aerials Arrangements

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 (vacant: only to be filled if external funding agreed)
- 2 research/resource assistants (1 externally-funded: post will end if funding runs out, as expected, in September 2005; 1 policy officer – proposed new post)
- 2 telecommunications office posts to facilitate the aerials project (funded from the Approved Installer).

The Church has 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 Council for the Care of Churches (CCC), the Cathedrals Fabric Commission (CFCE) and the Church Heritage Forum (CHF). The drawing together of the two member level bodies (and cuts elsewhere) has generated considerable new policy work on behalf of the wider Church in respect of the ecclesiastical built heritage.

The CCB has major responsibilities in relation to Government and its agencies e.g. concerning the ecclesiastical exemption (currently under review). The CCC directly support of parishes and dioceses, dealing with statutory casework under the Faculty Jurisdiction and Pastoral Measure and offering 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 Finance 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 almost wholly funded from block grants given by charitable trusts. Negotiations are in hand with the Heritage Lottery Fund to establish payments for CCC advice on 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 CFCE 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 CFCE 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 oversees how the system for the care of cathedrals works, producing a series of Guidance and Advisory notes, as well as advising on archaeology, organs, contents and the environment around cathedrals.

2005 budget

- A bid for £10,000 as the National Church's contribution to the funding of the first stage of the implementation of the recommendations of the Policy Statement for Church Buildings has been incorporated.
- 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. Also, the type of post required may be influenced by the recommendations of the Church Building Strategy exercise, and this could affect the timing of the bid to grant-makers.
- A bid has been incorporated for an additional Policy Officer to support the Strategy and other policy/developmental work of the Division, following increasing casework referrals from parishes and cathedrals and rising levels of regulatory changes and Government consultations to which the Division is required to respond on behalf of the wider Church.

Finance & Common Services

Finance

<u>Chair</u>	:	Michael Chamberlain
<u>Director</u>	:	Shaun Farrell (until September 2004)
<u>Number of Staff</u>	:	11 Full-time 3 Part-time/ part-funded
	<i>Note:</i>	<i>Additionally, 15 staff (inc. 2 part-time) in Clergy Pay are managed on behalf of Church Commissioners.</i>
<u>Budget 2005 (net)</u>	:	£524,216

Functions

- Financial policy advice
- Preparation and monitoring of the Council's budgets
- Long-term financial planning and overview of the Church's finances
- Stewardship and fund-releasing
- *Crockford* directory and database
- Allocation of stipend support
- Administration of Central Church Fund
- Oversight of Clergy Payments (on behalf of the Church Commissioners)
- Oversight of common services

Staffing

- Financial Secretary/ Director of Central Services
- Head of Financial Policy Unit, Management Accountant plus 3 staff
- National Stewardship Officer
- Common services executive assistant (part-time)
- 3 secretarial and support staff (1 shared with Accounts)
- 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 Management Ltd); and the Central Church Fund (which administers grants mainly 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 and the Publishing Board. The Financial Secretary is also Director of Central Services with direct responsibility for Accounts, Internal Audit, Publishing/ Bookshop, IT and Office Services.

2005 Budget

- The 2004 budget was subsequently divided between Accounts and other functions, to facilitate budget monitoring, but it now appears that the division of non-staff costs was too much in favour of Accounts. Aside from this, and that Whitelands College will no longer be reimbursing the cost of staff time once the relocation project comes to an end in early 2005, the budget provides for a similar level of funding on a like-for-like basis.

Accounts

<u>Head</u>	:	Marian Adams
<u>Number of staff</u>	:	32 full time 2 part time
<u>Budget 2005 (net)</u>	:	£239,720

Functions

- General accounting services including processing of receipts and payments, cash management and maintaining accounting records.
- Direct and indirect tax advice and administration.
- Payroll services for NCI and episcopal staff and pensioners, Pensions Board homes' staff and clergy widows and church workers.
- Preparing the Archbishops' Council and Church Commissioners' group financial statements.
- Asset accounting services for the Church Commissioners.
- Administering loans and mortgages
- Administering trust funds.

Staffing

- Head of Accounting Services
- 14.5 general accounts staff (one part time)
- VAT Officer and Property Tax Manager
- 5 payroll staff
- 6.5 asset accounting staff
- 3.5 support staff including support accountant, company secretary, special projects officer and office and administration support.
- Project Manager for implementation of new accounting system

The common services Accounts department was formed on 1 November 2003 to provide an efficient and cost effective accounting service to the NCIs. General accounting services, such as the processing of receipts and payments and maintaining accounting records are provided to all NCIs. Other accounting services are specific to a particular NCI or user department.

For the department to truly function as a common service across the NCIs, it is essential to have, as far as possible, a single accounting system. A Project Manager was appointed on 30 April 2003 to manage the project to implement a new system which will meet the NCIs' current requirements and be flexible enough to accommodate future developments. Work is well underway on drawing up the specification for the new system and it is anticipated that selection will start in the summer of 2004 with the project entering its development phase in the latter part of the year. Full implementation is scheduled for the first half of 2005.

At the same time, work has started on standardising processes and procedures across the NCIs. In tandem with these changes, the departmental structure will evolve and restructuring will take place over the next 18 months. Some restructuring has and will take place at an earlier stage as and when opportunities arise.

2005 Budget

- The budget includes the estimated cost of the new accounting system (around £200,000), depreciated over four years, but with the Council's share of the costs of the system implementation plus other project costs (particularly the employment costs of the Project Manager) being met from within provisions set aside within Vote 2 reserves for that purpose.

Internal Audit

<u>Head</u>	:	Kim Parry
<u>Number of Staff</u>	:	4 Full-time
<u>Budget 2005 (net)</u>	:	£67,603

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 committee

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. The Internal Audit department'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 applies a risk-based approach to internal auditing, seeking to achieve a high degree of coherence with each Institution's approach to risk management, whilst continuing to advocate improvements. The department sponsors the risk identification process within the Archbishops' Council. Generic advice on governance and risk management is available to dioceses from the department. The department seeks opportunities to increase the efficiency of its own operations by improving its working practices and utilising specialist ICT applications.

2005 budget

- The budget assumes the level of service agreed with the chairmen of the NCI audit committees which is broadly similar to that budgeted for 2004, but involves a slight increase in the share borne by the Council.

Legal Office

<u>Head</u>	:	Stephen Slack
<u>Number of Staff</u>	:	26 full-time; 3 part-time (2 employed directly by Church Commissioners)
<u>Budget 2005 (net)</u>	:	£ 570,254

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)
- Clergy Discipline Commission
- 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 Archbishops' Council and 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
- Clergy Discipline 'Designated Officer' (Barrister)
- 9 Solicitors (incl. Deputy Official 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 the Church Commissioners, General Synod and the Archbishops' Council (increasingly as regards the impact of Government legislation on the Church), and it provides the secretariat for the Synod's Clergy Discipline, Legal Advisory and Legal Aid Commissions and the Ecclesiastical Rules Committee.

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.

- 2005 will see a particularly heavy requirement as regards the General Synod's own legislative programme, notably in terms of preparing the legislation required to give effect to the recommendations of the review of the Pastoral and Dioceses Measures and the Review of Clergy Terms and Conditions of Service. Substantial work will also be required in relation to the implementation of the Clergy Discipline Measure (which it is hoped to bring fully into effect by the end of 2005) and the general election to the General Synod to be held in the summer of 2005.

Communications

<u>Director</u>	:	Peter Crumpler (from May 2004)
<u>Number of Staff</u>	:	10 Full-time
<u>Budget 2005 (net)</u>	:	£424,670

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
- 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.

For the Archbishops' Council, the Unit's task is 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 dioceses, and a Daily Briefing for a wide range of Church leaders. Drawing where appropriate on a broadcast studio, a comprehensive training programme is offered in all aspects of communications.

Recent initiatives have included a range of web-related projects (funded by external sponsorship, now exhausted), 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.

2005 budget

- An independent review of the function and structure of national Church communications was completed in 2003. It is not possible to say in detail what the future resource needs of the Unit will be until the new Director has been able to consider the most effective and appropriate way of following through the review's recommendations.
- Wherever possible, stringent economies have again held non-staff costs at, or below, the previous year's level.

Human Resources

<u>Director</u>	:	Su Morgan
<u>Number of Staff</u>	:	9 Full-time 1 Part-time
<u>Budget 2005 (net)</u>	:	£238,261

Functions

- Workforce planning, pay and information
- Recruitment and selection
- Performance management
- Equality and diversity management
- Occupational health and safety
- Organisational development (including restructuring and redundancy)
- Training, performance review and development
- Employee relations

Staffing

- Director of HR
- 2 HR Managers
- HR Adviser
- Recruitment Manager and Adviser (funds outsourced service)
- HR and IT Information Adviser
- Health and Safety Adviser (part-time)
- 2 interim HR Advisers to implement recommendations within the McClean Review

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 back from the Office Services budget at the end 2004. The 2005 staffing figures also show the bid for 2 additional interim posts which will either sit in HR or Ministry and are for the planning of the implementation of the review of employment arrangements for the clergy (chaired by Professor McClean).

2005 Budget

- Shows inclusion of part-time Health & Safety Adviser (transferred back from Office Services) and the establishment of 2 interim HR Manager posts for McClean planning

and implementation and attendant overheads.

- It shows inflation increases for all staffing and training and development budgets and some modest expenditure on updating IT equipment.
- £10,000 for buying in outsourced consultancy services.

Information Technology

<u>Head</u>	:	John Ferguson
<u>Number of staff</u>	:	19 Full-time (1 shared with Office Services)
<u>Budget 2005 (net)</u>	:	£395,884

Functions

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

Staffing

- IT Manager
- Deputy IT Manager
- 8 Technical & IT Support
- 5 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.

2005 Budget

- The budget reflects the maintenance of a 'warm' disaster recovery site at the Records Centre in Bermondsey and work related to the introduction of a new NCI accounting package.

Records

<u>Head (Acting)</u>	:	Philip Gale
<u>Number of Staff</u>	:	8 full-time
<u>Budget 2005 (net)</u>	:	£80,002

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
- Title research for glebe property on behalf of the 43 Anglican dioceses in England
- Public access to historical archives through the reading room at Lambeth Palace Library
- Answering public enquiries concerning the archives of the NCIs
- Conservation of the archival material through commercial rebinding and through the conservation studio at Lambeth Palace Library

Staffing

- Director (vacant pending the outcome of the Documentary Heritage Review)
- Records Manager and Archivist
- 2 Customer Services (plus some provision for temporary assistance)
- Workflow Coordinator and Administrator
- 3 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 most 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. Important subsidiary roles include providing research access to the historical records of the NCIs through the reading room at Lambeth Palace Library, answering public enquiries concerning the archives of the NCIs and providing a title research service for many of the 43 Anglican diocesan registries in England.

The Record Centre is subject to the Documentary Heritage Review currently being undertaken by the Church Commissioners. This may lead to future changes to the management and organisation of the Record Centre.

2005 Budget

- The staff restructuring process will have been completed in June 2004. The staffing levels of the Records Centre will have been reduced from 18 in 2001 to 8 in 2004. Provision has been made for small increases in the equipment and printing budgets but overall the budget offers savings compared with previous years.

Church House Publishing

<u>Head</u>	:	Alan Mitchell	
<u>Number of Staff</u>	:	12 full-time	5 part-time
<u>Budget 2005</u>	:	Sales	£1,100,000
		Trading deficit	£5,632
		Net deficit	£45,632 (after AC service functions)

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 and Commissioning Editor
- New Media Manager plus two Editors
- Editorial and Copyright Manager (part-time) plus Editor
- Design Manager plus Designer
- Production Manager (part-time) plus Production Editor
- Marketing Manager plus Sales and Marketing Executive
- Sales Manager plus Assistant Sales Manager
- Office Manager

Church House Publishing (CHP)'s profile and reputation in the Church and the book trade remains high. The department carries out editorial, copyright, production, marketing and sales 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 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.

The 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.

2005 Budget

- CHP budgeted sales for 2005 are £1.1m. Liturgy sales should increase following the publication of further volumes in the Common Worship series. It is intended to increase direct marketing and selling to CHP's niche market (rather than selling through retailers

and wholesalers) as a higher profit margin is achieved on these sales. This should lead to an increased level of profitability.

- Conservative estimates have been made on royalty income and income generation (fees received for work undertaken for external organisations) based on the 2003 actual income levels.
- The staff of the publishing department undertake work for other Council departments that has nothing to do with generating sales income on the trading account. This has been estimated at £40,000 of staff time.
- The Publishing Board is carrying out a review of operations with a view to moving the budget to a break even position.

Church House Bookshop

<u>Head</u>	:	Mark Clifford	
<u>Number of Staff</u>	:	8 full-time	
<u>Budget 2005</u>	:	Sales	£905,000
		Trading deficit	£25,495
		Net deficit	£60,495 (after AC service functions)

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)
- Bookshop Manager
- 2 Bookshop Sales Advisers
- Mail Order and Web Manager
- 2 Mail-order 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.

2005 Budget

- The bookshop currently represents a net cost to the Council but the Publishing Board is monitoring closely its operations with a view to moving towards the target of a break-even position. Various steps have already been taken including a tightening of our discounts policy, a higher level of recovery of postage charges and increased discounts on stock purchases from CHP.

- The sales performance in the second half of 2003 and the first months of 2004 is encouraging, giving rise to hopes that the situation has improved. Staff are exploring new initiatives for increasing sales and the relaunched online bookshop is already performing strongly.
- A detailed analysis of the profitability of the mail-order operation has been embarked upon to ensure that the most cost-effective options are adopted for the future as it is clear that further steps will be required to bring the budget closer to the break-even position.

Office Services

<u>Head</u>	:	John Ferguson
<u>Number of Staff</u>	:	18 Full-time 1 Part-time (plus one shared with IT)
<u>Budget 2005 (net)</u>	:	£362,943

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
- 3 Mapping staff
- 4 Printing/Xerox staff
- 2 Telephonists/Reception
- Postal Supervisor
- Van Driver/ Messenger
- 3 Messengers

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. The mapping department is becoming heavily involved with the Church Commissioners' property terrier project to record and register electronically the rural and agricultural portfolio.

2005 Budget

- Provision has had to be made for ongoing 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 Mapping team has now reduced by 1 post.

Accommodation

<u>Budget 2005 (net)</u> : £1,578,281

The Archbishops' Council pays rent and service charge to the Corporation of Church House in respect of the area it occupies. The budget has until 2004 also provided for contributions into sinking funds to fund future internal and external repairs, although accounting regulations no longer allow this (this now needs instead to be done by designating sums within reserves for the purpose). The Council also shares with other bodies the costs of the Record Centre building, including rent to the Church Commissioners (as landlord), which in turn reflects the cost of substantial improvement works to the building (taking place in early 2004).

A limited space utilisation exercise in 2003 enabled around 40 staff (primarily those of the Church Urban Fund and accounting staff from the Commissioners and the Pensions Board) to be co-located in Church House in November 2003. This has allowed the Archbishops' Council to sublet some of the space it currently occupies and has reduced by around £85,000 p.a. the net rent and service charge expenditure it meets. (The Church Commissioners are in turn able to increase rental income received in respect of 1 Millbank.) Planning is now underway on the project to carry out a major refurbishment of the North Side of Church House in order to move all the remaining staff from 1 Millbank by early 2007.

2005 Budget

- The budget allows for project costs in 2005 towards the more substantial space utilisation exercise referred to above.
- It is no longer possible to budget for contributions to sinking funds for internal and external redecoration (previously budgeted at £130,000 p.a.). This produces savings within this budget but requires a higher level of reserves to be maintained instead.

Grants (Vote 3)

<u>Budget 2005</u> : £1,271,850

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

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 almost freeze our contributions to both bodies until 2006. The Archbishops' Council decided at its March meeting that its contributions to the WCC should be frozen for the foreseeable future for a number of reasons. It is proposed that, for other grants, there should be an underlying increase of 3% over the 2004 level, having kept all grants frozen for two years.

National support through this budget is provided towards the administrative costs of the Church Urban Fund (CUF). The reduction in 2004-5 in the level of support for CUF is a technical adjustment relating to the value of accommodation and has been agreed with CUF.

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) – contributions are now consolidated and it is for each body to decide, and review from time to time, its priorities for spending.

The amount due to both CTE and CTBI is now paid over as a single figure. The amounts shown against CTBI in 2004-5 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. It was also 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 in grant level between the 2003 Budget and 2003 Actual/ 2004 Budget levels.

Certain PWM mission agencies have in the past paid to CCOM, through the Council as part of the overall Church of England contribution, an amount equivalent to that provided from this budget. One of the largest contributors has given notice that it will no longer be able to contribute at the same level due its own financial position. For 2005 the Council will maintain its own contribution level to CCOM (a 3% increase is provided for).

Provision is made in 2003 and 2004 for assistance towards statistics for mission projects, but from 2005 this is provided for within the Central Secretariat budget (Vote 2).

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 (2003 expenditure extinguished the balance within the Fund). 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 but the Commission cannot withhold legal aid on the grounds that there are insufficient funds within the Fund. Moreover, the implementation of the Clergy Discipline Measure (probably from 2006) is expected to lead to increased demand on the Legal Aid Fund and so the balance within it is being built up, in the first instance by crediting to it the modest Vote 3 surplus which arose in 2003.

The Church Commissioners have been advised that they can no longer legally fund modest grant schemes covering the costs of clergy who are between posts and the additional removal costs of clergy moving to or from the Channel Islands or the Isle of Wight. As these schemes are greatly valued, they now form part of this budget.

Accounting regulations no longer allow provisions to be charged to the accounts in anticipation of higher expenditure in future years. For example, in the past we have set aside amounts each year towards WCC Assemblies, Lambeth Conferences and CEC Assemblies. In future, we need to budget for the expenditure that will arise in the year in question. This means that Vote 3 reserves will need at certain times to be higher than hitherto to build up funds for when they are required. It has been agreed that the Church of England will provide a total of £55,000 towards the next WCC Assembly (half what we provided for the last Assembly) and £20,000 of this sum is payable in 2005 (the balance will be payable in 2006).

The effect of these changes is a budget for 2005 showing a 6.5% increase in the level of apportionment over 2004.

The detailed analysis is as follows:-

	Actual 2003 £	Budget 2004 £	Budget 2005 £
Anglican Communion Activities			
Inter Anglican Budget	359,700	359,700	370,500
Lambeth Conference – Provision	-	5,000	-
	<hr/> 359,700	<hr/> 364,700	<hr/> 370,500
Ecumenical Activities			
Churches Together in England	173,000	-	-
Churches Together in Britain and Ireland	206,500	381,000	382,250
Churches Commission on Mission	34,600	34,600	35,600
World Council of Churches	108,000	108,000	108,000
WCC Assembly (provision)	-	5,000	20,000
Conference of European Churches	72,100	72,100	74,300
Third European Assembly (provision)	-	5,000	-
Ecumenical Statistics for Mission project(s)	2,216	8,500	-
Expenses of representatives	20,283	25,000	22,000
	<hr/> 617,046	<hr/> 639,200	<hr/> 642,150
Miscellaneous			
Church Urban Fund	181,250	175,000	180,250
Legal Aid Fund	36,233	10,000	50,000
Minor Grant Schemes	-	-	20,000
Contingency	-	5,329	8,950
	<hr/> 217,483	<hr/> 203,329	<hr/> 259,200
TOTAL	1,194,229	1,194,229	1,271,850

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 better resourced 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 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 is picking up the full cost of these pension contributions from 2004 at an estimated annual cost of around £700,000.

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.
8. The amount payable would be the lesser of (a) the 2004 Vote 4 budgeted expenditure (£722,750) increasing by RPI in subsequent years and (b) the actual expenditure incurred. 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.

9. Expenditure on the pension contributions payable under this vote in 2002 was £412,158 against a budget of £584,300 due to a further reduction in the 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). The budgeted expenditure of £735,753 has been calculated based on 130 clergy and a pension contribution level of 29.5% until 31 March 2005 and 33.8% thereafter. Under the agreement set out above, it could only rise to around £740,000 (based on 2.5% RPI) if the increase in the pension contribution rate and/ or an increase in numbers employed were to require this, but this is considered unlikely and if it did arise could in any event be covered by reserves. As significant reserves have now built up which are in excess of what is required, the 2005 Vote 4 apportionment is set at around £60,000 less than the budgeted expenditure.
10. General Synod will be asked to approve the 2005 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 8 above.

SOCIETY	1998	1999	2000	2001	2002	2003	2004
							(1 st qtr)
CROSSLINKS	19	17	17	16	14.5	13.75	15
CMS	29.5	30.5	29	27	30	29.5	30
CPAS	15	14	12.5	12	11.5	10.5	10
Com. of S Mary	1	1	1	1	1	1	1
Jerus. & Mid East	1	1	1	1	1	0	0
Melanesian Miss	1	1	1	1	1	1	1
Mission to Seafarers	26	25	26	20	16.5	13.5	11
SA Miss. Society	23	24	22.5	22	20	18.5	16
USPG	39	35	33	30	26.5	24.75	22
Church Army	6	6	6	5	5	6.25	7
Ch Min. Among Jews	4	4	4	4	3.75	2.5	2
SOMA	1	1	1	1	1.25	2	2
PNG Church	1	1	0	1	1.75	2	2
ICS	6.5	7.5	9.5	11	9.5	8.75	9
TOTALS	173	168	163.5	152	143.25	134	128

CHARM (Vote 5)

Background

1. The Church's Housing Assistance for the Retired Ministry (CHARM) in its current format was introduced in 1983 and was established to provide housing for clergy retiring from the stipendiary ministry. The scheme is administered by the Church of England Pensions Board using capital substantially provided by the Church Commissioners.
2. Clergy seeking to be housed under the scheme may apply to the Pensions Board, who will assess the individual's eligibility and will guide them on the purchase of a suitable house. The Board will buy the house, with money borrowed from the Commissioners and the beneficiary will be granted a licence to occupy the property.
3. The Church Commissioners provide the loan on a 'value linked basis', with interest rates starting at 4% but rising annually in line with the rate of inflation. The principal borrowed fluctuates according to the value of the property purchased. Any capitalised improvements are treated as further advances against the properties and attract interest on the same basis as new loans.

Recent Demand

4. The demand for rented housing under the CHARM scheme has been reducing and the number of properties in management, funded by loans from the Commissioners, has decreased. The table below shows the history over the last six years. The properties purchased relate to new applicants to the scheme, although this does not fully reflect the number of clergy seeking assistance from the scheme. In addition to the properties purchased there are about 30 houses re-let each year.

	1998	1999	2000	2001	2002	2003
Properties b/fwd	1,547	1,518	1,491	1,464	1,431	1,405
Purchases	43	32	24	22	12	17
Sales	(72)	(59)	(51)	(55)	(38)	(27)
Properties c/fwd	1,518	1,491	1,464	1,431	1,405	1,395

5. The budget preparation process has given due consideration to the various factors that may impact on the subsidy required to operate the scheme. In particular, the number of properties in management has been projected to reduce over the next five years by 15 per annum. It is impossible to gauge how the economic climate may change over this period and therefore the consequent effect this may have on the demand for rented properties. It is a reasonable assumption, however, that the current trend may be expected to continue for the foreseeable future. Secondly, the rate of inflation throughout the five years has been assumed to be 3%.
6. The table that follows sets out the expected income and expenditure relevant to the scheme for the period to December 2009. Explanatory notes on the individual elements of income and expenditure are given in the notes following the table. The actual

expenditure for 2003 has been included for information because this forms the basis of the budget for future years. The number of properties in management includes the 449 properties owned by the Pensions Board on which no interest is payable to the Commissioners and which consequently reduce the overall subsidy by around £250,000.

	Actual 2003 £000	Budget 2004 £000	Budget 2005 £000	Budget 2006 £000	Budget 2007 £000	Budget 2008 £000	Budget 2009 £000
<i>Income</i>							
Properties in management	1,395	1,380	1,365	1,350	1,335	1,320	1,305
Rent	4,217	4,426	4,509	4,593	4,678	4,765	4,852
Expenditure							
Controlled by CCs:							
Interest on Loans - payable to Church Commissioners	2,997	3,085	3,246	3,415	3,591	3,777	3,970
Controlled by CEPB:							
Building repairs & maintenance (net of capitalised improvements)	2,134	2,313	2,517	2,738	2,978	3,239	3,253
Other expenses	545	600	662	733	813	904	1,007
Total CEPB Expenditure	2,679	2,913	3,179	3,471	3,791	4,143	4,530
Total expenditure	5,676	5,998	6,425	6,886	7,382	7,920	8,500
Net deficit (rental subsidy)	1,459	1,572	1,916	2,293	2,704	3,155	3,648
Administrative expenses	901	964	993	1,023	1,053	1,085	1,118
Mortgage scheme costs	196	202	208	214	221	227	234
Total revenue subsidy	2,556	2,738	3,117	3,530	3,978	4,467	5,000

Explanatory Notes:

- A. Under the terms of the scheme the maintenance charge is limited to 30% of the occupants' gross income. For the purpose of the projection the income of clergy pensioners is assumed to increase by 3% per annum in line with inflation, clergy stipends and State pensions. The additional income generated by new beneficiaries paying 30% of their income as opposed to the previous limit of 25% has only a minor effect on the level of subsidy required.
- B. The expenditure on building repairs and maintenance is based on the average cost per property in 2003, increasing by 10% per annum. What may be perceived as a relatively high rate of increase each year reflects the following:
- the ageing nature of the housing stock means that additional repairs are

required to maintain the properties to an acceptable standard.

- the increasing age of the scheme's beneficiaries increases the requirement for aids and adaptations to the houses to enable the occupants to continue to live there.
- the restriction of funds available for the purchase of properties determines the type of property that can be bought and often leads to a substantial level of ingoing works.

The reducing number of properties provides a modest offset to the increased costs.

- C. Other Expenses: In recent years Council Tax payable in relation to properties which are vacant (pending sale or re-letting to another pensioner) has increased by more than twice the rate of inflation, and it has therefore been considered prudent to provide for similar increases in future years. Most of the other expenses have been increased in accordance with the assumptions on inflation, although water rates and insurance have been increasing more rapidly and this is reflected in the figures.
- D. The calculation of the interest payable to the Church Commissioners on the value linked loans was briefly outlined in paragraph 3 above. The interest charged by the Church Commissioners increases every year in accordance with inflation which has been assumed to be 3%. The loans are also value linked which means that they are linked to the value of the property purchased. When the property is sold all the sales proceeds are repayable to the Church Commissioners. The money borrowed to purchase new properties for the scheme will reflect the current house prices. Therefore, although the interest payable on the new loan will revert to 4% in the first year the principal sum borrowed will be considerably higher than the base of any loans repaid in that year (to which interest charges are related). The average amount, per property, borrowed from the Church Commissioners has increased from £92,000 in 2001 to £126,000 in 2003. (Although there is a limit of £125,000 the Board has discretion to buy properties above that in certain circumstances and increasingly, given house price inflation, has had to exercise that discretion.) For the purposes of calculating the ongoing interest rate it has been assumed that the average loan will increase by the rate of inflation each year. It is anticipated that there will be about 20 new loans each year, based on past history.
- E. The administrative expenses charged by the Board represents the relevant share of the Board's total costs, including salaries and other costs. Currently 80% of the costs budgeted are within the direct control of the Board; the remainder represents the rent at Church House and contribution to common services departments within the control of the Archbishops' Council. With the introduction of the Common Services Accounts Department the proportion of administrative expenses within the direct control of the Board will reduce to 75%.
- F. Mortgage scheme costs are the agreed contributions paid toward quinquennial surveys and the fees relating to the purchase and sale of properties.

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 and 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 each academic term. 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 in 1998-9 but under the Council's accounting policy is being depreciated over a period of ten years (and so is only charged to the accounts in instalments over that time). Similarly, part of the surplus that arose in 2003 is set aside for contributions towards the CAPF deficit and salary settlements in 2004.

In addition, in respect of the training for ministry fund (Vote 1), the three year rolling reserve was created as recommended by "Managing Planned Growth" to smooth out future fluctuations in expenditure. This stands at £821,017 following recent Vote 1 surpluses. The Finance Committee endorsed the recommendation of the Ministry Division Finance Panel that the appropriate level for the time being is a maximum of £500,000. The balance over and above this figure is being returned to dioceses in 2004 (as set out on page 19).

The only changes from 2003 are to provide for a minimum and maximum level for both Vote 3 and Vote 4, in each case allowing for a higher upper limit. In the case of Vote 3, this is because whereas in the past very minimal reserves were sufficient as the Vote only comprised amounts paid to other bodies, the Vote now covers several liabilities on the Council which are not predictable and which can fall very unevenly from one year to the next: legal aid and minor grants are particular instances of this. 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 2005 (and 2006 if appropriate) of less than the budgeted expenditure level. A reserve policy for Vote 5 will be established in a year's time.

	<u>Minimum</u>	<u>Maximum</u>	<u>Actual (31/12/03)</u>
<u>Vote 1</u>	1.5 months' net expenditure (£1.14m at 2004 levels)	3 months' net expenditure (£2.27m at 2004 levels)	£1.48 million (excluding rolling reserve of £500,000)
<u>Vote 2</u>	1.5 months' net expenditure (£1.15m at 2004 levels)	3 months' net expenditure (£2.31m at 2004 levels)	£2.29 million (excluding designated funds)
<u>Vote 3</u>	£150,000	£300,000	£191,000
<u>Vote 4</u>	£50,000	£200,000	£242,000

Table of Apportionment for 2005

Diocese	Training for Ministry	National Church Responsibilities	Grants & Provisions	Inter-diocesan support of Mission Agency clergy pension contributions	CHARM	Total Votes 1-5	Pooling of 2003 candidates costs	Total Net Apportionment
	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5			
	£	£	£	£	£	£	£	£
Bath & Wells	286,636	269,008	35,735	18,965	87,577	697,921	28,698	726,619
Birmingham	156,820	147,175	19,551	10,376	47,914	381,836	15,013	366,823
Blackburn	220,070	206,536	27,436	14,561	67,239	535,842	7,000	528,842
Bradford	86,685	81,354	10,807	5,735	26,485	211,066	35,940	175,126
Bristol	162,509	152,515	20,260	10,752	49,652	395,688	15,566	411,254
Canterbury	161,105	151,197	20,085	10,659	49,223	392,269	8,880	383,389
Carlisle	139,394	130,821	17,378	9,223	42,590	339,406	6,478	345,884
Chelmsford	381,117	357,678	47,513	25,216	116,444	927,968	6,815	921,153
Chester	349,149	327,676	43,528	23,101	106,677	850,131	37,589	812,542
Chichester	436,000	409,186	54,355	28,848	133,212	1,061,601	27,568	1,089,169
Coventry	179,885	168,822	22,426	11,902	54,961	437,996	14,879	452,875
Derby	155,950	146,359	19,442	10,318	47,648	379,717	4,341	375,376
Durham	148,400	139,273	18,501	9,819	45,341	361,334	12,827	348,507
Ely	179,918	168,853	22,430	11,904	54,971	438,076	59,790	378,286
Exeter	244,516	229,479	30,484	16,178	74,708	595,365	51,382	646,747
Gloucester	216,007	202,723	26,929	14,292	65,997	525,948	14,303	540,251
Guildford	331,406	311,024	41,316	21,927	101,256	806,929	6,609	800,320
Hereford	114,898	107,831	14,324	7,602	35,105	279,760	29,549	309,309
Leicester	147,256	138,199	18,358	9,743	44,991	358,547	27,978	330,569
Lichfield	312,654	293,427	38,978	20,687	95,526	761,272	10,676	750,596
Lincoln	230,692	216,505	28,760	15,264	70,484	561,705	51,155	612,860
Liverpool	211,269	198,276	26,339	13,979	64,550	514,413	26,073	540,486
London	784,762	736,501	97,836	51,923	239,770	1,910,792	120,483	1,790,309
Manchester	257,311	241,486	32,079	17,025	78,617	626,518	2,943	629,461
Newcastle	113,021	106,070	14,090	7,478	34,532	275,191	1,425	276,616
Norwich	196,717	184,619	24,524	13,016	60,103	478,979	39,311	518,290
Oxford	626,982	588,424	78,165	41,484	191,564	1,526,619	2,847	1,523,772
Peterborough	181,777	170,597	22,662	12,027	55,539	442,602	11,460	454,062
Portsmouth	133,088	124,903	16,592	8,806	40,663	324,052	8,883	332,935
Ripon & Leeds	144,658	135,761	18,034	9,571	44,198	352,222	4,909	357,131
Rochester	289,529	271,723	36,095	19,157	88,461	704,965	31,196	736,161
St Albans	385,079	361,396	48,007	25,479	117,653	937,614	26,512	964,126
St Eds & Ips	180,153	169,073	22,459	11,920	55,043	438,648	6,525	445,173
Salisbury	316,148	296,705	39,414	20,918	96,594	769,779	30,877	800,656
Sheffield	140,367	131,734	17,499	9,287	42,887	341,774	15,209	356,983
Sodor & Man	21,214	19,909	2,645	1,404	6,481	51,653	5,580	46,073
Southwark	452,520	424,691	56,416	29,941	138,259	1,101,827	32,496	1,069,331
Southwell	144,769	135,865	18,048	9,579	44,232	352,493	13,298	339,195
Truro	111,179	104,341	13,860	7,356	33,969	270,705	3,964	274,669
Wakefield	144,434	135,551	18,006	9,556	44,129	351,676	33,228	384,904
Winchester	319,237	299,604	39,799	21,122	97,538	777,300	26,274	751,026
Worcester	169,193	158,787	21,093	11,195	51,694	411,962	2,977	414,939
York	237,366	222,768	29,592	15,705	72,523	577,954	29,653	548,301
Europe	-	-	-	-	-	-	20,981	20,981
totals	10,201,840	9,574,425	1,271,850	675,000	3,117,000	24,840,115	-	24,840,115

Five Year Forecast

The following table sets out the current 5-year projection. It assumes that the numbers in training (Vote 1) remain broadly stable at their projected 2005 level. **It also reflects a full year of responsibility for funding maintenance grants to candidates in training being transferred from dioceses to Vote 1.** The above-inflation increase in Vote 3 projected for 2006 relates primarily to allowing for a further increase in the amount set aside for Legal Aid, as a result of the anticipated implementation of the Clergy Discipline Measure from 2006. The forecast should be treated only as a projection and as our best estimate available at this time. It may of course change over time.

Vote		2006 % increase	2007-10 (p.a.)
Vote 1	Ordination Training	3.3% (ordinary increase) 21.0% (maintenance grants)	3.5%
Vote 2	National Support	3.75%	3.75%
Vote 3	Grants	7.5%	3.0%
Vote 4	Mission Agencies Clergy Pensions	5.0%	3.5%
Vote 5	CHARM subsidy/admin costs	10.0% *	10.0% *
	Overall Apportionment	13.6% **	4.7%

* Currently under review.

** The increase, excluding the full year provision for maintenance grants for candidates in training (within Vote 1), would be 5.0% in 2006.

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 or to apply them 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 nearly £300,000 is to be returned in 2004.

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 (now expected to take place in 2006).

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 e.g. 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)

Archbishops' Council Budget For the year 2005

	Actual 2003 £	Budget 2003 £	Budget 2004 £	Budget 2005 £
<u>Training for Ministry</u>				
Income	(89,277)	(85,000)	(90,000)	(120,000)
Expenditure	8,795,399	9,175,071	9,139,298	10,446,840
	8,706,122	9,090,071	9,049,298	10,326,840
Less Diocesan Contributions	Vote 1 (9,088,561)	(9,090,071)	(9,049,298)	(10,201,840)
Movement (to)/from Rolling Reserve	(382,439)	0	0	125,000
Rolling reserve brought forward	(225,029)			
<u>National Church Responsibilities</u>				
Income	(6,137,174)	(6,526,600)	(6,341,244)	(7,521,795)
Expenditure				
Central Secretariat	1,506,646	1,613,930	1,636,237	1,689,512
Ministry Division	1,230,930	1,206,920	1,311,768	1,356,452
Board of Education	698,351	746,720	737,041	779,707
Mission & Public Affairs	1,186,803	1,249,460	1,267,439	1,269,195
Cathedral and Church Buildings	716,157	658,370	654,844	838,243
Finance	1,114,706	975,180	617,630	657,768
Accounts	0	0	441,763	1,428,494
Internal Audit	166,441	174,947	185,083	191,532
Legal	1,321,841	1,586,970	1,478,540	1,555,034
Communications Unit	495,141	525,860	509,492	584,485
Human Resources	425,717	423,935	433,617	541,711
Information Technology	1,023,289	1,050,660	1,017,490	1,057,127
Records	504,903	488,670	379,133	324,510
Church House Publishing	629,872	642,712	678,231	684,032
Church House Bookshop	885,169	1,020,415	953,357	965,495
Office services	715,053	884,330	787,739	766,173
Accommodation	2,039,526	2,405,882	2,330,199	2,306,748
Contingency	500	100,000	150,000	100,000
	14,661,045	15,754,960	15,569,605	17,096,220
Less Diocesan Contributions	Vote 2 (9,227,869)	(9,228,360)	(9,228,360)	(9,574,425)
Movement from Reserves	(703,998)	0	0	(0)
Direct parish ministry support	-	-	1,885,492	1,885,492
<u>Grants</u>				
Expenditure	1,194,229	1,194,229	1,194,229	1,271,850
Diocesan Contributions	Vote 3 (1,194,062)	(1,194,229)	(1,194,229)	(1,271,850)
Movement from Reserves	167	0	0	0
Direct parish ministry support	-	-	189,329	189,329
<u>Mission Agency / Clergy Pensions</u>				
Expenditure	412,158	584,300	722,750	735,753
Diocesan Contributions	Vote 4 (550,000)	(550,000)	(675,000)	(675,000)
Movement from Reserves	(137,842)	34,300	47,750	60,753
<u>CHARM</u>				
Expenditure	0	0	0	3,117,000
Diocesan Contributions	Vote 5 0	0	0	(3,117,000)
Movement from Reserves	0	0	0	0
<u>Overall Apportionment</u>	(20,060,492)	(20,062,660)	(20,146,887)	(24,840,115)
Total Direct parish ministry support	-	-	2,074,821	2,074,821

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

