

## GENERAL SYNOD

**FINANCING THE CHURCHES CONSERVATION TRUST  
IN THE TRIENNIUM 2009-2012**

**Report by the Church Commissioners and Explanatory Memorandum on the Payments to the  
Churches Conservation Trust Order 2008**

**Part A: Report**

This report:

- (i) summarises the arrangements for dealing with church buildings no longer needed for regular public worship ('closed church buildings');
- (ii) explains the role of the Churches Conservation Trust ('the Trust'); and
- (iii) outlines the arrangements for financing the Trust and puts before the Synod the Commissioners' proposals for the payment of the Church's 30% contribution of up to £4.16m for the funding period 2009-2012<sup>1</sup>.

The Funding Order to put these proposals into effect is laid before the Synod as GS 1695.

**Settling the future of closed church buildings**

2. The Church of England is responsible for the maintenance of over 16,000 parish churches and places of worship, including over 13,000 listed church buildings. The wider issues affecting churches in use and whether it is equitable that the Church should be financially responsible for maintaining so much of the nation's built and social heritage form part of ongoing discussions with Government since publication of *Building Faith In Our Future*. Some of these are also likely to be raised in the debate on the Private Member's Motion 'Sacred Britain' strategy to be moved by Mr Roy Thompson.
3. Closing a church building to regular public worship does not relinquish this responsibility. Neglect of these buildings runs reputational risk for the Church, while the State, at both central and local levels, possesses powers which can be used to enforce the proper care of listed buildings. One possible outcome of closure is for the preservation of buildings of significant heritage value by the Trust. It is in the Church's interest that the Trust should continue to have the ability to care for such buildings no longer needed for regular public worship. Within the context of State funding of heritage generally, the existing arrangement for funding the Trust is welcome news for the Church for some of the reasons set out below.
4. The Pastoral Measure 1983 gives the Church the means to deploy and redeploy its resources of clergy, money and buildings. When a church building is closed, the diocese normally searches for a suitable alternative use in the first instance. Between 1969, when the first Pastoral Measure came into effect, and 2007 the futures of 1,741 closed church buildings were settled. Most (over 1,000) were found suitable alternative uses, including use for worship by other denominations, civic and community purposes, commercial use and residential conversion. Many have yielded significant proceeds which have assisted the living Church.

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<sup>1</sup> Note: for convenience of reading the figures used henceforward in this Report are rounded. The exact figures are used in the Order.

5. Where a suitable use cannot be found, now within a period normally not exceeding two years, the Commissioners have to make the often difficult decision between the alternatives of preservation by the Trust or demolition. Since 1969 the Trust has received 341 closed churches<sup>2</sup> while a further 382 closed church buildings have been demolished.

### **Role of the Trust**

6. The Trust is responsible for the preservation “in the interests of the nation and the Church of England” of closed churches of significant historic and archaeological interest or architectural quality for which no suitable alternative use can be found. Churches within the Trust’s care remain consecrated and may be, and many are, used for occasional worship. They provide continuing witness to the Christian faith and remain potentially available to be restored to parochial use. Recently a day event was held for incumbents with Trust churches in their parishes to discuss strengthening relations between them and the Trust. The growing number of worship services being held (705 in 2006/7) highlights how many incumbents and congregations view their local Trust church as a potential resource making a positive contribution to mission. This recently included several remote rural churches in the Trust’s care holding their first service of worship since vesting (sometimes over 20 years ago).
7. The Trust seeks to ensure that its churches are open and accessible to the public, and continue as a focal point for the community. The number of people coming into Trust churches continues to rise, with more than 1.573 million visitors during 2007. The Trust was also host to some 512 special events in that year, including arts and craft shows, concerts, musical and other community events.
8. The growing educational and interpretation work of the Trust to encourage greater understanding of church buildings continues apace, with 292 educational groups visiting its churches during the year. The Trust continues to provide specialist resources for schools to enable a better understanding and appreciation of Christian history within the context of historic church buildings. The Trust held its first Cathedral Camp in 2007, with two more planned for 2008. It has also raised almost £150,000 from grant-making trusts for a three year programme to create volunteering opportunities for young people in historic churches and to develop greater involvement by communities in their use and their care. Many of these opportunities will be developed in partnership with local parishes and dioceses and it is hoped that there will be wider benefits to those concerned with the repair and use of church buildings.
9. In recent years the Trust has also worked strategically with Church partners to drive forward various joint initiatives. An example is the *Sacred Britain* tourism initiative, developed with the Cathedrals and Church Buildings Division, to raise the profile of historic churches in general. This has attracted new funding to the sector and the Trust is now acting as lead partner in the ASPIRE project, which looks to increase the engagement of local communities and visitors with the cultural inheritance of historic churches.
10. Trust churches are also participating in schemes to support urban and rural regeneration. Further details of its work can be found on the Trust’s website at [www.visitchurches.org.uk](http://www.visitchurches.org.uk).

### **Financing the Trust**

11. Since 1969 the Trust has been funded by Church and State in agreed proportions. The Government’s share of the costs has risen from an initial 40% to the present 70% (fixed in 1989) and is provided by the Department for Culture, Media and Sport (‘DCMS’). The Church’s 30% is met by the Commissioners, partly from a share of sale proceeds of closed churches and sites and partly

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<sup>2</sup> A further 11 closed churches have been preserved by other means.

by grant from their general fund. These arrangements (including past changes to the proportions mentioned above) are part of the wider agreement between Church and State in respect of the Church's built heritage, including State Aid for Churches in Use.

12. The current process whereby the State funds over two-thirds of the costs of maintaining closed churches vested in the Trust, leaving the Church to meet less than one-third and able to decide which buildings should be passed to the Trust, is in principle a good deal.
13. In recent funding periods public spending constraints and flat funding since 2001 have had the effect of scaling down increases in the total budget and thus the Church's contribution. For 2006-2009 the Trust's total core grant-in-aid will be £13.1m, comprising £9.16m from the DCMS and £3.93m from the Church (a small cash increase of 1.8% over the previous triennium, but a continuing reduction in real terms).
14. The Trust is working hard to secure its financial future by widening its funding base in the face of a frozen core grant. Examples of this include:
  - securing grants from various bodies for special projects to increase volunteering, education and to conserve special items in Trust churches;
  - establishing a Supporters' Scheme which has attracted 400 members in one year and is providing a new source of regular core income;
  - setting up a fundraising team to increase donations and also project grants from trusts and public bodies; and
  - pursuing suitable opportunities to lease or devest churches.
15. The majority of the Trust's income is applied to putting vested churches into a good state of repair and thereafter maintaining them. Forward planning takes account of the Commissioners' assessment of the likely flow of new vestings (for which they adopt stringent criteria) over the next funding period as well as the repair needs of church buildings already in its care. During the current triennium the Trust has repaired and opened newly vested churches in the dioceses of York, Ripon and Leeds, Lincoln, St Edmundsbury and Ipswich, Canterbury, Salisbury and Gloucester.

**Funding for the next triennium (2009-2012)**

16. The DCMS announced last December, following the most recent Government Spending Review, that the grant to the Trust for 2008-2011 would be increased by £0.16m to £3.16m per annum (the first, albeit small, increase in cash terms since 2001). This covers the final year of the current triennium and the first two years of the next triennium. Although a modest increase this was comparable, if not slightly favourable to, other settlements for similar agencies.
17. Details of the Government's settlement for 2011-2012 are unlikely to be known until Autumn 2010 at the earliest. However, assuming a possible increase of up to 7% in Year 3 (which would again allow some further recognition of the impact of flat funding between 2001 to 2008 while not constituting a step change), the Church's share on this basis would be:

2009-2011	£2.71m
2011-2012	up to £1.45m
Total	up to £4.16m

18. On these assumptions the Trust plans to set aside an overall budget of £2.2m from core funding for new vestings by the Church. Assuming that buildings of sufficient merit come forward (and there are already a number of potential candidates in the pipeline) this would allow for perhaps 3 or 4 additional vestings each year.

19. The Commissioners and the CCT will continue to work together towards securing additional financial packages from other sources to assist in funding repairs to particular churches before they are vested in the Trust. The Trust is also pursuing grant applications to the Heritage Lottery Fund to assist repair projects at a number of vested churches.
20. A Church contribution of up to £4.16m over the triennium should be seen in the context of the wider partnership between Church and State:
- (i) the 70% State contribution. Between 1969 and 2009 the State will have provided some £57m towards preserving closed church buildings of significant quality;
  - (ii) from 1969 to 2007 diocesan pastoral accounts have received over £32.6m from the proceeds of closed church buildings and sites for the mission of the Church in the parishes (see Appendix 1). In addition a substantial number of new places of worship have received funding directly from the proceeds of closed buildings which they replace; and
  - (iii) the scheme of State Aid for Churches in Use as part of the overall package and supporting the living Church. Between 1984 and 2007 over £212m has been offered through English Heritage in grant aid for the repair of church buildings in use and a further £47m since 1991 to support cathedrals.

### **Meeting the Church's 30% share**

21. The Commissioners are required to determine by Order (to be approved by the Synod) their total grant to the Trust for each funding period.
22. As explained, there are two sources for meeting the Church's contribution: (1) the net proceeds from the disposal of closed church buildings; and (2) the Commissioners' own funds. Under the Pastoral Measure 1983 *two-thirds* of sale proceeds go direct to the relevant diocesan pastoral account to help the living Church. The remaining *one-third* is applied in the first instance towards funding the Church's contribution to the Trust and also to funding the statutory Temporary Maintenance Account ('TMA') held by the Commissioners to assist Diocesan Boards of Finance with the costs of repairing closed churches in their care until their future is settled. This helps preserve the value of such buildings and keep options open.

#### **2006-2009**

23. The amount of sale proceeds likely to be available towards the Church's share of financing the Trust is difficult to estimate, depending, inter alia, on the number of closures, the quality, character and location of the buildings declared closed, and the state of the property market. For 2006-2009 we hoped the one-third share would provide about £1m of the Church's contribution of up to £3.948m in total. In the event sale proceeds have proved particularly strong; the latest estimate for 2006-2009 is that around £2.5m will now be available for the Trust. This reduces the balance to £1.4m to be met by the Commissioners. At the same time over £3.4m will have been passed to diocesan pastoral accounts. Additionally, we have been able to top up the TMA by £250,000 during this period.

#### **2009-2012**

24. For 2009-2012 we estimate for budgetary purposes that there will be about £1.5m available from sale proceeds towards the Church's contribution to the Trust, leaving up to £2.66m to be found from the Commissioners' own funds. This latter figure will be included in the Commissioners' expenditure projections along with their other commitments.

25. The Commissioners' Funding Order for 2009-2012 is therefore laid before Synod to put these proposals into effect. This provides for the total amount of the Church's contribution of (up to) £4.16m to comprise the monies allocated to the Commissioners from the one-third share of net proceeds and grants from their general fund. This covers all eventualities and protects both the efficient operation of the Pastoral Measure and the Commissioners' ability to support the Church's mission.
26. The following Table profiles the Trust's funding by source since 1969. In the same time period, sales of closed church buildings have produced £35.8m and Appendix 1 sets out how these proceeds have been applied.

FUNDING PERIOD	BREAKDOWN OF CHURCH'S CONTRIBUTION				
	From Church Commissioners	From sale proceeds	TOTAL FROM CHURCH	TOTAL FROM STATE	CCT'S BUDGET
	£m	£m	£m	£m	£m
	<i>Actual</i>	<i>Actual</i>			
1 <sup>st</sup> 1969-74	0.2	0.1	0.3 (60%)	0.2 (40%)	0.5
2 <sup>nd</sup> 1974-79	0.7	0.35	1.05 (60%)	0.7 (40%)	1.75
3 <sup>rd</sup> 1979-84	0.95	0.5	1.45 (50%)	1.45 (50%)	2.9
4 <sup>th</sup> 1984-89	1.9	0.9	2.8 (40%)	4.2 (60%)	7.0
5 <sup>th</sup> 1989-94	2.5	1.2	3.7 (30%)	8.7 (70%)	12.4
6 <sup>th</sup> 1994-97	1.6	1.5	3.1 (30%)	7.2 (70%)	10.3
7 <sup>th</sup> 1997-2000	2.2	1.0	3.2 (30%)	7.4 (70%)	10.6
8 <sup>th</sup> 2000-03	3.1	0.7	3.8 (30%)	8.8 (70%)	12.6
9 <sup>th</sup> 2003-06	2.3	1.54	3.8 (30%)	9.0 (70%)	12.8
10 <sup>th</sup> 2006-09	<i>Forecast</i>	<i>Forecast</i>			
	1.4	2.5	3.9 (30%)	9.2 (70%)	13.1
Total 1969-2009	16.85	10.29	27.1 (30%)	56.85 (70%)	83.95

## Recommendation

27. The Commissioners invite the Synod to approve their payment in 2009-2012 of a total of (up to) £4.16m as the Church's 30% contribution to the financing of the Trust, the remaining 70% being met by DCMS. Payments shall be made to the Trust only when the Commissioners are satisfied that the appropriate balance of the sum will be paid by DCMS. The Funding Order laid before Synod provides for funding the Church's share on this basis (see Part B below).

*The Commissioners and the Trust will willingly supply members with fuller information about their roles in respect of closed church buildings.*

## **Part B: Explanatory Memorandum to the Funding Order**

1. The Payments to the Churches Conservation Trust Order 2008 ('the Order') lays down the basis for the Church's financial contribution to the Trust during the 11<sup>th</sup> funding period of the operation of Part III of the Pastoral Measure 1983 – that is, from 1 April 2009 to 31 March 2012. The Church

Commissioners have made the Order under section 53 of the 1983 Measure but it cannot come into operation until the General Synod has approved it. It has also to be laid before both Houses of Parliament and is subject to annulment.

2. The Order reflects arrangements provisionally agreed after negotiations with the DCMS on the basis explained in detail in Part A.
3. Following its most recent spending review, the DCMS has announced that the State's 70% grant to the Trust for the final year of the current triennium and for the first two years of the next triennium will be £3.16m per annum. Details of the Government's settlement for 2010/11 are unlikely to be known until Autumn 2010 at the earliest. However, assuming a possible increase of up to 7% in the last year of the next triennium, the Church's 30% share for the next triennium will be £4.16m, which is 5.8% more than the Church's share for the 2006-2009 triennium. Clearly, this very limited increase will continue to constrain the number of churches that can be vested in the Trust in the coming triennium.
4. The Order made by the Commissioners sets out the Church's total contribution, to be paid from the one-third share of net sale proceeds or from Commissioners' grant from their general fund or from a combination of the two. While the Order provides flexibility as to how the Church's share may be met from these two sources, our current forecast is that it will be provided as follows:

From a one-third share of the net proceeds of sales of closed churches and sites in the period 1 April 2006 to 31 March 2009	say, £1,500,000
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From grants from the Commissioners' general fund and/or from any remaining balance of the one-third share of the net proceeds (as above) in such amounts as the Commissioners shall determine	say, £2,660,000
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5. If the sum available from net sale proceeds is less than the £1,500,000 forecast the Commissioners will, if necessary, increase their grant to the extent required to make good the shortfall in order to honour the Church's commitment to the 30:70 funding partnership with the State. However, if net sale proceeds are buoyant, the one-third share will be available up to the full Church contribution of up to £4.16m and the Commissioners' contribution from their own funds will reduce correspondingly. This accords with the recommendations made in Part A, and the Order now before Synod will, if approved, provide the necessary authority.
6. The proposed arrangements are on the understanding that:
  - (1) the sums proposed to be provided by the State and the Commissioners are 'ceiling' figures only, to be disbursed as and when the Trust can show its need for more money; and
  - (2) the Trust will maximise opportunities for generating income and direct giving by visitors and will avail itself of all possible financial assistance from other sources.

June 2008

Andrew Brown  
Secretary

## Application of Sale Proceeds of Closed Church Buildings

Funding period	To Diocesan Pastoral Accounts	To Churches Conservation Trust	Total
	£	£	£
<b>1969-74</b>	1,640,421 94%	100,000 6%	1,740,421
<b>1974-79</b>	2,688,711 88%	350,000 12%	3,038,711
<b>1979-84</b>	2,603,729 84%	483,000 16%	3,086,729
<b>1984-89</b>	5,997,455 87%	919,848 13%	6,917,303
<b>1989-94</b>	7,303,359 86%	1,200,000 14%	8,503,359(a)
<b>1994-97</b>	2,231,968 60%	1,516,000 40%	3,747,968(b)
<b>1997-2000</b>	1,957,262 66%	1,007,188 34%	,964,450(b)
<b>2000-03</b>	1,330,543 66%	697,585 34%	2,028,128(b)
<b>2003-06</b>	3,478,647 69%	1,559,136 31%	5,037,783(c)
<b>1 April 06-31 Mar 2008</b>	3,400,884 71%	1,375,212 (29%)	4,776,095(c)
<b>TOTALS</b>	<b>32,632,969 78%</b>	<b>9,207,969 22%</b>	<b>41,840,938</b>

- Notes**
- (a) Excludes £250,000 earmarked for the Temporary Maintenance Account
- (b) Includes surplus sale proceeds (plus interest) from previous funding period applied towards the work of the Trust in the following funding period.
- (c) Excludes a further £200,000 earmarked for the Temporary Maintenance Account in 2003 to 2006 and £250,000 in 2006 to 2009.

**Churches Conservation Trust: Board of Trustees 2008**

**Loyd Grossman OBE FSA, Chairman** - distinguished career in journalism and broadcasting, Commissioner of English Heritage (1997-2003) and Royal Commission on Historic Monuments of England (1999-2003); Chairman of Campaign for Museums since 1995 and of the Public Monuments and Sculpture Association since 2001.

**Jenny Baker OBE** - long and varied career with the National Trust, becoming its first national lead expert on volunteering in 1991; also a trustee of Volunteering England and in 2006 appointed Chief Executive of Brain Tumour UK.

**Alec Forshaw** - Conservation Officer in Islington for over 20 years. Member of Victorian Society Buildings Sub-Committee since 1992; trustee of the Islington Building Preservation Trust and the Islington Museum.

**Matthew Girt** - Head of Strategic Development at the Diocese of London with responsibility for planning the future allocation and distribution of resources. Previous roles have included senior regeneration consultancy working across the UK, and town and country planning in local government.

**The Very Reverend Peter Judd** - Provost of Chelmsford from 1997 and Dean since 2000. Member of Church of England's Church Heritage Forum.

**Nick Thompson** - Chartered Surveyor and former Prudential Head of Property and Investment Management; Board member of West Northamptonshire Development Corporation.

**Brian McHenry** - former senior Government lawyer, including as General Counsel to the Office of Fair Trading (2006-2008); long-serving member of General Synod until 2005 with posts including Vice-Chair of the House of Laity (2002-05) and member of Archbishops' Council (1999-2005).

**Debbie Dance** - Chartered Surveyor and Director of Oxford Preservation Trust since 1999; formerly Chair of the UK Association of Building Preservation Trusts (1996-2001).

**Jane Weeks** - Consultant specialising in strategic planning and project management; former posts include Manager at Royal Greenwich Observatory; currently Chair of the Heritage Lottery Fund's Committee for the South East.

**Duncan Wilson OBE** - formerly a professional archaeologist and Chartered Accountant, now Chief Executive of the Greenwich Foundation.

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