

Report on the 2002 Budget
for National Church
Responsibilities (Vote 2)

Report by the Archbishops' Council

Introduction

1. At its session in July, General Synod approved detailed budgets for Votes 1, 3 and 4 and the overall quantum of Vote 2, subject to a detailed note on its make-up being brought back to Synod in November.
2. The approach proposed by the Council and endorsed by the General Synod in respect of Vote 2 is to maintain the apportionment on dioceses at its current level of £7,342,868 for the three year period 2002-2004. This will require an expenditure saving of £485,000 in 2002 and a total of around £1.3m p.a. to be found over the full 3 year period, equivalent to a 14% cut in expenditure.
3. It was agreed early on in the process that further "top slicing" (where all areas are required to find the same level of savings) was not an appropriate way to approach this exercise and the focus has been on trying to ensure that the key areas of work are properly resourced either by reducing or dropping work elsewhere or by doing it in a different (and more cost effective) way. That said, the speed with which departmental budget submissions had to be put together and considered has limited the degree to which a radical approach to the structuring of the work could be adopted for 2002. Nonetheless, whilst the initial stage of the restructuring exercise has inevitably had to concentrate on the savings needed in 2002, work is also being done to address the longer term needs of the organisation against the objective of holding expenditure static over the 3 year period 2002-2004.
4. An early task in the process, carried out by the Secretary-General and his senior staff, was to articulate the role and purpose of the organisation over which the Archbishops' Council exercises oversight and to establish some criteria for prioritising work. These are set out below and formed the framework against which departments, board and councils were asked to make their budget submissions :-

Statement of purpose

"To serve the Church of England, its dioceses and parishes by servicing effectively and efficiently the General Synod, its Houses and the Archbishops' Council, and by undertaking that work and providing those services which, in consultation with dioceses and parishes, they judge is essential and affordable to provide at national level in furthering the mission and ministry of the Church in the World."

Criteria for prioritising work

- (a) Relevance - to the statement of purpose above and the needs of those it serves.
- (b) Value for money - in terms of its effectiveness and cost.
- (c) Subsidiarity - would it be better or more cheaply done elsewhere within the Church?
- (d) Importance - in relation to statutory/legal or contractual requirements and to the Council's themes and fundamentals (endorsed by the Synod).
- (e) Essential - to the maintenance of an effective organisation at national level.
- (f) Resourcing - could the work be more economically done elsewhere or in a different way? Could it be funded other than through the apportionment and what would be the human and financial implications of the work being dropped?

Consultation

5. The proposals covered in this report result from an extensive process of consultation which has included staff (and their formal representative bodies), the Policy & Resources Co-ordinating Committee (PRCC - which covers the whole Church and World area), the Finance Committee, the House of Bishops and the Archbishops' Council itself. Dioceses have been briefed, through the Consultative Group of Chairmen & Secretaries and the Inter-Diocesan Finance Forum, on the implications for their work and the other National Church Institutions have been consulted on proposals relating to the provision of common services.

Overview

6. In approaching 2002, it has been necessary to apply pragmatism as well as principle in order to ensure that the savings identified are both achievable and affordable. A combination of savings has been adopted, in existing (filled) posts where smaller workloads are now anticipated or re-structuring is planned (e.g. following up recommendations in Activity & Value Audits – AVAs); and in posts currently or due to become vacant (where no costs would be incurred in redundancy or early retirement).

**Archbishops' Council
National Church Responsibilities Budget
for the year 2002**

	Actual 2000 £	Budget 2000 £	Budget 2001 £	Budget 2002 £
General Income	(341,583)	(205,000)	(420,600)	(336,000)
Net Expenditure (net of related income e.g. contributions from other national Church institutions to common services)				
Central Secretariat	1,190,923	1,181,725	1,198,549	1,220,080
Legal	321,231	349,054	359,443	413,633
Communications Unit	442,802	454,951	401,421	413,550
Finance Division	734,826	783,341	771,000	780,484
Human Resources	244,004	263,559	251,533	215,632
Statistics	182,215	207,450	201,880	203,620
Information Technology	396,892	374,737	368,968	425,493 +
Records	174,251	56,886	59,023	171,288 +
Church House Publishing	(24,717)	34,600	32,860	0
Church House Bookshop	(8,935)	(31,950)	9,087	(670)
Ministry Division	1,139,399	1,203,800	1,213,770	1,183,050
<i>Church And World</i>				
Board of Education	670,079	628,800	611,720	608,510
Board of Mission	413,175	471,400	459,771	451,498
Council for Christian Unity	301,145	322,250	315,910	322,270
Board for Social Responsibility	394,495	427,600	433,020	397,310
Hospital Chaplaincies Council	154,903	106,350	136,580	140,595
Council for Care of Churches / CFC	417,824	544,300	536,030	516,719
<i>Establishment Charges</i>				
Office services	318,588	357,405	290,433	375,980 +
Accommodation	1,405,700	1,468,887	1,562,617	1,772,600 +
Contingency	50,500	66,000	66,000	66,000
	8,919,300	9,271,145	9,279,614	9,677,640
Less Diocesan Contributions	(7,270,890)	(7,270,890)	(7,342,868)	(7,342,868)
Less Transferred Allocations	(1,571,973)	(1,589,755)	(1,446,146)	(1,970,795)
Movement from Reserves	(265,146)	205,500	70,000	27,977

+ These increases are largely due to a higher share of the departments' costs falling on the Council than was assumed in the 2001 budget. They are partly offset by an adjustment to the transferred allocations.

Bids recommended for inclusion in the 2002 Budget

	Cost in 2002 £
Child Protection Officer (half-time appointment; part-funding from external sources: the cost to the Council will increase in later years)	4,000
Dearing Implementation Officer (subject to further consideration of the Board of Education budget submission)	40,000
Clergy Discipline Measure (as passed by General Synod; the cost is expected to increase to £100,000 p.a. from 2003)	30,000
External Decorations provision (legal provision under Church House lease)	20,000
Contingency Planning/Data Protection Officer (short term appointment)	14,500
Common Services Officer (cost to Council: approx £10,000, essential to the smooth operation of the common service arrangements)	20,000
Inter-Faith Network	<u>4,000</u>
	£132,500

The following would be financed from virement/in-year savings, drawing on contingency if this did not prove possible:-

	£
Racism Awareness Training	4,000
Building Repairs and Renewals	10,000
Christian Resources Exhibition	4,500
CCC Windsor Consultation	5,000

7. The savings identified up to this point are predominantly among senior and secretarial/support staff. The senior savings reflect our belief that there has to be a proportionate reduction in senior management given the overall reduction in staffing levels which will take place. The secretarial and support savings reflect (in the main) some general tightening of resource and the application of changed methods of working facilitated by IT and other developments (in line with the recommendations of the Secretarial & Support Services AVA). Only three specialist policy posts are directly affected, and two of those are vacancies which we recommend are frozen at this point rather than cut. Substantial cuts in specialist posts have been avoided at this stage because of the need to resolve some strategic questions (e.g. do we cover fewer areas of policy in future or cover them differently?) and – in the case of the Church & World Division – the need to see what may emerge from the Bishop of Guildford's Review of the Boards and Councils, expected to report by the end of the year.
8. Almost all of the savings proposed will have consequences which will need to be carefully managed and in some cases a good deal of further thought will be needed as to how that is best done. None of the savings identified are particularly 'easy' or desirable; and the fact that they have been identified in no way reflects upon the individuals involved or the value of the work they have done. The loss of their posts will impact significantly upon the work and capacity of the staff as a whole, but we believe the savings we have identified - taken as a whole - provide the least damaging consequences *providing there are compensating changes in the organisation of work, the deployability of staff and a clear reduction in levels of activity*. A good deal of work remains to be done to plan how these changes are implemented.
9. The savings fall unevenly across the various units of Church House. This is inevitable and right given the approach we have adopted; it is expected that there will be significant differences in the levels of cuts between different areas over 2002-4 as a result partly of pragmatic considerations (i.e. where savings can be achieved without undue adverse effects and without redundancies and their associated costs) and, crucially, of judgements about priorities. The initial proposals will cut 26 posts (including six senior posts) and freeze two posts (both in policy areas). 18 staff have been informed they may be affected (of whom nine are likely to be at risk of compulsory redundancy).

10. Full details of the functions of each area of the Archbishops' Council, their staffing levels and 2001 budgets appeared in the budget report in **GS 1421** considered in July. The following sections set out the specific savings proposed and their impact on that department's budget in 2002. An overall summary of the budget appears as **Annex 1**.

SPECIFIC PROPOSALS (INCLUDING FINANCIAL IMPACT IN 2002)

11. Central Secretariat:

- a) **One Director post to be cut** w.e.f. 2002 (subject to the Bishop of Guildford's Review producing a manageable number of reporting lines to the Secretary General; and the provision of an effective planning function within the Secretariat); cutting one post reflects a recommendation in the Central Secretariat AVA that the two posts (Director of Policy and Clerk to the Synod/Director of Central Services) created as a consequence of the Archbishops' Council should be reviewed with the intent of removing one of them, which in turn reflected an intention when they were created that one, at least, should be transitional whilst the new Archbishops' Council and related reforms bedded in. The Archbishops' Council has accepted that a saving should be made at this level but reserved its position on whether the cut should be made in the Secretariat or elsewhere until the results of the Bishop of Guildford's review are known. The loss of one Director post and the Administrative Secretary's (*see below*) make it possible also to remove one Personal Secretary. £43K

- b) **Senior Administrative Secretary post to be cut** w.e.f. August 2002 (subject to transferring liturgical responsibilities to another member of staff; and farming out some Synodical duties); the Central Secretariat AVA set out the rationale for dropping this post at the appropriate time, owing to the reduction in liturgical activity following the publication of *Common Worship* and the fact that another senior post (newly created in 1998 to service the Crown Appointments Review and the Liturgical Publishing Group) will have spare capacity following the completion of the Review and the scaling down of *Common Worship* publications. The SAS post-holder is Secretary to the Dioceses Commission and Joint Secretary to the Review of the Dioceses and Pastoral Measures: there will inevitably be some impact there. £26K.

the above for 2002 will amount to **£440K** rising to **£640K** p.a. from 2003. Further savings for 2002 may be identified from the follow-up actions which have been instigated in other areas of work. It follows from this that further savings of around **£660K** p.a. will need to be identified during the second stage of the exercise which will focus on 2003-2004.

Position of staff in posts identified for saving

26. Staff employed by the Archbishops' Council in posts identified for saving will be subject to the terms of the **Employment Protection Policy** which sets out the procedures for displaced staff. These are designed to ensure that, wherever possible, such staff are redeployed to where suitable vacancies exist. The savings required will be made with the minimum of compulsory redundancies, although we think it is inevitable that there will have to be some compulsory redundancies and early retirements. The willingness of *all* staff to be redeployed if necessary will be a very important factor in managing the process with a minimum of unavoidable redundancies.

27. An invitation has been made for any staff of the NCIs who would like to be considered for voluntary redundancy or early retirement to give their details to the HR department without prejudice either to their ultimate decision or to management's right to refuse to offer such terms in individual cases where the effect on the Archbishops' Council (financially and/or operationally) would in management's view be unduly damaging. Where opportunities occur, efforts will be made to match up those staff at risk with posts vacated as a result of this voluntary scheme.

Requests for additional resources

28. Even within an exercise of this nature, it is necessary to consider the need for additional resources in certain areas either because of new statutory requirements or where new and essential work needs to be carried out. A number of such requests were received as part of the budget process and agreement has been reached that those set out in **Annex 2** should be accommodated within the approved budget by making appropriate savings elsewhere. It will be noted that four other requests for funding have been accepted but will be met from virement/in-year savings drawing on the contingency if required.

Conclusion

29. The imposition of a freeze on administrative expenditure over 2002-2004, approved by General Synod in York in July, has set a tough target. It has brought into question existing ways of working in a challenging manner. This inevitably means a period of considerable uncertainty and extra burdens for members of staff as each area of activity is reviewed. I pay tribute to those concerned for the way in which they have responded.
30. I will report to General Synod in York next July on the out-working of the second phase of the expenditure exercise. For the present, General Synod is invited to endorse the application of the Vote 2 monies previously approved for 2002 in the manner set out in **Annex 1**, taking account of the savings described in this report.

Michael Chamberlain
Chairman
Finance Committee

Church House
London SW1P 3NZ

October 2001

12. Finance

- c) **Head of Financial Planning and Administration post to be cut** w.e.f. July 2002 (subject to transferring existing work to other staff); the completion of the Marriage Law Review later this year will remove a substantial area of work from this post. Excluding the Director, the senior staff in Financial Planning consist of the Head of Financial Planning (Principal), the National Stewardship Officer (Principal) and the Chief Budget Officer (SEO+). Reducing resources in this area would require a reorganisation of the work and a scaling down in certain areas e.g. reducing the scale of national stewardship work so that spare capacity to absorb other work can be created, re-evaluating the work to be done on behalf of the Church Colleges Advisory Group, cutting back on finance division representation on other bodies, re-evaluating the service provided to the Central Church Fund and the way its grant scheme operates. £25K.
- d) **Internal Audit EO post to be cut;** the post is currently vacant; its abolition is subject to the outcome of current discussions regarding the possibility of some services being provided on a chargeable basis to certain other church organisations; £23K;
- e) **Miscellaneous Savings:** Scope for miscellaneous savings has been identified such as trimming departmental overheads and reducing professional fees. £3K-£9K
- f) **Crockford AO post to be reduced to half-time** The work on Crockford's has peaks and troughs; it is felt these could be accommodated with the replacement of an AO post (previously filled on a temporary basis) by a half-time appointment. £9K

13. Board for Social Responsibility

- g) **Assistant Secretary for Social, Industrial & Economic Affairs:** post to be left vacant pending further consideration of the wider picture, in the belief that there is scope for servicing the work of the BSR with a different and smaller configuration of staff and by a shuffling of resources and priorities. Some of the saving might be held back to commission particular pieces of work from external sources. £38K

- h) **Personal Secretary post to be cut:** a post is due to fall vacant in June 2002; changes in the deployment of support and secretarial staff (in line with the AVA) both in BSR and in the Church & World Division should make it possible to dispense with this post. £9K

14. *Council for Christian Unity*

- i) **Non-staff costs:** Some small (one-off) savings have been identified in non-staff budgets. £4K

15. *Council for the Care of Churches & the Cathedrals Fabric Commission*

- j) **One senior post to be cut:** The loss of one of the senior postholders in CCC/CFCE has created scope for some integration of management and support staff, with a single Chief Executive for CCC/CFCE or for a wider grouping of the NCI heritage bodies. Initial discussions suggest there is scope for cutting one senior post (i.e. through not filling a vacancy) although more work is needed to settle how this is best achieved. £38K

- k) **Librarian (EO) post to be frozen:** It is proposed this post not be filled when it falls vacant in August 2002, and that its future is reviewed within the context both of the re-shaping of the CCC & CFCE and in respect of the overall future of the Library and where it is best located. £10K

16. *Board of Education*

- l) **Two Personal Secretary posts to be cut :** A move to a ratio of one PS to two Executives would enable a reduction of two PS posts (with other structural changes which would facilitate a redeployment of secretarial and support staff in line with the recommendations of the Secretarial & Support Services AVA). £45K

17. *Ministry*

- m) **Secretary to the Committee for Ministry among Deaf People (+ half-time PS) to be frozen:** It is proposed that the CMDP post (currently vacant) be frozen pending a wider review of other 'equalities' posts within the Archbishops' Council and the other options set out in the Division's submission. £50K

- n) **Personal Secretary post to be cut:** two PS posts are due to fall vacant and it is recommended that neither be filled pending a review of the deployment of secretarial staff in line with the recommendations of the AVA (bearing in mind the unusually high ratio of PS to executive staff in the Division) with a view to saving at least one post. £22K

18. Communications

- o) **Support EO:** vacant post to be cut. 25K
- p) **Studio income** from training to be increased (through higher rates/more business) by £5K.

19. Publishing

- q) **Zero budget** to be targeted by ensuring profits at least cover costs, reducing budget by £33K

20. Research & Statistics

- r) **Income** from the Methodist Church (for services to be rendered) will be produced without additional staffing costs, producing net income of £11K
- s) **One Part-time AO post** to be cut through rationalising use of support staff (the saving in 2002 will be offset by the need to employ some temporary help during the year). £1K.

21. IT/Office Services

- t) The Church House **Staff Restaurant** facility to be changed to an unstaffed self-service sandwich bar & drinks facility (bearing in mind the re-opening of the Millbank restaurant and the relatively low usage of the CH facility for hot food), saving the subsidy payable to Crown Catering. - £50K;
- u) **One messenger post** based at Millbank to be cut upon retirement of existing post-holder on account of reduced floor area to be covered, saving £21K.
- v) **One AO post (general duties) in Office Services** to be cut upon retirement of existing postholder, saving £14K.

22. Records

- w) **Rationalisation** of staff and services (under a plan already agreed) to achieve a substantial reduction in costs of £78K (*although some allowance will be needed for additional rental costs on the building*);

23. Human Resources

- x) **The Services Manager post to be cut** in advance of a more radical restructuring of HR based upon a move to a more advisory service (with staff problems being handled directly by managers), saving £56K
- y) **A HR Generalist post to be cut** for same reasons as above saving £33K

24. There are some areas in which no cuts are recommended for 2002 which are commented on below for the sake of completeness:-

- (a) **Board of Mission:** The Board had an executive post (the Mission & Evangelism Adviser) frozen in the 2001 budget and has informally surrendered half of its Administrator's time for budgetary work in the Church & World Division. Bearing these factors in mind, it was agreed that no further reductions in staffing should be proposed for 2002 (an approach which the PRCC supported);
- (b) **Hospital Chaplaincies Council:** The HCC has a small staff whose work is largely set by external demands; the work of chaplains provides an income of some £3.5m p.a. to dioceses. The HCC submission did not suggest any savings in 2002, although it saw possible scope for improving income. No savings are proposed in 2002 but exploratory discussions are to take place on possible synergies through closer alignments with other areas and development of the ideas on improving income. The PRCC again supported this view.
- (c) **Legal Division:** The Division conducted a very thorough survey of customer requirements which showed no scope for reducing the level of professional staffing without either under-resourcing demand or risking additional expenses for the NCIs through work having to be done at higher cost by external firms.

25. The total gross savings from the above in 2002 will amount to c. £650K which will rise to £870K p.a. from 2003. The savings arising from Common Services will usually be shared with other National Church Institutions: taking that into account, the net savings to the Archbishops' Council from