

## CATHEDRALS WORKING GROUP REPORT

### FREQUENTLY ASKED QUESTIONS

July 2019

#### **Introduction**

Following its approval at General Synod in July 2018, Cathedral communities have been asking how they can contribute to and best prepare for the implementation of the recommendations set out in the Cathedrals Working Group (CWG) report.

Some of the recommendations require legislation before they come into effect. This means that implementing changes such as the removal of formal powers from Cathedral Councils or registration with the Charity Commission must wait until after the new legislation comes into force. This is unlikely to happen before the beginning of 2021.

As requested by the General Synod at the July 2018 group of sessions, the Archbishops' Council is introducing a draft Measure for First Consideration by the Synod at the July 2019 group of sessions to give effect to those recommendations in the Report of the Cathedrals Working Group (GS 2101A) that require legislative change. At First Consideration, Synod will have an opportunity to debate the general substance of the Measure and decide whether the draft Measure should continue to the Revision Stage.

The Revision Committee Stage which follows First Consideration provides an opportunity for members of the General Synod (and – if the Revision Committee allows – non-members) to submit proposals for amendment of the draft Measure. The Revision Committee will consider the draft Measure clause by clause together with any proposals for amendment that have been submitted and may, if it thinks fit, make amendments to the draft Measure. The draft Measure will then be returned to the Synod for the Revision Stage which is expected to be taken at the February 2020 group of sessions when the Synod will then consider further amendments that may be proposed by members. At the conclusion of the Revision Stage the content of the draft Measure will have been largely settled, subject to Final Drafting which is likely to take place immediately before Final Approval at the July 2020 group of sessions.

Some of the detail as to how the CWG's recommendations are to be implemented through guidance will be clarified and adjusted in discussion with the Deans and cathedral community. However, any substantive changes to the recommendations in the CWG's report would require amendments to the draft legislation to be made at the Revision Stage.

A number of the recommendations in the report do not require legislative change. These recommendations can be introduced immediately, and consideration is being given, in discussion with the Deans and cathedral community, as to how best to support cathedrals who wish to do this.

The purpose of this document is to use some of the most frequently asked questions to give an overview of what cathedrals can be doing now, and steps that can be taken to prepare for changes in the future. It is not intended to be comprehensive and does not replace more detailed documentation which may be provided by the various workstream leads in the coming months.

**If any further questions arise from the details below, please contact the Support Group via [csg@churchofengland.org](mailto:csg@churchofengland.org).**

**You can find more information online, download documents including the Draft Cathedrals Measure and sign up to the Cathedrals Bulletin which regularly updates on the process at:**

**<https://www.churchofengland.org/about/our-cathedrals/cathedrals-working-group/implementation-cathedrals-report>**

## **Legislative timetable**

### **Q. What is the predicted legislative timetable for the Cathedrals Measure?**

#### **A. The key dates we predict for the Cathedrals Measure are as follows:**

- July 2019: First Consideration of draft Measure at July General Synod
- July 2019: General Synod Appointments Committee agrees membership of Revision Committee (also drawn from members of Synod).
- September – December 2019: Revision Committee meets and considers proposals for amendments
- February 2020: Revision Stage at General Synod where Revision Committee brings back the draft legislation with a report on its amendments. Synod then goes through the legislation clause by clause and Synod members can also propose further amendments to the clauses revised by the Revision Committee at this stage, which are voted on by Synod members.
- March – June 2020: Revision Committee disbands. Steering Committee considers whether any limited further amendments should be proposed.
- July 2020: Final Drafting/Final Approval at July General Synod.

## **Q. What is the deadline for submitting proposals for amendments to the Revision Committee for the Draft Cathedrals Measure?**

On Monday 8 July at 9.45am, the Draft Cathedrals Measure (GS 2136) will be put forward for First Consideration. The Chair of the Steering Committee will move:

508 'That the Measure entitled "Cathedrals Measure" be considered for revision in committee.'

If the Draft Cathedrals Measure is carried, then subsequent to the debate, any General Synod member who wishes to submit proposals for amendment to the Revision Committee must send them in writing to [clerk@churchofengland.org](mailto:clerk@churchofengland.org) by 5.30pm on 9 August.

A livestream of the debate can be viewed at <https://www.churchofengland.org/more/policy-and-thinking/work-general-synod/watch-general-synod-live>

## **Membership of Chapter**

### **Q. When should the membership of our Cathedral's Chapter be changed?**

A. The CWG report made extensive recommendations about who should be on Chapter and the balance between executive (remunerated) and non-executive (volunteer) members of Chapter, recommending that the non-executive members should comprise the majority of Chapter members. These changes cannot be implemented until the new legislation comes into force. Until the new legislation comes into force, the membership of the Chapter is dictated by the Cathedrals Measure 1999 and the Cathedral's current Constitution and Statutes.

Once the new legislation comes into force, transitional arrangements will provide for how Cathedrals will adopt new Constitutions and Statutes which remove the current powers from Councils and provide for the membership of Chapters to be in accordance to the requirements of the new legislation.

### **Q. Can Cathedrals prepare for the new legislation by inviting new (non-executive) members onto Chapter to provide a lay/external majority as set out in the CWG recommendations?**

A. Yes, but only to the extent that your Cathedral's current Constitution and Statutes permit you to do so, which will be limited by what is permitted under the Cathedrals Measure 1999.

Although cathedrals may not currently be able to expand or change the current membership of their Chapter, it may be helpful for Deans, Residentiary Canons, Administrators and others to start thinking about who they might want have on Chapter once the new legislation comes into force and the Cathedral adopts a new Constitution and Statutes. Some Cathedrals may want to consider inviting

members of their existing Councils onto the Chapter. Cathedrals may also want to start mapping out the skills and experience they need on their Chapter, including specific professional skill-sets as recommended by the CWG report, and identifying routes through which they might secure people with such skills and experience. Such individuals could be invited to serve on one or more sub-committees of the Chapter, if permitted by the Cathedral's current Constitution and Statutes.

## **The Role of the Vice-Chair**

### **Q. Can Cathedrals appoint a Vice-Chair of Chapter yet? Do we have to do so?**

A. The role of Vice-Chair of Chapter will be set out in the new legislation which will be put before the General Synod for First Consideration in July 2019. Until this legislation comes into force, and the Cathedral has adopted new Constitution and Statutes which permit it to do so, a Cathedral cannot appoint a Vice Chair of Chapter.

### **Q. Who will appoint the Vice-Chair?**

A. The CWG's report recommends that the Vice Chair will be appointed by the Diocesan Bishop.

### **Q. What will be the powers of the Vice Chair?**

A. As a member of Chapter, the Vice-Chair will have the same charity law and trustee responsibilities as all other members of the Chapter.

### **Q. What will be the role of the Vice Chair?**

A. The role of the Vice Chair is expected to be set out in guidance, rather than in legislation. The Vice-Chair will be required to act at all times in the best interests of the cathedral and will not act under the direction of the Diocesan Bishop, the Dean or any other member of Chapter. Subject to their duty to act in the best interests of the Cathedral, the Vice Chair is expected to provide a link between diocese and the Chapter and keep the bishop informed about the work of the Chapter. The Vice Chair will also be expected to lead the non-executive Chapter members in questioning and improving strategy, and ensuring it is carried out, acting as a critical friend.

### **Q. Why will the Vice-Chair chair Chapter in the absence of the Dean?**

A. The CWG's report recommended that the Vice Chair chairs Chapter meetings in the absence of the Dean. This recommendation does not suggest that the Vice Chair would chair Chapter meetings if the office of Dean is vacant. If the office of Dean is vacant, or the Dean is unable to discharge his or her function (for example due to illness), it is anticipated that the Bishop would (as at present) exercise their power to appoint an Interim Dean to carry out the functions of the Dean (which would include chairing the Chapter) during the period in question.

**Q. Will there be further information on the role of the Vice-Chair?**

- A. It is anticipated that guidance will be produced on the role of the Vice-Chair, which is expected to include a suggested Role Description for the Vice-Chair. It is anticipated that appropriate stakeholder groups within the Cathedral community will be consulted on the draft guidance .

**How lay staff relate to Chapter as the Governing Body of the Cathedral**

**Q. Why did the CWG recommend that the Administrator and Chief Financial Officer should not be members of Chapter?**

- A. The CWG discussed this question at length, including considering what the Charity Commission's expectations would be, as it is anticipated that Cathedrals will be required to register with the Charity Commission once the new legislation comes into force. The Charity Commission's general position is that, unless a sound reason can be put forward as to why any trustee in a particular charity should be paid, all trustees should be unremunerated volunteers. Charity trustees are only permitted to be paid for being a trustee if the Charity Commission authorises it. Such authorisation can be in a charity's governing document (which would need to have been approved by the Charity Commission) or on a case by case basis, with consent given by Charity Commission Order. Such consent will only usually be given where a minority of the charity's trustees receive remuneration. This means that staff who are employed by a charity are not, as a general rule, permitted to be trustees of that charity too. An advantage of this approach is that it helps to maintain a separation between the trustees' oversight and governance function and the management functions of the employed staff who run the charity. For these reasons, the CWG recommended that senior lay staff should not be members of Chapter. However, they would be expected to attend and have the right to speak but not vote at Chapter meetings.

**Q. If senior lay staff are not allowed to sit on Chapter under the new legislation, why are senior ordained clergy allowed to continue as members, despite also having an executive role?**

- A. In its recommendations on how Chapters should be composed, the Cathedrals Working Group sought to achieve a balance between the historic ecclesiology of Cathedrals and its assumptions about the expectations of the Charity Commission. Deans and Residentiary Canons are not employees. Deans have historically chaired Chapters ever since the formation of cathedrals, and residentiary canons have historically sat on Chapter for centuries. The CWG agreed that this tradition should continue for ecclesiological and historic reasons. In its discussions, the CWG considered the Charity Commission's guidance on paying trustees, which recognises the need for some religious charities to include their remunerated clergy on their trustee board (for example, the incumbent is a trustee member of the PCC). Therefore, the CWG considered that, as there were sound ecclesiological reasons for including the Dean and Residentiary Canons on the Chapter, it is likely to be acceptable to the Charity Commission for a minority

of the Chapter members to be remunerated Cathedral clergy.

**Q. If the Administrator is currently a full member of Chapter, do they have to resign their membership immediately?**

A. No. Where the Administrator is currently a Chapter member, they will remain so until the Cathedral adopts a new Constitution and Statutes which set out the new composition of the Chapter and comply with the requirements of the new legislation, once it is in force.

**Q. Isn't it important that senior lay staff are involved in Chapter and take part in its meetings?**

A. Yes, the CWG's report makes clear that this is very important. The new Constitutions and Statutes will make provision for the Administrator (COO in the new model) and CFO to attend and take part in Chapter meetings and contribute their expertise.

### **New powers for Chapter**

**Q. What new powers may the 'new-style' Chapters have in addition to their current powers?**

A. The new-style Chapter will be the Board of Trustees of the Cathedral, and subject to charity law as well as the new Cathedrals Measure and any other applicable ecclesiastical legislation. Governance functions will no longer be shared with the Cathedral Council and College of Canons but will instead sit with the Chapter. Once cathedrals are registered charities, they will need to keep trustee information up-to-date on the Charity Commission website and file their Annual Reports and Accounts and the Annual Return with the Charity Commission. Further guidance on this will be provided in due course.

### **Sub Committees of Chapter**

**Q. Can we prepare for the new legislation by setting up some of the new Committees that the CWG recommends? E.g. Nominations and Development Committee, separate Audit and Finance Committees?**

A. Yes, if your Cathedral's Constitution includes the power for the Chapter to set up additional committees. Any such committees would need to be comprised in accordance with the requirements of your Constitution and Statutes.

### **The role of the Bishop**

**Q. How much will the powers of the Bishop change under the new legislation?**

A. The Diocesan Bishop will retain existing powers as the Visitor and will continue to provide consent to changes to a Cathedral's Constitution and/or Statutes.

However, it is expected that the new legislation will confer new powers and functions on the Bishop and alter some of the Bishop's existing powers and functions. The most significant new or powers and functions are:

- the power to appoint the Vice Chair;
- the approval of the other non-executive members of Chapter;
- the right to attend and speak at Chapter meetings, with the requirement that the Bishop attends at least one meeting of Chapter per year;
- the power to disqualify or suspend Chapter members on specific safeguarding grounds;
- the power to remove a Dean or a Residentiary Canon from office if they have been disqualified from acting as a charity trustee under charity law and have not been successful either in obtaining a waiver from the Charity Commission or in overturning the disqualification on appeal to the Charity Tribunal; and
- the power to commission a Review of such aspects of the cathedral's financial affairs, governance management, operations or mission as the Bishop considers necessary.

**Q. What can we do to prepare for the enhanced role of the Bishop under the new legislation?**

A. If your Bishop does not currently attend Chapter meetings, it might be worth welcoming him/her to a Chapter meeting as an observer. In addition, once the new legislation is in its final agreed form, you may wish to invite the Bishop to a meeting to discuss his/her role under the new legislation and how the Chapter will work with him or her under the new legislative framework

**The Senior Executive Team**

**Q. Do we need to change our current day-to-day management structures and meeting arrangements to prepare for the establishment of the Senior Executive Team?**

A. Many cathedrals already have a group formed of senior members of staff which meets regularly to oversee the management of the cathedral, whether it is called the Senior Executive Team or not. Where these groups have clearly defined management responsibility which is distinct from the Chapter's governance role of oversight and direction setting, little will change. Those cathedrals which have more fluid management arrangements, or no management group separate from the Chapter, are recommended to set up a Senior Executive Team with clear

Terms of Reference, and re-focus agendas for Chapter meetings to reflect this separation of function which will be formalised under the new legislation.

We are aware that, particularly for smaller cathedrals, the current membership of Chapter and the membership of any potential SET would be largely overlapping. In these cases it might be more sensible to start considering different 'modes of operation' - that is, to be clear when the group is operating in governance or management modes. There will be an opportunity as the management workstream, progresses for all cathedrals to contribute their experiences in this area.

## **Safeguarding**

### **Q. What changes do cathedrals need to make to our current Safeguarding practices?**

- A. Cathedrals must adhere to House of Bishops Safeguarding policy and practice. The current safeguarding responsibilities are set out in the House of Bishops 'Key Roles and Responsibilities of Church Office Holders and Bodies Practice Guidance 2017. Chapter 5 is the section on 'The responsibility for Deans and Chapters' and the suite of documents are:

<https://www.churchofengland.org/more/safeguarding/policy-practice-guidance>

<https://www.churchofengland.org/sites/default/files/2017-12/Roles%20and%20Responsibilities%20Practice%20Guidance%20V2.pdf>

### **Q. What is the timescale for the introduction, roll-out and completion of the Safeguarding Cathedral Audits?**

- A. During 2015/17 the dioceses of the Church of England received an audit process led by the Social Care Institute for Excellence. The Archbishops' Council has now agreed the resources for a national audit of safeguarding policy and practice provided by cathedrals, with support from the NST and the National Safeguarding Steering Group through the work of SCIE. The Association of English Cathedrals and the Deans' Conference have been involved in preparing for this work. Such audits provide a useful framework for responding to the advice of the recent Cathedrals Working Group report. The aim of the audits is:

- to support each cathedral in its safeguarding journey
- to create, for the first time, a national picture allowing us to share good practice in cathedral safeguarding arrangements and work together on common areas where further development is needed.

The audits will commence in November 2018 and be completed by March 2021, with the majority of the audits taking place in 2019 and 2020. Date planning for the



audits is well underway and the majority of cathedrals have now identified which year and timings that would be convenient and a key contact person. All the cathedrals being audited in 2018 and 2019 have now received a Briefing Pack.

The Briefing Pack provides the detailed information about the individual audit process. It advises on how to prepare for an audit, what pre-information will need to be provided to SCIE, who needs to be informed and involved, sample timetables for the audit days and the format SCIE will use to calibrate their report. All final audit reports will be published. If you have any queries please contact [barbara.chapman@churchofengland.org](mailto:barbara.chapman@churchofengland.org)

**Q. How will Charity Commission Regulation affect Cathedral Safeguarding?**

A. Once cathedrals are registered with the Charity Commission, cathedrals will be expected to comply with the Commission's requirements on Serious Incident Reporting for Safeguarding cases in the same way as dioceses are currently required to do.

**Q. Will there be guidance on how the Dean and Bishop should work together on Safeguarding?**

A. Yes. The NST will issue a Model Partnership Agreement in 2019. It will set out guidelines on joint working and reporting on Safeguarding matters.

## **Cathedral Councils**

**Q. Can we abolish our Cathedral Council immediately?**

A. No. The CWG's report recommends that the powers held by Cathedral Councils to amend the Constitution and Statutes of a Cathedral should be removed and Councils should be abolished as formal bodies. The CWG suggested that Cathedrals might want to retain the membership of Councils, as an "Additional Committee" of the Chapter, with specified delegated functions, such as acting as an informal stakeholder relations body for the Cathedral. However, until the new legislation comes into force, you cannot abolish your Council (or alter any of its statutory functions). This is because, until the new legislation is in force, the Council still retains its formal powers under the Cathedrals Measure 1999 and it must continue to meet regularly and fulfil its statutory functions. You (together with your Diocesan Bishop) may want to start thinking about whether you wish to invite certain members of your Council to become members of Chapter when the new legislation comes into force and the Cathedral has adopted its new Constitution and Statutes.

**Q. If a cathedral wishes to retain its Council, how much flexibility will a cathedral have to design the role and remit of the new-style Councils?**

A. Very considerable. As Councils will no longer have any formal statutory powers,

cathedrals will be able to decide themselves how they want their councils to function and who will be members.

## **Charity Commission**

### **Q. When do we need to register with the Charity Commission?**

- A. The new legislation is expected to require all Cathedrals to register with the Charity Commission. Until this legislation comes into force, Cathedrals cannot register with the Charity Commission. Registration is likely to take place from 2021 onwards.

### **Q. Will Cathedrals get help to register with the Charity Commission when the rules change?**

- A. Yes. The Church House Legal Office will produce template responses for standard questions on the online registration forms to help Cathedrals complete the registration application form, in the same way as support was provided when larger Parochial Church Councils were required to register with the Charity Commission. The Church House Legal Office will also provide template Constitutions and Statutes for Cathedrals, which reflect the requirements of the new legislation and charity law, with drafting notes and guidance for Cathedrals on how these template documents can be made bespoke for their Cathedral.

It is anticipated that the template for Cathedral Constitutions will be agreed with the Charity Commission. This will assist with the registration process for all Cathedrals as the essential (regulated) clauses of all Cathedral Constitutions will have already been approved by the Charity Commission. By way of example, the new legislation will set out the charitable objects for all Cathedrals, which will have been agreed with the Charity Commission. Therefore, the charitable objects will be reflected as standard in all Cathedral Constitutions, which will remove any need for the Charity Commission to check and agree the charitable objects for each individual Cathedral on registration.

### **Q. What will Charity Commission regulation mean in practice?**

- A. As charities, Cathedrals will need to comply with charity law as well as ecclesiastical law. Whilst this may not impact on how some Cathedrals operate on a daily basis, the Chapter and Senior Executive Team will need to ensure that the Cathedral complies with the requirements of charity law when it makes decisions and undertakes various activities. For example, when investment decisions are made, or a Chapter considers whether to embark on certain types of litigation.

Cathedrals will need to report Serious Incidents (whether safeguarding or otherwise) to the Charity Commission. Cathedrals will also need to file their annual report and accounts with the Charity Commission (which will need to comply with

the Charities SORP, as there will be no separate rules for Cathedral accounting under the new legislation), as well as submitting an annual return to the Charity Commission.

**Q. Will cathedrals need to operate like secular charities when Charity Commission registration comes in?**

- A. Cathedrals will be expected to manage their governance, management, risk and finance functions effectively and to the same standard as all other charities. However, it is proposed that the Charity Commission will co-regulate Cathedrals alongside the Church Commissioners, so that many of those Cathedral activities which are currently regulated by the Church Commissioners, such as transactions relating to Cathedral borrowing, property and endowments, will still be regulated by the Church Commissioners.

Cathedrals will also be able to apply to the Charity Commission for permissions and consents under the Charities Act 2011, for example s.105 Orders and s.110 formal Advice, in the same way as secular charities can.

**Q. How can cathedrals prepare for the new regulatory regime?**

- A. In order to know what is required of them, Chapter members are advised and encouraged to familiarise themselves with what is expected of charity trustees by the Charity Commission, in order to comply with charity law and their fiduciary duties. It is recommended that Chapter members read the Charity Commission's helpful and user-friendly Guidance CC3: The Essential Trustee<sup>1</sup>.

**Assurance Reviews and inspections**

**Q. When do we have to start doing the Quinquennial Assurance Reviews?**

- A. When the new legislation comes into force, it is anticipated that the Bishop will have new powers to commission a Review of such aspects of the cathedral's financial affairs, governance management, operations or mission as the Bishop considers necessary. Until then, the only formal powers of inspection lie with the Bishop's Visitation. The Chapter may wish to request some kind of inspection or audit to pre-empt the new legislation, but the powers to require cooperation with the audit and to enforce any recommendations are not yet in place and will not be in place until the new legislation comes into force.

**Q. How will Quinquennial Assurance Reviews relate to the AEC Peer Reviews?**

- A. The relationship between the AEC sponsored Peer Reviews and the Bishop commissioned Assurance Reviews is yet to be determined. All involved are committed to ensuring there is no overlap or duplication that would place undue burden on Cathedrals.

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<sup>1</sup><https://www.gov.uk/government/publications/the-essential-trustee-what-you-need-to-know-cc3>

## Parish Church Cathedrals

### Q. How will the new arrangements affect Parish Church Cathedrals?

- A. Most of the recommendations apply to all cathedrals, no matter their form. There are specific recommendations to allow Parish Church Cathedrals to cease to be parish churches, if they so wish, but this will be entirely voluntary. The new legislation provides that the Chapters of a Parish Church Cathedral that no longer wish to have a parish may apply to the Church Commissioners for a Scheme which will have similarities to pastoral schemes made under Part 3 of the Mission and Pastoral Measure 2011.

In addition, many Parish Church Cathedrals (and some non-Parish Church Cathedrals) have some congregational representation on Chapter. The new legislation proposes that this will be able to continue, if so provided for in a Cathedral's Constitution.

### Q. How do I feed into the work on Parish Church Cathedrals?

- A. The Cathedrals Support Group is consulting with Parish Church Cathedrals on a number of areas. If you have specific comments you would like to feed in, please email: [CSG@churchofengland.org](mailto:CSG@churchofengland.org) with "Parish Church Cathedrals" in the subject line, and we will ensure that your feedback is passed to the workstream lead. Please include your contact details in case they would like to discuss your feedback with you further.

## Leadership, Management and People

### Q. What changes will be introduced to the role, status and reporting lines of Residentiary Canons under the new legislation?

- A. The new legislation provides that the Residentiary Canons are accountable to the Chapter through the Dean for their non-trustee Cathedral functions. It is also anticipated that revisions will need to be made to the Ecclesiastical Offices (Terms of Service) Regulations 2009 to implement certain recommendations. However, those the recommendations of the CWG report that do not require legislative change will be implemented through guidance. At present, a group of Residentiary Canons, Deans and Cathedral administrators are working with the Cathedral Support Group to discuss and consult on what guidance would be helpful.

### Q. How can Cathedrals prepare for these new arrangements?

- A. There are a number of things that cathedrals can do immediately, without waiting for legislation. In particular, Deans and Chapters could start reviewing the Role

Descriptions and recruitment processes for all posts as recommended in the report.

## **Finance**

### **Q. When will the management and administration of Chancel Repairs be transferred to the Church Commissioners?**

A. With effect from January 2019 the Church Commissioners have taken on full responsibility for cathedrals' chancel repair liability. The Commissioners will now to make a grant for the whole cost of these repairs and manage the process.

### **Q. When will the S21 and S23 payments become a single funding stream with cathedrals receiving a minimum funding of the costs of the Dean and 2 full-time equivalent Residentiary Canons?**

A. The draft legislation keeps the current S21 and S23 grant streams separate. The draft legislation proposes changing the support for residentiary canons for most cathedrals from two full time posts to two full time equivalent posts: this change will not take effect until the new legislation comes into force.

### **Q. The report recommends a review of the S23 funding allocation to cathedrals, based not only on financial need but rewarding good governance and financial management. When will this review take place?**

A. It is envisaged the review will take place during 2020-22 and if any changes are agreed they would take effect no earlier than 2023.

### **Q. What are the operating standards and controls that will be required for cathedrals?**

A. This relates to accounting processes that would be required to manage a small to medium enterprise such as divisions of responsibility, cash handling and other controls that will safeguard the cathedral assets and provide accurate accounting records. A list of these standards will be agreed with CAFA and issued as part of general guidance.

### **Q. What is meant by a detailed review of funds?**

A. All charities have two main types of fund – unrestricted and restricted. Unrestricted funds are what they say – there are no conditions on how they are spent. Some may be earmarked for some types of expenditure, so they are called designated funds.

Restricted funds can be either called restricted funds, where they are spent for a purpose agreed when the fund was set up or they are endowment funds where the only the income from that fund can be spent. It is important that funds are correctly allocated as their treatment is determined by charity law. Guidance will be issued to

assist cathedrals in this review.

**Q. Why should cathedrals produce monthly management accounts and cash flows? Why should there be a model set of management accounts? Why should there be a five-year plan?**

A. To manage the finances of a cathedral operation it is important to have accurate information on a timely basis. The management of cash by understanding forecasts of inflows and outflows shows responsible management and can signal potential problems before they arise. A model set of accounts will be developed and issued as general guidance, this will give cathedrals an opportunity to adopt best practice. Rolling 3 or 5-year plans will show that the cathedral has thought about implementing its strategy and the financial implications of that strategy. The first year of the plan will become the annual operating plan which forms the budget.

**Q. Why should cathedrals submit year-end management accounts and budgets to the NCIs?**

A. One of the NCIs' roles is to support cathedrals in their financial management, by submitting this information a cathedral can show what their financial achievements are against what they said they would do and how they see their financial performance for the next year. This allows any potential problems to be flagged at an early stage with early engagement and support. In addition, this is an opportunity for good practice to be identified which can be encouraged across the wider cathedral community.

**Q. The large audit companies are too expensive for smaller cathedrals, so how can they comply with the requirement to appoint a nationally approved auditor?**

A. The report recommendations did not require cathedrals to appoint auditors from the 'Big Six' national firms. Guidance has already been produced about good practice in the review and appointment of auditors, this recommends that auditors should be regularly reviewed and that they should demonstrate competent experience of auditing charities and ideally cathedrals. It is quite possible that some cathedrals could approach auditors as a group to get favourable terms.

**Q. The report recommends that the Chief Financial Officer should be a qualified accountant. Many cathedrals cannot afford to pay a highly qualified and expensive accountant.**

A. The report recommends that a cathedral should appoint an appropriately qualified person to the role of CFO. However, this should be done in a way which fits the needs of the cathedral, and so may be a part-time role. They should demonstrate a competency in charity accounting and understand the legal requirements of their role. Cathedrals might consider different ways of addressing this need and may for example look at a group of cathedrals joining together to hire one CFO who works across several cathedrals.

**Q. How can cathedrals undertake a skills audit of Chapter and staff?**

A. It is important that a cathedral has the right people to run a small/medium enterprise. There are several specialist areas such as property, finance, risk-management, operations and fund-raising. Guidance will be issued on how to undertake a skills audit.

**Q. What are the possibilities for cathedrals to access shared support services?**

A. Shared services, whether provided regionally by groupings of cathedrals or centrally by the NCI's or whole Cathedral community, can provide economies of scale for those functions that are replicated across all cathedrals such as payroll, HR advice etc. The provision of shared support services can result in the overall cost for each cathedral to be reduced. There are a number of ways of offering shared services to cathedrals and this area is one which has yet to be looked at in any detail.

## **Training**

**Q. What training will available to Deans, Residentiary Canons and lay staff of cathedrals to help them fulfil their roles as set out in the new Measure?**

A. The Development and Appointments Group (DAG) is responsible for ensuring the leadership development of Deans. Subject to budget approval, they plan to continue to run Dean's leadership development programmes and to work more directly with Deans and their teams on a targeted basis. It is also hoped to run another "mini- MBA" for newer Deans and this will reference CWG proposals.

Residentiary Canons will continue to have access to training and development opportunities provided by their diocese and through the AEC.

## **Theology and Ecclesiology**

**Q. How does the work on the Theology and Ecclesiology of Cathedrals relate to the forthcoming legislation?**

A. A formal Consultation on theology and governance was held at St George's House Windsor in April 2019 involving a number of deans nominated by their peers. GS Misc 1223 reports on this consultation and is designed to be read in conjunction with the Draft Measure.