

## GENERAL SYNOD

FINANCING THE CHURCHES CONSERVATION TRUST IN THE TRIENNIUM  
2021 TO 2024Report by the Church Commissioners  
and  
Explanatory Memorandum to the Payments to the Churches Conservation Trust  
Order 2020**Part A: Report**

1. This report:
  - (i) explains the role of the Churches Conservation Trust (“the Trust”) in the context of dealing with church buildings no longer needed for regular public worship (“closed church buildings”); and
  - (ii) outlines the arrangements for financing the Trust and puts before the Synod the Commissioners’ proposals for the payment of the Church’s contribution of a fixed sum of £4.5m (£1.5m per annum) for the funding period 2021 to 2024, and an additional amount of up to £900,000 in the circumstances set out in the Order.<sup>1</sup>
2. The Payments to the Churches Conservation Trust Order 2020, which will put these proposals into effect, is laid before the Synod for approval as GS 2188.

**Synopsis**

- The Church needs to be able to find a new use for the churches no longer needed for regular worship. The Churches Conservation Trust provides a vehicle for the preservation and continued use of the most highly listed and historically significant churches, and correspondingly reduces the resource burden on parishes and dioceses.
- Closed church buildings in the care of the Trust remain consecrated; many are used for occasional worship by parishes as well as for community use. They remain a potential resource for the Church’s mission and can be returned to parish use if needed.
- It is the Church Commissioners who decide which closed church buildings are placed in the care of the Trust.
- The Trust receives core funding from the Government and the Church Commissioners. In the Trust’s last financial year, the Commissioners’ funding of £1.43m was matched by £2.57m from Government with a further £4.4m of philanthropic donations, grants and self-generated income.

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

## **Role of the Churches Conservation Trust**

3. The Trust, which celebrated its 50<sup>th</sup> anniversary in 2019, is responsible for closed church buildings of outstanding historic interest or architectural quality for which a suitable alternative use cannot be found. It currently cares for 356 such buildings and there were three new vestings in 2019.
4. These remain consecrated churches and are therefore still used for occasional worship. The Trust develops relationships with the local parishes and incumbents, becoming a partner and resource for mission and ministry. Trust churches are sometimes restored to regular parochial use if circumstances and future mission needs change.
5. The Trust seeks to ensure that its churches are open and accessible to the public and continue as a focal point for the community. Around 1.7m visitors went to Trust churches last year and over 2,000 community, arts and educational events were held. The Trust's significant educational work focuses on interpreting the buildings in its care to provide a better understanding of the Christian message and Christian history.
6. The Trust were appointed by Historic England to provide workshop support to the Taylor Review pilot schemes in Suffolk and Manchester, which have recently been evaluated positively by DCMS. The Trust has also been a partner in the 'Find a use Manchester' project, which is an important collaboration between the Church Commissioners, the Diocese of Manchester and Historic England, and is delivered by the CCT. The projects focuses on those churches where it has not been possible to find a sustainable use and seeks to resolve the issues by bringing specialist partners together to overcome the barriers to disposal and successful re-use.
7. In recent years the Trust has also attracted significant funding for imaginative regeneration schemes involving some of the urban church buildings in its care. Last year, for example, restoration works began at Sunderland Holy Trinity in an ambitious £4.3m project to transform the building to be a new centre for culture, heritage and learning. They are working in partnership with the community, the local authority, the Cultural Spring, Sunderland University, the local Music Education Hub and Sunderland College.
8. Further details on the Trust, its Trustees and work can be found on its website at [www.visitchurches.org.uk](http://www.visitchurches.org.uk).

## **Settling the future of closed church buildings**

9. The Mission and Pastoral Measure 2011 ("the Measure") enables the Church to manage the deployment of clergy, funding and buildings, to meet local mission priorities and pastoral needs. Closure of those buildings no longer required for regular public worship is an integral element in this redeployment of resources.
10. There are over 16,000 parish churches and places of worship in use, including over 13,000 listed buildings. Closure does not relinquish the Church's responsibility for such buildings although it does remove the financial responsibility from parishes. Their neglect would generate a reputational risk for the Church, while the State, at both central and local levels, possesses powers to enforce the proper care of listed closed churches, as for other listed buildings. Without the Trust the Church would be entirely liable for the

upkeep of such buildings if suitable alternative uses could not be found. It is in the Church's continuing interest that the Trust retains the ability to care for closed church buildings of outstanding heritage value and has the resources to cope with a small number of new vestings each triennium. Arrangements for dealing with closed church buildings, along with funding the Trust, form part of the wider agreement between Church and State regarding the Church's built heritage.

11. When a church building is closed the diocese, in partnership with the Commissioners, normally searches for a suitable alternative use in the first instance. Between 1969 and 2019 the futures of some 2,000 closed church buildings were settled and the majority found suitable alternative uses (including for worship by other Christian bodies, civic, cultural and community purposes, residential conversion and commercial use). Many have yielded significant proceeds which has assisted continuing mission. Diocesan pastoral accounts have received over £53m from the disposal of closed church buildings in this period; in addition, a substantial number of new places of worship (around 190) have been funded directly from the proceeds of closed church buildings they have replaced.
12. Where a suitable use cannot be found the Commissioners decide, following advice from the Statutory Advisory Committee of the Church Buildings Council, between the remaining alternatives of preservation by the Trust or demolition. (Since 1969 some 400 mostly unlisted closed church buildings have been demolished (just over 20% of the total number of closed church buildings).

### **Financing the Trust**

13. The Trust is jointly funded by Government (via the Department for Digital, Culture, Media and Sport ("DCMS")) and the Church (via the Church Commissioners) and buildings are vested in its care "in the interests of the Nation and the Church of England". Respective funding proportions have no statutory basis but have evolved over many years. The DCMS currently provides around 60% of core funding, with the Church providing around 40% while also deciding which buildings should be passed to the Trust.
14. The Trust continues to operate in a very difficult financial climate and, along with other publicly funded bodies, it has suffered cuts in Government grant while facing the challenge of ensuring its continuing sustainability and ability to take on new vestings.
15. Measures the CCT has taken to reduce its reliance on core funding include:
  - Increasing and diversifying its self-generated income through fundraising efforts, commercial and business development;
  - Securing grants from other trusts and bodies for specific projects, such as capital works;
  - Using its expertise, with the support of dioceses and the Commissioners, in preventative maintenance projects; and
  - Reducing liabilities by pursuing suitable opportunities, in conjunction with the Commissioners, to lease or divest church buildings in its care.

16. In terms of the Trust's overall income in 2019, the DCMS grant represented about 29% of the total, the Church's share around 19%, with the remaining 52% raised by the Trust itself through donations, earned income and other grants.
17. Ninety-five percent of the money the Trust generates is spent directly on the repair, conservation and careful adaptation of churches in its care and on education, tourism and community projects. Forward planning takes account of the assessment of the likely flow of new vestings (for which the Commissioners' adopt stringent criteria) as well as the repair needs of church buildings already in its care.

***Current funding triennium (1 April 2018 to 31 March 2021)***

18. In the current funding period, the Trust will have received some £12.29m in core funding, comprising £8.001m from the DCMS and £4.29m from the Commissioners.
19. The Payments to the Churches Conservation Trust Order 2017 provided that if the one-third share of net proceeds of the disposal of closed churches payable to the Commissioners exceeded £0.6m in any calendar year, then the Trust would receive additional payments up to £225,000. An additional payment of this amount was made in 2018 when this condition was met. Separately the Trust has benefited from a number of 'one-off' DCMS grants, for example in relation to financing its Regeneration Task Force and Conservation Churches Programme, and also via the Roof Repair Fund.
20. This reflects the changing and more varied financial landscape under which the Trust now operates. While core grant funding is becoming a smaller proportion of its overall income, it remains a crucial element, as it helps lever in other sources of financial support which enables the CCT to widen its funding base.

***Next funding triennium (1 April 2021 to 31 March 2024)***

21. The DCMS core grant for the next funding period up to 31 March 2024 is not yet known and there remains considerable, if understandable, uncertainty around the Government's Comprehensive Spending Review. However, on the assumption that funding was comparable to the 2020/21 rate, this would provide around £8.4m (excluding any 'one-off' contributions or other grants).
22. The Commissioners propose that the Church's core grant should be £1.5m per annum, or a total of £4.5m over the funding period (a modest increase in cash terms of £70,000 per annum following a lengthy period since 2001 when the Church's grant has essentially remained frozen). This takes into account the fact that there are a number of possible strong candidates for vesting either coming forward for closure or already closed and is proposed on the basis that a budget of at least £2m will be set aside by the Trust for expenditure on new vestings over the next funding period, allowing for a small number of new vesting (two to three) each year.
23. A possible additional payment linked to the performance of sale proceeds arising from the disposal of other closed church buildings is again proposed. In the event that the one-third share of net proceeds exceeds £0.65m in any calendar year (2021, 2022 or 2023) the Commissioners will make additional payments from the excess up to a maximum

additional sum of £900,000 during the triennium. This is a higher threshold than in the current funding period for making any such payment; but also represents a significant increase in the further additional funds available.

24. We have provided for this increase as we are aware that one possible outcome from the current Covid-19 pandemic is an increase in the number of church buildings coming forward for closure. Whilst this is still very much an unknown quantity, this may itself lead to some greater pressure on the Commissioners to agree to the vesting of buildings in the CCT, which would fall during the next funding triennium. The additional payment would therefore provide some greater flexibility to meet such uncertainties, but only if adequate funds were realised in disposals.
25. In addition, Covid-19 has affected the CCT's ability to operate. All CCT churches were closed at the start of the pandemic and many of the events due to take place this year have had to be cancelled. This has led to a loss of approximately £0.5 million in revenue to the CCT. The CCT has put in place arrangements to reduce expenditure and secure other funding streams, and the immediate loss can be managed from reserves but the position going forward remains uncertain. However, Churches have re-opened and income is again being generated from Champing and other activities, and the CCT Board will be doing further work on their post-Covid recovery as part of wider discussions about the strategy for the next triennium. The Trust has successfully won funding to support post-Covid recovery. They have recently been awarded £1.34m for 18 repair projects from the Historic England stimulus fund, and a large grant of £1.6m from the National Heritage Lottery Fund for a community project in Sudbury.

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

26. The Commissioners are required to determine by Order (to be approved by the Synod) their total grant to the Trust for each funding period. The two sources for meeting the Church's contribution are net proceeds from the disposal of other closed church buildings and the Commissioners' own funds.
27. The level of sale proceeds is difficult to estimate, as it is dependent on such factors as the number of closures, the quality, character and location of the buildings, and economic factors including the state of the property market. Under the Measure two-thirds of net sale proceeds go direct to the relevant diocesan pastoral account to help the living Church; the remaining one-third is applied towards funding the Church's contribution to the Trust and also the statutory Closed Church Buildings Support Account held by the Commissioners. This assists Diocesan Boards of Finance in caring for closed church buildings until their future is settled and may also be used to secure planning consents to further the disposal of closed church buildings (thereby maximising value in relevant cases) and towards the cost of demolition pursued under the Measure.

### ***2018 to 2021***

28. Overall sale proceeds have continued to perform well in recent years, and we estimate that about £3.15m will have been made available from the one-third share of proceeds towards the Church's contribution to the Trust for 2018-21 (including the additional payment), with the estimated balance of £1.39m to be met from Commissioners' grant.

**2021 to 2024**

29. The Payments to the Churches Conservation Trust Order 2020 is laid before Synod to put into effect the Commissioners’ proposals for financing the Trust in 2021 to 2024. It provides for total flexibility for how the proposed grant of £4.5m is met from these two sources, protecting both the efficient operation of the Measure and the Commissioners’ ability to support the Church’s mission. It also provides for additional payments of up to £900,000 in the event the one-third share of sale proceeds exceeds £0.65m in any calendar year.
30. Given the uncertain economic climate we intend, for budgetary purposes, to include £1.1m per annum in the Commissioners’ expenditure projections as the amount to be met from the Commissioners’ own funds with the remainder to be met from the one-third share of sale proceeds. Better levels of sale proceeds will reduce the call on the Commissioners’ funds and may also enable the additional contribution to the Trust referred to above.
31. The following Table profiles the source of the Church’s funding of the Trust since 1969. In this period the disposal of closed church buildings produced £74.82m in net proceeds (up to December 2019) of which £53.22m was applied to Diocesan Pastoral Accounts.

Funding Period	Breakdown of Church Contribution		Total From Church £M	Total From State £M	CCT Total £M
	From Church Commissioners	From Sales Proceeds			
	£M	£M			
1969-74	0.20	0.10	0.30	0.20	0.50
1974-79	0.70	0.35	1.05	0.70	1.75
1979-84	0.97	0.48	1.45	1.45	2.90
1984-89	1.88	0.92	2.80	4.21	7.01
1989-94	2.50	1.20	3.70	8.70	12.40
1994-97	1.56	1.52	3.08	7.19	10.27
1997-2000	2.18	1.01	3.19	7.44	10.63
2000-03	3.09	0.69	3.78	8.83	12.61
2003-06	2.30	1.56	3.86	8.87	12.73
2006-09	1.46	2.47	3.93	9.16	13.09
2009-12	2.70	1.37	4.07	9.15	13.22
2012-15	1.57	2.50	4.07	8.10	12.17
2015-18	1.51	2.70	4.21	7.85	12.06
2018-21	<i>Estimated</i>		<i>Estimated</i>		
	1.39	3.15	4.54	8.00	12.54
2021-24	3.30	1.2	4.50	8.00	12.50
Total 1969 - 2024	27.31	21.22	48.53	97.85	146.38

## Notes

The additional payment of £0.15m and £0.225m required under the respective funding orders were paid in 2015 and 2018 when the condition for such payments were met.

The estimated figures for 2018-21 are based on the actual grants to date and estimates for the final two quarters of the current triennium. Those for 2021-24 shown do not include the further additional payment proposed as this is only payable if net sales proceeds are sufficiently buoyant.

## **Recommendation**

32. The Commissioners invite the Synod to approve their payment in 2021 to 2024 of a fixed total of £4.5m as the Church's contribution to the financing of the Trust, with an additional amount of up to £900,000 if the circumstances set out in the funding Order are met. Payments will be made to the Trust only when the Commissioners are satisfied that the sum is needed by the Trust and 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 respective roles in dealing with closed church buildings.*

## **Part B: Explanatory memorandum to the Payments to the Churches Conservation Trust Order 2020**

1. The Payments to the Churches Conservation Trust Order 2020 makes provision for the Church Commissioners' financial contribution to the Trust for the period from 1 April 2021 to 31 March 2024. The Church Commissioners made the Order on [        ], under section 65 of the Mission and Pastoral Measure 2011. That section provides that the Order cannot come into operation unless and until it has been approved by the General Synod. The Order, being a statutory instrument, must also be laid before Parliament.

The Order does not automatically entitle the Trust to receive the sums proposed to be provided. The money will not be paid in advance of need and is provided on the understanding that the Trust will continue to make every effort to generate income from other sources as well, to maximise their effectiveness and outcomes.

2. **Article 1** of the Order provides for citation, coming into force and interpretation.
3. **Article 2** specifies the funding period (1 April 2021 to 31 March 2024).
4. **Article 3** makes provision for the total amount which may be paid to the Trust during the funding period. This is made up of £4,500,000 of grants and moneys allocated from the Commissioners' one-third share of the proceeds of sale of closed church buildings (the balance depending on the factors set out in paragraph [21] of Part A above). In addition, there may be a further sum available of up to £900,000 during the funding period, but this will be available only if and to the extent that the Commissioners' share of net proceeds of sale exceeds £650,000 in a calendar year.
5. **Article 4** specifies the conditions that must be met before a payment may be made to the Trust under the Order.