

**GENERAL SYNOD****Archbishops' Council 2021 Budget**

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**Introduction**

1. Earlier this year, in GS2141 General Synod members were provided with a progress report on work towards the Archbishops' Council's budget for 2021. This paper sets out the Council's planned 2021 budget and explains the proposed changes from the 'original' Archbishops' Council 2021 budget sent to General Synod members in July including the impact on apportionment. The Synod is invited to approve: (i) the expenditure in relation to budget elements funded largely by the dioceses, (ii) the resultant diocesan apportionment and (iii) the pooling adjustment in respect of ordinands' additional maintenance costs.

**Context**

2. COVID-19 has brought significant financial stress to the Church economy, highlighting pre-existing issues relating to the affordability of the Council as presently structured and funded. The Council is also cognisant of the Emerging Church workstreams including Vision & Strategy and Governance which will have an impact on what the Council is called to do on behalf of the Church.
3. Given this context, the Council has set a budget that, compared with the 'original' budget, includes savings of £524k from the operating budget (equivalent to saving 4.8% on the Vote 2 apportionment in the 'original' 2021 budget). These are tactical savings, including pay restraint, reduced travel and accommodation costs and some modest restructuring plans, rather than more fundamental changes which could risk cutting across the strategic direction anticipated from the Emerging Church workstreams.
4. Looking forward the Transforming Effectiveness Programme, under the leadership of Bishop Martin Seeley, will focus on ensuring that restructuring of operations and resources across the national Church can happen in a carefully planned and timely way consistent with what emerges from the Vision & Strategy and Governance workstreams. This work will aim to identify what should be retained as national functions to resource and lead the church in mission and ministry, what should be held at diocesan or other level, and what should be stopped, while working for renewed relationships of trust, accountability and mutuality supporting the work and mission of the Church.

**2021 Expenditure Budget**

5. The Council's recommended 2021 gross expenditure budget is £50.9m for those areas of expenditure part funded by the apportionment. This is £4.0m (8.5%) above the 2020 budget. The main increases are in safeguarding (£1.2m), training for ministry and the Ministry Team (£0.9m) and work on the environment (£0.4m).

**Funding the 2021 budget and impact on apportionment**

6. The 2021 budget includes £16.5m in income and external funding: £4.8m more than in the 2020 budget. The majority of this increase is from the Church Commissioners who have approved virements within the 2020-22 spending plans totalling £4.3m. This covers additional budgeted costs primarily increasing resources for safeguarding and environmental work, as well as a virement of £1.2m to reduce the impact of inflation and other cost pressures on diocesan apportionment.

7. The original 2021 budget considered earlier in the year envisaged that the diocesan apportionment would be held flat at £33.0m, for the second year running (i.e. at 2019 levels). The Council subsequently agreed that the net £524k savings referred to above (equivalent to saving 4.8% on the Vote 2 apportionment in the 'original' 2021 budget) should be used to reduce diocesan apportionment to £32.5m for 2021. This would result in each diocese seeing a reduction in their total apportionment bill of 1.6% when compared to 2020. The reduction in apportionment is possible due to the Council planning to use £2m of its accumulated reserves in 2021 and the willingness of other funding partners to maintain, and in some cases increase, their support of the Council's work. The Council is grateful for the support of all its funding partners for their continued support.
8. Having said this, it should be noted that we cannot continue drawing on reserves indefinitely and that other funding streams are put at risk by the impact of the COVID-19 crisis. This means the Transforming Effectiveness workstream must be progressed urgently and objectively and with potential painful thoroughness if we are to be able to present an affordable budget for 2022.

## Summary

9. The Gross Expenditure budget<sup>1</sup> and funding plan for 2021, together with a forecast for 2020 is summarised in the table below. The 2020 forecast includes anticipated savings as a result of delayed or cancelled activity in light of COVID-19 as well as additional commitments made since the budget was set (including a grant to the Parish Giving Scheme, earmarking funds for an interim safeguarding redress scheme and underwriting the Daily Hope phone line until the end of the year).

	2019		2020		2021	Variance vs 2020	
	Budget £m	Actual £m	Budget £m	July Forecast £m	Budget £m	Budget £m	
<b>Gross expenditure</b>							
Training for Ministry (Vote 1)	17.3	17.2	17.6	17.4	17.9	(0.4)	(2.0%)
Operating Budget (Vote 2)	18.9	19.3	22.1	22.3	25.6	(3.5)	(15.8%)
Grants (Vote 3)	1.3	1.2	1.2	1.2	1.3	(0.0)	(1.7%)
Mission agency pension contributions (Vote 4)	0.8	0.7	0.7	0.7	0.7	(0.0)	(2.0%)
Clergy retirement housing (Vote 5)	5.0	5.0	5.3	5.3	5.4	(0.1)	(2.5%)
<b>Total</b>	<b>43.4</b>	<b>43.4</b>	<b>46.9</b>	<b>47.0</b>	<b>50.9</b>	<b>(4.0)</b>	<b>(8.5%)</b>

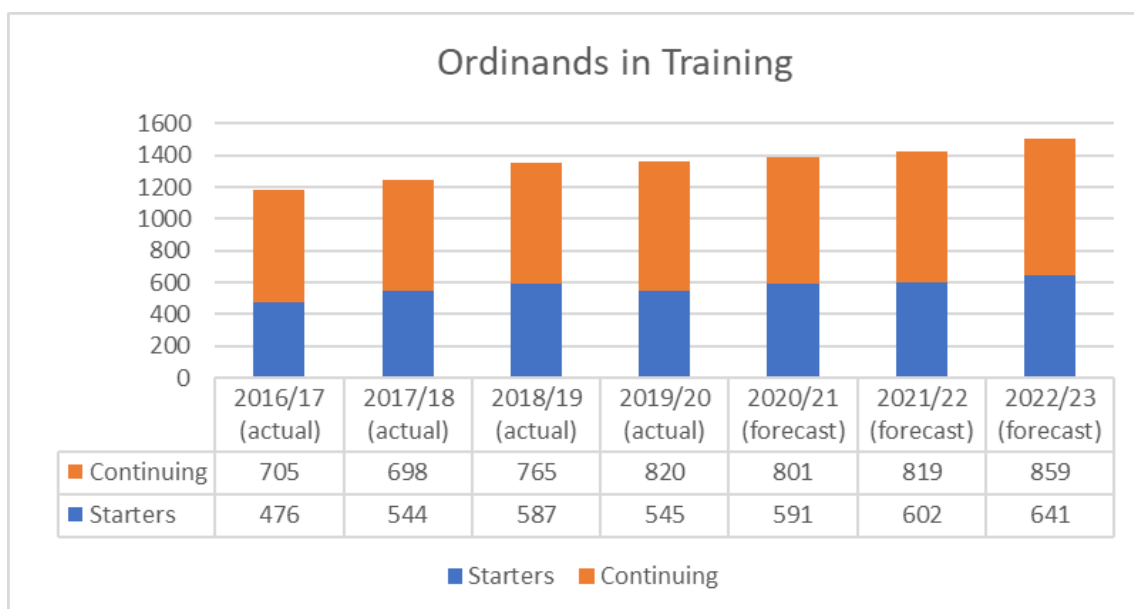
### Funded by

Diocesan apportionment	33.0	33.0	33.0	33.0	32.5	(0.5)	(1.6%)
Income	7.1	6.9	11.7	12.0	16.5	4.9	41.7%
Reserves	3.3	3.5	2.3	2.0	2.0	(0.3)	(14.2%)
<b>Total</b>	<b>43.4</b>	<b>43.4</b>	<b>46.9</b>	<b>47.0</b>	<b>50.9</b>	<b>4.0</b>	<b>8.5%</b>

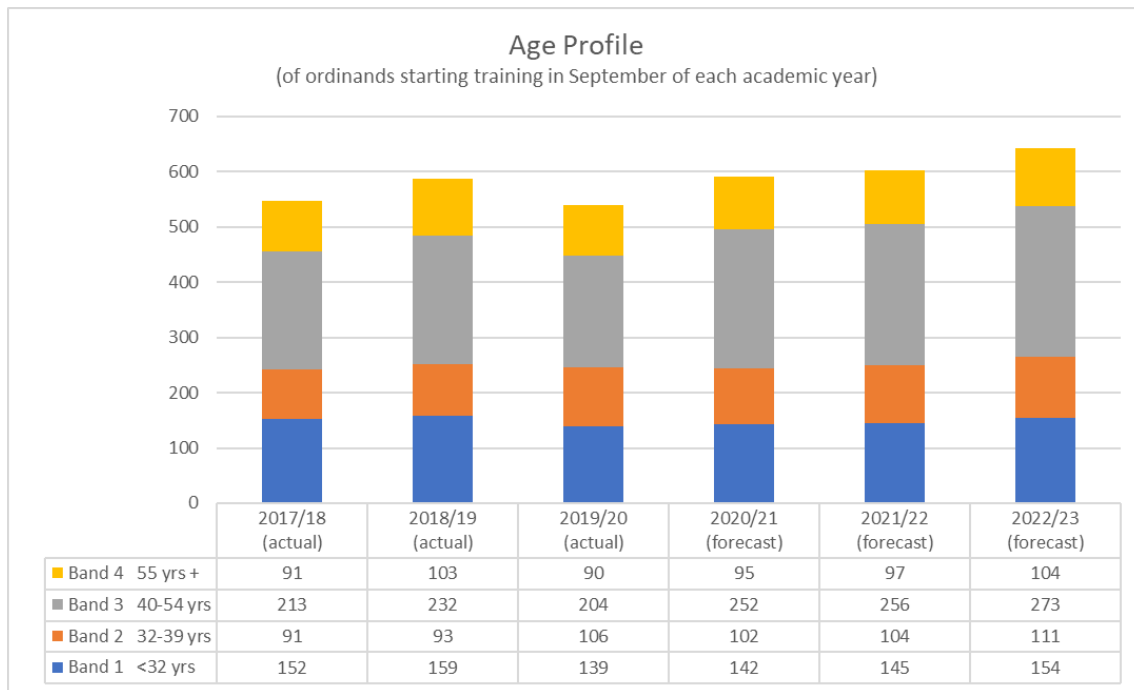
<sup>1</sup> The budget covers those areas of activity that are part-funded by the diocesan apportionment. i.e. excludes grant funded activities such as Lowest Income Community Funding, Strategic Development Funding, Transition and Restructuring Funding, Sustainability Funding and Strategic Transformation Funding.

## Training for Ministry (Vote 1)

10. This budget covers the majority of the costs of training clergy for deployment in the Church of England.
11. As a result of Bishops' Advisory Panels (BAPs) held in 2019/20, 591 individuals were recommended for ordination training commencing autumn 2020 – an 8% increase on autumn 2019 and in line with the budget assumption made last year. Looking ahead to autumn 2021, the recommended budget contains provision for 602 ordinands commencing training – a 1.9% increase on the Autumn 2020 forecast and 26.5% above the number of starters in Autumn 2016. Due to the impact of COVID-19, many BAPs were held using an online discernment approach and we expect this temporary solution to remain in place until at least Easter 2021.
12. These assumptions lead to a 2021 budget of £17.9m, 2.0% more than the 2020 budget. The main reason for the difference between the percentage increase in the budget and the number of ordinands is the expected age profile, with greater numbers in the lower Resourcing Ministerial Education (RME) block grant categories. The actual and forecast numbers of ordinands in training are shown in the chart below.



13. Under the RME framework dioceses receive a Block Grant for ordination training according to the number and age of the ordinands they sponsor. This grant is based upon the typical pathway choice (and thus cost) of a candidate falling within four age bands (see graph below). Last year we reported that the Ministry Council had initiated a review of RME arrangements. This work is on-going, and it has been agreed that any changes will be introduced from autumn 2022 at the earliest.



14. The majority of training for ministry costs are funded by dioceses: either by way of the apportionment or directly through the payment of additional maintenance grants to ordinands (which amounted to £8.3m in 2019/20, £7.5m of which was poolable). The Council is grateful for the provision of additional ordinands funding by the Church Commissioners which ensures that the additional maintenance grants ultimately funded by dioceses changes in line with the Vote 1 apportionment. The grant funding from the Commissioners is forecast to be £2.7m in 2020, rising to a budgeted £4.3m in 2021 (£3.2m income to Vote 1 and £1.1m to ensure that the amount of poolable additional maintenance costs eventually funded by dioceses also changes in line with the change in the Vote 1 apportionment).
15. Further details are provided in **Appendix 1**.

## Operating Budget (Vote 2)

16. An income and expenditure analysis of the operating budget is attached as **Appendix 2**. This shows the latest 2020 forecast and the updated 2021 budget.

### 2020

17. Before looking at the 2021 budget, an explanation needs to be given for the current 2020 forecast of £22.3m gross expenditure. This is £0.2m (1.1%) above the 2020 budget; a £1.4m reduction in expenditure due to delayed, cancelled and changed activities resulting from the impact of COVID-19, is more than offset by additional expenditure items funded by third party sources of £0.6m, and additional calls upon the Council's funds of £1.0m.
18. The forecast reflects the following additional expenditure items funded by third party sources, and agreed since the 2020 budget was set:
- £0.2m for the Ministry Experience Scheme, grant funded by the Church Commissioners
  - £0.2m for additional work on the Modern Slavery Project funded by the Clewer Initiative
  - £0.1m additional expenditure in Evangelism & Discipleship for Fresh Expressions (funded by the Church Commissioners through Strategic Development Funding - SDF) and Sports Ministry (funded by the Laing Trust)
  - £0.1m for Strategic Ministry Funding (SMF) administration funded by the Church Commissioners
19. The forecast also reflects the following additional expenditure items funded through the Council's resources:
- £0.6m for a grant to the Parish Giving Scheme to support the development of an online platform – endorsed by the Archbishops' Council Finance Committee in February 2020 (funded via the Church & Community Fund)
  - £0.1m for a grant to Queen's Birmingham to facilitate the transfer of viable training streams previously undertaken by St John's, Nottingham
  - £0.1m for the Council's underwriting of the costs of the Daily Hope project until the end of the year, the level of which will depend on usage and if further grants can be secured
  - £0.25m provision for funding of an interim Safeguarding redress scheme which will be funded from reserves
20. These are offset by:
- £0.4m delayed expenditure relating to Safeguarding Past Cases Review 2 with the expected timeline extended into 2021 due to the impact of COVID-19
  - £0.3m gross expenditure saving resulting from not holding the York Synod in July and reduced cost of other governance meetings (e.g. House of Bishops, Archbishops' Council) through undertaking these online – however the net expenditure saving is much lower at £0.1m as most Synod costs are charged back to dioceses
  - £0.2m savings through the Online Discernment Process with Bishops Advisory Panels undertaken using a 'virtual' approach in light of COVID-19 restrictions
  - £0.5m savings on expenditure relating to staff vacancies, travel and meetings and cancelled or postponed activities across various departments as a result of COVID-19

## 2021

21. The recommended budget expenditure for 2021 is £25.6m, £3.5m (15.8%) above the 2020 budget and £3.2m (14.5%) more than the 2020 forecast.
22. The six most significant increases account for £3.1m of the additional gross expenditure. The first four areas have been identified as priorities for additional spending, the fifth results from necessary improvements and the sixth is an example of the Council delivering a programme of externally funded work on behalf of the Church.
  - £1.2m additional expenditure on Safeguarding (increasing the budget from £2.3m in 2020 to £3.5m in 2021), funded by additional grant support from the Church Commissioners. This will provide increased resources for:
    - (i) training, development and quality assurance
    - (ii) beginning a phased implementation of a network of Regional Advisers to ensure the delivery of consistently good safeguarding responses
    - (iii) improving survivor engagement and developing a robust and effective leadership culture
  - £0.5m for Ministry. This includes the continuation of the Ministry Experience Scheme and the administration of the new Strategic Ministry Funding which will be funded from Church Commissioner grants. Additional ordinand training costs for the increased number of potential ordinands are met through additional Church Commissioners' distributions, however the associated operational costs of running the discernment process are creating a further pressure on Vote 2.
  - £0.5m for Evangelism & Discipleship (E&D) activities primarily reflecting the transfer of Thy Kingdom Come (TKC) activities to the Council from September 2020 (with Church Commissioner funding agreed as part of the 2020-22 spending plans). The remainder of the increase reflects additional planned expenditure on Fresh Expressions and Sports Ministry partially offset by a reduction in the Life Events programme budget.
  - £0.4m additional expenditure on the Environment to help the Church respond to the net zero by 2030 target set by General Synod. This includes work to expand the ability to measure and monitor carbon footprint across the Church and provision for central expert resources to guide, identify Church-wide initiatives and create a plan of action. Matched income of £0.4m from the Church Commissioners is budgeted: a re-allocation of funds within the 2020-22 spending plans.
  - £0.4m for Central Services, reflecting depreciation and software licence subscriptions on the Council's share of the new People System, due to go-live in mid-2021.
  - £0.3m for additional MPA activities: extra provision for the Modern Slavery Project (funded by the Clewer Initiative) and a new Social Impact Investment role as part of the Church Commissioner funded Social Impact Investment Programme.
23. The budget also includes savings of £0.5m referred to earlier in the paper reflecting a combination of pay restraint, reduced travel and accommodation costs and some modest restructuring plans.

### Grants (Vote 3)

24. This budget comprises the Church of England's contributions to the Anglican Communion Office, ecumenical organisations, the Church Urban Fund, the Council's Legal Costs Fund and other minor grants.
25. The Grants Budget for 2021 is £1.3m, (1.7%) above the 2020 budget. The Inter Anglican budget increases by 2.5% in 2021 after an exceptional increase of 6.5% in 2020 in line with the request received. This is offset in part by a suspension of the annual top-up for the Legal Costs Fund, having regard to the current balance and forecast expenditure. As shown in the table below, all other grants are held flat (including the World Council of Churches budget which includes the additional £10,000 p.a. sum established in the 2018 budget to build up a provision for a contribution towards the costs of the next Assembly - an event that usually takes place every seven years but, due to COVID-19, has been deferred from 2021 to 2022).

	2020 Budget £	2020 Forecast £	2021 Budget £
<b>Anglican Communion Activities</b>			
Inter Anglican Budget	<b>602,844</b>	<b>626,255</b>	<b>641,911</b>
<b>Ecumenical Activities</b>			
Churches Together in England	150,000	150,000	150,000
World Council of Churches (incl Assembly)	118,000	118,000	118,000
Conference of European Churches	92,736	92,736	92,736
Churches Together in Britain & Ireland	15,000	15,000	15,000
Expenses of representatives	20,000	16,589	20,000
	<b>395,736</b>	<b>392,324</b>	<b>395,736</b>
<b>Miscellaneous</b>			
Church Urban Fund	203,000	203,000	203,000
Legal Costs (incl Legal Aid) Fund	20,000	-	-
Minor Grants	20,000	20,000	21,855
	<b>243,000</b>	<b>223,000</b>	<b>224,855</b>
<b>Grand Total</b>	<b>1,241,579</b>	<b>1,241,579</b>	<b>1,262,502</b>

### Mission Agency Pension Contributions (Vote 4)

26. The Council meets pension contributions for clergy serving with the Partnership for World Mission (PWM) mission agencies who are regarded as being "in service" for the purposes of the clergy pension scheme.
27. The 2021 expenditure budget is £712k, (2.0%) above the 2020 budget in line with the increase in standard pension contributions. As the Vote 4 reserve is above the top of its policy range, the 2021 budget includes planned use of £50k from reserves with the remainder of budgeted expenditure met from the diocesan apportionment.

## Clergy Retirement Housing Grant (Vote 5)

28. The Council took on responsibility for the grant, funded by the diocesan apportionment, to support the clergy retirement housing (CHARM) scheme operated by the Church of England Pensions Board on behalf of the wider Church in 2005. This enabled the Church Commissioners to increase their grant funding by an equivalent amount.
29. CHARM Rental is the most popular option offered by the Board.<sup>2</sup> Almost 1,200 households currently rely on CHARM Rental; a number which is expected to increase to around 1,300 with the coming bulge in retirements then eventually reduce. CHARM Rental offers modest and affordable retirement housing to those who have given at least 15 years' stipendiary service to the Church. It is part of the Church's commitment (reaffirmed by General Synod in 2010 and 2014) to its clergy, alongside the stipend and tied housing. It gives back to the Church by enabling ministry in retirement.
30. Reforms to CHARM in 2015 were accompanied by a five-year funding commitment of 5% p.a. increases in Vote 5 which ends in 2020. Considerable analysis has been undertaken to project forward the funding requirements for 2021 and beyond, mindful of the Church's commitment to its clergy, increased retirements, the Board's obligations to commercial lenders that finance CHARM (banks and bond holders), and practical affordability concerns for the wider Church.
31. The 2021 budget of £5.4m reflects a 2.5% increase in the Vote 5 grant for the clergy retirement housing scheme. This is an inflationary increase plus a contribution towards the required growth in the portfolio to meet increasing numbers of retiring clergy – i.e. to broadly maintain the level of support per property in real terms. The Pensions Board has taken steps to minimise the Vote 5 request as much as possible, including targeting significant efficiencies in its housing operations and obtaining agreement from the Church Commissioners to meet the costs of sale for properties where the financial interest is held by the Commissioners. The Council has confirmed to the Pensions Board that the 2.5% increase will apply for 2022 as well as 2021.

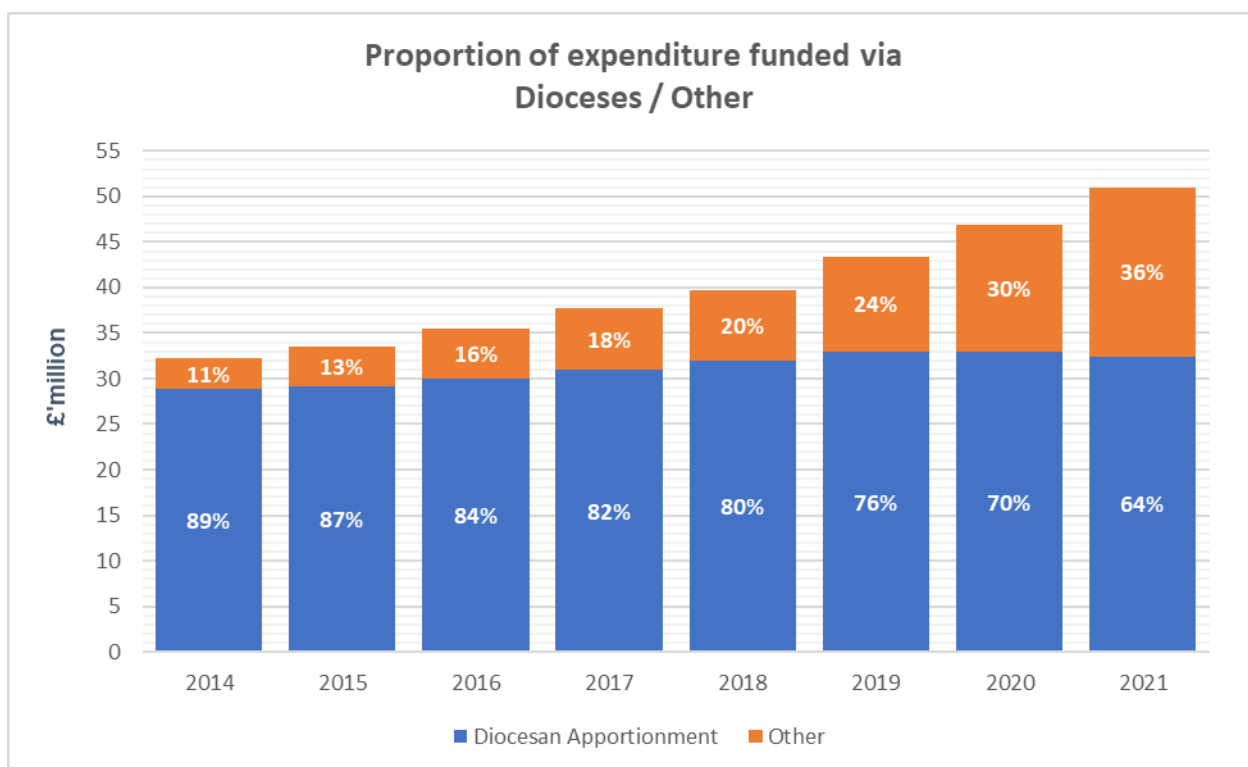
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<sup>2</sup> The Board also offers a Shared Ownership product (just over 100 households) and supported housing (230 customers), and there are just under 600 households in the pre-2008 mortgage scheme.



## How the budget is funded and the diocesan apportionment

32. The majority of the Council's budget as set out in this paper continues to be funded by the diocesan apportionment and the Council is grateful for the continued support of dioceses which enables it to continue to deliver a wide range of work on behalf of the Church. It is also grateful for the continued – and in most cases increasing – support of its other funding partners which include the Corporation of the Church House, the AllChurches Trust, the Clewer Sisters and the Church Commissioners. This support, together with savings identified by the Council has enabled the 2021 diocesan apportionment to be 1.6% lower than the 2020 (and 2019) equivalent. This continues the trend of a decreasing proportion of the budget being funded by the diocesan apportionment as illustrated in the chart below.



33. The Summary by Vote and recommended Apportionment Table for 2021 are shown on the following pages.

Summary by Vote		2019		2020		2021 Budget £'000s	change v 2020 budget %
		Budget £'000s	Actual £'000s	Budget £'000s	Forecast £'000s		
<b>Training for Ministry</b>	Income	-520	-566	-20		-	
	Add'l Ordinands Funding (Hold V1 appt flat)	-	-	-2,593	-2,665	-3,168	
	Expenditure	17,337	17,177	17,589	17,441	17,944	2.0%
	<b>Net Expenditure</b>	<b>16,817</b>	<b>16,610</b>	<b>14,976</b>	<b>14,776</b>	<b>14,776</b>	
	Funded via:						
	AC Rest/Des Funds Transfers	402	197	200	-	-	
<b>V1</b>	<b>Dioceses via Apportionment</b>	<b>14,776</b>	<b>14,774</b>	<b>14,776</b>	<b>14,776</b>	<b>14,776</b>	<b>0.0%</b>
	CCF Drawdown - Train for Min Budget	1,640	1,640	-	-	-	
	V1 Reserves: (to) / from	-	-	-	-	-	
<b>Operating Budget</b>							
<b>Operating Budget</b>	Income	-5,892	-5,698	-8,047	-8,334	-10,113	25.7%
	Strategic Transformation Funding	-	-	-1,000	-1,000		
	V2 Virement (Safeguarding + Environment)					-2,079	
	V2 Virement (Other)					-1,159	
	Expenditure	18,940	19,309	22,088	22,335	25,579	15.8%
	<b>Net Expenditure</b>	<b>13,048</b>	<b>13,611</b>	<b>13,042</b>	<b>13,000</b>	<b>12,228</b>	
Funded via:							
AC Rest/Des Funds Transfers	1,300	1,219	1,033	426	1,093		
<b>V2</b>	<b>Dioceses via Apportionment</b>	<b>11,749</b>	<b>11,747</b>	<b>11,109</b>	<b>11,109</b>	<b>10,325</b>	<b>-7.1%</b>
	CCF Drawdown - PCR 2	-	24	900	450	810	
	CCF Drawdown - Additional Expend	-	-	-	1,019	-	
	V2 Reserves: (to) / from	-	620	-	-3	-	
<b>Grants</b>							
<b>Grants</b>	Income	-	-3	-		-	
	Expenditure	1,253	1,206	1,242	1,242	1,263	1.7%
	<b>Net Expenditure</b>	<b>1,253</b>	<b>1,203</b>	<b>1,242</b>	<b>1,242</b>	<b>1,263</b>	
	Funded via:						
<b>V3</b>	<b>Dioceses via Apportionment</b>	<b>1,253</b>	<b>1,253</b>	<b>1,242</b>	<b>1,242</b>	<b>1,263</b>	<b>1.7%</b>
	V3 Reserves: (to) / from	-	-50	-	-	-	
<b>Mission Agency Pension Contributions</b>							
<b>Mission Agency Pension Contributions</b>	Income	-667	-669	-		-	
	Expenditure	822	706	698	698	712	2.0%
	<b>Net Expenditure</b>	<b>156</b>	<b>38</b>	<b>698</b>	<b>698</b>	<b>712</b>	
	Funded via:						
<b>V4</b>	<b>Dioceses via Apportionment</b>	<b>156</b>	<b>156</b>	<b>554</b>	<b>554</b>	<b>662</b>	<b>19.4%</b>
	V4 Reserves: (to) / from	-	-118	144	144	50	
<b>CHARM</b>							
<b>CHARM</b>	Income	-	-3	-		-	
	Expenditure	5,046	5,046	5,299	5,299	5,431	2.5%
	<b>Net Expenditure</b>	<b>5,046</b>	<b>5,044</b>	<b>5,299</b>	<b>5,299</b>	<b>5,431</b>	
	Funded via:						
<b>V5</b>	<b>Dioceses via Apportionment</b>	<b>5,046</b>	<b>5,046</b>	<b>5,299</b>	<b>5,299</b>	<b>5,431</b>	<b>2.5%</b>
	V5 Reserves: (to) / from	-	-3	-	-	-	
<b>TOTAL</b>							
<b>TOTAL</b>	Income	-7,078	-6,940	-8,067	-8,334	-10,113	25.4%
	Strategic Transformation Funding	-	-	-1,000	-1,000	0	
	Additional Ordinands Funding	-	-	-2,593	-2,665	-3,168	
	V2 Virement (Safeguarding + Environment)					-2,079	
	V2 Virement (Other)					-1,159	
	Expenditure	43,399	43,445	46,915	47,014	50,928	8.6%
	<b>Net Expenditure</b>	<b>36,320</b>	<b>36,505</b>	<b>35,255</b>	<b>35,014</b>	<b>34,409</b>	
	Funded via:						
	AC Rest/Des Funds Transfers	1,702	1,415	1,233	426	1,093	
	<b>Dioceses via Apportionment</b>	<b>32,979</b>	<b>32,976</b>	<b>32,979</b>	<b>32,979</b>	<b>32,456</b>	<b>-1.6%</b>
	CCF Drawdown - Train for Min Budget	1,640	1,640	-	-	-	
	CCF Drawdown - PCR 2	-	24	900	450	810	
CCF Drawdown - Additional Expend	-	-	-	1,019	-		
V1-V5 Reserves	-	450	144	140	50		

## 2021 Table of Apportionment

Diocese	Training for Ministry	National Church Responsibilities	Grants & Provisions	Inter-diocesan support Mission Agency clergy pension contributions	CHARM	Apportionment 2021	% change 2020 on 2020	Pooling 2019/20	Total Apportionment post pooling 2021
	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5	£	%	£	£
	£	£	£	£	£	£	%	£	£
Bath & Wells	392,789	274,472	33,562	17,590	144,551	862,964	-1.6	30,738	893,702
Birmingham	188,974	132,051	16,147	8,463	69,544	415,179	-1.6	31,723	446,902
Blackburn	301,883	210,949	25,794	13,519	111,096	663,241	-1.6	37,207	700,448
Bristol	225,277	157,418	19,249	10,089	82,904	494,937	-1.6	-100,732	394,205
Canterbury	235,383	164,480	20,112	10,541	86,623	517,139	-1.6	18,106	535,245
Carlisle	211,864	148,046	18,103	9,488	77,968	465,469	-1.6	85,660	551,129
Chelmsford	553,869	387,031	47,325	24,804	203,830	1,216,859	-1.6	-180,848	1,036,011
Chester	484,113	338,287	41,365	21,680	178,159	1,063,604	-1.6	111,111	1,174,715
Chichester	631,501	441,278	53,959	28,281	232,399	1,387,418	-1.6	-120,998	1,266,420
Coventry	231,686	161,896	19,797	10,375	85,263	509,017	-1.6	-41,560	467,457
Derby	211,619	147,875	18,082	9,477	77,878	464,931	-1.6	22,319	487,250
Durham	224,087	156,586	19,147	10,035	82,466	492,321	-1.6	4,516	496,837
Ely	277,030	193,582	23,671	12,406	101,950	608,639	-1.6	34,504	643,143
Exeter	346,353	242,023	29,594	15,511	127,461	760,942	-1.6	32,685	793,627
Gloucester	305,389	213,398	26,094	13,676	112,386	670,943	-1.6	34,589	705,532
Guildford	510,799	356,934	43,645	22,875	187,979	1,122,232	-1.6	-102,443	1,019,789
Hereford	170,757	119,321	14,590	7,647	62,840	375,155	-1.6	38,887	414,042
Leicester	194,578	135,967	16,626	8,714	71,607	427,492	-1.6	-109,919	317,573
Lichfield	431,953	301,838	36,908	19,344	158,963	949,006	-1.6	113,476	1,062,482
Lincoln	306,500	214,175	26,189	13,726	112,795	673,385	-1.6	98,413	771,798
Liverpool	280,041	195,686	23,928	12,541	103,058	615,254	-1.6	-197,537	417,717
London	1,382,406	965,992	118,120	61,908	508,740	3,037,166	-1.6	-792,594	2,244,572
Manchester	336,179	234,914	28,725	15,055	123,717	738,590	-1.6	-108,279	630,311
New castle	171,935	120,144	14,691	7,700	63,274	377,744	-1.6	76,331	454,075
Norwich	250,068	174,742	21,367	11,199	92,028	549,404	-1.6	58,036	607,440
Oxford	923,428	645,270	78,902	41,354	339,831	2,028,785	-1.6	-4,848	2,023,937
Peterborough	283,081	197,810	24,188	12,677	104,177	621,933	-1.6	50,170	672,103
Portsmouth	184,467	128,901	15,762	8,261	67,886	405,277	-1.6	-127,918	277,359
Rochester	407,489	284,744	34,818	18,249	149,960	895,260	-1.6	100,035	995,295
St Albans	540,731	377,850	46,203	24,216	198,995	1,187,995	-1.6	-59,295	1,128,700
St Eds & Ips	251,277	175,586	21,470	11,253	92,473	552,059	-1.6	58,550	610,609
Salisbury	453,091	316,609	38,714	20,291	166,742	995,447	-1.6	68,639	1,064,086
Sheffield	187,697	131,158	16,038	8,406	69,075	412,374	-1.6	3,257	415,631
Sodor & Man	33,250	23,235	2,841	1,489	12,237	73,052	-1.6	13,572	86,624
Southwark	744,507	520,244	63,614	33,341	273,986	1,635,692	-1.6	53,568	1,689,260
Southwell & Nottingham	212,249	148,315	18,136	9,505	78,110	466,315	-1.6	-64,325	401,990
Truro	157,530	110,078	13,460	7,055	57,973	346,096	-1.6	29,323	375,419
Winchester	365,886	255,673	31,263	16,386	134,650	803,857	-1.6	-118,071	685,786
Worcester	215,431	150,538	18,407	9,648	79,281	473,305	-1.6	-80,055	393,250
York	350,565	244,967	29,954	15,699	129,012	770,197	-1.6	70,461	840,658
Europe	31,015	21,673	2,650	1,389	11,400	68,127	-1.6	-164,167	-96,040
Leeds	499,645	349,140	42,693	22,375	183,876	1,097,729	-1.6	154,064	1,251,793
Armed Forces	17,678	12,353	1,510	792	-	32,333	-1.6	0	32,333
Armed Forces Pooling	-	-	-	-	-	-	-	-20,501	-20,501
Guernsey	26,208	18,313	2,239	1,174	9,645	57,579	-1.6	15,400	72,979
Jersey	33,355	23,308	2,850	1,494	12,275	73,282	-1.6	12,100	85,382
Life assurance	-	-	-	-	-	-	-	-38,035	-38,035
Prior year correction	-	-	-	-	-	-	-	-144,217	-144,217
Additional Ordinands grant	-	-	-	-	-	-	-	1,118,902	1,118,902
<b>Totals</b>	<b>14,775,613</b>	<b>10,324,850</b>	<b>1,262,502</b>	<b>661,697</b>	<b>5,431,063</b>	<b>32,455,725</b>	<b>-1.6</b>	<b>0</b>	<b>32,455,725</b>

## Reserves

34. The Council holds reserve funds for each of the five areas of expenditure voted on separately by General Synod to enable it to meet its obligations and commitments which span more than one accounting period, to assist in cash flow management and to help reduce the risk of needing to ask dioceses for a substantial increase in Apportionment funding in any one year.
35. The table below shows Reserves to end 2021. The drawdown of £0.1m from the Vote 4 reserve in 2021 is forecast to reduce that reserve to the top of its Policy range. This table excludes the draw on restricted funds<sup>3</sup>, most notably the Church and Community Fund, from which it is budgeted to draw £1.9m in 2021, £0.8m above the assumed sustainable level for that fund.

	Actual 1 Jan 2020 £m	F/cast mvt 2020 £m	Projected Dec 2020 £m	Policy levels		Budget mvt 2021 £m	Projected Dec 2021 £m
				£m	£m		
Training for Ministry (Vote 1)	2.6		2.6	1.5	4.4		2.6
Operating Budget (Vote 2)	2.2		2.2	1.8	5.5		2.2
Grants (Vote 3)	0.3		0.3	0.1	0.3		0.3
Mission agency pension contributions (Vote 4)	0.4	(0.1)	0.3	0.1	0.2	(0.1)	0.2
Clergy retirement housing (Vote 5)	0.4		0.4	0.4	1.3		0.4
<b>Total</b>	<b>5.9</b>	<b>(0.1)</b>	<b>5.8</b>	<b>3.9</b>	<b>11.7</b>	<b>(0.1)</b>	<b>5.7</b>
<u>Restricted Funds with wide purposes</u>				Min 1 mth	Max 3 mth		
Church & Community Fund (CCF) fund value	£20.9m at end December 2019			Total expenditure			
Special Purposes Fund value	£1.8m at end December 2019						

36. It should be noted that the various grants awarded by the Council as a result of Church Commissioners funding are excluded from the above Reserves calculation. A Statement of Funding Principles has been agreed between the Council and the Commissioners which provides comfort that Grant commitments can be met without the Council needing to provide additional specific reserves.

<sup>3</sup> The majority of the Council's Restricted Funds are held in investments, so fund values are subject to change based upon market performance

## Training for Ministry (Vote 1)

37. The Training for Ministry budget covers the majority of the costs of training clergy for deployment in the Church of England. It excludes the costs of family maintenance grants which are made by dioceses and in 2019/20 amounted to £8.3 million, of which £7.5 million was poolable.

Training For Ministry Budget	2019		2020		2021
	Budget	Actual	Budget	Forecast	Budget
	£'000s	£'000s	£'000s	£'000s	£'000s
<b>a) Non RME / Pre RME Block Grants Students</b>					
Tuition Costs	1,189	1,242	0	0	0
Ordinand Allowances and Maintenance + Non RME Funded 2018 starters	537	627	48	84	43
	<b>1,726</b>	<b>1,869</b>	<b>48</b>	<b>84</b>	<b>43</b>
<b>b) Block Grants</b>					
Band 1 (<32 yrs)	6,235	5,547	7,115	7,018	7,066
Band 2 (32-39 yrs)	3,050	2,953	3,474	3,234	3,401
Band 3 (40-54 yrs)	3,459	3,405	4,419	4,504	4,899
Band 4 (55 yrs and over)	1,288	1,327	1,358	1,314	1,333
RME Accruals	0	933	0	1,019	995
Reverse prior year RME accrual	0	0	0	-933	-1,019
Contingency	0	0	0	0	74
	<b>14,032</b>	<b>14,164</b>	<b>16,366</b>	<b>16,156</b>	<b>16,749</b>
<b>c) University Fees</b>	<b>1,087</b>	<b>872</b>	<b>967</b>	<b>982</b>	<b>999</b>
<b>d) Disability / Dyslexia / Other Grants</b>	<b>127</b>	<b>30</b>	<b>127</b>	<b>128</b>	<b>132</b>
<b>e) Other</b>					
Context Based Training Support Grants	62	54	0	0	0
TAP / Family Maintenance Grants	151	144	54	57	0
RDP Grants / RME Contingency / Other	170	43	27	34	21
LEA & Self Funded Support	-17	0	0	0	0
	<b>366</b>	<b>241</b>	<b>81</b>	<b>91</b>	<b>21</b>
<b>Total Gross Expenditure - £'000s</b>	<b>17,337</b>	<b>17,177</b>	<b>17,589</b>	<b>17,441</b>	<b>17,944</b>
<b>Funding Sources</b>					
Dioceses via VI Apportionment	-14,776	-14,774	-14,776	-14,776	-14,776
Additional Ordinands Funding	0	0	-2,593	-2,665	-3,168
Church & Community Fund Transfer	-1,640	-1,640	0	0	0
Grant Income (Corp Church House)	-500	-500	0	0	0
Other AC Restricted Fund Transfers	-402	-197	-200	0	0
Bank interest / Other Income	-20	-66	-20	0	0
<b>Total Funding Sources - £'000s</b>	<b>-17,337</b>	<b>-17,177</b>	<b>-17,589</b>	<b>-17,441</b>	<b>-17,944</b>

## RME Block Grants

38. The 2021 budget includes age-based block grants for ordinands as per below:

	2020/21	2021/22
<b>RME Block Grants (per ordinand)</b>	<b>£</b>	<b>£</b>
Bands 1 & 2	16,299	16,625
Bands 3 & 4	7,071	7,212

## Pooling

39. The total of eligible estimated diocesan expenditure on maintenance of ordinands for the academic year 2019/20 has been pooled, as per normal practice. This total is apportioned between the dioceses at the same rate as the apportionment<sup>4</sup>, resulting in a net payment or refund for each diocese to make up the difference between the actual spent and their apportioned amount. This 'pooling adjustment' is collected or rebated alongside the apportionment for administrative convenience. The eligible total for each academic year is then adjusted for any difference between the estimated and actual expenditure for the prior academic year (i.e. 2018/19). Pooled expenditure in the 2019/20 academic year was £8.0 million (including the adjustment in respect of the previous academic year).
40. As part of the spending plans for the 2020-22 triennium, it was agreed that the Church Commissioners will make a grant to the Council to help to cover ordinands' additional maintenance costs. It was agreed that this grant would cover the costs above those borne by dioceses for the 2018/19 academic year, modified for inflation at the rate of the Vote 1 apportionment increase in each year. This is consistent with the part of the additional ordinands funding which is in effect a top-up for the Training for Ministry budget. This results in a grant of £1.1m for 2021.

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<sup>4</sup> For illustration if a diocese's apportionment is 2% of the total apportionment then their share of additional maintenance grants is deemed to be 2% of the overall total.

**Pooling of Ordinands Costs 1.9.2019 to 31.8.2020**

	a	b	c	d	e	f	g	h	i		j
<b>DIOCESE</b>	2019/20 estimated spend	2019/20 single cap adjustment	2019/20 context based cap adjustment	2019/20 Total estimated pooling spend	Prior year (18/19) adjustment	2019/20 total poolable spend	2021 apport- ionment %	2021 apportioned pooling amount	2021 Apport. (refund) or additional payment	2021 value of Additional Ordinands funding	2020 (refund) or payment
				(a+b+c)		(d+e)		(g*Σf)	(h-f)		
Bath and Wells	180,089	-12,672	-8,000	159,417	-9,473	149,945	2.63%	180,683	30,738	29,402	60,093
Birmingham	60,363	-14,086	-2,000	44,277	10,964	55,240	1.26%	86,963	31,723	14,151	42,564
Blackburn	114,898	-7,137	-3,000	104,761	-3,832	100,929	2.01%	138,136	37,207	22,479	(24,759)
Bristol	206,514	-387	-2,000	204,127	267	204,394	1.51%	103,662	(100,732)	16,869	(102,909)
Canterbury	98,947	-8,246	0	90,701	540	91,241	1.59%	109,347	18,106	17,794	24,623
Carlisle	13,613	0	-1,000	12,613	0	12,613	1.43%	98,273	85,660	15,992	95,969
Chelmsford	434,771	-20,629	-11,000	403,142	33,572	436,715	3.72%	255,867	(180,848)	41,637	(149,625)
Chester	129,168	-8,916	-10,000	110,251	1,369	111,620	3.24%	222,731	111,111	36,245	61,471
Chichester	470,683	-37,008	-13,000	420,675	-10,677	409,998	4.20%	289,000	(120,998)	47,029	(82,161)
Coventry	138,465	0	-3,000	135,465	14,119	149,584	1.57%	108,024	(41,560)	17,579	48,667
Derby	80,394	0	-2,000	78,394	0	78,394	1.46%	100,713	22,319	16,389	34,611
Durham	111,830	-10,695	-1,000	100,134	-420	99,714	1.52%	104,230	4,516	16,961	31,957
Ely	123,523	-24,521	-2,000	97,003	2,069	99,072	1.94%	133,576	34,504	21,737	64,421
Exeter	140,793	-5,836	-7,000	127,957	0	127,957	2.34%	160,642	32,685	26,141	4,921
Gloucester	113,144	0	-2,000	111,144	-543	110,602	2.11%	145,191	34,589	23,627	36,290
Guildford	359,835	-8,373	-7,000	344,462	-2,654	341,808	3.48%	239,365	(102,443)	38,951	(58,315)
Hereford	48,146	-18,490	0	29,656	8,844	38,500	1.13%	77,386	38,886	12,593	28,472
Leicester	220,177	-10,915	-9,000	200,262	5,320	205,582	1.39%	95,663	(109,919)	15,567	(188,857)
Lichfield	97,434	-7,777	-2,000	87,658	-2,184	85,473	2.89%	198,949	113,476	32,375	91,822
Lincoln	29,927	-1,237	-3,000	25,690	11,063	36,753	1.97%	135,166	98,413	21,995	122,669
Liverpool	315,672	-21,797	-13,428	280,447	45,501	325,948	1.87%	128,411	(197,537)	20,896	(112,258)
London	1,636,984	-123,289	-49,400	1,464,295	29,562	1,493,857	10.20%	701,263	(792,594)	114,116	(558,988)
Manchester	318,780	-34,079	-16,000	268,701	-5,541	263,161	2.25%	154,882	(108,279)	25,204	76
Newcastle	12,832	-9,552	0	3,280	0	3,280	1.16%	79,611	76,331	12,955	76,213
Norwich	66,413	0	4,000	70,413	-14,365	56,048	1.66%	114,084	58,036	18,565	4,825
Oxford	408,459	-27,374	-8,000	373,085	61,133	434,218	6.24%	429,370	(4,848)	69,871	151,231
Peterborough	110,691	-30,886	-3,000	76,806	1,646	78,452	1.87%	128,622	50,170	20,930	23,312
Portsmouth	138,026	-2,423	-2,000	133,603	80,970	214,573	1.26%	86,655	(127,918)	14,101	77,063
Rochester	99,343	-10,674	-1,000	87,669	0	87,669	2.73%	187,703	100,034	30,545	92,425
St Albans	321,498	-23,729	-9,954	287,814	18,086	305,901	3.59%	246,606	(59,295)	40,130	31,443
St Edmundsbury & Ipswich	58,136	-12,896	1,206	46,447	8,811	55,258	1.66%	113,808	58,550	18,520	45,049
Salisbury	143,025	-8,193	-6,000	128,832	8,592	137,424	3.00%	206,064	68,639	33,532	64,906
Sheffield	91,916	-6,091	-2,000	83,825	-9	83,816	1.27%	87,073	3,257	14,169	(30,125)
Sodor and Man	12,331	-5,821	0	6,510	-3,324	3,186	0.24%	16,758	13,572	2,727	8,391
Southwark	342,593	-24,094	-6,947	311,553	-10,169	301,384	5.16%	354,952	53,568	57,761	67,697
Southwell & Nottingham	158,925	-9,783	-6,000	143,142	18,046	161,188	1.41%	96,863	(64,325)	15,762	(8,459)
Truro	55,516	-8,674	-3,000	43,843	-49	43,793	1.06%	73,117	29,323	11,898	(31,904)
Winchester	258,683	-9,119	-8,000	241,564	45,436	287,000	2.86%	168,929	(118,071)	27,490	(60,340)
Worcester	178,895	-6,415	-4,000	168,480	10,361	178,840	1.44%	98,785	(80,055)	16,075	(43,313)
York	76,568	-12,243	-1,000	63,325	28,742	92,067	2.36%	162,527	70,461	26,448	117,615
Leeds	105,709	-22,308	-7,000	76,401	-1,744	74,657	3.33%	228,721	154,064	37,219	146,146
Europe	155,844	-8,076	1,437	149,205	14,962	164,167	0%	0	(164,167)	-	(153,485)
Armed Forces pooling	20,501	0	0	20,501	0	20,501	0%	0	(20,501)	-	(43,987)
Guernsey	0	0	0	0	0	0		12,100	12,100	1,969	11,816
Jersey	0	0	0	0	0	0		15,400	15,400	2,506	15,039
Life Assurance	38,034	0	0	38,034	1	38,035	-	0	(38,035)	-	(32,310)
2020 In-year correction*					144,217	144,217	-	0	(144,217)	-	0
<b>Total (before grant)</b>						<b>7,994,772</b>					
Additional Ordinands grant**						-1,118,902	-	0	1,118,902		
<b>TOTAL</b>	<b>8,298,090</b>	<b>-614,441</b>	<b>-228,086</b>	<b>7,455,563</b>	<b>539,209</b>	<b>6,875,871</b>		<b>6,875,870</b>	<b>0</b>	<b>1,118,902</b>	<b>0</b>
Total adjustment for non-poolable costs		<b>-842,527</b>									

\* One diocese had a correction carried out during 2020 for 2017/18 and 2018/19 pooled spend.

\*\* Funding from the Church Commissioners to cap pooled costs at 2020 levels

## Operating budget (Vote 2)

41. The operating budget covers the cost of work carried out by staff in Archbishops' Council departments together with a usage-based share of pan-NCIs Central Services and the cost of providing office accommodation. All activities carried out by teams funded by the operating budget is in support of the Church's mission and ministry to the nation that can only be done or is most efficiently and / or effectively delivered at national level.
42. The table below shows each department's staff complement and budget. It is followed by comments on those departments where significant change has occurred or is planned as a result of additional provision in the 2021 budget.

<b>Gross Expenditure - by department</b>	<b>2020</b>			<b>2021</b>	
	FTE	Budget	Forecast	FTE	Budget
	Staff	£'000s	£'000s	Staff	£'000s
Ministry	26.2	2,180	2,309	26.4	2,678
MPA	20.3	1,657	1,792	21.4	1,891
Education	8.2	598	465	6.8	546
CCB (+ add'l 2021 environment resource)	17.3	1,145	1,158	20.5	1,606
Safeguarding (excl PCR2)	19.5	2,289	2,130	29.2	3,525
Central Secretariat	17.6	2,065	1,631	15.1	2,066
E & D	10.1	855	952	12.6	1,366
R & R	5.7	695	602	5.5	672
CHP & Crockfords	6.0	450	433	5.0	438
<b>Directly managed AC departments</b>	<b>130.8</b>	<b>11,934</b>	<b>11,472</b>	<b>142.6</b>	<b>14,789</b>
Central Services		3,871	3,922		4,094
Digital Church		1,585	1,530		1,669
Accommodation		2,990	2,898		3,026
Safeguarding - PCR 2 diocesan reclaim		900	450		810
Pension Deficit + Other (incl 2020 additional grants)		809	2,062		1,191
<b>TOTAL</b>	<b>130.8</b>	<b>22,089</b>	<b>22,335</b>	<b>142.6</b>	<b>25,579</b>

### Safeguarding

43. The Council, alongside other bodies including the House of Bishops and the National Safeguarding Steering Group, continues to devote significant attention to scrutinising and monitoring the safeguarding workplan. The Council has increased its safeguarding budget (excluding PCR2) from £2.2m in 2020 to £3.6m in 2021. The 2021 budget includes additional resource for the following areas:
- Piloting a network of Regional Advisors by recruiting Regional Heads (4.0FTE). If the Regional Model is implemented in full after the pilot exercise this will increase the fixed costs for 2022 and beyond.
  - Creation of a new Partnerships Team (additional 2.6FTE) – including establishing new Deputy Director and lead Survivor Engagement Officer posts.



- Enhanced work on Training, Development & Quality Assurance (1.0FTE).
- Staff resource to: design and implement a redress scheme (1.0FTE); help with the volume of casework undertaken by the team (0.6FTE); provide administrative support across the team (0.5FTE).

44. The 2021 budget is funded by a £1.75m grant from the Corporation of the Church House supplemented by funding virements agreed with the Church Commissioners within the framework of their 2020-22 spending plans. The IICSA recommendations, which the House of Bishops has committed to implementing urgently, now need to be costed and will have additional budgetary implications for 2021 and the succeeding years.

#### *Mission and Public Affairs (MPA)*

45. There are three specific areas of growth in the MPA area, with the final point not reflected in the 2021 budget due to the timing of funding being awarded, but this work is fully funded from external sources.

- Additional provision for the Clewer Initiative which seeks to bring recognition and support by raising awareness of all aspects of modern slavery and helping to mobilise the local church. This work, funded by the Clewer Sisters, began in 2016 as a three year project, and funding has now been promised to enable the project to continue until 2030.
- Creation of a new Social Impact Investment role (1.0 FTE) which will be funded from the £16m available from the Church Commissioners to seed a Social Impact Investment Programme.
- Since the 2021 budget was approved by the Council, funding has been obtained from the Foreign, Commonwealth & Development Office to work with the Centre for the Study of Social Cohesion at Oxford University on a project to create an expert, research informed international support network of parliamentarians and belief leaders dedicated to promoting the Freedom of Religion and Belief. This aims to develop innovative initiatives and solutions, implement these initiatives, convene key influencers and raise awareness.

#### *Digital*

46. The 2021 budget includes £1.7m for work on Digital Church as part of the £5m funding agreed in the spending plans from the Church Commissioners' funds for 2020-22. Since the COVID-19 pandemic began digital activities have accelerated, both locally and nationally. The national team has been working collaboratively across the NCIs to deliver compelling Christian content:

- A series of significant improvements and new resources on AChurchNearYou.com to support churches and people exploring faith, resulting in the site receiving more than 44 million-page views so far this year.
- The national weekly online services from across the traditions that have been watched three million times, with a good mix of ages and both regular churchgoers and those who have never been before.

- There has been a substantial increase in social media engagement with 86 million views, a 92 per cent increase on 2019.
- The team has worked with the Giving Team to share resources and webinars on local online giving.
- 4,900 people have joined training webinars, nearly five times the number of 2019.

47. Work is well underway on Comfort and Joy, the Church's Advent and Christmas campaign, and planning has started on Lent 2021. All the team's efforts are focused on equipping lay and ordained leaders, regular churchgoers and those exploring faith to know more of the love of Jesus Christ at this difficult time.

### *Cathedrals and Church Buildings*

48. The Cathedrals and Church Buildings team budget reflects their work to support the use of church buildings as tools for mission, outreach, social justice, celebration, commemoration, evangelism and worship. This has recently included securing a grant of £10m from the government's Cultural Recovery Fund for capital works for cathedrals and major churches.

49. In addition to these core activities, the Cathedrals and Church Buildings budget includes £0.4m (3.4FTE) for additional work by the National Church to help the Church respond to the net zero by 2030 target set by General Synod. This primarily focuses on: (i) expanding the ability to measure and monitor carbon footprint across the Church and (ii) provision for central expert resource to guide, identify Church-wide initiatives and create a plan of action. This work will be funded from a virement within the framework of the 2020-22 spending plans from the Church Commissioners' fund. There is no funding provision within the budget for the cost of national interventions or assistance such as grants for energy audits, green technologies and building adaptations. The working assumption is that these can only proceed if funding sources outside the NCIs are identified.

### *Other notable changes*

50. The most notable changes in other areas of the operating budget are:

- A £0.5m increase in the budget for the Ministry Team. This includes the continuation of the Ministry Experience Scheme and the administration of the new Strategic Ministry Funding which will be funded from Church Commissioner grants. Although additional ordinand training costs for the increased number of potential ordinands are met through additional Church Commissioners' distributions, the increase in the associated operational costs of running the discernment process are creating a further pressure on Vote 2.
- A £0.5m increase in the Evangelism & Discipleship (E&D) budget. This primarily reflects the transfer of Thy Kingdom Come (TKC) activities to the Council from September 2020 (with Church Commissioner funding agreed as part of the 2020-22 spending plans). The remainder of the increase reflects additional planned expenditure on Fresh Expressions (1.0FTE) and Sports Ministry (1.0FTE) partially offset by a reduction in the Life Events programme budget.