

GENERAL SYNOD**Archbishops' Council 2022 Budget****Introduction**

1. This paper sets out the Council's planned 2022 budget and explains that the Council will provide an updated forecast of planned expenditure for 2022 to the General Synod in November. The updated forecast will reflect any savings resulting from phase 1 of the Transforming Effectiveness programme, which may then allow the Council to reduce the apportionment requested from dioceses. The 2022 budget currently holds apportionment flat at the 2021 level of £32.5m (1.6% below the level in 2019 and 2020).
2. The Synod is invited to approve: (i) the expenditure in relation to budget elements funded largely by the dioceses, (ii) the resultant diocesan apportionment, (iii) the pooling adjustment in respect of ordinands' additional maintenance costs. It is also invited to request the Archbishops' Council to provide an updated estimate of its expected income and expenditure for 2022 at the November 2021 Group of Sessions.

Context

3. The on-going Transforming Effectiveness work means that there is a great deal more uncertainty than would usually be the case in the Archbishops' Council's budgetary position. The 2022 budget has been prepared on a 'best estimate' basis recognising that the Council expects to consider making some structural changes to teams and activities over the coming months. The operating budget (Vote 2) has therefore been prepared largely on a 'business as usual' basis rather than attempting to anticipate any potential structural change, though a thorough review of the Safeguarding budget has been undertaken.
4. In November the Council proposes to update the newly elected Synod on how (if at all) its expected income and expenditure for 2022 has changed since June. The November update can state (if appropriate) that the Council will not seek to collect all of the diocesan apportionment that was approved in July.¹ Although the Council will not need to seek Synod approval for the revised budgetary expectations (as the approval by the Synod of the July budget is not a legal limitation on the income and expenditure of the Council, only an expression of approval of the Council's expectations at that point in time), it will ask the Business Committee for a take note debate in November and invites the Synod to endorse this request.
5. Whilst recognising the ever greater need to seek efficiencies in its work, especially given the impact of the pandemic restrictions on the finances of parishes and dioceses, the Council has decided to commit additional resources in some priority areas and it is grateful for the support of the Church Commissioners to enable this without putting further pressure on diocesan apportionment. Additional resources will be allocated for Safeguarding to enable the Church to respond to the challenge of implementing the recommendations of the Independent Inquiry into Child Sexual Abuse (IICSA), work towards greater independence of the Safeguarding function and progress the project to develop a National Redress Scheme. Resource has also been allocated to create a Racial Justice Unit this autumn in response to the recommendation of the Racism Task Force and to progress the Emerging Church work. Third party funding has enabled the Council to commence a project on Freedom of Religion and Belief and expand the Clewer Initiative project seeking to address the issue of modern slavery.

¹ There is no requirement to obtain the Synod's approval for collecting a lower amount as the apportionment does not impose any legal obligations on DBFs to pay the amounts approved by the Synod, so the Council can tell dioceses informally it requests a lower amount of funding if that is the case.

6. The Council recognises that the COVID-19 pandemic has brought significant financial stress to the Church economy which has highlighted pre-existing issues relating to the affordability of the Council as presently structured and funded. The Council has sought to avoid an increase in diocesan apportionment for 2022 and hopes that the Transforming Effectiveness programme will enable savings to be made which will be reflected in an updated forecast later in the year. However, it also notes that there are a number of areas in which it may be called upon to undertake further work on behalf of the Church and for which no provision has currently been made in the 2022 budget:
- Implementing and funding a Redress scheme once agreed (though, as mentioned earlier the budget does include provision for the scheme development project)
 - The Archbishops' Families and Households Commission ((if it leads to any costs for the Council)
 - The Archbishops' Commission on Housing, Church and Community (if the Council is required to contribute to costs arising from its implementation)
 - The Archbishops' Commission on reimagining care (incremental costs will be funded from Lambeth Palace and several of the Council's MPA staff have been asked to advise the Commission)
 - Emerging Church project resource after December 2021
 - Implementation cost for the Emerging Church of England workstream proposals, particularly Transforming Effectiveness (including accommodation changes and staff restructuring costs) and the governance review

2022 Expenditure Budget

7. The Council's recommended 2022 gross expenditure budget is £52.0m for those areas of expenditure part funded by the apportionment. This is £1.5m (2.9%) above the 2021 restated budget². The main increases are in Safeguarding (£1.4m), the creation of a Racial Justice Unit (£0.2m), externally funded projects on Freedom of Religion & Belief and addressing Modern Slavery (£0.3m direct expenditure with associated income of £0.3m) and increased cost of shared services (£0.4m, principally due to the new People System).

Funding the 2022 budget and impact on apportionment

8. The 2022 budget includes £17.2m in income and external funding: £0.7m more than in the 2021 budget. This includes Church Commissioners' approved virements from within the 2020-22 spending plans totalling £6.1m. Last year virements were agreed to provide increased resources for safeguarding and environmental work, as well a general virement to reduce the impact of inflation and other cost pressures on diocesan apportionment. This year the Commissioners have agreed to provide a further £2.0m of virements to enable the Council to provide further resources for Safeguarding, to cover the costs of the Racial Justice Unit in 2021-2 and provide additional resources of £0.3m for resourcing the Emerging Church workstreams in 2021.

² The 2021 budget (originally £50.9m) has been restated (i) to reflect the accounting treatment for SafeSpaces England and Wales which has been established as a joint venture with the Catholic Church in England and Wales, so the budget only reflects the Council's share of expenditure rather than the full project costs with offsetting income and (ii) to remove third party income and associated expenditure for an event that couldn't take place due to the pandemic.

9. Last year the Council was able to achieve savings of £0.5m in its 2021 budget which enabled it to reduce the diocesan apportionment by 1.6% from the level in 2020 (which had been held at the 2019 level). This year, with the support of the Church Commissioners, the Council has been able to maintain the 2022 apportionment at the 2021 level of £32.5m. The Council also plans to use £2.4m of its accumulated reserves in 2022, an increase of 21% from the 2021 budget level. This is £1.6m above the level considered to be sustainable: the additional draw on reserves is planned to be used to fund the Survivor Support Scheme, grants to dioceses towards the cost of the second round of Past Cases Reviews and the depreciation costs of the People system.
10. Freezing the apportionment has only been possible with the support of the Council's funding partners. The Council is grateful for the willingness of these funding partners to maintain, and in some cases increase, their support of the Council's work.
11. Within the individual apportionment votes, the Council has fulfilled its commitment to increase its grant for the Clergy Retirement Housing Scheme by 2.5%. This requires reductions in the apportionment for its operating budget (0.7% following a reduction of 7.1% in 2021), grants (1.2%) and mission agency pension contributions (6.7%).
12. The Council recognises that it cannot continue drawing on reserves indefinitely and that other funding streams are put at risk by the impact of the pandemic. It recognises the need for the Transforming Effectiveness workstream to be progressed urgently and objectively and with potential painful thoroughness to enable it to present affordable budgets. Therefore, it plans to present an updated forecast of 2022 expenditure, which will incorporate any savings identified by mid-autumn, to the General Synod in November. The Council intends to monitor its expenditure for 2022 against this revised forecast.

Summary

13. The Gross Expenditure budget³ and funding plan for 2022, together with a forecast for 2021 compared with the restated budget² is summarised in the table below.

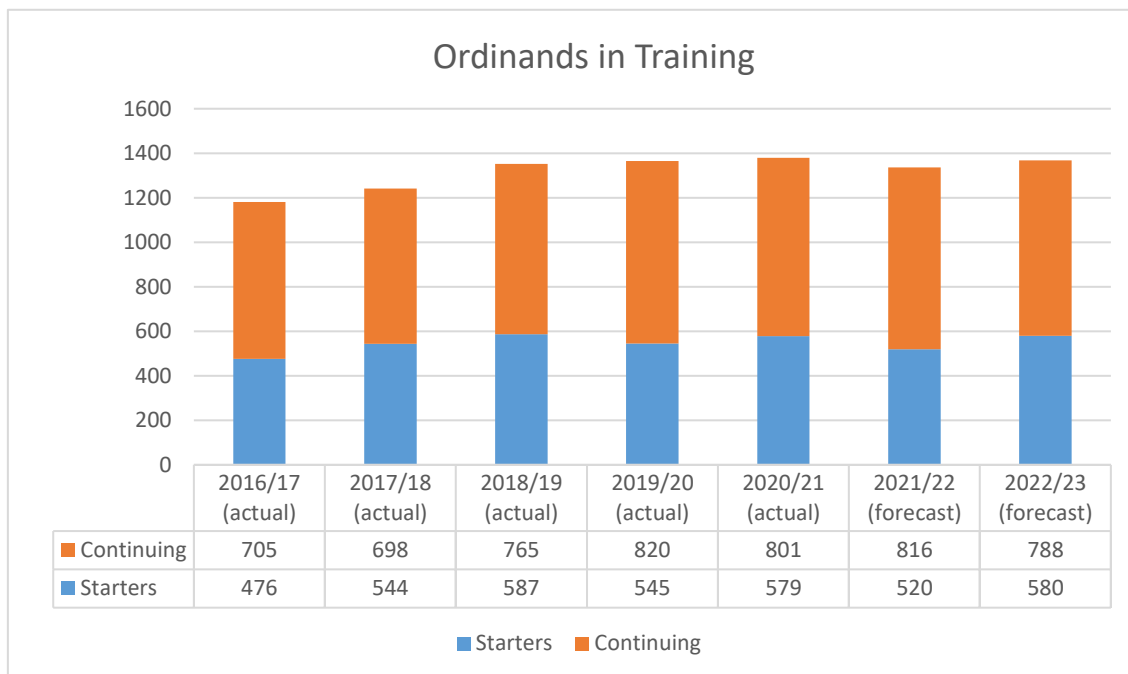
	2020		2021		Variance:		2022	Variance:	
	Budget	Actual	Restated Budget	Forecast	2021 F/cast vs 2021 Budget	%		Budget	2022 Budget vs 2021 Budget
<u>Gross expenditure</u>	£m	£m	£m	£m	£m	%	£m	£m	%
Training for Ministry (Vote 1)	17.6	17.2	17.9	17.3	0.6	3.5%	17.4	0.6	3.3%
Operating Budget (Vote 2)	22.1	21.3	25.2	25.9	(0.7)	(2.9%)	27.1	(2.0)	(7.9%)
Grants (Vote 3)	1.2	1.2	1.3	1.2	0.0	1.2%	1.2	0.0	1.2%
Mission agency pension contributions (Vote 4)	0.7	0.7	0.7	0.7	0.0	6.3%	0.7	0.0	6.3%
Clergy retirement housing (Vote 5)	5.3	5.3	5.4	5.4	0.0	0.0%	5.6	(0.1)	(2.5%)
Total	46.9	45.6	50.5	50.6	(0.0)	(0.1%)	52.0	(1.5)	(2.9%)

<u>Funded by</u>									
	2020 Budget	2020 Actual	2021 Restated Budget	2021 Forecast	Variance:		2022 Budget	Variance:	
	£m	£m	£m	£m	2021 F/cast vs 2021 Budget	%	£m	2022 Budget vs 2021 Budget	%
Diocesan apportionment	33.0	32.9	32.5	32.5	0.0	0.0%	32.5	(0.0)	(0.0%)
Income	8.1	7.6	8.9	8.8	0.1	1.1%	9.1	(0.1)	(1.6%)
Additional Ordinands Fund	2.6	2.4	3.0	2.3	0.6	21.2%	2.0	0.9	32.0%
Restricted / Designated / Reserves	2.3	1.7	2.0	2.1	(0.1)	(7.2%)	2.4	(0.4)	(20.8%)
STF (2020 only) + Virements	1.0	1.0	4.2	4.8	(0.6)	(15.0%)	6.1	(1.9)	(44.4%)
Total	46.9	45.6	50.5	50.6	(0.0)	(0.1%)	52.0	(1.5)	(2.9%)

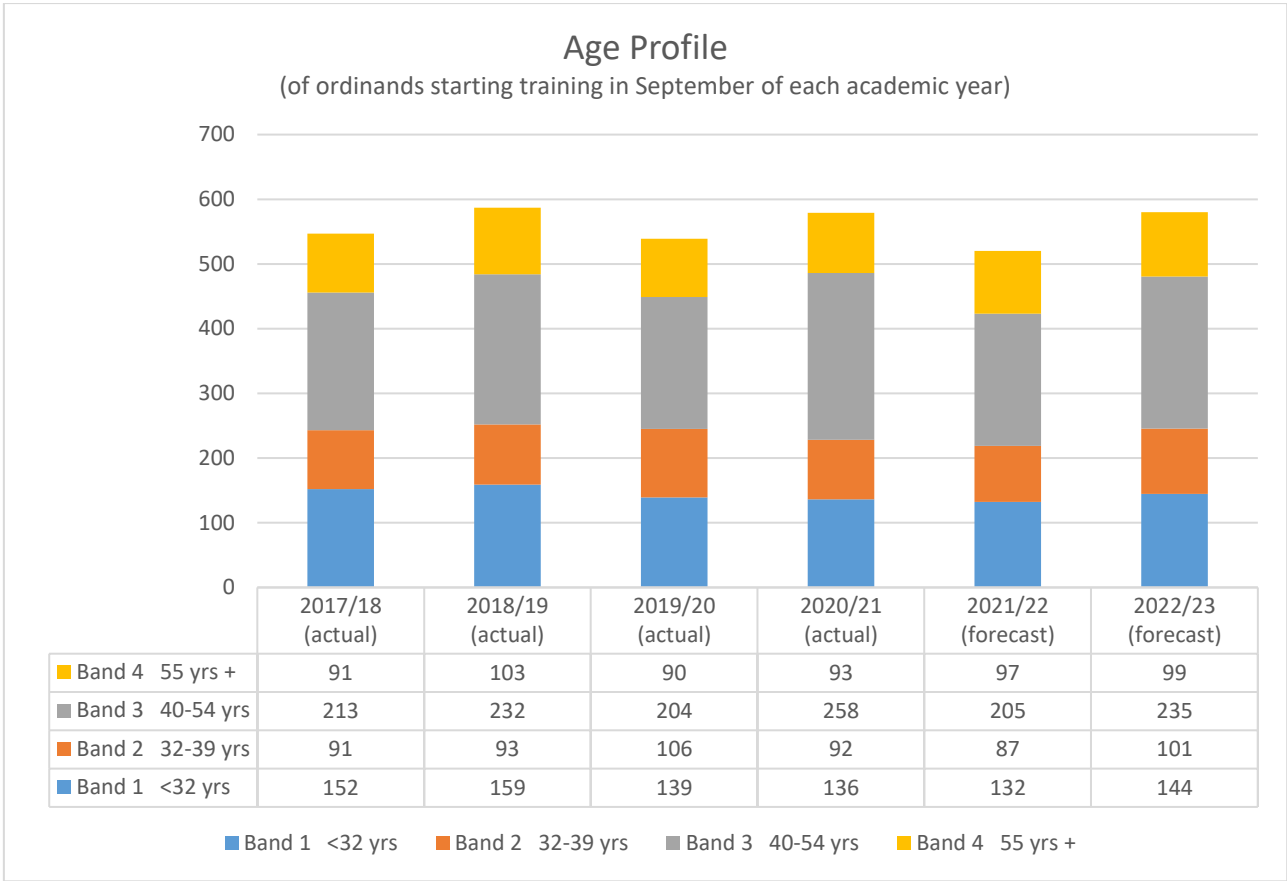
³ The budget covers those areas of activity that are part-funded by the diocesan apportionment. i.e. excludes grant funded activities such as Lowest Income Community Funding, Strategic Development Funding, Transition and Restructuring Funding, Sustainability Funding and Strategic Transformation Funding.

Training for Ministry (Vote 1)

14. This budget covers the majority of the costs of training clergy for deployment in the Church of England.
15. As a result of Bishops' Advisory Panels (BAPs) held in 2019/20, 579 individuals began ordination training commencing autumn 2020 – a 5% increase on autumn 2019. This meant that there were 1,380 ordinands in training in 2020/21 a cumulative increase of 17% compared with 2016/17.
16. Looking ahead to autumn 2021, the recommended budget contains provision for 520 ordinands commencing training, 59 less than last autumn. The number of new starters is 82 fewer than assumed in the 2021 budget: it is thought that the pandemic is having some effect on participation in Bishops Advisory Panels (BAPs) which have continued to take place remotely. The age range of those attending BAPs is slightly younger than last year.
17. These assumptions lead to a 2021 expenditure forecast of £17.3m which is £0.6m (3.5%) below budget. Total expenditure on Training for Ministry in 2022 is budgeted at £17.4m, £0.6m (3.3%) below the 2021 budget. The 2022 budget provides for 1,336 ordinands in training in the 2021/22 academic year: 44 fewer than at present but 155 (13.1%) more than in 2016/17. This shows that although numbers coming forward to discernment panels this year have been somewhat lower than last year this is a story of sustained vocational momentum. Candidates coming to panels this year will have experienced an entirely, or almost entirely, online discernment process in their dioceses. The Council is grateful to all those in the Church who have worked hard and flexibly towards the significant collective achievement of encouraging vocations at the current levels, despite the disruptions of pandemic related restrictions.



18. 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.



19. 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 £8.6m in 2020/21, £8.1m 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 change in line with the Vote 1 apportionment. The grant funding from the Commissioners is forecast to be £3.4m in 2021, reducing to a budgeted £3.2m in 2022 (£2.0m 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) due to the forecast reduction in the total number of ordinands.

20. Further details are provided in **Appendix 1**.

Operating Budget (Vote 2)

21. An income and expenditure analysis of the operating budget is attached as **Appendix 2**. This shows the latest 2021 forecast and the 2022 budget.

2021

22. Before looking at the 2022 budget, an explanation needs to be given for the current 2021 forecast of £25.9m gross expenditure. This is £0.7m (2.9%) above the 2021 budget.

23. The most significant forecast additional expenditures are:

- £0.5m additional expenditure on Safeguarding. This includes a forecast of Survivor Support scheme grants for the year and additional costs of the Safeguarding Programme (in particular the independence and redress projects, see further detail in Annex 1), partially offset by a rephrasing of the Past Cases Review grants as a result of the pandemic.
- £0.3m in respect of the third-party funded projects on Freedom of Religion & Belief and addressing Modern Slavery (total income to the Council, recognising the input of Mission and Public Affairs and shared service staff, £0.4m)
- £0.3m for the following elements of Emerging Church programme work in the second half of 2021: extending shared programme resources to the end of the year, additional support for Vision & Strategy development, provisional support for the next phase of Governance work and the follow-up to the nature of episcopacy work
- £0.1m for a new Racial Justice Unit. This provides for two additional posts from autumn 2021 to increase the staff resource for this work to 3FTE
- A £0.1m increase in Central Services costs primarily due to the impact of the Council's share of the new People System running costs

24. These are partially offset by forecast savings, the most significant of which are:

- £0.3m in accommodation costs following the agreement of a two-year lease extension for reduced floorspace at Church House and lower cleaning and utilities costs whilst Church House has been closed due to the national lockdown (net benefit to the Council £0.2m)
- £0.3m savings in the Ministry Team from running the entire discernment process on-line, offset by £0.1m of additional expenditure in areas including training for the new discernment framework and support for lay ministry
- £0.2m in Central Secretariat due to staff restructuring and a change in timing of the production of Living and Love in Faith resources (net benefit to the Council £0.1m)

2022

25. The recommended budget for operating expenditure in 2022 is £27.1m. This is £2.0m (7.9%) more than the 2021 budget. Pending the outcome of the Transforming Effectiveness work, the budget has largely been prepared on a roll-forward basis including budgetary provision for a 2% salary increase and some savings in non-salary costs (e.g. from fewer in-person meetings).

26. The most significant additional expenditures which have been built into the budget are as follows. (The Council is grateful to the Church Commissioners for agreeing to fund these from a spending plans virement made possible due to a forecast underspend in additional ordinands funding)
- Safeguarding (£1.4m), This is primarily explained by the incremental costs of the change programme over the two years: broadly the Independent Safeguarding Board (£0.8m), the project to develop a National Redress Scheme (£0.3m) and programme support for change management and project delivery (£0.3m)
 - The third-party funded Mission and Public Affairs projects on Freedom of Religion & Belief and addressing Modern Slavery (£0.3m direct expenditure with associated income of £0.3m)
 - Increased costs of shared services (£0.4m): principally due to the new People System.
 - The Racial Justice Unit (£0.2m in 2022)
27. The most significant saving is on accommodation costs following the agreement of a two-year lease extension for reduced floorspace at Church House (£0.3m, net benefit to the Council £0.1m).

Grants (Vote 3)

28. 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. The Grants Budget for 2022 is £1.2m, (1.2%) below the 2021 budget.
29. The Inter Anglican budget for 2021 provided for an increase of 2.5% in 2021. However, the Anglican Communion Office decided to freeze its 2021 budget at the 2020 level. All categories of the Vote 3 budget in 2022 are maintained at the 2021 level. This means that for a second successive year no annual top-up is provided for the Legal Costs Fund, having regard to the current balance and forecast expenditure. The World Council of Churches budget includes the additional £10,000 p.a. sum established in the 2018 budget

	2021		2022 Budget £	Variance vs 2021 Budget	
	Budget £	Forecast £		£	%
	Anglican Communion Activities				
Inter Anglican Budget	641,911	626,255	626,255	15,656	2.4%
Ecumenical Activities					
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	20,000	20,000	-	-
	395,736	395,736	395,736	-	-
Miscellaneous					
Church Urban Fund	203,000	203,000	203,000	-	-
Minor Grants	21,855	21,855	21,855	-	-
	224,855	224,855	224,855	-	-
Grand Total	1,262,502	1,246,846	1,246,846	15,656	1.2%

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, which has been deferred from 2021 to 2022.

Mission Agency Pension Contributions (Vote 4)

30. 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.
31. The 2022 expenditure budget is £667k, 6.3% below the 2021 budget but in line with the 2021 forecast. 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.

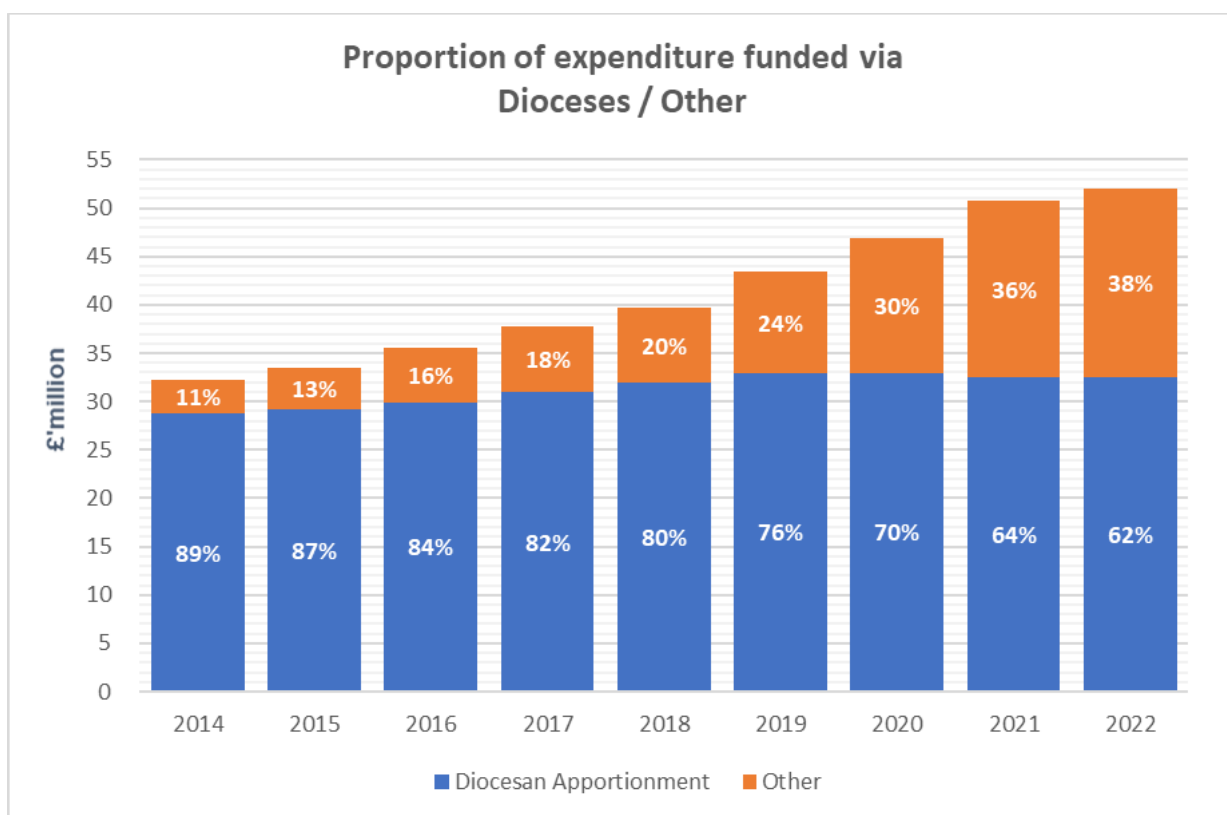
Clergy Retirement Housing Grant (Vote 5)

32. 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.
33. CHARM Rental is the most popular option offered by the Board.⁴ 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.
34. Reforms to CHARM in 2015 were accompanied by a five-year funding commitment of 5% p.a. increases in Vote 5 which ended in 2020. Considerable analysis was 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. This led the Council to confirm to the Pensions Board last year that the 2.5% increase will apply for 2022 as well as 2021.
35. The 2022 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.

⁴ The Board also offers a Shared Ownership product (just over 100 households) and supported housing (230 customers), and there are just under 500 households in the pre-2008 mortgage scheme.

How the budget is funded and the diocesan apportionment

36. 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 to help to offset increases in some areas of expenditure has enabled the 2022 diocesan apportionment to be maintained at the 2021 level (which was 1.6% lower than the 2020 (and 2019) equivalent). This continues the trend of a decreasing proportion of the Council's budget being funded by the diocesan apportionment as illustrated in the chart below.



37. The Summary by Vote and recommended Apportionment Table for 2022 are shown on the following pages.

Summary by Vote		2020		2021		2022	change v
		Budget	Actual	Restated Budget	Forecast	Budget	2021 budget
		£'000s	£'000s	£'000s	£'000s	£'000s	%
Training for Ministry	Income	-20	-2				
	Additional Ordinands Funding	-2,593	-2,418	-2,956	-2,329	-2,010	
	V1 Virement (to hold V1 Appt flat)			-212	-212	-569	
	Expenditure	17,589	17,158	17,944	17,317	17,355	-3.3%
	Net Expenditure	14,976	14,737	14,776	14,776	14,776	
	Funded via:						
	AC Rest/Des Funds Transfers	200	-				
V1	Dioceses via Apportionment	14,776	14,737	14,776	14,776	14,776	0.0%
	CCF Drawdown - Train for Min Budget						
	V1 Reserves: (to) / from	-	-0	-	-	-	
Operating Budget	Income	-8,047	-7,566	-8,942	-8,795	-9,082	1.6%
	Strategic Transformation Funding (2020 only)	-1,000	-1,000				
	V2 Agreed Virements (within 2021 budget)			-3,988	-4,618	-3,523	
	V2 New Virement (Spring 2021)			-	-	-1,975	
	Expenditure	22,089	21,315	25,158	25,892	27,139	7.9%
	Net Expenditure	13,043	12,749	12,228	12,479	12,559	
	Funded via:						
	AC Rest/Des Funds Transfers	1,034	538	1,093	1,094	1,175	
V2	Dioceses via Apportionment	11,109	11,096	10,325	10,325	10,250	-0.7%
	CCF Drawdown - PCR 2 + Survivor Support	900	393	810	1,000	1,134	
	CCF Drawdown - Additional Expend	-	722	-	-	-	
	V2 Reserves: (to) / from	-	-	-	60	-	
Grants	Income		-1				
	Expenditure	1,242	1,216	1,263	1,247	1,247	-1.2%
	Net Expenditure	1,242	1,215	1,263	1,247	1,247	
	Funded via:						
V3	Dioceses via Apportionment	1,242	1,240	1,263	1,263	1,247	-1.2%
	V3 Reserves: (to) / from		-25		-16	-	
Mission Agency Pension	Income		-3		-49		
	Expenditure	698	661	712	667	667	-6.3%
	Net Expenditure	698	658	712	618	667	
	Funded via:						
V4	Dioceses via Apportionment	554	554	662	662	617	-6.7%
	V4 Reserves: (to) / from	144	104	50	-44	50	
CHARM	Income		-1				
	Expenditure	5,299	5,299	5,431	5,431	5,567	2.5%
	Net Expenditure	5,299	5,298	5,431	5,431	5,567	
	Funded via:						
V5	Dioceses via Apportionment	5,299	5,299	5,431	5,431	5,567	2.5%
	V5 Reserves: (to) / from		-1				
TOTAL	Income	-8,067	-7,573	-8,942	-8,844	-9,082	1.6%
	Strategic Transformation Funding (2020 only)	-1,000	-1,000	-	-	-	
	Additional Ordinands Funding	-2,593	-2,418	-2,956	-2,329	-2,010	
	V1 Virement (to hold V1 Appt flat)			-212	-212	-569	
	V2 Agreed Virements (within 2021 budget)			-3,988	-4,618	-3,523	
	V2 New Virement (Spring 2021)			-	-	-1,975	
	Expenditure	46,916	45,648	50,507	50,554	51,974	2.9%
	Net Expenditure	35,256	34,657	34,409	34,550	34,816	
	Funded via:						
	AC Rest/Des Funds Transfers	1,234	538	1,093	1,094	1,175	
	Dioceses via Apportionment	32,979	32,926	32,456	32,456	32,456	0.0%
	CCF Drawdown - PCR 2 + Survivor Support	900	393	810	1,000	1,134	
	CCF Drawdown - Additional Expend	-	722	-	-	-	
	V1-V5 Reserves	144	78	50	-	50	

2022 Table of Apportionment

Diocese	Training for Ministry	National Church Responsibilities	Grants & Provisions	Inter-diocesan support of Mission Agency clergy pension contributions	CHARM	Apportionment 2022	% change 2022 on 2021	Pooling 2020/21	Total Apportionment post pooling 2022
	Vote 1 £	Vote 2 £	Vote 3 £	Vote 4 £	Vote 5 £	£	%	£	£
Bath & Wells	392,787	272,476	33,145	16,403	148,164	862,975	0.0	-49,087	813,888
Birmingham	188,973	131,091	15,947	7,892	71,283	415,186	0.0	9,114	424,300
Blackburn	301,881	209,415	25,474	12,607	113,874	663,251	0.0	7,232	670,483
Bristol	225,275	156,274	19,010	9,408	84,977	494,944	0.0	-61,742	433,202
Canterbury	235,381	163,284	19,863	9,830	88,789	517,147	0.0	23,959	541,106
Carlisle	211,863	146,970	17,878	8,848	79,918	465,477	0.0	77,915	543,392
Chelmsford	553,866	384,217	46,738	23,130	208,925	1,216,876	0.0	-66,210	1,150,666
Chester	484,110	335,827	40,852	20,217	182,613	1,063,619	0.0	175,801	1,239,420
Chichester	631,498	438,070	53,289	26,372	238,211	1,387,440	0.0	-46,861	1,340,579
Coventry	231,684	160,719	19,551	9,675	87,394	509,023	0.0	-48,376	460,647
Derby	211,618	146,800	17,857	8,837	79,825	464,937	0.0	-36,535	428,402
Durham	224,085	155,448	18,910	9,358	84,528	492,329	0.0	-15,035	477,294
Ely	277,028	192,174	23,377	11,569	104,499	608,647	0.0	-2,017	606,630
Exeter	346,351	240,264	29,227	14,464	130,648	760,954	0.0	43,793	804,747
Gloucester	305,387	211,847	25,770	12,753	115,196	670,953	0.0	16,408	687,361
Guildford	510,796	354,339	43,104	21,331	192,679	1,122,249	0.0	16,115	1,138,364
Hereford	170,756	118,454	14,409	7,131	64,411	375,161	0.0	52,290	427,451
Leicester	194,577	134,978	16,419	8,126	73,397	427,497	0.0	-47,459	380,038
Lichfield	431,950	299,644	36,450	18,039	162,937	949,020	0.0	124,420	1,073,440
Lincoln	306,498	212,618	25,864	12,800	115,615	673,395	0.0	101,749	775,144
Liverpool	280,039	194,263	23,631	11,695	105,634	615,262	0.0	-108,797	506,465
London	1,382,399	958,970	116,655	57,730	521,458	3,037,212	0.0	-1,117,822	1,919,390
Manchester	336,177	233,206	28,368	14,039	126,810	738,600	0.0	-109,794	628,806
Newcastle	171,934	119,271	14,509	7,180	64,856	377,750	0.0	46,646	424,396
Norwich	250,067	173,472	21,102	10,443	94,329	549,413	0.0	-13,129	536,284
Oxford	923,423	640,579	77,924	38,563	348,327	2,028,816	0.0	-21,336	2,007,480
Peterborough	283,079	196,372	23,888	11,822	106,781	621,942	0.0	5,560	627,502
Portsmouth	184,466	127,964	15,566	7,704	69,583	405,283	0.0	-45,447	359,836
Rochester	407,486	282,674	34,386	17,017	153,709	895,272	0.0	45,251	940,523
St Albans	540,728	375,103	45,630	22,582	203,970	1,188,013	0.0	42,476	1,230,489
St Eds & Ips	251,275	174,310	21,204	10,494	94,784	552,067	0.0	73,769	625,836
Salisbury	453,088	314,307	38,234	18,922	170,911	995,462	0.0	123,861	1,119,323
Sheffield	187,696	130,205	15,839	7,838	70,801	412,379	0.0	-69,845	342,534
Sodor & Man	33,250	23,066	2,806	1,389	12,542	73,053	0.0	15,078	88,131
Southwark	744,502	516,461	62,825	31,091	280,836	1,635,715	0.0	167,277	1,802,992
Southwell & Nottingham	212,248	147,236	17,911	8,864	80,063	466,322	0.0	-203,724	262,598
Truro	157,529	109,278	13,293	6,579	59,422	346,101	0.0	69,569	415,670
Winchester	365,883	253,511	30,812	15,100	138,564	803,869	0.0	-89,546	714,324
Worcester	215,429	149,443	18,179	8,997	81,263	473,311	0.0	-47,893	425,418
York	350,563	243,186	29,582	14,640	132,237	770,208	0.0	86,347	856,555
Europe	31,015	21,515	2,617	1,295	11,685	68,127	0.0	-181,889	-113,762
Leeds	499,643	346,603	42,163	20,866	188,472	1,097,747	0.0	18,595	1,116,342
Armed Forces	17,767	12,325	1,499	742	-	32,333	0.0	0	32,333
Armed Forces Pooling						-		-21,238	-21,238
Guernsey	26,208	18,313	2,239	1,174	9,645	57,579	0.0	12,100	69,679
Jersey	33,355	23,308	2,850	1,494	12,275	73,282	0.0	15,400	88,682
Life assurance						-		-38,034	-38,034
Additional Ordinands grant						-		1,071,091	1,071,091
Totals	14,775,613	10,249,850	1,246,846	617,049	5,566,840	32,456,198	0.0	0	32,456,198

Reserves

38. 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.
39. The table below shows Reserves to end 2022. The drawdown of £50k from the Vote 4 reserve in 2022 is forecast to reduce that reserve closer to the top of its Policy range. This table excludes the draw on restricted funds, most notably the Church and Community Fund, from which it is budgeted to draw £2.1m in 2021 and £2.2m in 2022, £1.0m and £1.1m respectively above the assumed sustainable level for that fund. It is notable that the Council's unrestricted reserves (Vote 2) are forecast to be only just above the minimum of the policy range by the end of 2022.

	Actual 1 Jan 2021 £'000s	Forecast activity Jan-Dec 2021 £'000s	Thus end Dec 2021 £'000s	2021 Policy levels		Budget 1 activity Jan-Dec 2022 £'000s	Thus end Dec 2022 £'000s	2022 Policy levels	
				Min	Max			Min	Max
				£000s	£000s			£000s	£000s
Training for ministry - Vote 1	2,572	-	2,572	1,495	4,486	-	2,572	1,446	4,339
Operating Budget (Unrestricted) - Vote 2	2,339	(60)	2,279	2,096	6,289	-	2,279	2,262	6,785
Grants - Vote 3	349	16	364	105	316	-	364	104	312
Mission agencies pension contributions - Vote 4	284	44	328	59	178	(50)	278	56	167
Clergy retirement housing - Vote 5	842	-	842	453	1,358	-	842	464	1,392
Total	6,385	-	6,385	4,209	12,627	(50)	6,335	4,331	12,994
				Min 1mths / Max 3 mths budget expenditure				Min 1mths / Max 3 mths budget expenditure	

<u>Restricted Funds with wide purposes</u>	Fund value at 01-Jan-21 £'000s
Church & Community Fund (CCF)	21,400
Special Purposes Fund	2,004

40. 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.

Training for Ministry (Vote 1)

41. 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 2020/21 are estimated to be £8.6m, of which £8.1m was poolable (2019/20 figures: £8.3m and £7.5m respectively).

Training For Ministry Budget	2020		2021		2022
	Budget £'000s	Actual £'000s	Budget £'000s	Forecast £'000s	Forecast £'000s
a) Block Grants					
Band 1 (<32 yrs)	7,115	6,991	7,066	6,866	6,742
Band 2 (32-39 yrs)	3,474	3,159	3,401	3,128	2,993
Band 3 (40-54 yrs)	4,419	4,492	4,899	4,798	4,848
Band 4 (55 yrs and over)	1,358	1,290	1,333	1,314	1,375
RME Accruals	-	1,014	995	943	1,080
Reverse prior year RME accrual	-	-933	-1,019	-1,014	-943
Contingency	-	-	74	74	52
	16,366	16,014	16,749	16,109	16,147
b) University Fees	967	892	999	984	978
c) Disability / Dyslexia / Other Grants	127	73	132	132	135
d) Other (incl Non-RME funded)	129	179	64	92	95
Total Gross Expenditure - £'000s	17,589	17,158	17,944	17,317	17,355
Funding Sources					
Dioceses via VI Apportionment	-14,776	-14,737	-14,776	-14,776	-14,776
VI Additional Ordinands Funding	-2,593	-2,418	-2,956	-2,329	-2,010
VI Virement (Hold overall appt flat)	-	-	-212	-212	-569
Other AC Restricted Fund Transfers	-200	-	-	-	-
Bank interest / Other Income	-20	-2	-	-	-
Total Funding Sources - £'000s	-17,589	-17,158	-17,944	-17,317	-17,355

RME Block Grants

42. The 2022 budget includes age-based block grants for ordinands at the level per ordinand as in the table below:

Block grant per ordinand	Bands 1&2	Bands 3&4
	£	£
2020/21 (actual)	16,299	7,071
2021/22 (forecast)	16,401	7,125
2022/23 (forecast)	16,647	7,232

Pooling

43. The total of eligible estimated diocesan expenditure on maintenance of ordinands for the academic year 2020/21 has been pooled, as per normal practice. This total is apportioned between the dioceses at the same rate as the apportionment, 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. 2019/20). Pooled expenditure in the 2020/21 academic year was £8.1m (including the adjustment in respect of the previous academic year).
44. 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 2022 (2021: £1.1m).
45. This arrangement means that the aggregate of poolable additional maintenance grants expected to be paid by a diocese in 2020/21 and its pooling adjustment for this year (to be collected or paid alongside the 2022 apportionment) is the same as the aggregate of poolable additional maintenance grants paid by a diocese in 2019/20 and its pooling adjustment for this year (which is being collected or paid alongside the 2021 apportionment). However, adjustments between the actual poolable grants paid in 2019/20 and the estimate made when the pooling adjustment being applied alongside the 2021 apportionment was calculated result in modest year on year changes to accommodate the adjustment.

Pooling of Ordinands Costs 1.9.2020 to 31.8.2021

	a	b	c	d	e	f	g	h	i		j
DIOCESE	2020/21 estimated spend	2020/21 single cap adjustment	2020/21 context based cap adjustment	2020/21 Total estimated pooling spend	Prior year (19/20) adjustment	2020/21 total poolable spend	2022 apport- ionment %	2022 apportione d pooling amount	2022 Apport. (refund) or additional payment	2022 value of Additional Ordinands funding	2021 (refund) or payment
				(a+b+c)		(d+e)		(g*Σf)	(h-f)		
Bath and Wells	272,145	-31,730	-3,000	237,415	-7,645	229,770	2.63%	180,683	(49,087)	28,146	30,738
Birmingham	94,792	-13,624	0	81,168	-3,319	77,849	1.26%	86,963	9,114	13,547	31,723
Blackburn	137,926	-5,016	0	132,910	-2,007	130,904	2.01%	138,136	7,232	21,518	37,207
Bristol	167,883	-139	0	167,744	-2,340	165,404	1.51%	103,662	(61,742)	16,148	(100,732)
Canterbury	84,520	-1,667	1,000	83,853	1,535	85,388	1.59%	109,347	23,959	17,034	18,106
Carlisle	21,358	0	0	21,358	-1,000	20,358	1.43%	98,273	77,915	15,309	85,660
Chelmsford	336,016	-6,773	0	329,243	-7,166	322,077	3.72%	255,867	(66,210)	39,858	(180,848)
Chester	67,410	-11,678	-1,000	54,732	-7,803	46,929	3.24%	222,731	175,801	34,696	111,111
Chichester	339,912	-23,200	0	316,712	19,149	335,861	4.20%	289,000	(46,861)	45,019	(120,998)
Coventry	162,618	-3,218	0	159,400	-3,000	156,400	1.57%	108,024	(48,376)	16,827	(41,560)
Derby	138,244	0	0	138,244	-997	137,248	1.46%	100,713	(36,535)	15,689	22,319
Durham	155,433	-25,872	0	129,562	-10,297	119,265	1.52%	104,230	(15,035)	16,237	4,516
Ely	149,672	-12,299	0	137,372	-1,780	135,593	1.94%	133,576	(2,017)	20,808	34,504
Exeter	136,897	-10,044	0	126,853	-10,004	116,849	2.34%	160,642	43,793	25,024	32,685
Gloucester	121,659	-3,281	0	118,378	10,405	128,783	2.11%	145,191	16,408	22,617	34,589
Guildford	225,981	-2,068	0	223,913	-663	223,250	3.48%	239,365	16,115	37,287	(102,443)
Hereford	30,173	-5,077	0	25,096	0	25,096	1.13%	77,386	52,290	12,055	38,886
Leicester	160,548	-3,213	1,000	158,335	-15,213	143,122	1.39%	95,663	(47,459)	14,902	(109,919)
Lichfield	77,327	0	0	77,327	-2,798	74,529	2.89%	198,949	124,420	30,991	113,476
Lincoln	37,702	0	0	37,702	-4,285	33,417	1.97%	135,166	101,749	21,055	98,413
Liverpool	245,897	-8,689	0	237,208	0	237,208	1.87%	128,411	(108,797)	20,003	(197,537)
London	1,973,728	-110,921	-1,000	1,861,807	-42,721	1,819,086	10.20%	701,263	(1,117,823)	109,240	(792,594)
Manchester	318,685	-32,114	-1,000	285,571	-20,895	264,676	2.25%	154,882	(109,794)	24,127	(108,279)
Newcastle	61,065	-28,100	0	32,965	0	32,965	1.16%	79,611	46,646	12,401	76,331
Norwich	126,433	0	-1,000	125,433	1,780	127,213	1.66%	114,084	(13,129)	17,772	58,036
Oxford	522,052	-32,020	-3,000	487,032	-36,326	450,706	6.24%	429,370	(21,336)	66,885	(4,848)
Peterborough	149,611	-21,982	0	127,629	-4,567	123,062	1.87%	128,622	5,560	20,036	50,170
Portsmouth	134,104	0	0	134,104	-2,001	132,103	1.26%	86,655	(45,447)	13,499	(127,918)
Rochester	168,050	-24,599	0	143,452	-1,000	142,452	2.73%	187,703	45,251	29,240	100,034
St Albans	242,227	-22,684	-954	218,589	-14,459	204,130	3.59%	246,606	42,476	38,415	(59,295)
St Edmundsbury & Ipswich	52,212	-14,714	0	37,498	2,542	40,039	1.66%	113,808	73,769	17,729	58,550
Salisbury	100,668	-2,224	0	98,444	-16,242	82,202	3.00%	206,064	123,861	32,100	68,639
Sheffield	166,394	-7,478	0	158,916	-1,998	156,918	1.27%	87,073	(69,845)	13,564	3,257
Sodor and Man	7,440	-5,760	0	1,680	0	1,680	0.24%	16,758	15,078	2,610	13,572
Southwark	207,734	-19,186	0	188,549	-874	187,674	5.16%	354,952	167,277	55,293	53,568
Southwell & Nottingham	299,455	-14,261	0	285,194	15,394	300,588	1.41%	96,863	(203,725)	15,089	(64,325)
Truro	5,442	-2,082	0	3,360	188	3,548	1.06%	73,117	69,569	11,390	29,323
Winchester	291,131	-11,765	-1,000	278,366	-19,891	258,475	2.46%	168,929	(89,546)	26,315	(118,071)
Worcester	156,020	0	1,000	157,020	-10,343	146,678	1.44%	98,785	(47,893)	15,388	(80,055)
York	86,510	-9,329	0	77,181	-1,000	76,181	2.36%	162,527	86,347	25,318	70,461
Leeds	219,225	0	-4,000	215,225	-5,099	210,126	3.33%	228,721	18,595	35,629	154,064
Europe	163,401	-4,314	4,437	163,524	18,366	181,890	0.00%	0	(181,890)	-	(164,167)
Armed Forces pooling	21,238	0	0	21,238	0	21,238	0.00%	0	(21,238)	-	(20,501)
Guernsey	0	0	0	0	0	0	0.18%	12,100	12,100	1,885	12,100
Jersey	0	0	0	0	0	0	0.22%	15,400	15,400	2,399	15,400
Life Assurance	38,034	0	0	38,034	0	38,034	-	0	(38,034)	-	(38,035)
2020 In-year correction					0	0	-	0	0	-	(144,217)
Total (before grant)						7,946,961					
Additional Ordinands grant*						-1,071,091	-	0	1,071,091		
TOTAL	8,674,972	-531,120	-8,517	8,135,335	-188,374	6,875,871		6,875,870	0	1,071,091	(1,118,902)
Total adjustment for non-poolable costs		-539,637									
* Funding from the Church Commissioners to cap pooled costs at 2020 levels											

Operating budget (Vote 2)

46. 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.
47. 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 2022 budget. It should be noted that the full time equivalent (FTE) number of staff in directly managed Council departments in the 2022 budget is 15.1 more than the 2021 budget (the restatement didn't impact on the number of staff). The most significant change is an increase of 15.6 FTE in Safeguarding.

<u>Gross Expenditure - by department</u>	<u>2021</u>			<u>2022</u>	
	FTE Staff	Restated Budget	Forecast	FTE Staff	Budget
		£'000s			
Ministry	26.4	2,678	2,440	26.8	2,684
MPA (incl Racial Justice Unit)	21.4	1,891	2,237	23.7	2,384
Environment	3.4	391	361	3.0	336
Cathedrals & Church Buildings	17.1	1,215	1,160	17.1	1,228
Education	6.8	546	511	6.8	555
Safeguarding (incl PCR2 + Interim Support Scheme)	29.2	4,165	4,688	44.8	5,608
Central Secretariat	15.1	2,066	1,895	14.3	2,024
E&D (incl Vision & Strategy)	12.6	1,188	1,273	10.6	1,187
Emerging Church Programme (incl R&R)	5.5	1,130	1,275	5.5	1,072
Church House Publishing & Crockford's	5.0	438	377	5.0	415
Directly managed AC departments	142.6	15,709	16,216	157.7	17,493
Central Services + Digital (via ChECS)		5,363	5,442		5,762
Accommodation		3,026	2,686		2,755
Pension Deficit + Other (incl vacancy provision)		1,060	1,549		1,130
TOTAL	142.6	25,158	25,892	157.7	27,139

Safeguarding

48. The IICSA report published in October 2020 made six recommendations for the Church of England, which reiterated the need for change in several aspects to strengthen our safeguarding arrangements. These recommendations were fully accepted by the Archbishops Council, House of Bishops and General Synod. The Church's commitments went beyond the IICSA recommendations with General Synod, Archbishops Council and the House of Bishops committing to the development of a redress scheme for victims and survivors of church abuse and independent oversight for safeguarding.
49. During the first half of 2021 a Safeguarding Programme has been developed which will enable the Church to continue to strengthen its safeguarding arrangements, with the aim of achieving a good standard and a safer church for all. Established programme and project management structures will be used to co-ordinate the multiple projects. In addition to developing the redress scheme and independent oversight arrangements, the safeguarding programme will also include the existing Casework Management System and Past Case Review (PCR2) projects, and the Survivor Support Scheme will continue.
50. The increased Safeguarding budget is primarily explained by the incremental costs of the change programme. The main elements of this are the Independent Safeguarding Board (£0.8m), the project to develop a National Redress Scheme (£0.3m) and programme support for change management and project delivery (£0.3m).
51. The 2022 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.

Mission and Public Affairs (MPA)

52. There are two specific areas of growth in the MPA area:
 - Creation of a new Racial Justice Unit. The 2021 forecast and 2022 budget provide for two additional posts from autumn 2021 to increase the staff resource for this work to 3FTE and provide for non-salary costs of the Unit
 - Additional expenditure of £0.3m in 2021 and 2022 on externally Funded Projects. Firstly, 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. This project was agreed after the 2021 budget was finalised. Secondly an expansion of the Clewer Initiative project which enables Church of England dioceses and wider church networks to raise awareness of modern slavery, identify victims and to help provide victim support and care. The Council is grateful to the Community of St. John Baptist for its support of this project via its nominee company Clewer Trustee Limited.

Central Services

53. The £0.4m increase in the budget for shared services is principally due to the new People System – including both depreciation and ongoing operating costs.