Church Commissioners supporting the Church of England

FUNDING FOR THE CHURCH

We have committed to distribute over £900m from 2020-2022.

These distributions contribute towards 1/6 of the total annual running costs of the Church of England.

Growth in funding
From 2005 to 2020, our financial support for the Church (excluding pensions) grew on average by 6.7% per year, three times the rate of inflation. This growth is enabled by the excellent long-term performance of the Church’s endowment fund, which is the key to secure funding for the Church’s mission and ministry in perpetuity.

Prioritisation and allocation
Funding prioritisation and allocation is considered by the Triennium Funding Working Group¹, informed by the needs of parishes, dioceses and cathedrals.

Church Commissioners’ Support for the Church 2005-2022

¹ The TFWG is a joint forum between the Church Commissioners, the Archbishops’ Council and the House of Bishops
² including time limited expenditure
How the fund is allocated

We fund a range of expenditure, including significant statutory commitments such as pensions, which we are legally required to provide. We also provide other discretionary funding streams as recommended by the Triennium Funding Working Group.

Pension obligations

We have a statutory responsibility to fund clergy pensions for service before 1998. These pension obligations have to be a priority commitment for the fund and inform how much is available for the other funding categories. About 18% of our fund is estimated to be spent out over the coming decades to meet our pension obligations.

Core funding

The core funding represents 68% of the fund’s value. It includes statutory commitments (other than pensions) and provides discretionary funding for mission and ministry across the Church through a number of grant streams administered by the Archbishops’ Council. We aim to increase this funding at least in line with cost inflation.

Additional funding

This new category of ‘extra’ funding was introduced in the most recent triennium (2020-22). It will be maintained in future triennia if possible, though the amount may vary. The amount available for this category depends on how much of the fund is needed to cover pensions and core distributions.

More information on how we invest, what we fund and how we are governed can be found in our Annual Report. More information on our approach to Responsible Investment can be found in our Stewardship Report.
Core funding supporting the Church’s mission and ministry in perpetuity

This category includes statutory funding obligations, as well as various discretionary funding streams administered by the Archbishops’ Council.

Discretionary

- Lowest Income Communities Funding (LInC) to enable dioceses with fewer resources to support and grow ministry in lowest income parishes and communities.
- Strategic Development Funding (SDF) to support multi-year projects in dioceses to minister to the needs of the communities and parishes they serve.
- Funding for digital projects to enable the Church to engage with a virtual community.

Statutory

- Funding the cost of the Dean and two Canons in every cathedral along with other discretionary grants to cathedrals².
- Funding stipends, housing and ministry costs for Archbishops and diocesan bishops.
- A number of other responsibilities, including chancel repairs and preserving the historical records of the Church of England by funding Lambeth Palace Library.

Additional funding

The majority of the additional funding is provided to the Archbishops’ Council for it to make grants to the following priority areas:

- Funding towards additional ordinands and curates to help support the growth in vocations.
- Strategic Transformation Funding: Supporting dioceses with strategic transformation programmes to help improve short- and long-term financial stability and mission.
- Diocesan Sustainability Funding: Supporting dioceses and cathedrals with fewer assets or in a lower income area to respond to the impact of the COVID-19 pandemic.
- Cathedral Sustainability Fund: Supporting cathedrals to grow their ministry and improve long term sustainability.
- Social impact investment: seed funding for an investment fund with a primary focus on social impact.
- Providing tools to help churches to promote giving and generosity.
- Investing in a number of priority areas including Safeguarding and the Environment.

² Except Oxford, the Isle of Man and the Diocese of Europe.
Maximising the support we can give on a sustainable basis

We support the mission of the Church of England through ethical and responsible management of the Church's historic endowment fund. Our ability to provide funding on a sustainable basis today and for future generations is made possible only through the returns on our investments.

We set our charitable distributions at the maximum level that we believe is sustainable. This helps to mitigate significant fluctuations in market performance or other economic factors.

To determine the maximum amount of funding we can provide sustainably, we are advised by independent actuaries. They analyse the fund and distributions, considering:

1. **Economic assumptions** – such as projected inflation rates and economic growth rates
2. **Asset value & returns** – how much money we can realistically expect to make on our investments over the long term
3. **Funding commitments** – existing commitments and their proposed time-frame
4. **Life expectancy** – for pension obligations

Even a small change in any of these factors can have a big impact on the financial support we can provide for the Church.

We undertake interim annual updates and more detailed calculations every three years. In this way, we can provide a good deal of notice if there is a significant risk to future funding levels. We aim to give at least one triennium’s notice of any change in planned funding.