

GENERAL SYNOD

Spending Plans of the Church Commissioners and Archbishops' Council

Summary

The Church Commissioners and the Archbishops' Council have approved the Triennium Funding Working Group's recommendations for spending for 2023-25 and outline plans to 2031.

The plans include investment of up to **£1.3 billion (over nine years) for strategic national investment** to enable the bold outcomes and strategic priorities of the Vision & Strategy to be realised in local communities through investing in local ministry as part of diocesan strategies. They also incorporate a one-off commitment of **£190 million (over nine years) to support the Church in the transition towards Net Zero 2030**, and **£11 million in support of Buildings for Mission** to help parishes with the burden of buildings management.

An allocation is made for up to **£20 million of focussed interventions in relation to Racial Justice** to support the Church to make a step change, along with provision for **other social justice and diversity priorities** and the plans enable the **expansion of the Social Impact Investment programme**.

The spending plans also incorporate core funding for statutory responsibilities of the Church Commissioners including **bishops' ministry and housing costs** and certain **cathedral costs**, along with a contribution towards the cost of National Church functions, helping to **minimise increases in diocesan apportionment** in the near term. The plans allow for significant ongoing investment in **Safeguarding** and ongoing provision for **Cathedral Sustainability Funding**.

Overall, the Church Commissioners intend to distribute **£1.2 billion** between 2023 and 2025, up by around 30% from the current triennium, and plan to maintain this level of funding in the subsequent six years (subject to investment performance, market conditions and future approvals). In total, this would mean the Church Commissioners distributing **£3.6 billion** to frontline work of the Church of England between 2023 and 2031.

Introduction

1. There is always a risk that financial papers can seem rather technical. However, how we spend the financial resources which God has blessed us with is an important ministry area. I am grateful for the many people who have worked so hard on the Triennium Funding Working Group. I hope as you read this paper, you will see how we envisage these spending plans supporting the Church's vision centred on Jesus Christ and shaped by the five marks of mission to reach the communities we serve. This paper outlines how national Church funding can play a part, but only a part, in our work towards delivering this vision and the furthering of God's kingdom on earth.

The Spending Plans process

2. This paper is about the provision of national funding – managed by the Church Commissioners and distributed partly by the Church Commissioners and partly by the Archbishops' Council – for the needs of the Church. It describes the process for allocating funds for the next three years; who is responsible for what in this process; and sets out the decisions which the responsible bodies have taken.
3. It calls on the General Synod to welcome these decisions, as a means of resourcing the Vision and Strategy and the key strategic priorities for the Church, by agreeing the motion:

'That this Synod:

- (a) welcome the spending plans by the Church Commissioners and Archbishops' Council, set out in GS 2262, for financial distributions over 2023 to 2025 and indicative distributions for the subsequent six years;
 - (b) welcome the investment in ministry in parishes, chaplaincies, schools, Cathedrals and other forms of church in support of the Church's vision and strategy as set out in Annex A of GS 2262; and
 - (c) welcome the focused investment to support previously agreed commitments to a 2030 net zero carbon target and to address racial justice.'
4. Every three years the Church Commissioners' Assets Committee undertake a thorough review, advised by their actuarial advisors to determine the affordable and sustainable level of distributions from the Church of England's national endowment fund. The Commissioners seek to maximise sustainable distributions whilst maintaining intergenerational equity.
 5. At the same time a review is undertaken to consider how those available funds should be distributed, with recommendations developed for funding allocations according to the key priorities identified for spending. This review has been carried out by a Triennium Funding Working Group (TFWG), which is a time-limited sub-committee of the Emerging Church Steering Group, with membership drawn from the House of Bishops, the Church Commissioners and the Archbishops' Council (members are listed in Annex B).
 6. It is the legal responsibility of the Church Commissioners' Assets Committee to recommend how much to distribute having had regard to independent actuarial advice. The Church Commissioners' Board then has the responsibility to make a recommendation on how the funds available should be spent, including how much should be distributed to the Archbishops' Council. It is then the duty of the Commissioners at an Annual General Meeting to consider and, if thought fit, adopt the recommendations of the Board as to the allocation of such moneys as the Board may report to be available. The Commissioners are required to consult the Council before determining how much will be allocated to the Council and to have regard to any proposals made by the Council. It is the responsibility of the Archbishops' Council, as charity trustees, to determine how to spend those funds distributed to it by the Church Commissioners in pursuit of the Council's charitable objectives.
 7. The Group's recommendations were made in light of the Church's Vision for the 2020s, focussed on a church which is Jesus Christ centred and shaped by the five marks of mission. Flowing from that, the strategic priorities of the vision – a church which is younger and more diverse, a church where mixed ecology is the norm and a church of missionary disciples – underpinned the Group's priorities, along with funds to support our Church's commitments in the areas of Net Zero, Racial Justice and Safeguarding and the delivery of certain statutory obligations. Rather than focus only on 2023-25, a

broad set of allocations were developed for three triennia to 2031, enabling plans to be made for significant, intentional investment in key priority areas over the decade as the Church emerges from the pandemic and in the context of wider geo-political uncertainty.

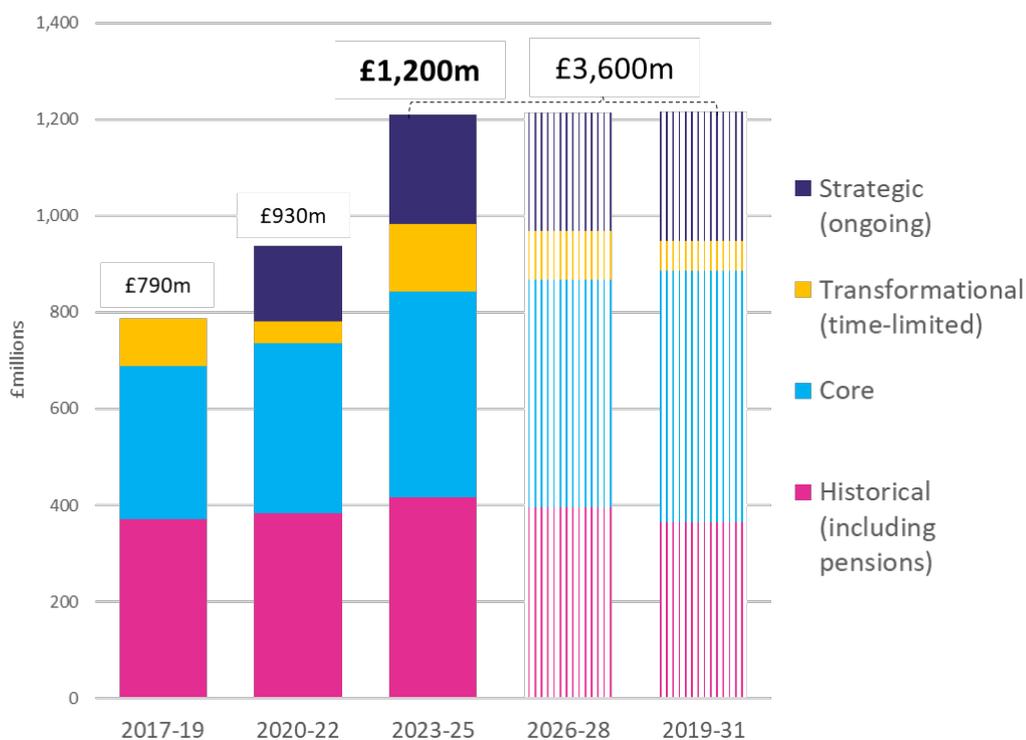
8. The recommendations for the 2023-25 Spending Plans (and indicative plans for the following two triennia 2026-31) have been approved by the Archbishops' Council and the Church Commissioners' Board of Governors and welcomed by the House of Bishops. They remain subject to final approval at the Church Commissioners' Annual General Meeting in June 2022.

Distribution Framework and Funding available

9. The Church Commissioners plan to distribute £1.2 billion (subject to the approval at the Church Commissioners' AGM) for 2023 to 2025. The Church Commissioners' policy is to aim to give at least a full triennium's notice of any reduction in distributions, with smooth and stable distributions a priority. This provides some confidence over 2026-28 distributions as well as the 2023-25 triennium (subject to a major unforeseen 'Black Swan' event). However, given the desire to develop spending plans across three triennia rather than one, the Commissioners have indicated that for planning purposes they estimate that in total £3.6 billion could be available over the three triennia period to 2031, subject to triennial actuarial reviews.
10. It may be worth spelling out what this means. The Commissioners seek to ensure that the level of distributions it makes can, as far as possible, be relied upon, year in year out. This is to avoid the risk of having to say to the Church – to dioceses, and to cathedrals, and to bishops – that the funding they have come to rely on will have to be reduced suddenly. The level of distributions is smoothed, reflecting best-estimate expectations of long-run investment returns, to ensure this reliability. So in a year when the total return on the portfolio has been particularly high, the level of distributions will generally be lower than that annual return, in order to be sustainable; in a year when the total return has been lower, the level of distributions will be higher than that annual return. To take an extreme example the Commissioners' return in 2008 at the height of the Global Financial crisis was -19.6% - the endowment fund fell in value by one-fifth - yet this approach enabled the Commissioners to maintain distributions at the planned level.
11. The Commissioners also take account of their statutory responsibilities which must be funded first: for pension liabilities for clergy service accrued until the end of 1997, and (although there is some discretion over the level of support) for the funding of the ministry of archbishops' and the majority of bishops' ministry costs, and for certain cathedral costs. Calculating the sustainable level of distributions is a careful judgement, based on independent professional actuarial advice (as required by law), by the Assets Committee of the Commissioners.
12. The £1.2 billion available for 2023-25 represents a nearly 30% increase in distributions compared with 2020-22 and was made possible through both strong investment performance and through development of the distribution framework including an expanded understanding of intergenerational equity principles to incorporate both qualitative and quantitative measures recognising those areas where additional investment today benefits not just current generations but future generations too.
13. The money available for 2023-25 (along with indicative figures for the following two triennia) is shown in the graph below, split by the four categories of distribution within the Church Commissioners' Distribution Framework. This incorporates the payment of the Church Commissioners' historical distributions (pension obligations and an allowance for grants towards the costs of the planned redress scheme), ongoing funding (intended to

continue in perpetuity, subject to investment performance) and time-limited funding for programme expenditure over a fixed period. The framework prioritises pension obligations and statutory/mandatory expenditure items, and aims to ensure ‘core’ expenditure can be maintained (in real terms), with the intention to also provide ‘strategic (ongoing)’ (formerly ‘additional’) distributions provided they remain affordable.

Funding Available



Spending Plans for the next decade

14. The TFWG met on six occasions between October 2021 and March 2022, and considered funding proposals for expenditure allocations for a wide range of areas. Its discussions and eventual conclusions were informed by input from the Group’s sponsoring bodies (the House of Bishops, Archbishops’ Council and Church Commissioners, including a joint meeting of the latter two trustee bodies), a joint meeting of the House of Bishops and diocesan secretaries and a contribution from the Chair of the Racial Justice Commission. The TFWG’s recommendations for spending centred around the following key funding priorities:

- Supporting the Church to deliver the **bold outcomes and strategic priorities of the Vision & Strategy**, including reaching the **young and the poor**, and **better representing the communities we serve**
- Helping the Church to **transition to a lower carbon approach** in line with the General Synod’s **Net Zero 2030 goal**
- Enabling the Church to make a step change in the area of **Racial Justice**, and other areas of **diversity and social justice**
- Continuing to work to ensure the **Church is a safe place for all**

15. Through their work and discussions, the Group sought to ensure that the Vision and Strategy was not just an additional demand on funding but that it was central to shaping and prioritising all of the triennium funding recommendations. It considered the effectiveness and relevance of existing grant funding streams in delivering the Vision and Strategy priorities and recognised the need to simplify these where possible. The Group re-affirmed the principles of intentionality and accountability in the allocation of funding.

Strategic national investment

16. The plans include investment of £0.4 billion in 2023-25 and up to £1.3 billion over nine years for strategic national investment to enable the bold outcomes and strategic priorities of the Vision and Strategy (as set out in Annex A) to be realised in local communities through investing in local ministry as part of holistic diocesan strategies. Investment will prioritise the most deprived and resource poor parishes and dioceses, will fuel a pipeline of leaders (ordained and lay) in front-line ministry through their discernment, development and deployment. Investment will address key gaps – such as a greater focus on volunteer and paid leaders for ministry with children and young people, and becoming a church which better represents the communities we serve.
17. Future approaches to distribution will encourage creative innovation and the sharing of learning, taking on board learning from the recent independent review of Strategic Development Funding (SDF) and Lowest Income Communities funding (LInC) – see GS2261.
18. There is £340 million available for Diocesan Investment in 2023-25 which includes £91 million in Lowest Income Communities Funding which is intended to continue in real terms along with the remaining Darlow transition support of £8 million which ends in 2025. This funding provides much needed support to the Church in our poorest and most deprived communities.
19. £240 million will be available for dioceses to apply for to support their local plans to revitalise parish ministry, start new worshipping communities, significantly increase discipleship of young people, enable churches to represent the communities they serve and encourage all in their discipleship – in line with the bold outcomes of the Vision and Strategy. This funding will be adaptive and responsive to local needs whilst ensuring that the pipeline of clergy is maintained nationally.
20. People & Partnerships funding of £49 million in 2023-25 comprises investment in areas such as funding front-line ministry where the sum of diocesan strategies alone may not fulfil long term needs. Funding includes support for training new ministers (e.g. funding additional ordinands, ministerial experience scheme), investment in the discernment and ongoing development of leaders and investment to specifically engage with underrepresented groups. It will also be used for specific time limited projects delivered with partners and networks to innovate around particular challenges e.g. developing a stronger pipeline of leaders of mission with children and young people.

Net Zero 2030 and Buildings for Mission

21. The TFWG recognised the ambition of the Church to move towards Carbon Net Zero by 2030 (following the General Synod vote in 2020) and the desire to demonstrate leadership in the way that the Church responds to the Climate Emergency in what will be a critical decade. £190 million of time-limited funding has been made available for this over the next nine years, of which £30 million is available in 2023-25. This will be available both to provide funding for areas which fall within the specific responsibilities of the NCIs (e.g. Church Commissioners' responsibility for Bishops' see houses, or the Church of England Pension Board's responsibility for clergy retirement housing) as well as to support cathedrals and dioceses (working with parishes and schools) to implement the Routemap to Net Zero which incorporates the wider Church Net Zero goals.
22. The Routemap to Net Zero Carbon by 2030 has been developed and will be considered by Synod in July 2022 (see GS2258). This details a plan of action for the near term based on existing regulation, available technological solutions, and an assessment of the potential of generating additional funding and income through grant applications, partnership projects, strategic social investing, etc. However, it is clear that these plans will need to evolve and respond as the wider context changes – for example, technological solutions become cheaper and the government intervenes to incentivise particular changes.
23. The TFWG were also very mindful of the unique legacy of the Church of England's buildings and both the challenge and opportunity they present. They allocated a further £11 million towards a programme of work to provide enhanced support on buildings management to all parishes and worshipping communities, as well as providing training and specialist support, and seeking to unlock other sources of funding. Ensuring our buildings are well maintained is a vital component of achieving Net Zero.

Racial Justice and other areas of diversity and social justice

24. The Church of England Vision for the 2020s is to be a Church for the whole nation which is Jesus Christ centred, and shaped by the Five Marks of Mission. The fourth mark of mission calls for us to “transform the unjust structures of society”, and one of our three strategic priorities is to be “a church which is younger and more diverse” – so racial justice is at the very heart of the Church we seek to become, and this will be reflected in the prioritisation of funding awards for other areas including strategic national investment funding. In addition, the TFWG and the governing bodies also recognised that in order to fully weave racial justice, belonging, inclusion and diversity, into the fabric of all that we do, some additional focussed interventions are required to help the Church to make the kind of step change that is needed.
25. Therefore funding allocations totalling £20 million for focussed interventions in relation to Racial Justice to support the Church to make a step change have been made. Of this, around £4 million has been allocated towards some specific areas of focus in Ministry, Education and Human Resources, as well as supporting the work of CMEAC. This allocation will also enable a number of key research projects to support our racial justice and anti-racism work, as well as capacity building amongst grassroots minority ethnic networks. The remaining £16 million is allocated to enable new funding proposals in relation to Racial Justice to be brought forward and there is a further £4 million to enable new funding, for other areas of diversity and social justice (e.g. disability and housing).

26. In addition, the Social Impact Investment programme is a vehicle through which the Church can help leverage change in key areas including Housing, Finance, and Environment. Given the initial funding of £16 million committed in the 2020-22 triennium, a further £9 million has been allocated to Social Impact Investment to bring the total value of the programme to £25m over 2020-25, which will give our Social Impact Investment fund a scale similar to that of other similar UK trusts and foundations. Social Impact Investments will typically have a 10 year life and investment capital will be recycled for reinvestment as a sustainable resource for the Church to drive mission-aligned outcomes year on year.

Other key expenditure areas

27. The spending plans make full provision for funding of National Safeguarding costs, including the cost of the National Safeguarding Team and the Independent Safeguarding Board, along with programme expenditure to support the implementation of the recommendations made by the Independent Inquiry into Child Sexual Abuse (IICSA).
28. The plans also incorporate funding for other National Church functions, provided by both the Church Commissioners and the Archbishops' Council, which have recently been restructured through the Transforming Effectiveness workstream of the Emerging Church Programme. Funding of National Church activities incorporates a range of services which support the wider Church, including for example Ministry Development, Vision & Strategy, Faith & Public Life, Digital and Giving. The allocation of funding has been set at such a level as to enable diocesan apportionment contributions to be held flat in 2023 (See GS2268 Archbishops' Council Budget 2023). In addition, provision has been made for time-limited programme expenditure on the Emerging Church Programme including the Governance Review, an upfront sum to release future savings from the reconfiguration and reduction of accommodation in Church House Westminster, and investment in core Technology systems for the National Church Institutions.
29. The Church Commissioners have statutory responsibility for funding of Archbishops' and Bishops' stipends, housing and working costs, and certain cathedral costs (the dean and two residentiary canons at most cathedrals, and some additional staff costs). The spending plans therefore also reflect ongoing funding for these areas, along with the continuation of Cathedral Sustainability Funding recognising the critical role of cathedrals within the mixed ecology, and supporting them to implement the requirements of the new Cathedrals Measure.

Conclusion

30. It should be remembered that the spending plans are an overarching framework which give the broad allocation of funding for each key priority area. These plans do not seek to determine the exact application or award of those funds, which will be subject to an appropriate governance process in each case. The process of application and governance of funding awards will build upon key learning from recent experience including the Independent Review of Strategic Development Funding and Lowest Income Communities Funding. Principles of intentionality and mutual accountability will continue to be key.
31. I am hugely grateful to the Church Commissioners for enabling a significant increase in the amount of money available for distribution, and for supporting the development of plans over three triennia, to enable this substantial investment in the Church of England at a pivotal moment in the life of the Church, in what is in many ways a very challenging context.
32. Significant though the extra funding is, it must be remembered that this represents only about 20% of total expenditure within the Church of England. The bedrock of finance across our whole Church is voluntary giving from many dedicated and generous people within our parishes and worshipping communities. We need to both celebrate and be thankful for this and encourage continued generosity to support the mission and ministry of the Church both now and in the years to come.
33. In Matthew's gospel, Jesus reminds us, 'where your treasure is, there your heart will be also'. As we embark on this exciting period in the life of our church, our financial resources help support our various ministries, but let's not forget we all have our part to play, as disciples of Jesus Christ, with our responsibility to live and share the gospel as we journey together.

Stephen Cottrell, Archbishop of York

June 2022

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Our vision for the Church of England in the 2020s

One Vision:

A Church for the whole nation which is Jesus Christ centred and shaped by the five marks of mission

With three strategic priorities:

1. A church of missionary disciples
2. A church where mixed ecology is the norm
3. A church which is younger and more diverse

Leading to six bold outcomes:

A church for everyone through:

- 1) Doubling the number of children and young active disciples in the Church of England by 2030.
- 2) A Church of England which fully represents the communities we serve in age and diversity.

A pathway for every person into an accessible and contextual expression of church through:

- 3) A parish system revitalised for mission so churches can reach and serve everyone in their community.
- 4) Creating ten thousand new Christian communities across the four areas of home, work/education, social and digital.

Empowered by:

- 5) All Anglicans envisioned, resourced and released to live as disciples of Jesus Christ in the whole of life, bringing transformation to the church and world.
- 6) All local churches, supported by their diocese, becoming communities and hubs for initial and ongoing formation.

Underpinned by three virtues :

Simpler, Humbler, Bolder

Membership of the TFWG

The TFWG membership comprised five members nominated by each of the Archbishops' Council, the House of Bishops and the Church Commissioners' Board. With several members 'wearing two hats', including Bishop David Walker who chaired the Group, it had eleven members.

The full membership was

Bishop David Walker (HoB and CC) (Chair)

Bishop Sarah Mullally (HoB)

Alan Smith (AC and CC)

John Spence (AC)

Bishop Paul Butler (HoB and AC)

Maureen Cole (AC)

Stephen Lake (CC)

Suzanne Avery (CC)

Bishop Philip Mounstephen (HoB)

Bishop Martin Seeley (HoB and AC)

Third Commissioner (CC) – This was covered by Eve Poole for one meeting, Bishop Viv Faull during the vacancy and then Flora Winfield for the final meeting