

Governance Review Update

Executive Summary

- The paper provides an update on the National Church Governance Project Board's (NGPB) initial policy thoughts on the proposed reforms to the governance structure of the National Church. The NGPB is charged with developing and taking forward the work of the Governance Review Group to reform the governance of the National Church Institutions (NCIs)¹. The NGPB has been commissioned to do this by the Archbishops' Council and the Church Commissioners. A copy of our Terms of Reference is included at **Annex A**.
- Governance Reform is a key strand of the Emerging Church of England Programme, which has already begun the process of simplifying the NCIs through its Transforming Effectiveness Programme and our expectation is that we will be able to build upon this work.
- So why is reform necessary? At present there can often be a lack of clarity about where national decisions should be taken, with papers circulated through multiple committees before approval is received. This lack of transparency is frustrating and resource sapping. There is a real desire within the NCIs to focus more of their energy on serving the wider Church rather than being weighed down by bureaucracy and to embed a culture of service and mutual accountability. The current governance structure of the National Church Institutions needs urgent reform.
- The NCIs governance arrangements are too opaque, with far too many committees. The web of committees created over a long period of time has become unmanageable, consuming vast amounts of NCI staff time, and detracting from the work of supporting the wider Church community (i.e., Dioceses, Parishes, Cathedrals, Schools, etc). It is over two decades since a comprehensive review of National Church governance structures and arrangements was undertaken². This is far too long a period of time. Maintaining good standards of governance requires periodic review of the arrangements in place.
- The NGPB considers the governance of the Church to be unique; in that the Church is both an organism (the Body of Christ) and an institution, and that questions relating to its governance are not simply organisational but need to

¹ There are a number of bodies, collectively known as the National Church Institutions (NCIs), which undertake work for the Church of England. The NCIs are separate legal entities but are a common employer. The current arrangements were established under the National Institutions Measure 1998. The NCIs are the Archbishops' Council, Bishopthorpe Palace, The Church Commissioners, The Church of England Central Services, The Church of England Pensions Board, Lambeth Palace and the National Society for Promoting Religious Education.

² The Turnbull Report, '*Working as One Body*' was published in 1995.

be theologically informed. During the course of our work, this is a point that we will regularly reflect upon, and we will work closely with the Faith and Order Commission to ensure that the structures we design are fit for our Church.

- The NGPB has begun to consider each of the recommendations made in the Governance Review (GRG) Report (**Annex C**) and the potential policy issues that arise from them.
- The NGPB agrees that it would be beneficial to consolidate most of the activities of the following NCIs, the Archbishops' Council, the Church Commissioners, and Church of England Central Services into a single integrated governance body. This governance body is referred to as Church of England National Services (CENS) for the purposes of this paper.
- The Board agree that a number of activities should be outside of the remit of CENS, i) the historic endowment and distributions would remain the responsibility of the Church Commissioners, ii) the Pensions Board would remain a separate independent body, under the jurisdiction of the Pensions Regulator, and iii) oversight of national safeguarding activities by an independent body, though further work is needed on the responsibilities of that independent body, and how it would relate to CENS.
- The NGPB agrees that the rationale for the National Society for Promoting Religious Education remaining a separate entity is reasonable, however it is an area we would like to explore with their Board. The NGPB has not yet discussed whether the functions of the Offices of the Archbishops would form part of CENS. Both of these recommendations will need to be discussed with the relevant stakeholders and we have not had the opportunity to do this yet.
- The NGPB wants to consult widely and engage with stakeholders on its proposed approach to governance. A Synodical Reference Group has been established and we are engaging regularly with its members (**Annex B**). We very much see our role as one of listening, and through a process of consultation, developing the best governance model for the National Church. This paper forms part of that process of engagement. The consultation will need to cover the proposed outline structure for CENS and how the governance arrangements might work in practice between the National Church Institutions and other affected bodies (General Synod, Cathedrals, Dioceses, Parishes, Government and State, etc). This mapping exercise will be a key facet of our work.
- The NGPB has considered the recommendations made in relation to bishops, with a paper taken to the House of Bishops in May 2022. What is clear from our early conversations is that this important element of the governance work needs further consideration. There is some concern about the concept of a

Board of Bishops and whether it could be perceived as too managerial and yet another layer of governance within an already complicated structure. We have established an Episcopal Reference Group (**Annex B**) that will work with the Project Board and the Synodical Reference Group to explore how we can better incorporate episcopal leadership into our governance structure.

- The NGPB has also begun to consider the matter of Synodical Governance and Reform. As a Board we consider that there is a case for looking at possible improvement to the operation and structure of General Synod. However, we have agreed that looking at the governance of the National Church Institutions and General Synod simultaneously would be too challenging, and one may detract from the other. So our work does not encompass the reform of Synod's own structure. Nonetheless, this review will touch upon how the NCIs relate to Synod, particularly when we begin to consider the Board composition of CENS, and the structure and membership of its Committees and reporting.
- The NGPB has not begun any process of formal engagement with the State on its work as we are in the early stages of policy development but recognise that this will be another important aspect of our work.
- The NGPB is committed to working openly and transparently with the aim of building trust with our various stakeholder groups. We will provide regular updates to NCI staff, General Synod and to all interested parties on the progress of our work.
- We would welcome any views on the proposed changes to the current governance structure, at our fringe event on Saturday 9th July or separately. Comments can be sent to GovernanceReview@churchofengland.org. We would welcome any comments by Friday 29th July 2022. There will be further opportunities to comment and contribute to our work as the policy proposal is developed.

Rt Revd Andrew Watson - Bishop of Guildford
Episcopal Lead of the Governance Review
June 2022

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Ecclesiology, Theology and Governance

1. Everyone who looks at the structures of the Church of England notes their complexity and apparent incoherence. But why is that complexity significant, and why is apparent incoherence so often defended vehemently? The Turnbull Report (*Working as One Body*, 1995) sought simplification but ended up still with a system of considerable complexity, and arguably little more coherence than it had inherited³. The incoherence of our governance structures is problematic; creating questions of trust, concern that our trustee bodies are not always tackling or aware of serious issues and that accountability is not always clear. The work of the NGPB must be to build good governance structures that encourage holiness and virtue, and that ensure that the Church's process of renewal is sustained.

2. Contemporary culture often assumes that the paradigm for all bodies is the corporation – but there are alternatives. Some aspects of an organisation or institution's work will need to be managed by a governance model suitable for a business – but that model is not always appropriate. Anglicanism as a Church joins together people from many different walks of life and backgrounds and therefore differs from a corporation with a unified set of goals. Our richness of diversity is much more likely to create complex structures, but we should not be afraid to challenge ourselves to seek simpler, more agile solutions. As Berry comments in his study of the Turnbull process,

*The Church as institution has no primary product or service in a conventional or commercial sense. Rather the work is about the nature of being in relation to God, now and in eternity. In its manifestation as an ecosystem of organisations, it is possible to glimpse how the organisation patterns ... express the history of the institutional debates and the present explorations and modes of expression.*⁴

3. There will always be diversities of opinion within the Church of England as to how the Christian faith should be explained and lived out. As far as the National Church Institutions are concerned, they need to embody and give expression to that essential core of belief which unifies us as Anglicans and ensures historical continuity as the ancient Church of this land; whilst also recognising that diversity which is a feature of the Church of England's inheritance and culture

4. Theologically, the governing principle of the Turnbull Report was a particular reading of "Headship" and a Pauline theology of "the Body", deployed to justify focusing power and authority in a small, unelected (or partly elected), Council (the 'Head') which would govern the 'Body' of the church. The then Archbishop of York's Theological report on Turnbull looked at some complementary theological themes. It considered the Church as: the Body of

³ The Governance Review Group considered a theological paper by Revd. Dr Malcolm Brown (Director of Faith and Public Life), as part of their preparation of GS2239, aspects of that paper are explored in this papers section on Ecclesiology, Theology and Governance.

⁴ (Anthony J Berry, 'Accountability and Control in a Cat's Cradle', *Accounting, Auditing and Accountability Journal*, Vol.18, No2. 2005. Pp.261-2)

Christ; Communion; Pilgrim; Herald – and went on to consider the Church as a Learning Community, working with several theological themes at once allows us to ask, “What would this proposal look like to those who see things differently?”. The work of this group will seek to learn from different concepts and images of the Church, and how these can be put into dialogue with questions of structure and governance. The NGPB believes that by listening well and engaging widely we can improve our current governance structures.

5. The Church as the Body of Christ is called both to embody and foster values and virtue. This is not a question separate from that of governance but one that is intimately linked to it. The role of governance is to ensure that, through its structures, people and processes, each institution fulfils its role and mission to serve in the most effective, inclusive, transparent, and accountable way possible. Good governance is an enabler of effectiveness, a shaper of culture, an assurance to stakeholders that the resources entrusted to the organisation have been used appropriately and should reflect what the Church calls virtue in its focus on truth and integrity.

Why are these reforms necessary?

6. The GRG Report highlighted through discussions with various stakeholder groups that there was a need to simplify the Church of England’s national governance structures. It recognised that the current system is too heavy, with too much time spent servicing committees rather than putting our energies into delivering the Church’s overall vision and strategy.
7. Put simply, there are too many committees, our governance arrangements are too opaque, and the committees are consuming too much staff time. At a time when the wider Church is struggling, post pandemic and with ever increasing costs, it is indefensible that so much valuable time and effort at the centre is dissipated in a confusion of committees and opaque and uncertain lines of accountability.
8. These governance arrangements have not been comprehensively reviewed in over two decades and thoughts on governance best practice have evolved over that time, so it is right that we should examine our current processes to assess whether the National Church’s governance can be improved.

An opaque system of governance

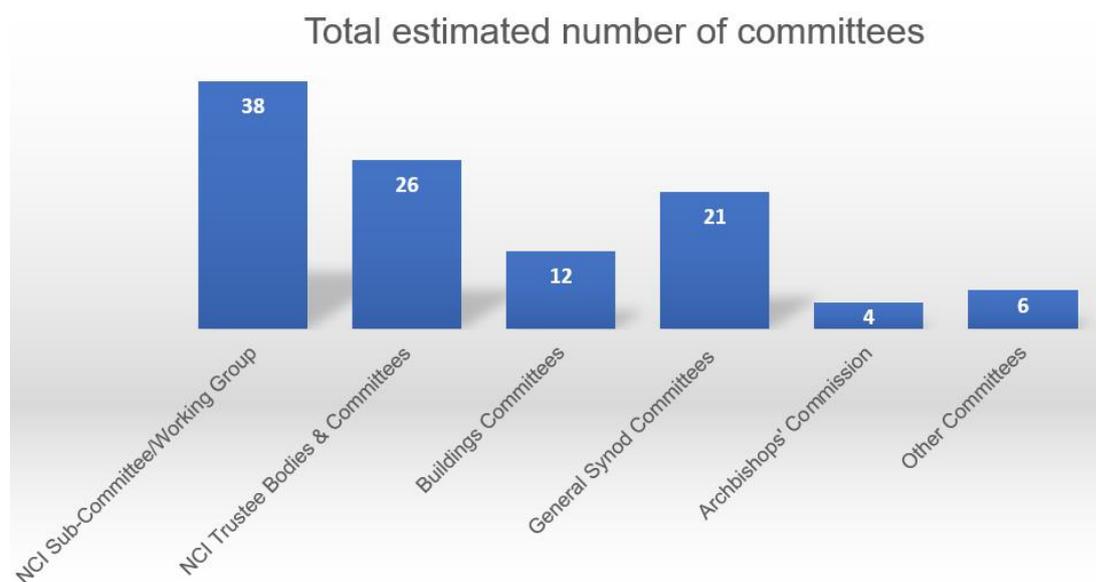
9. The relative opacity of our governance can lead to questions being raised in relation to the transparency of decision-making in the Church and create trust issues. Our initial analysis has highlighted the following.
 - There is no easy “how-to” manual that explains how all the bodies in our governance structure fit together. This is particularly relevant for national level decisions, which can involve multiple bodies.
 - There is no process of regular review to check whether committees remain necessary (if a committee is no longer needed, stop it).

- There is no directory of committees, so it is hard to keep a grip on who is doing what within our governance structure.
- Not all the National Church Institutions have formally documented their delegated powers.
- There is a lack of clarity in relation to accountability; the Synodical Reference Group highlighted that for Synod members it is not always clear which NCI is dealing with a question or policy issue.

10. The GRG Report highlighted that by its nature the governance of the Church of England will always be complicated. A key aspect of our work will be to create a governance structure which is simpler, better defined, and understandable to everyone.

Committees

11. The Diagram below looks at the number and type of committees within our current governance structure but does not include many of the time-limited committees/groups that are put together to solve problems. Our initial data gathering estimates that there are 107 committees, all of which are serviced by NCI staff. 64 (60%) of the committees are National Church Institution Committees.



12. Review of the analysis highlights several issues with our governance structure.

- Authority in the Church of England, even in the national structures, is dispersed, to some degree rightly, but for some purposes perhaps too much. When wider Church decisions need to be made new groups, such as the Emerging Church Steering Group and the Triennium Funding Working Group are sometimes put in place, alongside the existing governance bodies. These groups make recommendations for approval to the trustee bodies, but there is a risk that these groups are making

decisions that are the fiduciary duty of trustees and might not be representative. These groups with wider Church membership are often well-regarded but pose difficult governance questions.

- The flow of information from sub-committee to committee, from committee to trustee body, from one trustee body to another and back again and potentially from trustee body to General Synod can take considerable time and effort, with papers looping back and forth through the system before final agreement is reached. Our governance arrangements are creating duplication and wasting resource. This can be complicated further if guidance/approval is needed from the House of Bishops. It is not easy to estimate the cost of running such a model, but there is no doubt that it is sizeable and a waste of resource.
- There is duplication within the governance system. An example of duplication is the three separate NCI Audit & Risk Committees. Many of the papers produced for these Committees are replicated, the Annual IT Governance Report, the Annual Internal Audit Plan, ChECS internal audit reports, but all need to be presented three times. The Audit & Risk Committees are potentially too focused on the issues affecting their own individual NCI and fail to adequately consider how issues facing the wider Church might impact its governance body financially, operationally and reputationally.

13. The Transforming Effectiveness stream of work has already begun the exercise of trying to reduce the number of committees through consolidation or removal of committees no longer deemed necessary.

14. The work of Transforming Effectiveness can however only go so far and cannot bridge some of the gaps in our current governance arrangements. It is also hard to ignore some of the failings, particularly those relating to safeguarding and race, that have occurred whilst our current governance arrangements have been in place. A significant part of the NGPB's work is about building trust, by putting in place systems of governance that are simple to follow and values based.

Governance

15. There has not been a comprehensive review of the National Church's governance for many years and best practice in this area has moved on since the Turnbull Report, with much more focus on values and behaviours, and organisational culture.

16. The GRG Report highlighted the Charity Governance Code⁵ as a model that was considered as part of their review. The Charity Governance Code is a

⁵ The Charity Governance Code is a cross sector collaboration and the Charity Commission acted as an observer to its Steering Group. [Charity Governance Code](#)

practical code that supports charities, and their trustees to develop high standards of governance. The GRG Report recognised that this model was not the definitive template for the good governance of the Church of England but was a useful reference document. The Charity Governance Code was refreshed in 2020 and has since been adopted by several well-established large charities. The Code includes seven principles of good governance:

- **Organisational purpose**, i.e., governing boards should be clear about their aims and ensure these are effectively and sustainably delivered;
- **Leadership**, i.e., the charity is headed by an effective governing board providing strategic leadership in line with its aims and values;
- **Integrity**, i.e., governing boards adopt appropriate values and create a supportive culture which helps achieve the charity's purposes, mindful of the importance of public confidence and reflecting ethics and values in everything they do.
- **Decision making risk and control**, i.e., governing boards ensure their decision-making processes are informed, rigorous and timely, with effective delegation, control, and risk-assessment systems in place.
- **Board effectiveness**, i.e., a governing board is an effective team, appropriately balanced to make informed decisions.
- **Equality, diversity and inclusion**, i.e., governing boards should have an effective approach to supporting equality, diversity and inclusion throughout the organisation and in their own practice.
- **Openness and accountability**, i.e., governing boards should lead their organisations transparently and accountably, being open unless there is good reason not to be.

17. The Charity Governance Code also notes the importance of the trustee role in governance, seeing their role as pivotal to good governance. The Code highlights that a charity trustee should be committed to the charity's cause, to meeting its public benefit on an ongoing basis, understand their role and legal responsibility, committed to good governance and contributing to their charity's continued improvement. The Code endorses the Charity's Commission guidance, *The Essential Trustee*⁶.

18. Review of several large charity annual reports (Oxfam, Save the Children UK, Wellcome Trust, British Heart Foundation) found references within the Governance section of the report, to either adopting the Charity Governance Code or following practices that were in line with charity governance best practice. Oxfam, Save the Children and British Heart Foundation all specifically reference reviews they have undertaken to ensure they are aligned with the Code and governance best practice. The Church Commissioners and Archbishops' Council are large charities and as part of this Governance Review, it would be beneficial to complete an assessment of them against the Code and any apparent gaps could then be considered as part of the development of a new governance model. It may well be that there are areas where we choose not to comply with the Code and an explanation is needed to justify this choice.

⁶ [CC3 The Essential Trustee - Link to Charity Commission Guidance](#)

19. The GRG Report also considered the Campbell & Goold 'Organisation Design' Tests as described in the Harvard Business Review. These principles again offer another useful reference for our work. The ten principles underpinning these tests are as follows:

- **Focus on the true purpose** – in this case serving the Church. Allocating sufficient attention to the Church's activities (Campbell & Goold's 'Market Advantage test').
- **Appropriate levels of subsidiarity** – adding value to the cure of souls at local level by recognising and delivering those activities best done nationally to maximise strategic or economic value (the 'Parenting Advantage test').
- **Getting the best of the people within the structure** – in the Church's case, optimising efficiency in an organisation which often relies on personal commitment and the cultivation and development of skills where it lacks the resource to hire the best possible personnel ('the People test').
- **Deliverability** (the 'Feasibility test').
- **The protection of genuine specialism**, e.g., liturgy or investment management (the 'Specialist Culture test').
- **Co-ordination** – the ability to make difficult links within/ across a structure servicing such a broad range of activity and interest (the 'Difficult Links test').
- **Knowledge/skills** as the basis for levels and responsibilities in the hierarchy – avoiding duplication of effort which is in the current structure a by-product of coalition and complexity of interests (the 'Redundant Hierarchy test').
- **Appropriate levels of accountability** – in an institution where people 'wear several hats', ensuring proper accountability is exercised but with suitable delegation of authority (the 'Accountability test').
- **Flexibility/ adaptability** – designing a structure that might be reversible should the situation change (the 'Flexibility test').
- (Campbell & Goold also includes a '**Wildcard test**' designed to pick up anything missed by the others.)

20. Both models above are useful references and point to the need to be able to easily adapt the governance model in place. A key component of good governance is embedding a regular cycle of review and seeking to improve continuously. The NGPB's work will need to ensure that control checks are built into the model and once defined the governance arrangements are regularly reviewed to ensure that the same problems are not perpetuated within the new structure

The current focus of our work

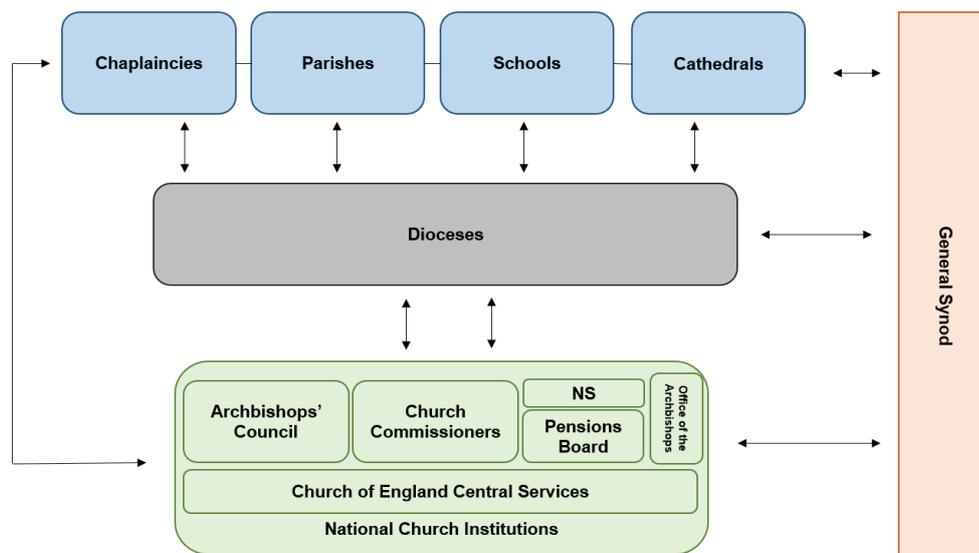
21. The focus of our work to date has largely been around any future governance structure and what that might look like. We have begun to consider the following:

- The National Church Institutions structure and what we believe should be in and out of scope of the review
 - The relationship between the bishops collectively, and the reformed trustee bodies created in any proposals for reform
 - The role of General Synod within the Governance Structure
22. In considering each of these areas we have identified some policy issues that will need to be explored with various stakeholders as we progress this important work. In the interest of transparency, the Project Board felt it was important to bring a paper to the July 2022 General Synod which shared our initial views.
23. At this stage of our work, we have not determined whether there is a necessity to create a new trustee body or whether the Archbishops' Council or Church of England Central Services could be shaped into a future governance body.

National Church Institutions Structure

24. Seven of the GRG Report recommendations relate to the simplification of the National Church Institutions governance structure.
25. The National Church governance structure has remained largely unchanged since the passage of the National Institutions Measure in 1998, which in turn was informed by the Turnbull Review of 1995. This feels somewhat strange when so much else has changed in the last twenty-seven years, in the Church and in society, and particularly in relation to the way we work.
26. The purpose of the National Church Institutions is to support the mission and ministries of the Church. Each NCI has its own objectives and tasks. But taken together, their function is to support the dioceses, and through them to support the parishes, schools, cathedrals, chaplaincies, and other forms of Church. This is shown in the diagram below. The relations between the different bodies, in terms of representation, legal responsibilities, funding (in both directions), law-making, culture, and other aspects, are complex. This web of relationships is represented, with more simplicity than it reflects, in the various arrows linking the different bodies in the diagram. To keep the diagram relatively simple, not all bodies at all levels are included. The work of the NGPB is not about transforming the whole diagram, however, but about simplifying the NCIs' box, and clarifying the relations between the NCIs and the rest.

National Church Governance Diagram



27. The Governance Review aims to consolidate oversight of many of the activities through which the NCIs seek to support the Church across the country into a single integrated governance body. The GRG proposed, and the National Church Governance Project Board agrees, that all of the activities of the Archbishops' Council, most of the activities of the Church Commissioners (though certainly excluding their investment functions), and all of the Church of England Central Services should be combined. We believe joining together all of these functions will create a more cohesive body, one which is better able to facilitate decision-making at a national level and to serve the wider Church.

28. The GRG Report suggested some potential names for the governance body, with Church of England National Services (CENS) being used within their report. We are agreed that the name of the charity requires review, but for the purposes of this paper have described the entity as CENS.

29. CENS would be responsible for:

- Enabling the development, communication and implementation of an agreed national vision and strategy for the Church of England.
- Supporting policy development on topics where national consistency is essential (examples include education, safeguarding, standards of training for ordination, environmental and ethical questions).
- Supporting the Church, in particular archbishops and bishops, in its interaction with Parliament, Government and national civil society and in its engagement with ecumenical and interfaith matters.
- Enabling development and agreement of clergy terms of service, remuneration and benefits, and oversight of payroll and benefits functions.

- Determination and oversight of an agreed funding model for national functions and supplementary grant funding to Dioceses.
- Determining the best use of the resources made available to it.
- Supporting bishops with an agreed programme of work to ensure standards and quality assurance of selection and training for ordination.
- Supporting dioceses/parishes with provision of professional advice and guidance, common templates, and training.
- Development and roll out of the Church's digital and giving strategy.
- Acting as legal employer for staff of some of the other national bodies where that brings simplicity.
- Provision of administrative services/secretariat to General Synod, the Archbishops, and the House and College of Bishops, and other statutory and non-statutory national bodies.
- Supporting Dioceses with provision of shared back-office and enabling services where there is demand and based on a clear case that it is more effective and efficient.
- Provision of back-office services such as procurement on a voluntary basis to the wider church e.g., Parish Buying.
- Provision of a Church-wide system and processes for data collection, management information, research, and archiving.
- Facilitation of a learning culture through support for knowledge sharing, peer networks and communications channels between worshipping communities.

30. We are agreed that the activities listed here, would form the basis of the entity's charitable purpose. The National Church Governance Project Board felt that this list encompassed many of the activities currently undertaken by the individual trustee bodies and provided a platform for a much more cohesive offering of services and support for the wider Church.

31. The GRG report also identified areas of responsibility that would not be part of the remit of the CENS Board.

- Decisions relating to the management of the historic assets and investment strategy
- Decisions relating to the amount of Church Commissioners' endowment money to be released for expenditure (which is currently the responsibility of the Church Commissioners' Assets Committee).
- Responsibility for ensuring the responsible, ethical investment of the funds managed at national level.
- Responsibility for the co-regulation of English cathedrals.
- Responsibility for the various Church of England pension schemes and the provision of clergy retirement housing, which would continue to be the responsibility of the Pensions Board;
- The National Society's specific responsibility for the promotion of church schools and Christian education, which it should retain for now but pending subsequent review.

- Oversight of the national Church's safeguarding activities, which would be the responsibility of a separate independent body currently being designed.
32. We are in strong agreement that the management of the historic endowment and distributions should remain the responsibility of the Church Commissioners. There should be clear segregation of duties between those managing the fund and determining distribution levels, from those that are allocating spend against it. These lines serve to protect the endowment fund for future generations. We also reflected that responsibility for the historic endowment is very much rooted in the history of the Church Commissioners.
33. The GRG Report suggested that the arrangements for the Church Commissioners' co-regulation of Cathedrals with the Charity Commission should continue. In our view, this is unpersuasive. There is no compelling reason why co-regulation of Cathedrals could not sit within CENS, rather than the Church Commissioners, if other parallel activities such as the statutory funding of cathedrals also passes to CENS. This aspect remains an open question for the NGPB and one that will require further consultation.
34. At the time the GRG Report was written the Mission and Pastoral reforms were still in their early stages of consultation. The GRG Report suggested that whatever the outcome of the consultation might be, some level of continued administrative and legal support would be required from the centre. The NGPB recognises that this area will require careful consideration, as the Mission and Pastoral reforms are still in the process of review with General Synod. It agrees with the presumption that this area, however it is reformed, could sit within CENS. The NGPB will work closely with the Mission & Pastoral team, the Third Estates Commissioner (a newly appointed member of the Project Board), and the Chief Executive Officer of the Commissioners to determine how this can best be managed.
35. The GRG also recognises the functions carried out by the Church Buildings Council and the Cathedrals Fabric Commission and the need to work with these independent bodies in defining our governance arrangements.
36. The National Society's legal status is complicated by the fact that it covers the Church in Wales as well as Church of England schools. The National Society recently reconstituted itself to comprise fewer governing bodies in order to improve the effectiveness of its work in the field of education. A younger and more diverse church is a key aspect of the Vision and Strategy, and the new governance arrangements will need to carefully define how the National Society and CENS will work together to support this objective. We agree that the rationale for not integrating the National Society into CENS appears reasonable but would like to review this point further with the Board of the National Society, which as yet, we have not had the opportunity to do.
37. We agree that the Pensions Board should remain an independent body under the jurisdiction of the Pensions Regulator.

38. We agree that the oversight of the national Church's safeguarding activities should be the responsibility of a separate independent body. However, we recognise that there is more work to be done to examine options for this: for example, whether "oversight" should mean an inspection or regulatory function (and if so, whether statutory or voluntary); or whether it should mean independent executive management (and if so, how the executive safeguarding body would relate to CENS, to bishops, to dioceses and to parishes); or whether it should mean an independent monitorship structure.
39. We recognise that there are important aspects of national work that, in an episcopal church, should continue to be the responsibility of bishops, acting together in national leadership – whether through the whole College of Bishops, or through the House of Bishops, or some other collective grouping. These include the traditional responsibilities for bishops for teaching, doctrine, worship and many aspects of ministry. It can also include – as originally envisaged by the Turnbull review – the articulation of a vision for the whole Church, which trustee bodies can then follow and implement. The relationship between the bishops, acting collectively, and the trustee bodies (particularly CENS) will be an important feature of any proposed new national governance structure. We recognise that this requires more work, beyond what was done in the GRG report. Though the employment of staff and the allocation of resources will have to be the responsibility of a trustee body with legal personality, that body – and its staff – will need to support the bishops of the Church in their deliberations and leadership.
40. We recognise that consolidating the functions of the NCIs into a single integrated body is to some extent a relatively simple task. The complexity lies in determining how the new entity will relate to other entities and organisations (State, Parliament, General Synod, Dioceses), to whom it will be accountable, and the ways in which it will be accountable.

Trustee Board and Committees

41. The main focus of our discussions to date has been on structure. In our coming meetings we will consider the board composition of the new entity and its committees. Our initial conversations have highlighted the following:
- A commitment to look carefully at the board composition and ensure that it comprises the optimal number of members to make decisions effectively. This may lead to a reduction in board members: the present size of the Archbishops' Council (nineteen full members, and three permanent participant observers) is larger than recommended for a comparable charity board; the Board of the Church Commissioners, with 27 members is larger still.
 - A commitment to ensuring that the membership of the new Board is diverse and that there is an appropriate mix of skills. A possible means of achieving this, proposed by the GRG, could be through a Nominations Committee as is the practice in a number of well-

established charities, though some strong views for and against this approach have been expressed in our consultations to date

- A commitment to ensure that the Trustee board of CENS reflects its stakeholders in the Church and nation.
- A commitment to minimise the number of CENS committees and to define delegated powers for each committee clearly.
- A desire to start to reduce the number of current committees, through non-legislative means.
- A commitment to foster a culture of openness and transparency.
- A commitment to engage widely on these issues and listen to diverse perspectives of opinion on these matters.

The Role of Bishops

42. Three of the GRG Report recommendations relate to the role of Bishops and the nature of episcopal leadership within the Church. The GRG Report made the following recommendations.

- The House of Bishops should focus on the decisions and the activities which are required of it as one of the Houses of General Synod but the role of College of Bishops in the national life of the Church should be enhanced.
- The College of Bishops should elect 12 of its members to form a Board of Bishops to work with the national governance bodies on matters of governance and policy and to elect those to serve on the national governing body.
- There should be a review of the role of Lead Bishop and, if it is to continue, a role description should be developed.

43. The thinking behind these recommendations is well spelt out in the GRG Report. It includes the following considerations.

- A lack of clarity about the role of bishops in governance, especially at a national level.
- An ambiguity about decisions of the House and who is responsible for their implementation.
- The difficulty of bishops coming to a collective, national view, not least because of their strong rootedness in diverse local communities.
- Varied understandings of the role of 'Lead Bishops'.
- What has been perceived by some as a 'creeping managerialism', so undermining the primary role of bishops as pastors, evangelists, prophets, and teachers of the faith within their local contexts.
- A concern that only around half the bishops are involved in national decision-making in the House of Bishops.

44. We believe this is a key governance question and one that must be resolved as part of this work. In terms of the GRG Report recommendations, we have asked the following questions:

- Is the College of Bishops too big to be an effective decision-making body?
 - Does the concept of a Board of Bishops seem too managerial, and might it further marginalise the input of other members of the college?
 - What models might allow us to better integrate the episcopal voice into our national governance structures?
 - How should we characterise the relationship between bishops (collectively) and a national trustee body, in an episcopal church?
 - Are there models from other sectors which we could draw on in considering this?
 - Is the role of a Lead Bishop always the same?
45. The office and ministry of the bishop is as complex an amalgam as the nature and role of the Church and so within the College of Bishops there is a rich diversity of personalities and skill sets, some who are well suited to matters of national governance and strategy, and others whose strengths lie in their teaching and pastoral ministry. All are equally important for the life of the Church.
46. We recognise that these are thorny issues, and that we alone will not be able to solve them. At the House of Bishops in May 2022, Bishop Andrew asked for support with this work from the bishops, and we have formed a small Episcopal Reference Group to help do this.

Synodical Governance & Reform

47. Consideration of the responsibilities of the General Synod was not part of the original scope of the GRG, although a peripheral recommendation was made to initiate a new piece of work to explore the reform of the General Synod and Synodical government more widely. The GRG Report observed in paragraphs 118 to 123 that:
- The expression “Synodically-governed” creates a widespread misconception that the General Synod is the governing body of the Church of England— when in fact it is its legislative and deliberative assembly.
 - Synod is not the governance body for the NCIs, although it does set the budget for the AC, elects board members to some but not all of the boards and committees, receives annual reports from some but not all of them, and can pass motions ‘calling upon’ any of them to do things, though these motions cannot necessarily be enforced, given trustee responsibilities. The NCIs are registered charities subject to separate regulation of their governance
 - An apparent lack of appetite for some Synod members to focus on the legislative aspect of their role, with the majority of members increasingly interested in debates on social policy motions where Synod’s powers to influence change are usually expressed in the form of motions requesting the governing bodies and Diocesan bodies to take some form of action.

- A concern about the levels of expertise and representation within the Synod.
48. We believe however that the focus of our work must be on reshaping of the governance arrangements of the National Church. A review of Synodical Governance would be a separate stream of work, that should perhaps follow this one. It will not form part of this project.
49. However, as part of this project, we will need to reflect further on the election of Synod members to trustee bodies and how this would be affected by our work on the future board composition of CENS and its committees. Our work will also have to consider the role of General Synod in the NCIs' accountability to the wider Church.

Conclusion

50. This is a challenging piece of work and over the coming months we will need to engage widely with stakeholders. We would like to thank the Governance Review Reference Group for their support and feedback in the initial stages of this work.
51. The NGPB is committed to working openly and transparently with the aim of building trust with our various stakeholder groups. We will provide regular updates to NCI staff, General Synod and to all interested parties on the progress of our work.
52. We would welcome any thoughts you have on the proposals within this paper. Comments should be sent to GovernanceReview@churchofengland.org by the 29th July 2022.

Annex A – Terms of Reference of National Church Governance Project Board

The National Church Governance Project Board (NGPB) is responsible for the National Church Governance Reform Workstream of the Emerging Church programme.

1. Purpose

The purpose of the National Church governance reform workstream is to develop and deliver agreement to the proposals for changes to the governance and structure of the National Church Institutions, in the light of the report of the Governance Review Group (GRG). Once agreed, the governance reform workstream is responsible for the implementation of the proposals.

2. Accountability

The NGPB is accountable to the existing NCI trustee bodies affected: the Archbishops' Council (AC) and the Church Commissioners' (CC) Board, via the Emerging Church Steering Group. The NGPB will produce detailed proposals with a view to the Archbishops' Council introducing draft legislation in the General Synod.

3. Responsibilities

The NGPB will:

- **Develop specific proposals** for reform of the structure and governance of the NCIs, in the light of the report of the GRG, as noted by the General Synod in February 2022, including defining the purpose, values and culture, responsibilities, duties and governance of any new national Church governance body, and those NCIs affected by the proposed changes;
- **Consult and engage** widely across the Church and with the State on these proposals, as requested by the General Synod, including with the **Synodical Reference Group** established for this purpose;
- **Oversee the preparation and passage of legislation** to provide a legal basis for those elements of reform requiring statutory change. The NGPB will need to link to the Synodical Steering Committee for that legislation;
- **Oversee the implementation of that legislation** and associated non-legislative changes, through to the vesting and establishment of a new trustee body, and associated working relationships;

- **Oversee the implementation** of necessary governance, organisational and operational (non-legislative) changes including oversight of the significant operational risks involved.

The NGPB is committed to working openly and transparently to build trust with our various stakeholder groups and to embed a culture of openness within the new National Church governance model, we are working towards. We will provide regular updates to NCI staff, General Synod and to all interested parties on the progress of our work.

4. Membership

The lead bishop responsible for ensuring the delivery of this workstream, including in the General Synod, is Bishop Andrew Watson. He will be supported by the Governance Project Board. The Appointments Committee will be invited to appoint him to chair the Steering Committee for the Synod legislation.

The Board is chaired independently by Sir David Lidington. The membership is:

- Sir David Lidington (*Independent Chair*)
- Bishop Andrew Watson – Bishop of Guildford
- Jamie Harrison – Chair of House of Laity, member of Archbishops’ Council
- Alan Smith – First Church Estates Commissioner, member of Church Commissioners’ Board and of Archbishops’ Council
- Alison Coulter – Vice-chair of House of Laity, member of Archbishops’ Council
- Abby Scott – member of House of Laity
- Mary Chapman – former member of Archbishops’ Council, former member of Governance Review Group
- The Venerable Simon Fisher – Archdeacon of St Helens & Warrington
- The Revd. Canon Flora Winfield DL DD – Third Church Estates Commissioner

Membership of the Board will be kept under review by the ECSG and the trustee bodies (AC/CC), to ensure appropriate representation and diversity.

(Simon and Flora joined the Board in June 2022)

5. Frequency

The Board will expect to meet approximately monthly. It may need to meet more often at critical points during the engagement, legislation and implementation phases.

6. Staffing

The NGPB will be supported by a Project Director, and a team of staff, the composition of which will be determined during the scoping phase and agreed by the Emerging Church Steering Group. The team will be comprised of some dedicated staff, as well as some resource drawn from other teams, notably Legal, Communications, Secretariat, Human Resources, Finance and elsewhere.

7. Reporting

The NGPB will report regularly to the Emerging Church Steering Group, and to both the Archbishops' Council and the Church Commissioners' Board. It will develop and agree reporting relations to these bodies which combine necessary accountability with the ability to make progress in a timely way. These reporting relations will also engage on employment matters with the Joint Employment and Conditions of Service Board (JECSB), and on matters relating to the Church of England Common Services Company (ChECS) with the board of that company.

8. Approach

In carrying out its role, the NGPB will follow the NCIs' policies and good practice on project and programme management. It will, inter alia:

- Ensure that the new governing and operating structure is designed and implemented in consultation with the impacted NCIs, that accountabilities and interfaces are clearly defined and that the resulting changes to systems and processes are managed appropriately;
- Ensure that due consideration has been given to law (including tax law) and Charity Commission Guidance in the design and implementation of the new operating structure;
- Ensure there is an implementation plan, and monitor it to ensure that agreed deliverables are on track and that the project team is appropriately resourced with the expertise to deliver the recommendations;
- Monitor the risks associated with the project and ensure they are effectively mitigated;
- Monitor stakeholder communications plan and ensure that those impacted by the proposals receive regular updates on the status of the project.

For reference:

Motion passed by General Synod in February 2022:

That this Synod:

(a) thank the Governance Review Group for its work in preparing the report GS 2239 and its Chair for update note GS 2249;

(b) invite the Archbishops' Council and the Church Commissioners to engage with stakeholders in the Church and State on the report's recommendations; and

(c) invite the Archbishops' Council, in the light of the outcome of that engagement, to introduce legislation for consideration by this Synod to give effect to proposals that involve legislative change.

Carried in a vote by Houses: Bishops 30 nem. Con.; Clergy 126-18, with five recorded abstentions; Laity 110-53, with six recorded abstentions.

Annex B – Reference Groups

Synodical Reference Group Membership

A Synodical Reference Group has been established. The National Church Governance Project Board regularly seeks feedback on its work from the Reference Group. The membership of the Group is listed below:

House of Bishops

The Rt Revd Dr Helen-Ann Hartley (Bishop of Ripon)

The Rt Revd Andrew Watson (Bishop of Guildford) - Chair

House of Clergy

The Revd Canon Mark Bennet

The Revd Canon Andrew Dotchin

The Revd Sam Maginnis

The Ven. Luke Miller

The Revd Daniel Valentine

The Revd Canon Kate Wharton

House of Laity

Canon Karen Czapiewski

Mrs Julie Dziegiel

Mr Adrian Greenwood

Mr Stephen Hofmeyr

Dr Ian Johnston

Mrs Debbie Mclsaac

Mr Clive Scowen

Mr Robert Zampetti

Archbishops' Council

Mr Joseph Diwakar

Episcopal Reference Group

An Episcopal Reference Group has been established to help review the GRG recommendations made in relation to bishops.

Membership

The Rt Revd Dr Helen-Ann Hartley (Bishop of Ripon)

The Rt Revd Neil Innes (Bishop of Europe)

The Rt Revd Martyn Snow (Bishop of Leicester)

The Rt Revd David Urquhart (Bishop of Birmingham)

The Rt Revd Andrew Watson (Bishop of Guildford) – Chair

Annex C – Governance Review Group Report Recommendations

The NGPB are systematically reviewing each of the recommendations in the GRG Report. So far recommendations, 1,2,3,4,5,10,11,12,13,14 & 15 have been considered. Further work is required in relation to recommendations, 2, 3 & 4.

1. Most of the national functions of the Church of England should be carried out within the framework of a single national body called Church of England National Services (CENS), with a board of trustees, established for charitable purposes under the Charities Act.
2. The House of Bishops should focus on the decisions and the activities which are required of it as one of the Houses of General Synod but the role of College of Bishops in the national life of the Church should be enhanced.
3. The College of Bishops should elect 12 of its members to form a Board of Bishops to work with the national governance bodies on matters of governance and policy and to elect those to serve on the national governing body.
4. There should be a review of the role of Lead Bishop and, if it is to continue, a role description should be developed.
5. The Church of England should initiate a new piece of work to explore the reform of the General Synod and Synodical government more widely.
6. The options for the composition of the CENS Board – including any transitional arrangements - should be considered and developed further at the next stage of the Church's governance review work.
7. The Church of England National Services Board should be supported by the minimum necessary number of sub-committees to ensure its operation, including Risk, Audit, Nominations and Finance and the minimum possible number of others and only to the extent essential.
8. Consideration should be given to a piece of enabling legislation to facilitate other boards and sub-committees to be dissolved.
9. Any remaining committees must have clarity regarding their purpose, level of authority, reporting lines and methods. They should not over-step the powers and remit delegated to them by the governing body to which they are accountable.
10. Decisions relating to the management, stewardship and oversight of the Church's historic endowment and the amounts of money that can be distributed should remain the legal responsibility of the Church Commissioners.
11. Most other activities which currently fall under the governance of the Church Commissioners should move over to the new governance body (with some exceptions: see below).
12. The Pensions Board should continue to remain a separate independent body under the jurisdiction of the Pensions Regulator.

13. The arrangements for the Church Commissioners' co-regulation of cathedrals together with the Charity Commission should continue.

14. The National Society should continue to exist as separate governance body given its legal links with the Church in Wales pending further review.

15. In line with the recommendations of the IICSA report, the oversight of the national Church's Safeguarding activities should be carried out by a separate independent body.

16. The Church should establish a Nominations Committee to sit as one of the sub-committees of the new CENS governing Board

17. The Nominations Committee should establish a community of diverse, appropriately skilled and appropriately knowledgeable people from which panels would be convened to oversee appointments and ensure eligibility for election.