

**GENERAL SYNOD**  
**Archbishops' Council 2023 Budget**

**Introduction**

1. This paper sets out the Archbishops' Council's planned budget for 2023. An updated forecast for 2022 is also provided which is compared with the revised 2022 budget presented to General Synod in the 2022 financial update last November (see GS2235).
2. The Council's 2023 budget builds on the Transforming Effectiveness work which resulted in annualised savings of £2m across the NCIs which will be fully realised during 2023. The budget also takes account of the increased funding contribution from the Church Commissioners as part of the spending plans for 2023-25 and beyond (see GS 2262). This is a key factor in enabling the Council to recommend to the Synod that the 2023 diocesan apportionment should be set at the same level as in 2022.
3. However, it needs to be recognised that much of the detailed work on the budget was carried out before the sharp increase in actual and expected inflation this year and next. The budget includes a modest contingency to reflect the increased risk of inflation but this remains a risk. The work on spending plans for 2023-25 was done on the basis that the diocesan apportionment would also be kept flat in 2024 with an inflationary increase in 2025. But heightened inflation increases the risk that this will not be achievable and some increase in the apportionment will need to be proposed in 2024.
4. The budget does not include the additional resource which will be required to deliver key aspects of the wider spending plans, particularly to support the Vision & Strategy and net Zero work. This is because implementation plans are still being developed in consultation with key stakeholders. Once more detailed plans for the work in these areas are developed, the associated costs will be included in future budgets. These plans will be developed in line with the Transforming Effectiveness principles which include judging plans against the questions of whether they enable the flourishing of the local church and / or whether they make the Church of England more coherent and effective in its national role. We will provide the Synod with an update when the associated planning is sufficiently developed. We are able to assure the Synod and dioceses that this additional expenditure will not impact the diocesan apportionment.
5. The Synod is invited to approve: (i) the Council's expected 2023 expenditure in relation to each of the five budget elements funded largely by the dioceses, (ii) the resultant diocesan apportionment and (iii) the pooling adjustment in respect of ordinands' additional maintenance costs.

## 2022 forecast and 2023 Budget summary

6. The table below summarises forecast income and expenditure in 2022 for the Council's activities governed by Synod Votes 1 – 5 (i.e. it does not include the grants made by the Council from Church Commissioners' distributions for onward distribution) compared with the budget<sup>1</sup> and the income and expenditure budget for 2023. Additional detail is provided in **Annex 1** and in the Vote by Vote commentary at **Annex 2** which includes a departmental analysis of the operating budget (Vote 2).

	2022		Variance:		2023 Draft Budget	Variance:	
	Budget	Forecast	F/cast vs Budget			2023 Draft Budget v 2022 Budget	
<u>Gross expenditure</u>	£m	£m	£m	%	£m	£m	%
Training for Ministry (Vote 1)	16.8	16.2	0.7	3.9%	15.7	1.1	6.4%
Operating Budget (Vote 2)	28.2	29.5	(1.4)	(4.9%)	33.1	(4.9)	(17.5%)
Grants (Vote 3)	1.2	1.3	(0.1)	(4.4%)	1.5	(0.3)	(22.0%)
Mission agency pension contributions (Vote 4)	0.7	0.6	0.1	9.5%	0.6	0.1	9.5%
Clergy retirement housing (Vote 5)	5.6	5.6	0.0	0.0%	5.8	(0.3)	(5.0%)
<b>Total</b>	<b>52.5</b>	<b>53.2</b>	<b>(0.7)</b>	<b>(1.4%)</b>	<b>56.8</b>	<b>(4.3)</b>	<b>(8.3%)</b>
<u>Funded by</u>							
Diocesan apportionment	31.3	31.3	0.0	0.0%	31.3	(0.0)	(0.0%)
External Income	3.6	3.7	0.2	4.8%	2.5	(1.1)	(31.1%)
Accommodation Income: NCl's subtenants	1.5	1.4	(0.1)	(5.4%)	1.2	(0.2)	(16.3%)
Church Commissioners	13.4	14.7	1.3	9.3%	19.5	6.0	45.0%
Restricted / Designated Funds	2.7	2.0	(0.6)	(23.6%)	2.2	(0.4)	(16.2%)
Vote Reserves	0.0	0.0	(0.0)	(15.2%)	0.1	0.1	162.1%
<b>Total</b>	<b>52.5</b>	<b>53.2</b>	<b>0.7</b>	<b>1.4%</b>	<b>56.8</b>	<b>4.3</b>	<b>8.3%</b>

### 2022 Forecast

7. Forecast expenditure in 2022 is £53.2m, £0.7m (1.4%) above budget. The main changes from the budget approved by the Synod last year are:
- A forecast underspend of £0.7m in Training for Ministry, primarily due to the current forecast for ordinand numbers in 2022/23 being lower than anticipated last year.
  - Forecast additional expenditure of £1.4m in the Operating budget. The main additional costs have arisen in Safeguarding, Ministry Development, and in the Governance and Accommodation strands of the Emerging Church programme where funds are being spent now to achieve efficiencies and financial savings in future.

### 2023 Budget

8. The Council's budgeted expenditure in 2023 for areas of activity substantially funded by the diocesan apportionment (Votes 1 – 5) is £56.8m. This is £4.3m (8.3%) above the 2022 budget and reflects the following key movements (see **Annex 2** for further detail):

<sup>1</sup> approved by the Council in September and the General Synod in November ([GS 2235 Archbishops' Council 2022 financial update .pdf \(churchofengland.org\)](#)).

- (i) A decrease of £1.1m in the Training for Ministry budget due to a reduction of 59 in the forecast number of ordinands starting training in autumn 2022 compared with the number forecast to complete their training this year. The budget includes provision for an 11% increase in the number of new starters in autumn 2023 which is broadly equivalent to the number of ordinands forecast to complete their training next year.
  - (ii) An increase of £4.9m in the Operating Budget. This is primarily due to a £4.0m increase in the Emerging Church Programme budget relating to the Governance and Accommodation workstreams which are time-limited project costs rather than an ongoing increase in baseline expenditure. (The one-off expenditure on accommodation will deliver annual savings of £1.0m so has a short payback period).
  - (iii) A £0.3m increase in the Grants budget, the major component of which is introducing a £0.25m addition to the Council's Legal Costs Fund.
  - (iv) A decrease of £0.1m in Mission Agency Pension Contributions which reflects the interim reduction in the Clergy Pension Scheme contribution rate. There is the prospect of further savings in this area if the contribution rate is reduced further once the consultation on the draft valuation is concluded.
  - (v) £0.3m to fund a 5% increase in the Clergy Retirement Housing grant which reflects cost inflation and growth in the housing portfolio to meet demand from the expected peak period in retiring clergy numbers.
9. Budgeted income in 2023 comprises:
- (i) Diocesan apportionment of £31.3m, the same level as in 2022, and £1.7m (5.2%) below 2019 in cash terms. Assuming a CPI increase of 7% this year (in line with the most recent HM Treasury aggregation of economists' forecasts) this is equivalent to a 21% real terms reduction in apportionment between 2019 and 2023.
  - (ii) Church Commissioners' grant funding of £19.5m. This is £6.0m higher than 2022, including additional sums of £4.0m for the Emerging Church Programme, £2.5m for Safeguarding and £0.5m for General Operating activities, offset by a £1.0m reduction in Additional Ordinands Funding.
  - (iii) External income of £2.5m, £1.1m less than 2022. This reflects an anticipated reduction in the grant from the Corporation of Church House which has generously provided a grant of £1.75m p.a. in 2019-22 which the Council has used to help fund the costs of the safeguarding function, but has indicated its capacity for grant funding may well be lower in the short term reflecting the investment in the refurbishment of Church House.
  - (iv) Accommodation income of £1.2m, £0.2m less than in 2022 reflecting the reduction of the NCIs' Church House footprint following the move to hybrid working. (The Council is the lead tenant and thus recharges other NCIs subtenants.)
10. The budget includes a draw of £2.2m from Restricted / Designated funds, including the planned use of £0.25m from a legacy for the Ministry IT system. The sustainable draw on reserves based on the expected return on investments is £0.7m. But the Council has agreed an additional draw on the Church and

Community Fund for Interim Support Scheme grants and depreciation on the People System.

11. The budget provides for the **diocesan apportionment for 2023 to be held flat at the 2022 level**. It includes the use of £130,000 from Vote 4 (Mission Agency Pensions) reserves, recognising that these are forecast to be £251,000 in excess of the maximum policy level of three months expenditure at the end of 2022.

## Reserves

12. 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. The table below shows the forecast level of these reserves to end 2023.

Reserves statement									
	Actual 1 Jan 2022	Forecast activity Jan-Dec 2022	Thus end Dec 2022	2022 Policy levels		Budget activity Jan-Dec 2023	Thus end Dec 2023	2023 Policy levels	
	£'000s	£'000s	£'000s	Min £000s	Max £000s	£'000s	£'000s	Min £000s	Max £000s
Training for ministry - Vote 1	2,717	-	2,717	1,402	4,205	-	2,717	1,312	3,936
Operating Budget (Unrestricted) - Vote 2	2,537	-	2,537	2,346	7,038	-	2,537	2,757	8,270
Grants - Vote 3	265	(54)	211	104	312	-	211	127	380
Mission agencies pension contributions - Vote 4	429	13	442	56	167	(130)	312	50	151
Clergy retirement housing - Vote 5	812	-	812	464	1,392	-	812	487	1,461
<b>Total</b>	<b>6,759</b>	<b>(41)</b>	<b>6,718</b>	<b>4,371</b>	<b>13,113</b>	<b>(130)</b>	<b>6,588</b>	<b>4,733</b>	<b>14,198</b>
				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-22								
	£'000s								
Church & Community Fund (CCF)	22,211								
Special Purposes Fund	2,400								

13. The 2022 budget included provision for a drawdown of £50,000 from the Vote 4 reserve in 2022 to reduce that reserve closer to the top of its Policy range. However, with the interim reduction in the pensions contribution rate it is now forecast that £13,000 will be added to this reserve in 2022. The 2023 budget includes a forecast draw of £130,000 on this reserve.
14. This table excludes the draw on restricted funds, most notably the Church and Community Fund, from which it is forecast to draw £2.7m in 2022 and £1.9m in 2023, £2.0m and £1.2m 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 and, with the increase in the Council's operating budget, these reserves are forecast to fall below the minimum of the policy range in 2023.

## Diocesan apportionment and Funding the 2023 budget

15. The Council has agreed to set a budget with the diocesan apportionment in 2023 being kept at the 2022 level of £31.3m. Following the 3.7% reduction in 2022, this is 5.2% below the level in 2019 and 2020. In real (i.e. after inflation) terms this is a more significant reduction. As shown in the chart below, holding next year's apportionment flat in cash terms will mean that the actual 2023 apportionment is estimated to be £4.9m less than if the 2019 apportionment had been increased by CPI.



16. The Council has proposed that the freeze in the apportionment should apply to all dioceses and other bodies which pay apportionment (the Armed Forces chaplaincies and the Channel Island Deaneries).
17. This does mean that the data in the underlying formula, which takes account of diocesan resources, will not have been updated for four years. Before the 2024 budget is prepared, the Council will undertake an assessment of whether updated data should be used for the recommended 2024 apportionment. Part of this assessment will be whether it seems likely that the 2024 apportionment will be able to be kept flat for a further year as envisaged when the spending plans were prepared, or whether some increase is required in the light of inflationary challenges.
18. However, dioceses will see a change in the amount requested from them each month due to the pooling adjustment in respect of additional maintenance grants paid to ordinands. This system ensures that ultimately each diocese will fund the same proportion of these grants as the proportion of requested apportionment. This is achieved through a positive or negative pooling adjustment. This is explained more fully in **Annex 2**.

### Summary

19. The Synod is invited to:
  - take note of this report
  - approve the Archbishops' Council's expenditure for the year 2023 in each of Votes 1-5
  - approve the Archbishops' Council's proposals (set out in the Table of Apportionment) for:
    - (a) the apportionment amongst the dioceses of the net sum to be provided by them to enable the Council to meet the expected expenditure shown in its budget for the year 2023, and
    - (b) the pooling adjustment for 2023 in respect of additional maintenance grants for ordinands.

Canon John Spence: Chair, Archbishops' Council Finance Committee

June 2022

Published by the General Synod of the Church of England  
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## 2023 Table of Apportionment

Diocese	Training for Ministry	National Church Responsibilities	Grants & Provisions	Inter-diocesan support of Mission Agency clergy pension contributions	CHARM	Apportionment 2023	% change 2023 on 2022	Pooling 2021/22	Total Apportionment post pooling 2023
	Vote 1 £	Vote 2 £	Vote 3 £	Vote 4 £	Vote 5 £	£	%	£	£
Bath & Wells	392,787	229,676	40,448	12,575	155,588	831,074	0.0	-9,613	821,461
Birmingham	188,973	110,499	19,460	6,050	74,855	399,837	0.0	-34,668	365,169
Blackburn	301,881	176,521	31,087	9,664	119,579	638,732	0.0	25,158	663,890
Bristol	225,275	131,726	23,198	7,212	89,235	476,646	0.0	26,259	502,905
Canterbury	235,381	137,636	24,239	7,535	93,238	498,029	0.0	37,178	535,207
Carlisle	211,863	123,884	21,817	6,783	83,922	448,269	0.0	64,536	512,805
Chelmsford	553,866	323,865	57,035	17,731	219,394	1,171,891	0.0	55,551	1,227,442
Chester	484,110	283,076	49,852	15,498	191,763	1,024,299	0.0	146,924	1,171,223
Chichester	631,498	369,259	65,029	20,217	250,147	1,336,150	0.0	100,691	1,436,841
Coventry	231,684	135,474	23,858	7,417	91,773	490,206	0.0	-66,768	423,438
Derby	211,618	123,741	21,792	6,775	83,825	447,751	0.0	17,156	464,907
Durham	224,085	131,030	23,076	7,174	88,763	474,128	0.0	-8,963	465,165
Ely	277,028	161,988	28,527	8,869	109,734	586,146	0.0	-14,695	571,451
Exeter	346,351	202,523	35,666	11,088	137,194	732,822	0.0	44,925	777,747
Gloucester	305,387	178,570	31,448	9,777	120,968	646,150	0.0	-42,300	603,850
Guildford	510,796	298,680	52,600	16,353	202,333	1,080,762	0.0	51,339	1,132,101
Hereford	170,756	99,847	17,584	5,467	67,639	361,293	0.0	74,146	435,439
Leicester	194,577	113,776	20,037	6,229	77,075	411,694	0.0	36,175	447,869
Lichfield	431,950	252,576	44,481	13,828	171,101	913,936	0.0	79,514	993,450
Lincoln	306,498	179,220	31,562	9,812	121,408	648,500	0.0	84,037	732,537
Liverpool	280,039	163,749	28,837	8,965	110,927	592,517	0.0	-96,530	495,987
London	1,382,399	808,336	142,355	44,255	547,586	2,924,931	0.0	-1,376,035	1,548,896
Manchester	336,177	196,574	34,618	10,762	133,164	711,295	0.0	-102,611	608,684
Newcastle	171,934	100,536	17,705	5,504	68,105	363,784	0.0	54,838	418,622
Norwich	250,067	146,223	25,751	8,006	99,055	529,102	0.0	41,663	570,765
Oxford	923,423	539,958	95,092	29,562	365,780	1,953,815	0.0	-81,096	1,872,719
Peterborough	283,079	165,526	29,151	9,062	112,131	598,949	0.0	-38,022	560,927
Portsmouth	184,466	107,864	18,996	5,905	73,069	390,300	0.0	-17,669	372,631
Rochester	407,486	238,272	41,962	13,045	161,411	862,176	0.0	74,193	936,369
St Albans	540,728	316,183	55,682	17,311	214,190	1,144,094	0.0	76,067	1,220,161
St Eds & Ips	251,275	146,930	25,875	8,044	99,534	531,658	0.0	45,711	577,369
Salisbury	453,088	264,936	46,657	14,505	179,474	958,660	0.0	33,603	992,263
Sheffield	187,696	109,753	19,328	6,009	74,349	397,135	0.0	-74,689	322,446
Sodor & Man	33,250	19,443	3,424	1,064	13,171	70,352	0.0	15,051	85,403
Southwark	744,502	435,337	76,666	23,834	294,907	1,575,246	0.0	123,914	1,699,160
Southwell & Nottingham	212,248	124,109	21,857	6,795	84,074	449,083	0.0	-170,509	278,574
Truro	157,529	92,113	16,222	5,043	62,399	333,306	0.0	56,968	390,274
Winchester	365,883	211,992	38,722	10,953	146,605	774,155	0.0	-103,504	670,651
Worcester	215,429	125,969	22,184	6,897	85,335	455,814	0.0	61,089	516,903
York	350,563	204,987	36,100	11,223	138,863	741,736	0.0	64,647	806,383
Europe	31,015	18,994	2,617	1,295	11,685	65,606	0.0	81,474	147,080
Leeds	499,643	292,159	51,452	15,996	197,915	1,057,165	0.0	-150,717	906,448
Armed Forces	17,767	11,129	1,499	742	-	31,137	0.0	0	31,137
Guernsey	26,208	16,183	2,239	1,174	9,645	55,449	0.0	0	55,449
Jersey	33,355	20,597	2,850	1,494	12,275	70,571	0.0	0	70,571
Life assurance						-		-8,120	-8,120
Additional Ordinands grant						-		823,702	823,702
<b>Totals</b>	<b>14,775,613</b>	<b>8,641,420</b>	<b>1,520,637</b>	<b>473,498</b>	<b>5,845,183</b>	<b>31,256,351</b>	<b>0.0</b>	<b>0</b>	<b>31,256,351</b>

## Annex 1

Summary by Vote		2022		2023 Budget £'000s	change v 2022 budget %
		Budget £'000s	Forecast £'000s		
<b>Training for Ministry</b>	External Income				
	Income (from Church Commissioners)	-2,044	-1,389	-968	
	Expenditure	16,820	16,165	15,744	-6.4%
	<b>Net Expenditure</b>	<b>14,776</b>	<b>14,776</b>	<b>14,776</b>	
	Funded via:				
<b>V1</b>	<b>Dioceses via Apportionment</b>	<b>14,776</b>	<b>14,776</b>	<b>14,776</b>	<b>0.0%</b>
	V1 Reserves: (to) / from	-	-	-	
<b>Operating Budget</b>	External Income	-3,564	-3,734	-2,454	
	Accommodation Income (NCIs subtenants)	-1,480	-1,401	-1,239	
	Income (from Church Commissioners)	-11,390	-13,301	-18,509	
	Expenditure	28,152	29,526	33,080	17.5%
	<b>Net Expenditure</b>	<b>11,718</b>	<b>11,090</b>	<b>10,877</b>	
	Funded via:				
	AC Rest/Des Funds Transfers	2,668	2,040	2,236	
<b>V2</b>	<b>Dioceses via Apportionment</b>	<b>9,050</b>	<b>9,050</b>	<b>8,641</b>	<b>-4.5%</b>
	V2 Reserves: (to) / from	-	-	-	
<b>Grants</b>	Income (from Church Commissioners)				
	Expenditure	1,247	1,301	1,521	22.0%
	<b>Net Expenditure</b>	<b>1,247</b>	<b>1,301</b>	<b>1,521</b>	
	Funded via:				
	<b>V3</b>	<b>Dioceses via Apportionment</b>	<b>1,247</b>	<b>1,247</b>	<b>1,521</b>
	V3 Reserves: (to) / from	-	54	-	
<b>Mission Agency Pension</b>	Income (from Church Commissioners)				
	Expenditure	667	604	604	-9.5%
	<b>Net Expenditure</b>	<b>667</b>	<b>604</b>	<b>604</b>	
	Funded via:				
	<b>V4</b>	<b>Dioceses via Apportionment</b>	<b>617</b>	<b>617</b>	<b>474</b>
	V4 Reserves: (to) / from	50	-13	130	
<b>CHARM</b>	Income (from Church Commissioners)				
	Expenditure	5,567	5,567	5,845	5.0%
	<b>Net Expenditure</b>	<b>5,567</b>	<b>5,567</b>	<b>5,845</b>	
	Funded via:				
	<b>V5</b>	<b>Dioceses via Apportionment</b>	<b>5,567</b>	<b>5,567</b>	<b>5,845</b>
	V5 Reserves: (to) / from	-	-	-	
<b>TOTAL</b>	External Income	-3,564	-3,734	-2,454	
	Accommodation Income (NCIs subtenants)	-1,480	-1,401	-1,239	
	Income (from Church Commissioners)	-13,434	-14,690	-19,478	
	Expenditure	52,452	53,163	56,793	8.3%
	<b>Net Expenditure</b>	<b>33,974</b>	<b>33,337</b>	<b>33,622</b>	
	Funded via:				
	AC Rest/Des Funds Transfers	2,668	2,040	2,236	
	<b>Dioceses via Apportionment</b>	<b>31,256</b>	<b>31,256</b>	<b>31,256</b>	<b>0.0%</b>
	Reserves: (to) / from	50	42	130	

## 2022 forecast and 2023 Budget by Vote

### Vote 1 – Training for Ministry

1. 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 (see next section).
2. The 2022 forecast expenditure on Training for Ministry is £0.7m (3.9%) below budget. This will result in a matching reduction in the Additional Ordinands Fund grant from the Church Commissioners.
3. Total expenditure on Training for Ministry in 2023 is budgeted at £15.7m, £1.1m (6.4%) below the 2022 budget. It provides for 1,216 ordinands in training in the 2022/23 academic year – 59 fewer than at present – including 478 new starters in Autumn 2022, the same number as in Autumn 2021. The forecast number of new starters in Autumn 2022 is 102 fewer than assumed in the 2022 budget: it is thought that uncertainty about the availability of curacies and posts of first responsibility together with this being the first year of the new discernment framework has dampened the number of vocations.
4. Looking ahead to the 2023/24 academic year, the forecast number of new starters is forecast to increase by almost 11% to broadly match the 535 forecast to complete ordination training and take up curacy posts in 2023.

Academic Year	ACTUAL FTE			ACTUAL FTE			Leavers at end of year + withdrawals
	Starters	Year-on-Year Increase (%)	Cumulative Increase (%)	Total in Training	Year-on-Year Increase (%)	Cumulative Increase (%)	
2016/17 (actual)	476			1181			
2017/18 (actual)	544	14.3%	14.3%	1242	5.2%	5.2%	
2018/19 (actual)	587	7.9%	23.3%	1352	8.9%	14.5%	522
2019/20 (actual)	545	-7.2%	14.5%	1365	1.0%	15.6%	571
2020/21 (actual)	579	6.2%	21.6%	1373	0.6%	16.3%	576
2021/22 (forecast)	478	-17.4%	0.4%	1275	-7.1%	8.0%	537
2022/23 (forecast)	478	0.0%	0.4%	1216	-4.6%	3.0%	535
2023/24 (forecast)	530	10.9%	11.3%	1211	-0.4%	2.5%	

### Pooling

5. The total of eligible estimated diocesan expenditure on maintenance of ordinands for the academic year 2020/21 has been pooled, as is the normal practice. This total is shared between the dioceses in the same proportions as the apportionment, resulting in a net payment or refund for each diocese to make up the difference between each diocese's direct expenditure on grants and its 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).
6. Pooled expenditure in the 2021/22 academic year (including the adjustment in respect of the previous academic year) was £7.7m compared with £8.1m in 2020/21. £0.5m of grants paid by dioceses (£0.5m in 2020/21) were not eligible for pooling.



7. 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 arrangement results in a grant from the Commissioners towards ordinands' maintenance grants of £0.8m for 2023 (2022: £1.1m).

Pooling of Ordinands Costs 1.9.2021 to 31.8.2022										
	a	b	d	e	f	g	h	i		j
DIOCESE	2021/22 estimated spend	2021/22 single cap adjustme nt	2021/22 Total estimated pooling spend	Prior year (20/21) adjustment	2021/22 total poolable spend	2023 apport- ionment %	2023 apportioned pooling amount	2023 Apport. (refund) or additional payment	2023 value of Additional Ordinands funding	2022 (refund) or payment
			(a+b)		(d+e)		(g*Σf)	(h-f)		
Bath and Wells	212,987	-26,306	186,681	3,597	190,278	2.63%	180,665	(9,613)	21,732	(49,087)
Birmingham	133,696	-10,316	123,380	-1,757	121,623	1.26%	86,955	(34,668)	10,460	9,114
Blackburn	116,224	-1,208	115,016	-2,052	112,964	2.01%	138,122	25,158	16,615	7,232
Bristol	83,864	-407	83,457	-6,064	77,393	1.51%	103,652	26,259	12,468	(61,742)
Canterbury	74,004	-1,066	72,937	-780	72,157	1.59%	109,336	37,178	13,152	23,959
Carlisle	31,498	-205	31,293	2,435	33,728	1.43%	98,264	64,536	11,820	77,915
Chelmsford	198,895	-11,865	187,030	13,261	200,291	3.72%	255,841	55,551	30,775	(66,210)
Chester	80,776	-4,991	75,785	0	75,785	3.24%	222,709	146,924	26,789	175,801
Chichester	195,409	-5,410	189,999	-1,719	188,281	4.20%	288,971	100,691	34,760	(46,861)
Coventry	180,971	-6,190	174,781	0	174,781	1.57%	108,013	(66,768)	12,993	(48,376)
Derby	107,559	-8,381	99,178	-15,631	83,547	1.46%	100,703	17,156	12,113	(36,535)
Durham	187,829	-74,701	113,128	55	113,183	1.52%	104,220	(8,963)	12,537	(15,035)
Ely	148,659	-10,147	138,513	9,745	148,258	1.94%	133,562	(14,695)	16,066	(2,017)
Exeter	178,440	-65,638	112,803	2,899	115,702	2.34%	160,626	44,925	19,322	43,793
Gloucester	184,852	0	184,852	2,624	187,476	2.11%	145,176	(42,300)	17,463	16,408
Guildford	187,994	-5,418	182,576	5,426	188,002	3.48%	239,341	51,339	28,790	16,115
Hereford	3,233	0	3,233	0	3,233	1.13%	77,379	74,146	9,308	52,290
Leicester	84,801	0	84,801	-25,322	59,479	1.39%	95,654	36,175	11,506	(47,459)
Lichfield	121,373	0	121,373	-1,958	119,415	2.89%	198,929	79,514	23,929	124,420
Lincoln	38,825	-0	38,825	12,291	51,115	1.97%	135,152	84,037	16,257	101,749
Liverpool	197,073	-7,244	189,829	35,099	224,928	1.87%	128,398	(96,530)	15,445	(108,797)
London	2,146,802	-97,683	2,049,119	28,110	2,077,229	10.20%	701,194	(1,376,035)	84,346	(1,117,823)
Manchester	275,624	-22,163	253,461	4,017	257,478	2.25%	154,867	(102,611)	18,629	(109,794)
Newcastle	37,768	-13,840	23,928	838	24,766	1.16%	79,603	54,838	9,575	46,646
Nonwich	72,300	0	72,300	110	72,410	1.66%	114,073	41,663	13,722	(13,129)
Oxford	511,561	-1,504	510,057	366	510,423	6.24%	429,327	(81,096)	51,643	(21,336)
Peterborough	152,167	0	152,167	14,463	166,631	1.87%	128,609	(38,022)	15,470	5,560
Portsmouth	133,071	-13,462	119,609	-15,293	104,316	1.26%	86,647	(17,669)	10,423	(45,447)
Rochester	134,087	-18,697	115,391	-1,899	113,492	2.73%	187,685	74,193	22,576	45,251
St Albans	217,627	-16,533	201,094	-30,580	170,514	3.59%	246,581	76,067	29,661	42,476
St Edmundsbury & Ipswich	82,045	-13,835	68,210	-124	68,086	1.66%	113,797	45,711	13,689	73,769
Salisbury	174,808	-2,368	172,440	0	172,440	3.00%	206,043	33,603	24,785	123,861
Sheffield	181,936	-20,182	161,753	0	161,753	1.27%	87,064	(74,689)	10,473	(69,845)
Sodor and Man	7,434	-5,729	1,705	0	1,705	0.24%	16,756	15,051	2,016	15,078
Southwark	189,788	-1,675	188,112	42,890	231,003	5.16%	354,917	123,914	42,693	167,277
Southwell & Nottingham	278,277	-2,069	276,208	-8,846	267,362	1.41%	96,853	(170,509)	11,650	(203,725)
Truro	16,142	0	16,142	0	16,142	1.06%	73,109	56,968	8,794	69,569
Winchester	294,851	-5,635	289,216	-16,121	273,095	2.47%	169,591	(103,504)	20,318	(62,046)
Worcester	37,463	0	37,463	223	37,686	1.44%	98,775	61,089	11,882	(47,893)
York	103,525	-5,661	97,864	0	97,864	2.36%	162,511	64,647	19,548	86,347
Leeds	186,238	-23,784	162,454	-15,230	147,224	3.33%	228,698	81,474	27,510	18,595
Europe	150,856	-2,248	148,608	2,109	150,717	0%	0	(150,717)	-	(181,890)
Armed Forces pooling	0	0	0	0	0	0%	0	0	-	(21,238)
Life Assurance	0	0	0	8,120	8,120	-	-	(8,120)	-	(38,034)
<b>Total (before grant)</b>					<b>7,672,073</b>					
Additional Ordinands grant					-823,702	-	0	823,702		
<b>TOTAL</b>	<b>8,133,330</b>	<b>-506,560</b>	<b>7,626,770</b>	<b>45,302</b>	<b>6,848,370</b>		<b>6,848,370</b>	<b>(0)</b>	<b>823,702</b>	<b>(1,071,091)</b>

## Vote 2 – National Church Responsibilities (Operating Budget)

2022

8. This budget comprises the operating costs of the Archbishops' Council departments and the Council's share of shared service departments such as Communications, Finance, Legal, Technology and Human Resources. Forecast operating expenditure in 2022 is £29.5m. This is £1.4m (4.9%) above the 2022 budget<sup>2</sup>.
9. The most significant forecast additional expenditures are:
  - £0.8m in safeguarding which includes £0.6m of activities budgeted to take place last year but deferred during the pandemic (including work on the training portal and Diocesan Safeguarding Adviser engagement), together with £0.1m deferred Past Cases Review (PCR2) grants.
  - £0.3m for the Ministry IT system (to be funded from a legacy). This system will support the discernment process replacing two legacy IT systems and facilitate more efficient and secure communication between the Ministry Development Team, dioceses and Bishops' advisers.
  - £0.2m in Ministry and Development (due to a delay in implementing the revised medical contract and additional - mostly temporary - staff costs)
  - £0.2m for the Emerging Church Programme which includes costs relating to the Governance and Accommodation strands which were funded through a virement within the spending plans for 2020-22, and for reasons of timing were not budgeted in 2022.
  - £0.1m in Faith & Public Life which includes additional posts dealing with Archbishops' Commissions (Reimagining Care, Families & Households and Racial Justice) that were transferred in as part of the final working through of the Transforming Effectiveness restructure. (Funding for these posts is provided from the Archbishop of Canterbury's Charitable Foundation)
10. These are partially offset by savings of £0.2m in accommodation costs resulting from the return of some space in Church House to the Corporation of the Church House.

*(ii) 2023*

11. The budget for operating expenditure in 2023 is £33.1m. This is £4.9m (17.5%) more than the 2022 budget<sup>3</sup>. This takes account of the Transforming Effectiveness work and discussions on the funding of national services provided to the wider Church by the Council and Church Commissioners which has resulted in the Commissioners agreeing to make a single grant to the Council for national services with a separate funding stream for safeguarding work.

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<sup>2</sup> The allocation of the 2022 budget has been restated with VAT attributed to each department rather than the general / other line.

<sup>3</sup> The analysis of the 2022 budget of £28.2m by department has been restated from that in GS2235 to show VAT allocated against each department and the partial recovery in the VAT and General Provisions line.

	2022		2023
	Restated Budget	Forecast	Budget
	£'000s	£'000s	£'000s
<u>Gross Expenditure</u>			
Vision & Strategy	2,579	2,622	2,695
Ministry Development	3,583	3,755	3,616
Ministry IT System	2	324	254
Faith & Public Life	2,862	2,980	3,235
Education & Growing Faith	486	486	503
Central Secretariat	1,590	1,619	1,755
Safeguarding (Team + Programme)	4,755	5,466	5,629
Safeguarding Grants	1,539	1,628	750
Emerging Church Programme	664	822	4,641
Share of Central Services	4,822	4,885	5,105
Digital	1,632	1,606	1,859
CHP + Crockfords	445	433	447
Accommodation	3,305	3,129	2,867
General Other (incl Pensions Deficit, VAT & general provisions)	-113	-228	-274
<b>TOTAL EXPENDITURE</b>	<b>28,152</b>	<b>29,526</b>	<b>33,080</b>

12. The main year on year budgetary increases are:

- £4.0m for the Emerging Church Programme, the main elements of which are time limited (Accommodation - which will result in on-going savings of £1m p.a. from lower occupancy costs: £2.9m); Governance: £0.6m; Simpler Support for dioceses and worshipping communities: £0.3m)
- £0.9m for Safeguarding (excluding PCR2 grants and Interim Support Scheme) including the expansion of the regional model, the increased costs to the Council of Safe Spaces once the All Churches Trust (now Benefact) grant is used fully in September 2022.
- £0.4m in Faith & Public Life due to the additional Archbishops' Commissions posts referred to above and expansion of the team supporting the Clewer Initiative work on modern slavery. (Offsetting Income for this additional expenditure is also included in the budget).
- £0.3m for the Ministry IT system described above (which will be funded from a legacy).
- £0.3m for the Council's share of Central Services including providing for enhanced work on cyber security, greater technology support for hybrid working)
- £0.2m for Digital which includes returning the budget to the same level originally intended in 2020-22 before virements were made to fund the Simpler Support for dioceses and worshipping communities work, thus enabling continued focus and development in this critical area
- £0.2m in Central Secretariat which includes the reestablishment of a Policy Advisor post (a significant element of which will be acting as

Secretary to the Dioceses Commission) and the Events manager post to plan and facilitate the increasing number of in-person and hybrid meetings.

13. There are year on year expenditure reductions in the following areas:

- £0.8m for Safeguarding grants as the final PCR2 grants to dioceses are expected to be made in 2022
- £0.4m for Accommodation as a result of the NCIs planning to reduce the floorspace at Church House (some space was handed back to the Corporation in May 2022 and further reductions are anticipated)

### Vote 3 – Grants

14. 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.

15. Forecast expenditure on Grants in 2022 is £55,000 (4.4%) above the 2022 budget. This is because of the payment of £75,000 in respect of this year's World Council of Churches (WCC) Assembly which is typically held every seven years (but was deferred by two years due to the pandemic). The Council has been building up the Vote 3 reserve to meet this cost.

16. The Grants budget for 2023 is £1.5m, £0.3m (22.0%) above the 2022 budget. The budget includes provision for a £250,000 addition to the Council's Legal Costs Fund (which had been kept at a minimal level in recent years due to the relatively high balance), an inflationary increase in the Inter Anglican Budget and an increased provision of £15,000 p.a. for the next WCC Assembly. The Council has agreed that all other grants will be held flat at the 2022 level.

	2022		2023 Budget £	Variance: 2023 Budget vs 2022 Budget	
	Budget £	Forecast £		£	%
<b>Anglican Communion Activities</b>					
Inter Anglican Budget	<b>626,255</b>	<b>626,255</b>	<b>645,043</b>	<b>-18,788</b>	<b>-3.0%</b>
<b>Ecumenical Activities</b>					
Churches Together in England	150,000	150,000	150,000	-	0.0%
World Council of Churches (incl Assembly)	118,000	183,000	123,000	-5,000	-4.2%
Conference of European Churches	92,736	92,736	92,736	-	0.0%
Churches Together in Britain & Ireland	15,000	15,000	15,000	-	0.0%
Expenses of representatives	20,000	15,000	20,000	-	0.0%
	<b>395,736</b>	<b>455,736</b>	<b>400,736</b>	<b>-5,000</b>	<b>-1.3%</b>
<b>Miscellaneous</b>					
Church Urban Fund	203,000	203,000	203,000	-	-
Legal Costs (incl Legal Aid) Fund	-	-	250,000	-250,000	n/a
Minor Grants	21,855	16,391	21,855	-	-
	<b>224,855</b>	<b>219,391</b>	<b>474,855</b>	<b>-250,000</b>	<b>-111.2%</b>
<b>TOTAL</b>	<b>1,246,846</b>	<b>1,301,382</b>	<b>1,520,634</b>	<b>-273,788</b>	<b>-22.0%</b>

## **Vote 4 – Mission Agency Pension Contributions**

17. 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. Forecast expenditure in 2022 is £64,000 (9.5%) less than budget, principally due to the interim reduction in the contribution rate for the Clergy Pension Scheme from 39.9% to 36.0% which took effect from April 2022.
18. The 2023 expenditure budget, which reflects this lower contribution rate, is £0.6m, the same level as forecast 2022 expenditure. As this reserve is forecast to be significantly above the maximum of its policy range at the end of 2022, the 2023 budget includes a planned draw of £130,000 from reserves.

## **Vote 5 – Clergy Retirement Housing**

19. This grant supports the clergy retirement housing (CHARM<sup>4</sup>) scheme operated by the Church of England Pensions Board on behalf of the wider Church. Following reforms to the CHARM scheme in 2015, a five year settlement was agreed with annual increases of 5% until 2020 to bring Vote 5 support to a level that the commercial financial model could be sustained and demand met. For the 2020-22 triennium the Council agreed a design principle that support would be maintained in real terms per property (broadly CPIH+0.9%). For practical ease, this was agreed at 2.5% for 2021 and 2022. In reality inflation has been higher than anticipated when these figures were set although the affect of this has been partly offset by deferrals of major works and some acquisitions during the pandemic, and the receipt of a large legacy in 2019.
20. Building on this approach, the 2023 budget of £5.8m reflects a 5% increase in the Vote 5 grant for the clergy retirement housing scheme which reflects the much higher levels of actual and projected inflation, along with a contribution towards the required growth in the portfolio to meet the expected increase in the numbers of retiring clergy.
21. Furthermore, the 2023-25 spending plans include a multi-year funding agreement of increases of 5% p.a. in the 2023-25 triennium. This will support the CHARM scheme through the expected peak in retirements and enable the re-financing of part of the Pensions Board’s debt by 2025. This three year agreement will greatly assist in giving confidence to potential lenders to secure the most cost-effective borrowing for the Board on behalf of the wider Church.

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<sup>4</sup> Churches Housing Assistance for the Retired Ministry