Representations to the Revision Committee for the Draft Diocesan Stipends Fund (Amendment) Measure

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1. Mrs Karen Czapiewski (313 – Gloucester)

Thank you for the opportunity to comment on the draft legislation intended to implement proposals in paper GS2255. As a Diocese, we welcome the proposal to enable Diocesan Boards of Finance to share their historic wealth to assist those in greater need. However, as it stands the proposed legislation does not seem workable in as practical way as we believe was intended by Synod. Although the legislation is intended to be purely permissive, it is not clear that this proposed legislation actually gives the required permission.

In paragraph 1 (1) the 'giving' DBF must be satisfied that the money "does not need to be applied" for a purpose specified in section 5 (1). Our argument is that most if not all DBFs find some challenge in meeting stipends and the costs of repairing and maintaining parsonage houses, and most have significant ongoing trading losses. We would argue that enabling a Diocese to give funds to another Diocese should, and generally will, be an active choice in spite of their own challenges. Our suggestion is the wording might be better stated by removing the subordinate clause to the end of the sentence and reframing it as: ", provided the DBF is satisfied the purposes specified in section 5 (1) can be met to the extent agreed within the DBF." Although this is somewhat circular, it allows discretion provided that has been the result of a conscious decision.

When section 5A was added to the Measure, it enabled a DBF to choose where total return funds could be allocated, between capital and income accounts. There has been an underlying assumption that funds to be donated will have arisen through unapplied total return and it may also, therefore, be prudent to ensure that the accounting practice employed is consistent between Dioceses. We note that some DBFs conflate DSF with glebe in their accounts. We would argue that any funds considered for sharing should not include any glebe, where valuations may, for example, relate to potential but unrealised planning gain. We would argue that a lack of clarity on this point has been misleading in the supporting paper (which repeats the conflation of DSF and glebe) but clarity will be crucial when considering the relative wealth of the parties to any transaction.

However, another concern is that, in determining how dioceses can share their wealth, the enabling measure does not provide for inter-Diocesan support also to use capital funds, perhaps in the form of a loan. In enabling, but not enforcing or requiring, mutual support, this seems to address much of the needs of a Diocese which is struggling with cash flow but may have potential income streams if only they can be released. To this end we would welcome a sub paragraph 1 (4) to say: "Money standing to the credit of the capital account of the diocesan stipends fund of a diocese, and of which the DBF has no immediate need, may be used as a loan for a specified period to another DBF, under terms to be agreed between the parties concerned."

Our remaining comments relate more to the underlying issues than to the proposed enabling legislation, but we share them for completeness.

As mentioned, the background paper is not comparing like with like but does draw attention to the low level of total DBF investment assets at £1.6bn. This is a very small portion of aggregate Church wealth, being the same as just the gains in the past two years on the CCE assets. Addressing inequity through asset transfers from the NCIs to DBFs might be a more effective approach to addressing inequity at the local level.

Furthermore, the assets of the CCE are already targeted at 'poorer' DBFs. It would assist DBFs in making better informed decisions on who or in what way they can provide support, if there were greater transparency over funding support from the CCE/ABC for ministry. If the grants made to DBFs were capitalised using the CCE distribution rate, that would give a fairer picture of the assets being used to fund ministry in particular places. For example, if a DBF receives £200k in LICF and the distribution rate is 2%, that means they are beneficiaries of £10m of assets. When assessing which DBFs a DBF such as our own may wish to support from our assets, it would be really helpful to have this information.

2. Mr Clive Scowen (358 - London)

1. I have no points to make on the substance of the draft Measure, except to suggest that, since it is considered that the Archbishops' Council is the obvious charity to use in view of its role, that intention could be reflected better if the words "a charity" in the proposed new section 5b(2)(b) were changed to "the Archbishops' Council or another charity".

2. On section 2(3), I wonder why the Measure is not to extend to the Isle of Man or the Channel Islands, or at least why it does not contain the customary provisions enabling it to be applied by the island legislatures. Presumably the effect would be to prevent the Diocese of Sodor and Man giving any of its stipends fund. Would it also inhibit money being given to that diocese? Does it inhibit the Diocese of Salisbury from giving moneys which had their origins in the Channel Islands?

3. Mr Andrew Orange (430 – Winchester)

I am on the committee for the Diocesan Stipends Funds (Amendment) Measure.

I wonder if you can see a good way to reword section 1, just to tighten up on one point which I now explain:

It is possible that there would be money standing to the credit of the income account of the Diocesan Stipends Fund (DSF) only because a diocese had made a policy decision to pay its stipends from other sources, for example parish share or an exceptional legacy. It is also possible, as with a bank account, that there would be a credit for short-term timing reasons during the year.

I think the intention of section 1 (if I may put it in colloquial language) is "if the stipends have been paid from DSF and there's money left over, money may be applied in accordance with this section" – which is fine, but currently it doesn't quite say that. My own amateur suggestion:

Insert after 'diocese' in line 5 - "at the end of a financial year, which exists after defraying from DSF all the necessary costs falling under 5(1) and for which the diocesan board of finance is satisfied there will be no further costs in that year, may be applied in accordance with this section"