

## General Synod

# National Church Governance - Interim Report and Initial Recommendations for Consultation

from the National Church Governance Project Board

### Executive Summary

The National Church Governance Project Board (Project Board) was established in February 2022 to continue the work of the Governance Review Group (GRG) and aims to simplify the governance of the National Church Institutions. The GRG report (October 2021) highlighted the *'unique history, ecclesiology, structure and anomalous leadership function and competencies'* within the Church of England, which meant that *'a governance structure that works well elsewhere cannot simply be imported'* – whilst equally recognising the need to balance the tensions between these considerations and the *'expectations and requirements which are made of any public institution operating in the 21<sup>st</sup> century, including the need to comply with charity law and best practice'*.

This report further develops the themes and methodology explored in the GRG report and outlines the Project Board's proposals, which are broadly similar to those expressed in the earlier document.

The first section of this report outlines the Project Board's vision for the governance of the National Church Institutions and explains why these changes are necessary. In our view, the complexity of the current NCI structure impedes effective governance and decision-making: processes and accountability are often unclear. The proposed structure serves to increase transparency, to improve simplicity and build greater confidence in the overall governance of the National Church Institutions.

The report goes on to explore the themes of theology and culture in relation to governance and attempts to provide the reader with an idea of what it might feel like to work within the new structure. The Project Board reflects on the importance of leadership and behaviours in governance. The report emphasises that CENS is intended to be, and needs to be, a fundamentally different body to those in operation today – in culture, values and its connection with the wider Church.

The main body of the report describes the proposed structure of the NCIs, reducing the number of governance bodies and creating a single integrated governance body, Church of England National Services (CENS), which will encompass many of the functions of the current governance bodies. In this section, the Project Board reaffirms that some of the governance bodies should remain independent from CENS, notably those functions of the Church Commissioners associated with the oversight and management of the Church's in-perpetuity endowment fund and the determination of the level of distributions, the Church of England Pensions Board, the National Society and the Independent Safeguarding Board. The report provides further detail in relation to proposed board composition of CENS and those committees it might require.

The report considers the role of bishops in the governance of the National Church, and here develops proposals that in part diverge from those in the GRG report. The report explains why the Project Board believes that the GRG's idea of a 'Board of Bishops' could add unnecessary complexity, and how a new approach to the national role of bishops could play to the strengths of the full episcopal College, whilst retaining a role for the House in some key areas of decision-making.

In addition, this Report:

- Explores how General Synod's oversight of CENS and the NCIs might be enhanced in the future, whilst recognising there is further work to be done here.
- Considers how some of the changes proposed in this report could be achieved through non-legislative means.
- Invites feedback, as the Project Board seeks to model its commitment to transparency and true synodality.

This report is brought for debate in General Synod with the following motion:

That this Synod

(a) welcome the report from the NCGPB (GS 2290); and

(b) encourage the NCGPB to continue its work as set out in the report, and to bring a further report to the Synod prior to the introduction of any legislation to give effect to it.

The Project Board invites the General Synod to welcome these proposals and is hoping that the opportunity of a debate helps ensure that the work is on the right trajectory as we work towards developing a legislative framework for change.

Andrew Watson,  
Bishop of Guildford  
January 2023

## Table of Recommendations

**Recommendation 1:** *The Project Board should continue to develop the culture strand of its governance work, utilising and building upon the work currently being undertaken by the NCIs on values and generous behaviours.*

**Recommendation 2:** *A new governance body, Church of England National Services (CENS) should be created, which will bring together most of the functions of the Church Commissioners, Archbishops' Council, Church of England Central Services, and the activities of the Office of the Archbishops.*

**Recommendation 3:** *The Church Commissioners should remain a separate charitable entity, with legal responsibility for the management, stewardship, and oversight of the Church's historic endowment.*

**Recommendation 4:** *The Commissioners should determine the quantum of distributions available to CENS. The Commissioners should take actuarial advice to determine the level of distributions, whilst actively engaging with CENS and the wider Church to understand the current needs of the Church. CENS should determine the allocation of funding.*

**Recommendation 5:** *In consultation with CENS, the Commissioners should strengthen the processes by which they monitor that distributions are being used in accordance with their charitable purpose.*

**Recommendation 6:** *All the remaining functions of the Church Commissioners should be transferred to CENS.*

**Recommendation 7:** *The Church of England Pensions Board should remain a separate legal entity, with its Pension Schemes regulated by the Pensions Regulator, Clergy Retirement Housing functions by the Charity Commission and mortgage activities by the Financial Conduct Authority.*

**Recommendation 8:** *The National Society for Promoting Religious Education (NS) should remain a separate charitable entity.*

**Recommendation 9:** *The oversight of the National Church's Safeguarding activities should be carried out by a separate independent body.*

**Recommendation 10:** *The membership of the Board of CENS should be limited to 15 members, comprising the Archbishops of Canterbury and York as ex-officio members, 2 elected members from each House of the General Synod and 7 appointed members (some of whom might also be General Synod members, and all of whom should be practising members of the Church of England). Trustees should demonstrate a broad range of governance competencies, and the composition of the Board should be inclusive by design.*

**Recommendation 11:** *The Chair of the Board of CENS should be appointed (one of the seven appointed members) and occupy a paid position with a clearly defined role description.*

**Recommendation 12:** *Terms of office should be limited to five years and not allow for a member to hold office for a period exceeding ten years (two consecutive terms).*

**Recommendation 13:** *The membership of the Church Commissioners' Board of Governors should be reviewed in parallel with the establishment of CENS.*

**Recommendation 14:** *The CENS Board should be supported by the minimum necessary number of committees to ensure its operation, including Audit and Risk, Nominations and Governance, Finance and only those committees in the areas of mission and ministry which are essential to its work.*

**Recommendation 15:** *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.*

**Recommendation 16:** *Consideration should be given to a piece of enabling legislation to facilitate other boards and sub-committees to be dissolved.*

**Recommendation 17:** *Consideration should be given to whether the number of Statutory Committees, (including their advisory groups) could be streamlined in the future.*

**Recommendation 18:** *The CENS Board should establish a Nominations and Governance Committee to oversee the process of appointments to its Board and to monitor governance arrangements.*

**Recommendation 19:** *Elected CENS Board positions should be subject to an agreed light-filter mechanism to ensure members have the necessary skills and experience to serve as a trustee.*

**Recommendation 20:** *The mechanisms by which the NCIs demonstrate accountability to the wider Church through Synod should be reviewed to foster a culture of greater accountability, transparency and openness.*

**Recommendation 21:** *The NCIs should establish regular online updates to discuss performance and national policy with Synod members, outside of formal Sessions of the General Synod, to foster a spirit of openness.*

**Recommendation 22:** *The House of Bishops should continue to work with the national governance bodies, including CENS in the future, on matters of national policy.*

**Recommendation 23:** *Those Bishops elected to the Board of NCI trustee bodies should work with the relevant Chief Officer to ensure there is an effective two-way communication bridge between the House and College of Bishops and the trustee body.*

**Recommendation 24:** *The House of Bishops, in consultation with the College and the wider Church, should be responsible for the development of the Church's vision, whilst CENS should develop the strategy and plan to support its delivery, again working in consultation with the bishops and the wider Church.*

**Recommendation 25:** *The work of Lead Bishops should be better defined and supported, with specific role descriptions developed.*

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## Our Vision for the Governance of the National Church

1. The Project Board aims to create a simpler, more effective governance structure for the National Church Institutions. There are seven National Church Institutions (NCIs)<sup>1</sup> that collectively undertake work for the Church of England. The purpose of the NCIs is to support the mission and ministries of the Church by working with those who serve in parishes, dioceses, schools and other ministries, and with partners at a national and international level. This proposal seeks to reduce the number of NCIs to four and emphasises the importance of continued **mutuality** between the bodies. The Project Board's proposal highlights the individual roles of the NCIs, but also recognises the **interdependencies** between the bodies and the importance of clear engagement between them.
2. The Project Board proposes to create a new NCI, Church of England National Services (CENS – a working title), which will bring together many of the functions of the Archbishops' Council, Church Commissioners (excluding investments), Church of England Central Services and the Offices of the Archbishops.
3. The creation of the new trustee body will bring together teams from across five of the NCI bodies, reducing the considerable duplication within our current structures and improving decision-making through more streamlined oversight and a wider understanding of the issues relating to those functions. The integration of the functions will serve to:
  - a. create a single staff structure to provide efficient and aligned support to the work of national church bodies, such as the General Synod, College of Bishops, House of Bishops, etc;
  - b. create a single staff structure to ensure efficient and aligned service to independent bodies, such as the Dioceses Commission, Church Buildings Council, Cathedrals Fabric Commission, and Independent Safeguarding Board;
  - c. develop a primary National Church point of contact for dioceses, cathedrals, parishes, chaplaincies and other worshipping communities, which will provide consistent advice and support, as well as agreed services; and
  - d. allocate and disburse the National Church funding generated by the Church Commissioners to national, diocesan and other church organisations, bringing improved prioritisation, consistency and

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<sup>1</sup> There are seven National Church Institutions, the Church Commissioners, the Archbishops' Council, Church of England Pensions Board, Church of England Central Services, National Society for the Promotion of Religious Education, Lambeth Palace and Bishophthorpe Palace.

efficiency to funding processes, together with greater transparency and accountability for outcomes.

4. The mission of CENS will be ***'to serve, support, encourage and enable the work and mission of the Church of England.'*** CENS is envisaged as an agile, transparent, joined-up, service-focused institution at the heart of the National Church, determining its own strategic priorities and service provision so as to fulfil the Church's vision (as discerned by the bishops and the General Synod). CENS should not be seen as just an upgrade of the Archbishops' Council, albeit one with a wider remit. Instead, its organisational design will be developed so as to deliver greater openness and accountability, professionalism and diversity – genuine cultural transformation.
5. Feedback from a series of consultations has highlighted that dioceses, parishes and other worshipping communities value service support in areas such as Digital (A Church Near You), Giving (webinars, giving advisors), Buying (Parish Buying, Energy Contracts) as well as more traditional areas such as Church Buildings, HR and Clergy Payroll. In a Church where resources are stretched, a key priority must be for CENS and the other NCIs collectively to focus and sharpen their support of the work and mission of the Church of England. There is a need to re-imagine our current ways of working, to be less bureaucratic (with fewer committees and fewer barriers to change), demonstrating greater flexibility and levels of responsiveness in a changing world.
6. This proposal seeks to reduce the number of NCIs to four trustee bodies. Each NCI would have a specific role within the governance structure.
  - CENS would lead on strategy, policy and engagement, whilst providing support services and funding to the NCIs and the wider Church.
  - The Commissioners would be focused on delivering strong investment returns for the Church.
  - The National Society would continue to lead on Christian education, policy and services.
  - The Pensions Board would continue to support retired clergy and staff.

This focus on key responsibilities will provide greater **cohesion** and **accountability** across the NCIs. The interdependencies between the NCIs and other church bodies, such as General Synod and the House and College of Bishops, will be defined within the new model to increase **transparency** and **accountability**.



7. The governance structures of the National Church are not working as effectively as they should. This is evidenced by:
- a. overlapping responsibilities of the NCIs, creating duplication and confusion within the governance framework;
  - b. cross NCI committees, such as the Emerging Church Steering Group (ECSG) being created to facilitate better decision-making but at the risk of bypassing the proper governance channels;
  - c. Independent Commissions being established, due to a lack of confidence in the NCIs to deliver change responsively;
  - d. governance failings in terms of safeguarding and racial justice;
  - e. convoluted decision-making processes;
  - f. an underlying lack of trust in the governance of the Institutions.
8. In addition:
- Business Planning can prove challenging as one NCI may have a strategic objective that is fulfilled by a function that sits within another NCI (e.g. relating to Net Zero), blurring the lines of accountability and making it difficult to monitor progress against the objective.
  - Virements between funds can also become overly complicated with approvals required from different NCI trustee bodies.

These changes should serve to simplify the organisational structure, ensuring one body has oversight of a specific business area and that accountabilities are better defined.

9. The Project Board also plans to reduce the complexity of the NCI committee structure and clarify accountabilities at every level. The current NCI committee structure can frustrate decision-making, as papers slowly loop through a chain of committees. This has resulted in the development of groups such as the Emerging Church Steering Group, which facilitate more timely decision-making but potentially tread on the toes of the individual trustee bodies. The purpose of these changes is to provide greater **transparency**, **reduce the costs** associated with servicing these committees and develop **more timely** decision-making.
10. Many, both inside and outside the NCIs, are frustrated by the current governance arrangements, with a significant amount of staff time dedicated to preparing committee papers, often presenting modified versions of the same document to multiple committees. This is a serious investment in staff time and can become overwhelming. Staff would be more motivated and productive were this process to be simplified, clarifying delegation to management and increasing the transparency of such decision making.

11. The new structure should contribute to greater **trust** and **confidence** in the NCIs' system of governance, creating a culture where people are willing to speak up when they see poor practice, knowing that decisive action will be taken by the relevant NCI Board. The Project Board seeks to learn from past failings (e.g. in safeguarding and racial justice) and ensure that Church Institutions are responsive. The Project Board intends for the governance of the Church, wherever possible, to reflect or indeed go beyond recommended best practice in charity governance.
12. The development of this new structure creates opportunities to improve our operational processes. The NCIs' response to the energy crisis serves as an example of how effective our functions can be when they work together. The new structure would encourage this type of dynamic working to flourish, allowing the NCIs to simplify the flow of money between the individual institutions and to take a fresh look at areas such as apportionment and distributions.

## **Governance, Culture and Theology**

***Recommendation 1:*** *The Project Board should continue to develop the culture strand of its governance work, utilising and building upon the work currently being undertaken by the NCIs on values and generous behaviours.*

13. *'The Church is not first and foremost the Church of England, but the Church of Jesus Christ on earth. As such, it is gathered around the risen Christ and animated by his Spirit. Christians are part of the Church by virtue of their baptised relationship with Christ, rather than by choice or design of their own, and by responding to his invitation, which always takes priority':* so begins the brief theological discussion in the original Report from which the Project Board has taken its lead.
14. The section continues by recognising the complexities of living as the Body of Christ, not least because of our human frailty and divisions – and by describing the Church as more of an organism than an organisation. The secular language of *'effectiveness and efficiency'* in relation to the Church's mission therefore feels out of place, though *'that should not give us licence, as a Church, to be ineffective or inefficient'*. The Project Board has reflected on this broader vision in its deliberations and would only wish to add that the genre of wisdom literature in the scriptures enables us to draw from a wider pool of human experience to supplement (though never supplant) those deeper theological themes. It is noteworthy, for example, that the first piece of 'management consultancy' we read of in the scriptures was delivered by a pagan priest – Moses' father-in-law Jethro (Exodus 18).

15. There has not been a comprehensive review of the National Church's governance for 27 years, and perhaps that is unsurprising given the inevitable complexity involved in the task of simplification. In the spirit of Exodus 18 and the wisdom literature, however, best practice in this area has moved on considerably since the Turnbull Report, with much more focus on values, behaviours and organisational culture.
16. The GRG Report, for example, highlighted the Charity Governance Code<sup>2</sup> as a model that was considered as part of their review – a practical code that supports charities and their trustees to develop high standards of governance. The GRG Report recognised that this model could not become the definitive template for the good governance of the Church of England but regarded it as a useful reference document nevertheless. The Charity Governance Code was refreshed in 2020 and has since been adopted by several well-established large charities. It 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. As a Project Board we recognise that the NCIs may choose not to adopt all aspects of the Code. The Code is not mandatory, but where aspects of it are not adopted, the NCIs should perhaps provide a clear rationale as to why not. Many charities now reflect compliance with the Code in their annual reports,

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<sup>2</sup> The Charity Governance Code is a practical tool to help charities and their trustees develop high standards of governance.

and this is something that the NCIs should consider in the future as a matter of good governance.

18. The Code serves as an important reminder that governance is not just about structures and organisational design. The Code has a strong focus on people and behaviours, given that it is people who set the tone and culture of an organisation and who model good (or bad) governance. As a Project Board we want to create a values-led governance culture across the National Church Institutions, building on work that has already been developed around values and behaviours.
19. There are many different models which describe culture and its components, but the Project Board has adopted one which includes three determinants of architecture, leadership and behaviour <sup>3</sup>:
  - **Architecture**: the structure and processes within organisations.
  - **Leadership**: the qualities that leaders bring to the task, which are then dispersed through the organisation.
  - **Behaviour**: the ways in which business is done.

Although this report focusses primarily on our governance 'architecture', the Project Board is convinced that little will be achieved without giving due weight to all three determinants.

20. At its simplest level, and especially as Christian institutions, the NCIs should be good places to work, and organisations that live out the healthy interdependence of the Body of Christ. Whether Christians or not, the staff who work for them should experience the workplace as one whose architecture, leadership and behaviour are shaped by Christian virtues and values. The Project Board recognises that previous attempts to achieve this vision have sometimes struggled to gain traction, due to relational issues of leadership and behaviour as well as structural issues inherent in their 'architecture'. These have included:
  - A lack of trust
  - A lack of understanding and respect for the work of others
  - A lack of time given to building relationships
  - A lack of understanding of the difference between executive management and governance
  - Poorly defined structures and processes
  - A need to agree values across multiple governing bodies and executive management, which can be very unwieldy

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<sup>3</sup> The culture model referenced in this document was co-created by Alison Vickers and Becky Hall

In this context, and especially in attending to the relational aspects of the NCI culture, the Project Board has requested the Faith and Order Commission to do further work in the area of virtue ethics and synodality, as well as drawing on expertise within the group in culture-setting in other large organisations.

## National Church Institutions Overview

21. The National Church Institutions, although separate bodies, work together to further the work and mission of the Church. There is a danger that each of these trustee bodies becomes siloed, rather than understanding their interdependent roles within the Church ecosystem and their fundamental purpose in supporting the dioceses, parishes, churches, schools, communities and leaders, lay and ordained. What are the Church Commissioners without the Archbishops' Council and vice versa? And what is either body without the parishes? The new governance structure should clearly define the role and responsibility of each body within the Church, as well as setting out how they might work together (most transparently perhaps through Memoranda of Understanding).

## Church of England National Services

***Recommendation 2:*** *A new governance body, Church of England National Services (CENS) should be created, which will bring together most of the functions of the Church Commissioners, Archbishops' Council, Church of England Central Services, and the activities of the Office of the Archbishops.*

22. The Project Board is currently working with the Archbishops' Council, Church Commissioners, Office of the Archbishops and the National Society to determine which functions should be moved to CENS and the timings of these moves. Careful consideration is being given to these plans, which are still a work in progress, and the Project Board has received considered feedback from all of the NCIs affected by this proposal.
23. The purpose of this proposal, as previously articulated, is to create a new governance body, with a new culture, to **'serve, support, encourage and enable the work and mission of the Church of England'**: a mission statement which embodies the Church's aim to be 'simpler, humbler and bolder'.
24. CENS and its Board will be created subject to legislation being passed by General Synod and Royal Assent being granted by Parliament.

## Functions of CENS

25. CENS will have five core functions:
- i. Developing and delivering a strategy to achieve the Vision
  - ii. Facilitating policy development and engagement at a national level
  - iii. Providing services to the National Church Institutions and National Church Bodies
  - iv. Providing services and resources to the wider Church and
  - v. Developing a shared learning culture.

The drawing together of many of the NCIs' strategic, policymaking, operational and professional teams within one charitable entity will enable its future executive team to find synergies, to develop organisational structures that are operationally more efficient and to deliver better service to the wider Church.

26. Enlarging on those five functions further:

*i. Developing and delivering a strategy to achieve the Vision includes:*

- Co-ordinating and supporting the development, communication, and implementation of an agreed national vision for the Church of England (subject to review every 5-10 years)
- Developing strategic thinking and plans to support the delivery of the national vision (in conjunction with the wider Church)
- Monitoring and reporting on the delivery of strategic objectives

*ii. Facilitating policy development and engagement at a national level includes:*

- Facilitating, agreeing, and implementing policy where it requires consistency and co-ordination at a national level (e.g. standards of training for ordination, safeguarding, our environmental agenda)
- Supporting the Church (in particular Archbishops and Bishops) in the interaction with Parliament and national civil society and in the engagement with ecumenical and interfaith matters.

*iii. Providing services to the NCIs and National Church Bodies includes:*

- Acting as legal employer for staff of CENS and other national bodies where that brings simplicity and/or greater cost effectiveness.

- Providing administrative and secretariat services to General Synod, the Archbishops, the House and College of Bishops, and other statutory and non-statutory national bodies.
- Enabling the development and agreement of clergy terms of service, remuneration and benefits, and overseeing the payroll and benefits functions.
- Providing professional and administrative services to the NCIs.

*iv. Providing services and resources to the wider Church includes:*

- Developing and overseeing an agreed funding model for national functions.
- Allocating and overseeing supplementary grant funding to Dioceses from national resources.
- Supporting and encouraging dioceses and cathedrals in their mission, by providing cost-effective national and specialist services and advice.
- Supporting the co-regulation of Cathedrals.
- Overseeing an agreed high-level framework for pastoral reorganisation, church property (excluding investment property which forms part of the Church Commissioners' responsibility), diocesan restructuring and coordinating work on national governance changes.
- 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, e.g. HR support and guidance, common templates, and training.
- Supporting dioceses with provision of shared back-office and enabling services where there is demand, and in order to be more effective and efficient.
- Offering back-office services such as procurement to the wider church e.g., Parish Buying.
- Providing such other services and systems as the wider Church may in future require (e.g. Digital, Safeguarding Casework Management).

*v. Developing a Shared Learning Culture includes:*

- Facilitating a learning culture through support for knowledge sharing, peer networks and communications channels between worshipping communities (e.g. safeguarding training, project management expertise, giving and digital).
- Providing a Church-wide system and processes for data collection, management of information, research, and archiving.

27. The coming together of functions in CENS from across the NCIs will provide its CEO and senior management team with an opportunity to consider the future structure of CENS. The organisational design of CENS could potentially be quite different from today, with a structure being developed around service delivery lines, which would need to be carefully defined in conjunction with the wider Church. In order to develop these service lines, the Board and Management Team of CENS should build on the information gathered as part of the Transforming Effectiveness Programme and further engage with the wider Church to establish how the NCIs can better support them. This model should ensure that the Church is using its resources to optimal effect.
28. The following case study demonstrates the good work that is being done today with dioceses and parishes and could be developed further in the future.

#### **Case Study – National Giving Team**

*The National Giving Team supports parishes through creating resources and campaigns that can be adopted and adapted to a variety of local contexts; through training that enables churches to grow giving so they have a sustainable ministry; through advice on ways to develop income generation schemes; through the digital giving rollout where thousands of parishes have been given contactless and online giving training; through providing guidance and advice on running a church through the Parish Resources website and mailings, and through running Parish Buying which provides energy and other products and services to thousands of parishes.*

*The National Giving Team supports dioceses through part-funding diocesan giving advisor posts and providing training and mentoring for them; through delivering training for clergy on how to encourage giving and generosity; and through advising Bishops and diocesan senior leaders on how they can instil a generous culture within the diocese and researching the most effective ways to encourage parishes to pay parish share.*

29. There is often criticism that the NCIs are too London-centric in their outlook. Following the pandemic, teams are more dispersed than previously and some have begun to develop a more regionalised model of operation. Any organisational design work should determine whether there is an opportunity to base more staff outside of London. Either way, CENS should seek ways to bring a greater understanding of the 'local' into the NCIs operations. The cost/benefit of undertaking such an exercise would need to be carefully considered by the Board of CENS.



30. The NCIs currently have in place a Joint Employment Agreement, whose implications have not yet been fully explored within the proposed new structure, but there is no reason to assume that the arrangements should not continue as they do today.

## Church Commissioners

***Recommendation 3:*** *The Church Commissioners should remain a separate charitable entity, with legal responsibility for the management, stewardship, and oversight of the Church's historic endowment.*

31. In the proposed governance structure the Church Commissioners will continue to be responsible for the management of the historic endowment fund, focused on **maximising sustainable distributions** to support the mission and ministry of the Church of England.
32. The case for continued separation of the historic endowment is well argued in the GRG Report. The Report notes the Commissioners' consistent investment returns, strong governance arrangements and globally-recognised Responsible Investment achievements. The Report cautions against making structural changes that could upset the impact and performance of the Commissioners and inadvertently undermine the relationship with the State.
33. The Report reflects upon the value of the Church Commissioners' 'brand', highlighting 'the diversity of the Commissioners' asset allocation, outstanding financial returns, influence in markets and disciplined approach to investment and distribution'.
34. The GRG Report recognised the importance of ensuring that investment activity is not isolated from the theological teaching of the Church. The Report reflects that the National Investing Bodies (NIBs)<sup>4</sup> draw upon high quality theologically-based research and support from the Ethical Investment Advisory Group (EIAG). The NIBs work closely with the EIAG and other responsible investors to ensure that their work is not only generating income but making a difference in the world today. The Commissioners' 2021 Stewardship Report demonstrates its commitment to ethical investment and how it uses the power of its voice to encourage companies to make the changes the world needs.
35. The GRG Report reminded readers that the endowment is essentially a national asset ring-fenced for the Church's current and future needs and that Parliament would need to be assured and accept that changes to the

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<sup>4</sup> The Church of England National Investing Bodies comprise the Church Commissioners for England, the Church of England Pensions Board and CBF Church of England Funds.

governance structure would not have a detrimental impact on the disciplined management of the fund.

36. The GRG Report considered various models for managing the endowment fund, from outsourcing to full integration within CENS, before agreeing that the Commissioners should remain an independent body, with legal responsibility for the management, stewardship, and oversight of the Church's historic endowment. Options considered included:
- a. Outsourcing the fund management: This was not seen as a viable option, as although there are professional fund managers with the capability to manage the endowment, trustees argued strongly that none would do so with the same love and care as the Commissioners' Assets Committee. Most of the Assets Committee members do so on a voluntary basis.
  - b. Creating a wholly-owned subsidiary of CENS: This option raised questions about whether a wholly-owned subsidiary could avoid any political distraction associated with the trustee body and resist pressure from it vis-à-vis distributions.
  - c. Developing an integrated model: The GRG Report also considered Turnbull's vision of one body making both investment and expenditure decisions. The Report concluded that this model increased the risk that the investment strategy and distributions could become skewed by short-term expenditure decisions, leading to reduced long-term returns (and hence lower future distributions).
37. The Project Board concur that maintaining the endowment fund within a separate charitable entity, ensures that the Commissioner's impact and performance is not diminished, and that the risk of over distribution of funds is minimised.

***Recommendation 4:*** *The Commissioners should determine the quantum of distributions available to CENS. The Commissioners should take actuarial advice to determine the level of distributions, whilst actively engaging with CENS and the wider Church to understand the current needs of the Church. CENS should determine the allocation of funding.*

***Recommendation 5:*** *In consultation with CENS, the Commissioners should strengthen the processes by which they monitor that distributions are being used in accordance with their charitable purpose.*

38. The Project Board agrees that the Church Commissioners should continue to be responsible for agreeing the level of distribution to CENS. The Church Commissioners Measure 1947 requires the Assets Committee to seek

actuarial advice to determine what sums are available for distribution, a process that works well and is trusted.

39. In recent years, the Church's funding requirements have been brought together by a Triennium Funding Working Group (TFWG), a time-limited group with wide representation. There has been active engagement between the Assets Committee and the TFWG (which includes a number of Commissioners in its membership), to ensure that the distributions meet the needs of the Church, whilst remaining sustainable and protecting the fund in perpetuity.
40. Within the new governance structure, there should be no requirement for the creation of a TFWG, but the need for strong engagement between the Commissioners' Asset Committee, CENS, the bishops and the General Synod will remain, to ensure that the independent asset function does not become disconnected from the challenges faced by the wider Church. It will be necessary to be clear about which national functions and grants are to be funded on a perpetual basis, and which functions and grants are to be time-limited. The division between these categories will influence the total amounts of distributions that the Church Commissioners will be able to make available.
41. The Church Commissioners should ensure that processes are put in place to monitor that grant funding made to the new trustee body (CENS) is used for the purposes agreed. The current arrangements agreed with the Archbishops' Council require an annual statement to be presented to both the Council and the Board of Governors, detailing how monies are spent. This arrangement should be strengthened as early as the start of the new Triennium (2023-2025), and certainly upon the creation of CENS.

***Recommendation 6: All the remaining functions of the Church Commissioners should be transferred to CENS.***

42. In keeping with the recommendations of the GRG, all the remaining functions of the Church Commissioners would be transferred to CENS. These functions include those of the Bishops and Cathedrals Committee, the Mission, Pastoral and Church Property Committee (MPCPC), and the new Net Zero Programme Board. The transfer of functions and associated assets poses some specific policy issues which are outlined in more detail below.

### **Appellate Function**

43. The MPCPC considers representations relating to pastoral reorganisations and the future of closed or closing church buildings. The Committee is chaired by the Third Church Estates Commissioner and is made up of clergy and lay people drawn from different parts of the Church of England and the

Church Commissioners and a member nominated by the Department for Digital, Culture, Media and Sport. The Committee meets nine times a year, sometimes holding public hearings to listen to representations relating to a particular Scheme or raised under the Church Property Measure.

44. The Mission and Pastoral Measure 2011 is currently being reviewed and in February 2022 the Commissioners team responsible for the review presented its consultation analysis to General Synod in [GS Misc. 1312](#). The consultation paper (which analyses over 1,600 responses from individuals, Parochial Church Councils, Church Related Groups, Dioceses, etc.) highlights that some of the strengths of the Mission and Pastoral Measure are seen to be ‘independent consideration of proposals by the Church Commissioners’ and ‘strong governance through the Commissioners’ Mission, Pastoral and Church Property Committee’. The paper highlights a concern that ‘the independence of the process may not be maintained through the governance review’. The current governance framework provides all the interested parties with a fair and transparent means to voice their views and be heard on a particular scheme.
45. The Project Board is committed to the continued independence of this work (sometimes termed “the appellate function”) and believes that it could be equally accommodated within CENS. Moreover, the Project Board understands the importance of achieving governance arrangements which enable trust in the work and decisions of this critical area of public accountability. The Project Board has considered three options.
  - i. That the MPM functions should move to CENS and the measure to create CENS should include a specific statutory provision to guarantee the independence of an appellate body equivalent to the current Church Commissioners’ Mission, Pastoral and Church Property Committee. The provision would outline the responsibilities, decision-making powers, and membership (and Chair) of the Committee. The provision should also clarify who may not sit on the Committee (for example, members of the Strategic Mission and Ministry Investment Board) given the potential of a conflict of interest. This approach acknowledges the concerns highlighted in the MPM consultation and defines in legislation the decision-making powers of the Mission, Pastoral and Church Property Committee (or future equivalent).
  - ii. That the MPM functions should remain within the Church Commissioners. Although there are arguments in its favour – notably the relatively high level of trust that exists in the current system amongst objectors to potential church closures – this would go against the direction of travel in the GRG, with its recommendation that the Commissioners’ focus (and that of its trustee body) should be on

securing the best returns on the Church's investments and on determining the quantum of distributions available to CENS.

- iii. The creation of a separate trustee body which potentially gives a home to a number of similar bodies, including the Dioceses Commission, Cathedrals Fabric Commission and Church Buildings Council.
46. The Project Board believes that the creation of a statutory committee within CENS represents the most transparent and independent option, providing parishes and individuals with a fair mechanism to raise representations on Schemes or in relation to the Church Property Measure. Option 3 would go against the thrust of the whole Governance review, by creating a further National Church institution, rather than simplifying the structure; and Option 2 fails to secure transparency in the arrangements and is not in harmony with the wider changes proposed in this document.
47. If Option 1 were to be adopted, as proposed by the Project Board, and given the need to establish the requisite level of trust, it is recommended that the Committee should be chaired by an independent member (e.g. not an NCI trustee or member of another national church committee), and comprise a representative from the Department of Digital, Culture, Media and Sport, two elected members from each of the Synodical Houses, and four appointed members (including an experienced lawyer who may be the chair). The elected members should not serve on any other body in order to maintain their independence.

### **See Houses**

48. The Church Commissioners are the "housing provider" for Diocesan Bishops under the Ecclesiastical Offices (Terms of Service) Measure 2009. The Bishops' residences are known as See Houses and the Bishops and Cathedrals department manages the portfolio of houses providing support to maintain these houses and reviewing their suitability. There are 42 See Houses including the archiepiscopal palaces of Bishopthorpe and the Old Palace Canterbury, alongside Lambeth Palace, the London residence of the Archbishop of Canterbury. Bishopthorpe and Lambeth Palaces each has a number of properties which are provided for staff whose remuneration includes housing. There is also a stand-alone ancillary portfolio (in the main former tied accommodation) of approximately 50 properties which are let out on a commercial basis. The See Houses are managed as part of the Commissioners' Asset Pool and, should a property no longer be considered suitable for operational use, it reverts to the Investment team, who can then dispose of the Asset. In the past five years, no See Houses have reverted to the Investment team or been sold.

49. The Project Board considered three potential options in relation to See Houses:
- i. That the status quo should remain unchanged, with assets and staff remaining within the governance of the Commissioners. This option is not aligned with the GRG Report and could be perceived as a resistance to change and a distraction for the Commissioners' Board, whose main purpose in the new model would be to generate returns and hence maintain and grow sustainable distributions for the wider church.
  - ii. That these Heritage Assets and See Houses (and their associated costs) should continue to remain within the ownership of the Commissioners, given that they are potential assets. With this option, unlike option (i), the staff responsible for the management of See Houses would sit within CENS and the Commissioners would pay for the provision of services, in the same way as they currently do for other services (e.g. finance or audit) provided by Church of England Central Services (ChECS). This option could represent a simpler compromise, as there would be no requirement to transfer assets. However, from a legal and fiduciary perspective, separating decision-making powers (in respect of the acquisition, maintenance and disposal of properties) from the legal responsibility and ownership could be problematic unless specific powers and obligations were set out in legislation.
  - iii. That these Heritage Assets and See Houses should be moved across to the ownership/balance sheet of CENS, with the relevant CENS staff team (equivalent to the current Bishops and Cathedral team) continuing to manage them in much the way they do today – e.g. supporting Bishops at a time of transition, carrying out reactive maintenance on properties, overseeing statutory compliance checks and planning preventative maintenance, as well as assessing whether properties remain suitable for operational use.
50. The Project Board considered that the third option was the most transparent and simplest in terms of distributions, and that monies for Heritage Assets and See House maintenance would need to be ring-fenced as part of the financial planning process in CENS. The Project Board determined that it was advantageous to bring together all buildings and pastoral functions under CENS. Option two was considered as viable, but there were significant concerns about splitting decision-making powers from the legal responsibility and ownership.

## **Bishops Stipends and Working Costs**

51. Since 2011, the Church Commissioners have provided Diocesan Bishops with annual block grants to cover the stipend and working costs incurred in the performance of their ministry duties and that of their suffragan/area bishops. The grants are provided by the Church Commissioners through the stipulation of the Episcopal Endowments Measure 1943 and are provided to support the resources required to run an efficient office in support of the bishops' ministry. The Project Board agree that the management of Bishops' stipends and working costs should move to CENS.
52. The employment of bishops' staff, currently mostly direct employees of the Commissioners, should also transfer (under TUPE where appropriate) to CENS. There is an opportunity here to consider aligning the human resource management of bishops' staff, potentially bringing them together under CENS employment terms to ensure equity in employment practice and to strengthen the support for staff who are often working in small, isolated teams.
53. Further work is currently being completed to determine how this aspect of the governance review recommendations should be managed from a pension perspective. The Pensions Board has identified a risk relating to the Church of England Funded Scheme (CEPFS) – i.e. that separating the legal responsibility for the clergy pension payments from the Commissioners' endowment (were the Church Commissioners no longer to be the responsible body in respect of bishops' stipends) could materially weaken the pensions covenant. This clearly requires more work, with a potential solution being that the administration for the payment of Bishops' stipends and pension contributions moves to CENS but the legal responsibility for meeting this expenditure remains with the Commissioners.
54. Along with the proposed change, bishops' stipends and working costs would form part of the core distributions made by the Commissioners to CENS, together with a requirement for CENS to establish a restricted fund for this funding stream.

## **Cathedrals and Co-Regulation**

55. In this new governance arrangement, the payment of various cathedral grants currently made by the Commissioners under Section 28 of the Cathedrals Measure 2021 would transfer to CENS – including stipends, salaries and chancel repair liability payments, along with discretionary sustainability grants and support and advice to Cathedrals on sustainability and development. Such costs would again form part of the core distributions made by the Commissioners to CENS, together with a requirement for CENS to establish a restricted fund for this funding stream.

56. Cathedrals would continue to be supported by the relevant CENS staff team (incorporating the functions of the Bishops and Cathedrals team).
57. The original GRG Report proposed that the co-regulation of Cathedrals should remain the responsibility of the Commissioners (alongside the Charity Commission), largely because the Cathedrals Measure 2021 agreed with the Charity Commission had only recently been passed. The Project Board has taken a different position, however, believing that the co-regulation of our cathedrals should in time be transferred to CENS. Before this can proceed, though, the Board recognises that all cathedrals will need to have adopted the new regulation arrangements; and some settling-in period is envisaged before changes are made to the operation of the regulatory functions within the new Cathedrals Measure.

## **Church of England Pensions Board**

***Recommendation 7:** The Church of England Pensions Board should remain a separate legal entity, with its Pension Schemes regulated by the Pensions Regulator, Clergy Retirement Housing functions by the Charity Commission and mortgage activities by the Financial Conduct Authority.*

58. As the GRG itself noted, the Pensions Board is Trustee and Administrator of the three major centralised Church of England pension schemes all of which are regulated by the Pensions Regulator. An independent trustee board is a statutory requirement of pensions legislation. The Trustee operates the schemes in accordance with each Scheme's Trust Deed and Rules. The benefit structures are agreed by the 'employers' (in the case of the current clergy scheme the benefit structure is determined by General Synod, acting on the advice of the Archbishops' Council's Remuneration and Conditions of Service Committee). The Schemes are regulated by The Pensions Regulator.
59. The Pensions Board is also the largest provider of clergy retirement housing, complemented by smaller local charities. Housing customers are all pension scheme beneficiaries. This function is regulated by the Charity Commission and, for mortgage activities, the Financial Conduct Authority. This regulatory position, and the requirement for the pension schemes to have an independent trustee body, underpins the Project Board's starting assumption that the Pensions Board would sit outside the various models discussed in this paper.
60. The Project Board considered that in principle it would be possible to relocate clergy retirement housing to CENS but the consensus has been that the benefits of change would need to outweigh the costs and risk involved, including amending thousands of mortgage deeds and tenancy agreements. The Project Board therefore supports the conclusion that the Pensions Board should remain a separate NCI.



## National Society for the Promotion of Religious Education

**Recommendation 8:** *The National Society for Promoting Religious Education (NS) should remain a separate charitable entity.*

61. The National Society promotes Church schools and Christian education and is a separate NCI. The National Society's legal status is complicated by the fact that it covers both Church in Wales and Church of England schools. The National Society has recently reconstituted itself to comprise a reduced number of governing bodies in order to improve the effectiveness of its work in the field of education.
62. The Project Board discussed at length whether the NS should be consolidated into the new governance structure. The Project Board felt that in terms of simplicity and a joined-up vision this would be the most desirable way forward. However, it recognised that there were a number of significant hurdles to achieving integration, including i) the establishment of the National Society by Royal Charter (which would require Privy Council approval to dissolve the charity) and ii) its relationship with the Church in Wales.
63. The Project Board believes, however, that there is a strong case for locating the work of the Growing Faith Foundation<sup>5</sup> within the Vision and Strategy Team of CENS, with its focus on promoting partnership between the Church, school, and household to encourage and nurture Christian faith in those of all ages within those communities.

## Office of the Archbishops

64. The Project Board are currently working with the Office of the Archbishops<sup>6</sup> to determine which of its activities should be transferred to CENS. A key aspect of this work is to establish which functions are those of the 'Office of a Bishop' and which are functions supporting the Archbishops in their national role and hence, better aligned to the work of CENS.

## Safeguarding Activities

**Recommendation 9:** *The oversight of the National Church's Safeguarding activities should be carried out by a separate independent body.*

65. The Project Board are conscious that considerable work has already been completed in relation to the governance of the National Church's

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<sup>5</sup> The Growing Faith Foundation seeks to promote partnership between the church, school and household to encourage and nurture Christian faith, to grow a younger church and increase engagement with children and families in different settings.

<sup>6</sup> The Office of the Archbishops brings together the support, previously offered to the Archbishops through separate teams, into one Office of the Archbishops located across Lambeth Palace and Bishopthorpe Palace.

Safeguarding activities and that it remains an area of ongoing focus for the National Safeguarding Team (NST) and the Archbishops' Council.

66. The Project Board have considered whether there was a requirement to create an entirely separate Safeguarding NCI. The Project Board concluded that the development of national policy, safeguarding systems and training should sit within CENS and be managed by a National Safeguarding Team. However, the Project Board recognised the need for independent oversight of this work.
67. The Project Board 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:
- A scrutiny, inspection or regulatory function (and if so, whether statutory or voluntary)
  - An independent executive management (and if so, how the executive safeguarding body would relate to CENS, to bishops, to dioceses and to parishes)
  - An independent monitorship structure.

This remains an area of work in progress.

## **Board Composition of CENS and the Church Commissioners**

**Recommendation 10:** *The membership of the Board of CENS should be limited to 15 members, comprising the Archbishops of Canterbury and York as ex-officio members, 2 elected members from each House of the General Synod and 7 appointed members (some of whom might also be General Synod members, and all of whom should be practising members of the Church of England). Trustees should demonstrate a broad range of governance competencies, and the composition of the Board should be inclusive by design.*

**Recommendation 11:** *The Chair of the Board of CENS should be appointed (one of the seven appointed members) and occupy a paid position with a clearly defined role description.*

**Recommendation 12:** *Terms of office should be limited to five years and not allow for a member to hold office for a period exceeding ten years (two consecutive terms).*

**Recommendation 13:** *The membership of the Church Commissioners' Board of Governors should be reviewed in parallel with the establishment of CENS.*

68. The Archbishops' Council and the Church Commissioners Board are larger than recommended by the Charity Governance Code, with 19 and 27 members respectively. The Code recommends a board membership of

between 5 to 12 people. Smaller boards are considered to be more effective for the following reasons:

- Smaller boards spend less time in discussions and make faster decisions
- Trustees have greater ownership and accountability
- Meetings tend to be less formal, which makes it easier for trustees to open up and share ideas
- Trustees know each other better, and such relationships are more conducive to cohesiveness and a sense of common purpose

69. The rationale for a smaller Board is compelling but a board size of 15 is more realistic for the trustee body of such a large and complex institution. A larger Board would allow for elected and diverse Synod representation and be comparable to that of a large national charity, an NHS Trust or a University Council.
70. Following considerable thought and discussion, the Project Board's proposed model for the future CENS Board would be for it to comprise:
- The two Archbishops, *ex officio*.
  - 2 elected members of the House of Bishops
  - 2 elected members of the House of Clergy
  - 2 elected members of the House of Laity
  - 7 appointed members (including the chair)
71. There should normally be a majority lay representation (as currently with the Archbishops' Council) and appointed members should be practising members of the Church of England. The terms of office should be limited to 5 years, with a bar on people standing for more than two consecutive terms (except in the case of the two *ex officio* members).
72. The role of Chair of a large charity demands a great deal of work outside of chairing meetings, and the Project Board recommends that a paid Chair be appointed. A role description for the Chair of CENS should be created which outlines the responsibilities of the Chair, including forward planning, leadership, governance, stakeholder relationship-management, and relationship with the CEO. The Archbishops should attend all meetings and would have the ability to express their views more freely when released from the responsibility of chairing.
73. The trustees of CENS should demonstrate a blend of governance proficiencies, given that trustees have collective responsibility for the effective functioning of the charity. CENS trustees should be required to demonstrate a range of governance proficiencies including:

- Embodying the culture, values, and ethos of the Church of England.
- Strategic thinking with the ability to understand the context and challenges facing the institution and the wider Church.
- Effective decision-making at Board Level, with an understanding of which decisions should be made at Board level and which by the Executive.
- Relationship building and effective communication.
- Understanding of risk and business continuity.
- An ability to analyse data, including financial data, and draw sound conclusions.
- Engagement with stakeholders and partners.
- Holding to account and evaluating performance (the Institution, the Board and self).
- A grasp of key statutory and contractual requirements and how the institution ensures compliance.

Some of the members should be subject-matter experts (Finance, Information Technology, Safeguarding) but the expectation would be that all trustees will bring with them core governance proficiencies and be willing to develop further. A specific role description should be created for trustee roles which would incorporate the above.

**Diversity:** The Board of CENS and its committees should be inclusive by design, including:

- **Age** – How do we encourage a range of ages on the Board?
- **Disabilities** – How do we ensure that the Board is accessible and open to those with a disability/disabilities?
- **Ethnicity** – How can we ensure that Global Majority Heritage (GMH) ethnicities are represented? (*From Lament to Action*<sup>7</sup> calls for representation and participation of UKME/GMH people to at least 15% at all levels of governance structures by 2030).
- **Gender** – Is there a 50/50 of women and men on the Board?
- **Socio economic/geographical backgrounds** – Is there a proper balance between the two Provinces? Urban and rural? Areas of deprivation?

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<sup>7</sup> *From Lament to Action* The report of the Archbishops' Anti-racism Taskforce available from <https://www.churchofengland.org/sites/default/files/2021-04/FromLamentToAction-report.pdf>

74. National Church Institutions Boards and Committees should be closely monitored to ensure they are and remain diverse and inclusive. This should be one of the responsibilities of the Nominations and Governance Committee.
75. The Church Commissioners board composition should be reviewed once CENS has been established. Board members will need specific skills, with strong knowledge of investment and real estate portfolios. The Project Board has considered the two options outlined below, but further consultation is required with the Commissioners.

### **Option 1**

- Archbishop of Canterbury or York or Both
- First Church Estates Commissioner (Investments)
- Second Church Estates Commissioner (Parliament)
- 2 Bishops elected by the House of Bishops
- 2 Clergy elected by the House of Clergy
- 2 Lay members elected by the House of Laity
- 6 nominated positions via the Church Commissioners Nominations Committee process, rather than appointed by the Crown or the two Archbishops acting jointly

### **Option 2**

- Archbishop of Canterbury or York or Both
- First Church Estates Commissioner (Investments)
- Second Church Estates Commissioner (Parliament)
- 1 Bishop elected by the House of Bishops
- 1 Clergy elected by the House of Clergy
- 1 Lay elected by the House of Laity
- 8 nominated positions via the Church Commissioners Nominations Committee process, rather than appointed by the Crown or the two Archbishops acting jointly

76. Alongside the question of a reduced board composition, consideration should also be given to the place of the State Commissioners. There are currently six such Commissioners<sup>8</sup> preserving the state's interest in the historic assets managed for the benefit of the church. The role of those Commissioners, whilst not exercised as Trustees, retains a key channel for the accountability between Church and State in the arrangements. The Project Board does not envisage there would be any change to these arrangements but is in discussion as to whether the number of such State Commissioners should be

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<sup>8</sup> The Ex-officio State Office Holder Commissioners are currently :- the First Lord of the Treasury; the Lord President of the Council; the Secretary of State for the Home Department; the Lord Chancellor; the Speaker of the House of Commons; and the Secretary of State for the Department for Culture, Media and Sport;

retained at its current level to reflect changes in the Board compositions or whether the roles might need to be reconsidered in the wider context of the creation of CENS.

## **CENS Committees**

**Recommendation 14:** *The CENS Board should be supported by the minimum necessary number of committees to ensure its operation, including Audit and Risk, Nominations and Governance, Finance and only those committees in the areas of mission and ministry which are essential to its work.*

**Recommendation 15:** *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.*

**Recommendation 16:** *Consideration should be given to a piece of enabling legislation to facilitate other boards and sub-committees to be dissolved.*

**Recommendation 17:** *Consideration should be given to whether the number of Statutory Committees (including their advisory groups) could be streamlined.*

77. Part of the complexity around the current NCI committee structure reflects attempts to work around the difficulties inherent within the governance of the National Church today.
78. For those matters that have far-reaching implications for the Church of England as a whole, for example, the NCIs have created 'groups' that serve to bring a wider Church perspective – e.g. the Triennium Funding Working Group and the Emerging Church Steering Group, while the Archbishops have similarly called together a series of Commissions. These groups can be collaborative and nimble, providing a critical bridge between the NCIs and the wider Church but could be perceived as having too much influence on the proper decision-making powers of the NCI trustee bodies.
79. The 2021 Statutory Accounts of the Archbishops' Council reflected that the trustee body was supported by 11 committees, below which there is a raft of further working groups. This contrasts with the Church Commissioners, CoE Pensions Board and the National Society who have far fewer committees. It could be argued that the remit of the Archbishops' Council is broader and less transactional than that of the other NCIs, with its focus on national policy, and that its committee structure is another important bridge between the centre and the wider Church. Some of the Council's committees have important representational roles for constituencies within the Church, notably the Committee on Minority Ethnic Anglican Concerns, and the Committee for Ministry of and among Deaf and Disabled People. At the same time, the structure created has become complex, due in part to a lack of regular monitoring and inadequately defined powers of delegation.

80. From a good governance perspective, the committee structure described here is not fit for purpose. **Transparency, accountability** and **effectiveness** are characteristics of good governance, but accountability within the NCI committee structure is frequently unclear, leading to protracted and potentially poor decision-making. Another facet of good governance is **inclusivity**, yet the Archbishops' Racial Justice Task Force has highlighted that our national governance structure is far from inclusive and that many of our committees are not diverse. There is insufficient trust in how National Church decisions are made, therefore reforming the committee structure must be one of the first steps to restoring confidence.
81. Feedback relating to the committee structures highlights cultural issues that need to be addressed. Synod members, NCI staff and external stakeholders have collectively used words such as **frustrating, confusing** and **burdensome** to describe the current structure. A characteristic of good governance is effective and efficient structures and processes that enable rather than hinder.
82. The creation of CENS provides the opportunity to create a simpler committee structure and to establish a Delegation of Powers Framework. As part of Transforming Effectiveness, the Archbishops' Council (with by far the largest number of sub-committees and advisory groups) has begun to reduce the number of its committees through removal or consolidation.
83. The Project Board is clear that the CENS Board should be supported by the minimum number of committees, but that it is not its role to determine which committees should be put in place. Rather it should be the responsibility of the Board of CENS to establish those that are required to support its work. Specific rules regulating the committee structure should be established: for example, all committees should:
- have a clearly defined purpose, which is agreed by the Board, and which may be time-limited;
  - have agreed terms of reference (including membership), which are reviewed regularly by the Board;
  - report to the CENS Board regularly;
  - aim to minimise their reliance on sub-groups; where sub-groups are created, their purpose must be clearly defined, their existence logged with Central Secretariat, their duration specified and the requirement to maintain those without a finish date reviewed annually; and
  - be clear where work or responsibilities are delegated to a sub-group, by documenting this within the relevant Terms of Reference and ensuring proper scrutiny.

84. The CENS Board should establish a small number of **Standing Committees**, chaired by members of the Board, with specific decisions and tasks delegated to them, as defined in a Delegations Framework. While these committees would helpfully broaden the expertise available to the Board, the ultimate responsibility for decisions would remain with the trustees, so that regular reporting to the Board would be key. The types of decisions these committees make might be sensibly categorised as Financial, Operational and Pastoral.
85. The Board could also establish Advisory Groups. These Groups could bring recommendations for the Board to consider but should not have specific powers delegated to them.

### **Standing Committees**

86. **Audit and Risk:** As a large charity CENS should establish an Audit and Risk Committee. The Audit and Risk Committee would support the Board of Trustees by providing independent oversight of its internal control environment, risk management and financial reporting, and through supervision of the quality, independence and effectiveness of both its internal and external auditors. The Chair of the Audit and Risk Committee should be an appointed Board Member of CENS, and members of the committee would need to demonstrate strong governance and finance proficiencies, with a skills framework established to support recruitment.
87. **Finance:** The CENS Board should ensure a Finance Committee is established, with the chair being a trustee of the CENS Board. The Finance Committee should provide strong financial oversight of CENS and support budgetary planning and financial strategies, understanding the implications of internal and external events on the finances of CENS.
88. **Nominations and Governance:** The Charity Governance Code recommends the establishment of a Nominations and Governance Committee, which will be discussed in paragraphs 93 to 104. The Nominations and Governance Committee should lead the Board Appointments process, as well as certain staff appointments (e.g. the CEO). The Nominations and Governance Committee should also provide the Board with advice on its governance arrangements and oversee reviews on Board Effectiveness and actions arising from them. The Nominations and Governance Committee should be chaired by a CENS trustee.
89. **Mission, Pastoral and Church Property Committee:** As stated in paragraph 46, the successor body to the Mission, Pastoral and Church Property Committee would be both a standing and statutory committee of CENS.



90. The Standing Committees listed here represent a minimum. Upon its formation, the CENS Board should determine which decisions/tasks it is prepared to delegate and what committees it requires to support this framework.

### **Advisory Groups**

91. The Board may wish to establish **Advisory Groups** to support its policy development and service provision. Advisory Groups may be time-limited and would not necessarily need to be chaired by a member of the Board. Advisory Groups can be a useful contribution to the governance structure of CENS in order for it to have a clear understanding of the needs of dioceses, parishes, cathedrals and worshipping communities, with elected members of General Synod playing a key role here, along with others co-opted for their specific expertise (e.g. diocesan secretaries, deans). Advisory Groups should ensure that the Board of CENS has a deep and proper understanding of the issues that face the wider Church and can respond effectively to the needs of those it serves.

### **Statutory Committees**

92. Within the governance structure there will continue to be a requirement for certain statutory committees with clear independence at the heart of their work, including a successor body to the current Church Commissioners' Mission, Pastoral and Church Property Committee. Staff of CENS will also need to continue to support other independent Church bodies such as the Dioceses Commission, Liturgical Commission, Church Buildings Council etc.

### **CENS Management Group**

93. The Board of CENS should ensure that decisions and tasks are delegated appropriately to the CENS CEO and senior management group. The Delegation Framework should make clear what management can get on with, without having to refer back to the Board. This gives management greater authority to carry out business and increases overall effectiveness.

### **CENS Nominations and Governance Committee**

**Recommendation 18:** *The CENS Board should establish a Nominations and Governance Committee to oversee the process of appointments to its Board and to monitor governance arrangements.*

**Recommendation 19:** *Elected CENS Board positions should be subject to an agreed light-filter mechanism to ensure members have the necessary skills and experience to serve as a trustee.*

94. The GRG report highlighted the Charity Governance Code recommendations in relation to Board Effectiveness and overseeing appointments:

*5.7.1 There is a formal, rigorous, and transparent procedure to appoint new trustees to the board, which includes advertising vacancies widely.*

*5.7.2 The search for new trustees is carried out, and appointments or nominations for election are made, on merit against objective criteria and considering the benefits of diversity on the board. Regular skills audits inform the search process.*

*5.7.3 The charity considers using a nominations committee to lead the board appointment process and to make recommendations to the board.*

*5.7.4 Trustees are appointed for an agreed length of time, subject to any applicable constitutional or statutory provisions relating to election and re-election.*

*5.7.5 If a charity's governing document provides for one or more trustees to be nominated and elected by a wider membership or elected by a wider membership after nomination or recommendation by the board, the charity supports the members to play an informed role in these processes.*

95. The Project Board concurs that an important aspect of good charity governance is to establish a Nominations and Governance Committee. The remit of such a Committee needs to be understood as including consideration of CENS' governance arrangements, monitoring of best practice, making appropriate recommendations for improvement, and not simply relating to nominations processes. A CENS Nominations and Governance Committee should be established to:

- regularly review the structure, size and composition of the Board of CENS;
- regularly review the structure, size, composition, and continuing need for standing and advisory committees
- ensure plans are in place for orderly succession to board and senior management positions and oversee the development of a diverse pipeline for succession;
- evaluate the balance of skills, knowledge, experience and diversity on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment and the time commitment expected;
- oversee the selection process for appointed candidates, engaging consultancy support where necessary and ensuring that candidates

recommended to the Board for appointment meet the requirements defined;

- oversee that a trustee induction process is in place and that all trustees are aware of their responsibilities, time commitment involved and have disclosed any conflicts of interest;
- oversee an annual board performance self-evaluation process; and
- oversee periodic effectiveness reviews of the Board, including the appointment of any independent person to assist in the process and to monitor implementation of actions.

96. Synod members have expressed concern that the work of the CENS Nominations and Governance Committee could overlap with the work of the Church of England Appointments Committee. The Project Board believes that the two Committees should have separate roles, with the Nominations and Governance Committee having a planning, oversight and governance role within the CENS charitable body. The Appointments Committee would be responsible for making/ recommending appointments of Synod members to non-CENS bodies. The Project Board recognises there are merits in the two committees working together closely and this aspect of our work remains an area of ongoing discussion.

97. The Nominations and Governance Committee would also be responsible for all Board and Committee member appointments, as well as for the recruitment of some senior staff: this includes those which are currently made jointly by the Archbishops of Canterbury and York. The CENS Nominations and Governance Committee would ensure that:

- there is a clearly defined role description for each trustee role;
- a skills/diversity audit has been conducted ahead of any trustee appointment;
- an appropriate external consultant is used where necessary to identify candidates;
- an appropriate panel has been established to evaluate the candidates with an agreed scoring methodology;
- formal interviews are held by the panel;
- for trustee appointments, a second stage interview with the Archbishops and CENS Chair takes place; and
- appropriate pre-screening checks are conducted.

98. The Nominations and Governance Committee should recommend trustee appointments for approval to the CENS Board. All appointments to the Board

should be endorsed by General Synod. The Appointments Committee should be notified of all upcoming Board member appointments and the recruitment process that will be followed.

99. Appointments to CENS committees should be approved by the CENS Nominations and Governance Committee and reported to the CENS Board.
100. One of the core purposes of the Nominations and Governance Committee should be to establish selection panels to oversee Board and Committee appointments within CENS. The GRG report noted that once formed the Nominations Committee would establish a community of diverse, appropriately skilled and appropriately knowledgeable people from which panels would be convened to oversee appointments. The Nominations and Governance Committee should work with the Appointments Committee to develop a community of people to oversee appointments, using the wealth of skills and experience within General Synod.
101. The Nominations and Governance Committee should develop a talent pipeline, identifying and supporting those individuals with the potential and desire to be future members of NCI Boards and Committees.
102. The Project Board agrees that members of Synod seeking election to the CENS Board should demonstrate in advance how they meet the specified requirements. A Central Administrative Team should manage the elections process to the CENS Board and its committees. The CENS Nominations and Governance Committee should provide the Central Administrative Team with a role specification for each of the trustee/committee positions, outlining the role requirements, responsibilities, skills and experience sought and time commitment. The Nominations and Governance Committee should work closely with the Appointments Committee to outline where there are skills gaps or where the diversity of a committee might be improved. This recognises that the Appointments Committee is well placed to help identify those members of Synod who meet the role criteria or might bring another dimension to it. This process could seek to encourage more Synod members to become involved in the various CENS and wider NCI committees. The procedure for such a process should be agreed jointly by the CENS board and the Appointments Committee.
103. Synod members wishing to stand for election should provide a statement demonstrating how they meet the defined role criteria. The Nominations and Governance Committee working with representative/s of the Appointments Committee would review the statements to verify that those standing meet the defined criteria. Where a candidate does not meet the criteria, the panel may agree that this could be addressed through training or that the member might be better suited to another role or could indeed form part of a talent pipeline. Members will be free to stand for election, and the voting paper will

highlight those members who have met the role criteria. This is a similar process to that agreed by the Synod for Pensions Board appointments but remains a light filter mechanism, which aims to ensure that those members of Synod who give up their time to serve on NCI Boards, Committees and Working Groups are properly supported.

104. The Project Board has not considered in detail the membership of the CENS Nominations and Governance Committee. The Nominations and Governance Committee should be chaired by one of the appointed Members of the Board, but not necessarily the Board Chair. The Committee's membership should be relatively small, with perhaps two further members of the Board, one of whom should be an elected representative and two or three externally appointed members (for example, a HR specialist, a Diversity and Inclusion Specialist).
105. The Project Board recognises this is an area about which some members of Synod are concerned and is keen to continue discussions with members in this area.

## **Church Commissioners Committees**

106. The Church Commissioners would continue to be supported by its Assets Committee and Audit and Risk Committee, with consideration given to the formation of its own Nominations and Governance Committee.

## **Synod's role in NCI accountability**

***Recommendation 20:*** *The mechanisms by which the NCIs demonstrate accountability to the wider Church through Synod should be reviewed to foster a culture of greater accountability, transparency and openness.*

***Recommendation 21:*** *The NCIs should establish regular online updates to discuss performance and national policy with Synod members, outside of formal Sessions of the General Synod, to foster a spirit of openness.*

107. The General Synod remains a fundamental part of the Church's polity. In its Constitution it is given two major functions, namely *'to consider matters concerning the Church of England and to make provision in respect thereof'* (legislative function) and to *'consider and express their opinion on any other matters of religious or public interest'* (deliberative function). It is also a forum for holding the national church bodies to account, although this has not evolved in quite the way envisaged by the 1995 Turnbull Report proposals and the consequent legislation.
108. Reform of the Synod and its powers might reasonably have preceded a review of the governance arrangements of the NCIs. However, that has not been the case and any decision to review the Synod remains for a later date, as yet to be confirmed.

109. One particularly helpful innovation, during the project to review governance, has been the formation of a Synod Reference Group. The Group has functioned as a powerful sounding board whilst maintaining its independence from the Project Board. Concerns about the powers to be exercised by CENS, the need for appropriate Synod scrutiny, and the wider issue of creating deepening trust between the NCIs and the Synod, have been very helpfully raised, with advice and suggestions offered.
110. Currently the Synod has a range of powers of oversight and scrutiny amongst which, at a headline level, are: -
- Financial Control – the annual budgets and core apportionments for the funding of the Archbishops’ Council are subject to the approval of the Synod;
  - Consideration of Annual Reports – the Annual reports of the three core NCI trustee bodies must be laid before the Synod and are considered in presentation and questions, or in debate;
  - Questions – the key trustee bodies and principal committees can be questioned on matters of fact;
  - Approval of appointments – the six appointed members of the Archbishops’ Council, and the Council’s chief executive (the Secretary General), are brought to Synod for its approval.
111. Synod members, however, remain concerned that the current arrangements for accountability are not functioning well. To take ‘Questions’ as an example, some responses are felt to offer what are perceived as over-careful answers, with a lack of trust exhibited on all sides. Recommendation 19 picks up the theme of fostering a culture of greater openness and transparency, which could include a longer and more focused question time coinciding with the annual presentation of the NCIs’ Annual Report and Accounts.
112. A further suggestion has been that it could be beneficial to review the initial, and ongoing induction for Synod Members, explaining the National Church’s governance structure, clarifying the Synod’s role within it, and setting out the responsibilities of each of the NCIs and how they work together. This should enable greater participation of Synod members on debates on the CENS Board’s Annual Budget, the work of the Commissioners, and certain appointments, for example.
113. Equally, Synod members should be provided with more regular updates on matters of policy and performance, with opportunities to engage directly with the NCI trustee bodies and their senior staff. This would be done between the set meetings of Synod, given the opportunities that online engagement now

enables. Careful thought would need to be given on how best to structure and deliver these sessions, with advice sought from a variety of stakeholders for maximum benefit.

114. Given the value of the Synod Reference Group in providing thoughtful feedback and constructive challenge, there could be merit in establishing a similar CENS Reference Group. The Reference Group should be a vehicle for communication, an opportunity for challenge and a forum for new ideas.
115. The Project Board remains conscious of the need to consider the resource implications of these proposals. Whatever formal structures are developed, they must support the Church's commitment to be simpler and ensure that they develop the emerging culture and values of the organisations. The Project Board would welcome views in this area.

## **Bishops and their role in National Governance**

***Recommendation 22:*** *The House of Bishops should continue to work with the national governance bodies, including CENS in the future, on matters of national policy.*

***Recommendation 23:*** *Those Bishops elected to the Board of NCI trustee bodies should work with the relevant Chief Officer to ensure there is an effective two-way communication bridge between the House and College of Bishops and the trustee body.*

***Recommendation 24:*** *The House of Bishops, in consultation with the College and the wider Church, should be responsible for the development of the Church's vision, whilst CENS should develop the strategy and plan to support its delivery, again working in consultation with the bishops and the wider Church.*

***Recommendation 25:*** *The work of Lead Bishops should be better defined and supported, with specific role descriptions developed.*

116. The much-touted phrase 'episcopally led and synodically governed' represents a fundamental misunderstanding of the role of both the bishops and the Synod in the life of the Church. As Paul Avis points out, bishops are not the only leaders within the church and nor is it synods alone who govern. The notion of 'the bishop in synod' much more accurately describes Anglican polity, recognising the bishops' leadership charism but a leadership that needs to be exercised humbly and in listening mode, respecting the calling, wisdom and experience of the whole people of God.
117. Despite the theory, however, the outworking of this polity remains elusive, and some of the difficulties which accompany the bishops' current role within the

governance of the Church were well articulated in sections 93-114 of the GRG Report. They include:

- A lack of clarity about the role of bishops, 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
- 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 fewer than half the bishops are involved in national decision-making

118. In response the GRG Report suggested that the role of the College of Bishops should be enhanced; that a Board of Bishops should be established to work with the national governance bodies; and that the role of Lead Bishop should be reviewed and clarified.

119. Whilst entirely agreeing with the diagnosis of the GRG, the Project Board believes that there is a simpler solution without the need for a newly-formed Board of Bishops, which could confuse not clarify the new governance arrangements. The Project Board has therefore developed other approaches to widening the participation of the College of Bishops within the national life of the Church and to developing the link between the bishops and the proposed CENS Board – while not undermining the current role of the House of Bishops within the life of General Synod, especially in relationship to doctrine, liturgy, ethics, mission and ministry.

120. The GRG Report recognised that there is both frustration and wasted talent in our current approach to episcopal ministry and suggests an enhanced role for the College of Bishops vis-à-vis the House. The Project Board recognises and welcomes the increasing role that the College is already playing in discussions relating to the Church's vision and future direction and would fully support that development. However, they also recognise that the House plays a unique role in the Church's governance as the 'Bishops-in-Synod' and will continue to do so without significant Synodical reform. As stated in paragraph 106 above, that reform lies outside the current Project Board's remit.

121. Given those factors, alongside the sheer complexities of detailed discussions in the College, a body of more than 100 people, the Project Board's, Recommendation 22, is that the House of Bishops should continue to work



with the national governance bodies, especially CENS, on matters of governance and policy.

### **National Policy Making and Engagement**

122. There needs to be greater clarity in relation to decision-making processes that involve the College, the House of Bishops and CENS. Each play an important but different role in the overall governance framework of the National Church.
123. In developing its thinking in this regard, the Project Board reflected on Turnbull's recommendation that 'the House of Bishops would exercise its leadership by developing, with the assistance of the Council, a vision for the broad direction of the Church, offering it for debate in the General Synod and the Church as a whole. This vision would in turn influence the work of the Council which would seek the guidance of the House of Bishops on its overall plan and strategy and then present them to the General Synod for endorsement. Building on the model of the Bishop-in-Synod, this would allow the bishops collectively to offer leadership to the Church, while also taking counsel and seeking consent'. The Project Board considered that this process was largely followed in developing the current Vision, but was hampered by the pandemic, requiring much of the consultation to be done remotely.
124. The House of Bishops is not a corporate body and nor does it have legal personality. The Project Board concurs with Turnbull that in an Episcopal Church it is right that the bishops set the vision for the Church in consultation with General Synod, the trustee bodies and stakeholder groups. The House of Bishops (in conversation with the wider College) should be responsible for the development of the Vision for the broad direction of the Church, working in consultation with the wider bodies, whilst CENS should develop the strategy and plan to support the delivery of the vision, in consultation with the bishops and wider bodies. The vision and strategy should be endorsed by the General Synod.
125. The House would continue to hold its particular role in relation to doctrine, liturgy and the sacraments, as made clear in the reference to the House under Article 7 of the Constitution of General Synod – and would also continue to lead on policy relating to other nationally determined matters, such as safeguarding, ministry and the environment, though again in consultation with the College and wider Church. In governance terms the final decision to implement a policy should rest with the Trustees responsible for the allocation of resources, and they might on occasions need to return to the House, College or Synod to ask them to prioritise more clearly in relation to limited funding. It is clear, however, that the Trustees could not act against the doctrinal position of the Church. Lessons can be learnt from current processes, looking at what works well and areas where improvements can be

made: indeed, there are areas in which the respective bodies should seek to make these improvements now.

126. Given the importance of the Board of CENS and the House of Bishops engaging effectively through regular communication, the Chief Officers of the NCIs should provide the House of Bishops with regular verbal updates on those matters on which the charitable bodies are currently focused – including an annual update on the charities’ progress against their strategic objectives. Similarly, the bishops sitting on each of the trustee bodies should provide a regular verbal update on those issues which are a priority for the House. These reciprocal arrangements should include time for questions so that a collective understanding of how the different bodies work encourages better collaboration.

### **Lead Bishops and the Episcopal Role in Governance**

127. While recognising the potential tension between the unique role of the House of Bishops in the governance of the Church and the real importance of drawing on the expertise of the full College, the Project Board recognises that much of the bishops’ national role is lived outside of a House or College setting – and therefore endorse the GRG’s recommendation that the role of ‘Lead Bishop’ should be enhanced and clarified. Bishops are primarily called to be the ‘principal minister’ within the diocese (Canon 18.4), encompassing a wide variety of roles from teacher to leader in mission, along with ‘promoting unity, love and peace in the church’. They also exercise corporate leadership through the House and College. But in addition, many bishops hold national portfolios relating to the life of the Church and the Nation, which, in some cases, intersect with the work of the Lords Spiritual in Parliament.
128. The GRG’s Recommendation to review the role of lead bishops seems to the Project Board to be the most effective approach towards releasing the wisdom and experience of the full College of Bishops within the national life of the Church. At present, as the GRG Report recognises, there is little clarity about the lead bishop role or about the different types of ‘lead bishoprics’ that exist, with little by way of co-ordination or role description. And whilst the lead bishops for Ministry and Education have customarily been ‘baked into the system’ as members of Archbishop’s Council – and other lead bishop roles have increased in national significance – there has generally been something of a free-for-all in the development of this whole approach.
129. In order to tackle the Lead Bishop question, the Project Board has attempted to group the different types of lead bishop roles.

- i. Those areas of church life in which all the bishops need to be fully engaged, with the lead bishop(s) coordinating that engagement on behalf of all bishops;
  - ii. Those areas of policy where a smaller group of bishops could take the lead on others' behalf;
  - iii. Those areas that are specifically initiated by an individual bishop because of their personal passion or experience; and
  - iv. Those areas where bishops take a lead in the wider life of the Church and its historic agencies.
130. The first group in this scheme would certainly include the areas of Ministry and Education, but it is clear that other areas now have a similar status in requiring a national episcopal lead. Safeguarding has unquestionably entered into this territory in more recent times and there would be an argument to include Racial Justice and the Environment in this grouping, given the Church's substantial financial commitments in these areas. The work of these lead bishops should be properly and centrally resourced and would include a number of bishops taking active roles (as is already true with e.g. ministry and safeguarding), not least in contributing to or chairing time-limited project groups. Given that these roles would be undertaken on behalf of the House and with the moral leadership of the bishops' collective voice, they would need to be elected or co-opted members of the House.
131. The Project Board would hope that the proposed two elected episcopal members on CENS, would be members of this small group of bishops who are leading on matters of National Church life, while the other Lead Bishops in this grouping might appropriately be invited to attend and contribute to relevant items on the CENS agenda. A key part of their role as an episcopal trustee on CENS would be to act (in both directions) as a communications link between CENS and the remaining bishops. Bishops should not be blind-sided by decisions made by CENS and should equally be content that their views are adequately represented in that forum.
132. The second grouping would include a range of areas in which one or a number of bishops would take a lead on others' behalf: social policy areas like prisons, armed forces, health and housing, alongside more internal areas of our church life such as the Faith and Order Commission, the Liturgical Commission and Deliverance ministry. Lead Bishops in the social policy areas would expect to contribute within the committee structure that CENS develops (in which there would be some limited central staff support) and to be invited to attend CENS as appropriate, while these focussed areas could equally report into the House of Bishops. Given the public policy and legislative aspects of much of this work it may well be sensible for Lead Bishops in the social policy teams to be drawn from amongst the Lords Spiritual.

133. The third group would include areas that are more personal to individual bishops, such the Bishop of Gloucester's work on body image or the Bishop of St. Albans's on gambling, and some of the particular episcopal links established with ecumenical partners around the world. CENS or the standing committee of the House of Bishops might be keen to include discussion of these areas from time to time, but they would not generally attract central funding unless CENS were keen to move them into either of the first two groupings.
134. The fourth group would include the range of roles that bishops exercise in respect of the other NCIs, the Theological Education Institutions and the Church's mission agencies, often involving chairing the relevant Board. The necessary staffing here would be provided by the institution itself.
135. Each bishop, on appointment or at some appropriate period thereafter would be invited to join the team of one of the Lead Bishops, to develop a national perspective in their ministry from a relatively early stage. The Bishop to the Archbishops should keep a database of each of these groupings to steer new bishops in the right direction (a similar list has already been developed to support progression); and an exploration of bishops' national roles would play a part in every MDR thereafter, with suitable adjustments as necessary.
136. Better definition of the role of the Lead Bishop and encouraging every bishop to take on some area of national responsibility alongside their diocesan commitments would mean that:
- There would be a greater clarity about the role of bishops at a national level and their place within both the policy-development and governance structures.
  - There would be greater collegiality, with smaller groups of bishops working on specific projects.
  - Roles could be more evenly shared out, with very few that were open to Diocesans solely.
  - Fewer bishops would therefore feel either inundated or under-utilised in their national responsibilities.
  - The College of Bishops could divide into purposeful workstreams for part of its time together, and the House more easily sign off work prepared by its members.
  - Subject to the electoral process, the CENS Board would be likely to have bishops on the Board responsible for some of the most important issues, with lead bishops for other important issues regularly having the opportunity to attend the Board.

- Communications between the trustee body (the CENS Board) and bishops would be improved.
  - Lords Spiritual would have a greater number of episcopal conversation-partners.
  - Succession-planning would be considerably improved.
137. The Dioceses Commission is also required by law to engage with matters of episcopal structures and the Project Board is engaging with them on this topic.

## **Transition and Change**

138. The Project Board has brought forward a set of recommendations which together offer a refreshed approach to governance for the national functions within the Church of England. Though individual recommendations could in some cases work as stand-alone changes, the proposals are designed to work as a whole. The Project Board's view is that a coherent approach to change is needed to achieve the desired transformation in culture, effectiveness and service. To this end it will be important, if the recommendations are broadly welcomed, for the Project Board to develop a transition plan which encompasses both the work needed to bring a further report to Synod prior to the introduction of any necessary legislation and work within the NCIs to consider the implications of any agreed changes.
139. Within the recommendations of the Project Board there are certain elements which could be implemented without the need for legislation. Most of these involve identifying better working practices and more effective communication and engagement. In advance of any changes which may require legislation, NCIs could be invited to consider which of these they might adopt at an earlier stage:
- The number of Committees of the Archbishops' Council could be reduced where this would reduce overlap and duplication.
  - The interdependencies between the National Church Institutions could be better defined through Memorandums of Understanding and periodic joint meetings of the Boards to discuss priorities and strategy.
  - An annual NCI trustees meeting could be scheduled.
  - The relationship between the NCIs and the bishops could be enhanced as described in this document.
  - The relationship with Synod could be improved, through regular online presentations with Questions & Answers.
  - Synod Questions could be reviewed and the process enhanced.

## Conclusion

140. These proposals remain a work in progress and the Project Board will continue to consult widely on them. This paper has been written now to encourage constructive and meaningful conversation about the governance of the National Church, with the General Synod and more widely. At the heart of our work is an intent to simplify decision-making processes, to better define the responsibilities of each of the NCIs within this structure and to build a governance framework that will support the wider Church now and in the future.
141. As will be seen from the text, there are a number of areas where the Project Board is continuing to develop its proposals, not least the areas of culture and ethos which will be key to the success of any new governance arrangements.
142. The Project Board plans to bring its proposals to the Synod in July 2023 for approval. Legislative drafting and implementation would follow thereafter.

## **Membership of the National Church Governance Project Board**

Sir David Lidington (*Independent Chair*)

Bishop Andrew Watson – Bishop of Guildford

Mary Chapman – former member of Archbishops' Council

Alison Coulter – Vice-chair of House of Laity, member of Archbishops' Council

The Ven. Simon Fisher – Archdeacon of St Helens & Warrington

Jamie Harrison – Chair of House of Laity, member of Archbishops' Council

Abby Scott – member of House of Laity

Alan Smith – First Church Estates Commissioner, member of Church

Commissioners' Board and of Archbishops' Council

The Revd. Canon Flora Winfield DL DD – Third Church Estates Commissioner

## **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 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

Mr Stephen Hogg

Dr Ian Johnston

Mrs Debbie Mclsaac

Mr Clive Scowen

Mr Robert Zampetti