

General Synod

GS 2307

**National Church Governance
Report and Recommendations**

**from the
National Church Governance Project Board**

*to serve, support, encourage and enable
the whole work of the Church across the nation*

General Synod

National Church Governance Report and Recommendations

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Foreword

The National Church Governance Project Board (Project Board) was established in February 2022 to continue the work of the Governance Review Group (GRG)¹. The GRG, chaired by the Bishops of Leeds, made a series of recommendations to improve the governance of the National Church, which it considered to be overly complex and opaque.

The Project Board, in carrying out its work, has become more and more convinced that the problems at the heart of National Church governance identified by the GRG, are both an expression of and contribute to a culture of mistrust which harms the reputation and effectiveness of the Church and diminishes its prophetic voice. To overcome a legacy of mistrust will need not only governance and administrative reform, essential though those are, but a sustained commitment to collaborative action and habits of mutual respect by every leader and institution within the Church of England.

At the centre of the Project Board's approach has been a commitment to help rebuild trust by ensuring that our proposed reforms deliver greater transparency, accountability and effectiveness at a National Church level.

This proposal develops and expands upon GS2290 which was presented to Synod in February 2023.

Throughout this report we refer to a National Church governance structure, one which encompasses the NCIs, the House and College of Bishops, the General Synod, and other national church bodies. In our view, the governance arrangements of the National Church need to be viewed collectively, rather than in isolation from one another, considering the importance of mutuality between the national church bodies and understanding how they relate to other church bodies, Parliament, and the State.

¹ GS 2239 Report of the Governance Review Group (GRG Report)

This document is divided into four sections, the Report outlining the proposal and three separate Annexes. **Annex One** contains the recommendations and detailed information to support the proposal, **Annex Two** provides an outline of the expected project timeline, and **Annex Three** considers the estimated costs and benefits of the project.

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

‘That this Synod

- a) confirm the recommendations of the National Church Governance Project Board set out in GS 2307 as the basis for the reform of the National Church Institutions and governance structures of the Church of England.
- b) request the introduction of draft legislation to give effect to the necessary statutory changes for the implementation of these proposals no later than the February 2024 Group of Sessions’.

Rt Hon Sir David Lidington
Chair

+ Andrew Watson
Episcopal Lead

June 2023

National Church Governance Report

The Case for Reform

1. The aim of this proposal is to establish a National Church governance structure that can effectively serve, support, encourage and enable the work and mission of the Church of England now and in the future.
2. This proposal seeks to give greater confidence and build trust in the National Church's decision-making processes. It recognises that there is a need to work together, and to be clear as to which body is accountable for a decision and who else will be engaged in the process. Both decision-making and execution of those decisions will be speeded up, making better use of precious staff and volunteer resources, and enabling the Church to respond with more agility to new challenges.
3. While the governance of the National Church is wider than that of the National Church Institutions, the proposed governance reform simplifies the national structure and clarifies the purpose and functions of the National Church Institutions. It makes recommendations for smaller and more diverse trustee boards and committees, with a mix of appropriately skilled, elected and appointed members. It emphasises accountability and mutuality.
4. It introduces a new operational delivery body (replacing the Archbishops' Council and Church of England Central Services) dedicated to serving and supporting the wider Church through the provision of strategic funding, services, advice, and guidance. The new charity will co-ordinate work undertaken at the national level, allocate resources in line with agreed priorities and ensure effective execution of agreed strategies. Bringing key voices to the table, it will be responsible for developing policy for approval through the House of Bishops and the General Synod.
5. The short-comings of existing National Church governance arrangements, both in structure and culture, have significantly eroded confidence and trust in the support and service that the National Church Institutions provide. Improved engagement and reporting mechanisms should deliver improved accountability. This, together with an increase in transparency and open communication, will contribute to rebuilding trust in the church at every level.
6. There is much evidence of good governance practice across the individual NCIs, indeed all of them comply with relevant charity law and applicable regulations. In some areas, notably responsible investment, they are globally recognised for thought leadership and good practice. However, the complicated National Church governance landscape has contributed to a number of past governance short-comings, inefficient ways of working, lengthy decision-making processes and a lack of clarity about accountability. The following examples demonstrate the case for reform:

- a. **Safeguarding:** The GRG Report identified Safeguarding as a significant governance failure of the National Church, defining it as *'the most tragic example of the human cost of governance failure that can be imagined'*. In recent years the National Church has begun to invest significant funding into the development and growth of its National Safeguarding Team, but prior to 2015, funding was piecemeal. The Project Board agrees that the historic failure at a National Church level to have recognised and prioritised the significant risks posed in relation to safeguarding and to invest appropriately has damaged the Church reputationally but more importantly contributed to significant harm both to individuals and communities.

- b. **Racial Justice:** The First Biannual Report of the Racial Justice Commission highlights its Chair's frustration with the National Church, noting that *'despite many statements of good intent, they are seemingly unable to deliver on commitments made'*. The Church's failure to prioritise racial justice over many years may not be entirely attributable to governance failures, but in our view the opacity, complexity and fragmentation of its governance structures may well have been a contributing factor in this.

- c. **Complex Committee Structure:** The GRG report raised the fact that there are too many second-tier boards and committees and confusion about their roles. This paper itself will have visited at least eight different National Church governance committees ahead of making its way to General Synod. NCI staff are often drawn into a cycle of committee paper preparation, which is time-consuming, lacks agility and which, in the absence of a transparent framework for decision making, can result in a lack of clarity. At a time when the Church is particularly resource-stretched, the cost and administrative burden of servicing so many committees needs to be addressed. Despite the creation of this vast web of committees, there remains an underlying lack of trust in decision-making processes and a concern that the same small group of people are making decisions.

- d. **Archbishops' Commissions:** The GRG report highlighted the number of Archbishops' Commissions which have emerged outside of the National Church's formal governance structures. The issues which the Commissions are trying to address are of real importance, but by developing proposals outside of the national church governance framework, the Commissions are not an effective means of holding together policy and resource implications, nor are their work and decisions necessarily well aligned with the Church's agreed priorities as owned by its governance bodies. As the GRG report noted, the Commissions are likely born from a frustration with the *'slow-moving and unwieldy nature of current governance mechanisms'* and a reluctance of their governance bodies *'to tackle radical issues and make bold policy recommendations'*.

- e. **Complicated Money-Go-Round:** The current distribution arrangements can result in the simplest of financial transactions becoming onerous. For example, the accounting arrangements for the National Society are complicated, with Education costs split between the Archbishops' Council and the National Society. Salary costs are split using an agreed ratio, other costs are either split or there is an agreed methodology for determining which of the two NCIs to charge the expenditure to. This is extremely time-consuming and can be confusing. Because of the National Church's complicated funding arrangements, there are times when a financial decision, for even relatively modest amounts, needs to be formally approved by more than one body. Involving more than one trustee body in an approval process seems unnecessarily complicated and as stated above can cause confusion. Once again, the processes are inefficient and require significant staff time and attention.
7. It is hoped that the proposal we set out below can help to solve these problems and restore trust in the governance of the National Church.

Overview of Proposals

8. The full detail of the proposal is set out in **Annex One**. The Project Board recognises that its proposal is focused on National Church governance structures and there will be some disappointment that it has not covered diocesan and synodical governance.
9. Considerable time has been spent exploring the role bishops and General Synod play in National Church governance. The Church of England is an episcopal church, but one in which episcopal leadership is undertaken in consultation with fellow clergy and laity. Bishops are called to gather and lead the discernment and decision making of the whole people of God. Taking counsel as a principle in reaching decisions is seen in particular through synodical process where the 'skills and judgement of the whole people of God may be brought to bear on the issues and challenges of the day'². So, where Bishops exercise leadership and decide matters for the church, they do so in consultation, both with their episcopal colleagues in the deliberations of the House and College of Bishops, and in and with the wider body of clergy and laity represented in Synod.
10. This proposal recognises that national governance is interwoven with Anglican polity, one where key policy decisions in the life, mission and ministry of the national church are taken by our bishops in council together and in the Synod. In restating this description of the polity of the church, the Project Board recognises the leadership role of bishops in making national policy decisions. We agree that the House of Bishops should remain as the

² Working as One Body, the Report of the Archbishops' Commission on the Organisation of the Church of England, 1995 (The Turnbull Report)

main decision-making body for bishops, but that the College of Bishops should play a significant consultative role in key policy decisions. There does, however, need to be a formalisation of practice of how the NCIs, the House of Bishops and Synod interface on these matters. It would be beneficial to define the role of each body in the making of national policy and to define which matters require the proper exercise of the deliberative function of Synod, both in consultation, and in reaching decisions requiring endorsement or Synodical approval. Clarifying these responsibilities should serve to speed up decision-making and to build trust.

11. It is essential if trust is to be rebuilt and renewed to improve the relationship between the NCIs and the General Synod. During our work, the Board has listened carefully to arguments from General Synod members about the need for greater transparency and accountability in relation to the decisions made by the NCIs. This proposal seeks to improve the relationship between the NCIs and General Synod through better engagement, provision of timely information and clarity in relation to national level decision-making processes. The functions of the General Synod are both legislative and deliberative. To perform its role effectively, there is a need for greater transparency around what decisions have been taken and how, and a number of suggestions to achieve this are put forward in the proposal. Most significantly, the Project Board is recommending the formation of a Synodical Committee with the power to scrutinise the work of the National Church Institutions (NCIs), independently examine how specific decisions were taken and make recommendations for future improvement. We acknowledge that the creation of yet another committee appears to pull against our core objective of simplification but believe that where there is transparency, accountability, and a shared understanding of how decisions are made and lessons learnt, trust is fostered, and this should lead to more effective and efficient working.
12. It is proposed to reduce the number of NCIs from seven to four trustee bodies and to create a new NCI, Church of England National Services (CENS), which would, through a transitional process, integrate the current functions of the Archbishops' Council, Church Commissioners (excluding investments), Church of England Central Services and some of the activities of the Office of the Archbishops. The proposal seeks to make clear the interfaces between the NCIs and other National Church bodies, primarily the House of Bishops.
13. In the new governance structure, the purpose of each NCI would be clearly defined and not overlapping, delivering greater cohesion and accountability:
 - a. **The Church Commissioners** would be focused on delivering strong investment returns for the Church. The Commissioners would continue to serve as good stewards, safeguarding its financial assets and generating distributions to support the work of the whole Church. All other functions of the Commissioners should transfer to CENS, but transitional provisions

should be agreed and provided for in legislation for those regulatory functions currently undertaken by the Commissioners.

- b. **CENS** would be focused on the delivery of the Church's strategic objectives, a body designed to serve, support, encourage and enable the work and mission of the Church through the provision of funding, services, advice, and guidance. CENS would serve as a point of connection, one that joins together the local and the national.
 - c. **The National Society** would continue to lead on developing education, which is deeply Christian, serving the common good. The National Society will focus on its three strategic priorities of developing leaders, shaping policy, and growing faith (in partnership with CENS and the Church in Wales), as well as the provision of a national inspection framework and service for all church schools.
 - d. **The Pensions Board** would continue to serve clergy and those who work and minister for the Church through its retirement services. It will continue to be the regulated Trustee and Administrator of the Church's pension schemes, stewarding scheme assets ethically and responsibly on behalf of scheme members. As a charity, the Pensions Board would also continue to assist those clergy in need of support with housing in retirement.
14. The creation of the new trustee body, CENS, should bring together teams from across five of the current NCIs³, reducing the 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. better provide efficient and aligned support to the work of national church bodies, such as the General Synod, House of Bishops, College of Bishops, etc.;
 - b. ensure efficient and aligned service to independent bodies, such as the Dioceses Commission, Church Buildings Council and Cathedrals Fabric Commission;
 - 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 efficiency

³ The five NCIs referred to are: The Archbishops' Council, Church Commissioners, Church of England Central Services, and the Offices of the Archbishops of Canterbury and York.

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

15. The Project Board would not wish to pre-judge the outcome of the detailed conversations currently taking place with regard to safeguarding but recognises the importance of putting in place a separate and clearly independent body to monitor the safeguarding work of the Church.
16. The independence of the determinative and adjudicatory functions currently exercised by the Mission, Pastoral and Church Property Committee of the Church Commissioners will need to be secured in legislation in advance of any transfer of the functions. We also recognise that it would be unwise to move these functions across to CENS immediately upon its establishment and a careful process of transition, within a reasonable timeframe, will be needed. These functions together with the responsibilities for Cathedral Co-Regulation should transfer to CENS as soon as the transitional provisions provided for in legislation have been met. All other functions of the Commissioners (excluding investments) should move across to CENS.
17. This proposal aims to reduce the total number of NCI governance committees, recommends the creation of a set of rules in relation to the ongoing management of committees and formal agreement of the responsibilities and authority of each committee within the governance framework. All NCIs should keep their governance structures under regular review.
18. The Project Board recommends that the CENS Board should keep to a minimum the number of its Standing Committees. An illustrative structure has been included but the Board of CENS should be given the freedom to create its own committee structure. The CENS Board should be supported by a number of Advisory Boards. The Advisory Boards should play an important role in supporting policy development by bringing together a wide range of voices from across the Church and the General Synod.
19. The Project Board is committed to creating NCI Boards which are diverse, inclusive, appropriately skilled to manage the risks faced by the Church of England and promote richer decision-making that more properly reflects the Church and the Nation. It should be stressed that much good work has already been done in this area, but this remains an abiding challenge. Given the repeated inaction in some parts of the Church to address these issues, the Project Board has recommended that a Diversity Charter be established and that a statutory duty should be placed on the National Church Institutions to monitor and report annually to the General Synod on progress made towards the objectives in the Charter.

20. The proposal aims to reduce the size of NCI Boards, aligning them more closely to Charity Governance⁴ best practice but in doing so the Project Board wishes to affirm the significant role that elected members play on the boards of NCI trustee bodies. This proposal seeks to find a balance between elected and appointed membership whilst holding to principles of best practice in corporate and charitable governance. Given the nature of the role the Chair of the Board of CENS should be an appointed and remunerated post and endorsed by the General Synod.
21. CENS should manage its own nominations process for trustees and independent committee members as do the other NCIs. The CENS Board can then carefully monitor that its governance committees are diverse and appropriately skilled. All appointed trustees should be endorsed by General Synod. General Synod members wishing to stand for election to the CENS Board would be required to demonstrate, in a written statement, how they met the specific role criteria, which would then be assessed by an agreed panel. Members not meeting the criteria would not be eligible to stand. This process aligns with the recent reforms of the Pensions Board's governance.
22. If General Synod approves this proposal, it is intended that legislation would be brought forward for First Consideration in February 2024, with the aim of reaching Final Drafting and Final Approval of the Legislation in February 2025. It would be hoped that Royal Assent would follow within the following six months. It is anticipated that CENS first financial year could commence on the 1st of January 2026. A project timeline is provided for information in **Annex Two**.

Conclusion

23. This proposal aims to build a simpler, more joined up national church governance structure that is better able to meet the challenges of today and tomorrow.
24. The Project Board is well aware of the limitations of this work. We have heard strong representations that this review should have begun with a thorough review of parochial and diocesan governance before considering national governance structures. Our work has also shown a need for a review of the operation of synodical governance across the layers of the church. These matters are mostly outside of our scope, but we do not believe they can be left unaddressed and would support calls for reviews to be undertaken.
25. Equally we have heard other voices describing these proposals as little more than a rebranding exercise. Such voices fail to recognise the growing calls across the Church to properly address questions of transparency,

⁴The Charity Governance Code is a practical tool to help charities and their trustees develop high standards of governance (Charity Governance Code)

accountability, and trust in national church governance structures. If the significant organisational and cultural change that we envisage and suggest in this proposal is not driven forward by those who lead the Church, then this review should, rightly, be seen as having failed.

26. In our proposals each National Church Institution will have distinct and specific functions for which it is responsible and accountable. In ensuring service is at the heart of our common values, all the organisations will share a culture characterised by openness, respect, a commitment to excellence and mutual accountability to the wider Church. There is a temptation when faced with a proposal of this nature to slice off the parts that are harder to achieve, or to pick and choose parts which could be seen as quick wins and in doing so delay or abandon altogether the real gains that the proposal as a whole would hope to deliver for the good of the Church. We would urge the General Synod to resist this temptation and to properly challenge the trustees and staff of the National Church to grasp the opportunities which we set out, to embrace the necessary change and to ensure that we can properly meet the challenges of serving the whole Church.
27. We believe that this reform will provide clarity about how and where national policy decisions are taken, and where they are implemented. Our proposal seeks to reaffirm the distinct and important roles the NCIs, the House and College of Bishops and General Synod, all have in the governance of the National Church. Our hope is that this proposal will be supported by General Synod, as it represents a moment to improve the way the National Church bodies work together both for and with the wider Church. A golden thread of our work has been to increase transparency, accountability and trust and we believe that the structural and cultural changes proposed here represent an opportunity to deliver these outcomes both for the national church bodies, but more importantly for the way we serve, support, encourage and enable the whole work of the Church across the nation.

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National Church Governance Report and Recommendations

Annex One – National Church Governance Proposal

Table of Recommendations

Recommendation 1: *The Project Board should continue to develop the culture strand of its governance work, which it believes is paramount to restoring trust, building a culture that is transparent, open, and diverse, one where generous behaviours are role modelled in all areas of our work.*

Recommendation 2: *The House of Bishops should continue to work with the national governance bodies on matters of national policy. The College of Bishops should be consulted on matters of national policy, but the decision should rest with the House of Bishops. Those decision-making processes with interfaces between the House of Bishops, the NCIs and the General Synod need to be formally documented, so all parties are clear of their role.*

Recommendation 3: *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. A synodical committee should be established with the power to properly scrutinise national church decisions. It is hoped that the work of the committee will help to rebuild trust and to enable the National Church to work more efficiently and effectively.*

Recommendation 4: *A new, service-focused, operational governance body, Church of England National Services (CENS) should be created to serve, support, encourage and enable the work and mission of the Church. This 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 5: *The Church Commissioners should remain a separate charitable entity, with legal responsibility for the management, stewardship, distribution, and oversight of the Church's historic endowment.*

Recommendation 6: *The Commissioners should determine the quantum of distributions available to CENS. The Commissioners should take independent 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.*

Recommendation 7: CENS should determine how to spend grants made to it by the Church Commissioners, and in doing so, it will have regard to any duties which are specified in its governing document and, subject to appropriate oversight, to ensure that the funds are used as intended.

Recommendation 8: All the remaining functions of the Church Commissioners should be transferred to CENS subject to securing the statutory independence of the adjudicatory and determinative functions currently exercised by the Mission, Pastoral and Church Property Committee and to transitional arrangements affecting these functions and Cathedral Co-Regulation.

Recommendation 9: 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 10: The National Society (Church of England and Church in Wales) for the Promotion of Education should remain a separate charitable entity at this time.

Recommendation 11: The National Church's safeguarding activities should be monitored by a body separate from and clearly independent of the governance structures of the National Church Institutions and the General Synod.

Recommendation 12: The NCIs should establish a 'Diversity Charter' for their boards and committees and should be subject to a statutory duty to monitor and report annually to the General Synod progress made towards the objectives in the Charter.

Recommendation 13: 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). The Board of CENS should have a majority of lay members. 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. Committees must have clarity regarding their purpose, level of authority, reporting lines and methods. The Board of CENS should ensure that its governance arrangements are reviewed annually.

Recommendation 15: *The work of Lead Bishops should be better defined and supported. There should be a requirement to develop specific role descriptions and to follow a fair and transparent appointment process for those lead bishop roles where there is a national focus.*

Recommendation 16: *Statutory and Synodical Committees should be required to undertake reviews at least once every five years to ensure that they continue to serve the purposes for which they were set up and remain necessary.*

Recommendation 17: *The CENS Board should establish a Governance and Nominations Committee to oversee the process of appointments to its Board and to monitor governance arrangements. Elected CENS Board positions should be subject to an agreed filter mechanism to ensure members have the necessary skills and experience to serve as a trustee.*

Governance, Culture and Theology

Recommendation 1: *The Project Board should continue to develop the culture strand of its governance work, which it believes is paramount to restoring trust, building a culture that is transparent, open, and diverse, one where generous behaviours are role modelled in all areas of our work.*

1. *'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'*⁵: so begins the brief theological discussion in the original Report from which the Project Board has taken its lead.
2. The section continues by recognising the complexities of living with all the richness and vibrancy of our difference within 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'*, as the trustees of our governance bodies have a legal duty to manage charitable resources responsibly. 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 calls us to be honest about the world as it is and how it works, while also giving instruction about how to deal wisely, justly etc. enabling 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 non-Israelite priest – Moses' father-in-law Jethro (Exodus 18).
3. 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 Exodus 18, the people of Israel learn from the experience and knowledge from a leader outside their own tradition. In this same spirit, we want to learn from good practice outside the church, which has moved on considerably since the Turnbull Report, with much more focus on values, behaviours and organisational culture.
4. The GRG Report, for example, highlighted the Charity Governance Code 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 suggested that this model could not become the definitive

⁵ GRG Report

template for the good governance of the Church of England but regarded it as a useful reference document. The Charity Governance Code was refreshed in 2020. It has since been adopted by several well-established large charities and has also been adapted by the Association of English Cathedrals to better reflect their context. This perhaps shows the extent to which the values enshrined in the Charity Governance Code are consistent with the faith, identity, and mission of the Church.⁶

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

6. The Project Board believes that, to the extent they have not done so already, all the NCIs should fully adopt the Charity Governance Code. The Code is not mandatory and a sensible rationale for non-compliance with aspects of it is acceptable. Many charities now reflect compliance with the Code in their annual reports, and this is something that the NCIs should consider in the future as a matter of good governance.

⁶ See for example how the principles have been elaborated in guidance prepared by the Association of English Cathedrals at <https://www.englishcathedrals.co.uk/wp-content/uploads/2021/05/cathedral-governance-code.pdf>

7. The Charity Governance 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, building on work that has already been developed around values and generous behaviours.
8. 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 behaviour⁷:
 - a. **Architecture**: the structure and processes within organisations.
 - b. **Leadership**: the qualities that leaders bring to the task, which are then dispersed through the organisation.
 - c. **Behaviour**: the ways in which business is done.
9. Although the proposal focuses primarily on governance 'architecture', the Project Board is convinced that little will be achieved without giving due weight to all three determinants. As is suggested elsewhere in the report, the Church is more organism than organisation and this proposal needs to be seen in how it sits within the relational organism that is '*gathered around the risen Christ and animated by his Spirit*'⁸. Cultural transformation will be a central component of future transition plans.
10. At its simplest level, and especially as Christian institutions, the National Church bodies 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 – a place where gifts and grace, challenge and blessing might flow into as well as from the church. Staff, irrespective of faith and belief, might, for example, lead us more deeply into wise counsel. 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'.

⁷ The culture model referenced in this document was presented in discussions in the Project Board and is drawn from work by Alison Vickers and Becky Hall

⁸ GRG Report

Bishops and their role in National Church Policy

Recommendation 2: *The House of Bishops should continue to work with the national governance bodies on matters of national policy. The College of Bishops should be consulted on matters of national policy, but the decision should rest with the House of Bishops. Those decision-making processes with interfaces between the House of Bishops, the NCIs and the General Synod need to be formally documented, so all parties are clear about their role.*

11. The scope of the National Church Governance Project Board (Project Board) is largely limited to considering the governance of the National Church Institutions and this necessarily includes questions of where policy is developed and by whom decisions are taken. This has required consideration of the role bishops play in decision-making at a national level, whilst recognising that some aspects of this question cannot be fully resolved until there is a full review of Synodical Governance.
12. In our discussions with bishops, five key areas have been highlighted as those where bishops should and do play a defining role in national level decision-making: setting the vision for the Church of England, together with matters of doctrine, worship, mission, and ministry. These are perhaps all suggested in the Ordinal⁹, for example:
 - ‘Bishops are ordained to be shepherds of God’s flock and guardians of the faith of the apostles [Doctrine], proclaiming the gospel of God’s kingdom and leading his people in mission [Mission]. Obedient to the call of Christ and in the power of the Holy Spirit, they are to gather God’s people and celebrate with them the sacraments of the new covenant [Worship]’
 - Bishops ‘are to discern and foster the gifts of the Spirit [Vision] in all who follow Christ, commissioning them to minister in his name. They are to preside over the ordination of deacons and priests and join together in the ordination of bishops’ [Ministry].
13. To these five major areas should be added the care and discipline of the clergy, again well rooted in the Ordinal:
 - ‘With the Shepherd’s love they are to be merciful, but with firmness; to minister discipline but with compassion.’
14. Meanwhile safeguarding remains a further area of episcopal oversight as ‘chief pastors’ of the flock, whilst recognising too the accountability of the

⁹ texts from Common Worship: Ordination Services, The Ordination and Consecration of a Bishop.

leader in the need for an independent function in this area to help us avoid repeating mistakes from the past.

15. Some of these matters find expression in the canons and the Constitution of the General Synod. 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). Within that framework the role of the Bishops is explicit: for example, the Constitution sets out that '*a provision touching doctrinal formulae or the services or ceremonies of the Church of England or the administration of the sacraments or sacred rites thereof shall, before it is finally approved by the General Synod, be referred to the House of Bishops, and shall be submitted for such final approval in terms proposed by the House of Bishops and not otherwise*'¹⁰.
16. Despite the oft-repeated mantra that the Church of England is 'episcopally led and synodically governed', the truth is that bishops are involved in governance and the General Synod in leadership. Indeed the Ordinal calls on bishops to 'govern Christ's people in the truth', and the presence of bishops on all of the Church's governance bodies reflects a key aspect of their ministry. The notion of 'the Bishop-in-Synod' much more accurately describes Anglican polity, recognising that where bishops lead the Church into making decisions about its life, policy and ministry, they do so in consultation, both with their episcopal colleagues in the deliberations of the House and College of Bishops, and in and with the wider body of clergy and laity represented in the General Synod, respecting the calling, wisdom and experience of the whole people of God.
17. Despite the theory, however, the outworking of this polity remains elusive and the path by which high-level vision is translated into practical outworking, such as setting relative priorities in budget-making, or allocating scarce national-level resources among a wide range of competing operational demands, can be unclear.

National Policy Decisions

18. The Turnbull Report sought to simplify decision-making, seeing the Council as the trustee body that would make national policy decisions. In reality, bishops have continued to play a key role in national decision-making and this has sometimes resulted in confusion as to who is accountable. During the next phase of the Project Board's work, it will be important to clarify how each of the governance bodies are involved in core decision-making processes,

¹⁰ Synodical Government Measure 1969, Schedule 2 (as amended by subsequent legislation)

particularly in relation to the allocation of strategic resources. The Project Board has considered the following policy areas:

- a) **Vision & Strategy:** There is a need for the bishops, in consultation with the General Synod, to develop and regularly review a set of guiding visionary principles. The Vision sets out a broad set of goals that the Church hopes to achieve over the next period of years. The Project Board believes that the Vision for the Church should be set by the House of Bishops, as those who exercise the ministry of oversight in the Church and should be led by one or both of the Archbishops. The Vision should be established through a process of wide and prayerful consultation, which considers how collectively we can best support the work and mission of the Church of England. The development of the Vision should be supported by the staff of CENS. The Vision, once finalised, should be approved by the House of Bishops, and endorsed by the General Synod. The strategy to achieve the vision impacts the wider church, not just the trustee body, and therefore wide consultation on the broader strategic objectives defined within it should take place. These should also be approved by the House of Bishops and endorsed by the General Synod. CENS should be responsible for developing a strategy for those national functions which will support the delivery of the Vision.
- b) **Funding:** The Project Board clearly distinguishes between the role of the Commissioners and CENS and separates the determination of the funding envelope from the allocation of that funding. The Project Board does not believe there is a requirement to establish a pan-NCI Triennium Funding Working Group to allocate funding but recognises there is a need for close working between the various national governance bodies involved in this process. The Church Commissioners should determine the quantum of funding available to the wider Church, seeking independent actuarial advice to assess the level of funds that can be distributed without adversely impacting the endowment. CENS should make clear representations to the Church Commissioners' Assets Committee, so that they fully understand the funding needs of the wider Church. The Commissioners should distribute funding in accordance with their charitable purposes. CENS should provide the Commissioners with annual assurance that the funding has been used for these purposes and progress towards the desired outcomes has been achieved. CENS should be the body wholly responsible for allocating funding, considering the core needs of the Church, any statutory duties and funding required to support strategic delivery. The Triennium Funding Plan should be endorsed by the General Synod, as it is today.
- c) **Ministry:** There has often been confusion about where decisions in relation to Ministry should be taken, and whether this area is the remit of the House of Bishops or the Archbishops' Council. The Project Board believes that the staff of CENS should develop ministry policy and

processes on behalf of and in consultation with the College and House of Bishops. This process of consultation would likely involve other parties including theological education institutions and dioceses. Ministry policy should be approved by the House of Bishops which is responsible for setting the direction of the Church of England. CENS as the body responsible for setting the strategic objectives should risk assess whether the policy proposal is affordable, practicable and whether it impacts on its ability to pursue its objects. If CENS is unable to support a policy proposal, this would need to be addressed at the House of Bishops. Policies that shape clergy and lay ministry should be endorsed by the General Synod.

- d) **Risk:** There is a need to assess the impact of policy decisions and risks arising from them, to ensure that adequate mitigations are put in place. The National Church needs to regularly review 'systemic risks' to ensure they are properly mitigated and managed. CENS should have responsibility for this risk register with support from the other NCIs and the House of Bishops.

19. Given the leadership role of the bishops set out above, if Synod consents to these recommendation being taken forward, further consideration should be given during the next phase of this work as to how decision-making processes involving the bishops in their leadership role, the NCIs (as trustee bodies) and the General Synod can be clarified, made more transparent and simplified, so that all parties understand their role in the process.

House of Bishops and College of Bishops

20. The Project Board diverged from the original GRG Report, which recommended that '*consideration be given to enhancing the role of the College of Bishops in national decision-making and establishing an elected Board of Bishops (12 members) to work with the national governance bodies on matters of governance and policy and to elect those to serve on the national governing body*'¹¹. This proposal recommends that the House (the Bishops-in-Synod) should continue to make national policy decisions and that the role of Lead Bishops should be developed, while equally finding ways to deploy the experience and talents of all the bishops.
21. The College of Bishops normally meets twice a year, including a three-day residential in September. It has up to 130 members (including its participant observers) and its meetings provide bishops with an opportunity to come together to discuss matters of national policy. The College does not have any specific statutory responsibilities.
22. The House of Bishops is one of three Houses of General Synod. The House plays a unique role in the Church's governance as the 'Bishops-in-Synod' and

¹¹ GRG Report

will continue to do so without significant Synodical reform. It comprises a total of 53 bishops, including all the diocesan bishops, the bishop of Dover, the bishop of the Armed Forces and nine elected suffragan bishops. Others attend (as part of a commitment to improve diversity) and are able to speak but cannot vote.¹² The House itself is therefore a large body attended by around 70 bishops and other clergy participant observers.

23. Over the past few years, the College of Bishops has had increasing involvement in national level decision-making, with the College heavily involved in Living in Love & Faith (LLF) and a review of the Church of England's Discernment process.
24. It is recognised that the full cohort of bishops should play a role within the national life of the Church, but there are some real complexities, were we to make the LLF experience the norm. For one thing, the size of the College of Bishops (and its relative infrequency of meeting) makes it a difficult forum in which to take decisions; for another, the House of Bishops – the Bishops-in-Synod – have certain responsibilities which cannot be delegated to the wider group.
25. Whilst outside the scope of this report, there are ways of drawing on the expertise of the wider cohort, some of which already exist and could be developed further. For example, the regional groupings provide opportunities for wider discussion about issues that come before the House, and most bishops now carry a national portfolio as part of their ministry – something that could usefully be formalised and firmed up further.
26. What is absolutely clear is that the College needs to be properly consulted and engaged with on major issues concerning the future of the Church, especially matters relating to its overarching vision.

General Synod's role in NCI accountability

Recommendation 3: *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. A synodical committee should be established with the power to properly scrutinise National Church decisions. It is hoped that the work of the committee will help to rebuild trust and to enable the National Church to work more efficiently and effectively.*

27. As stated above the General Synod remains a fundamental part of the Church's polity exercising both the legislative and deliberative powers defined

¹² see the House of Bishops Standing Orders, SO 12 (attendance of other persons) and SO 12A (UKME/GMH Participant Observers). Note that SO 12A is time-limited and ceases to have effect when the Convocations which were called together in November 2021 stand dissolved.

in its constitution. It is, however, 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. These functions of oversight and scrutiny are of fundamental importance to the questions of trust in the National Church governance structures as a whole. The Project Board can only repeat its concern, that this proposal has been developed against a backdrop of mistrust that has grown up within the Church and in particular, in the relationship between the General Synod and the National Church bodies.

28. Currently the General Synod has a range of powers of oversight and scrutiny, which could be put to better effect, amongst which, at a headline level, are:-
- a. **Financial Control** – the annual budgets and core apportionments for the funding of the Archbishops’ Council are subject to the approval of the Synod;
 - b. **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;
 - c. **Questions** – the key trustee bodies and principal committees (including the House of Bishops) can be questioned on matters of fact; and
 - d. **Approval of appointments** – the six appointed trustee members of the Archbishops’ Council, the Council’s chief executive (the Secretary General) and the Clerk to the Synod, are brought to Synod for its approval.
29. Our conversations with a wide range of General Synod members suggests 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. A contributory factor to this issue is that there is limited time and resource to respond effectively to the volume of questions received ahead of General Synod. Recommendation 3 picks up the theme of fostering a culture of greater openness, transparency and accountability, which should include a longer and more focused question time coinciding with the annual presentation of the NCIs’ Annual Report and Accounts.
30. The Charity Governance Code highlights that charities should ‘*take seriously their responsibility for building public trust and confidence in their work*’. It also suggests but does not mandate that charity boards should ‘*ensure that stakeholders have an opportunity to hold them to account through agreed processes and routes, for example question and answer sessions*’. The Project Board believes that trust and confidence can be built through the following mechanisms:

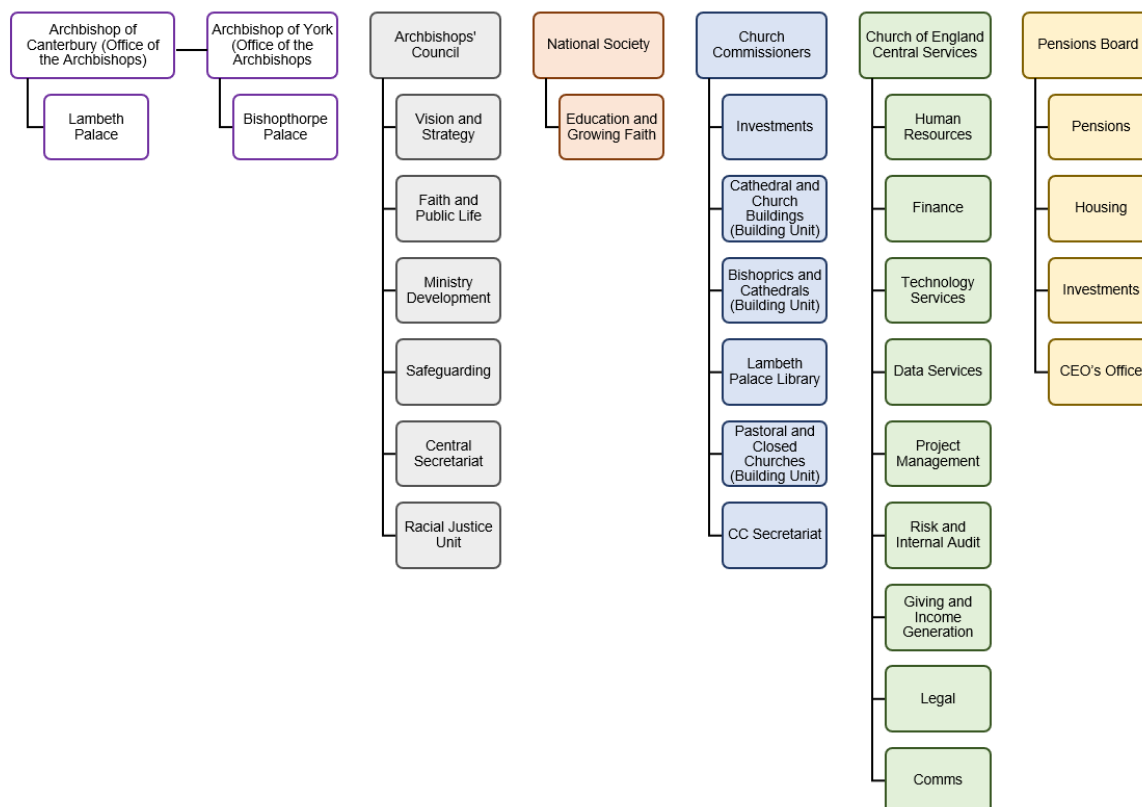
- a. induction and ongoing training should be provided to General Synod Members, explaining the National Church’s governance structure, clarifying the General Synod’s role within it, and setting out the responsibilities of each of the NCIs and how they work together.
 - b. the provision of regular updates on matters of policy and performance, with opportunities to engage directly with the NCI trustee bodies and their senior staff. This should be done between the set meetings of the General Synod, given the opportunities that online engagement now enables, for example building on the online presentations during the November 2022 period. Careful thought would need to be given on how best to structure, resource and deliver these sessions, with advice sought from a variety of stakeholders for maximum benefit.
 - c. an independent review of grants allocation should be commissioned each triennium, similar to the 2021 Chote Report¹³, to ensure that monies are being awarded fairly and transparently and that appropriate monitoring mechanisms are in place to ensure that funds are applied for the charitable purposes for which they are granted. The report should be published and discussed at a Session of the General Synod. If the review were to be conducted in the second year of a triennium that would allow sufficient time for lessons to be learnt. This assurance mechanism should be considered for introduction ahead of the establishment of CENS.
 - d. every three years all the NCI Boards should undertake an external Board Effectiveness Review. Each Board should explain how they have reviewed or evaluated the board’s effectiveness in the Governance Statement of their Annual Report.
31. However, the levels of mistrust are such that the oversight of the work of the National Church provided by current mechanisms described in paragraph 28 are not perceived as adequate and the additional mechanisms described above will not, in our view, provide a sufficient degree of confidence to some members of Synod. In our conversations with the Synodical Reference Group strong representations have been made to urge the creation of the Synodical equivalent of either a parliamentary select committee or a local authority scrutiny committee to examine the work of the National Church Institutions. For a synodical equivalent to do its work of scrutiny effectively, it would need to operate outside the twice-yearly General Synod meetings. Virtual meetings would make this easier for both committee members and witnesses but General Synod members of such a committee would need to understand the importance of their role in building trust, be appropriately skilled and accept a significant time commitment on their part.

¹³ Independent Review of Lowest Income Communities Funding and Strategic Development Funding GS2261.

32. The Project Board believes that there is a need, at this time, for increased oversight of the National Church Institutions by the Synod. We therefore recommend that a synodical committee be established to scrutinise the work of the National Church Institutions, through regular engagement with Trustees, Chief Officers, and staff. We would recommend that the working of such a committee should be reviewed at five-year intervals to determine if it is still required.
33. The Committee should have the power to independently examine how specific decisions were taken and make recommendations for future improvement. To promote transparency and accountability, the Committee should produce a report of its activities for General Synod on an annual basis. In ensuring that independence of view, the members of this Committee should have no other National Church governance role. Establishing such a committee at a time when Church resources are stretched will require investment, but the Project Board believes this investment is necessary if all concerned wish to seriously address the concerns of trust in and with the National Governance of the Church. We acknowledge that the creation of another committee appears to pull against our core objective of simplification but believe that where there is transparency, accountability, and a shared understanding about how decisions are taken and what lessons can be learnt, trust is fostered and this, itself, should lead to more effective and efficient working.
34. The Project Board recognises that any legislation arising from this proposal, would not be finalised until at least February 2025 and therefore strongly encourages the work the Business Committee is undertaking to explore additional opportunities for synodical oversight including trialling a 'synod deep dive' format. Building trust must start now and cannot wait for this legislation. It is hoped that this trial will be well received by General Synod, but it will be an important test of whether this approach can start to change the culture for the better.
35. The Project Board cautions that for these committees to be successful, and embedded in the processes of the Synod, they will need to be appropriately funded, resourced, and given sufficient time to properly explore complicated issues, serving as critical friends, and helping to increase trust in the National Church and build better relationships.

National Church Institutions Overview

Diagram of current Organisational Structure of the NCIs



36. There are seven National Church Institutions (NCIs), the Church Commissioners, the Archbishops' Council, Church of England Pensions Board, Church of England Central Services, National Society (Church of England and Church in Wales) for the Promotion of Education, Lambeth Palace and Bishopthorpe Palace that work together to further the work and mission of the Church of England.
37. The **Church Commissioners** was founded in 1948, to support the work and mission of the Church of England. The Commissioners manage the historical endowment fund (a £10.3 billion investment fund as at the end of 2022) and the money made from these investments enables grants to be made for, or towards the cost of mission projects, dioceses in low-income areas, bishops, cathedrals, and pensions.
38. The **Archbishops' Council** was established in 1999, following the passing of the National Institutions Measure 1998 to co-ordinate, promote, aid and further the work and mission of the Church of England. It does this by providing national support to the Church in dioceses and locally, working closely with the House of Bishops and other bodies of the Church.

39. The **Church of England Pensions Board** was founded in 1926 and provides retirement housing and pensions, set by the Church of England, for those who serve or work for the Church.
40. The role of the **National Society** (founded in 1811) is to promote education in schools, colleges and universities that allows children and young people to flourish in the widest sense.
41. Lambeth Palace and Bishopthorpe, collectively known as “**The Office of the Archbishops**” support the Archbishops in their diocesan and national work.
42. **Church of England Central Services** was formed in 2013 to provide professional support services to the NCIs and the wider Church. It is jointly owned by the Archbishops’ Council, Church Commissioners and the Pensions Board.
43. 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. The aim of the new governance structure is to clearly define the roles and responsibilities of each body within the Church, as well as setting out how they might work together (most transparently perhaps through Memoranda of Understanding).

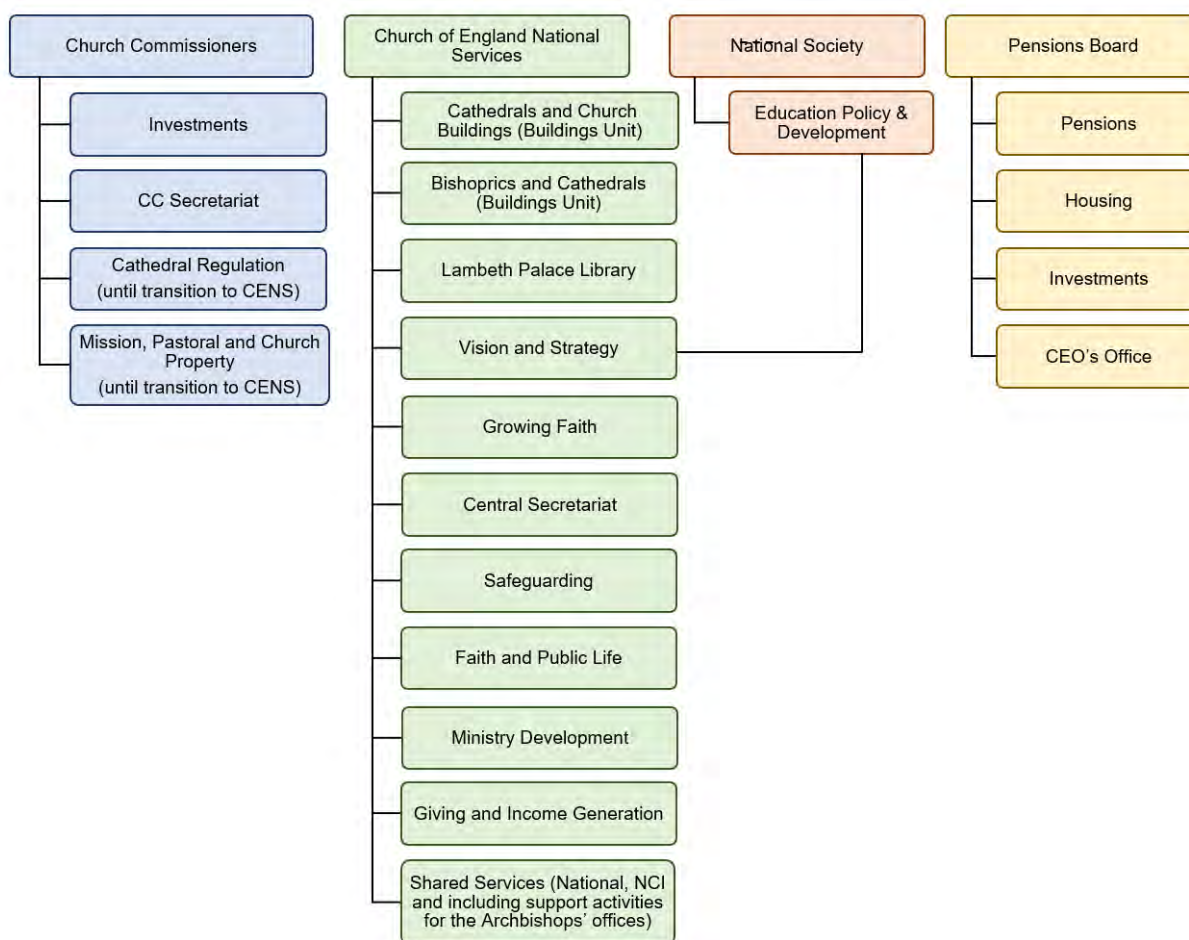
A New Governance Structure for the NCIs

Recommendation 4: *A new, service-focused, operational governance body, Church of England National Services (CENS) should be created to serve, support, encourage and enable the work and mission of the Church. This 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.*

44. The Project Board has been 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 and the Project Board has received considered feedback from all of the NCIs affected by this proposal.
45. Under these proposals a new charity Church of England National Services (CENS) should be established in legislation. All of the functions of the Archbishops’ Council, the Church Commissioners (excluding investments), Church of England Central Services, and some of the activities of the Office of the Archbishops subject to transitional processes.

46. CENS and its Trustee Board should be created subject to legislation being passed by General Synod and approved by Parliament.
47. The Transforming Effectiveness Programme has already created possible building blocks for departmental structures, consolidating business units to make them more efficient and effective. Whilst cost savings have already been achieved as part of this process of restructuring, the Project Board anticipates that the trustee boards may wish to explore other organisational design models which might better support the respective charities' mission. Purposefully joining these functions within the most appropriate charitable entity will create greater capacity for staff to focus on delivering services to the wider church.

Illustrative Diagram of NCI structure under these proposals¹⁴



¹⁴ This illustrative diagram uses current departmental structures as a point of reference, but the trustee boards might wish to explore other organisational design models (for example regional), which might better serve, support, encourage and enable the work and mission of the Church.

48. The purpose of this proposal is to create a simpler NCI governance structure which is better able to serve, support, encourage and enable the work and mission of the Church of England.
49. In the new structure, there is greater clarity in relation to the role and responsibilities of each NCI and how they work together. The NCIs will be four separate bodies but ensuring they work together effectively will be critical to the success of this proposal.

Church of England National Services

50. Church of England National Services will be the strategic and operational delivery arm of the National Church Institutions and will provide services to the NCIs, the General Synod and to the wider Church. CENS will have five core functions:
 - a. Developing and delivering a strategy to achieve any agreed vision for the church;
 - b. Facilitating policy development and engagement at a national level;
 - c. Providing services to the National Church Institutions and National Church Bodies;
 - d. Providing services and resources to the wider Church; and
 - e. Developing a shared learning culture.
51. Drawing together many of the NCIs' strategic, 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. The establishment of CENS provides the opportunity to work with the wider Church to determine what services are best provided nationally and renew services in such a way that builds trust and is effective and efficient.
52. Enlarging on those five functions further:
 - a) *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.

b) 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 interacting with Parliament and national civil society and engaging with ecumenical and interfaith matters.

c) 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.

d) 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, Cathedrals and other Church bodies from national resources.
- Supporting and encouraging dioceses and cathedrals in their mission, by providing cost-effective national and specialist services and advice.
- 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 value-adding 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).

e) *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.
53. The coming together of functions in CENS from across the NCIs will provide 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 could 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 could ensure that the Church is using its resources to optimal effect.
54. There is often criticism that the National Church is too London-centric in its outlook. Following the pandemic, an increasing proportion of NCI staff work in hybrid ways and live some distance from London and some teams now operate on a national basis. Organisational design work could determine whether there is an opportunity to base more staff outside London, recognising that some teams are already operating on that basis. The cost/benefit of undertaking such an exercise would need to be carefully considered by the Board of CENS. Regardless, CENS should seek ways to bring a greater understanding of the 'local' into the NCIs operations.
55. The NCIs currently have in place a Joint Employment Agreement for the majority of staff and there is no reason to assume the arrangements should not continue as they do today. However, further work on the implications of the new structure for the existing employment arrangements will need to be explored alongside the drafting of legislation.

Church Commissioners

Recommendation 5: The Church Commissioners should remain a separate charitable entity, with legal responsibility for the management, stewardship, distribution, and oversight of the Church's historic endowment.

56. 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.

57. 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.
58. The Report reflects upon the value of the Church Commissioners' 'brand', (which helps it to recruit the most capable trustees and staff and invest with the highest quality fund managers) highlighting 'the diversity of the Commissioners' asset allocation, outstanding financial returns, influence in markets and disciplined approach to investment and distribution'.
59. The GRG Report recognises 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)¹⁵ 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.
60. The GRG Report reminds readers that the endowment is essentially a national asset ring-fenced for the Church's current and future needs and that Parliament (and Synod) would need to be assured and accept that changes to the governance structure would not have a detrimental impact on the disciplined management of the fund.
61. The GRG Report considers 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, distribution, and oversight of the Church's historic endowment. These arguments are well made in the GRG Report and are wholly endorsed by the Project Board.
62. The Project Board concurs that maintaining the endowment fund within a separate charitable entity, ensures that the Commissioners' impact and performance is not diminished, and that the risk of overdistribution of funds is minimised. The following paragraphs set out some of the key areas to achieve this but a detailed review of all the affected statutory provisions will be required as part of the transition phase of work.

¹⁵ 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.

Recommendation 6: *The Commissioners should determine the quantum of distributions available to CENS. The Commissioners should take independent 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.*

Recommendation 7: *CENS should determine how to spend grants made to it by the Church Commissioners and, in doing so, it will have regard to any duties which are specified in its governing document and, subject to appropriate oversight, to ensure that the funds are used as intended.*

63. 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 independent actuarial advice to determine what sums are available for distribution, a process that works well and is trusted.
64. 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.
65. 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' Assets Committee, CENS, Diocesan Boards of Finance, the House of 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.
66. The Church Commissioners and CENS should ensure that processes are put in place to monitor that grant funding made to (and for onward grants by) the new trustee body (CENS) are in line with its statutory funding obligations. 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 8: *All the remaining functions of the Church Commissioners should be transferred to CENS subject to securing the statutory independence of the adjudicatory and determinative functions currently exercised by the Mission, Pastoral and Church Property Committee and to transitional arrangements affecting these functions and Cathedral Co-Regulation.*

Bishoprics & Cathedrals – See Houses

67. 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 Bishoprics 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 and a few ancillary properties. 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.
68. The Project Board proposes that the See Houses (and other Heritage Assets like Lambeth Palace) currently under the ownership of the Commissioners should be transferred to CENS, with the relevant CENS staff team (currently NCI staff managed by the Church Commissioners) continuing to manage them as they do today – e.g. supporting Bishops and their families 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. The Project Board proposes that funding for the ongoing maintenance of Heritage Assets and See Houses should form part of the core statutory funding allocation and that a primary duty of CENS should be to oversee and maintain these properties. The Project Board believes that these functions supporting diocesan bishops and their families should sit within the charitable entity that is delivering services to the wider church.

Bishoprics and Cathedrals - Bishops Stipends and Working Costs

69. 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 and Stipends Measure 1943 and are provided to support the resources required to run an efficient office in support of the bishops’ ministry.

70. It was originally hoped that bishops' stipends, pensions and working costs could all be paid directly through CENS and as such would have formed part of the Commissioners' grant to CENS provided for as an element of core funding. In early 2022, the Pensions Board identified a risk relating to the Church of England Funded Scheme (CEPFS) that separating the legal responsibility for the clergy pension payments from the Commissioners' endowment could materially weaken the pensions covenant. It is therefore proposed that administrative responsibility for Bishops' stipends and most working costs should move to CENS. Bishops' working costs should form part of the core distributions made by the Commissioners to CENS, with a duty placed on CENS to ensure this funding stream. Bishops' stipends and pension costs and some working costs in connection with legal claims and costs would continue to be a legal responsibility of the Church Commissioners and be paid directly by them.

Bishoprics and Cathedrals – Cathedrals and Co-Regulation

71. In this new governance arrangement, the payment of various cathedral grants currently made by the Commissioners under section 28 of the Cathedrals Measure 2021 should transfer to CENS. The same technical issue arises in respect of stipend and pension contributions for Cathedral dignitaries (met in accordance with S.28(1) of the Cathedrals Measure), as for Bishops, and the relevant payments would continue to be paid directly from the Commissioners. The administration of stipends, salaries and Cathedral chancel repair liability payments, discretionary sustainability grants and support and advice to Cathedrals on sustainability and development should transfer to CENS. Cathedrals would continue to be supported by the relevant staff team which would incorporate the functions of the current Bishoprics and Cathedrals staff team. The costs should again form part of the core distributions made by the Commissioners to CENS, alongside a specific duty for CENS to ensure this funding stream.
72. 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 had only recently been passed and discussions with the Deans had highlighted concern about making changes to the Measure during the implementation period. The Project Board believes that the co-regulation of cathedrals should be transferred to CENS, subject to consultation with the Charity Commission. However, the Board recognises that all cathedrals should have adopted the new regulation arrangements; and that the CENS Board itself should be in operation before changes are made to the regulatory functions within the new Cathedrals Measure. Whilst the adoption of the regulatory framework should be completed by 2024, the Project Board concurs that a short transitional delay in the transfer to CENS of the regulatory responsibilities defined in the Measure would provide greater levels of assurance to both Cathedrals and

the Charity Commission. Accordingly, it is proposed that these functions would transfer subject to transitional provisions which would be provided for in legislation.

Mission, Pastoral and Church Property Committee

73. The Church Commissioners (acting through its Mission, Pastoral & Church Property Committee (MPCPC)) considers representations relating to pastoral reorganisations and the future of closed or closing church buildings and proposals affecting certain other church property transactions under the Mission and Pastoral Measure and the Church Property Measure. The Committee is currently 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 (approximately) nine times a year, sometimes holding public hearings to listen to representations relating to a particular Scheme or transaction under the Church Property Measure.
74. The analysis of the consultation undertaken as part of the separate review of the Mission and Pastoral Measure 2011 presented to General Synod in GS Misc.1312¹⁶ showed that the strengths of the Mission and Pastoral Measure processes 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*'. There is a strongly held belief that the current governance framework provides all interested parties with a fair and transparent means to voice their views and be heard on a particular scheme.
75. Similar concerns have been expressed about transfer of the work of the Mission & Pastoral Measure functions to CENS and whether the requisite governance body (a committee taking on the functions of the MPCPC) could be seen to be sufficiently independent from CENS (the grant-making body) for interested parties to view its decisions as wholly impartial. The Committee itself has also raised concerns that separating the function from the Commissioners would diminish its accountability to the Church (through Synod) and to the State (through Parliament) and potentially undermine its independence and authority.
76. The Project Board recognises the importance of the concerns raised and is clear that the independence of these determinative and adjudicatory functions should be properly protected in legislation, including a specific statutory provision to establish and guarantee the independence of a body equivalent to the current Church Commissioners' Mission, Pastoral and Church Property

¹⁶ Review of the Mission and Pastoral Measure 2011 Consultation Analysis GS Misc. 1312

Committee. Change to the Committee's governance will require consultation with Government, the Office of the Privy Council, and the Ecclesiastical Committee to ensure they are content with the proposed arrangements and the existing appeal process is preserved.

77. The Project Board would also not wish to see the creation of a new structure of oversight which diminished trust in these functions, particularly at a time when the underlying legislation is itself under review. Having listened to the concerns of Parishioners, Synod, and the Committee itself, the Project Board believes that, as with Cathedral Regulation, the transfer of the determinative and adjudicatory functions currently overseen by the MPCPC should happen at a later date. The Project Board hopes that this sensible compromise can help build trust and demonstrate that the aim of this project is to look for solutions that best serve the Church as a whole.

Churches Conservation Trust

78. The Project Board proposes that, as with other functions set out in the Mission and Pastoral Measure, oversight of the funding for the Churches Conservation Trust (CCT) should also transfer to the CENS as part of its core responsibilities for grant allocations within the Church. The Project Board recognises that the timing of this may also need to be aligned with the transitional arrangements of the adjudicatory functions of the Church Commissioners. Subject to any amendments in process the Synod may agree in the review of the Mission and Pastoral Measure, after the transfer of the functions it would be CENS, which should make any Funding Order and bring it to Synod for approval.

Lambeth Palace Library

79. The Church Commissioners have a long-standing responsibility for the care and maintenance of Lambeth Palace Library, as with other non-investment functions. The Project Board proposes that responsibility and management of the Library should transfer to CENS under the new governance arrangements.

Church of England Pensions Board

Recommendation 9: *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.*

80. 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.

81. The Pensions Board is also the largest provider of clergy retirement housing, complemented by smaller local charities. Housing customers are all pension scheme beneficiaries. Mortgage activities are regulated by 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.
82. 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.
83. The Project Board supports the conclusion that it should remain a separate NCI, retaining responsibility for clergy retirement housing and acting as trustee for the pension schemes.

National Society (Church of England and Church in Wales) for the Promotion of Education

Recommendation 10: The National Society (Church of England and Church in Wales) for the Promotion of Education should remain a separate charitable entity at this time.

84. 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.
85. The Project Board discussed at length whether the NS should be consolidated into the new governance structure. It was felt that in terms of simplicity and a joined-up vision this would be the most desirable way forward. However, it was recognised that there were a number of 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.

86. Once CENS is in operation this governance issue should be revisited (within three years) and efforts made to integrate the National Society into CENS.
87. The Project Board believes that there is a strong case for locating the work of the Growing Faith Foundation¹⁷ 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

88. The Project Board is currently working with the Office of the Archbishops to determine which of its activities should be transferred to CENS. A key aspect of this work is to establish which activities are germane to the ministry of any Archbishop and consistent from one office holder to another; and which flow from the mission, ministry, and priorities of a particular incumbent. The former is perhaps better aligned to the work of CENS.
89. The Office of the Archbishops has only recently been formed (2021) and given this is a continuing process, the Project Board agrees that a transition plan should be agreed with the Archbishops.

Safeguarding Activities

Recommendation 11: The National Church's safeguarding activities should be monitored by a body separate from and clearly independent of the governance structures of the National Church Institutions and the General Synod.

90. The Project Board is conscious that safeguarding remains an area where considerable work has been undertaken and where significant work to address issues of governance and oversight is ongoing.
91. The Project Board would not wish to pre-judge the outcome of the detailed and careful conversations currently taking place but would expect that the management and delivery of such national safeguarding functions, as are determined to be the responsibility of the Church of England nationally to deliver, would sit within CENS.

¹⁷ 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.

92. The Project Board is clear, however, that the safeguarding functions of CENS and the wider Church should be monitored by a body separate from and clearly independent of the governance structures of the National Church Institutions and the General Synod.

Board Composition

Diverse Boards

Recommendation 12: *The NCIs should establish a ‘Diversity Charter’ for their Boards and Committees and should be subject to a statutory duty to monitor and report annually to the General Synod progress made towards the objectives in the Charter.*

93. The Project Board is committed to improving the diversity of the National Church bodies and ensuring that National Church Boards and Committees include broadly equal numbers of men and women, a mix of church traditions, a mix of age groups, those from Global Majority Heritage ethnicities, a range of socio-economic, geographical backgrounds and are accessible to those with disabilities.
94. The Project Board recognises that the tone from the top is important and recommends therefore that a Diversity Charter should be developed which sets out objectives for improving the diversity of all the NCI Boards and Committees. Given the repeated inaction in some parts of the Church to address these issues, the Project Board has agreed that a statutory duty should be placed on the National Church Institutions to monitor and report annually to the General Synod progress made towards the objectives in the Charter. The Project Board believes that annual reporting would evidence a commitment to increasing diversity on its Boards and Committees and reflect the culture of transparency and openness to accountability which our proposals are seeking to foster.
95. It should be noted that some of the NCIs have already achieved a great deal in terms of addressing diversity, with examples including:
- a. use of diversity profile audits of current board composition;
 - b. engagement of recruitment consultants with strong diversity credentials and reach into the relevant market;
 - c. in 2021 the Church Commissioners’ Measure 1947 was amended so that instead of trustees having to declare themselves to be members of the Church of England, they can now be members of the Church of England or a church which subscribes to the doctrine of the Holy Trinity (and in either case, they are required to support the charitable objects of the

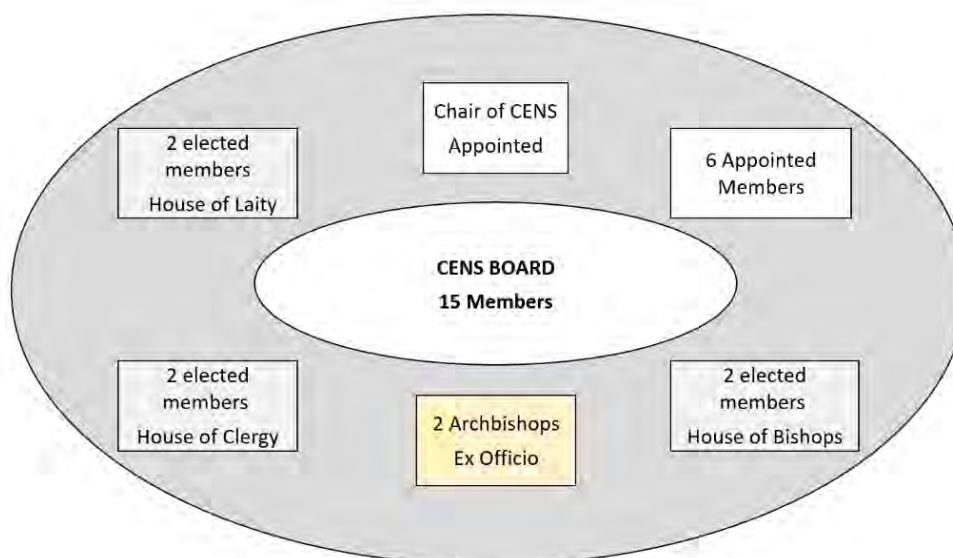
- Commissioners). The purpose of the change was to increase the levels of diversity on its Board by expanding the membership criteria;
- d. building talent pipelines to encourage and increase levels of diversity on the NCIs' boards and committees; and
 - e. developing a clear Diversity Statement which is reported upon annually.
96. The Project Board very much welcomes these initiatives and would want to encourage this work further. It believes that the Charter and statutory duty can assist in this regard.

The CENS Board

Recommendation 13: *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). The Board of CENS should have a majority of lay members. The membership of the Church Commissioners' Board of Governors should be reviewed in parallel with the establishment of CENS.*

97. 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; however, the Project Board agrees that 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.
98. Following considerable thought and discussion, the Project Board's proposed model for the future CENS Board would be for it to comprise:
99. The review considered whether the archbishops should be trustees of the CENS Board. It was felt that if the archbishops were not on the Board, the Chair or CEO would spend time relaying information to them and seeking their guidance. If they were to sit on the Board, but not serve as trustees, they would likely end up acting as de facto trustees. A de facto trustee is a person who has not been validly appointed as a trustee but is acting as a trustee of the charity and is exercising the functions that could only be properly discharged by a trustee. It was agreed that this situation would be less than transparent and therefore proposed that the archbishops should be ex-officio members of the Board. It should be noted that unlike the Archbishops'

Council, the Officers of the Synod from the Houses of Clergy and Laity are not ex officio positions and these individuals would be required to stand for election if they wished to serve as trustees.



100. This proposal reduces the number of ex-officio members but maintains the number of directly elected members from Synod. It does not prohibit a Synod member from applying for any of the seven appointed roles. The proposal recognises the importance of having Synod members on the Board who understand the challenges faced across our worshipping communities and who represent different church traditions. The Project Board is keen, however, to ensure that the corporate governance of CENS addresses the complexity of the charity's activities. This governance change is aimed at making it simpler to recruit trustees on the basis of their skills and achieve greater diversity but, as at present, no elected or appointed members should be eligible to serve on more than one of the National Church Institutions at any one time. The Project Board hopes that General Synod members would see this as an opportunity to bring specific skills and apply for these important trustee roles.
101. In considering the need to encourage a skilled and diverse trustee body, the Project Board has come to a view, after much deliberation, that appointed members should be members of the Church of England or a Church which subscribes to the doctrine of the Holy Trinity, aligning with the arrangements which exist for the Church Commissioners. Adopting this proposal, a majority of the members of the CENS Board, and a majority of the members of each its committees must be members of the Church of England.
102. The Project Board has agreed that the majority of the Board's membership should be lay providing a proper balance in the overall governance of the national church and recognising the place of laity in the delivery of the Church's mission. The terms of office should be limited to five years, with a

bar on people standing for more than two consecutive terms (except in the case of the two ex officio members).

103. The role of Chair of a large charity demands a great deal of work outside of chairing meetings, and it is recommended that a paid Chair be appointed. This arrangement would allow the Archbishops to express their views more freely when released from the responsibility of chairing. 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 Chair of CENS should be a strong advocate for diversity and inclusion, setting the tone from the top. The appointment of the Chair of CENS should be endorsed by Synod.
104. Whilst current arrangements enable all Church of England clergy, or lay communicant members of the Church, appointed to the Archbishops' Council to be ex-officio members of the Synod, the Project Board believes that with the creation of a new role of Chair and a significant number of elected representatives, there will be adequate links to the General Synod, without the requirement that all appointed members of the CENS Board be ex-officio members of the General Synod. However, the Project Board believes that as part of the wider arrangements of accountability and trust, their appointment as trustees should continue, as at present, to be endorsed by the General Synod.

CENS Trustees

105. The trustees of CENS should demonstrate a wide range of governance proficiencies, given their collective responsibility for the effective functioning of the charity. The Charity Commission's *'Essential Trustee'* highlights the six core duties of trustees, which are:
- To ensure the charity is carrying out its purposes for the public benefit
 - To comply with the charity's governing document and the law
 - To act in the charity's best interests
 - To manage the charity's resources responsibly
 - To act with reasonable care and skill
 - To ensure the charity is accountable
106. Trustees should understand their legal responsibilities and that this represents a significant time commitment. All trustees should role model the Seven Principles of Public Life¹⁸. The Project Board believes that the trustees of

¹⁸ Nolan Principles – The Seven Principles of Public Life are selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

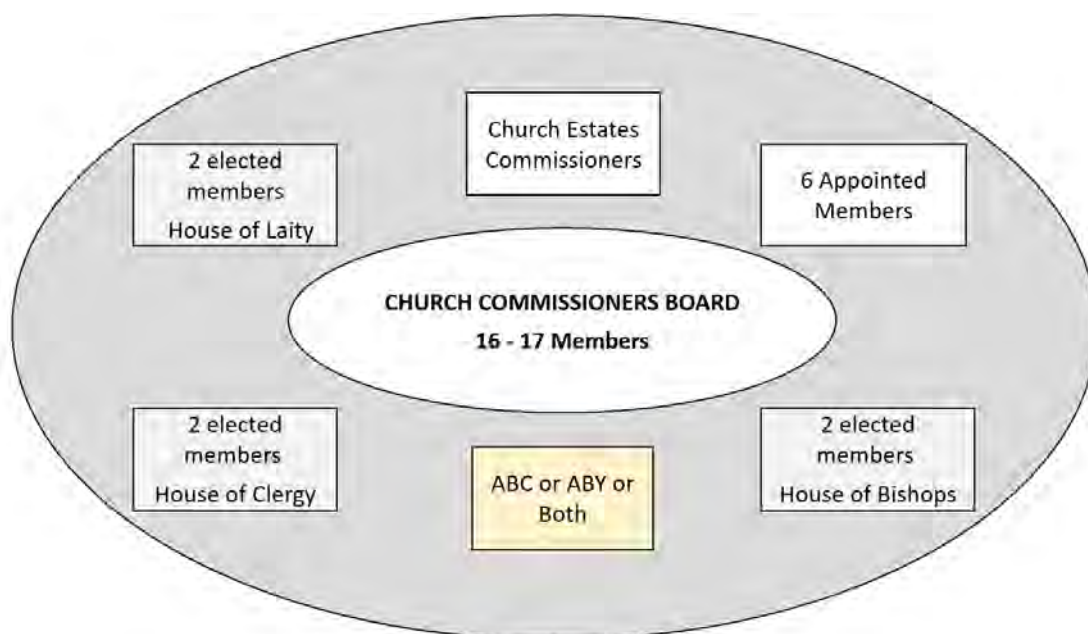
CENS should demonstrate a broad range of governance proficiencies, that would be embedded within the trustee job description, including:

- a. Embodying the culture, values, and ethos of the Church of England.
 - b. Strategic thinking, with the ability to understand the context and challenges facing the institution and the wider Church.
 - c. Effective decision-making at Board Level, with an understanding of which decisions should be made at Board level and which by the Executive.
 - d. Relationship building and effective communication.
 - e. Understanding of risk and business continuity.
 - f. An ability to analyse data, including financial data, and draw sound conclusions.
 - g. Engagement with stakeholders and partners.
 - h. Holding to account and evaluating performance (the Institution, the Board and self).
 - i. A grasp of key statutory and contractual requirements and how the institution ensures compliance.
107. Some of the members of the Board should be subject-matter experts (finance, property, technology, business resilience, grants management) 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.
108. The Chairs of the CENS committees will need to demonstrate a broad range of skills as well as subject matter expertise. It is envisaged that these individuals should already be experienced trustees and that they will support the development of a CENS talent pipeline for future trustees and committee members.
109. A Conflicts of Interest Policy should be regularly reviewed, so that all trustees can identify conflicts of interest, and the trustee body can act to prevent them from affecting their decision making. The Charity Commission updated its Conflict-of-Interest Guide for Trustees in October 2022.¹⁹

¹⁹ CC29 - Charity Commission Conflict of Interests - Trustee Guide

Church Commissioners' Board

110. The Church Commissioners' Board composition should be reviewed in parallel to the CENS Board. The Commissioners' Board is currently made up of 27 Commissioners. Reflecting upon the proposed role of the Commissioners, focused on investments, and the Commissioners' regulatory status as a Public Interest Entity, the Board agrees that members will need specific skills, with strong knowledge of finance, investment, real estate, and risk. The Project Board has considered two options, option one, with six elected members and six appointed members and option two, with three elected members and eight appointed members. Option One is the Project Board's preference with its focus on skills, balanced with elected membership from Synod.



111. The Church Commissioners' People Committee should be responsible for the appointment of the six appointed members of the Board, rather than appointed by the Crown or the Archbishops acting jointly.

Church Estates Commissioners

112. The Church Estates Commissioners represent the Church Commissioners in the General Synod of the Church of England. The First and Second Church Estates Commissioner are appointed by the Sovereign, and the Third Church Estates Commissioner by the Archbishop of Canterbury. The Project Board do not propose any changes to this procedure.
113. The First Church Estates Commissioner chairs the Assets Committee and represents the Commissioners on the Archbishops' Council as an ex-officio trustee. The Project Board proposes that the First Church Estates Commissioner should not be a trustee of CENS but granted the right to attend

and speak at some meetings of the Board. They should be required to present a half yearly 'Commissioners' Update Report' to the Board of CENS. This arrangement should be a reciprocal one with the same rights granted to the Chair of CENS.

114. The Second Church Estates Commissioner is by convention an MP drawn from the governing party in the House of Commons. The office of the Second Church Estates Commissioner maintains the Church Commissioners' accountability to Parliament by regularly answering questions in the House of Commons. Over recent years more of the questions have been of a Church Wide nature and this should be reflected in the role description. Consideration should also be given to how this role is adequately resourced and as to whether the role should be remunerated (in addition to the salary paid to the office holder as MP).
115. The Third Church Estates Commissioner chairs the Mission, Pastoral and Church Property Committee and the Bishoprics and Cathedrals Committee. As proposed in Recommendation 8, the work of these committees should be transferred to CENS, subject to relevant transitional arrangements.
116. The Project Board would encourage an annual joint meeting of the Boards of CENS and the Church Commissioners, as this should encourage mutuality between the two NCIs.

State Commissioners

117. There are 33 Church Commissioners, six of the Commissioners hold Offices of State and have the right to attend the Board, they are currently:
 - First Lord of the Treasury,
 - Lord President of the Council,
 - Lord High Chancellor of Great Britain,
 - Secretary of State for the Department of Digital, Culture, Media and Sport,
 - Speaker of the House of Commons,
 - The Lord Speaker.
118. Alongside the question of a reduced board composition, consideration has been given to the place of these State Commissioners. These Commissioners preserve 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, remains a key channel for the accountability between Church and State in the arrangements. The Project Board is in agreement that no changes should be made to these arrangements.

National Church Committee Governance Principles and Culture

119. CENS should create a set of agreed committee governance principles (aligned to the Charity Governance Code) to which it and all National Church boards and committees should adhere. Such a framework could include:-
- a. All trustees and committee members receive an appropriately resourced induction when they join.
 - b. Trustees/committee members are given the opportunity to have ongoing learning and development.
 - c. As part of the induction process trustees should receive training on values and behaviours, the 'Nolan' seven principles of public life and the expected conduct of trustees.
 - d. Trustees and Committee members should have due regard to principles of diversity and inclusion in all their work.
 - e. The Board will review its committee structure annually alongside the Framework of Delegation to ensure they remain appropriate
 - f. All committees have a clear Terms of Reference (which is retained by a Central Administrative Team) that is published and reviewed annually.
 - g. All committees provide update reports to the Board.
 - h. Regular evaluation of Board/Committee performance including self-evaluation and 360 feedback.

CENS Committees

Recommendation 14: *The CENS Board should be supported by the minimum necessary number of committees to ensure its operation. Committees must have clarity regarding their purpose, level of authority, reporting lines and methods. The Board of CENS should ensure that its governance arrangements are reviewed annually.*

120. The Project Board believes that there is a need to create Standing Committees that have a clear purpose, add value, and enable Church of England National Services to serve, support, encourage, and enable the work and mission of the Church. Should the General Synod approve this proposal, a detailed review of current committees will be undertaken as part of the implementation phase of this project to provide the CENS Board with a recommendation as to which should be carried over into the new trustee body.

121. The creation of a small number of permanent, Standing Committees should enable the Board of CENS to use its time efficiently, supported by committees that will deal with specific issues that require specialized areas of expertise. The Board will delegate responsibility to these committees which will be documented in a Delegations Framework, which would be publicly available and would set out which decisions are delegated and which matters are reserved to the Board.
122. The Project Board agrees that the CENS Board must be given the freedom to design its own committee structure and that committee structure should not be set out within the legislation which would give CENS the power to create and disband committees. It recommends that the membership of each of the standing committees should include members of the General Synod. The membership of each committee should be clearly defined in Terms of Reference which should also be publicly available.
123. In developing an '*illustrative*' committee structure the Project Board has aimed to adhere to the following principles and would expect the Board to use a similar rule set:
- a. the number and size of committees and sub-committees should be kept to a minimum;
 - b. wherever feasible, limited life, task-focused groups should be preferred to standing groups;
 - c. all groups should have clear terms of reference; and
 - d. there should be no more than three reporting layers (including the Board of CENS)
124. It is proposed that a small number of Advisory Boards could be established to support policy development. Some of these Advisory Boards could be permanent in nature, for areas including Safeguarding and Ministry matters.
125. It is recommended that once established the Board of CENS should review its governance arrangements on an annual basis, including the delegations framework and terms of reference for each committee.

CENS Standing Committees

126. 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.
127. While the Standing Committees helpfully broaden the expertise available to the Board, the ultimate legal responsibility for decisions would remain with the trustees, so that regular reporting to the Board would be key.

128. Standing Committees would be required to produce a report of their meetings for the Board, which would include decisions taken in line with their delegated authority. These would be for information purposes only but the Chair of a Committee may be called upon for further update.
129. The Project Board proposes that an outline of the responsibilities of the Standing Committees should be published on the Church of England website with a link to its Terms of Reference. The Statutory Accounts of CENS should outline the role of the standing committees, the number of meetings held during the year, the committee membership with details of their terms of office and the number of meetings they have attended during the year.
130. The diagram below shows an 'illustrative' structure consisting of four Standing Committees:

- Finance Committee
- Audit and Risk Committee
- Governance and Nominations Committee
- Grants Committee



131. The Project Board proposes that the Chair of each Standing Committee should be an appointed member of the Board and at least two other members of each standing committee should be members of the CENS Board.

CENS Finance Committee

132. This Committee would provide strong financial oversight of CENS. The Finance Committee would support budgetary and financial planning, have financial oversight of the maintenance of property and investments, agrees virements of funding from one stream to another, as well as horizon scanning for financial risks that may impact the achievement of CENS' objectives.
133. The Board of CENS would need to define the responsibilities of its committees, but those of a Finance Committee could include:
- a. recommend for approval to the CENS Board its annual budget
 - b. oversee triennium funding expenditure and any subsequent virements
 - c. monitor actual financial performance against budget and forecast and report to the Board

- d. determine the overall NCI policy for remuneration and benefits
 - e. recommend an annual pay award for NCI staff
 - f. recommend the national minimum stipend for clergy
134. There could be a need to create a sub-group of the Finance Committee to deal with matters concerning Property and Investment. The sub-group could:
- a. oversee the provision and maintenance of Episcopal Housing
 - b. oversee the co-regulation approvals of Cathedrals when passed to the CENS after the registration of the Cathedrals has been completed
 - c. oversee and make recommendation to the Finance Committee and the CENS arrangements for operational property, including oversight of the historic properties and the Lambeth Palace Library
 - d. oversee other property interests (college freeholds etc)
 - e. oversee Social Impact Investment (if this function remains within CENS) and the CENS investments
135. The Chair of the Finance Committee should be a CENS Board member with a strong financial background. Members of the Finance Committee should demonstrate a strong understanding of Finance (knowledge of diocesan finances is desirable), Governance, Capital Projects, and Operations.

CENS Audit and Risk Committee

136. As a large charity CENS should establish an Audit and Risk Committee. This Committee would support the Board of Trustees by providing independent oversight of its internal controls, risk management and statutory financial reporting, and through supervision of the quality, independence, and effectiveness of both its internal and external auditors.
137. The Chair of the Audit and Risk Committee should be a CENS Board member with a Professional Finance and Governance background.
138. A skills framework should be established to support the recruitment of Audit and Risk Committee members, with a need to attract independent subject matter experts in areas such as technology (digital and cyber), finance and risk.

CENS Governance and Nominations Committee

139. The CENS Board should establish a Governance and Nominations Committee. The Committee should oversee a competitive and transparent appointments process for trustees of the CENS Board and the independent members of its committees.

140. The Committee should carefully monitor the composition of the CENS Board and its committees to ensure that members have the appropriate skills and qualifications to support the Board and that there are good levels of diversity. A skills framework should be developed.
141. The Governance and Nominations Committee should ensure that an appropriate trustee induction process is in place, ensuring that trustees are fully aware of their charitable responsibilities as trustees.
142. The Committee should oversee regular Board Effectiveness Reviews to ensure that the Board of CENS meets the standards set out in the Charity Code of Governance.
143. The Chair of the Governance and Nominations Committee should be an independent trustee of the CENS Board with a strong background in Human Resources, Recruitment, Diversity and Inclusion.

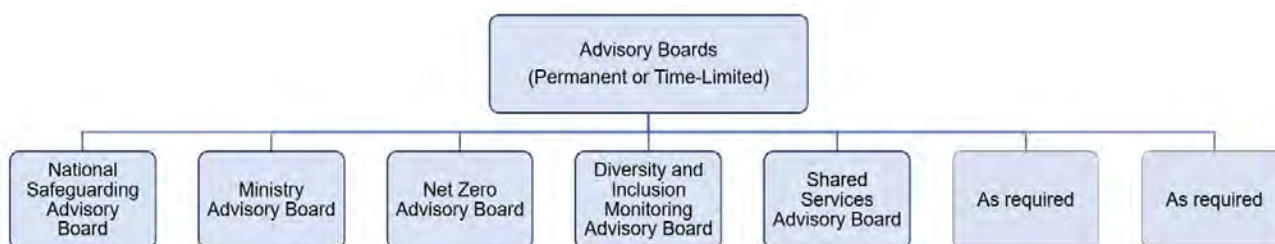
CENS Grants Committee

144. Were a Grants Committee to be established it would be tasked with distributing and monitoring the impact of funds made available to help churches across the country reach more people with the good news of the Gospel and ensuring oversight of the ministry support and grants provided for Bishops and Cathedrals. The Committee could monitor the effective delivery and impact of existing funded mission projects across the country.
145. The Chair of the Grants Committee would need to be a member of the CENS Board. A skills framework would need to be established to support the recruitment of Grants Committee members, with a need to attract strategic leaders across various fields, including planning, change management, grant-making, social investment, investment appraisal and project management.

CENS Advisory Boards

146. The CENS Board could establish a number of Advisory Boards to support its policy development and strategic delivery. Advisory Boards may be time-limited but those included in the illustrative framework below might also be permanent or long-term.
147. The membership of Advisory Boards would need to be broad, with a mix of elected members from General Synod, along with others co-opted for their specific expertise (e.g. diocesan secretaries, deans, theological college representatives). Advisory Boards would 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.

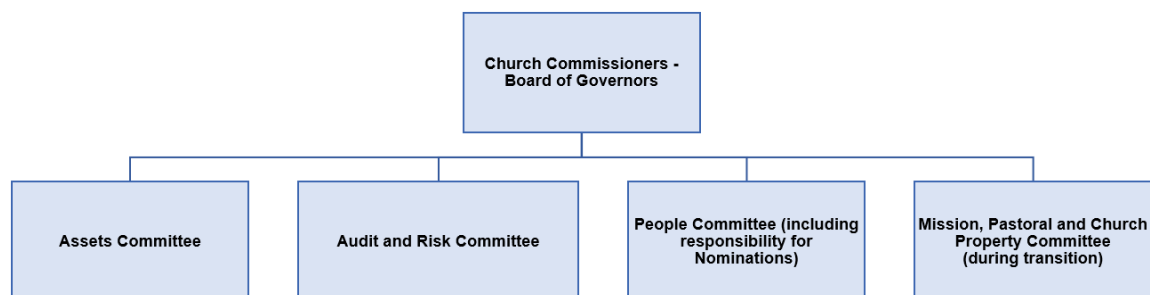
148. Advisory Boards, such as those for ministry matters or for safeguarding, would serve as a bridge between the House of Bishops and CENS. The House of Bishops plays a significant role in the setting of national policy and it is important that there is clarity as to where decisions are taken and how information flows between each of the bodies.
149. Advisory Boards would need to operate within a clear framework of delegation from the CENS Board. There would be no requirement for the Chair to be a member of the CENS Board. As with committees, they would be required to submit a report of their meetings to the CENS Board.
150. The CENS Board could choose to develop a Diversity and Inclusion Monitoring & Advisory Board, such a Board would help to give a focus to the continuing work to improve diversity and inclusion across the Church. This would give effect to General Synod’s stated commitment on diversity and inclusion, reflected in the recent motions on racism and disability.
151. The diagram below provides an illustrative example of potential Advisory Boards the CENS Board might consider.



CENS Management Group

152. 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 which decisions can be taken, without having to refer back to the Board. This gives management greater authority to carry out business and increases overall effectiveness.

Church Commissioners' Committees



153. The Project Board agrees that the Church Commissioners should retain its two statutory committees; the Assets Committee, with oversight of its investments, and the Audit and Risk Committee, with oversight of its risk and control framework.
154. The Project Board agrees that there is a necessity for the Church Commissioners to retain a separate Audit & Risk Committee. Following the Government Consultation on '*Restoring Trust in Audit and Corporate Governance*²⁰' the definition of Public Interest Entities (PIE) was expanded and the Commissioners are now classified as a PIE and will be subject to more regulatory scrutiny. The issuance of the Commissioners' two Bond issues in 2022 also requires increased scrutiny and the Project Board believes the existing Audit and Risk Committee is well placed to do this.
155. The Mission, Pastoral and Church Property Committee, in its proposed new statutory and independent framework, should remain a committee of the Church Commissioners until the transfer to CENS in accordance with the proposed transitional provisions provided for in legislation.
156. The Project Board agrees that the Commissioners should have their own separate People Committee with many of its staff not part of the joint employment arrangement. The People Committee would also oversee the Commissioners' nominations process.

Bishops on National Church Governance Boards

157. Bishops would be elected on to NCI Boards from the House of Bishops, with a brief to communicate clearly between the two bodies and to play a full part in the governance of the Church.

²⁰ Restoring Trust in Audit and Corporate Governance (Department for Business, Energy and Industrial Strategy, 2021)

158. In the case of CENS, unlike the current arrangements with the Archbishops' Council, there would be no expectation that particular Lead Bishops (e.g. Ministry, Education or Safeguarding) would automatically sit on the Board.

Lead Bishops

Recommendation 15: *The work of Lead Bishops should be better defined and supported. There should be a requirement to develop specific role descriptions and to follow a fair and transparent appointment process for those lead bishop roles where there is a national focus.*

159. The Project Board believes that it is critical to the good governance of the Church that there is better definition of the 'Lead Bishop' role and that bishops are properly supported in this work, so they can use their gifts to support the work and mission of the Church. There is currently little clarity about the 'Lead Bishop' role, with little by way of co-ordination or role description. The Lead Bishops for Ministry and Education have customarily been 'baked into the system' as members of Archbishops' Council; other Lead Bishop roles have increased in national significance; but this approach has generally developed in an uncoordinated way. The Project Board endorses the GRG's recommendation that the role of Lead Bishop should be enhanced and clarified and supports the work being undertaken by the Office of the Archbishops to better define the Lead Bishop role.
160. In order to tackle the Lead Bishop question, and in consultation with the House of Bishops, the Project Board has attempted to group the different types of Lead Bishop roles into four main categories.
- i. Those areas of church life in which all bishops need to be fully engaged, with the Lead Bishop(s) coordinating that engagement on behalf of the rest;
 - ii. Those areas of policy where a smaller group of bishops can 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.
161. The first group in this scheme includes the areas of Ministry and Education, but other portfolios now have a similar status in requiring a national episcopal lead. Safeguarding has unquestionably entered this territory in more recent times, and so – more arguably – have Racial Justice and the Environment, given the Church's substantial financial commitments in these areas. These areas interface directly with the work of the National Church Institutions, as

they are either core work or areas of strategic focus. Not only should the work of these Lead Bishops be properly and centrally resourced, but the norm should be for them to develop an episcopal group around them, as is already true with e.g. ministry and safeguarding - not least to develop a pool to chair time-limited project groups and to provide for smooth succession-planning when the Lead Bishop steps down. Given that these roles are undertaken on behalf of the House and with the moral leadership of the bishops' collective voice, this category of Lead Bishop should ideally be members of the House. Whilst not necessarily members of the Board, these bishops should be ready to contribute to relevant items on the CENS agenda.

162. The second grouping includes a range of portfolios in which one or a number of bishops would take the lead on others' behalf: social policy areas like prisons, health, and housing, alongside areas more focussed on the church such as the Faith and Order Commission, the Liturgical Commission, and others. Lead Bishops in the social policy areas would expect to contribute within the committee structure that CENS develops.
163. The third group includes areas that are more personal to individual bishops, such as the Bishop of Gloucester's work on body image or the Bishop of St. Albans' on gambling, alongside some of the 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.
164. The fourth group includes the range of roles that bishops exercise in respect of the other NCIs, Theological Education Institutions and Anglican Mission Agencies, often involving chairing the relevant Board. The necessary staffing here would be provided by the institution itself.
165. Each bishop, at an appropriate point in developing their ministry, should be invited to join one of the episcopal teams or become a Lead Bishop. The Project Board would encourage the greater transparency which is emerging in the way lead bishop appointments are made, focusing on the appropriate skills and knowledge for the particular roles. Such an approach 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.
166. The Project Board agrees that there is a need to develop specific role descriptions for the first two groupings. A fair and transparent appointment process should be followed for these roles to ensure that the successful bishop is suitably qualified for the position. Feedback should be provided to those bishops who were unsuccessful in applying for the role, to support their ongoing development. The Project Board is conscious that, putting in place the additional measures described here has resourcing implications, but believes that ensuring the right person is leading on a major piece of work is

critical. For those roles where there is a direct working relationship with the NCIs, the bishop should be provided with a full and proper induction. Where bishops are appointed to these significant and time-consuming national roles there is a need to consider how this impacts their dioceses and whether additional suffragan support is required.

Statutory and Synodical Committees

Recommendation 16: *Statutory and Synodical Committees should be required to undertake reviews at least once every five years to ensure that they continue to serve the purposes for which they were set up and remain necessary.*

167. Within the governance structure there will continue to be a requirement for certain statutory committees with clear independence at the heart of their work and a range of synodical bodies. Staff of the National Church will continue to support these independent and other committees including the Dioceses Commission, Liturgical Commission, Church Buildings Council etc. It is our belief that as a matter of good practice quinquennial reviews of these bodies should be undertaken to determine whether they remain necessary.
168. Some of these Committees have a significant interplay with the CENS and their administration represents a significant allocation of resources by the CENS trustees. However, in governance terms, they stand more as a service provision by the CENS, rather than Committees within the control of the Trustees.
169. Any review of the General Synod is outside the scope of the current work, but it is assumed that the resourcing of the General Synod and its Committees would remain a core function of the staff of the CENS.

Nominations Process

Recommendation 17: *The CENS Board should establish a Governance and Nominations Committee to oversee the process of appointments to its Board and to monitor governance arrangements. Elected CENS Board positions should be subject to an agreed filter mechanism to ensure candidates for election have the necessary skills and experience to serve as a trustee.*

170. General Synod members have expressed concern that the work of the CENS Governance and Nominations Committee overlaps with the work of the General Synod Appointments Committee.

171. The General Synod Appointments Committee should be responsible for recommending appointments of General Synod members to the Committees of Synod and other Non-NCI bodies. This is a sizeable and important job for the Committee to perform.
172. One of the principal responsibilities of the CENS Governance and Nominations Committee would be to recommend trustee and committee member appointments for approval to the CENS Board. All trustee appointments to the Board should be subject to endorsement by General Synod.
173. The Governance and Nominations Committee should work closely with the General Synod Appointments Committee to identify potential trustees or committee members. The Governance and Nominations Committee should highlight upcoming roles and where the diversity of a committee might be improved. This recognises that the General Synod Appointments Committee is well placed to help identify those members of Synod who might be interested in a specific role or might bring another dimension to it. This process should seek to encourage more General Synod members to become involved in the various CENS and wider NCI committees.
174. General Synod members wishing to stand for election to the CENS Board or one of its committees would be required to demonstrate how they met the defined role criteria. Elected Board positions would require members to outline why they wish to serve on the Board and how they meet the core governance proficiencies expected of a CENS trustee. General Synod members are not required to be subject matter experts (although many are), indeed they are valued for the perspective they bring of the diocese, parish, the local.
175. The Governance and Nominations Committee working with representative/s of the General Synod Appointments Committee should 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. Any member who does not meet the criteria should not be permitted to stand for the role. This process should be provided for in legislation akin to the governance arrangements for the Pensions Board.
176. The Governance and Nominations 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 two further members of the Board, an elected independent member elected by the whole Synod (but not necessarily from) and two appointed independent members, one of whom should be a specialist in the field of diversity and inclusion. At least one member should be of Global Majority Heritage.

Proposals for Legislation

177. If the General Synod give consent to the implementation of the Project Board's proposals the necessary legislation will be prepared and a Steering Committee appointed. Whilst the Governance Review and the range of conversations already undertaken by the Project Board have already started to shape the cultural changes identified in creating a more servant hearted National Church, the real benefits of the proposal and the significant advantages of a simpler and more focused National Church structure cannot be achieved without primary legislation.
178. Although the detailed mechanisms will be considered in drafting, such legislation is likely to replace the existing National Institutions Measure. It will need to set out the charitable purpose and functions of the proposed CENS and provide for its membership and terms of office. Likewise, amendments to the Church Commissioners' Measure will also be required in relation to board composition, the appointments process, the transfer of assets and in framing the statutory independence of the work currently undertaken by the Mission, Pastoral and Church Property Committee.
179. The Project Board's recommendations may require amendments to other legislation, for example in relation to Cathedrals. It may well be that the passage of this legislation allows for early consideration of any necessary legislative framework for the envisaged statutory independent safeguarding body.
180. The legislation will need to clearly define the duties to be placed on the new charity to ensure ongoing support for certain activities and funding streams, particularly in relation to the funding and ministerial support of Bishops and Cathedrals.
181. Overall the Project Board does not believe that the legislation itself need be overly complex and would hope that its passage through the General Synod can be undertaken within a relatively short timeframe.

Transition and Change

182. 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.
183. The Project Board has not addressed in this Proposal all the opportunities that simplifying the governance processes can deliver (e.g. an opportunity to look

at the apportionment model – could this operate differently?) As we move into the transition phase of this project, we will begin to explore these opportunities, consulting as appropriate, and will ensure that detail of them is included in the policy note which accompanies the draft Measure for First Consideration at the February 2024 General Synod.

184. If General Synod approves these proposals, it is intended that legislation will be brought forward for First Consideration in February 2024, then Revision following Revision Committee in November 2024 (assuming that a group of sessions is called by the Presidents at the request of the Business Committee) and Final Drafting and Final Approval of the Legislation following in February 2025. It would be hoped that Royal Assent would follow approximately 6 months later, after the necessary Parliamentary stages. It is anticipated that CENS first Financial Year would commence on the 1st of January 2026. This Proposal assumes that there will be a November 2024 Synod, should this not happen, our delivery timeline will be pushed back by at least six months. A detailed timeline of legislative and other steps is provided for information at **Annex Two** and a Financial Memorandum is included in **Annex Three**.

National Church Governance Report and Recommendations

Annex Two – Indicative Project Timetable

Workstream	Stakeholder Engagement and Policy Development	Legislation	Finance	Organisational Development
FEB 2022	GS2249 debated Synod Reference Group established	Ongoing engagement with Legal Team		
JUL 2022	GS Misc.1319 issued Synod Fringe Event. Oct 2022 Staff Webinar Parliamentary engagement	Ongoing engagement with Legal Team		Policy Proposal
FEB 2023	GS2290 debate adjourned Synod Fringe Event Engagement with National Church Bodies	Ongoing engagement with Legal Team	Project Budget Review & Cost Benefit Analysis works starts April 2023	Initial Organisational Design work - May 2023

Workstream	Stakeholder Engagement and Policy Development	Legislation	Finance	Organisational Development
JUL 2023	<p>Policy Proposal to July 2023 Synod</p> <p>Engagement with National Church Bodies</p>	Steering Committee appointed post July 2023 Synod	Financial Memorandum presented to Synod	Upon approval develop organisational design work
NOV 2023	<p>Ongoing Policy Development and Stakeholder Engagement (Staff, Trustee bodies & wider church)</p> <p>Charity Commission engagement</p>	Drafting of Measure begins	Finance Workstreams (tax, recharges, Balance Sheet implications of change)	Joint Employment Review
FEB 2024	<p>Ongoing Policy Development and Stakeholder Engagement (Staff, Trustee bodies and wider church)</p> <p>Charity Commission engagement</p>	First Consideration of Draft Measure	Finance Workstreams (tax, recharges, Balance Sheet implications of change)	Consultation with staff, Unions and Trustee Bodies
JUL 2024	<p>Ongoing Policy Development and Stakeholder Engagement (Staff, Trustee bodies and wider church)</p> <p>Charity Commission engagement</p>	Revisions Committee appointed post February Synod 2024	Finance Workstreams (tax, recharges, Balance Sheet implications of change)	

Workstream	Stakeholder Engagement and Policy Development	Legislation	Finance	Organisational Development
NOV 2024	Ongoing Policy Development and Stakeholder Engagement (Staff, Trustee bodies and wider church) Charity Commission engagement Start Parliamentary engagement	Revision Stage (assuming a November 2024 group of sessions is called)	Finance Workstreams (tax, recharges, Balance Sheet implications of change)	Advertise Chair / Trustees
FEB 2025	Ongoing Policy Development and Stakeholder Engagement (Staff, Trustee bodies and wider church) Charity Commission and Parliamentary engagement	Final Drafting and Final Approval of Measure	New Charity set up work begins	New Charity Set up work begins
JUL 2025	Ongoing Policy Development and Stakeholder Engagement (Staff, Trustee bodies and wider church) Charity Commission & Parliamentary engagement	Legislative Committee begins work to progress through Parliament	New Charity set up work ongoing	New Charity set up work ongoing Trustee appointments endorsed by Synod
SEP 2025	Ongoing Policy Development and Stakeholder Engagement (Staff, Trustee bodies and wider church) Charity Commission and Parliamentary engagement	Royal Assent	New Charity set up work ongoing	New Charity set up work ongoing
JAN 2026	Go-Live	Appointed Day	Go-Live	Go-Live

National Church Governance Report and Recommendations

Annex Three – Financial Memorandum

1. The National Church Governance Project Board has identified a series of benefits that it believes should arise if this proposal is fully accepted by the General Synod.
2. The simplification of the NCI structure, from seven to four NCIs, and greater clarity about how National Church decisions are made, should result in a more transparent governance structure where accountability is better defined. The Project Board believes that the recommendations set out in this proposal should increase operational efficiency by releasing staff capacity across the National Church bodies and redirecting effort to better serve the work and mission of the church. The Project Board believes that the key benefits of the Governance Review will be:
 - a) **Increased Efficiency:** Creating a simpler governance structure where delegated powers are properly defined, should result in more timely decision-making and a reduction in unnecessary duplication, ensuring that efforts are appropriately focused on the achievement of strategic objectives and supporting the wider church.
 - b) **Diversity:** The governance of the National Church should be inclusive, promoting richer decision-making that more properly reflects the Church and the Nation.
 - c) **Risk Reduction:** Reduction of risk by enabling timely and well-informed decision-making, including regular review of systemic risks that face the Church.
 - d) **Improved Communication:** Transparent decision-making where accountabilities are well understood, coupled with positive and regular engagement with the General Synod and the wider Church should serve to increase levels of trust. These changes should also support more timely decision-making, reduce duplication, and ensure that efforts are properly focused on the achievement of objectives.
 - e) **Organisational Design:** Opportunities to re-engineer and re-design current processes are identified through the consolidation of functions into a single legal entity, CENS, with the potential to reduce costs and duplication of effort.

- f) **Increased Staff Wellbeing:** Simplification of the National Church governance structure should increase staff capacity to deliver. Clarity in relation to accountabilities should serve to motivate staff.
3. These benefits collectively should serve to build National Church bodies that are more dynamic, empowered to make quicker decisions and better able to respond to change. The creation of a simpler governance and organisational structure will deliver a group of charitable entities which are better able to support the communities they serve and attract and retain a diverse pool of staff.
 4. Along with the indicative Project Timeline in **Annex Two**, the National Church Governance Project team has updated the Project Budget (see below) for the first two phases of this project. The project has three phases, i) design, ii) transition and iii) implementation. Triennium Funding of £1.25 million was originally made available for the first two phases of this work up to December 2024, but the Project Board expects to exceed this budget by circa £350k.
 5. As would be expected in a project such as this, the expenditure predominantly relates to salaries and professional fees. Currently the project team has four full time equivalent staff members (4 FTEs) and will increase to 6.5 FTEs by end of 2023, rising to 7.5 FTEs in 2024/5 working on transition across five workstreams. The workstreams cover Stakeholder Management and Policy Development, Legislation, Finance, and Organisational Development.

Phase	Start Date	End Date	Forecast Expenditure £'000
Phase 1 - Design	May-22	Jun-23	352
Phase 2 - Transition Work	July-23	Jan-25	1,245
Design and Transition Cost			1,597
Annualised % of Operating Costs			0.6%

6. In developing the updated forecast, the following key assumptions have been made:
 - a) The Governance Proposal is endorsed at the July 2023 Group of Sessions
 - b) Draft legislation is introduced for First Consideration in February 2024
 - c) Final approval achieved by February 2025
 - d) Royal Assent by September 2025
 - e) Legislation comes into force January 2026

7. The Project Board recognises this is an ambitious timetable and has identified the following potential risks to delivery:
 - a) Delay in the passage of Legislation through General Synod
 - b) Delay in achieving Royal Assent, as a General Election may delay the parliamentary stages of the project
8. The implementation phase of the work is expected to begin in February 2025, subject to Final Approval of the legislation by Synod. The potential costs to implement and launch CENS (Church of England National Services) as a new legal entity and structure, ready to officially commence business on 1st of January 2026 are currently estimated to be in the range of £1- £2 million (including provision for the additional resources required to establish increased Synodical scrutiny) and more detailed estimates will be developed as greater information becomes available during the transition phase.
9. The current NCIs have operating costs of circa £90 million each year based on a headcount of around 650 to 700 staff. This broadly reflects staff costs and direct expenditure incurred by each of the NCIs in carrying out their charitable purposes. However, it does not include the grants to dioceses, cathedrals, bishops, or other parts of the Church, statutory spending responsibilities such as Pre-98 clergy pensions, or full investment management costs. Total annual expenditure incurred by the NCIs is over £400m.
10. The future operating costs of the NCIs are expected to be broadly in line with current operating costs. The new NCI will however deliver a stronger focus on organisational culture by way of greater cohesion and collaboration whilst rebuilding trust and transparency across all levels. The project team will seek to develop a framework for the assessment of the benefits during the Transition phase.

Membership and Acknowledgements

Membership of the National Church Governance Project Board

Rt Hon Sir David Lidington – Independent Chair
Rt Revd Andrew Watson – Bishop of Guildford
Mary Chapman – former Archbishops’ Council Member
Alison Coulter – Vice-chair of House of Laity, Archbishops’ Council Member
Ven Simon Fisher – Archdeacon of St Helens & Warrington
Canon Dr Jamie Harrison – Chair of House of Laity, Archbishops’ Council Member
Abby Scott – member of House of Laity (*until March 2023*)
Alan Smith – First Church Estates Commissioner and Archbishops’ Council Member
The Revd Canon Dr Flora Winfield DL DD – Third Church Estates Commissioner

Staff Team

Stephanie Harrison	Harvey Howlett
Maria Campbell	Neela Patel

Acknowledgements

A project of this kind has required extensive discussions with all the existing trustee bodies, the House of Bishops, and groups and individuals from across the Church and in Parliament. We are indebted to all of those with whom we have met for their generous and thoughtful engagement with these complex matters.

Synodical Reference Group Membership

A Synodical Reference Group has been established. The National Church Governance Project Board has regularly sought feedback on its work from the Reference Group and the proposals have been significantly improved through this engagement. The membership of the Group is listed below:

House of Bishops

Rt Revd Andrew Watson, Bishop of Guildford (*Chair*)

House of Clergy

Revd Canon Mark Bennet
Revd Canon Andrew Dotchin
Ven Luke Miller
Revd Daniel Valentine
Revd Canon Kate Wharton

Revd Sam Maginnis was a member until leaving Synod and continued to attend as a representative of CEECA

House of Laity

Canon Karen Czapiewski
Mrs Julie Dziegiel
Mr Adrian Greenwood
Mr Stephen Hofmeyr
Mr Stephen Hogg
Dr Ian Johnston
Mrs Debbie McIsaac
Mr Clive Scowen
Mr Robert Zampetti

Faith and Order Commission

A sub-group of the Faith and Order Commission has supported the Project Board in developing the theology which supports this proposal. The membership of the Group is listed below:

Rt Revd Dr Robert Innes, Bishop in Europe
The Revd Dr Julie Gittoes
Revd Prebendary Dr Isabelle Hamley
Revd Canon Dr Jeremy Morris
Dr Ben Fulford

Contact Details

Background information and links to the documents referred to in this text are available from the Governance Review Web-Page at:-
<https://www.churchofengland.org/about/leadership-and-governance/national-church-institutions/national-church-governance-project>

Or by scanning this QR Code:



The Project Team may be contacted at:- GovernanceReview@churchofengland.org