

## **Representative Body Report**

**Mr Henry Saville**

**Embargoed Until Delivery • Check Against Delivery**

Archbishop,

Thank you for inviting me to present the report of the Representative Body for the year ended 31st December 2020.

I will talk shortly about the activity of the RB whilst focusing on traditional aspects – financial performance, investment returns, allocations and so forth; however I feel my report should be prefaced with a sincere acknowledgment to all the RB staff in Dublin and Belfast, in Church House or the Library, for the manner in which they have adapted to and coped with the exceptional working environment imposed on everyone over the last 18 months. I know that these comments will be replicated across many organisations but I can only talk at this point about the way in which all the traditional services provided by staff have continued to be delivered effectively and economically ... well done and thank you.

### **Trustee responsibilities**

As the Trustee Body for the Church of Ireland the RB is responsible for most of both the physical properties and financial assets of the Church, held not just on behalf of the Church centrally but also on behalf of dioceses, parishes and other related trust bodies. One immediately obvious yardstick for measuring stewardship is financial outturn and there are two separate elements to be reported on in this context:

- Income and expenditure for the year;
- Performance of invested assets during the year.

### **Income and Expenditure – 2020**

The table on page 25 of the Book of Reports summarises the outturn for 2020 on an income and expenditure basis and with a small rounding adjustment ties in with the audited Statements as shown on pages 64 and 65 of the same Book; page 26 shows the outturn for 2020 on a Total Return basis – the basis used for managing the activities of the RCB and which takes account not simply of a dividend stream but also reflects the reality that income from investments includes both a dividend flow and a

capital return; using the total return basis of accounting the table on page 26 shows a surplus of around €250,000 in respect of 2020.

### **Invested Assets**

As I have just mentioned the ability to continue delivering services centrally to support the Church in all its activities for the longer term is driven by the return generated from the invested asset base and the associated permitted withdrawal rate – currently 3.5% annually. As long as the invested assets continue to grow at a greater rate the funding available to meet future commitments will increase – a fall in investment performance will, over time, result in a reduced capacity to support Church activities from central funds without dipping into capital.

Last year I indicated that, after a very difficult start to 2020 in terms of volatile investment markets, triggered by the start of the pandemic, at the time I reported the values of invested general funds had recovered significantly and this held true to the end of the year; at 31 December 2020 the value of invested general funds had reached € 196million (2019 €190million).

Investment performance has continued to be very strong in 2021 across all areas; at the end of August general funds had grown to €230 million but there has also been strong performance in both the unit trusts and also the Clergy Pension Fund portfolio. Whilst these latter categories had recovered some of their early losses by the end of December 2020 they had not, at that point, returned to the levels that they had been at previously; I am pleased to be able to report that all categories are now at peak levels.

A word of caution however – investment performance has been strong across virtually all markets in 2021; continued growth at current levels is not sustainable and some correction must be anticipated.

### **Allocations**

If you were to turn back to the two tables on pages 25 and 26 of the Book of Reports you will see that, whether you look at the simplified income and expenditure statement on page 25 or the summary total return figures on page 26, the cost of operations and allocations for 2020 was – unsurprisingly – the same, at €6.34million. This figure consists of net allocations expended of €3.36 million and the cost of operations of €2.98 million.

You will, as members of Synod, be asked shortly to approve the Allocations budget for 2021 in the resolution set out on page 52 of the Book of Reports. Pages 27 to 30 of the Book show in some detail the significant areas of expenditure within these Allocations of which there are three main categories:

- Maintenance of the stipendiary ministry;
- Training of ordinands;
- General Synod activities.

Each of these categories requires funding of something over one million euro annually and each of them is clearly critical to the continued life of the Church.

### **Service delivery**

From what I have already said it is clear that there continues to be a vigorous team focused on delivering services – both internally to management and through them to the Executive Committee and the full Representative Body. I have already mentioned the critical areas of financial management and investment management but there are many others with a largely external focus including:

- Property;
- Trusts;
- Safeguarding;
- HR;
- Legal services;
- Library and archive management;
- Charities advisory services.

And in addition to all of the above there is extensive support provided through the Synod Services personnel to Standing Committee and its very broad remit covered elsewhere in Synod's agenda.

For 18 months now all of these services have continued to be delivered by staff working remotely; it is hard to get a full understanding of the impact of remote working on those responsible but I do know that these services have continued to be provided in an apparently seamless manner and for that we are indebted to the commitment and skills of those working in all areas of RB activity.

## **Covid support**

Over and above the support delivered across those areas I have just mentioned – all of them areas where recurring services are provided - there have been a number of areas where very specific action was necessitated in response to the impact of the pandemic. For instance:

- At a very early stage in 2020 all dioceses received a grant of €10,000 provided by the RB and the Priorities Fund to assist with the provision of equipment to aid parishes keep in touch with their congregation by live streaming or other broadcasting;
- Extensive support and advice was delivered to parishes and others covering such topics as vacant properties and insurance issues, information on government grant schemes in both jurisdictions and support for parishes seeking to live stream Sunday services;
- Staff worked closely with members of the House of Bishops to develop the Return to in-Church Worship protocols....an invaluable tool addressing questions that at some stage had to be faced by every parish on the island;
- The introduction of the *Diocesan deferral scheme* to address anticipated short term cash flow issues;
- Significant interest free loans were provided to a number of cathedrals who had strong choral traditions and were very substantially dependent on tourist income.

## **Other activities**

Other initiatives relating to 2020 included:

- The decision was taken in late 2020 to outsource the management of invested funds. Notwithstanding the historically very successful track record of the in-house team it was felt that the increasing complexity of investment markets and opportunities together with associated regulation made a compelling case to outsource, both in terms of risk management and market opportunities. The process has taken much of 2021 to deliver but is now almost complete;
- A significant grant was obtained from Allchurches Trust to undertake an important project focusing on promoting positive mental health through dioceses and parishes. This is a 3 year project which is progressing in line with the project plan and is overseen by a steering committee under the chairmanship of the Bishop of Meath and Kildare;
- A major project was undertaken rationalising the delivery of payroll services covering both serving and retired clergy and encompassing both jurisdictions on the island; this project has been satisfactorily completed in 2021.

## 2021

As we approach the last quarter of 2021 ... I want to flag a couple of issues that have absorbed much time at Executive Committee meetings this year and which are likely to come to Synod for consideration over the next year or so:

Firstly:

- There is currently no adequate church-wide scheme for dealing with clergy who may be suffering from long term illness and are no longer able to occupy a post that would provide an income; two dioceses (Armagh and Clogher) have their own schemes but a considerable amount of work has been done with a view to bringing forward, possibly to Synod in 2022, a proposal for a universal church-wide scheme

Also:

- Regular reports are brought to the Executive Committee and reported to the full RB on the current status of the now closed Clergy Defined Benefit pension scheme; some of you will remember that this scheme is subject to a funding proposal that runs until 2023; under that funding proposal pensionable stipends have been frozen for some 10 years now and must remain frozen until December 2023. I would just wish to note that discussions have started at Executive level as to what outcomes are desirable following the expiry of the current funding proposal and what the implications might be for future funding.

## Close

At this point I would usually thank the staff for their diligence and expertise but as I have already done so twice I don't think I need repeat myself again.

This is my fifth – and final – time to commend the report of the RB to you as members of Synod and I have to say that I am deeply frustrated that it is now 18 months since we were able to have “in person” meetings. I accept that we have learnt that there are some meetings that are likely always to be as efficient and much more cost effective by being held online for some or all participants; but I am equally certain that there are other meetings that will always be more effective and more rewarding both personally and professionally by being able to meet in person – and this is one of those meetings!

Archbishop – I commend the report of the Representative Body to the members of Synod.