

CHURCH OF IRELAND

THE REPRESENTATIVE CHURCH BODY

REPORT 2013

CONTENTS

	Page
Representative Church Body – chairpersons and offices	5
Representative Church Body – membership	6
Committees of the Representative Body	9
Introduction	14
Operating and financial review 2012	16
Allocations provided for 2013	20
Investments and markets	24
Clergy remuneration and benefits	29
Clergy Pensions	33
Property and Trusts	36
Library and Archives Committee	47
Donations and bequests to the Church of Ireland	50
Miscellaneous and general	52
Resolutions recommended to the General Synod	54
Financial statements year ended 31 December 2012	55

APPENDICES

	Page
A Extracts from the accounts of the Church of Ireland Theological Institute for the year ended 30 June 2012	89
B Fund performances – Comparative total returns	91
C Socially Responsible Investment – Annual review and report of the Investment Committee	92
D General Unit Trusts – Financial statements and investment manager’s reports for the year ended 30 June 2012	94
E Statement of Investment Policy Principles for In-House funds	111
F The Church of Ireland Clergy Pensions Trustee Limited – Report on the Clergy Pensions Fund for the year ended 31 December 2012	117
G The Church of Ireland Pensions Board – Funds administered by the Board as delegated by the Representative Church Body	171
H Schedule of the key elements of the proposed package of changes to the Clergy Pensions Fund	180
I Specification of proposed Church of Ireland Clergy Defined Contribution Pension Scheme	181
J Church Fabric Fund – Grants allocated during 2012	184
K Archive of the Month 2012	185
L Accessions of archives and manuscripts to the Representative Church Body Library, 2012	186
M Funds received by the Representative Church Body in 2012 for parochial and diocesan endowment etc	192

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

Chairman

The Most Rev Richard Clarke, Archbishop of Armagh



The Most Rev
Richard Clarke

Committee Chairpersons

Executive	Mr Robert Neill Mr Henry Saville (Deputy)
Allocations	Canon Graham Richards
Investment	Mr Henry Saville
Property	Mr Robert Kay
Stipends	Mr William Oliver
Library and Archives	Mr Michael Webb
Legal Advisory	Mr Lyndon MacCann SC
Audit	Mr Henry Saville

Chief Officer and Secretary

Mr Adrian Clements

The Representative Church Body (RCB) was incorporated by Charter in 1870 under the provisions of the *Irish Church Act, 1869*. Its legal structure is that of charitable trustee or trust corporation with perpetual succession.

The main activities of the Representative Body involve management of investments, administration of trusts and deeds of covenant, payment of stipends and pensions, property and legal transactions and treasury management as well as supporting the core work of the Church by providing finance for the sustentation of the clergy and pensioners, training of ordinands, education, youth, communications etc. The RCB Library is the repository for the archives of the Church and the Library for the Church of Ireland Theological Institute and the Church at large. The committee structure is designed to reflect these mainline activities and responsibilities.

Office

Church of Ireland House
Church Avenue
Rathmines Dublin 6

Tel 01-4978422 Fax 01-4978821
Email office@rcbdub.org
Website www.rcb.ireland.anglican.org

Library

Braemor Park
Churchtown
Dublin 14

Tel 01-4923979
Fax 01-4924770
Email library@ireland.anglican.org

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

In accordance with the Charter of Incorporation (1870) the Representative Body is composed of *ex-officio*, elected and co-opted members. The Charter provides that the *ex-officio* members shall be the archbishops and bishops, the elected members shall consist of one clerical and two lay representatives for each diocese or union of dioceses presided over by one bishop and the co-opted members shall consist of persons equal in number to the number of such dioceses for the time being. (See also *Constitution of the Church of Ireland*, Chapter X).

The Representative Body is composed of the following sixty members. The recorded attendance of each at the four meetings of the Representative Body held during the year 2012 is denoted by the figure placed before each name.

A Archbishops and Bishops: *ex-officio* members (12)

- 2 The Most Rev Richard Clarke, Archbishop of Armagh*
The See House, Cathedral Close, Armagh BT61 7EE
- 3 The Most Rev Michael Jackson, Archbishop of Dublin
The See House, 17 Temple Road, Dublin 6
Vacant, Bishop of Meath and Kildare
Bishop's House, Moyglare, Maynooth, Co Kildare
- 4 The Rt Rev John McDowell, Bishop of Clogher
The See House, Fivemiletown, Co Tyrone BT75 0QP
- 3 The Rt Rev Kenneth Good, Bishop of Derry and Raphoe
The See House, 112 Culmore Road, Londonderry BT48 8JF
- 2 The Rt Rev Harold Miller, Bishop of Down and Dromore
The See House, 32 Knockdene Park South, Belfast BT5 7AB
- 3 The Rt Rev Alan Abernethy, Bishop of Connor
3 Upper Malone Road, Belfast BT9 6TD
Vacant, Bishop of Kilmore†
48 Carrickfern, Cavan
- 4 The Rt Rev Patrick Rooke, Bishop of Tuam
Bishop's House, 2 Summerfield, Cahergowan, Claregalway, Co Galway
- 3 The Rt Rev Michael Burrows, Bishop of Cashel and Ossory
Bishop's House, Troysgate, Kilkenny
- 2 The Rt Rev Paul Colton, Bishop of Cork, Cloyne and Ross
The Palace, Bishop Street, Cork
- 2 The Rt Rev Trevor Williams, Bishop of Limerick and Killaloe
Rien Roe, Adare, Co Limerick

* from December 2012 (formerly Bishop of Meath and Kildare), in place of Most Rev Alan Harper (retired)

† due to the resignation of Rt Rev Kenneth Clarke in December 2012

B Elected members (36)

Every member elected, except to a casual vacancy, must retire from office on the first day of the third Ordinary Session of the Diocesan Synod after that member's election (*Constitution of the Church of Ireland* Chapter X, Section 3). The date in brackets after each member's name denotes the year in which that member is due to retire. Outgoing members are eligible for re-election provided they have not reached 74 years of age by 1 January preceding election.

- | | | |
|----------------------------|---|--|
| Armagh | 2 | Ven Raymond Hoey, The Rectory, 2 Maytown Road, Bessbrook, Co Down BT35 7LY (2015) |
| | 3 | Mrs Ethne Harkness, 134 Coagh Road, Stewartstown, Co Tyrone BT71 5LL (2013) |
| | 2 | Mrs Jane Leighton, 14 Drumbeemore Road, Armagh BT60 1HP (2014) |
| Clogher | 1 | Rev Canon Bryan Kerr, The Rectory, Faughard, Lisbellaw, Co Fermanagh BT94 5ES (2015)* |
| | 4 | Mr William Allen, Aughnahinch, Newtownbutler, Co Fermanagh BT92 8LU (2013) |
| | 3 | Mr John Keating, Kilturk West, Newtownbutler BT92 2BS, Co Fermanagh (2014) |
| Derry and Raphoe | 1 | Rev Canon Henry Gilmore, The Rectory, Ramelton, Letterkenny, Co Donegal (2014)† |
| | 4 | Mr Robert Pollock, 77 Edenderry Road, Omagh, Co Tyrone BT79 0NP (2015) |
| | 4 | Mr Sydney Gamble, 14 Spruce Road, Dysart, Strabane, Co Tyrone (2013) |
| Down and Dromore | 4 | Ven Philip Patterson, 69 Church Road, Newtownbreda, Belfast BT8 7AN (2015) |
| | 2 | Mr Albert Wilson, 11 Ballymoney Road, Banbridge, Co Down BT32 4DS (2013) |
| | 4 | Mr Trevor Douglas, 7 Rampark, Dromore Road, Lurgan, Co Armagh BT66 7JH (2014) |
| Connor | 3 | Very Rev John Mann, The Deanery, 5 Deramore Drive, Belfast BT9 5JQ (2015) |
| | 2 | Mr Robert Kay, 2 Brookvale Terrace, Portrush, Co Antrim BT56 8EY (2013) |
| | 4 | Mr John Wallace, The Hermitage, 7 Ahoghill Road, Randalstown, Co Antrim BT41 3BJ (2014) |
| Kilmore, Elphin and Ardagh | 2 | Ven Craig McCauley, The Rectory, Virginia, Co Cavan (2014) |
| | 4 | Miss Maud Cunningham, Clonatumpher, Florencecourt, Enniskillen, Co Fermanagh BT92 1BA (2015) |
| | 2 | Mr Kenneth Davis, Aughafad, Longford (2013) |
| Tuam, Killala and Achonry | 4 | Very Rev Alistair Grimason, The Deanery, Deanery Place, Cong, Co Mayo (2014) |
| | 2 | Prof Paul Johnston, Luimnagh West, Corrandulla, Co Galway (2015) |
| | 4 | Mr Ben Bradish, Frenchfort, Oranmore, Co Galway (2013) |

* elected October 2012 in place of Ven Cecil Pringle (retired)

† elected December 2012 in place of Ven Donald McLean (retired)

The Representative Church Body – Report 2013

Dublin and Glendalough	3	Ven David Pierpoint, The Vicarage, 30 Phibsborough Road, Dublin 7 (2015)
	4	Mr Robert Neill, Killegar Park, Enniskerry, Co Wicklow (2013)
	4	Mr Geoffrey Perrin, Barn Close, Ballybrack Road, Shankill, Co Dublin (2014)
Meath and Kildare	4	Ven Leslie Stevenson, The Rectory, Portarlinton, Co Laois (2015)
	2	Mr Ronald Colton, Highfield, Ballyduff, Tullamore, Co Offaly (2013)
	1	Mr Kevin Bowers, Springwood, 2 Narrowways, Bettystown, Co Meath (2014)*
Cashel and Ossory	4	Ven Christopher Long, The Rectory, St John's, Enniscorthy, Co Wexford (2014)
	2	Mr Peter Clifton-Brown, Ballinamona House, Cashel, Co Tipperary (2015)
	2	Mr Charles Galloway, The Old Cottage, Raheen, Kilmeaden, Co Waterford (2013)
Cork, Cloyne and Ross	3	Ven Robin Bantry White, Moviddy Rectory, Aherla, Co Cork (2014)
	2	Mr Keith Roberts, Corran, Ferney Road, Carrigaline, Co Cork (2015)
	3	Mr John Stanley, Scart House, Belgooly, Co Cork (2013)
Limerick and Killaloe	4	Rev Canon Robert Warren, Taney Rectory, 6 Stoney Road, Dundrum, Dublin 14 (2014)
	4	Mrs Lorna Gleasure, Phoenix Farm, Kilflynn, Tralee, Co Kerry (2015)
	2	Mr Roy Benson, Templehollow, Killaloe, Co Clare (2013)

C Co-opted Members (12)

- 2 Rev Andrew Forster, The Rectory, 26 Circular Road, Dungannon BT71 6BE, Co Tyrone (2014)
- 3 Mr Terence Forsyth, 3 Hainault Lawn, Dublin 18 (2013)
- 4 Mr Samuel Harper, Cramer's Grove, Kilkenny, Co Kilkenny (2014)
- 0 Mr Lyndon MacCann SC, 2 Knapton Terrace, Dun Laoghaire, Co Dublin (2015)†
- 3 Mr Tim McCormick, 13 Ontario Terrace, Dublin 6 (2014)
- 4 Mr William Oliver, Exorna House, Castlerock, Co Londonderry BT51 4UA (2014)
- 1 Mrs Judith Peters, The Deanery, Rosscarbery, Co Cork (2013)
- 3 Ms Hilary Prentice, Wayside Cottage, Drummin West, Delgany, Co Wicklow (2015)†
- 3 Canon Graham Richards, 32 St Alban's Park, Dublin 4 (2015)†
- 3 Mr Henry Saville, 22 Church Road, Boardmills, Lisburn BT27 6UP (2015)†
- 1 Mr David Smith, Knockleigha, Shaw's Bridge, Co Down BT8 8JS (2015)†
- 4 Mr Michael Webb, 2 Mount Salus, Knocknacree Road, Dalkey, Co Dublin (2013)

The following co-opted members retire in May 2013:

Mr Terence Forsyth
Mrs Judith Peters
Mr Michael Webb

Note Two Honorary Secretaries of the General Synod are in attendance at meetings of the Representative Body.

* elected October 2012 in place of Mr Gerald Potterton (retired)

† eligible to attend three meetings maximum due to triennial retirement as co-opted member (re-elected May 2012)

COMMITTEES OF THE REPRESENTATIVE BODY

The Executive, Allocations, Investment, Property, Stipends, Library and Archives, Legal Advisory and Audit Committees are elected triennially from the members of the Representative Body. The current triennium ends in September 2013. Membership details, together with numbers of meetings held and record of attendances for the year 2012 are shown below. The Chairpersons were appointed in September 2011 for a two year period.

EXECUTIVE COMMITTEE

(8 meetings)

Mr Robert Neill (8)
(Chair)



Mr Robert Neill

Most Rev Richard Clarke*	(6)	Rev Andrew Forster	(6)
Most Rev Michael Jackson	(7)	Very Rev John Mann‡	(0)
Rt Rev Paul Colton†	(0)	Ven Robin Bantry White	(8)
Canon Graham Richards	(8)	Mr Terence Forsyth	(8)
Mr Henry Saville	(8)	Mr Lyndon MacCann SC	(4)
Mr Robert Kay	(8)	Mr Geoffrey Perrin	(8)
Mr William Oliver	(8)	Mr Michael Webb	(6)

The Executive Committee has an overall responsibility to protect the interests of the Representative Body and its trusts, to consider and, if thought fit, to give approval to the recommendations of the subsidiary committees, to give formal approval to routine property and trust transactions, to formulate legislative proposals and policy for approval, to liaise with other central organisations and dioceses and to deal with all matters affecting the employment and remuneration of staff including specialist appointments where the Representative Body is a party to any contract of employment.

The Archbishops and the Chairpersons of the Allocations, Investment, Property and Stipends Committees are *ex officio* members of the Executive Committee. Mr Samuel Harper attends Executive Committee meetings as an Honorary Secretary of the General Synod. Mr Sydney Gamble on retiring from the Chair in September 2011 was appointed Adviser to the Executive Committee until September 2013.

Prayer read at the commencement of all Executive Committee meetings

“Almighty God, we meet in your presence to exercise stewardship of the resources of this Church. Grant to us a clear mind and judgement in all things, a willingness to seek your will for the Church and an awareness of the trust and responsibility given to us. Guide us with your wisdom and lead us in the paths of truth. This we ask through Jesus Christ, our Lord. Amen.”

- * *ex officio* member from December 2012, in place of Most Rev Alan Harper (retired)
† elected March 2013 in place of Most Rev Richard Clarke (now *ex officio* member)
‡ elected December 2012 in place of Ven Cecil Pringle (retired)

ALLOCATIONS COMMITTEE

(3 meetings)

Canon Graham Richards (3)
(Chair)



Canon Graham Richards

Most Rev Richard Clarke*	(0)	Rev Andrew Forster	(3)
Mr Kenneth Davis	(3)	Mr John Stanley	(3)

The function of the Allocations Committee is to investigate requests for financial support and make recommendations to the Executive Committee or the Representative Body as appropriate, to maintain a ‘watching brief’ on the use and deployment of resources allocated to committees and organisations including their budgetary procedures and accounting policies, to anticipate financial pressures ahead and plan forward accordingly, to ensure that trust limitations are observed in the use of Representative Body funds and to co-ordinate with other financial bodies (Priorities Fund Committee, Investment Committee, Stipends Committee, Pensions Board etc).

INVESTMENT COMMITTEE

(7 meetings)

Mr Henry Saville (7)
(Chair)



Mr Henry Saville

Mr Roy Benson	(6)	Ms Hilary Prentice	(5)
Mr Terence Forsyth	(6)	Mr David Smith	(7)
Mr Tim McCormick	(7)	Mr John Wallace	(7)

The function of the Investment Committee is to oversee the invested funds of the Representative Body and other funds held in trust, to monitor portfolio and investment management performance, to maintain an appropriate level of reserves, to formulate lending policies and approve parochial and glebe loan applications, to advise on investment policy and strategy and generally report to the Executive Committee or to the Representative Body as appropriate.

* elected March 2013 in place of Most Rev Alan Harper (retired)

PROPERTY COMMITTEE

(5 meetings)

Mr Robert Kay (5)
(Chair)



Mr Robert Kay

Mr William Allen	(2)	Mr Trevor Douglas*	(0)
Mr Peter Clifton-Brown	(5)	Mrs Jane Leighton	(3)
Mr Ronald Colton	(5)	Mr Keith Roberts	(4)
Miss Maud Cunningham	(5)	Rev Canon Robert Warren	(4)

The function of the Property Committee is to process all matters affecting glebes, churches, parochial buildings and graveyards vested in the Representative Body in accordance with statutory responsibilities as laid down in the *Constitution of the Church of Ireland*, to manage the buildings directly under the control of the Representative Body, to co-ordinate with diocesan see house committees and care for see houses and all residences provided for the use of church officers, to care for all properties assigned by the Representative Body for the use and occupation of retired clergy and surviving spouses, to assist and provide guidance in the planning and disposal of redundant churches and the contents thereof, to provide technical support and advice to parishes and dioceses, to maintain property records and registers and generally to report to the Executive Committee or to the Representative Body as appropriate.

Note: Representatives of the dioceses who are members of the Representative Body are entitled to attend meetings of the Property Committee when relevant diocesan property matters are under consideration.

STIPENDS COMMITTEE

(2 meetings)

Mr William Oliver (2)
(Chair)



Mr William Oliver

Rt Rev Paul Colton	(2)	Ven Philip Patterson†	(0)
Mrs Lorna Gleasure	(2)	Mr Geoffrey Perrin	(2)
Prof Paul Johnston	(1)	Ven David Pierpoint	(2)
Mrs Jane Leighton	(1)	Vacant	

The function of the Stipends Committee is to make recommendations concerning Minimum Approved Stipends, mileage rates for locomotory expenses, and the remuneration, expenses and budgets for the episcopate and other church officers, to monitor changes in taxation and State legislation insofar as clerical remuneration matters are concerned, to investigate and make recommendations in relation to grant aid requests from dioceses for the support of the Ministry and the training of newly ordained clergy, to consult with dioceses and make recommendations to provide for the better maintenance of the Ministry generally, to monitor and report on the implementation of the recommendations of the Clergy Remuneration and Benefits Committee as approved by General Synod in 1990 and report to the Executive Committee or to the Representative Body as appropriate.

* elected September 2012 in place of Ven Donald McLean (retired)

† elected September 2012 in place of Ven Donald McLean (retired)

LIBRARY AND ARCHIVES COMMITTEE



Mr Michael Webb

(3 meetings)

Mr Michael Webb (3)
(Chair)

Rt Rev John McDowell*	(0)	Rt Rev Patrick Rooke	(3)
Very Rev John Mann	(2)	Ven Robin Bantry White	(1)
Advisory Members	–	Mrs Valerie Coghlan	(0)
		– Rev Dr Maurice Elliott	(2)
		– Rev Dr Adrian Empey	(2)
		– Dr Kenneth Milne	(3)

The function of the Library and Archives Committee is to manage the RCB Library and its resources having regard to trusts and objectives, to maintain archives and Church records generally (including records of contents of churches and of church plate), to cooperate with the Theological Institute and Committees using the Library premises and to provide a cost-effective service to the Church and the public at large subject to the approval of the Executive Committee or the Representative Body as appropriate and budget limitations.



Mr Lyndon MacCann

LEGAL ADVISORY COMMITTEE

(0 meetings)

Mr Lyndon MacCann SC
(Chair)

Mr Anthony Aston SC	Mrs Judith Peters
His Honour Judge Gerard Buchanan	Ms Hilary Prentice
The Hon Mr Justice Declan Budd	Mr John Wilson QC

The function of the Legal Advisory Committee is to advise the Representative Body on any legal or trust matter which the Executive Committee or the Representative Body may properly refer to it.

* elected March 2013 in place of Most Rev Richard Clarke (retired)

AUDIT COMMITTEE

(3 meetings)

Mr Henry Saville (3)
(Chair)



Mr Henry Saville

Mr Roy Benson	(3)	Mr Robert Pollock	(3)
Mr Ben Bradish	(3)		

The Audit Committee's primary function is to assist the Representative Body in fulfilling its oversight responsibilities by reviewing the financial statements, the systems of internal control and the audit process. The Committee meets twice yearly with the auditors, PricewaterhouseCoopers, to review the scope of the audit programme prior to audit, the outcomes for the year when the audit is completed and any issues arising from the audit.

INTRODUCTION

The Representative Church Body and its report

The report of the Representative Church Body (RCB) to General Synod presents in words and in financial statements a picture of the activities of the RCB in the year. It is intended to outline for General Synod the delivery by the RCB of its trustee responsibility for the Church of Ireland, and to give a flavour of how this is achieved and the main influencing factors.

The RCB was established in 1870 to provide a central trustee for the Church at the time of the disestablishment of the Church of Ireland. It was set up by Act of Parliament as an incorporated trust, to enable the material property of the Church to be managed and sustained for the general benefit of the Church, under the guidance of an incorporated body of the bishops and Church members elected by the dioceses for that purpose, responsible to General Synod.

Trustee responsibilities

The foresight of the legislators of the time is highlighted in this generation when problems of governance and structure appear elsewhere as a result of the management of assets and responsibilities by transient trusts with changing trustee membership, and as charity regulation is being introduced in both parts of Ireland with an increasing burden of responsibility and liability falling on individual trustees of unincorporated trusts.

The RCB is trustee for thousands of properties throughout the island of Ireland, being nearly all churches and rectories, and most church halls and other church buildings. It is also trustee for in the region of thirty thousand financial trusts. Each of these properties and trusts is managed strictly according to its individual terms of trust, and according to regulations laid down by General Synod, within the laws of the respective jurisdiction.

In the past five years, income earned by the funds of trusts held by the RCB for parishes and dioceses, and interest earned on deposits held for them, has amounted to €48.4m in euro terms. All of this is made available to the beneficial owners of the funds and assists in enabling the work of the Church to be maintained.

General Funds

General Funds are held by the RCB for the benefit of the whole Church, and specifically to support the ministry of the Church, as may be defined, within their terms of trust, by General Synod. General Funds Employed recovered somewhat in value from a low point of €140.5m in 2011 to €152.7m at year end 2012, but are still very substantially short of the value of €217.7m attained in 2007, without accounting for the effects of inflation in the interim.

However, allocations from General Funds towards the costs of clergy training, the episcopacy, governance and other central Church costs have, in the years 2008 to 2012, sustained the work of the Church to the extent of €23.9m. Without such capability, these monies would have had to be found by the Church in the parishes. More detailed analysis of performance and expenditure is shown in the body of this report.

Other activities

In addition to its property and financial asset trustee responsibilities, the RCB provides a central administrative function for the Church consisting, amongst other things, of support for General Synod and its committees, clergy pensions and stipend administration, the collection and disbursement of Gift Aid for many Northern Ireland parishes, the provision of the RCB Library and associated services and legal support to and for the Church at the centre, and as required at parish level.

Clergy pensions

Much of the report of the RCB this year is absorbed by matters relating to clergy pensions. The RCB is the legally recognised ‘sponsor’ of the Clergy Pensions Fund (CPF), which is a multi-employer scheme, and is the sole member of the Church of Ireland Clergy Pensions Trustee Limited, trustee to the CPF. The RCB has continued and continues to regard proper pension provision for stipendiary clergy as being a critical responsibility for the Church and its people, supported and facilitated by the RCB. In what is a hostile environment for defined benefit pension schemes in both jurisdictions, plans have been formulated which it is believed provide an equitable and sustainable model for the future, and these are set out in detail in the report.

Archbishop Alan Harper

Archbishop Alan Harper in June 2012 announced his intention to retire as Primate at the end of September 2012. As Primate he was Chairman of the RCB, having served on the RCB and its committees for thirteen years, including as Bishop of Connor. He strove always for the good and in the best interests of the Church, and as Chairman provided calm and wise leadership. The RCB’s best wishes go to him and to Mrs Harper for a long and happy retirement.

Acknowledgements and thanks

The membership of the RCB and its committees comprises clergy and lay volunteers who give greatly of their time and expertise and without whom the work of the RCB could not be achieved. Recognition of the commitment of volunteer lay members was evidenced when, in 2012, Mr Graham Richards, a tireless Church worker and a long-standing member of the RCB and its Executive Committee and Chairman over the years of several RCB sub-committees, was honoured by being installed as a lay Canon of Armagh Cathedral.

The work of the RCB and General Synod is supported by the staff in Church House, Dublin and Belfast, and in the RCB Library, and their dedication is much valued by the Representative Body. After fifteen years of committed service, ten of which were in the role of Chief Officer and Secretary, Mr Denis Reardon retired in 2012.

Change in accounts format

The format of the financial statements in use for many years was changed in 2011 to reflect the convergence of Accounting Standards and the emergence of reporting requirements for charities such as the Representative Body.

The financial statements are shown in separate columnar format representing the activities of various entities. The nature of the underlying activities is explained in the preparation statement shown in Note 1 to the financial statements.

General Funds outturn for year ended 31 December 2012 and outlook

In the Statement of Financial Activities for 2012 the outturn for the year shows a decrease in resources, before gains and losses, of €5.67m. Recognised gains, less losses on investment assets, together with other transfers, total €17.84m, making a net gain in funds of €12.17m. Both equity and bond markets were strong in 2012 reflecting a recovery from 2011 levels. The improvement in General Fund values during 2012 should be viewed in the context of the dramatic fall in value since the high recorded in 2007. The loss of value sustained by General Funds since these highs has diminished the capability of General Funds in the future to support the activities of the wider Church. For this reason focus in the short to medium term will be on rebuilding the resource represented by General Funds.

Reserve policy

The Representative Church Body's reserve policy is to set spending at a level to maintain funding to sustain the activities of the wider Church while preserving the capital base.

The annual budget commitment is set by reference to a five-year weighted average of the value of General Funds in order to smooth the effect of short-term volatility. The Representative Church Body has set the long-term spending policy as committing 3.5% of the five-year weighted average value of General Funds to support Church activities while preserving 0.5% of the value of General Funds for asset growth. The Allocations Equalisation Reserve will be accessed as required over the medium term to stabilise the movement towards a sustainable long-term withdrawal policy.

The investment policy is based on investing for overall portfolio growth and measuring the total portfolio return in both capital and income terms. This allows for a longer term focus in investment decision making and for increased opportunity for exposure to real growth assets.

OPERATING AND FINANCIAL REVIEW 2012

The accounts of the Representative Church Body commence on page 55.

• Commentary

- A) The Statement of Financial Activities (SoFA) of the Representative Church Body is shown on page 66.

The SoFA sets out for 2012 and for the prior year the income, expenditure, investment gains and losses and capital additions and withdrawals of all financial activities and funds for which the Representative Church Body (RCB) is responsible. This format adopted in 2011 shows more clearly the relationship between the costs arising relating to work carried out by RCB staff, the management of General Funds and the responsibility the RCB has for amounts held in trust for parishes, dioceses and other Church of Ireland entities.

The SoFA is set out in three columns for each year, and each column stands on its own.

The full value of funds and the movements in funds in the year are shown on the SoFA and reflected in the Balance Sheet.

RCB activities show the costs arising in the performance of the central service, trustee and governance support roles of the staff of the RCB. In the General Funds column the performance of these funds is set out showing the disbursement of resources in the year, and the movement and opening and closing value of the funds.

The activity shown in the Parochial, Diocesan and Other Trust Funds column shows the values arising and incoming and expended resources relating to trusts and monies managed for the wider Church, as well as the value of Gift Aid reclaimed for and repaid to parishes.

RCB activities

Resources expended

The expenditures for the year, summarised by function on the SoFA, are summarised by type of expenditure on page 75 (Note 5).

The cost of generating funds comprises the payroll costs of investment management, legal and accounting services, including those made available to the wider Church, external fund management costs and associated allocated overheads. An increase in 2012 of €96,000 over 2011 relates mainly to external fund management costs arising.

Charitable activities costs comprise those payroll and associated allocated overheads ascribed to trust and property management, communications, education and the RCB Library. These costs have fallen in 2012 by €40,000 on 2011 due to a reduction in payroll costs.

Governance costs relate to the payroll and associated allocated overhead costs incurred in supporting General Synod, central committee expenses and episcopal electoral expenses. Costs in 2012 are in line with 2011.

Included in other resources expended is an amount of €196,000 (2011: €179,000) of actuarial and consultancy costs relating to professional advice to the Clergy Pensions Fund and other professional fees.

The total of resources expended which are chargeable against General Funds has increased year on year by €6,000 (0.2%).

General Funds

(i) Outturn for the year

The Statement of Financial Activities shows a net decrease in resources, before gains and losses, of €5.67m. The total value of General Funds increased by in excess of €12.17m (8.6%) from the 2011 value of €140.51m to the 2012 value of €152.68m. Both equity and bond markets were strong in 2012 reflecting a recovery from 2011 levels. Withdrawals of €5.35m were utilised to support the solvency of the Clergy Pensions Fund (€5.00m) and the Staff Pension Fund (€0.35m). The actuarially calculated deficit in the Staff Pension Scheme under accounting standard FRS17 as at 31 December 2012 showed an increase of €1.72m.

(ii) Net incoming resources, at €3.82m showed a reduction of €0.98m, 20% down on 2011.

Investment income of €5.70m has fallen by €0.99m from 2011 levels (2011: €6.69m). In 2012 the RCB changed investment policy with the emphasis moving away from income generation on a short-term basis to building the long-term value of General Funds, with the intention that a more sustainable level of resource utilisation will be achieved. This change in investment policy was signalled in 2011. In addition, the prior year financial statements benefited from an exceptional amount of €0.35m being recognised.

Total incoming resources decreased by €0.97m.

(iii) Allocations and distributions

Allocations expended in the year show the cash values of the funds reserved for 2012 allocations, less amounts not expended.

Parish, diocesan and other trust funds

Investment income arises in the RB General Unit Trusts, for which abridged versions of the full year accounts for the year ended 30 June 2012 are shown in Appendix D commencing on page 94 of the Book of Reports.

All incoming resources are disbursed to parishes, dioceses and trusts according to the terms under which the funds are held.

Income of €143,000 accruing to the Stipends Fund, €37,500 accruing to the Royalties Fund and €50,000 accruing to the Central Church Fund, totalling €230,500, has been transferred to General Funds to support the cost of Allocations charged in the year.

B) Balance Sheets

The net assets shown in the Balance Sheets (page 68) are shown as belonging to three separate fund groupings.

- RCB activities include those assets and liabilities specifically utilised in and attributable to the performance of the services and duties carried out by central Church staff. The net current balance on these is offset against General Funds.
- The General Funds are those available to be utilised for the purposes of meeting the operating expenditure of the Representative Body and funding for Allocations. Total fund values increased by €12.17m (8.6%), being made up of gains of €1.37m due to stronger sterling values at the year end, unrealised gains of €12.62m on investments revaluations and realised gains of €5.86m on sale of investments. These gains were offset by a capital transfer of €5.35m to support the Clergy and Staff Pension Funds, an accounting adjustment at the year end under FRS17 with regard to the Staff Pension Fund of €1.72m (2011: €0.17m) and a deficit of €0.67m of expenditure over income for the year.
- Parish, Diocesan and Other Trust funds generate the investments and deposit income shown in the SoFA and belong to parishes, dioceses and sundry Church of Ireland trusts. The total funds have increased by €26.62m (12.77%) to €234.98m (2011: €208.35m). Gains of €1.16m due to stronger sterling values at year end and unrealised gains of €27.84m on investment revaluations were offset by withdrawals from the fund of €2.46m. Capital withdrawals from the fund were €2.45m (2011: €1.99m).

• **Allocations** (page 66)

Allocations for 2013 are provided in 2012 as a reserve to be drawn down in the following year. The amount recognised in the SoFA in 2012, €4.48m, is the value spent in the year, being the provision reserved in 2011 offset by amounts unspent and being written back. The comparative figure for 2011 was €4.19m.

The amount provided as a reserve for 2013 is €4.34m. This expenditure will be available to support the episcopacy and clergy pensions, and finances ministerial training as well as the functions of the General Synod and the Standing Committee.

The net cost of allocations has been relieved by subventions from the Stipends Fund of €143,000 (2011: €159,000), from the General Synod Royalties Fund of €37,500 (2011: €37,500) and from the Central Church Fund of €50,000 (2011: Nil). These have been offset respectively against the costs of training for the ordained ministry, the costs of the General Synod and the Standing Committee and Clergy Pensions Fund. The Representative Body is grateful to the Committees concerned for this valuable support.

Committees of the Standing Committee, the Church of Ireland Theological Institute, the Church of Ireland Youth Department and the RCB Library each continue to respond very positively to the request of the Allocations Committee for spending restraint in a difficult financial environment.

- **Reserves** (page 74)

The Allocations Equalisation Reserve is maintained to smooth the capacity of income on an annual basis to meet the Allocations need. Income remains an important, but not the only, consideration in determining resources available for expenditure. Over the longer term ‘total return’, including income and also changes in investment values, is seen as a more reliable and complete measure on which to calculate the amount of resource expendable in a sustainable way.

The objective of the RCB is to maintain, and if possible grow, the capacity of General Funds to support wider Church activities. With this in mind, the Allocations Equalisation Reserve will be accessed as required over the medium term to stabilise the movement towards a sustainable long-term resource withdrawal policy.

This reserve grew in value in the year by €102,000 to €4.33m from €4.23m despite a deficit in the year which was absorbed by currency gains and unrealised gains on investment revaluations. There was a decrease in the reserve held specifically for the following year’s allocations cost.

Staff pension scheme

At the year end the actuaries to the staff pension scheme assess the comparative solvency of the scheme on a discontinuance basis and the results are set out in detail in Note 12. This shows that, at 31 December 2012 the scheme remained in deficit, the amount of the deficit increasing by €1.72m to €5.08m. Amongst the assumptions which have the most significant impact on the results is the discount rate. The discount rate is based on the market yield at the valuation date of high quality corporate bonds; for FRS17 the 2012 discount rate was set at 3.9% against the 2011 rate of 5.0%. This deficit is shown as a long-term liability in the Balance Sheet.

The staff pension scheme was closed to new entrants at 1 January 2007.

- **Currency translation rates**

Year end sterling balances have been translated into euro a rate of €1 = £0.8161 or £1 = €1.2253 (2011: €1 = £0.8353 or £1 = €1.1972).

ALLOCATIONS PROVIDED FOR 2013

- Allocations provided amount to €4.11m net of subventions. Subventions from the Stipends Fund, the General Synod Royalties Fund and the Central Church Fund totalling €230,500 allow for a provision for total allocations spend in 2013 of €4.34m and this is shown in reserves.
- The allocations listed below represent net amounts to be allocated after taking into account, where appropriate, income from endowment funds, the episcopal levy and the child protection levy paid by all parishes/dioceses and any other sources of funding which offset the costs of financing ministry and other central commitments.

The Representative Church Body – Report 2013

2013 ALLOCATIONS

	2013	2012	2013	2012
GROUP A	€	€	£	£
Episcopal Stipends and Expenses	1,208,956	1,150,531	675,541	617,810
<i>less</i> Episcopal Levy	(423,762)	(381,386)	(396,362)	(358,130)
	<u>785,194</u>	<u>769,145</u>	<u>279,179</u>	<u>259,680</u>
Deans of Residences/University Chaplains	89,623	89,436	121,895	121,862
Queen’s University, Belfast, Bursar	-	-	14,518	14,250
C of I in Queen’s University, Belfast	-	-	2,000	2,000
C of I in Trinity College, Dublin	3,000	3,000	-	-
Clerical Relief - Children’s Allowances	37,000	42,000	35,000	36,500
- Discretionary Grants	4,000	4,000	3,000	3,000
Stipends Related Costs	15,720	16,576	-	-
St Patrick’s Cathedral, Dublin	1,000	1,000	-	-
	<u>935,537</u>	<u>925,157</u>	<u>455,592</u>	<u>437,292</u>
GROUP B				
Clergy Pensions Fund	205,254	319,018	199,856	289,697
Central Church Fund				
- Augment Clergy Pension	(50,000)	-	-	-
Supplemental Fund Benefits				
- Retired Clergy, Surviving Spouses	21,477	38,313	770	1,440
Discretionary Grants				
- Retired Clergy	-	-	13,000	13,000
- Surviving Spouses	-	-	8,500	8,500
	<u>176,731</u>	<u>357,331</u>	<u>222,126</u>	<u>312,637</u>
GROUP C				
Training of Ordinands	602,838	682,831	-	-
Theological Institute	765,000	734,500	-	-
Ministry formation project	5,000	-	-	4,000
Stipends Fund	(100,000)	(100,000)	(35,000)	(50,000)
Bishops’ Selection Conference	25,000	25,000	-	-
	<u>1,297,838</u>	<u>1,342,331</u>	<u>(35,000)</u>	<u>(46,000)</u>
GROUP D				
General Synod/Standing Committee	331,837	351,994	219,611	206,849
Royalties Fund	(37,500)	(37,500)	-	-
Board of Education	36,000	34,832	83,271	89,465
Church of Ireland Youth Department	-	-	145,000	160,000
Child Protection Officers	11,000	15,000	12,300	12,000
	<u>341,337</u>	<u>364,326</u>	<u>460,182</u>	<u>468,314</u>
GROUP E				
RCB Library	5,000	5,000	-	-
Regular Sunday Services in Irish	500	500	-	-
	<u>5,500</u>	<u>5,500</u>	<u>-</u>	<u>-</u>
	<u>2,756,943</u>	<u>2,994,645</u>	<u>1,102,900</u>	<u>1,172,243</u>

Summary of allocations expenditure provided for 2013, net of subventions from the Stipends and Royalties Funds:

	2013		2012	
	€	%	€	%
A - Maintenance of the Stipendiary Ministry	1,493,792	36.4	1,448,672	33.0
B - Pension related costs	448,910	10.9	731,612	16.6
C - Training of Ordinands	1,254,951	30.6	1,287,261	29.3
D - General Synod Activities	905,216	22.0	924,980	21.0
E - Miscellaneous	5,500	0.1	5,500	0.1
	<u>4,108,369</u>		<u>4,398,025</u>	

- **Commentary**

Group A - Maintenance of the Stipendiary Ministry - €1,493,792

The funding of episcopal stipends and expenses is the major part of this allocations cost, at €1,127,283 (2012: €1,080,027) and 76% of the total (2012: 75%). The figure includes office costs, secretarial and travel expenses, financing costs for See Houses as well as stipends, pension funding and employer’s state contributions.

The dioceses contribute towards the costs of the episcopacy through a levy which is based on the number of cures and a percentage of Minimum Approved Stipend per cure. The levy has been increased to 6.0% for the year 2013 from 5.4% in 2012 of Minimum Approved Stipend per cure. The episcopal levy is budgeted to realise in 2013 the equivalent of €909,440 (2012: €810,130) which is 44.5% of the total cost of funding the episcopacy (2012: 43%). For 2013 the diocesan levy is £1,560 and €2,173 per cure (2011: £1,404 and €1,956).

The total cost of the episcopacy is budgeted at €2.036m (2012: €1.890m).

In 2012 the actual cost of the episcopacy was reduced from the budgeted level by an underspend and amounts returned by bishops amounting to €36,000 which is included in the figure for unexpended allocations on the Revenue Account.

A more detailed breakdown of episcopal costs is shown on page 30.

Other amounts included in ‘Group A’ support the provision of university deans of residence and child and discretionary allowances paid to the clergy.

Group B - Pension related costs - €448,910

Total support from RCB funds for the Clergy Pensions Fund for 2013 amounts to €5,450,145 of which €5,000,000 is a transfer of capital direct from General Funds and the balance is provided through Allocations. The net provision is after including a subvention from the Central Church Fund to augment the Clergy Pensions Fund.

The annual contribution from Allocations is reduced by an amount to reflect the increase in earning power transferred to the Clergy Pensions Fund accruing from three capital transfers in 2010, 2011 and 2012, totalling €15,000,000. Also included under this heading are amounts to support discretionary grants to retired clergy and spouses, and to enable the maintenance of a minimum level of income for them.

Group C - Training of Ordinands - €1,254,951

The budget for the Training of Ordinands consists of an amount to underwrite the upkeep of the Church of Ireland Theological Institute, provision for grants for students and their accommodation and tuition fees, and the cost of the selection process to enter training for the ministry.

The cost in 2013 shows a small reduction of €32,310 due to a reduced number of students on 2012 levels.

In total the net provision is €1.26m (2011: €1.29m). The net provision is after including assistance again from a subvention from the Stipends Fund of €100,000 and £35,000 (2012: €100,000 and £50,000). This level of support from the Stipends Fund is most welcome.

The cost of the upkeep of the Institute is that expected for the academic year 2013/2014 and shows anticipated costs of €765,000 (2011: €734,500).

The Training of Ordinands provision shows the cost relating to grants for students, their accommodation costs and the fees paid in respect of Trinity College Dublin and outside lecturers. Married students in 2012/13 receive a personal grant of €7,700 (2011/2012: €7,700) and the single student's grant is €6,000 (2011/2012: €4,400). There are also grant allowances made for dependent children. Accommodation grants and travel allowances are made available for students in their final, intern year. The cost for the year is budgeted at €602,838 (2012: €682,831).

In 2012/13 there are 27 ordinands undergoing full-time training and 15 undertaking the part-time course.

Extracts from the accounts of the Church of Ireland Theological Institute for the year ended 30 June 2012 are included as Appendix A (page 89).

Group D - General Synod Activities - €905,216

This allocation includes provision for the General Synod and the Standing Committee, the Boards of Education and the Church of Ireland Youth Department, as well as amounts for the centrally funded portion of the costs relating to Child Protection Officers.

Relevant expenditure is supported by a grant of €37,500 from the Royalties Fund, and this support is greatly valued by the Allocations Committee.

The spending budgeted for these areas shows a decrease of €19,764 from the figure for Allocations in 2012. The Allocations Committee is most grateful to the Standing Committee, the Youth Department, the Education Department and applicant committees for their continuing efforts to contain expenditure.

The net cost of the Board of Education in the Republic of Ireland is supported by a grant from the Department of Education for which the Representative Body on behalf of the Church of Ireland wishes to record its gratitude.

Group E - Miscellaneous - €5,500

A small allocation of €5,000 to allow for a continuation of conservation work is budgeted with respect to the RCB Library. An amount of €500 has been provided annually for some years in support of the maintenance of the Irish language as part of regular Church of Ireland worship.

INVESTMENTS AND MARKETS

- Valuations of the various portfolios and comparative figures at 31 December 2012 were as follows:

Portfolio	Valuations (millions)	
	<u>2012</u>	<u>2011</u>
<i>General Funds/Reserves</i>		
General Funds (Lazard)*	€76.92	€111.07
General Funds (In-House)*	€65.61	€17.52
Allocations Reserve	€3.36	€2.33
	<u>€145.89</u>	<u>€130.92</u>
Cash	€0.97	€1.90
	<u>€146.86</u>	<u>€132.82</u>

Specific Trusts

RB General Unit Trust (RI)	€154.57	€132.68
RB General Unit Trust (NI)	£37.66	£33.76

Portfolio	Total returns (weighted)			
	<u>2012</u>	<u>Benchmark</u>	<u>2011</u>	<u>Benchmark</u>
<i>General Funds/Reserves</i>				
General Funds (Lazard)	19.4%	16.2%	-0.7%	-1.4% ³
General Funds (In-House)	30.5%	16.5%	-1.2%	1.8%
Allocations Reserve	18.3%	2.6%	5.2%	10.0%
<i>Specific Trusts</i>				
RB General Unit Trust (RI)	22.3%	16.5%	0.6%	-1.3%
RB General Unit Trust (NI)	17.0%	9.4%	0.5%	3.3%

* Investments to the value of €45m were transferred from Lazard to In-House during 2012.

Total return performances of relevant equity and bond market indices in 2012 were:

FTSE Europe 100	14.9%	Irish Govt Bond Index	29.3%
US (S&P Composite)	15.9%	UK (FTSE 100)	10.2%
Euro Broad Bond Index	11.2%	Stg Broad Bond Index	6.1%

Three- and five-year fund performance figures are included as Appendix B (page 91).

- **Economic Backdrop**

The year was characterised by stuttering developed world and decelerating emerging country growth. The ongoing Eurozone crisis and budgetary consolidation pushed much of Europe back into recession, while the US exhibited very modest growth as it delayed measures to correct its fiscal deficit. The continued high levels of unemployment kept wages (and inflation) very much in check despite very loose monetary policy. In this regard the US Federal Reserve led with a multi-year commitment to zero interest rates and aggressive asset purchases financed with newly printed money (Quantitative Easing or QE). The Eurozone crisis was only brought under control once the ECB was forced to adopt its own version of QE, named Outright Monetary Transactions (OMT). This effectively gave periphery countries access to funding, but choreographed so as not to appear to be debt financing of profligate governments. To date, this back-stop has not been utilised.

- **Equity Markets**

Despite the poor economic backdrop described above, equity markets globally enjoyed very strong returns. The two main factors behind this performance were: i) the base level of 2011 was relatively depressed due to the record high Euro periphery bond yields and associated dislocation in markets, and ii) the combined actions of global central banks flooding the markets with liquidity, with consequent asset price inflation. Underlying fundamentals (ie company earnings) were broadly in line with expectations with a decelerating trend towards year end. European market performance was broadly in line with the US as the better domestic conditions in the latter were off-set by a recovery from oversold levels in the former. Emerging markets, notably China, lagged the US and Europe as doubts arose over the sustainability of the construction led nature of growth.

- **Bond Markets**

The actions of central banks (setting short rates at close to zero and purchasing longer bonds in the market) had the obvious and desired effect of setting new record low 10 year bond yields (US 1.4%, Germany 1.2% and UK 1.4%). However, the greater performance came from Euro periphery and corporate bonds as they recovered from distressed levels and then rallied further on the wave of liquidity and improving risk appetite. Notably, Irish government bonds, where yields peaked in the summer of 2011, continued to fall throughout 2012 as reward for meeting its deficit targets and relative political stability.

- **Changes in Portfolio Management**

A review of the way General Funds were managed was undertaken during 2012 with the objective of a simpler, more efficient and flexible structure. This resulted in a reorganisation of responsibilities that took place during October. Lazard, which is predominantly an Equity house, will manage the core equity portfolios (c.55% of fund) while fixed income will be controlled In-house where expertise exists to manage risks and opportunities from a largely Irish liability base. Changes in asset mix and capital transfers can now be handled more efficiently while there is greater focus and accountability that should enhance the long-term capital of the fund.

- **General Funds Performance 2012**

As can be seen from the table above, investment performance was very strong in 2012, particularly relative to benchmarks. Lazard out-performed a rising market by over 3%, consistent across the main equity portfolios. The In-house fixed income portfolio had a substantial exposure to short dated Irish Government guaranteed bonds; these securities strongly out-performed their sovereign equivalents with yields falling from 15.9% to 3.2% over the calendar year. Since assuming responsibility for the entire fixed income portfolio, a broader exposure has been established, as can be seen in the accompanying chart.

- **Outlook for 2013**

With Europe as a whole mired in recessionary conditions and emerging market growth decelerating, not for the first time markets look to the US for leadership and support. In this regard, the US Federal Reserve is key as the US government has no fiscal ammunition due to the ongoing deficit problem. It is anticipated that further QE, expanding money supply, will take place. From the experience of the last three years the likely impact on the real economy is relatively muted as it does little to improve real incomes or final demand. However, QE does tend to inflate asset prices (good for markets in the short term) and also generates some inflation, which is badly needed by the highly indebted economies (US, Europe and Japan).

For equity markets, now four years into a bull market, the arguments for further gains are based on relative value (to cash and bonds) and better economic prospects as the Euro crisis settles down and credit growth resumes in the US (led by housing). Even though short-term valuation of equities appears reasonable (PE ratios and dividend yields) more long-term valuation measures such as cyclically adjusted PE's are of concern. These are now quite demanding, supported by record high profit margins that are vulnerable to mean reversion. However, the timing, and indeed the catalyst, for such a move are unknown and it may well be that equity prices are buoyed by artificially low bond yields for some considerable time. As the primary objective (of General Funds) is to preserve capital in real terms, the fund currently holds a 60% exposure to equities, within a permitted range of 50% to 90%.

In regard to fixed income investments, prices would appear to be somewhat artificially high (yields artificially low) in core sovereign markets due to the intervention of central banks. Yields of sub 2% can only make sense if deflation takes hold, in which case default risk would enter into the equation as debt burdens would reach unsustainable levels. On the other hand, if inflation were to stir, then all fixed income bonds would be at risk of capital loss. In this environment an active policy of reducing risk during periods of calm and buying higher yielding assets during periods of instability is still appropriate.

Due to the long-term risks of inflation eventually taking hold, as witnessed in previous episodes of monetary expansion, the fund will continue to hold the majority of its capital in real assets.

- **Socially Responsible Investment (SRI) Review**

In 2012, the Investment Committee monitored and carried out its annual SRI assessment of individual stock holdings within the various portfolios and excluded stocks where it was deemed appropriate. In September 2012, the Investment Committee reported to the Representative Body that it was satisfied that the investment managers are sensitive to the Church's concerns and expectations with regard to ethical and socially responsible investment. The report is included as Appendix C (page 92).

- **Unit Trusts**

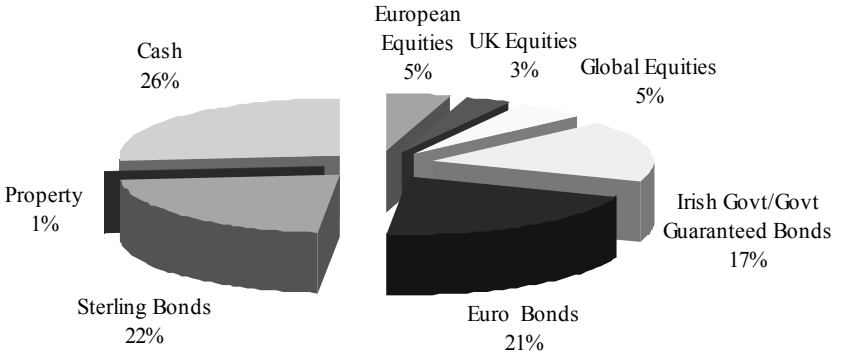
Extracts from the financial statements of the two RB General Unit Trusts for the year ended 30 June 2012 are included as Appendix D (page 94).

Distribution rates for the RB General Unit Trust (RI) and the RB General Unit Trust (NI) were unchanged on the previous year; however, the dividend equalisation reserve was increased following a drawdown in the prior year.

GENERAL FUNDS PORTFOLIO BY GEOGRAPHICAL AND ASSET CATEGORIES – 31 DECEMBER 2012

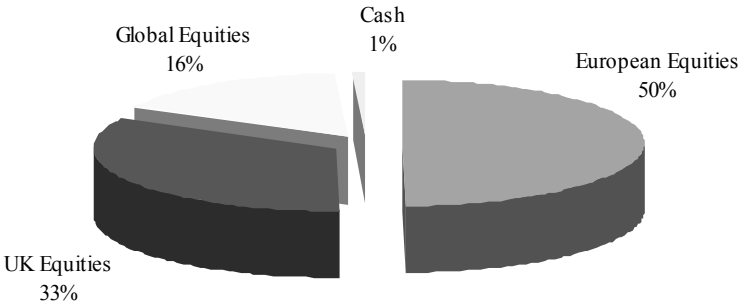
Under in-house management

€65.6m



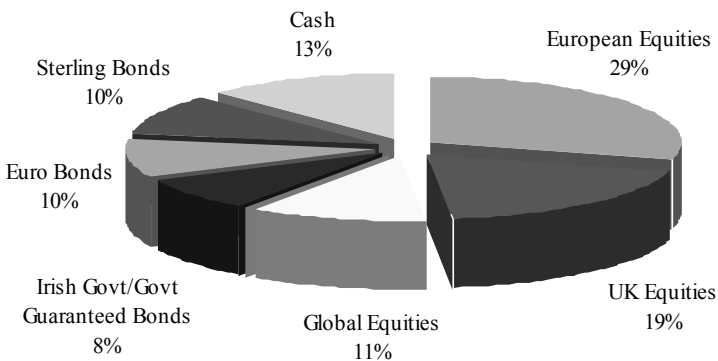
Under Lazard management

€76.9m



Combined portfolio

€142.5m



CLERGY REMUNERATION AND BENEFITS

• Minimum Approved Stipends (MAS) 2013

Legislation passed by the General Synod in 2011 amending Section 51 (1) of Chapter IV has enabled the Standing Committee to determine levels of MAS annually on behalf of the General Synod. As a consequence the timing of the annual MAS review process now allows for up-to-date economic data, conditions, earnings trends and indices at 30 June to be taken into account when levels of MAS are being determined in September for the following year.

In considering MAS levels to take effect from 1 January 2013 the Stipends Committee was acutely aware of the difficult economic conditions that prevail in both the Republic of Ireland and Northern Ireland and, in particular, the impact that this is having at parish level in both jurisdictions.

Republic of Ireland – Although annual average inflation for period to 30 June 2012 increased to 2.3% (1.6% for period to 30 June 2011) it fell slightly for the six months to 30 June 2012. The MAS continues to be broadly in line with earning comparators and ahead of CPI.

Northern Ireland – Although indices showed increases for the twelve months to 30 June 2012 for both earning and inflation the Consumer Price Index (CPI) index at 2.4% is substantially down from its 30 June 2011 level of 4.2%.

It was concluded by the Stipends Committee that although there are inflationary pressures in both jurisdictions no increase in MAS levels be recommended for 2013. The Standing Committee subsequently agreed, on the Representative Body's recommendation, that there be no change in Minimum Approved Stipend levels in either jurisdiction for 2013. Consequently, levels of Minimum Approved Stipend for 2013 are:

	2013	2012
Northern Ireland	£26,008	£26,008
Republic of Ireland	€36,219	€36,219

• **Episcopal costs**

The breakdown of total episcopal costs is summarised as follows:

	Republic of Ireland		Northern Ireland	
	€ 2013	€ 2012	£ 2013	£ 2012
(1) Stipends together with state insurance costs	493,517	492,090	274,526	274,707
(2) Pension costs	222,172	244,261	144,631	70,404
(3) Offices of the Sees expenses	327,998	326,784	175,074	174,216
(4) See Houses and other costs	346,488	329,756	138,112	160,594
Totals (gross)	1,390,175	1,392,891	732,343	680,921
(5) Less endowment income	(208,310)	(269,449)	(35,258)	(39,120)
Totals (net of income)	1,181,865	1,123,442	697,085	641,801

Note: Amounts are denominated in the currency relating to the jurisdiction of the See. For allocations purposes, amounts are denominated in the currency in which expenditure will occur.

Notes relating to the figures above:

- (1) Gross stipend and employer's state insurance contribution.
(ie costs that relate to the bishops on a personal basis)

Stipends are multiples of Minimum Approved Stipends as follows:

Archbishop of Armagh	2.45
Archbishop of Dublin	2.25
All Bishops	1.75

- (2) Clergy Pensions Fund contribution.
(ie actuarially calculated contributions to episcopal pension costs)
- (3) Secretarial and office services and allowances relating to expenses of travel and hospitality.
(ie costs that relate to the running of the office of the See)
- (4) Heating, grounds and house maintenance, insurance and service charges, secretary to the House of Bishops.
(ie property maintenance and other costs that are shared across all the Episcopacies)
- (5) Income from investments and rent of See House lands.

• **Locomotory Allowances 2013**

The approved locomotory allowances for 2013 are based on public service rates for Northern Ireland applicable as at 1 April 2010 and Revenue approved civil service rates for the Republic of Ireland as at 1 July 2008, as follows:

		Northern Ireland
Per mile:	first 8,500 miles	65.00p
	over 8,500 miles	16.40p
		Republic of Ireland
Per km:	first 6,437 km	78.76c
	over 6,437 km	37.94c

Locomotory allowances have historically been benchmarked against civil service rates of allowances in the Republic of Ireland and public service rates in Northern Ireland.

As reported to the General Synod in 2010, the Government in the Republic of Ireland significantly reduced the civil service rates of allowances in 2009. However, in view of the extent to which the locomotory allowance forms part of the total remuneration package for clergy, it was agreed in 2009 that the rate should remain at the rate applicable prior to the reduction in civil service rates. In 2010, 2011 and again in 2012 it was agreed to maintain this same locomotory allowance rate for the preceding year despite civil service rates remaining at their reduced level.

The Northern Ireland public service rates applicable from 1 April 2010 continue to remain in place as the National Employers for Local Government have not published revised rates. In view of the ongoing freeze in rates it was agreed by the Representative Body that the rates applicable from 1 January 2013 should remain the same as those adopted for 2012.

• **Children’s Allowances 2012/2013**

The Children’s Allowances Scheme is designed to assist clergy and surviving spouses with the cost of secondary school education or higher level education leading to primary qualifications including certificate, diploma and degree.

Grants are paid on a *per capita* basis, without any form of means test, in respect of each child as follows:

	Academic year starting 1 September 2012	
	Republic of Ireland	Northern Ireland
Over 11 attending secondary school	€600	£100
Third level students (up to age 23)	€300	£400
Eligible orphans	€600	£400

Grants may be paid in respect of a child under 11 years of age where that child is in residence at a boarding school or, in exceptional cases, in respect of a student who may be over age 23. In either case, grants are at the sole discretion of the Representative Body.

Grants are also available from other sources eg Clergy Daughters, Secondary Education Committee (Republic of Ireland only), Clergy Sons and Jubilee Fund (both under the management of Protestant Aid).

- **Clergy Car Loans**

Car loans for clergy are available from the Representative Body in accordance with the following formula, linked to the statutory Minimum Approved Stipend (MAS):

	New Cars	Used Cars
Maximum loan	MAS x 2/3	MAS x 1/2
Maximum term	4 years	3 years
Interest rate per annum	8%	8%

This ratio of maximum loan to minimum stipend is designed to maintain a reasonable relationship between borrowing capacity and ability to pay. At 31 December 2012 there were 75 loans outstanding with a total value of €511,964.

- **Central Church Fund – Removal (relocation) Grants**

Grant assistance is available to clergy towards the cost of moving household belongings to/from a rectory/curatage on a new appointment or retirement. Grants are generally not made to any one individual more frequently than at a three year interval other than in exceptional circumstances or on appointment as a Dean or Bishop/Archbishop.

The approved level for an individual relocation grant is limited to 2/3 of actual cost and is subject to a maximum of €4,000 or £2,000 in the case of moves within the island. In the case of moves to the island the maximums are €5,000 and £4,000.

With prior approval an equivalent grant amount may be paid towards the procurement of furniture in lieu of the cost of a move into the island. Claims for such grants must be supported by receipted documentation.

CLERGY PENSIONS

- **Trusteeship of the Clergy Pensions Fund**

In accordance with Chapter XIV of the *Constitution of the Church of Ireland* the Church of Ireland Clergy Pensions Trustee Limited (“the Trustee”) is the corporate Trustee of the Fund.

The Representative Body is the sole member of the Trustee Company.

The annual report of the Church of Ireland Clergy Pensions Trustee Limited is included in Appendix F to this report (page 117).

- **Pensionable Stipend**

In accordance with Section 2 of Chapter XIV of the *Constitution of the Church of Ireland* the Representative Body in conjunction with the Church of Ireland Clergy Pensions Trustee Limited made a recommendation on Pensionable Stipend levels for 2013 to the Standing Committee.

The recommended levels for 2013 were unchanged from 2012 levels at £25,498 per annum in Northern Ireland and €36,219 per annum in the Republic of Ireland.

- **Discretionary increases to pensions in payment**

The Representative Body during 2012 approved a recommendation from the Church of Ireland Clergy Pensions Trustee Limited, made on the advice of the Actuary, that due to the financial position of the Clergy Pensions Fund, no discretionary increases be applied to pensions in payment for the year 2013.

Further details may be found in the Report of the Trustee (page 123).

- **Supplemental Fund and other funds**

The Church of Ireland Pensions Board administers the Supplemental Fund and certain other funds on behalf of the Representative Body.

A report on the administration of these funds during the year ended 31 December 2012 is attached as Appendix G to this report (page 171).

- **Additional Voluntary Contributions (AVCs) – trusteeship of Scheme**

The General Synod in 2012 approved a resolution to transfer the trusteeship of the Church of Ireland Voluntary Contributions (AVC) Scheme from the Representative Body to the Church of Ireland Clergy Pensions Trustee Limited (“the Trustee”). Responsibility for the administration of the Scheme was also transferred to the Trustee.

- **Contributions from central funds to the Clergy Pensions Fund**

Capital contributions of €5m have been made from central funds to the Clergy Pensions Fund (the CPF) in each of the years 2010, 2011 and 2012. The purpose of these, as originally advised to Synod in 2010, is to boost the value of the assets of the CPF with immediate impact on the plan deficit, and at the same time to provide a larger capital fund to enhance return. It is expected that a further capital transfer of €5m will be made from central funds to the CPF in each of the years 2013 and 2014.

Regular contributions to the CPF are calculated at a percentage rate of Pensionable Stipend in accordance with Section 35 of Chapter XIV of the *Constitution of the Church of Ireland*, offset by the income generated in the CPF by the capital transfers. A contribution of €674,000 was made in 2012 and a contribution of €450,000 is planned for 2013.

Additionally, contributions under Section 38 of Chapter XIV are made from central funds.

- **Government levy on pensions (Republic of Ireland)**

The levy, or tax, on pension assets introduced by the Irish government in 2011 and chargeable on assets held for the benefit of members and pensions in the Republic of Ireland resulted in a payment from the Clergy Pensions Fund to the Irish revenue authorities of €342,000 in 2012 (2011: €320,000).

Levies relevant for 2011 and 2012 have been accounted for in the Actuary's initial findings relating to the triennial valuation of the Fund.

The RCB, as Sponsor of the Fund, has indicated to the Trustee that no additional funds will be forthcoming either from the Sponsor or from parishes to meet the levies payable in 2013 and 2014.

- **Clergy Pensions Fund solvency**

The Clergy Pensions Fund (the CPF) is a 'defined benefit' (DB) pension plan, in that the value of pension on retirement is calculated based on the member's length of service and pensionable earnings. Every three years the Trustee is required to obtain an actuarial valuation of a defined benefit pension plan and this assesses the capability of the fund to meet its present and future liabilities in the long term. In addition, the actuary is required to assess the capacity of the fund to satisfy all its accrued liabilities were it to be wound up with immediate effect – the Minimum Funding Standard (the MFS).

The triennial actuarial valuation of the CPF was due as at 30 September 2012 and must be signed off by the actuary within nine months of that date. This valuation must show the actions planned to bring the Fund to solvency, should a deficit be found. Plans to restore the solvency of the CPF are subject to General Synod approval and the completion of the triennial valuation depends on that.

The initial findings of the actuary show that the assets of the Fund were sufficient to cover only 73% of the liabilities, under the MFS, showing a deficit of €45m. The actuary has also indicated that, resulting from new solvency measures introduced by the Pensions Regulator, *An Bord Pinsean*, in 2012, and to be implemented in 2016, the additional requirement for asset cover potentially would increase the deficit then to €65m.

In recent times the invested assets of the Fund have performed better than the actuary's assumptions for the purposes of his valuation. However, the funded position of the Fund has been adversely influenced by a range of issues outside the control of the Sponsor, or the Trustee. Liabilities of a defined benefit pension plan are the accrued and future benefits payable to members. These liabilities are calculated by discounting the future benefits at a suitable expected rate of return on the Fund's assets. The expected rate of return on the assets is set by reference to the interest rate on government bonds, and as such, the interest rate paid on such bonds is critical to the calculation of the liabilities of a DB plan as it is used to discount its future benefits payable. Interest rates have reduced markedly over the period since the last triennial actuarial valuation. A reduction of 1% in the discount rate imposes an increase in the region of 17% in the liabilities of the Fund. The liabilities of a defined benefit plan also have to take into account future life expectancy of the members, and continuing improvements in the survival rates of pensioners in retirement also increase the liabilities. In addition to these factors, the introduction in 2012 by the Government of legislation for Risk Reserves, together with more stringent conditions for eliminating existing deficits imposed by the Regulator, has further increased the funding requirements of DB plans.

All defined benefit plans are being impacted by these external influences and most, if not all, have now been closed to new members. Many others have also been closed to future accruals and others are being "wound up". The reason for these changes is that the sponsors of defined benefit schemes are finding it increasingly difficult to plan for the combination of uncertainties brought about by significant regulatory changes, volatile financial markets and increasing life expectancy, the combined effect of which is to place members' benefits at risk.

To provide for pensions for clergy in future the RCB as Sponsor is proposing that a new pension fund be established, which will receive a set level of contribution (including the full amount of the member's contribution), expressed as a percentage of Minimum Approved Stipend (MAS). Contributions will be vested in a personal fund established for each member of the stipendiary clergy through the establishment of this new Defined Contribution (DC) scheme. Each individual member's personal fund, while not free from the impact of variations in the rate of future investment return, will not be subject to the same extent to the risks inherent in a defined benefit fund where such a fund could become actually insolvent, or technically insolvent as a result of a range of influences, including regulatory change.

The contributions in respect of this new scheme will be set at 19% of MAS. Of this, 10% will be contributed by the parish/diocese and 9% by the member.

The future funding of the CPF will take the form of a levy per cure and will be set at 13% of MAS.

Thus it is proposed that the planned parish/diocesan contribution will total 23% of MAS (currently 21% of Pensionable Stipend), of which 13% will take the form of a levy per cure and will be employed in securing the members' benefits accrued to date in the CPF. The remaining 10% will be payable per stipendiary member of the clergy, and of this 8% will be paid directly into the individual's defined pension "pot" and the balance used to purchase insured death in service benefits. Accordingly 17% of MAS, the member's contribution of 9% plus 8% being the main part of the parish/diocesan contribution, will be added annually to the individual's defined contribution account. It is not possible to guarantee the level of pension which can be secured from the funds that will be accumulated in each individual's defined contribution account. However, actuarial advice received by the RCB indicates that the proposed combined minimum contribution rate of 17% is well ahead of the industry norm and when based on MAS, not Pensionable Stipend, could be expected to generate an equitable pension in retirement.

The RCB also proposes a series of initiatives planned to secure and protect the benefits currently accrued to date by members of the CPF. On the basis of current assessment this would be achieved over an eleven year period (ie by 2023) by continuing contributions to the CPF from parishes/dioceses and the RCB. In addition, to enable the deficit to be eliminated by 2023, the proposal to adjust the normal retirement age of members of the CPF, which was described to the General Synod in 2012, would be implemented, as would a temporary freeze on increases in pensions in payment and in Pensionable Stipends. This freeze would be for the period to 2023: however, if the plan to eliminate the deficit is found to be ahead of schedule and if the actuary agrees, it may be possible to grant increases in the interim prior to 2023.

The combined effect of these proposals is to safeguard the accrued rights of members to date, to provide for the funding of clergy pensions in the future, and to provide a greater degree of certainty about future solvency, and about future contribution rates both for members and for parishes and dioceses.

The detail of the proposals is shown in Appendix H (page 180).

The detail of the proposed new plan, to be named the Church of Ireland Clergy Defined Contribution Pension Scheme, is set out in Appendix I (page 181).

PROPERTY AND TRUSTS

• General

The funding for the conservation of historic buildings and other heritage projects from government departments was severely reduced in 2012. The Heritage Council in the Republic of Ireland has announced that for the first time since its establishment in 1997 it will be unable, due to additional budget cuts by the Department of Arts,

Heritage and the Gaeltacht, to allocate funding for the wider heritage sector under its Grants Scheme in 2013. This will undoubtedly impact on parishes where building conservation projects are being planned.

The property market in the Republic of Ireland and Northern Ireland continued to experience difficulties during 2012 which affected parishes throughout the Church. There were however some signs of stabilisation of residential property prices in the Republic of Ireland, with some small increases in major urban areas. In Northern Ireland the pace of decline appeared to be slowing but given the rate of inflation since the peak of property prices in 2007, there is a real decline in prices of some 60%. The current scarcity of finance available for the purchase of property is having a detrimental effect on the market and it is cash purchasers in the main that are the most active. Further public spending cuts, high unemployment, reduced take-home incomes and the new Local Property Tax in the Republic would indicate the market will remain uncertain for 2013.

The income from rented property remained stable during 2012 and in major urban areas where there has been a shortage of good quality apartments and family homes, rents of some properties have increased. There is somewhat of a rural/urban split within the market, where rural rents have stagnated while in urban areas rents are increasing. When house prices get out of line with underlying rents, a correction that inevitably takes place is that rents stabilise or increase, while house prices fall and this is the trend which is emerging in many areas of the country.

- **Roles and Responsibilities**

As the legal owner of the vast majority of Church of Ireland properties held in trust for the Church, the Representative Church Body has both a statutory function as laid down in Chapter X of the *Constitution of the Church of Ireland* and a general duty of care under the common law. Property transactions by their nature involve strategic, technical and legal issues which must be considered in great detail and processed with accuracy and technical certainty. The procedure for dealing with Church property may appear cumbersome and bureaucratic from time to time, given the chain of decision making from Select Vestry through Diocesan Council and finally by the Representative Church Body in its corporate legal role. However, this is a consistent, careful and transparent process which reflects this duty of care to past, present and future generations and the legal responsibilities of trustees and custodians.

- **Title and Contract Issues**

Timely notification of potential property transactions taking account of the time which can elapse for procedural reasons is always helpful especially where a title, underlying trust, covenant or mapping problem emerges on investigation. It is important too that no implied contracts are entered into between local parish representatives and contractors or developers prior to formal approvals being given by the Representative Body and all legal formalities having been observed.

- **Church Fabric Fund**

The Church Fabric Fund (Constitution of the Church of Ireland, Chapter X Part IV) is held by the Representative Body to make grants to defray ‘the costs, in whole or in part, of restoration or repair of the fabric of any Church or Chapel, if same is vested in it, and it is satisfied that it is in use and certified by the Diocesan Council to be essential for worship by the Church of Ireland’. The Fund was established in 1930 and has grown from the allocation of a minimum of 20% of the net proceeds arising from the majority of churches sold to a capital fund of €4,462,331 and £760,835. Grants of €77,100 and £94,400 were allocated by the RCB from the income of the Fund on the recommendation of the Primate in 2012. Applications for grants, subject to criteria, are considered in March and October (details from Church of Ireland House, Dublin). A list of grants allocated during 2012 is included as Appendix J (page 184).

- **Marshal Beresford Fund**

Grants of €85,600 and £19,700 for repairs to Churches were made from the Beresford Fund in 2012. The allocation of the income, in accordance with the trusts, is made by the Archbishop of Armagh who does so in conjunction with his recommendations for grant assistance from the Church Fabric Fund.

- **The See House, Kilmore, Cavan**

The new See House at Kilmore, Cavan, is currently under construction and the project is on schedule for completion in May 2013.

- **The See House, Tuam**

The former Bishop’s House, Knockglass, Crossmolina, Co Mayo was sold at Public Auction on 14 February 2013.

- **The See House, Limerick**

The Bishop is presently residing in rented accommodation at Adare, Co Limerick.

It has proved difficult to obtain a suitable permanent residence for the Bishop in an appropriate location or to find a greenfield site on which to build a new See House that is without planning difficulties, despite a number of options being explored. A further proposal in relation to the provision of a new See House is currently being considered.

- **Stained Glass Windows (surveys)**

The professional survey of stained glass windows in the Church of Ireland by Dr David Lawrence, an expert in stained glass, has resulted in surveys in St Patrick’s Cathedral Dublin, Christ Church Cathedral Dublin, the Dioceses of Cork, Cloyne and Ross (including St Fin Barre’s Cathedral), Armagh, Clogher, Derry and Raphoe, Meath and Kildare, Cashel and Ossory, Ferns, Tuam, Killala and Achonry, Dublin and Glendalough, Kilmore, Elphin and Ardagh, Limerick, Ardfert, Aghadoc,

Killaloe, Clonfert, Kilmacduagh and Emly. The survey in the Diocese of Connor commenced during the year and will continue during 2013.

To date funding of €241,842 has been received from the Heritage Council towards the project. The Representative Church Body is grateful for the generous ongoing support of the Heritage Council for this important work and has itself contributed €309,284 towards the project over the past 12 years.

The Stained Glass Database (Gloine) which was launched in April 2008 is available on the internet at www.gloine.ie. The database enables the user to search by diocese, church, artist, studio, religious subject matter and date.

- **Churchyard and Graveyard Walls**

Potentially serious financial loss to parishes due to ageing walls surrounding churchyards and graveyards was again evident in 2012. Parishes are strongly advised to inspect walls regularly, to seek technical advice and to carry out preventative maintenance where possible. Parishes should be vigilant when any form of development takes place on adjoining or adjacent sites and ensure that buttresses, foundations and other supporting structures are not interfered with to the detriment of the churchyard or graveyard walls.

- **Insurance**

Where church premises are occupied by a third party under a lease or licence agreement, it is obligatory that parishes obtain written confirmation from the insurance company of the occupant that they have a policy of public liability insurance in place. Parishes should not enter into arrangements with third parties to receive contributions towards public liability insurance costs, unless such arrangement has been discussed with and has received the sanction in writing of their insurance company.

It is imperative that parishes ensure all graveyards in their care are adequately covered by a policy of public liability insurance.

- **Safety and Parish Premises**

The attention of select vestries is drawn to current health and safety legislation in the Republic of Ireland and Northern Ireland, particularly in relation to the ‘occupier’s’ duty of care to visitors and recreational users of church property. It is imperative that each parish should have a formal Health and Safety Statement and that parish premises should meet the required standards.

- **Finance (Local Property Tax) Act, 2012 (Republic of Ireland)**

Local Property Tax

The Local Property Tax will come into effect from 1 July 2013 and is a tax payable on the market value of residential property.

Residential properties within parishes in the Republic of Ireland are not exempt under the Finance (Local Property Tax) Act, 2012 and Parish Select Vestries will be liable to pay the Local Property Tax in respect of these properties.

The Local Property Tax will be collected by the Revenue Commissioners and they will engage in a public communications campaign throughout the first half of 2013. An explanatory booklet on the operation of the Local Property Tax will be issued to provide guidance on assessing the value of the property, working out how much tax will have to be paid, completing the Return Form and what range of methods are available to pay the Local Property Tax.

Parishes should consult the Revenue Commissioners website www.revenue.ie for further information on the Local Property Tax.

- **Water Services (Amendment) Act 2012**

Domestic Waste Water Treatment Systems Registration (Republic of Ireland)

The Department of the Environment, has introduced a Domestic Waste Water Treatment Systems charge under the Water Services (Amendment Act), 2012. All domestic wastewater treatment systems have to be registered. This includes septic tanks, waste water tanks and treatment systems which are receiving, storing, treating or disposing of domestic waste water. It also includes all fittings and percolation areas associated with such tanks and systems and drains which are used to discharge waste water from premises, whether or not a receiving tank is present.

Domestic Waste Water Treatment Systems must be registered by February 1 2013. There will be a €5 fee to register up to 28 September 2012, after which the charge will increase to €50. Registration will last for 5 years and there will be no fee for second or subsequent registrations.

An inspection scheme, for which there will be no charge, will commence in 2013.

It is important for parishes to ensure that they register any Domestic Waste Water Treatment System located on parish property, as failure to do so could incur a fine of up to €5,000.

Select Vestries should consult the Department of the Environment, Community and Local Government website www.environ.ie for further information on the registration and inspection system.

- **Energy Performance of Buildings - European Communities Regulations 2006**

Northern Ireland (Energy Performance Certificate) and Republic of Ireland (Building Energy Rating Certificate)

Section 7 of the European Communities Energy Performance of Buildings Directive (EPBD) requires that, when a building is constructed, sold or rented, a Certificate

detailing its energy consumption must be made available to the prospective purchasers or tenants. These certificates in Northern Ireland are called *Energy Performance Certificates* and in the Republic of Ireland *Building Energy Rating Certificates*.

From 1 January 2009 all new and existing domestic dwellings, regardless of age must have an Energy Performance/Rating Certificate when being offered for sale or rent.

Energy Performance or Building Energy Rating Certificates are not required for the following:

- Places of Worship;
- Protected Structures/National Monuments;
- Buildings used for the purpose of carrying out religious activities;
- Temporary buildings and certain non-habitable agricultural and industrial buildings with low energy demand;
- Stand alone buildings with a useful floor area of less than 50m²;
- If a building is to be demolished after sale.

The Certificate, when issued, will cover a property for a period of 10 years.

It is the responsibility of parishes to arrange for *Energy Performance Certificates* or *Building Energy Rating Certificates* to be obtained where required.

- **National Heritage Memorial Fund Grants (Northern Ireland)**

Parishes in Northern Ireland may make application to the National Heritage Memorial Fund for a grant to assist in the preservation and maintenance of a church. The Church of Ireland has benefited considerably from such grants in recent years. The project must be seen as being of particular importance to the national heritage. Conditions applying to the terms of the grant include a requirement that the church building must be open for 40 days a year, apart from Sundays. Additionally, it should be ensured that the church will remain viable for a considerable period as there is a ten year clawback period in respect of the grant. Formal approval must be sought from the relevant Diocesan Council and the Representative Body before an agreement may be entered into in respect of a grant.

- **Listed Buildings Grant Aid Scheme (Northern Ireland)**

Additional funding for repairs to all types of secular listed buildings and also for churches at Grade B+ and above has been provided through the Northern Ireland Executive's Economy and Jobs Initiative. As a result, the assistance that the Northern Ireland Environment Agency can now offer for approved repairs to many listed buildings has risen from 35% to 45% and the cap on expenditure on any single

phase of work has risen from £150,000 to £500,000. More detailed information and application forms can be accessed on the website www.doeni.gov.uk/nica/funding

• **Listed Places of Worship Grant Scheme (Northern Ireland)**

The Listed Places of Worship Grant Scheme was established in 2001 to provide grants towards VAT paid on eligible repairs and maintenance to listed buildings that are used principally as places of worship. The building must have been used as a place of worship at least six times in the previous year.

The Scheme:

- applies only to repairs and maintenance to listed buildings that are used principally as places of worship;
- applies to listed places of worship throughout the UK which are included on the public registers of listed buildings for England, Scotland, Wales and Northern Ireland;
- applies to listed places of worship owned by or vested in a number of specified organisations which look after redundant churches;
- applies to listed places of worship of all religions and faith groups;
- only accepts applications made in arrears;
- only accepts claims where invoices are submitted within 12 months of the invoice date; and
- only accepts applications where the value of the works eligible for the scheme is over £1,000 (excluding VAT).

Following the introduction of the change to the VAT rate applied to alterations to listed buildings on 1 October 2012, the funding for the Listed Places of Worship Grant Scheme has been substantially increased.

As part of the Budget 2012, the zero rate of VAT was withdrawn for approved alterations to listed buildings, effective from 1 October 2012 and it was announced that the Listed Places of Worship Grant Scheme would be extended to offset the financial impact of the VAT change on listed places of worship undertaking alteration works.

The extended scheme will incorporate repairs, maintenance and alterations to listed places of worship and became operational on 1 October 2012. The extended scheme is designed to be as simple as possible with the same eligibility criteria applied for both alteration and repair and maintenance works. Claimants will use one application form for both kinds of work and will not be asked to identify whether a work was repair, maintenance or an alteration to a listed place of worship.

In summary:

- ❑ The scheme will return to a system of monthly payments
- ❑ Some of the restrictions on eligibility criteria on certain repair and maintenance works will be lifted
- ❑ There are some additional items added to the eligibility criteria

The following restrictions on eligibility have been lifted since 1 October 2012:

- ◆ Removal of the restrictions on claims on plumbing and electrical works, installations and supplies.
- ◆ Removal of most restrictions on claims on works to kitchens and toilet fittings, floor coverings and handrails.
- ◆ Removal of restrictions on decoration works.
- ◆ Removal of restrictions on works to pews.
- ◆ Removal of restrictions on asbestos removal.

The following item has been **added** to the eligibility criteria:

- ◆ Claims on security and forensic systems to prevent crime.

Under the new arrangements payments are being made **monthly instead of quarterly**.

The scheme is administered by the Listed Places of Worship Grant Scheme office of the Department for Culture, Media and Sport in the U.K.

Full information and application forms may be obtained from their website, www.lpwscheme.org.uk or you can contact:

Listed Places of Worship Grant Scheme,
PO Box 609, Newport NP10 8QD,
South Wales
Tel: 0845 601 5945

- **All Churches Trust Limited**

All Churches Trust Limited supports appeals from churches for building and restoration projects, repair of church fabric, church community initiatives, religious charities, charities preserving UK heritage and other charitable causes. Grants are made out of income derived from All Churches Trust Limited's wholly owned subsidiary, Ecclesiastical Insurance Office Plc. Full information and application form may be obtained from the website www.allchurches.co.uk

- **Big Lottery Fund (Northern Ireland)**

Applications can be made to the Big Lottery Fund (see www.biglotteryfund.org.uk) for grants towards works to buildings such as church halls, which are used to bring improvements to the lives of people most in need in their communities, bringing them together to enjoy a wide range of charitable, community, educational, environmental and health-related activities.

- **Awards For All Programme**

Applications for funding from a minimum of £500 to a maximum of £10,000 can be made to the Big Lottery Fund's Awards for All Programme. This includes small improvements grants for premises. Only one award can be held at a time. You can reapply for funding to meet the needs of your project, but the total amount of funding awarded to any one project in any twelve month period, cannot be more than £20,000. Full details of the programme may be obtained from the website www.biglotteryfund.org.uk

- **Leader Funding (Republic of Ireland)**

There are 36 individual companies administering Leader funding throughout rural areas in the Republic of Ireland. These companies use different names based on their location, and often are referred to as Integrated Local Development Company, Leader Company, the Leader Partnership or the Local Action Group (LAG). They all administer this particular rural development fund and must apply consistent rules for administering the money. Each LAG will have different priorities based on their local plan and the needs of the area. Parishes have benefited through applications to the fund in their area and have received grants for building works which fall into the relevant criteria, such as the upgrading of rural heritage and renewal and development. Contact your local Leader Group for advice or the National Rural Network website, www.nrn.ie for details.

- **Architectural Heritage Protection for Places of Public Worship (Republic of Ireland) – Guidelines for Planning Authorities**

The text of the Guidelines is available on the Department of the Environment, Heritage and Local Government website at www.environ.ie

- **Church Buildings Sub-Committee**

The Church Buildings Sub-Committee was formed in September 2008 and performs the duties previously undertaken by the former Historic Churches Advisory Committee, whose functions were assigned to the RCB Property Committee in 2008. The Church Buildings Sub-Committee reports directly to the Property Committee and its membership comprises the Ven R Warren and Mrs J Leighton (both of whom are members of the Property Committee).

The Committee's principal function is to report to the Property Committee on applications received in respect of Forms of Certificates of Consent to Alterations, also known as the 'Blue Form'.

When submitting a Form of Certificates of Consent to Alterations, to enable the Church Buildings Sub-Committee to consider the matter fully, it is essential that it is accompanied by supporting documentation, for example, illustrations of proposed stained glass windows, the proposed wording for a memorial plaque, or plans for the re-ordering of a church.

During the year, the Church Buildings Sub-Committee reviewed and recommended 38 applications. These included items such as the erection of memorial plaques, and stained glass windows, the installation of public address and loop systems, general restoration works and the re-ordering of interiors of churches to provide space for meetings.

In the Republic of Ireland, in instances where a church is included in the List of Protected Structures, it is essential that parishes notify their Local Authority of any proposed alteration and gain the requisite agreement. Ecclesiastical Exemption in Northern Ireland means that Listed Building Consent is not required for internal alterations, but it is recommended that NIEA Built Heritage should be notified where a church is a Listed Building. In order to assist parishes, a step by step guideline is set out below on the procedures which should be followed in respect of any proposed alteration in both Northern Ireland and the Republic of Ireland, in order to comply with Church and State regulations.

Northern Ireland

- ❖ Appoint an Architect with expertise in the conservation of historic buildings.
- ❖ Establish if the Church is a listed building.
- ❖ Where any alteration in the structure, ornaments, furnishings or monuments of a church (whether by introduction, alteration or removal) is being contemplated, a Form of Consent to Alterations (available from the Representative Church Body) should be completed and the approval of the Bishop or Ordinary obtained.
- ❖ Obtain the approval of the Diocesan Council and the Representative Church Body to any works involved in the church building development that is not covered by the Form of Consent to Alterations.
- ❖ Alterations to churches are subject to the same planning requirements for obtaining planning permission as unlisted buildings but 'The Ecclesiastical Exemption' applies to the interior and therefore Listed Building Consent is not required but it is recommended that NIEA Built Heritage should be consulted.
- ❖ Obtain the consent of the relevant Planning Authority to the proposed works, if applicable.
- ❖ Refer to the NIEA Built Heritage website at www.doeni.gov.uk/niea

Republic of Ireland

- ❖ Appoint an Architect with expertise in the conservation of historic buildings.
- ❖ Establish if the Church is listed as a Protected Structure under the Planning and Development Acts.
- ❖ Where any alteration in the structure, ornaments, furnishings or monuments of a church (whether by introduction, alteration or removal) is being contemplated, a Form of Consent to Alterations (available from the Representative Church Body) should be completed and the approval of the Bishop or Ordinary obtained.
- ❖ Obtain the approval of the Diocesan Council and the Representative Church Body to any works involved in the church building development that is not covered by the Form of Consent to Alterations.
- ❖ Obtain the consent of the relevant Planning Authority to the proposed works, if applicable.
- ❖ Refer to the Architectural Heritage Protection – Guidelines for Planning Authorities, ‘Places of Public Worship’ Chapter 5. Available on the Department of the Arts, Heritage and the Gaeltacht website at www.ahg.gov.ie

Supplies of Forms of Certificates of Consent to Alterations may be obtained from the Property Department, Representative Church Body, Church of Ireland House, Rathmines, Dublin 6 (Email: property@rcbdub.org)

Advice Series on Built Heritage

In the Republic of Ireland, the Department of the Arts, Heritage and the Gaeltacht have also published an excellent advice series on the following aspects of Built Heritage:

- Access - Improving the Accessibility of Historic Buildings and Places
- Bricks - A Guide to the Repair of Historic Brickwork
- Conservation of Places of Worship
- Energy Efficiency in Traditional Buildings
- Iron - The Repair of Wrought and Cast Ironwork
- Maintenance - A Guide to the Care of Older Buildings
- Roofs - A Guide to the Repair of Historic Roofs
- Ruins - The Conservation and Repair of Masonry Ruins
- Windows - A Guide to the Repair of Historic Windows

The above publications can be downloaded at:
www.pobail.ie/en/Publications/HeritagePublications

Website

The website set up by the Historic Churches Advisory Committee, www.hc.ireland.anglican.org remains in operation and provides information on the care and maintenance of churches. The website is also linked to the Church of Ireland website www.ireland.anglican.org

LIBRARY AND ARCHIVES COMMITTEE

• Summary

The principal focus of the Library's work continues to be the provision of resources for ministerial training through the sourcing, accessioning and cataloguing of new books, the re-cataloguing of the existing book stock, the management of a borrowing facility and the provision of study space.

During 2012 further substantial progress was made on converting the card catalogue of printed books to the online catalogue which provides universal access through the Library's website www.library.ireland.anglican.org. At the end of 2012, 33,686 books were available on the online catalogue.

Further progress was also made, with the assistance of the Church House IT Department, in populating the Library's website with introductory information and in making lists and indexes of archives and manuscripts available online. Particularly successful has been the 'Archive of the Month' initiative which, in introducing aspects of the collections to a wider audience, has attracted considerable media attention.

A list of 'Archive of the Month' titles for the year is included as Appendix K (page 185).

Additional tranches of parish, diocesan and cathedral records were transferred to the Library from local custody. The Library manages, and makes available to an increasing number of researchers, records from 1052 parishes, chapels of ease and chaplaincies, 20 dioceses and 20 cathedrals as well as 939 collections of ecclesiastical manuscripts.

In addition the Library has continued to discharge its curatorial responsibilities for church plate and episcopal portraits, and for the editorial dimension of the *Church of Ireland Directory*.

• Allocations

The General Synod allocated €5,000 for the purchase of books and conservation, and this was supplemented from accumulated resources. Welcome donations were received from Cashel and Ossory dioceses (€400); Clogher diocese (€150); Dublin & Glendalough dioceses (€1,000); Ferns diocese (€400); George Greene Memorial Fund (€277); Limerick, Killaloe & Ardfert dioceses (€250); Holy Trinity, Killiney, parish (€150); Mr Henry Alexander (€250); Irish Section of the Huguenot Society of Great Britain & Ireland (€100).

- **Staffing**

The Library staff was augmented by a student from the MA in Historical Archives programme in NUI Maynooth who worked in the Library, on placement, for two days each week for the duration of his one year course, and by a student from the University of Roehampton who completed a three week placement.

- **Accessions**

Books and periodicals were purchased to meet the requirements of those in training for ministry and the needs of the wider Church. In particular, continued purchasing was required to meet the needs of ordinands in the Church of Ireland Theological Institute. These purchases were augmented by donations from publishers, authors and from a number of individuals, notably the late Canon JWR Crawford, the late Arthur Hughes, the Rev RG Kingston, the late Dr Vladimir Tomek, the Rev GDB Smith and the Very Rev VG Stacey.

The principal archival accessions were records from 77 parishes, bringing to 1052 the number of parish collections which the Library manages. In addition there was a further sizable deposit of archives from St Patrick's cathedral, Dublin, and there were 17 accessions of miscellaneous manuscript material, the most substantial of which were the records of the Co. Mayo Protestant Orphan Society and an additional deposit of records from the YWCA.

A list of accessions of archives and manuscripts to the Library during 2012 is included as Appendix L (page 186).

- **Storage**

A further consignment of semi-current and lightly used material was transferred to storage in the basement in Church of Ireland House. However, the shortage of storage space in the Library, for both books and archives, remains acute.

- **Ministerial Training**

In support of ministerial training, one of the core functions of the Library, induction sessions were provided for ordinands in the Theological Institute, for those in part-time training, and for students on the Foundation Year programme. On the weekends on which there was NSM training in the Theological Institute the Library remained open until 7.30 pm.

- **Cataloguing**

Work continued on converting the catalogue of printed books from cards to computer. Over 4,000 books were processed in 2012 and these are available online through the Library website. Work is continuing on converting the older theological and historical book stock.

Records from 77 parishes were listed.

Additional deposits of the records of the YWCA were catalogued as were a number of smaller collections including those of the Ferns Clerical Association, Mayo Protestant Orphan Society and the Buckingham House School, Cork. However, the largest cataloguing initiative was the first phase of a project to digitize, catalogue and make available online the Library's collections of architectural drawings of churches. Some 1,279 drawings of 229 churches in the dioceses of Achonry, Ardagh, Ardfert, Armagh, Cashel, Clogher, Clonfert and Cloyne are now available at <http://www.archdrawing.ireland.anglican.org>.

- **Conservation**

Twelve volumes of parish and cathedral records were repaired and rebound. Mr Henry Alexander generously arranged for the binding of the issues of the *Church of Ireland Gazette* and the *Church Review* for 2011. The archive of 27 recordings of prominent clergy and laity was transferred from reels and cassettes to CDs.

- **Church Plate**

Progress continued to be made with the church plate inventory and over 90% of the inventories have been returned and checked. The transfer of plate from local custody continued as parishes reduced the holdings in their safes and removed items from local banks and continued to facilitate the reallocation of pieces to other parishes. The Library holds some 680 pieces of church plate.

- **Episcopal Portraits**

The portrait of Charles Graves, bishop of Limerick, 1866-99, was conserved. The Tuam and Limerick collections were photographed. The Tuam collection was returned to diocesan custody for hanging in the Synod Hall.

- **Outreach**

The sixth volume in the Library's texts and calendars series, *The vestry records of the parish of St Audoen, Dublin, 1636-1702*, edited by Dr Maighr ad N  Mhurchada, was published.

Materials were loaned for the BCP anniversary exhibition in Christ Church Cathedral, Dublin, and to the Waterford Treasures exhibition.

Library staff gave presentations on aspects the Library's holdings to the Library Association of Ireland's rare books seminar; to students from the MUBC Course in UCD, the UCD genealogy course, and the TCD MA History course; and at the National Library.

Students groups from the UCD palaeography class, UL family history course and the NUI Maynooth history school visited the Library.

The filming of an episode of the RTE 'Dead Money' television programme was facilitated and the Library's collections were promoted on several radio programmes.

DONATIONS AND BEQUESTS TO THE CHURCH OF IRELAND

• Trustee role of the Representative Church Body

The Representative Body was incorporated by Charter to hold property and funds in trust for the Church. As a permanent trustee body it administers a large number of trusts donated or bequeathed for specific Church purposes, parishes and dioceses.

There is considerable advantage in donating or bequeathing in trust to a permanent trustee body such as the Representative Body (or the Church of Ireland Trustees in Belfast) rather than to local trustees. For instance, with a permanent trustee body there is no need to appoint new trustees from time to time.

Donations and bequests can be in the form of money, stocks and shares, securities, chattels, houses or lands or the whole or part of the residue of an estate. They can be left to the Representative Body in trust:

- for the general purposes of the Church of Ireland; or
- for any particular funds of the Church or any diocese or parish; or
- for any particular Church purpose.

The Representative Body applies funds arising from a specific donation or bequest strictly in accordance with the purposes declared in the trust instrument or Will. However, the Church of Ireland is in great need of unfettered funds to help finance its ongoing responsibilities – training ordinands, providing retirement benefits for clergy and their spouses and generally maintaining ministry. An unfettered donation or bequest can be given or left to the Representative Body in trust “for such charitable purposes in connection with the Church of Ireland as the Representative Body of the Church of Ireland may from time to time in its absolute discretion approve”, giving the Church the flexibility to finance its most pressing needs from time to time. (Please see suggested Form of Bequest below.)

• Tax relief on charitable donations

Northern Ireland

The Gift Aid scheme gives tax relief on charitable donations and is available to all taxpayers resident in Northern Ireland. Tax can be reclaimed on donations of any size, as long as the amount reclaimed does not exceed the amount of tax paid by the donor during the tax year. Information on how to avail of Gift Aid is available from Church of Ireland House, Dublin.

The total value of the subscriptions collected under Gift Aid on behalf of parishes in 2012 was £5,024,346 to which the income tax recovered by the Representative Body added £1,292,890 to give a total of £6,317,236 as compared with £6,571,378 in the previous year. This figure includes an element of transitional relief which was provided

by the Government to allow charities to adjust to the fall in basic rate tax from 22 per cent to 20 per cent and is paid in respect of all qualifying Gift Aid donations made to charities between 6 April 2008 and 5 April 2011. For that period, for claims submitted within two years of the end of the relevant accounting period, the charity/parish will continue to receive 28p for every pound donated under Gift Aid.

From 6 April 2013, charities that receive small donations of £20 or less will be able to apply for a Gift Aid style repayment without the need to obtain Gift Aid declarations for those donations. The amount of small donations on which the new repayment can be claimed will be capped at £5,000 per year, per charity. The Representative Body will assist parishes who wish to make claims through the Gift Aid Small Donations Scheme (GASDS). Information on how to claim under GASDS is available from Church of Ireland House, Dublin.

Republic of Ireland

In December 2012 the Minister of Finance for the Republic of Ireland announced the following changes to the Tax Relief for Donations to Approved Bodies under Section 848A of the Taxes Consolidation Act 1997:

- All donations of €250 or more from individuals (PAYE and Self-Assessed) will be treated the same, with the tax relief in all cases being repaid to the charity. (Self-Assessed taxpayers previously were able to reclaim the tax themselves.)
- Tax relief is to be given at a blended rate of 31% in respect of all taxpayers, regardless of their marginal rate. All donations will be grossed up as is currently the case with PAYE donations.
- An annual limit has been introduced of €1m per individual, being the amount which can be tax relieved under the scheme.

These changes take effect in respect of all donations made by individuals on or after 1 January 2013.

The Government has also implemented a number of changes in the way the scheme is administered, with the intention of simplifying and reducing the administrative burden.

A circular outlining the changes to the scheme has been issued for the information of dioceses and parishes.

• **Form of Bequest**

The following suggested Form of Bequest grants the Representative Body, as Trustee, permission to invest in any investments or securities at its sole discretion. Circumstances may alter from time to time and this Form of Bequest gives the Trustee freedom to act in the best interests of the parochial or other fund concerned.

The Representative Body also recommends consulting a Solicitor to ensure that any bequests made under Will are valid and satisfy legal requirements.

“I GIVE, DEVISE AND BEQUEATH [*here insert clear particulars of the benefaction ie, a particular sum of money, specific property, a share of the residue etc*] to the Representative Body of the Church of Ireland in trust for [*here insert clear particulars of the object for which the benefaction is to be applied eg, parochial funds of the parish of in the diocese of or, as a perpetual endowment for the stipend of the incumbent of the parish of in the diocese of or, for such charitable purposes in connection with the Church of Ireland as the Representative Body of the Church of Ireland may from time to time in its absolute discretion approve*].

I direct that any funds received by the Representative Body in pursuance of this my Will may be invested in any investments or securities whatsoever in its sole discretion and in all respects as if it were absolutely and beneficially entitled thereto.”

- **Donations, Bequests and Funds Received**

A full list of funds received by the Representative Body in 2012 on behalf of parishes, dioceses and special trusts is included as Appendix M (page 192).

- **Trusts for Graves**

The Representative Body does not accept any trust for the provision, maintenance or improvement of a tomb, vault, grave, tombstone or other memorial to a deceased person unless a specific benefit will accrue to the parish concerned.

MISCELLANEOUS AND GENERAL

- **Financing of the Episcopacy (Quinquennial Report)**

The Representative Body in accordance with Section 36 of Chapter VI of the Constitution reports that since 2008 the total number of cures (as defined in the chapter) has decreased by 9 (7 in Northern Ireland and 2 in the Republic of Ireland).

The rate of contribution was set at 5.4% of Minimum Approved Stipend for the years 2008 to 2012 and was increased to 6.0% in 2013.

In 1984, the first year after the relevant Statute was enacted, total contributions or levies financed approximately 41% of costs. This proportion was 42% at the time of the last quinquennial report in 2008 and stood at 43% in 2012.

Overall, since 1983 the number of cures has decreased by 66 to 448. Cures in Northern Ireland now total 253, having decreased by 22, while cures in the Republic of Ireland total 195, having decreased by 44.

- **Clergy Severance Fund (Quinquennial Report)**

The Representative Body in accordance with Statute Chapter XVI of 2003 reports that, considering the balance of funds in the Fund (year end 2012: €645,772) and the lack of use of the Fund to date, no levy was fixed for any of the years 2008-2013.

- **Deposit Interest (Rates)**

The rates of interest allowed or charged by the Representative Body are linked to the rates ruling from time to time in the money market. The following rates of interest were applied by the Representative Body in 2012:

QUARTER ENDED	€		£	
	Dr %	Cr %	Dr %	Cr %
31 March	3.50	2.50	2.90	1.90
30 June	3.50	2.50	3.00	2.00
30 September	3.50	2.50	2.90	1.90
31 December	3.50	2.30	2.70	1.70

These rates only apply to revenue balances to credit of diocesan and other accounts and not to permanent capital other than in cases where, for some reason, there may be a delay in making a long-term investment (eg proceeds of sales of glebes). Interest is calculated on daily balances and time weighted.

- **Inflation Statistics (5 year review)**

Year on year (December)	UK (CP Index)*	Republic of Ireland (CP Index)
2008	3.1%	1.1%
2009	2.9%	-5.0%
2010	3.7%	1.3%
2011	4.2%	2.5%
2012	2.7%	1.2%

* From April 2011 the UK Consumer Price Index (CPI) is the benchmark used by the UK Government for the indexation of benefits, tax credits and public service pensions.

RESOLUTIONS RECOMMENDED TO THE GENERAL SYNOD

The Representative Body recommends that the following resolutions be adopted by the General Synod:

I. Allocations

That the General Synod hereby authorises the Representative Body to make the following allocations from General Funds in 2013:

	€
Group A – Maintenance of the Stipendiary Ministry	1,493,792
Group B – Pension Related Costs	448,910
Group C – Training of Ordinands	1,254,951
Group D – General Synod Activities	905,216
Group E – Miscellaneous	5,500
	<hr/>
	4,108,369
	<hr/> <hr/>