

# GENERAL SYNOD 2016

## Report of the Representative Church Body Proposer: Mr Robert Neill

<p style="text-align: center;"><b>Embargoed Against Delivery Check Against Delivery</b></p>
---

Your Grace

I will start not at the beginning, but at the end. At the end of this debate we always propose a Motion to authorise the RB to make allocations from General Funds for the current year. We seek approval from Synod to this expenditure and Synod always accepts it as part of accepting the RB Report but you are free to reject it if you want. In the April 1916 version of the Gazette, which records the postponement of Synod owing to the Rebellion, reference is made to a previous rebellion by members of Synod against the RCB for refusing to pay a £5 grant. Motion 10 is to authorise €3.9 million in allocations from General Funds:

Episcopacy and University Chaplains	€1.3 m
Pension Related Costs	€0.1 m
Training of Ordinands	€1.4 m
General Synod activities	<u>€1.1 m</u>
	€3.9 m

The figures are much the same as last year. This is the money allocated to support the episcopacy, university chaplaincies, theological training and all the expenditure incurred by Standing Committee. In addition, the RB spends €3.5 million on its cost of operations which includes all central church activities and support services administered by the RB.

The resources needed to meet that total of €7.4m are generated from General Funds. The long term assumption is that General Funds will produce an average 4% total return above inflation. Our actual spend is calculated as a percentage of the five year rolling average value of funds. Last year it was 4.3% which exceeds the 4% long term withdrawal rate - but this overspend partly reflects the transition stage as we move gradually to the Total Return model. With the growth in the value of the funds, we expect the lines on the graph to converge in 2019 if value is retained and costs contained. The blue line shows our targeted ambition of a 3.5% withdrawal rate – intended to leave 0.5% pa for reinvestment. It is unachievable in this time horizon.

General Funds actually increased in value by 7.5% last year and have increased 37% over the last 4 years. Last year invested assets increased from €166m to €178m. It was another good year which

continues the outperformance over the past four years. Adding back the €25m transferred to the Clergy Pensions Fund, the value might have accumulated to €210m.

Moving on to the other funds under management –

The Unit Trusts have again performed well and have increased in value by 8%. The chart shows the two Unit Trusts in total, expressed in euro. The Unit Trusts currently pay a dividend amounting to over 3% per annum. Performance has been consistently good and management fees are a fraction of what you would pay elsewhere. The fees, small as they are in percentage terms, are also a contributor to the RCB's income, increasing its capacity to support the wider Church. Every Church of Ireland treasurer and charity trustee should be using this excellent resource.

Any monies placed in the Unit Trusts are readily accessible without restriction unless the monies result from the sale of churches or glebes, or are bound by the terms of a specific trust. The RB does not seek to snaffle your money!

It's worth looking at the requirements of an average Church of Ireland parish. An average parish will need the equivalent of something over €100,000 a year in euro terms. It will probably spend its money roughly speaking on:

Property upkeep and maintenance	€30,000
Other payroll costs	€10,000
Diocese (clergy stipends, diocesan overhead/office etc.)	€45,000
Other activities/charity/mission	€10,000
Central Church levies	€7,000

divided between:

- Episcopacy contribution
- Child protection officers
- Clergy Pension Fund solvency levy
- Clergy and Ministry Protection Fund

That money will come from Parishioners, local fund raising efforts and investment income.

Thus some 450 parishes will spend a minimum of €45m per annum - a considerable sum of money in any organisation and one that should be a force for good. But much of the financial energy is absorbed in maintaining the historic infrastructure, including buildings, of the Church. And at that, we are not self-sufficient. We only survive by depending on assets left to us by previous generations. The €9m that is distributed annually by the Unit Trusts mostly goes to subventing the cost of maintaining our parishes. We are living off the charity of previous generations. We need to ensure that we, living in a time of relative prosperity, do our share to ensure the future vigour of the Church.

The revisions to the Church Fabric Fund will hopefully encourage us to put some redundant assets to better use. We should also look to increasing our regular giving to meet current expenditure. If we achieved that, we would have significant resources to expand the ministry and mission of our work.

The Primate referred in his address to the availability of a new resource to assist parishes who wish to develop and create a sustainable income base. Nicola Brown who started this month will be gathering and producing materials and resources and will make these available to parishes seeking a programme to help sustain and support the mission of the Church in their area.

Turning to Property, pages 31-44 of the Book of Reports are a veritable mine of information. There are 10,000 properties logged on the database and there is an ongoing process of verifying with the parishes that all the data is correct. The Property report gives advice on grants, conservation and legislation as well as direction to useful websites. Property is also a minefield. These are an example of the sorts of items that appear on the Property Committee's report to the Executive. It evidences problems with buildings and graveyard walls, mostly protected under legislation, and the enormous costs of repair. An attractive old graveyard wall can very quickly collapse and cost a parish hundreds of thousands of pounds. These collapses can also endanger the lives of passers-by.

Last year we were asked to consider the difficulties in parishes borrowing monies where a bank sought personal guarantees. Ideally a bank will accept a letter of comfort that the select vestry has authority to borrow and this practice continues. In some cases it may be necessary to allow a parish to grant a mortgage over a property.

Frequent dialogue occurs with the governments North and South. Lobbying in the South is now closely monitored and subject to the Regulation of Lobbying Act 2015. In the South we are lobbying government to raise the ceiling for mandatory audits of registered charities and parishes to €250,000 from €100,000 currently and to seek some relief from the cost of VAT. We are glad that in NI the full audit threshold has been increased to £250,000, a move we supported in the consultation.

In the North the RB is participating in discussions with the DoE on the Ecclesiastical Exemption for listed places of worship which is currently under review.

We should give credit to the two governments for the support they give the church. In the North, £763,900 was received last year by 15 parishes under the Listed Places of Worship Grant Scheme. Another 46 applications have been made this year. In the Republic, the Church of Ireland Youth Department is supported annually to the tune of €172,000 in 2015 and €241,000 was received from the Heritage Council over a period of 14 years for the Stained Glass surveys. We are also grateful to the Allchurches Trust, the parent of the Ecclesiastical Insurance Company, for support under many headings.

Turning to Pensions, a Funding Proposal was put in place in 2013 to bring the Clergy Pensions Fund back to solvency. It required a range of measures including a freeze on pensions in payment and pensionable stipend for a 10 year funding period, a 13% annual levy on MAS, an increase in normal retirement age and a €25m capital transfer from General Funds. The first full actuarial valuation since the Funding Proposal was put in place occurred last September. The two bases of valuation are the Long Term valuation and the Minimum Funding Standard (or MFS) valuation. The MFS valuation which assumes a wind-up situation shows a deficit reduced from €45m to €18m. The long term valuation, which projects the expected performance of the Fund into the future, shows that the deficit has reduced

to €13m, and is expected to be eliminated over the period of the funding proposal. The investments have performed well but the liabilities have also increased. Nonetheless this is a significant improvement. Although the scheme remains in deficit on both bases, assuming that contribution levels are maintained, the Actuary believes that the Fund is on track to deliver the recovery by 2023. Unfortunately, in an uncertain economic environment, neither the Actuary nor the Trustee can yet sanction any discretionary increase in pensions for the time being.

We do not report on the performance of the newer Clergy Defined Contribution schemes as they are independently managed. Clergy need to add the two pension entitlements to calculate their retirement benefits.

If Bill No. 5 is passed, provision is made to continue contributions beyond normal retirement age up to the date of actual retirement. The RCB has agreed to back fill the employer contributions for the period from June 2013 to the end of 2016, without the need for any contribution from the member – at a cost of €350,000.

Clergy stipends (reported on page 26) were increased in the South by 1.75% in 2016. This is the first increase since 2009 and compares with cumulative inflation over the 7 year period of under 1%. In the North stipends were increased by 2% giving a cumulative increase of 9.3% over the 7 years, marginally below average annual earnings in Northern Ireland and still some 4% below CPI. Stipends are decided by Standing Committee in September on the basis of a recommendation from the RCB. They are funded by the individual parishes and dioceses.

If help is required with Education costs information is available on the Church of Ireland website on available charities - some specifically tailored to children of the clergy.

I have set out to report on the financial performance of 2015 and have selectively mentioned some other topics. The Bishop of Meath and Kildare will expand on other elements of the report but between us we can only cover a cross-section of its contents which run to over 160 pages.

Over the last 5 years, I have indicated various ideas for RB initiatives. Some we have achieved, others will be carried forward for another day. The Primate yesterday outlined a number of initiatives in pursuit of the Long-Term Church Project. Also yesterday, we introduced constitutional changes under property and pensions.

We are indebted to the permanent staff and voluntary committee members for their commitment to the RB and the Church. Their responsibilities seem to grow annually with the introduction of new legislation, North and South, dealing with charities regulation, pensions and property and other civil and compliance requirements. There have been many staff changes during the year with 7 new appointments and a few retirements. Dr Raymond Refaussee will retire in June after 35 years' service to the RCB Library. He was appointed the first Librarian and Archivist in 1984 and has been greatly respected in the profession. He has catalogued over 1,100 parish record collections and thousands of manuscript collections of the Church at all levels and made many available in publication and on-line.

Amongst our voluntary members Robert Kay retired last month having been a member of the RCB since elected by the Diocese of Connor in 1985. He was a member of the Property Committee from its inception in 1993 and chaired it from 2005 onwards. We owe him a deep debt of gratitude.

Then our very first Secretary General retires next month. Adrian Clements joined the RCB as Head of Finance in 2001 and was appointed Chief officer and Secretary General in 2012. The Primate paid tribute to him yesterday which I heartily endorse. He has been instrumental in achieving a sea change in culture within the central Church. We are privileged to welcome in his place a person of the calibre of David Ritchie.

Those that serve the RCB are testament to our guiding principles which are simply

1. Serving the Lord
2. Caring for the resources of the Church
3. Supporting the mission of the Church.

Your Grace

I beg to propose that the Report of the Representative Church Body be taken into consideration.