

GENERAL SYNOD 2007

REPORT OF THE REPRESENTATIVE CHURCH BODY

Proposed by Mr S Gamble (Derry)

EMBARGOED UNTIL DELIVERY

CHECK AGAINST DELIVERY

Your Grace,

As I rise to propose the Report of the Representative Church Body, I would wish to extend my sincere good wishes to you as you go forward as Primate. I know that I speak for every member of the R.B. when I assure you that we value your leadership enormously.

Each year as Synod reaches that part of its proceedings when the report of the RCB is considered there tends to be a mass exodus from the house. I am not sure quite how to assess the significance of this flurry of activity, perhaps early coffee time. Maybe I should simply consider it a blessing that potentially fewer members are present to pull me up for some apparent imbalance or irregularity.

This year brings to an end 36 years of continuous service on the Representative Church Body by Mr Richard Hewat. Richard joined the R.B in 1971 when the value of its assets expressed in Irish Pounds was £ 21 million. This year that value expressed in Euro is €750 million. Richard's years of service to his church at central level included membership of all of its main committees and indeed I recall him telling me that custom and practice in relation to the chairmanship of the old Finance Committee many years ago determined that the Committee was chaired by the third member to enter the room on the day of the meeting – Certainly it strikes me

that it was a pretty good way of ensuring that every member was up to speed with the business in hand.

On your behalf I thank Mr Hewat for his tremendous service over the past 36 years.

Turning to the detail of the R.B. Report I would want, at the outset, to highlight the comment contained in the Executive Committees report on Page 40 relating to our landmark value of funds under the control of the R.B is now in excess of €750 million. It is the capacity of invested funds to produce sustainable income which is of paramount importance and not simply the year end market value of the funds.

Of the €750 million only $\frac{1}{3}$ is for the direct benefit of the R.B. The remaining $\frac{2}{3}$ is held for various trust funds including the Clergy Pensions Fund. The income from the $\frac{1}{3}$ for the R.B. benefit effectively creates the funds to meet nett expenditure of €2.4 million with a €5.6 million surplus available for allocations. Perhaps the total returns on invested funds should be reviewed to high-light any possible under utilisation.

I first proposed the Report of The Representative Church Body in 2003 and drew attention to an unparalleled decline in world stock markets not witnessed since the early years of World War II. The Representative Church Body had recorded deficits in three out of the previous four years. I warned of the need to ensure that income and expenditure were brought back into line.

Last year I reported a very healthy increase of 9.7% on the general fund revenue account but cautioned against depending excessively on such increases being maintained. Well this year we record a 12% increase in income and again I raise the

same concern. Our 12% increase in income has been matched by an 11.7% increase in Allocations and whilst we should be grateful for the continued growth we should nevertheless be acutely aware of the future increasing calls on this income, not the least from the Clergy Pensions Fund.

You may have heard Mr G. Perrin yesterday propose the Report of the Clergy Pensions Fund and to his “shot across the bow” in relation to a funding deficit. Clearly the Representative Church Body’s primary function is to support the Church’s Ministry. As Trustee it historically has accountability for the provision of funds for the sustentation of Clergy. It is effectively the paymaster. The uncertainty which has developed in the world of Pensions looks like continuing into the future. It is not a picture of despondency but difficult decisions need to be made to ensure the stability and continuing strength of the Clergy Pensions Fund. In this regard we have legislation proceeding through Synod this year which seeks to address the more immediate funding issue. The Representative Church Body at its last meeting gave sympathetic consideration to the notion that a substantial transfer of capital might be made in an attempt to maintain in the longer term the existing benefits of the Fund. It does however look to the wider Church to assist and support this objective.

All of us in this house have listened to arguments that some particular object is deserving of the support of the whole church and this is usually followed by a plea that it should be financed by the Representative Body. We need to constantly remind ourselves that historically the primary duty of the R.B as trustee lies in the sustentation of the clergy. In its execution of this duty the R.B is inevitably faced with stark choices. Other demands for funding must take second place and if the adoption of additional duties and functions within the wider Church require financial

support then that support must come from the people of the Church. The extent of support for such additional activities is for this House to gauge and in turn to give the necessary authority to make them happen. It is not for the Representative Body alone to have to decide.

The year under review saw substantial restructuring of the Staff Pension Scheme. A deficit was wiped out by a €2.4 m transfer of capital into the fund from central funds. The Actuaries have confirmed an appropriate level of compliance. The scheme has been closed to new members and various important adjustments have been made to its overall management. I would wish to place on record our sincere appreciation of the way in which the members of staff embraced these changes and co-operated to bring about the restructuring which involved acceptance by them of changes to their individual terms of employment as staff members.

Matching the general increase in investment returns I would draw attention to the almost doubling of deposit interest on Specific Trusts and covenants. This increase from €990 K to €1.8 m is accounted for to a large extent by the increased return on diocesan / parish property disposals and of course a general improvement in interest rates. We can view this as a cause and effect process. Perhaps we will see a levelling out on this front during this current year.

At the outset, I drew attention to the 12% increase in income last year. All of us are acutely aware of the constant escalation in operating costs and particularly in an environment of 5% annual inflation. It is to the credit of the Representative Body's senior management team that these costs have been kept in check without a reduction in the level of service and the efficiency with which Church House staff deliver the

administration of our finances. The Representative Body is particularly grateful to the in-house investment team under the leadership of the Head of Investments for the achievement of very substantial increases in the overall returns on funds under their control. You will be aware that the Investment Committee under its chairman Mr Robert Neil and its previous chairman Mr Richard Hewat, has continued to support a transfer of more and more of our funds for investment in-house and this strategy continues to bear fruit.

Finally, I would like to turn to Appendix B on page 61 and to the extract from the accounts of the Theological College. In the first instance I should extend the compliments of our Auditors to the College on the meticulous way in which they keep their accounts. This house has rightly in the past challenged the process by which the level of funding is determined for the College. I can confirm that an annual review of ordinand grants is now in place and the grants recommended for 07/08 have been set at an increase of 5% to match that of Clergy stipends. In the broader context, the Primate in his presidential address to Synod yesterday shared with us his vision of the future of theological training of our clergy and did so in a Church wide context. I am confident that the Representative Body will embrace his vision and seek to play its part in the implementation of his plan for action.

Your Grace,

Before proposing the Report of the Representative Church Body I would extend the gratitude of our Church to all the members of staff in Church House for their continuing and much valued contribution to the day-to-day management of our Church's administration.