

REPORT OF THE RCB

(Powerpoint Slide No 1)

INTRODUCTION

Your Grace,

All other things being equal, I would not be proposing the Report of the RCB to Synod today. Instead, that would have fallen to the Chair of the Executive Committee, Mr Henry Algeo. However, in late October 2023 Henry suffered a serious and life-threatening medical event which has precluded him from chairing the Executive since then. As Deputy Chair, it has fallen to me in the interim to chair the Executive and, it is in this capacity that I propose the Report to Synod today.

I am happy to record that Henry has been having a wonderful and remarkable recovery and we give thanks to God for continuing to restore him to health. He has been an inspirational chairman and all of us on the Executive are delighted that he has been re-elected this morning as one of the co-opted members of the RCB and that he will be re-joining our ranks on the Executive.

THE MISSION AND PURPOSE OF THE RCB

So, what does the RCB do? **(Powerpoint Slide No 2)**

It is the trustee body for the Church of Ireland. It manages the Church's investments, it administers over 18,000 different trusts, it pays the stipends and pensions of clergy and performs a myriad of other financial and administrative tasks. However, at its core, the RCB's principal *raison d'être* – its mission – is to provide financial support for the core work of the Church.

RCB – Services and Activities



As members can see, the wide range of activities facilitated and supported by the RCB **(Powerpoint Slide No 3)** includes the following:

- Investment Management.
- Trust Management and Administration.
- Property Management and Administration.
- Legal advice and assistance to parishes and dioceses.
- Safeguarding and human resource advice.
- Charities and GDPR advice and assistance.
- The administration of the clergy payroll and pensions.
- The operation of the RCB Library and acting as a central archive for the Church.
- The provision of communications services for the Central Church.
- Synod, communications, education, and committee support.

I am sure the members of Synod will agree that this is a formidable and daunting range of activities for any charitable organisation to have to handle. It is undertaken with commendable professionalism and dedication by the staff at Church House and by a range of lay and clerical volunteers.

FINANCIAL PERFORMANCE

Global markets performed well in 2023 after a weak 2022. This is reflected in the fact that the year the total funds available to the RCB increased by 6.5%.

(i) General Funds

Indeed, over the last five years we have seen an increase in General Funds from €191m in 2019 to €235m by the end of 2023 (**Powerpoint Slide No 4**).

Representative Church Body – General Funds

	2023	2022	2021	2020	2019
	€m	€m	€m	€m	€m
General Funds	235	221	239	197	191
Income (Total Return)	7.8	7.5	7.4	6.6	6.7
Expenditure	7.2	6.4	7.3	6.3	6.5
Surplus (deficit)	0.6	0.1	0.1	0.3	0.2

This solid financial performance was reflected not only in growth for the RCB General Funds, but also in the RCB managed Unit Trusts and the Clergy Pensions Fund.

(ii) Total Return

The RCB relies on its General Funds to generate income to pay for allocations and operational costs.

The RCB operates a Total Return methodology to determine the funds that can be allocated towards the operation of the RCB and for allocations to church activities.

During 2023, the General Funds achieved a Total Return for the year of 9.8% versus a market benchmark of 14%, some of this underperformance can be attributed to an underweight exposure to technology stocks while the General Funds bond portfolio actually outperformed its benchmark for the year.

Applying the Total Return methodology, the RCB had an income for the year of €7.8m as against expenditure of €7.2m, leaving a surplus for the year of €600,000.

It had been more than five years since the RCB had reviewed the basis of the calculation of the sustainable withdrawal from General Funds. A sub-group was established representing the Executive Committee, the Allocations Committee and the Investment Committee to review the Investment Committee's expected sustainable return and to propose a sustainable withdrawal rate from General Funds.

This sub-group proposed a modest increase in the allowable withdrawal, from 3.5% of the previous 5-year average opening General Funds balance to 3.6%, which will release approximately €200,000 of additional monies with which to fund the Church's activities.

However, because of recent market volatility and the changes experienced in both interest rates and inflation, the sub-group recommended that the basis proposed to the Executive Committee should

apply for the coming two years only, with a further review in advance of determining the 2026 Total Return maximum withdrawal from General Funds.

(iii) RB General Unit Trusts

As regards the RB General Unit Trusts, there are two separate Unit Trusts: one for euro investments and one for sterling investments.

Half-yearly unit trust income and valuation statements are issued to Unit Holders and monthly unit prices made available through the Parish Resources section of the Church of Ireland website.

RCB – General Unit Trusts

Dividend per unit

RB General Unit Trust (RI): 5.2c (2022: 4.7c)

RB General Unit Trust (NI): 5.5p (2022: 5p).

End Unit Price

RB General Unit Trust (RI): €4.54 (2022: €4.21)

RB General Unit Trust (NI): £4.25 (2022: £4.13)

5

Reflecting the general upturn in the performance of our investments, (**Powerpoint Slide No 5**), the Unit Price increased in RI from €4.21 in 2022 to €4.54 in 2023. In NI the unit price increased from £4.13 in 2022 to £4.25 in 2023.

The Executive Committee took the decision during 2023 to increase the December dividend per unit.

In the case of the RB General Unit Trust (RI) it was increased to 5.2c as compared with 4.7c for 2022. In the case of the RB General Unit Trust (NI) it was increased to 5.5p, as compared with 5p for 2022. This therefore equates to an annual increase of 10% in each jurisdiction.

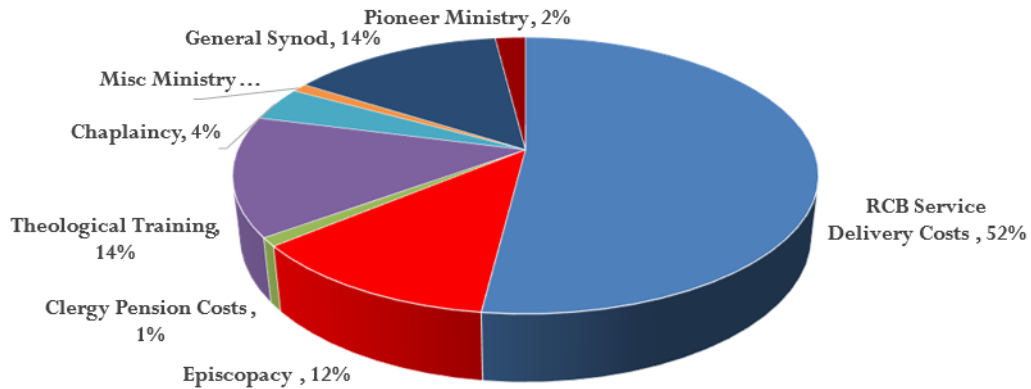
ALLOCATIONS

So, how was the money spent?

During 2023 budgeted expenditure from General Funds and other central funds was spent as follows: (**Powerpoint Slide No 6**)

RCB – Allocations and Expenditure

Expenditure from General Funds



As members of Synod can see, more than half of all expenditure goes on staff costs. The other main items of expenditure relate to The CITI and theological training generally, as well as the episcopacy and the General Synod itself (including the various committees of Synod).

Over the last number of years, the breakdown of costs has remained fairly consistent. However, the breakdown will change in the coming years as new strategic initiatives are undertaken, including not only the introduction of Pioneer Ministry, but also potential changes in the funding of curacies and possible restructuring of how safeguarding is resourced, supported and administered.

STRATEGIC FOCUS

In order to ensure that it maintains a proper focus on its missional purpose of providing financial support for the core work of the Church, the Executive Committee holds a Strategy Away Day every year. At its Away Day last June the Executive reiterated that the primary objective of the RCB is to support the mission and ministry of the Church of Ireland. **(Powerpoint Slide No 7)**



Key areas to be focused on include the following:

- To provide a funding model for curacies;
- To develop a consistent funding strategy for third level chaplaincy; (Work on both of these topics is ongoing and hopefully we will be in a position to provide details of our proposals on each item next year.)
- To integrate Pioneer Ministry into the formal structures of the Church of Ireland.
- To develop a comprehensive property and library strategy;
- To extend the MindMatters COI mental health programme which has been led so successfully to date by Bishop Storey, ably assisted by Rebekkah Fozzard; and
- To develop a coherent succession planning programme for the committees of the RCB.

Progress on these initiatives is regularly reported at the meetings of the Executive Committee and will be reviewed again at the 2024 Away Day in October.

I propose now to look report briefly on at least some of these strategic initiatives. **(Powerpoint Slide No 8)**

(i) Pioneer Ministry

This year a Bill has been proposed by the RCB to make express provision for Pioneer Ministry within the Constitution of the Church of Ireland. That Bill was considered by members yesterday and will receive its final reading on the third (and remote) day of Synod.

The Bill allows for lay or ordained pioneer ministers. In the case of lay pioneer ministers, they will be required to undertake a specific course of training approved by the House of Bishops. That course will be led by the Church Army.

In order to ensure that pioneer ministry remains fully integrated into the life of the Church rather than becoming some form of parallel Church of Ireland, every pioneer minister will be subject to the oversight and jurisdiction of the diocesan bishop.

Pioneer ministry cannot be imposed against the will of those where it will be operating. Every pioneer ministry will require the approval of the diocesan bishop and the diocesan council and as well as the permission of the incumbent of any parish or part of a parish where it is proposed to operate.

Provision is also to be made for pioneer ministries to operate, where appropriate, as districts or types of sub-parish within the parish itself. Again, so as to ensure that pioneer ministry is integrated into the life of the parish and of the diocese, provision is being made for pioneer ministers to attend and speak at meetings of the select vestry and, where appropriate, at meetings of the diocesan council.

The RCB is fully committed to supporting Pioneer Ministry in a practical way financially. In this regard, the cost of funding the National Leadership Team is expected to be approximately €0.2m per year. During 2023, the initial forecast of starting three Pioneer Ministry initiatives per year was increased to five initiatives per year at an anticipated cost of up to €0.5m per year, when the programme is fully operational after the first five years.

(ii) MindMatters

In terms of strategic initiatives supported by the RCB, one of the most important in recent years has been the MindMatters Project.

An all-island end of Phase One conference was held in October 2023, at which the keynote speaker was the Most Rev Justin Welby, the Archbishop of Canterbury. With over 300 attendees, this fully booked conference provided an opportunity for seed funding project recipients to share the impact of the mental health promotion grants within their community.

The MindMatters project began by commissioning the largest survey on mental health attitudes ever carried out by a church on this island. The results provided an evidence-based foundation for all its subsequent activities. These included a mental health awareness training programme, clergy supports through the Clergy Assistance Programme and the provision of seed funding to 74 mental health related initiatives. The RCB is grateful for the generosity of Benefact Trust in support of this project.

During 2023, the Church Fabric and Development Fund committed €50,000 towards the second phase of the MindMatters project. Consideration will be given to possibly increasing the amount of annual financial assistance that can be given to this important project.

(iii) Church of Ireland Flood Appeal Fund

The RCB is the trustee and administrator of the Church of Ireland Flood Appeal Fund. At the end of December, the RCB appealed to parishes affected by flooding, inviting applications towards capital

and non-capital costs not covered by insurance. Parishes should note that substantial monies remain in this Fund. Grants are still available and Application forms may be found on the Property section of Parish Resources on the Church of Ireland website.

(iv) Church Fabric and Development Fund

In 2016 the Church Fabric and Development Fund was broadened to allow the application of some of the central fund towards initiatives that would facilitate the strategic growth of the Church of Ireland. The requirement is that the initiatives should:

- Develop the strategic advancement of church or mission.
- Be applicable to more than one diocese.
- Raise the public profile of the Church of Ireland.
- Be sustainable in the medium term.

During 2023 the following grants were approved for payment out of the Fund:

- Church of Ireland stand at the national Ploughing Championships for 2023: €8,500.
- Carraig Centre 'centre of mission' in Cork: €10,000.
- Belfast Cathedral Centre for Acknowledgement Learning and Memory: €100,000.
- MindMatters Second phase grant: €50,000

Furthermore, as part of its focus on facilitating a more environmentally friendly church, the Church Fabric and Development Fund sub-group approved the allocation of €100,000 in 2022 by way of additional grants towards the works on church buildings vested in the RCB that would reduce their ongoing carbon footprint. Applications continue to be invited from parishes wishing to avail of this particular grant aid.

(v) The RB Climate Change Policy

While on the topic of our carbon footprint, I would like to draw members attention to the RCB's Climate Change Policy which is to be found in Appendix A (page 61). This policy identifies four priorities:

1. Energy usage.
2. Transportation.
3. Waste.
4. Biodiversity.

Each of these four priorities is considered on an ongoing basis by the RCB as it develops policies for the life of the Church and as it manages its own operations.

Some of the ways in which the objectives of the Climate Change Policy have been achieved have included remote committee participation, hybrid working, and financial support for climate change initiatives. This is an ongoing process and whilst, doubtless, it is far from perfect, we continue to review that policy and to try to effect improvements.

In this regard, it is worth mentioning that the RCB remains one of the largest funders of Eco Congregation Ireland, through which we seek to encourage parishes to take steps to protect the environment.

Furthermore, each year the Investment Committee reviews the ESG Investment Policy Statement and compliance with this policy. The ESG Investment Policy Statement for 2024 is to be found at Appendix D (page 73) and I would commend its contents to members of Synod.

(vi) Clergy Pensions Fund

As members of Synod will know, the defined benefit pension scheme for clergy was closed to future accruals in May 2013. At the end of 2023, the fund value was €206m which compared with €192m in 2022.

During 2022, the RCB (as Sponsor) provided the CPF with a contingent secured loan for €20m to support the current investment strategy.

During 2023, the RCB developed the policies required to ensure compliance with the European Union (Occupational Pension Schemes) Regulations, 2021 ('IORP II') which is the European legislation governing pension administration.

During 2023, as the scheme approached the end of the term of the Funding Proposal, the Clergy Pensions Trustee, considering the advice of the scheme Actuary, assessed the ability of the scheme to offer pension increases following the end of the term of the Funding Proposal on 31 December 2023.

In May 2023, the RCB brought legislation to General Synod, which was approved, to facilitate increases in Pensionable Stipend and to remove the restrictions on increasing pensions in payment. The Trustee determined, with the approval of the Representative Body, that pensions in payment would increase on 1 January 2024, as follows:

- Pensions payable in Sterling: 24.7% (less any percentage increases required by law).
- Pensions payable in Euro: 12.2%.

The Standing Committee approved a recommendation from the RB and the Trustee that Pensionable Stipend would increase on 1 January 2024, as follows:

- Sterling Pensionable Stipend would increase from £25,948 to £31,800.
- Euro Pensionable Stipend would increase from €36,219 to €40,622.

These increases, which I am sure that Synod will agree to be very significant, were granted on condition that the CPF continues to receive a solvency levy, to be paid by each diocese, at a rate of 3% of Minimum Approved Stipend for 2024, 2025 and 2026.

(vii) Dignity in Church Life Policies

The Clergy Parental Sabbatical Policy and the Clergy Permanent Health Insurance Policy under the Dignity in Church Life Charter were reported to the 2023 General Synod. An implementation oversight committee was established under my chairmanship to monitor the implementation of the Clergy PHI Policy. The implementation date was set as 1 July 2023. The only precondition for implementation of the Clergy PHI Policy was the approval of a Licence for persons availing of the PHI Scheme to be licensed as the Ministers of Contemplation so as to continue to qualify for membership of the CPF. The necessary licence was issued by the House of Bishops. To date there have been three successful applicants for admission to the PHI Scheme, with one further application currently pending. No application has been rejected.

(viii) Consolidation of Trusts

During 2023, Pauline High was appointed Head of Property and Trusts, and several new staff were appointed to key roles within the Department.

One of the functions of the RCB is to act as trustee and/or administrator of over 18,000 different trusts which have been placed with the RCB by dioceses, parishes and individuals. They range from trusts for the upkeep of churches, properties and graves, to the support of stipends, the support of education and the relief of poverty generally.

The capital value of many of these trusts is relatively minor and the income is even smaller. Some trusts may only generate an annual income of several pence or cents or a few pounds or Euro. Very often the cost of administration will actually exceed the income generated.

For many years there has been high level discussion within the RCB about the possibility of consolidating and amalgamating many of these trusts into funds with a greater critical mass, having a sufficient capital value to be able to generate an income at a level capable of undertaking meaningful charitable activity.

Over the last number of months a team of solicitors operating on a *pro bono* basis has been working with the Property and Trusts Department with a view to bringing forward proposals on a diocese-by-diocese basis to amalgamate various of these trust funds into new trust funds which would operate within each diocese under each of the four main headings which I have identified, namely –

- Education.
- Relief of Poverty.
- Support of stipends.
- Maintenance and upkeep of churches, parish properties, graves and graveyards.

(ix) Library and Archives

The RCB Library holds the records of over 1,200 parishes, 20 cathedrals and the dioceses. It also holds valuable ecclesiastical manuscripts and RCB records.

The Library provides public access to much of its resources both by opening the Library to the public and through the digitisation of material which can be accessed over the internet.

The material in the Library provides a rich resource for publication, and during 2023 the architectural historian Dr Michael O'Neill, using the digitised architectural drawings collection, published the illustrated volume *'An Architectural History of the Church of Ireland'* which is available for purchase through the Church of Ireland online store.

The Library also provides study resources for students of the Church of Ireland Theological Institute.

Regrettably, the current Library building is inadequate for the storage of the volume of records and archival resources. In the year ahead the future requirements of the Library will be addressed in plans for a future Church of Ireland campus.

CONCLUSION

(Powerpoint Slide No 9)

Your Grace,

As I draw to close, I am sure that members of Synod will agree that 2023 has been a busy year for the RCB. Much has been done, but much still needs to be done as we continue to try to implement the various strategic initiatives which have been identified by the Executive Committee as being key the furtherance of our mission to support and facilitate the work of the Church throughout this island.

However, none of this work could be done without the invaluable input of two key groups of stakeholders.

The Staff

First, there is the staff of Church House, whose commitment and dedication are very much appreciated by the members of the RCB. The work of the RCB simply could not happen without them.

During the course of the last year several changes have occurred or will shortly be occurring within Church House.

Pauline Dunlop, Investment Administration Manager and Kate Williams, Head of Finance and IT announced their retirements from the RCB. I have had occasion to work closely with them both on the Executive and, more recently, as Chair of the Audit Committee. They are two truly talented, capable and committed individuals and they will be sorely missed by the RCB.

Rebekah Fozzard, our hugely talented Special Projects Manager has also announced her imminent departure. She has boundless energy and has proved to be immensely capable during her time with us. She will be sorely missed.

I would also like to thank the following staff who retired or left the RCB during 2023:

- Robert Dunne, Church of Ireland Safeguarding Officer;
- Bryan Whelan, Assistant Librarian;
- Aisling Irwin, Assistant Archivist;
- Ian Walshe, Property Administration;
- Charlotte Howard, IT Support; and
- Lydia Monds, Education Advisor for Bishops' Appeal.

During the year we also welcomed new arrivals to the staff:

- Louise Connolly, Financial Accountant;
- Kate Byrne, Property Department Information Officer;
- Barry Cosgrave, Property Officer;
- Gladstone Ogbonna, Property Department Intern;
- Helen Crawford Walsh, Assistant Librarian; Ella Squire, Assistant Archivist;
- Elizabeth Hassell, Library Administrator (Part-time);
- Alex Kinch, Garda Vetting Administrator;
- Hilary McClay, Bishops' Appeal Education Adviser, and
- Sukhneet Dhir providing maternity cover as Synod Officer

More recently, Dr Niall Moore has been appointed as Safeguarding Officer RI. He brings a wealth of talent and experience to the post and we welcome him warmly to his work with us in the RCB.

The Members of the RCB

Finally, I would like to express my own sincere thanks to my colleagues, both lay and ordained, who serve on the Executive and on all of the various other committees of the RCB. They are all volunteers and they give of their time and their talents willingly and generously.

I am constantly in awe of the wealth of experience, knowledge and dedication which they bring to their respective roles. The reality is, that without their commitment, the RCB simply could not function.

At a personal level, I can say that in my seven months as Acting Chair of the Executive, they have made a challenging job that little bit easier. I thank them for it.

Your Grace, I have pleasure in proposing that the Report of the Representative Church Body, incorporating the report of the Church of Ireland Clergy Pensions Trustee DAC, be taken into consideration.