

Mutual support of other dioceses: Background paper

Context

1. In the paper for the November 2019 Diocesan Synod on Diocesan Finances, we stated that ‘as regards mutual support *beyond* the diocese, together with a number of other Dioceses, Oxford Diocese is blessed with significant endowment funds in its Glebe assets and Bishop’s Council and others are questioning how we might acknowledge this inequality and give some support to other Dioceses (which could include Dioceses beyond the UK) who are not so blessed. The adoption of total return accounting makes this possible by identifying an amount of funds, the Unapplied Total Return “pot”, which could, after due consideration, be the source of such support as part of or alongside our Common Vision expenditure. By our calculations the value of our investments is the second highest nationally (after London) and one of the top 10 if calculated per capita (with Lincoln being the highest).’
2. This issue had itself been raised at a previous Diocesan Synod and it is the current intention that, following consideration at the May Bishop’s Council, it might return to the June 2020 Diocesan Synod for consideration. In the meantime, at the suggestion of Bishop Steven, we have arranged an opportunity for Diocesan Synod at this March meeting to hear from representatives of two other dioceses to inform the discussion and decision that Diocesan Synod will later need to take. **This paper is designed to provide some context which members may find helpful, but it should be stressed that we are not asking Diocesan Synod to take any decision at this meeting on the subject of mutual support. There will be time to discuss all the points in this paper and more when the subject returns to Diocesan Synod for decision, when a more comprehensive paper will be provided.**
3. We need to address this question first from a theological and missional perspective. God has given his Church resources to steward wisely. The resources held at diocesan level are spread very unevenly between dioceses. We have significant investments because of history (a higher amount of land and other glebe investments in this diocese than in most others) and in part through wise stewardship of the assets (there has been growth from £14.7M to £45.4M in the period 2000-17 in the value of the financial investments we hold, excluding the introduction of cash as new investments from strategic sales). As at 31 December 2018, diocesan investments divided by population for Oxford Diocese came to £54.60, compared to Durham at £9.88, Birmingham at £10.60 and Blackburn at £14.70.

Diocesan Investments

4. For reasons that will be explained when the matter returns to Diocesan Synod for discussion and decision, the funds for consideration in the context of a decision to give away money to other dioceses are the glebe investments. The diocese is not legally able to give away or spend on revenue purposes the value of its glebe investments, as these are permanent endowment. Prior to the adoption of total return we could only spend the income (which has to be spent on stipends). However, the adoption of total return permits the diocese to invest the listed investments element of the glebe permanent endowment funds to maximise total return (capital growth and dividend income) and apply an appropriate portion of the unapplied total return to income each year. The total return approach was adopted from 1 January 2018 and, as agreed, 7% of the value of the total glebe listed investments portfolio at that date, i.e. £6.2 million in 2018, was transferred to income in the year and of which £3.7 million continues to be used to support parish share. The choice of 7% reflected the average total return in excess of inflation in recent years.

5. When Bishop's Council approved the adoption of total return in October 2017, the withdrawal limit and inflation factor were set, and it was agreed that there would be a review after three years. The review which is currently taking place – the outcome of which will be reported to the June Diocesan Synod - is considering what the appropriate future withdrawal rate and the inflation factor might be in the context of past experience and current and anticipated investment market conditions, all of which potentially have a substantial influence on the availability of funds.
6. For those who would like to know now the legal position, agreed with the Diocesan Registrars, this is as follows. Such expenditure would be subject to the restriction on expenditure of glebe income, namely that it must be spent on clergy stipends or related costs in this diocese. Also, to be compliant with ODBF's charitable Objects, any money shared with other dioceses would be restricted to training, funding and other support for ministry (effectively their own stipend costs). However, given that clergy costs far exceeds glebe income even on the total return basis, we would not be in breach of the glebe income restriction, but the technical legal position, as for our Common Vision expenditure, would be that we were giving away monies collected through parish share. The net effect on diocesan finances of such a gift would nevertheless merely be a reduction in Unapplied Total Return.

If the diocese were in due course to favour financial mutual support, how would this be done?

7. **Bishop's Council has not taken any view on whether to recommend financial mutual support beyond the diocese to Diocesan Synod or not.** However, it has reached the view that, in the event that this did take place, bilateral gifts were not the right way forward: it could be regarded as invidious to choose a diocese and we would run the risk of accusations that we were telling other dioceses how to spend money (unless it was completely unrestricted and we asked only for acknowledgement that the money had been received). There will be opportunity of course for Diocesan Synod to probe this view when the issue returns for discussion and decision.
8. There would then be significant questions to be answered about the form of any mutual support around the level, frequency, form and how it was allocated. Alongside this it is recognised that the diocese already funds a variety of initiatives with the expectation, that it gladly supports, that other dioceses may find this work helpful to them. There are issues also of affordability of parish share and of mutual support within the diocese (some of which are being addressed by the group taking forward the Cowley deanery synod motion).
9. We recognise that this paper will in itself raise views and questions and would urge Synod members to hold those until the June meeting. Instead, we invite you to come ready to listen to the experiences of representatives of two other dioceses, who have gladly made their time available to assist Oxford diocese in its consideration of this issue. We hope that this outline information and that discussion with Newcastle and Sheffield representatives will prayerfully inform the decision that the Synod will need in due course to take.

John Tattersall
DBF Chair

Mark Humphriss
Diocesan Secretary

21 February 2020