

CHURCH OF IRELAND
THE REPRESENTATIVE CHURCH BODY
REPORT 2003

Representative Church Body – Report 2003

**THE REPRESENTATIVE BODY OF THE
CHURCH OF IRELAND**

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 RCB 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 College and the Church at large. The committee structure is designed to reflect these mainline activities and responsibilities.

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Chairman, Representative Church Body

Most Rev RHA Eames, Archbishop of Armagh

Committee Chairmen

Executive	:	DG Perrin
Allocations	:	GC Richards
Investment	:	JRB Hewat
Property	:	S Gamble
Stipends	:	HJ Saville
Legal Advisory	:	RL Nesbitt SC
Library and Archives	:	Mrs CH Thomson

Chief Officer and Secretary

DC Reardon

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

The Representative Body is composed of the following 60 members and the attendance of each at the 4 meetings of the Representative Body held during the year 2002 is denoted by the figure placed before each name.

In accordance with the Charter of Incorporation (1870) the Representative Body is composed of ex-officio, elected and co-opted members. The Charter provided 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 that the co-opted members shall consist of persons equal in number to the number of such dioceses for the time being. (See also Chapter X of the Constitution).

A Archbishops and Bishops: ex officio members (12)

- 2 Most Rev RHA Eames, Archbishop of Armagh
The See House, Cathedral Close, Armagh BT61 7EE
- 3 Most Rev JRW Neill, Archbishop of Dublin
The See House, 17 Temple Road, Dublin 6
- 4 Most Rev RL Clarke, Bishop of Meath and Kildare
Bishop's House, Moyglare, Maynooth, Co Kildare
- 4* Right Rev MGStA Jackson, Bishop of Clogher
The See House, Fivemiletown, Co Tyrone BT75 0QP
- 2† Right Rev KR Good, Bishop of Derry and Raphoe
The See House, Culmore Road, Londonderry BT48 8JF
- 2 Right Rev HC Miller, Bishop of Down and Dromore
The See House, 32 Knockdene Park South, Belfast BT5 7AB
- 2* Right Rev AET Harper, Bishop of Connor
Bishop's House, 113 Upper Road, Greenisland, Carrickfergus, Co Antrim BT38 8RR
- 4 Right Rev KH Clarke, Bishop of Kilmore
48 Carrickfern, Cavan
- 3 Right Rev RCA Henderson, Bishop of Tuam
Bishop's House, Knockglass, Crossmolina, Co Mayo
- 0‡ Right Rev PF Barrett, Bishop of Cashel and Ossory
Wellbrook House, Freshford, Co Kilkenny
- 4 Right Rev WP Colton, Bishop of Cork, Cloyne and Ross
The Palace, Bishop Street, Cork
- 4 Right Rev MHG Mayes, Bishop of Limerick and Killaloe
Bishop's House, North Circular Road, Limerick

* from March 2002

‡ from January 2003

† from June 2002

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B Elected members (36)

[Every member elected, otherwise than to a casual vacancy, must retire from office on the First Day of the Third Ordinary Session of the Diocesan Synod which shall be held after that member's election, in accordance with the provisions of the Constitution, Chapter X, Section 3.]

Cashel	4	Very Rev LDA Forrest, The Deanery, Ferns, Co Wexford
and	4	The O'Morchoe, Ardgarry, Gorey, Co Wexford
Ossory	3	C Galloway, Newtown, Waterford
Kilmore	2	Ven WD Johnston, The Rectory, Virginia, Co Cavan
	2	Mrs HR Hicks, Garvary Lodge, 49 Teemore Road, Derrylin, Co Fermanagh BT92 9QB
	4	Mrs DM Burns, Richmount, Carrickboy, Longford
Cork	3	Ven REB White, Moviddy Rectory, Aherla, Co Cork
	3	JK Roberts, Corran, Ferney Road, Carrigaline, Co Cork
	3	JE Stanley, Scart House, Belgooly, Co Cork
Derry	4	Ven DS McLean, The Rectory, 80 Northland Road, Londonderry BT48 0AL
	4	JHD Livingston, 28 Station Road, Garvagh, Co Londonderry
	4	S Gamble, 14 Spruce Road, Dysart, Strabane, Co Tyrone
Armagh	2	Ven RG Hoey, The Rectory, 2 Maytown Road, Bessbrook, Co Down BT35 7LY
	4	GA Forbes, 3 Drumnacanvey Road, Gilford, Co Armagh
	1*	Mrs J Montgomery, 12 Greenfield Way, Armagh, Co Armagh
Clogher	2	Ven CT Pringle, Rossorry Rectory, Derrygonnelly Road, Enniskillen, Co Fermanagh
	0	JWC Allen, Aughaninch, Newtownbutler, Co Fermanagh
	2	WJ Dickson, Carrickanure, Annyalla, Castleblayney, Co Monaghan
Dublin	3	Ven GCS Linney, St Paul's Vicarage, Silchester Road, Glengearry, Co Dublin
	3	DA Seaman, Rivendell, Templemills, Celbridge, Co Kildare
	3	DG Perrin, Barn Close, Ballybrack Road, Shankill, Co Dublin
Down	2	Ven DR Chillingworth, 8 Upper Church Lane, Portadown, Craigavon, Co Armagh BT63 5JE
	3	JF Rankin, Gort-na-Grian, 111 Ballylesson Road, Ballylesson, Belfast 8
	2	WL Dermott, 3 Ashdene Grange, Comber, Newtownards, Co Down BT23 5SL

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Connor	1*	Rev Canon JO Mann, St John's Rectory, 86 Maryville Park, Belfast BT9 6LQ
	2	RH Kay, 19 Upper Station Road, Greenisland, Carrickfergus, Co Antrim
	4	HT Morrison, Springhill, 60a Glenavy Road, Lisburn, Co Antrim BT28 3UT
Limerick and Killaloe	1*	Very Rev SR White, The Deanery, Killaloe, Co Clare
	4	WT Morrow, 16 Kilbane, Castletroy, Co Limerick
	4	RW Benson, Templehollow, Killaloe, Co Clare
Tuam	3	Ven AM Previt�, The Rectory, Church Hill, Clifden, Co Galway
	4	N Prins, Ballinlig, Beltra, Co Sligo
	3	Mrs CH Thomson, Luimnagh West, Corrandulla, Co Galway
Meath and Kildare	2	Ven PHA Lawrence, The Rectory, Eastham Road, Bettystown, Co Meath
	3	RF Colton, Ballycluff, Tullamore, Co Offaly
	1*	D Gillespie, Cherryfield, Kill, Naas, Co Kildare

* Elected 2002

C Co-opted Members (12)

2	JRB Hewat, Rathmichael Lodge, Shankill, Co Dublin
0	TB McCormick, 11 Ontario Terrace, Dublin 6
3	GC Richards, 32 St Alban's Park, Dublin 4
1	JR McConnell, 10 Cadogan Park, Belfast BT9 6HG
3	GW Stirling, 3 Alma Road, Monkstown, Co Dublin
4	CG Walker, Belmont, 59 Monkstown Road, Blackrock, Co Dublin
1	The Hon Mr Justice DNO Budd, 5 Rowan Park Avenue, Blackrock, Co Dublin
4	The O'Donovan, Hollybrook House, Skibbereen, Co Cork
3	RS Neill, Killegar, Enniskerry, Co Wicklow
0	RL Nesbitt, 35 Wellington Road, Ballsbridge, Dublin 4
4	HJ Saville, 22 Church Road, Boardmills, Lisburn BT27 6UP
4	RP Wilson, 109 Ballyward Road, Castlewellan, Co Down BT31 9PS

The following retire in May 2003:

RS Neill
The Hon Mr Justice DNO Budd
GC Richards
JR McConnell
HJ Saville

Note

Rev Canon RD Harman and Lady Sheil attend meetings of the Representative Body as Honorary Secretaries of the General Synod.

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COMMITTEES OF THE REPRESENTATIVE BODY

Membership details, number of meetings held between 1 January - 31 December 2002 and record of attendances are given hereunder.

EXECUTIVE COMMITTEE †

(6 Meetings)

DG Perrin (6)
(Chairman)

The Archbishop of Armagh	(6)	Ven DR Chillingworth	(5)
‡ The Archbishop of Dublin	(2)	* Ven GCS Linney	(4)
* The Bishop of Meath	(1)	Ven CT Pringle	(5)
GC Richards	(5)	RW Benson	(5)
JRB Hewat	(6)	RH Kay	(4)
S Gamble	(6)	HT Morrison	(6)
‡ HJ Saville	(2)	Mrs CH Thomson	(6)

ALLOCATIONS COMMITTEE

(3 Meetings)

GC Richards (3)
(Chairman)

The Archbishop of Armagh	(2)	WL Dermott	(1)
Ven DR Chillingworth	(2)	JE Stanley	(3)

INVESTMENT COMMITTEE

(8 Meetings)

JRB Hewat (7)
(Chairman)

WL Dermott	(8)	RS Neill	(7)
TB McCormick	(7)	The O'Morchoe	(7)
* RP Wilson	(2)	GW Stirling	(5)

* Elected 2002

‡ Appointed 2002

† Rev Canon RD Harman attends meetings of the Executive Committee as an Honorary Secretary of the General Synod.

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PROPERTY COMMITTEE

(5 Meetings)

S Gamble (4)
(Chairman)

RF Colton	(3)	Ven DS McLean	(4)
GA Forbes	(5)	The O’Morchoe	(5)
Ven WD Johnston	(4)	* JK Roberts	(4)
RH Kay	(5)	Ven REB White	(4)

STIPENDS COMMITTEE

(2 Meetings)

‡ HJ Saville (1)
(Chairman)

RW Benson	(1)	WT Morrow	(2)
* The Bishop of Cork	(1)	DG Perrin	(2)
JR McConnell	(1)	Ven CT Pringle	(2)
Ven DS McLean	(2)	CG Walker	(2)

LEGAL ADVISORY COMMITTEE

(0 Meetings)

RL Nesbitt (0)
(Chairman)

AC Aston	(0)	LJW MacCann	(0)
His Honour JG Buchanan	(0)	RLK Mills	(0)
The Hon Mr Justice DNO Budd	(0)	JW Wilson	(0)

LIBRARY AND ARCHIVES COMMITTEE

(3 Meetings)

Mrs CH Thomson (3)
(Chairman)

The Bishop of Meath	(2)	JF Rankin	(2)
The Archbishop of Dublin	(1)	Ven REB White	(2)
Advisory Members	–	Rev Canon CA Empey	(2)
		– WD Linton	(3)
		– Dr K Milne	(3)

* Elected 2002 ‡ Appointed 2002

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.”

MISSION AND RESPONSIBILITY

The Representative Body, as a representative trustee for the Church, strives to operate within a framework of sound practice based on principles of integrity and accountability. Its historic and primary mission is to serve and support the Church’s ministry with full legal accountability for its governance of property and financial assets. Over the long term, the Representative Body seeks to manage investments to obtain the best possible return for present and future beneficiaries and to work for improvements in clergy stipends and pensions.

MAIN POINTS

Last year the Executive Committee report made reference to 2001 being a volatile year for investors and for global and political stability. Year 2002 continued to provide little or no joy in these areas. Investment markets have performed badly for the third year in a row: however, our defensive investment strategy has enabled us to soften the blow to some degree. Both our in-house and external investment managers have provided returns better than both their benchmarks and the markets in general.

The combination of falling asset values, reduced interest rates, longer life expectancy and both statutory and accounting requirements has resulted in significant funding issues relating to defined benefit pension plans. Like all other plans, both the Clergy Pensions Plan and the RCB staff plan are affected and their forthcoming triennial actuarial valuations will have to address these issues. A process of education and information is being undertaken within central committees to enable informed and appropriate decisions to be taken in this regard.

Legislation was passed at the General Synod in 2001 (Statute, Chapter VI of 2001) in relation to the establishment of Provincial Mediation Panels. During 2002 in accordance with that legislation the RCB approved regulations (included as Appendix A to this report) in relation to severance terms and other related matters. As a consequence it has decided to propose further legislation to the General Synod in 2003 relating to the setting up and financing of a Severance Fund. This fund is deemed necessary to enable financial settlements to be made to clergy who formally agree to withdraw from stipendiary ministry on an irrevocable and permanent basis. The proposed legislation is included as Appendix B to this report.

In relation to the financing of the episcopacy, legislation requires each diocese to contribute toward the cost of the episcopacy at a rate decided by the RCB. Reference is made to this on page 25 of this report. A review of the level of current contributions has shown that the proportion contributed by dioceses has decreased over the years. Currently it is 36% with the RCB meeting the balance of the costs. A decision has been taken that the target proportion should be at least 40% and that this should be achieved over the next few years provided that there are no significant changes in financial needs in relation to the episcopacy.

OPERATING AND FINANCIAL REVIEW 2002

Income and expenditures after allocations show a deficit of €18k compared to a surplus of €419k for 2001.

- **Income**

In line with expectations income is some €467k lower than the previous year. One quarter of this reduction may be attributed to movement in the translation rate from Sterling to Euro. The majority of the remaining reduction arises from a conscious decision taken that the level of income expectation be curtailed to enable investment in quality stock in preference to that providing high yielding returns at the expense of relative asset security. A summary of the sources and application of income in 2002 is included as Appendix C to this report.

- **Operating Expenditures**

Operating expenditures increased by some 11.9%, of which one half reflects the difficulty in fully recovering professional costs for legal services provided by Church House. Approximately 80% of expenditures relate to the employment of staff.

- **Allocations**

Allocations for 2003 charged in 2002 (€4.261m) account for some 69% of total income. Prior year unexpended allocations reflect specialist officer position vacancies.

- **Reserves**

The allocations reserve is maintained to smooth out the peaks and troughs in income and to try to protect against serious inability to meet commitments in a period of financial instability. The target level for this reserve is set at the equivalent of one year's allocations. The current level is €3.592m or 84% of the set target.

- **Currency translation rates**

Sterling currency balances have been translated into Euro at a rate of €1 = £0.6505 or £1 = €1.5373 (2001: €1 = £0.6085 or £1 = €1.6434).

ALLOCATIONS RECOMMENDED TO THE GENERAL SYNOD 2003

- Allocations recommended amount to €4.261m as compared to €4.294m in 2002. In terms of comparison this overall reduction reflects for 2003 a translation gain of €120k arising from movement in the rate of exchange from £1 = €0.6085 at year end 2001 to €0.6505 at year end 2002. The €87k increase in actual cost of allocations reflects in the main levels of stipend increases and the cost of training of ordinands offset by the saving arising from the closure of the Christian Stewardship office.
- The amounts listed below represent net amounts required after taking into account, where appropriate, income from endowment funds, the episcopal levy paid by all parishes/dioceses and any other sources of funding which offset the costs of financing ministry and other central commitments.

	2003	%	2002	%	2003	%	2002	%
	€		€		£		£	
GROUP A								
Episcopal Stipends and Expenses	875,252		766,085		488,751		421,937	
<i>less</i> Episcopal Levy	(239,083)		(223,516)		(230,545)		(219,454)	
	<u>636,169</u>		<u>542,569</u>		<u>258,206</u>		<u>202,483</u>	
Deans of Residences/University Chaplains	56,336		54,744		123,820		124,448	
Clerical Relief - Children's Allowances	40,000		40,000		27,950		20,500	
- Central Church Fund	-		-		15,000		25,000	
- Discretionary Grants	2,000		2,000		1,500		1,500	
Stipend Fund	-		-		-		-	
St Patrick's Cathedral, Dublin	5,000		26,609		-		-	
Clergy Endowment Assurance	1,900		2,000		2,400		1,900	
	<u>741,405</u>	28.3	<u>667,922</u>	27.5	<u>428,876</u>	40.1	<u>375,831</u>	33.1
GROUP B								
Clergy Pensions Fund - Escalation	348,800		338,858		331,122		328,397	
Supplemental Fund Benefits								
- Retired Clergy, Widows, Spouses	222,899		205,617		20,927		17,667	
Discretionary Grants								
- Retired Clergy	-		-		11,000		11,000	
- Surviving Spouses	-		-		6,500		6,500	
	<u>571,699</u>	21.8	<u>544,475</u>	22.4	<u>369,549</u>	34.6	<u>363,564</u>	32.1

	2003	%	2002	%	2003	%	2002	%
	€		€		£		£	
GROUP C								
Training of Ordinands								
- CACTM Selection Conferences	25,000		25,000		-		-	
- Students' Fees and Grants (net)	381,084		321,165		-		-	
- Theological College (Operating Costs)	612,282		568,280		-		-	
	<u>1,018,366</u>	38.9	<u>914,445</u>	37.6	<u>-</u>		<u>-</u>	
GROUP D								
General Synod/Standing Committee	167,250		179,377		130,092		110,739	
Board of Education	20,625		35,008		71,366		88,031	
Church of Ireland Youth Department	76,184		76,184		60,000		60,000	
Mediation Panel Costs and Training	7,111		-		1,200		-	
	<u>271,170</u>	10.4	<u>290,569</u>	12.0	<u>262,658</u>	24.6	<u>258,770</u>	22.8
GROUP E								
Christian Stewardship	-		-		-		125,000	
Lambeth Conference/Regional Meetings	6,300		4,268		3,000		6,000	
RCB Library	6,950		6,650		4,865		4,725	
The Church's Ministry of Healing	1,587		1,587		-		-	
Regular Sunday Services in Irish	381		381		-		-	
	<u>15,218</u>	0.6	<u>12,886</u>	0.5	<u>7,865</u>	0.7	<u>135,725</u>	12.0

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Summary expressed in Euro as per General Fund Revenue Statement:

	2003	%	2002	%
A - Maintenance of the Stipendiary Ministry	1,400,707	32.9	1,285,557	29.9
B - Retired Clergy and Surviving Spouses	1,139,799	26.8	1,141,951	26.6
C - Training of Ordinands	1,018,366	23.9	914,445	21.3
D - General Synod Activities	674,948	15.8	715,828	16.7
E - Miscellaneous	27,309	0.6	235,934	5.5
	€4,261,129		€4,293,715	
	€4,261,129		€4,293,715	

- **Commentary**

Group A

Episcopal Stipends and Expenses

This net allocation, after allowing for endowment income and levies, includes the budgeted costs and estimates for 2003 in respect of episcopal stipends, pension funding, national insurance, office, secretarial and travelling expenses, costs of heating, lighting and cleaning of see houses and upkeep of grounds together with amortised costs of past capital expenditure and an annual budget for routine property maintenance.

In 2003 the levy charged for the Financing of the Episcopacy has been increased by 0.1% to 4.3% of MAS. The levy contributes some 36% of the total cost.

Group B

Clergy Pensions Fund – Escalation

An allocation towards the cost of funding increases in pensions for those members of the fund who are or were directly in the service of the Church of Ireland is currently made from central funds. The current allocation is €857,827.

Group C

Training of Ordinands

Current maintenance grants (increased for 2002/3) are set at €5,810 (married), €2,860 (single). There is an additional grant of €2,099 for married students living off campus. In addition all costs relating to tuition fees, rooms and meals (during term time) are provided from central funds.

Bishops' Selection Conference

In 2003 a separate allocation of €25,000 has been made to meet the costs of the restructuring and activities of the Bishops' Selection Conference which selects candidates for entry into the College.

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Theological College

Extracts from the audited accounts of the Theological College are included as Appendix D to this report.

Group D

General Synod Activities

This allocation includes amounts for the General Synod and Standing Committee, Boards of Education, Church of Ireland Youth Department and for the first time in 2003 training and other costs for Provincial Mediation Panels (see Main Points, page 10).

Group E

Miscellaneous

The 2002 allocation included €206,000 for the Christian Stewardship organisation which was disbanded in that year.

INVESTMENTS AND MARKETS

- International equity markets continued on their downward trajectory in 2002 with all major indices declining in value for the third consecutive year (an event not witnessed since World War II).
- Geopolitical tensions rose amid ongoing terrorist concerns and increased speculation of a war between the US and Iraq as the outcome of recent weapons inspections overhangs. Oil prices continued to rise on the back of this concern with Brent Crude soaring above \$30 per barrel adding to uncertainty and driving markets lower again.
- Fixed interest stocks again outperformed equities as investor confidence continued its descent following poor corporate earnings and visibility on a global level, as well as increasing jobless claims, and poor manufacturing data in the US. Both the US and the Eurozone cut interest rates towards the end of the year as fears of a ‘double dip’ recession gripped the US economy.
- The euro appreciated significantly versus the dollar during the year (nearly 20%) – largely due to the increasing deficit and poor economic sentiment in the US, as opposed to any significant improvement in European sentiment. The euro also strengthened against sterling by nearly 7% over the period.
- 2002 was a difficult year for insurance companies as solvency issues came to the fore following the steep declines in all major equity markets, and prompted fears of enforced selling.

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- The UK Housing market came under pressure on fears of the property market bubble bursting. The Bank of England kept rates unchanged in 2002 and overall, the UK remained one of the more resilient economies with less negative economic indicators.
- Ireland experienced its own corporate malfeasance in 2002 in the form of accounting irregularities in Elan and a rogue trader in Allied Irish Banks. Fortunately, Allied Irish Banks recovered subsequently but for many investors strong company fundamentals, good earnings growth and transparency are now essential to any investment decision.
- Valuations of the various portfolios and comparative figures at year end were as follows:

Portfolio	Valuations		Total returns (weighted)	
	2002	2001	2002	2001
<i>General Funds</i>				
UK and Foreign	£74,105,896	£83,235,936	-7.7%	-7.9%
Irish	€29,498,124	€31,999,018	-4.4%	+5.6%
<i>Clergy Pensions Fund</i>				
Northern Ireland	£32,271,723	£40,009,628	-16.3%	-5.5%
Republic of Ireland	€45,321,033	€54,150,746	-13.7%	-1.5%
<i>Specific Trusts*</i>				
UK and Foreign	£10,642,540	£14,774,521	-20.5%	-10.5%
Irish	€10,089,234	€42,220,558	+11.1%	+7.8%
RB Unit Trust	€22,256,005	€21,116,462	+9.9%	+8.2%
RB General Unit Trust (RI)	€110,071,172	€83,388,843	-10.1%	+0.7%
RB General Unit Trust (NI)	£12,063,889	£13,024,474	-10.4%	-3.0%

The underlying market value of the combined funds (expressed in Euro) decreased over the year from €481m (translated at €1 = £0.6085) to €416m (translated at €1 = £0.6505).

The comparable total return performances of relevant equity markets in 2002 were: Ireland (ISEQ) -28.3%; UK (FTSE All-Share) -22.3%; UK (FTSE 100) -21.9%; US (S&P Composite) -22.1%.

* The values for Specific Trusts at 31 December 2001 and 31 December 2002 are not directly comparable on account of the receipt of new trust funds and the continuing unitisation of direct holdings for diocesan and parish accounts etc. For example, investments to the value of €35m were transferred *in specie* from the 'Irish' category to the RB General Unit Trust (RI) during the year while new trusts to the value of €8.5m were also invested in the RB General Unit Trust (RI).

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- **Unit Trusts**

Extracts from the financial statements of the three RB Unit Trusts for the year ended 30 June 2002 are included as Appendix E to this report.

- **RB Unit Trust**

In December 2002, the Representative Body approved the transfer of trusts in the RB Unit Trust to the equity based RB General Unit Trust (RI) with effect from 1 January 2003. With bond yields at historic lows and equity markets in decline, the distribution yields on the two Unit Trusts converged during the year. The transfer should enable unit holders to benefit from an increasing income stream and provide better scope for the maintenance of capital over the longer term.

- **Income**

The Representative Body's investment income for 2002 came in on target. It is expected that, in the continuing poor economic and investment climate, income increases on the General Fund will not match the RB's rising costs.

- **Asset Management**

The General Fund (UK and Foreign) is managed from London by Lazard Asset Management.

The Clergy Pensions Funds (Republic of Ireland and Northern Ireland) are managed by Bank of Ireland Asset Management (BIAM) (Dublin and London respectively).

The Specific Trusts, Unit Trusts and part of the General Funds portfolios are managed by RCB staff reporting to the Investment Committee. General investment policy or strategy is to focus on capital and income growth and to seek to optimise the long term total return for the RCB and its trust beneficiaries.

The Investment Committee meets with its external managers on a regular basis to review policy, performance and investment strategy.

- **Ethical Review**

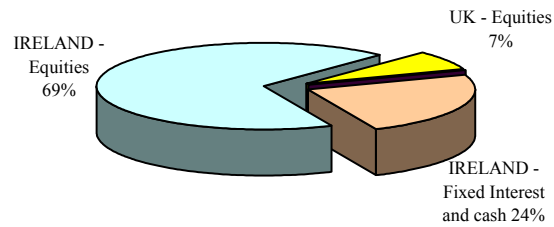
The Investment Committee continues to monitor and carry out an ethical assessment review at least once every year. In September, it reported to the Representative Body that it was satisfied that, at present, the investment managers are sensitive to the Church's concerns and expectations with regard to ethical and socially responsible investment which has in the past resulted in the sale of some investments while others are kept under review. The report is included as Appendix F to this report.

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GENERAL FUNDS PORTFOLIO – 31 DECEMBER 2002

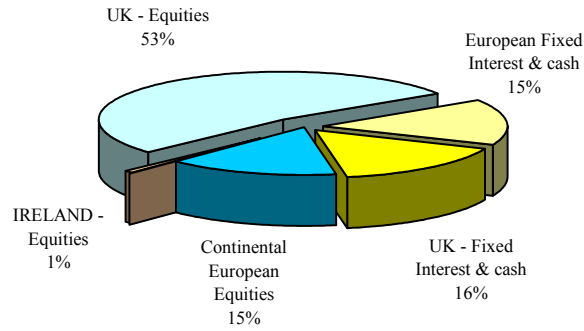
Under in-house management

€29.5m



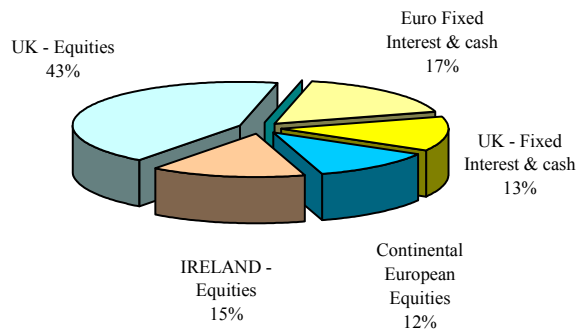
Under Lazard management

£74.1m (€113.9m)



Combined portfolio

€143.4m



CLERGY REMUNERATION AND BENEFITS

• **Minimum Approved Stipends 2004**

The following minimum stipends are recommended for approval by the General Synod to take effect from 1 January 2004:

	Current (2003)	New (2004)
Northern Ireland	£20,386	£21,000
Republic of Ireland	€27,940	€29,350

The recommended values represent increases of 5.0% (Republic of Ireland) and 2.9% (Northern Ireland) taking into account inflation and national agreements/average earnings increases.

• **Locomotory Allowances 2003**

The approved pence per mile rates for locomotory allowances are based on public service rates for Northern Ireland and Revenue approved civil service rates for the Republic of Ireland and are as follows:

		Northern Ireland
Per mile:	first 8,500 miles	49.40p
	over 8,500 miles	12.40p
		Republic of Ireland
Per mile:	first 4,000 miles	107.14c
	over 4,000 miles	49.99c

• **Children’s Allowances 2002/2003**

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:

	Republic of Ireland	Northern Ireland
Over 11 attending Secondary School	€450	£90
Third Level Students (up to age 23)	€260	£350
Eligible Orphans	€450	£350

Grants may be paid in respect of a child under 11 years of age where such 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 Sons, Clergy Daughters, Secondary Education Committee (Republic of Ireland only), Jubilee Fund.

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- **Clergy Car Loans**

Car loans for clergy are advanced by 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 (fixed)	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 2002 there were 143 loans outstanding with a total value of €0.957m.

PROPERTY AND TRUSTS

- **Roles and Responsibilities**

As the legal owner of the vast majority of Church of Ireland properties held in trust for the Church, the Representative Body has both a statutory function as laid down in Chapter X of the Constitution 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. While the procedure for dealing with Church property may appear to be cumbersome and bureaucratic from time to time given the chain of decision making from Select Vestry through Diocese and finally by the Representative Body in its corporate legal role, it 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 (Chapter X of the Constitution) 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 €4,076,584 and £430,769. Grants of €157,000 and £21,750 were made from the income of the Fund on the recommendations of the Primate in 2002. Applications for grants, subject to criteria, are considered in April and November (details from Church House, Dublin).

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- **Marshal Beresford Fund**

Grants of €70,000 and £22,500 for repairs to churches were made from the Beresford Fund in 2002. 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, Cavan**

During the year discussions have been held with interested bodies with the intention of having the See House put to uses other than that of a residence for the Bishop. After consultation with diocesan representatives this intention is being explored further. There is now the possibility that a proposal may emerge for use to be made of the house for sheltered accommodation.

- **The Bishop's Palace, Kilkenny**

A planning application was submitted in late 2001 for both alternative use of the existing palace and the building onsite of a new see house. After much consultation with a wide number of interested parties planning permission was granted in January 2003 subject to 33 conditions. It is noted that the decision to grant planning permission has been appealed to An Bord Pleanála by third parties. Discussions are continuing with The Heritage Council in relation to proposals for the transfer of the property and the erection of the new see house.

- **Stained Glass (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 the completion of surveys in St Patrick's Cathedral, Dublin and in the dioceses of Cork, Cloyne and Ross (excluding St Fin Barre's Cathedral, which will be completed in 2003), Meath and Kildare, Cashel and Ossory, Ferns, Tuam, Killala and Achonry, and most recently Dublin and Glendalough.

To date funding of €30,260 has been received from the Heritage Council and a commitment of €17,840 has been given for the year 2003. The Representative Church Body is grateful for the generous ongoing support of the Heritage Council for this work.

- **Disability Discrimination Act, 1995**
(applicable in the UK)

From 1 October 2004, the Church will be obliged to take reasonable steps to remove, alter, or provide means of avoiding physical features that make it impossible or unreasonably difficult for disabled persons to use its services.

In the light of this requirement and the forthcoming church policy statement on disability a Code of Good Practice has been prepared in relation to Access to Churches and Parochial Buildings for Disabled People. A copy of the Code is included as Appendix G to this report.

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- **Disability**
(applicable in the Republic of Ireland)

The Government plans to introduce legislation following its ongoing consultation process. However, the Church of Ireland's underlying commitment towards the interpretation of reasonableness under the above Code of Good Practice is, in the interim, to be recommended.

- **Architectural Heritage Protection Guidelines for Planning Authorities**
(applicable in the Republic of Ireland)

Representatives of the Roman Catholic, Presbyterian and Methodist Churches and the Church of Ireland have been engaged in consultations with the Department of the Environment and Local Government including Dúchas, the Heritage Service to seek to finalise guidance in relation to the interiors of places of worship and the requirements of the Local Government (Planning and Development) Acts. These consultations have emphasised concerns that a Church must retain proper control over form and order of worship in a continuously evolving liturgical process and that the intrusion of the planning process into the arrangement of interiors of places of worship may impede the continued use of churches ie where sub-division and flexible arrangements are essential features of continuing witness and worship.

Representations have been made on behalf of the four churches and this resulted in a meeting with Martin Cullen TD, Minister for the Environment and Local Government. Further meetings are planned with his Department's officials together with representatives from Dúchas. The Guidelines launched by the Minister in December 2001 make it clear that the section concerning places of worship has *draft* only status as consultations have not been concluded at this stage.

The impact of the legislation generally is regarded as too restrictive and even repressive with serious financial implications for the care, maintenance, insurance and redundancy of church property for the future.

- **Historic Churches**

The Representative Body at its meeting in March 2002 appointed the Rt Rev AET Harper, Bishop of Connor, Mr R Neill and Mr N Prins to act as a Historical Churches Advisory Committee. The terms of reference of the Committee are:

- (a) To formulate a strategic plan for the maintenance of churches of national heritage significance.
- (b) To act as an advisory committee in accordance with the draft Planning Guidelines in relation to Part 1V of the Planning and Development Act, 2000 (R of I) and related matters, with power to consult.

The Committee produced a very useful report in relation to the current situation concerning legislative obligations, grant aid, church buildings and general maintenance problems found in churches. It has also made recommendations with regard to the possibility of appointing a Church Conservation Advisor and in addition a proposal for a joint project feasibility study on two redundant rural church buildings.

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A copy of the report and recommendations is included as Appendix H to this report.

- **Insurance**

The policy of the Representative Body has been that churches should generally be insured for the sum that in the event of total destruction would enable a suitable modern church of appropriate size to be built as a replacement church (depending on the needs of the local situation). However, this may not now be totally appropriate having regard to the provisions of the Planning and Development Act (fully implemented) and the powers of Local Authorities to insist on reinstatement.

Where substantial partial damage occurs and the sum insured (chosen on the aforementioned basis) may be insufficient to pay for extensive repairs, the sum insured should at least be adequate to cover the estimated maximum probable loss (not the full replacement cost of the entire structure).

- **Policy**

While there are no ready made solutions, these interrelated issues of insurance, heritage, planning restrictions, liturgical freedom (to order church interior space) will continue to be examined in consultation with insurers, legal advisers and local authorities.

LIBRARY AND ARCHIVES COMMITTEE

- **Library Development**

Planning permission was granted for the refurbishment of the Library's forecourt, approval was given for the repair of the roof, and the surrounding trees were pruned.

- **Systems Development**

The Library's stand alone computers were replaced with a local network operated from a server, Microsoft software was installed on all the machines and an additional email address was provided. An automated library cataloguing and circulation system (Alice) was installed and work has begun to retrospectively catalogue the printed books collection.

- **Readership**

The numbers of reader visits rose significantly above the levels for 2001 and the number of archives and manuscripts which were produced for researchers continued to grow as the role of the Library as a place of first resort for all who are interested in the history and development of the Church of Ireland became increasingly widely known. The number of loans of printed books remained close to the level of 2001.

Induction sessions were given by the Library staff for new ordinands in the Theological College, for new candidates for the auxiliary ministry, for trainee lay readers and for members of the Archbishop of Dublin's Course in Theology. In addition to the normal opening hours the Library remained open until 7.30 pm on the Friday evenings when the candidates for the auxiliary ministry were resident in the Theological College.

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- **Allocations**

The General Synod allocated €6,650 and £4,725 for the purchase of books. This was generously augmented from the following sources:

Armagh diocese (£400); Cashel, Waterford and Lismore dioceses (€65); Cork, Cloyne and Ross dioceses (€450); Derry and Raphoe dioceses (£500); Down and Dromore dioceses (£615); Dublin and Glendalough dioceses (€350); Elphin and Ardagh dioceses (€125); Limerick, Killaloe and Ardfert dioceses (€250); Meath and Kildare dioceses (€400); Tuam, Killala and Achonry dioceses (€500).

In addition the parish of St George and St Thomas (Dublin) made a donation of €50 for archival work.

- **Accessions**

Books and periodicals continued to be purchased to meet the requirements of those in training for ministry and for the needs of the wider church. Individual authors who had used the Library presented copies of their books as did several publishers. The Library's collections were augmented by gifts from retired clergy, most notably, the Archbishop of Dublin, the Most Revd Walton Empey, and by the transfer from Overseas House, Dublin, of part of the library of CMSI.

The principal archival accessions were records from some 73 parishes, the transfer of many of which continued to be prompted by the Committee's recommendation that parish registers should be closed at the end of the year 2000. The Library now manages records from over 800 parishes. Post-disestablishment diocesan records of Kilmore were transferred from the See House, Cavan, and were added to the Elphin & Ardagh records which had been transferred to the Library in 1983. Records from a number of clerical societies, throughout the country, significantly increased the Library's holdings in this area and promise to be an important source for the study of clerical "in-service training". A list of accessions of archives and manuscripts to the Library in 2002 is included as Appendix I to this report.

- **Archives Cataloguing**

In addition to the routine cataloguing of parish record collections, additional cataloguing of the Meath diocesan archives was undertaken, and the papers of Hugh Alexander Boyd, relating to his researches into the cathedral system in Ireland, were arranged and listed. The availability of a student volunteer during the summer provided an opportunity to make further progress with arranging and listing the muniments of St Patrick's Cathedral, Dublin.

- **Church Plate**

Work continued on the creation of a definitive database of church plate. At the end of the year 2002, 86 per cent of the inventories had been returned and checked. The work in the dioceses of Clogher, Ferns, Leighlin, Kilmore and Waterford has been completed. The other dioceses have returned in excess of 70 per cent of their inventories apart from Cashel & Emly, Killaloe & Kilmacduagh and Lismore.

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- **Episcopal Portraits**

Two portraits in the See House, Dublin, were cleaned, and five portraits, which were not hung, were transferred to the Library pending a decision as to where they might be hung in Christ Church Cathedral. On the advice of Mr Alec Cobbe the portrait of Archbishop Charles Cobbe in Christ Church Cathedral has been attributed to Francis Bindon. An estimate for cleaning eight portraits in the Palace, Cork, was approved.

- **Outreach**

An exhibition on aspects of the history, liturgy, events and personalities of Dublin's three cathedrals was mounted in the Dublin Civic Museum from July to September. Entitled "Three Steps to Heaven" the exhibition drew on the muniments of Christ Church and St Patrick's Cathedrals, which have been transferred to the Library, and was augmented by materials from St Mary's Pro-Cathedral, Dublin Diocesan Archives, Dublin City Archives, the Irish Architectural Archive and Trinity College, Dublin. The exhibition was supported by the Heritage Council and attracted some 5,000 visitors from 31 countries apart from Ireland.

Work was begun on editions of the parish registers of Galway and Belfast which it is hoped to publish in 2003.

Lectures and addresses on the library and its resources were given to the Research Seminar in Contemporary History in TCD, the MA in Local History students in NUI-Maynooth, the Higher Diploma in Archives students in UCD, ordinands in the Theological College, and participants in the post-ordination training programme in the dioceses of Dublin and Meath. Genealogical presentations were made at the 25th International Congress in Genealogy and Heraldry in Dublin and for the Ulster Historical Foundation and Dublin City Public Libraries extra mural course.

The Library hosted seminars for MA students in Modern History in NUI-Maynooth and provided an introductory seminar for architects involved in the MA in Urban and Building Conservation in UCD.

Materials from the Library's collections were used, *inter alia*, in *An introduction to the architectural heritage of south county Dublin* and in Louis Marcus' film for TG4 *No Rootless Colonists – Na Gael Phrotastunaigh*.

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 the total number of cures (as defined in the chapter) has decreased by 1 since 1998. The number of cures has increased by 3 in Northern Ireland and decreased by 4 in the Republic of Ireland over the five year period. The rate of contribution was increased from 4.0% of minimum approved stipend to 4.1% in 1985, 4.2% in 1987 and 4.3% in 2003.

Total contributions or levies finance approximately 36% of costs at present.

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Overall, the number of cures has decreased by 52 to 462 since 1983 when the relevant Statute was enacted. Cures in Northern Ireland now total 263, having decreased by 12, while cures in the Republic of Ireland total 199, having decreased by 40.

- **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 2002:

QUARTER ENDED	€		£	
	Dr	Cr	Dr	Cr
	%	%	%	%
31 March	5.5	3.35	4.0	3.6
30 June	5.5	3.25	4.0	3.6
30 September	5.5	3.25	4.0	3.6
31 December	5.5	3.05	4.0	3.6

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.

- **Deeds of Covenant and Gift Aid (Northern Ireland)**

The total value of the subscriptions collected under deed of covenant and Gift Aid on behalf of parishes in 2002 was £4,490,600 to which the income tax recovered by the Representative Body added £1,266,885 to give a total of £5,757,485 as compared with £5,902,367 in the previous year.

The Inland Revenue carried out a sample audit of income tax claims made and underlying records during 2002, the final report from which is awaited.

- **Tax Relief for Charities in the Republic of Ireland**

Section 45 of the Finance Act 2001 introduced tax relief on donations of €250 or more by individuals and corporate donors to eligible charities and approved bodies. In the case of PAYE donors, tax reclaimable by the charity represents 25% of the original donation for standard rate tax payers, and 72% of the original donation for higher rate tax payers. If donors are self assessed for tax purposes, relief is available at the appropriate tax rate against the donation value.

Already many parishes and Bishops' Appeal have benefited greatly from this concession and they are utilising the opportunity to maximise the value of parochial and charitable giving.

Information about the reclaim process was provided by the RCB in a series of seminars following the introduction of the scheme and copies of the literature from the seminars will be made available on request from Church House Dublin.

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- **Chief Officer and Secretary**

Robert H Sherwood retired from the RB in 2002 having served for 42 years, some twelve of them as Chief Officer and Secretary. His contribution to the RCB, especially in the position of Chief Officer and Secretary, has been very significant and is acknowledged with particular thanks and appreciation.

- **Audit Committee**

The Audit Committee consists of four members of the Representative Body appointed by the Executive Committee. The Committee meets twice yearly with the external 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 which may arise therefrom.

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

Year on year (December)	UK (RP Index)	Republic of Ireland (CP Index)
1998	2.8%	1.7%
1999	1.8%	3.4%
2000	2.9%	5.9%
2001	0.7%	4.2%
2002	2.9%	5.0%

- **Donations, Bequests and Funds Received**

A full list of donations, bequests and funds received by the Representative Body for parishes, dioceses and special trusts is included as Appendix J to this report.

- **Form of Bequest**

Attention is drawn to the provision contained in the Form of Bequest printed in the final pages of this report, whereby the Representative Body, as Trustee, requests permission to invest in any investments or securities whatsoever in its sole discretion. Circumstances may alter from time to time and it is desirable that there should be freedom to act in the best interests of the parochial or other fund concerned.

- **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.

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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 for 2003 from the balance on the General Funds Revenue Account for the year ended 31 December 2002:

	€
Group A – Maintenance of the Stipendiary Ministry	1,400,707
Group B – Retired Clergy and Surviving Spouses	1,139,799
Group C – Training of Ordinands	1,018,366
Group D – General Synod Activities	674,948
Group E – Miscellaneous Financing	27,309
	<hr/> <hr/> €4,261,129

II. Minimum Approved Stipend

That, in accordance with Section 51 (1) of Chapter IV of the Constitution and with effect from 1 January 2004

- (a) no stipend shall be less than £21,000 per annum in Northern Ireland or €29,350 per annum in the Republic of Ireland in the case of an Incumbent or a clergyman appointed as Bishop’s Curate under the provisions of Section 42 of Chapter IV or of a Diocesan Curate over the age of 30 years appointed under the provisions of Section 43 of Chapter IV.
- (b) the stipend for a Curate-Assistant shall be in accordance with the following scale:

<u>Year of Service</u>	<u>Annual Stipend</u>
First Year	75.0% of minimum stipend for incumbent
Second Year	77.5% "
Third Year	80.0% "
Fourth Year	82.5% "
Fifth and succeeding Years	85.0% "