

COUNCIL OF ASSEMBLY

MAY 2015

PROPOSED DELIVERANCE

The General Assembly:

1. Receive the Report.
2. Commend Presbyteries and their congregations for their continuing engagement with the National Stewardship Programme. (Section 3.1)
3. Urge Presbyteries and congregations to continue their involvement in the three year cycle (Time, Gifts, Money) of the National Stewardship Programme and encourage them to utilise the advice and expertise of the Stewardship Consultants. (Section 3.1)
4. Note progress of the Joint Working Group on Strategic Finance and Resource Allocation, endorse the direction of travel and note the Council's intention to report more fully in 2016. (Section 4)
5. Note the discussions on the future format of the Yearbook. (Section 8.5)
6. Approve changes to the membership and remit of the Committee on Church Art and Architecture. (Section 11)
7. Approve a change to the membership of the Audit Committee. (Section 11)

REPORT

1. Introduction

1.1 The Council of Assembly's main function is to support the Councils and Committees of the Church in fulfilling the vision of the Church of Scotland: to inspire the people of Scotland and beyond with the Good News of Jesus Christ through enthusiastic, worshipping, witnessing, nurturing and serving communities. The Council ensures that the strategic priorities, policies and decisions of the General Assembly are implemented effectively and efficiently and, through its resourcing of the work of Councils and Committees, it supports and nurtures the people of the Church in their work of mission, witness, worship and service. Such a role gives us privileged access to the wide work of the Church, at local, regional, national and international levels. This year, members and staff have met representatives of congregations and Presbyteries from Argyll, Dunfermline, Edinburgh, Europe, Glasgow, Hamilton, Irvine and Kilmarnock and Lewis, to discuss a range of local issues. In addition, the Council hosted its annual September conference for Presbytery Stewardship and Finance representatives, a useful opportunity for problem-sharing and information exchange; 37 Presbyteries were represented at that event in 2014. The Convener and Secretary attended the annual meeting of the Presbytery Clerks' Forum, sharing information about the Council's work and also listening to the concerns and views of these key office-bearers. The Convener took part in a World Mission visit to Israel and the Occupied Palestinian Territories, witnessing for himself the work carried out by the Church's ministers, staff and partners in that troubled area of the world. We have seen at first hand the mission initiatives, the faithful worship and witness and the selfless service to others offered by members through the whole of Scotland. The Good News is preached; the hungry are fed; refugees are welcomed, clothed and housed; the lonely are encouraged and supported; the poor and vulnerable are inspired to leadership within their communities. At a time when faith groups are coming under increasing pressure to retreat from public life, it is very much to the credit of our congregations and members that they remain committed to these public expressions of our beliefs. We thank God for their faithfulness.

1.2 Of course, the Council's responsibility for oversight of the Church's Designated Religious Charity status gives us knowledge of the difficulties some congregations and Presbyteries face in ensuring proper governance. We also see at first hand the financial pressures faced by some congregations and the struggle, at times, to identify office-bearers and leaders with both skills and the capacity for service. We see the burden often placed on a few, particularly in smaller congregations and Presbyteries. This report includes preliminary proposals and invites the Assembly's approval of a project to address such challenges.

2. Governance

2.1 The Council's Monitoring, Co-ordinating and Evaluating Role

2.1.1 The Council of Assembly meets monthly except in January, May and July. One meeting is taken over two days, allowing more time for the consideration of strategic issues and longer-term planning. This year, that meeting was themed around the World Council of Churches' Pilgrimage of Justice and Peace and it also heard presentations from the Panel on Review and Reform and from Councils on their priorities. As has become customary, the Council was joined at that meeting by two young people drawn from those attending the National Youth Assembly; they brought insight and wisdom - and a degree of challenge - to the Council's discussions and we very much valued their contribution. We continue to commend to other Councils and Committees the practice of inviting young people to join specific meetings as well, of course, as seeking to ensure a spread of ages among the membership. Each meeting of the Council of Assembly hears reports from Councils and Committees which come within the monitoring, evaluating and co-ordinating remit of the Council. Councils make substantial presentations twice a year, though the opportunity is provided at every meeting for bringing matters before the Council. More detailed scrutiny of budgets and requests for replacement or additional staffing are first undertaken by the Finance or Staffing Group as appropriate.

2.1.2 Conscious of the burden of such a pattern of work on the members of the Council, all of whom give of their time sacrificially, consideration was given in the course of the year to ways of maximising the efficiency and effectiveness of Council meetings. The Council wanted to ensure that decisions were made timeously and at the most appropriate level, thus enabling members to make better use of time in meetings and retain a focus on the more strategic issues. They agreed that matters of detail can and should be competently discharged by management. A formal Scheme of Delegation has been developed and is due to be submitted to the Council for approval in the early spring. When agreed, it will be placed on the Church website. The carefully structured scheme will ensure that key policy and strategy decisions are made by General Assembly appointed members but that operational decisions are delegated appropriately to staff. After some experience of its working, the Council will give consideration to reducing the number of full Council meetings.

2.1.3 The Council continues to urge co-operation and collaboration across the other Councils and Committees. This year, the Council has continued to work closely with the Mission and Discipleship Council on the future of the Scottish Storytelling Centre and on the funding arrangements for the National Youth Assembly; in addition, there is Council representation on the Mission Forum. The Council has worked with the World Mission Council on the Presbytery of Europe and with Ministries Council on their planning for the Decade for Ministry; we were particularly pleased to be represented at Ministries Council Presbytery Conferences and to be able to contribute to conversations on a range of issues. Work with a number of Councils on pensions issues highlighted the need for a more sophisticated and integrated Human Resources and payroll system; HR and Stewardship and Finance are working closely with Ministries Council to specify and procure a new system which will better meet the Church's needs. The Council continued to support the Social Care Council on its plans for restructuring residential schools provision and on managing their challenging financial situation. The Convener represented the Church at an Action of Churches Together in Scotland Members' Meeting, at the request of the Ecumenical Relations Committee and also took part with Ecumenical Relations and the Principal Clerk's office in the biennial conversations with the Church of England. We have worked with a number of Councils, and with the Panel on Review and Reform, on the implementation of the decisions of the General Assembly 2014 arising from the Special Commission on Ministerial Tenure and the Leadership of the Local Congregation (reported elsewhere in this volume). The Assembly Arrangements Committee invited representation from the Council on its working group to consider the future of the General Assembly. We were pleased to support the Church and Society Council in its recruitment of a new Council Secretary. We continue to work with the Employing Agencies and the Pension Trustees on the implications of changes to pensions legislation and on ensuring that the new pension arrangements introduced in 2014 run smoothly. The presence on the Council of Assembly of the Conveners and Secretaries of the major Councils, and of other senior officials, ensures that opportunities for collaboration are identified; the regular meetings of the Senior Management Team also foster joint working. Partnership working ensures that we make the most effective use of both the resources of the Church and the skills of its people. The Council thanks and commends all Council members and officials for their commitment to collaboration and joint working.

2.1.4 The World Mission Council has had a special relationship with the Presbytery of Europe for a number of years, the details being set out in the Church's Europe Act (Act 8, 2007). In 2013, the General Assembly agreed changes to the remit of the World Mission Council to take account of that Council's new strategic plan. That plan included a desire to shift the focus of the Europe Committee of the World Mission Council from its engagement mainly with the Presbytery of Europe to a wider engagement with the churches in Europe in the same way as it is engaged with the World Church in other parts of the world. Such a shift would have implications for the Presbytery of Europe and its charges and the Europe Act itself would need to be amended or repealed. Since the matter involves a number of Councils and Committees – World Mission, Ministries, Ecumenical Relations and Legal Questions – as well as the Church of Scotland Trust, the Council of Assembly has undertaken the coordination of the negotiations and discussions. That work continues and it is intended that a full report will be brought to the General Assembly of 2016.

2.1.5 A summary of the financial performance of Councils against their budgets for 2014 will be included in a supplementary report from the Council of Assembly to the General Assembly. That supplementary report will also include a draft indicative budget for 2016. The Councils each account separately to the Assembly for their resource decisions and it is not appropriate for the Council of Assembly to comment in detail on their policies and priorities. However, the Council of Assembly wishes to place on record its appreciation for the continued careful monitoring of expenditure displayed by Councils, Committees and Departments and for their progress towards a sustainable financial position. We are all too aware of the difficulties faced by Councils and Committees as they attempt to balance budgets while still progressing challenging and inspiring programmes of work. Reports from Councils and Committees elsewhere in this volume will show just how successful they have been.

2.1.6 Progress against the Assembly's strategic priorities, agreed in 2011, has been recorded in the Trustees' Report on the Financial Statements, to be distributed at this year's Assembly. We commend this report and the accompanying financial information to all interested in the uses to which we put the considerable sums of money entrusted to our care. Readers will see that we have used a new format for the Annual Report this year. We have worked with our expert designers in the Communications Department to try to present the information in a more immediately accessible way while ensuring that the information that is required by law to appear in the Financial Statements is not compromised.

2.1.7 The Council and the Audit Committee are responsible for overseeing the Internal Audit processes of the Unincorporated Councils and Committees. In discussion with our internal auditors and with the Audit Committee, the decision was taken this year to create a part-time post of Assurance and Compliance Officer, reporting directly to the Secretary of the Council. The postholder tests and reports on the adherence to operating policies, procedures and financial controls throughout the Unincorporated Councils and Committees, and monitors and reports on compliance with all statutory regulatory requirements relating to our work. While there are no significant issues or concerns with the Church's overall arrangements for managing regulatory compliance, we were conscious that the general level of regulatory risk is high. The Church is, of course, subject to most aspects of the usual regulatory and related legal compliance requirements for charity law, employment, tax, health and safety, data protection, Disclosure Scotland, environmental law, planning, pensions and for various social care and education inspectorates. As a high profile organisation it behoves us to ensure that our compliance with the law is exemplary; the risks to the Church of non-compliance would be high. This post is being paid for through savings within the Internal Audit budget.

2.2 Cohesiveness Task Group

As reported to the General Assembly in earlier years, the Council of Assembly has set up a small task group of appropriate Conveners and senior staff to share information and to agree a co-ordinated approach, as far as possible, to managing some of the practical questions that arise in response to the issue of Same Sex Relationships and the Ministry. That group has representation from the Legal Questions Committee, Ministries Council, the General Trustees and the Council of Assembly as well as from the Law Department, the Department of the General Assembly, the Stewardship and Finance Department and the Communications Department. The Group has met less frequently in the last twelve months although members remain available to advise and assist Presbyteries and Kirk Sessions who face particular challenges. CTG representatives can travel to congregational and Presbytery meetings to explain Church law and procedure, to answer questions and to support Presbytery and local office-bearers in managing some difficult situations; in the course of the last year, a good deal of such support has been offered to the Presbyteries of Glasgow, Lewis and Uist. The Council of

Assembly would like to thank the Ministries Council for making extra funding available to support ministry in these areas and also to express its profound gratitude to the individual ministers and office-bearers who have offered this support. The Cohesiveness Task Group remains scrupulously careful to maintain a neutral stance on the issue and exists merely to ensure that information is shared and practical problems addressed as effectively and consistently as possible.

2.3 Charity Legislation and Attestation of Accounts

2.3.1 The Governance Group of the Council is charged with exercising the supervisory function required by the Church's Designated Religious Charity status. This includes the approval of Presbytery accounts and the supervision of Presbyteries in regard to their general oversight of charity law compliance by congregations including the scrutiny of congregational accounts, all as required in terms of the Regulations for Presbytery and Congregational Finance. The Church's status as a DRC could be compromised should a Presbytery be shown to have failed to exercise adequate supervisory and disciplinary functions with regard to any of the congregations within its bounds. In turn, a failure of any of its component elements to comply with charity law could have serious consequences including – in a severe case - a possible loss of charitable status and with that a significant loss of various tax reliefs. The Governance Group therefore takes this role seriously and has again spent time over the last twelve months seeking to ensure that Councils, Committees, Presbyteries and congregations all comply with relevant legislation. It has also engaged in conversations with OSCR to ensure the continued representation of the Church's interests.

2.3.2 Attestation of Presbytery Accounts

The General Assembly's Regulations for Presbytery Finance (Regulations III, 2008, section D) require the Council of Assembly to report the results of the annual attestation of Presbytery Accounts to the General Assembly. The Council duly reports that the Stewardship and Finance Department has attested the 2013 Accounts of 44 Presbyteries.

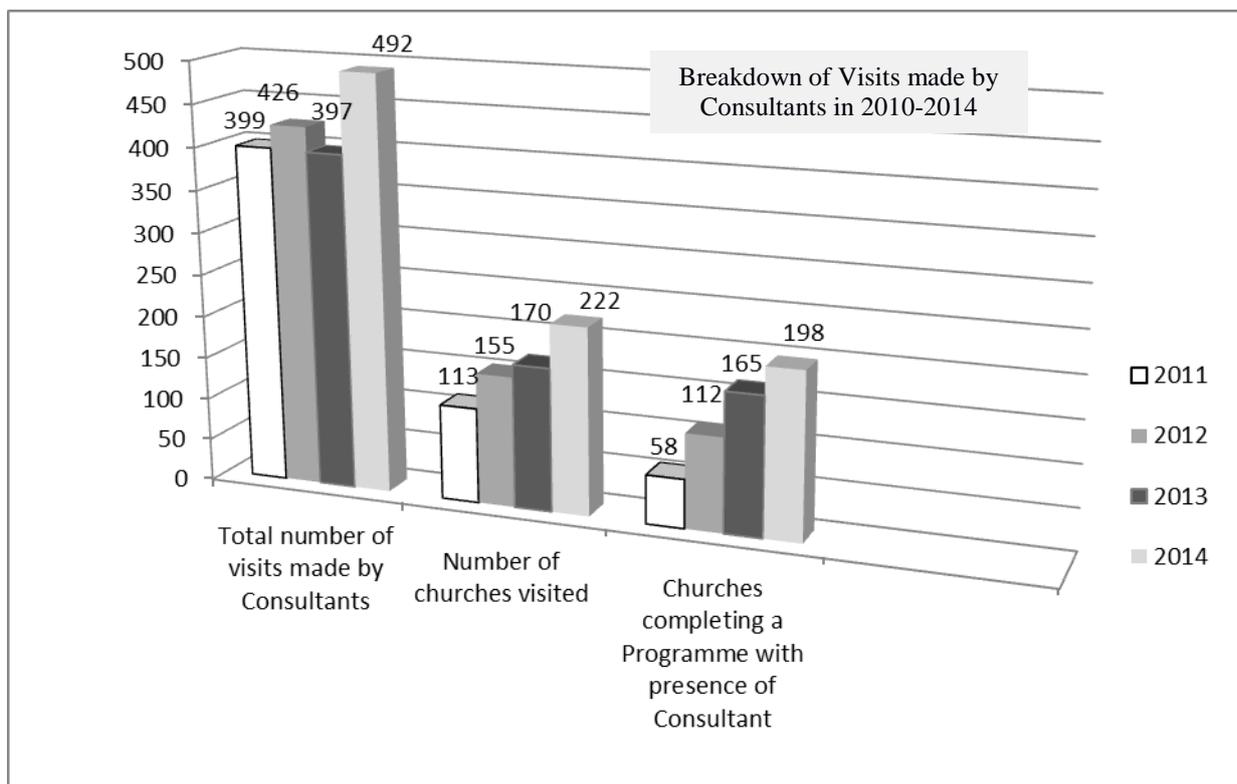
2.3.3 Presbytery Attestation of Congregational Accounts

The Regulations for Congregational Finance (Regulations II, 2008, section D) require the Council of Assembly to report the results of the annual Presbytery attestation of Congregational Accounts. Presbyteries are required to report to the Stewardship and Finance Department both that they have completed this attestation and the details of their findings. The Council now reports that the Department received reports from 41 Presbyteries on the inspection of Congregational Accounts for 2013. Analysis undertaken within the Stewardship and Finance Department indicated that 98% were found to be compliant with the Regulations for Congregational Finance and the Council is grateful to those many congregational treasurers and other office-bearers who work hard to ensure that the Church's financial affairs are so well-ordered. The Council of Assembly is expected by OSCR to ensure that all accounts are duly submitted and are compliant and we continue to work actively with Presbyteries and congregations to achieve this end. At the time of completing this report the Department had not received reports on the Attestation of 2013 Accounts from the Presbyteries of Argyll, Uist or Orkney.

3. Stewardship and Finance

3.1 National Stewardship Programme

3.1.1 The Head of Stewardship and the Stewardship Consultants have been proactive in delivering programmes to 198 churches in 2014. Many more congregations have sought advice from consultants via email or telephone. This chart shows the increase in the number of churches helped by the consultants over the years since the National Stewardship Programme was introduced.



3.1.2 The Department has produced for 2015 a clear and colourful leaflet on Ministries and Mission Contributions, focusing on the impact of our offerings. Copies have been sent to all congregations and it is hoped that they will be widely circulated and, perhaps, used in conjunction with a stewardship programme. The generosity of congregations enables a very broad ministry to take place and it is important that we tell that story in worship, on our websites and in our church magazines.

3.1.3 If we put £10 in the plate on a Sunday, here is the difference it might make:

Approximately £4.20 is retained by the local church for all sorts of costs including maintaining the building, mission, worship and supporting church groups. In working with congregations, stewardship consultants will ask them to consider what they do to serve the parish, will challenge them to articulate their vision of ministry and will seek to explore with them how that congregation is changing lives.

Approximately £5 goes to the Parish Ministries Fund and is used to recruit, support and pay for all our ministers, in every part of the country. Ministers preach, teach, administer the sacraments and lead worship as well as offering leadership to the congregation as they seek to serve Christ. Ministers care for and encourage people in a wide variety of circumstances, including times of deep sorrow and of great joy. Ministers are invited into people's homes, meet them at work, in hospital, at school and in many different places. Ministers offer support at baptisms, weddings, funerals and other critical points in the life of individuals and the community. All of this is possible because of the Parish Ministries Fund.

Approximately 80p supports the national work of the Church through Councils such as Mission and Discipleship, Church and Society and World Mission. Some also goes to support the work of CrossReach. It also funds the provision of central services to congregations, including Safeguarding, the Law Department, the General Trustees and Stewardship and Finance. The General Assembly and Moderator are also funded from this amount. 80p is a small fraction of the £10, but it goes a long way and has a substantial impact.

3.1.4 Churches which embark upon a stewardship programme with the advice and experience of a Stewardship Consultant invariably observe the positive impact of such a programme on congregational life. Churches working on a money programme in partnership with a Stewardship Consultant observed a collective increase in income of approximately £950,000 in 2014. Many churches also observe increases in Gift Aid Declarations and bank standing orders as a committed way of giving.

3.1.5 When a church opts to adopt the Stewardship Season (based on Time, Talents and Money over a three year cycle) with the assistance of a Consultant, the impact on congregational life is richly varied: increased interest in prayer or Bible study; new gifts and talents influencing and shaping the ministry of the church; current work being supported by more individuals; and sometimes a return to church by people who had previously drifted away. The following quotations illustrate the impact of the consultants' work across the country:

We are very pleased with the 15% increase in offerings that has resulted from our MONEY programme. This includes a large proportion of new pledges as well as promises of increased giving. Our Stewardship Consultant partnered us through the initiative-- advising our Planning Team, helping us design informative leaflets and encouraging our visitors. Everyone was happy with the process when they understood what was involved. Details of our success made a positive impact on our recent Local Church Review. (Coldstream)

We are a recently united congregation, with 2 churches 7 miles apart and our new minister observed that the members of the congregation needed to get to know one another better. So we devised a Stewardship Season focussing on Time. The idea was to encourage members to take some time out of their busy lives to get to know one another and allow our minister to get to know us. The weekend began on the Friday evening when around 70 members met in the local hall for a meal of cold meat salad, sweet and coffee. We asked everyone to bring along 2 photographs; one of themselves aged around 5 years and the other a recent photo. This provided a lot of fun. We used clocks for a display and played a game of matching pairs; when people found their match they had coffee with their new partner. All who participated said there was a "warm" feeling at the Friday event and there was lots of chat. (Abernethy, Dron and Arngask)

Here in Rosyth we have a major project ongoing to renovate the Queensferry Road building into a Community and Church building. Grants and fundraising raised a good sum but to get the final stages in motion we decided to work on a pledge system over a 3 year period. The General Trustees offered us a loan based on the amount we were able to pledge. Having tidied the congregational roll we sent out a letter and pledge leaflet detailing progress so far and what funds remained to be raised. We also invited the congregation to a light lunch to update them on progress. Next we phoned those of our congregation who did not manage to come along to the open day to make arrangements to visit – and for once this really did work well. For members for whom we did not have phone numbers we just turned up. We set up a pledge page on our website – and received a lovely surprise when one of our ex Sunday School children from 20 years ago contacted us via this and made a pledge! At the present time we have had £27,000+ pledged over 3 years with a further £4000+ of gift aid. This campaign achieved more than raise much needed funds – we asked our congregation when we visited them how they would like us to keep in touch with them. We now have email addresses and phone numbers for most of those on our roll allowing us to email out our newsletters, weekly intimations and all other information. (Rosyth)

3.1.6 A Statistical Analysis has been compiled to help Presbyteries identify any trends in congregational income over a three year period. This is then compared to the level of known involvement in the National Stewardship Programme. In many cases, there is a clear correlation between a downward trend in income and a lack of meaningful participation in the National Stewardship Programme. Presbyteries are encouraged to contact the Stewardship Consultants or the Head of Stewardship in order to make use of this tool.

3.1.7 The Gift Aid Small Donations Scheme (GASDS) has now been available to all churches since 6 April 2013. The GASDS recognises that for many charities, and particularly for churches, it is very difficult to obtain Gift Aid Declarations from donors in respect of small cash gifts (for example, in the Sunday offering), even where a particular donor may be regularly contributing to the church. Use of the Scheme enhances a charity's pre-existing Gift Aid programme by enabling a Gift Aid equivalent to be claimed on small donations in circumstances where it would otherwise be difficult or impossible to claim Gift Aid. Churches are able to claim payment of an amount equivalent to Gift Aid for cash donations of £20 or less (subject to an overall limit per charity) without the need for the donor to complete any paperwork such as the Gift Aid declaration. The claim is made alongside the usual Gift Aid repayment claim. The Council is pleased to note that congregations are slowly increasing their participation in this scheme but is concerned that some are not. Most congregations will be eligible

for up to an additional £1250 per year from this scheme and it makes financial sense for them to claim this.

3.1.8 The Stewardship and Finance Department has this year introduced guidance for congregations on the avoidance of fraud. Some churches have reported attempts at fraudulent activity on their accounts through telephone or internet banking. Congregational Treasurers, in particular, should be aware of this risk. Advice is available on the Stewardship and Finance pages of the website or from the Head of Stewardship.

3.2 Budgets

3.2.1 As is customary, due to the necessities of printing deadlines, the proposed total Ministries and Mission Contributions and indicative budget proposals for 2016 will be presented in a Supplementary Report.

3.2.2 The Council is pleased to report further progress in 2014 towards its objective of financial sustainability for the Church at a national level. The reporting of monthly performance through management accounts to Councils and Committees continues to enable them to have better oversight of their finances, and the practice of forecasting the likely position for the year during the third quarter has allowed Councils and Committees to identify variances and take any necessary corrective action before the end of the financial year. The Council, through its Finance Group, continues to monitor the financial performance of all Councils and has regular dialogue with Assembly appointed members and senior staff.

3.2.3 Recognising that the pressures on the finances of local congregations remained acute, the 2014 General Assembly set total Ministries and Mission Contributions for 2015 at the same level as for 2014, against a background of marginally higher congregational income in 2013. As a result, the budgets of Councils have again had to be carefully managed; it is encouraging to report that these are mostly in balance or showing small surpluses for 2015. Ministries Council reached a balanced operating budget (before pension deficit contributions) from a lower level of congregational contributions, due to the continuing fall in ministry numbers. The exception is the Social Care Council (CrossReach) which has had a positive year operationally, before the exceptional costs of reconfiguring the residential schools service, and despite continuing to experience difficult financial conditions in a small number of its services. The recommendations of the 2013 Budget Review at CrossReach have continued to be implemented, and there is clear evidence of improved operational and financial monitoring of services, with prompt action being taken where problems arise. The aim remains to bring the Council's budget back into balance by 2016. The finalisation of 2015 budgets during the fourth quarter of 2014, using the most up to date information available for 2014, has again assisted Councils to produce more realistic detailed budgets for 2015.

3.2.4 Total congregational Ministries and Mission contributions for 2015 of £46,480,000 (excluding endowment income) continue, in aggregate, to represent less than half of total congregational ordinary income. Early indications are that total congregational income in 2014 may have increased marginally from 2013, with evidence of many congregations taking advantage of the additional funding available from the Gift Aid Small Donations Scheme. With pressure on the finances of individuals and families only being relieved marginally towards the end of the year as inflation fell sharply due to falling oil prices, there is great reassurance that the commitment being shown by church members and adherents through their offerings remains strong. We give grateful thanks once again for that.

3.3 Investments

The recovery since 2009 in the capital value of the investments held in reserves by Councils continued in 2014, albeit at a lower rate than in 2013. There was a modest increase of 3.9% in the unit price of the main fund used, the Investors Trust Growth Fund, in 2014. The distribution level from the fund was maintained for 2014 after a small increase in 2013. The Council continues to monitor the reserves held by individual Councils in order to ensure that these are maintained at appropriate levels in relation to the volatility of the sources of income available, and the types and patterns of expenditure necessary to carry out Councils' remits.

3.4 Ministries and Mission Contributions

3.4.1 Congregations play a vital part in funding Parish Ministries and the work of Councils, Committees and support departments through their Ministries and Mission Contributions. Each congregation contributes according to its means. Those with the greatest financial resources contribute most and those with the smallest financial resources contribute least. In this way the Church of Scotland is a sharing Church where the strong support the weak, and the redistribution of

contributions enables the provision of a territorial ministry throughout Scotland, most recently re-affirmed by the General Assembly in 2010.

3.4.2 The Council of Assembly monitors the process for calculating Ministries and Mission Contributions, seeking to strike a fair balance between the Church of Scotland as a sharing Church and ensuring that as many congregations as possible are able to contribute the full cost of their own ministry. As an extension of the process of analysing congregational accounts to calculate Ministries and Mission Contributions, a detailed review has been carried out to assess the sustainability of congregations' finances. The first results of this review, for 2011 and 2012, were included in the Council's Supplementary Report to the 2014 General Assembly, and this information will be updated to include the results for 2013 in this year's Supplementary Report.

3.4.3 By 31 December 2014 congregations had remitted £43,755,184 in Ministries and Mission Contributions for 2014. This was 97.7% of the total required. Late payments for 2013, which were made during 2014, amounted to £ £ 571,802. The Council wishes to record its sincere thanks to all congregations which made their 2014 Ministries and Mission Contributions monthly by standing order and to all congregations which met their contributions in full by 31 December 2014.

3.4.4 Comparative returns for recent years are as follows:

Year	Total to be Contributed	Total received by 31 December	%
	£	£	
2010	42,875,378	41,916,436	97.8
2011	43,744,964	42,894,462	98.1
2012	45,666,451	44,945,741	98.4
2013	45,491,107	44,421,430	97.6
2014	44,802,161	43,755,184	97.7

3.4.5 The Stewardship and Finance Department has again produced an annual leaflet about Ministries and Mission Contributions. This year's leaflet *What Happens When We Place £10 In The Offering Plate On Sunday?* has been explained in section 3.1 above but it has also been sent to congregations and circulated to commissioners; additional copies are available from the Department without charge. In addition to this general information, the Head of Stewardship has again written to each Session Clerk, giving details of his/her congregation's Ministries and Mission Contribution, how it is used, and whether or not it meets the full cost of ministry in the charge. The Council would encourage the sharing of this information among members as a means of dispelling some of the myths which exist about the ways in which the Church's finances are managed. As an example, some congregations do not realise that a minister costs £41,048 a year, inclusive of pensions and national insurance, and that a congregation's share of all the other work of the Church would take the necessary contribution to £47,730. As a result of the information letters being sent in the last five years, some congregations have realised for the first time that they were not meeting the full cost of their own ministry and have made additional contributions. These additional contributions for Parish Ministries amounted to £67,967 in 2014 (2013 - £32,898).

3.5 Legacies

Some of the funding for the work of Councils, Committees and Agencies of the General Assembly comes from gifts in the wills of members and supporters of the Church. In 2014 these gifts amounted to £1.58 million (2013 - £3.15 million). These legacies, in addition to the estimated £5-6 million in legacies bequeathed for the work of individual congregations, are a vital part of the funding of the work of the Church and are very much appreciated.

4. Joint Working Group on Strategic Finance and Resource Allocation

4.1 Introduction

4.1.1 The Council of Assembly reported to the 2014 General Assembly that a thorough review of strategic funding and resource allocation was needed. It therefore set up a joint working group with representatives of the Council, the General Trustees, Ministries Council and the Panel on Review and Reform (JWG). The Group's remit is attached as appendix 1.

4.1.2 The JWG therefore had to consider both how funding is raised for the Church's national activities and how it is best spent. As well as holding regular meetings of its own members, the JWG consulted others who had expressed interest in its work. The Group wishes to thank all those who

generously shared their thoughts. The Group took account of the difficulties faced by a number of congregations and Presbyteries as they arose in the course of the last year; these ranged from congregations which had suddenly lost a disproportionate number of members to those which are facing a degree of financial fragility for other reasons or which wish to spend more of the money raised locally on local mission initiatives. While such approaches were not necessarily representative of the wider Church, the Group feels that they were largely typical of the kind of problems facing local congregations and Presbyteries.

4.1.3 Discussions ranged widely and time was taken throughout to pause, reflect and check understanding. The areas covered, some of which are complex and sensitive, are noted below. The Council of Assembly considered the Group's report at its February meeting, noting the view that there is little to be gained by merely tweaking systems and regulations and concurring that some significant change is therefore desirable.

4.2 Context

4.2.1 The Council of Assembly, and the Joint Working Group, are conscious of the Church's continuing commitment to the vision set out in the major Church Without Walls report of 2001. It is the Council's task – as it is the task of all within the Church – to return the ministry of the Gospel to the people of God, giving them the tools and the trust to shape their own local vision. The Church Without Walls report called for congregations to be given the space and opportunity to develop their own patterns of ministry, mission, worship and leadership; it called for structures to be flexible; and it called for Presbytery and the Church Offices to serve the local in their own context. The institution of the Church is challenged to become flexible and open, generous and accommodating, encouraging and enabling. That vision, of a Church and its people flourishing where trust, responsibility and resources are aligned, drove the JWG's thinking, and it will drive the shape of the final report, challenging though that may be for a body which is also tasked with ensuring good governance.

4.2.2 The Council recognises that there are many many good things about the current life of the Church. The JWG was charged with identifying and dealing with the problems facing the Church but it took the time to note and give thanks for the successes at local, regional and national level. These include:

- faithful worship and Christian witness and service in every charge in Scotland ('vacant' or not). Our commitment to the Third Article Declaratory is real and visible.
- thousands of local mission initiatives – lunch clubs, Guild projects, Messy Church, chaplaincies, foodbanks, eco-congregations, ecumenical ventures, world church engagement, CrossReach services, prison visitor centres – involving tens of thousands of volunteers from our membership. A Scottish Government minister has said that the social fabric of Scotland would disintegrate without the work of Church members.
- Go For It Fund, providing resources to help transform communities and congregations
- Priority Areas programmes, making real the Church's priority for the poorest and the most marginalised
- robust financial management at national level – givings have held up remarkably well and steps have been taken in recent years to eliminate deficits.
- our financial processes encourage sharing of resources and the systems encourage sustained levels of giving
- strong congregations support the weaker congregations
- ministers are free to fulfil their roles without worry about the source of their stipend
- a recognised place in the life of Scotland, with wisdom, Good News and hope to offer to the country.

4.2.3 However, the JWG was primarily tasked with considering the difficulties, obstacles and problems in the current arrangements for finance and governance in the Church, and particularly for identifying those which may be hindering the achievement of the Church Without Walls vision. The following issues were identified:

- the current financial regulations, systems and processes are perceived not to be flexible and adjustable for the local context. How could they become so while still ensuring fairness and a sharing of the resources given to us through God's generosity?
- there is no general system to evaluate resource allocation. How do we know if Church funds are being spent in the right way, at local, regional and national level, to achieve our goals?

- some congregations perceive their financial difficulties as arising only from the Ministries and Mission (M&M) system or other financial regulations although there can be other underlying causes such as Presbytery Planning decisions and local mission and stewardship challenges.
- many congregations, both those which meet the full cost of their ministry and those which do not, are not aware of the wide range of uses to which M&M contributions are put.
- some congregations, in addition to financial fragility, face other skills and resourcing issues and may therefore be failing to fulfil General Assembly instructions and some civil legislation requirements.
- some Presbyteries also face resourcing challenges and are struggling to fulfil their responsibilities.
- funds at national level are split with 86% being directed to the Parish Ministries Fund and the remaining 14% to all other national functions (this is known as the Income Disposition). The declining number of ministers of word and sacrament has led to calls for that split to be reviewed.
- the declining number of ministers has resulted in many ministers being overworked and tired. The number of congregations which do not have an inducted minister is rising.
- too many of our buildings are not essential for our mission. In too many cases, Presbyteries seem reluctant to designate buildings as non-essential, perhaps because of local sensitivities. The cost of maintaining, repairing and insuring such buildings – churches, halls and manses - is generally not assessed in mission terms.
- there is a perceived lack of connection between the national and the local/regional forms of church.
- the current structure of national Councils and Committees is perceived as overly complex and unrepresentative, perhaps making effective joint working difficult.
- there is resistance to openly acknowledged ‘leadership’ particularly at regional and national level. Is this sensible in the light of all the other challenges facing the Church?
- our energy and joy in service are being sapped because of the need to prop up our existing structures and ways of doing things.
- all of the above may be obstacles to the Church of Scotland’s effective participation in the mission of God in Jesus Christ.

4.2.4 The problems set out above can be summarised as follows:

- how to recruit, equip, pay for and support parish and other ministries throughout Scotland (and in the Presbyteries of England, Europe and Jerusalem).
- how to focus on what really matters to the Church while devolving trust and responsibility to an appropriate level and still maintaining effective planning and good governance.
- how to improve communications, planning, understanding and joint working at all levels.
- how to improve self-reliance and ownership at local and regional level.
- how to introduce more flexibility into our systems, to support mission-in-context.
- how to deal with a range of property issues.
- how to ensure proper regional support for the local and proper regional involvement in the national.
- how to ensure appropriate and respected leadership.
- how to introduce the capacity for flexibility and change – and how to help folks welcome such change.
- and, underpinning all of the above, how to manage Church funding and make spending decisions which support mission and service. This could entail some radical changes in funding levels and methods, in Income Disposition and in other budget dispositions.

4.3 Responses

4.3.1 The JWG has considered a number of ways of addressing these individual problems. These are described below to give the Church a sense of the scale of the radical change that may be needed:

- it considered changing the Ministries and Mission system to introduce more flexibility and perhaps a degree of influence from Presbytery level. It considered whether to reduce the amount to be collected to allow more money to remain at local level for mission, noting as a small example the 2015 experience of increasing from 3% to 4% the amount given to Presbyteries for local use. It might be possible to delegate responsibility for Ministries and Mission contributions in their entirety to Presbyteries; an assessment of costs, benefits and risks would be required.

- we intend to review, with Ministries and in consultation with Presbyteries, how we handle long-term vacancies. Perhaps such vacancies, almost all of which have satisfactory short-term locum arrangements in place, could become long-term part-time ministries, by agreement with the congregation. Perhaps people from the current pool of locums, mostly retired ministers, might be interested in such appointments. The JWG felt that this could help congregations, both in terms of mission and finance. It would also recognise the valuable ministry being exercised by locums and include them more formally in our reckoning of ministry numbers. Of course, such a system could have knock-on effects on other matters, such as the availability of people for pulpit supply, so it will need to be considered carefully.
- we intend to review how we could best ensure that congregations are self-financing, self-propagating and self-governing within a Presbyterian polity, taking advantage of the insights to be offered by Indigenous Church Mission Theory and the experiences of churches elsewhere in the world. That seems to the Council to sit comfortably alongside our Church Without Walls vision.
- we need to enable better resourcing of Presbyteries – money and people – to help them tackle some of these issues. Perhaps Presbyteries would then become stronger and more able to exercise effective local leadership.
- Ministries Council has its plans in place for a Decade for Ministry but, realistically, knows that the Church will have to cope with fewer full-time Ministers of Word and Sacrament than it would ideally like, at least for the next few years. The Church needs to ensure that it makes the most of the other ministry resource that we have – Ordained Local Ministers, deacons, locums, readers, elders, members. We need to consider whether the model of one inducted minister in every charge remains appropriate and achievable.
- we need to consider how to make more resources available to support strong, flourishing congregations and to do that without prejudicing the less strong congregations.
- should we have fewer Councils and Committees? If we do and we also have stronger and fewer Presbyteries, would there be merit in reintroducing some Presbytery representation on Councils and Committees?
- we need to produce case studies, particularly around the creative use of buildings but perhaps also from a wider sample of congregations and Presbyteries. These would help congregations understand the scope for innovation and change.
- we need to consider whether the General Trustees should have a formal role in the property-related aspects of Presbytery Plans, working with Presbyteries and Ministries Council to ensure sensible resource decisions.
- could changes of the nature contemplated above impede our mission, or would they aid it?

4.3.2 The JWG was conscious that the General Assembly of 2014 had encouraged the General Trustees to review the policy to continue to regard the Consolidated Stipend Fund only as a permanent endowment for investment purposes. At the same Assembly, the General Trustees were instructed to review the restrictions on the use of manse sale proceeds and rental income from manse lets “to ensure that these are available for ministry purposes”. The General Trustees will report on both these matters to the 2015 General Assembly.

4.4 Recommendations

4.4.1 The Panel on Review and Reform, in its Report to the General Assembly of 2013, identified a ‘three horizons model’, a lens through which we could view the world as it is and as it could be. The first horizon represents the status quo. The Church Without Walls report identified, as far back as 2001, that change was needed. The Council of Assembly is now suggesting that the creaks in the system of strategic finance and resource allocation require that new approach, one that takes us out of our collective comfort zone into at least second horizon thinking: a recognition that the status quo is no longer effective. Perhaps also the Church needs to be brave and visionary enough to imagine a third horizon: it may not be entirely clear yet but there could be a real opportunity to work in a different way. It can be riskier and would need the Church to be open to radical change and innovation - which might not work. It is only by setting out on that way, and accepting a degree of risk, that we can create a system and a mindset that allows for meaningful and effective change rather than the short-term shoring up of the existing system. The nature of the JWG remit effectively limits it to second horizon issues and the Council makes below some recommendations which are shorter-term and relatively easily achieved. It also now suggests some longer-term, more aspirational objectives which take us into third horizon thinking. The Council recognises that the Church would

need to conduct further research, perhaps launch some pilot projects, engage in more financial modelling, consult more widely and take account in all of this the need to support people and keep essential systems running through what could be a period of significant change.

4.4.2 There appear to be three main strands to this work although they do, of course, overlap to some extent. These are:

- finance and related matters
- regional church systems, structures and ways of working
- national church systems, structures and ways of working.

Some of the work can be fairly easily identified and tackled but some may need more research and consultation. There are therefore also two timescales, one for pieces of work which could be completed within the next twelve months and one for longer-term challenges, on which the Council would, however, still intend to report in 2016.

4.4.3 The Council therefore proposes the following recommendations:

1. Finance and related matters

a) short-term (*for consideration and implementation within the next twelve months*)

- start to explore options for alternatives to the current Ministries and Mission Contributions system, with more extensive financial modelling;
- start a review of other financial regulations in the light of the need for local flexibility;
- work with Ministries Council on the funding implications of any changes arising from the Church's Decade for Ministry;
- review the funding of vacancies;
- consider alternative systems for financial reporting in the Councils and Committees, to permit easier evaluation of the impact of spending decisions.

b) longer-term (*initial research to be conducted in 2015/2016 and further recommendations brought to General Assembly thereafter*)

- review the current system of Income Disposition between the Parish Ministries Fund and all other uses to which M&M contributions are put;
- make recommendations on the Ministries and Mission Contributions system;
- make recommendations on changes to other financial regulations in the light of the need for local flexibility.

2. Regional church systems, structures and ways of working

a) short-term

- prepare case studies of change in local congregations, both of buildings and mission and taking account of Fresh Expressions developments;
- consider further how to strengthen and support Presbyteries to improve their capacity for effective regional leadership;
- conduct research on leadership in other churches, especially in Presbyterian churches, and take account of their experiences in framing proposals for change.

b) longer-term

- explore options for the inclusion of the General Trustees in Presbytery Plan decision-making, including any implications for Church law.

3. National church systems, structures and ways of working

a) short-term

(none)

b) longer-term

- explore how Councils and Committees of the Church could best be structured to support Presbytery involvement, and to encourage joint working in the interests of mission, and bring a report to the General Assembly.

4.4.4 The Council proposes that the Joint Working Group should continue to meet to form the project board, perhaps expanding this as appropriate to include other stakeholders. The Group would

continue to report regularly to the Council of Assembly. It is anticipated that some external support may be needed to ensure that a large-scale change project of this complexity could be properly managed, taking account of any need for change management support.

5. Pensions

5.1 As reported last year, a governance framework has been set up for the new Defined Contributions Pension Scheme introduced in 2014. This has representation from the employing agencies and the Pension Trustees, and it is anticipated that staff representatives will be appointed later in the year. The group monitors the administration of the Scheme and the performance of Legal & General, the provider.

5.2 The 2014 General Assembly heard that a technical difficulty had arisen with the treatment of the closed Staff Defined Benefits Pension Scheme which would affect the timetable for implementation of a General Assembly decision to discharge the Central Services Committee and transfer its responsibilities including its employing agency responsibilities to the Council of Assembly. Although the immediate practical consequences of the technical difficulty were close to being resolved at the time of writing, the means of implementing the Church's wish to transfer the CSC's employing agency role were still under consideration; the Council anticipates bringing a full report in its supplementary report.

5.3 A separate challenge has arisen because of a possible increase by the Pension Protection Fund (PPF) in its annual levy in respect of the Church's closed DB pensions schemes resulting from changes introduced as to the way in which this is calculated. Both the Pensions Trustees and the Council of Assembly have taken professional advice on this matter and are looking at means to minimise any increase. An update will be provided in the supplementary report.

6. Credit Unions

The General Assembly of 2014 instructed the Council of Assembly to investigate how it could contribute to the capitalisation of the Churches Mutual Credit Union which was being jointly established by the Church of Scotland, the Church of England, the Methodist Church of Great Britain, the Scottish Episcopal Church and the Church in Wales. That deliverance itself built on an earlier instruction to the Council to consider the feasibility of making money available to local congregations and Presbyteries to establish and support Credit Unions and other similar initiatives. The Council of Assembly noted with pleasure that the CMCU successfully gained regulatory approval in December 2014 after some delay. It was therefore able to authorise the payment, in February 2015, of £30,000, part of which was to be used for capitalisation and part to be used to defray administrative and set-up costs. The Council commends the CMCU to the Church and looks forward to the day when its services will be available to all Church members.

7. Senior Management Team

7.1 The Senior Management Team coordinates the work of the staff who support the various Councils and Committees and implement the decisions of the General Assembly. The SMT is fully accountable to the Council of Assembly and its minutes are submitted to the Council for information and discussion.

7.2 In the course of the year, SMT, in addition to its regular agenda items:

- reviewed Departmental budget performance;
- reviewed the risk register;
- shared information and helped plan a coordinated approach to the implementation of a CSC decision to agree to a request from staff to cease recognition of Unite the Union;
- oversaw the preparation of updated policies on business travel, leave, shared parental leave and learning and development for staff;
- collaborated in order to be able to advise Councils and Committees on the impact of the Lobbying Act on their activities;
- collaborated on the Church's participation in external events.

7.3 The Council recognises the advantages to both itself and the staff of a formal and co-ordinated approach to the management of the work of the Councils and Committees and commends the senior

staff for their continuing efforts to support the effective delivery of the General Assembly's policies and priorities. The existence of a clear senior management structure supported by staff who combine professional management experience with their dedication to God's mission improves communication, introduces consistency and provides good support for all the staff of the Church Offices, of CrossReach and those who work in other areas of the Church. It ensures that the decisions of the Assembly, and of its Councils and Committees, can be implemented effectively in partnership with congregations and Presbyteries.

8. Communications

8.1 The Communications Department is responsible for media relations, design services, internal communications, social media and editing and developing of the Church's website. The Communication Group of the Council oversees the continued implementation of the Assembly's Communications Framework, designed to influence how the Church communicates both internally and externally. The department has been through a period of significant change with new people joining the team and working towards a programme of improvement. The basic media monitoring service recorded during 2014 almost 3000 reports of the Church in UK newspapers. There were also numerous reports on television and on radio as well as newspapers such as The Times which are not included in the monitoring service. The Church became the focus of global attention when it offered itself as a neutral forum for Respectful Dialogue debates on the Scottish Referendum and for a post-referendum service of reconciliation in St Giles, bringing together politicians and voters who had been on opposing sides during the campaign. The BBC and Sky carried live coverage of the service. Time Magazine and the Financial Times were among the publications which covered the Church's role in the referendum campaign.

8.2 Over the last year the team has continued to build better relations with the media and has consolidated a significant swing in 2013 to more positive and neutral coverage. The team has also initiated a major drive to turn the home page of the Church website into an outlet for communicating news internally to Church members and externally to the wider world. Some of the team's resources have been allocated to a drive to improve the quality and quantity of information on social media.

8.3 The Council of Assembly has responsibility for co-ordinating the Church's contribution to the development and promotion of Gaelic within the Church. The Gaelic Group of the Council has been in abeyance for some time because of the difficulty in identifying suitable members but the nomination of Rev Dr Angus Morrison as Moderator Designate has been a useful catalyst for action on this matter. With Dr Morrison's support, the Communications Department is to hold a conference in Glasgow in March 2015 to bring together those with an interest in the use of Gaelic within the Church. Invited speakers include Margaret Mary Murray, Head of Service, BBC Alba, and Rev John Urquhart, who has been developing contemporary and traditional Gaelic worship materials in partnership with Sabhal Mòr Ostaig in Skye. The Council recognises that Gaelic is a rich element in our national, cultural and church inheritance and hopes that this event will stimulate a new interest in promoting the use of Gaelic both in the context of traditional worship services and in imaginative ways that take account of the developing needs of the Gaelic-speaking, and Gaelic-learning, communities in Scotland.

8.4 The website developer has had an extraordinarily challenging year restoring material lost after failure of an external web service. With kind assistance from the Church's Law and IT departments, significant financial compensation was successfully negotiated. The Design Team is initiating more cost-effective commissioning of publications and posters. It also continues to encourage different quarters of the Church to uphold the high design standards and visual identity guidelines approved by the General Assembly in 2011. The Communication Group is now turning its attention to a review of the Assembly's 2011 *Communications Framework*, which was designed to provide media support to congregations, Presbyteries, Councils and Committees, to introduce a degree of consistency in how the Church presents itself to the wider world in publications and statements and to improve the Church's dealings with the media. It is in need of updating to reflect changes in technology, social media and new explicit objectives such as increased broadcast coverage. A more detailed report will be brought to the Assembly in due course.

8.5 In common with most organisations the Church is putting more material online. Print directories can be out of date almost as soon as they appear, represent a cost to the environment and burden Church members with high printing and posting costs. Commissioners will be aware of how infrequently they themselves would now consult a telephone directory or other such print publication.

Part of the material normally in the Church's 'directory', the Yearbook, is now available online and we intend therefore to reduce the number of pages for 2015 and consider further the case for moving to full online publication. This would be more accurate, easier to search and considerably less expensive and these advantages might well outweigh any perceived disadvantages arising from the discontinuation of the printed version. The Assembly is asked to note the discussions in this regard.

9. Staffing

The Staffing Group of the Council continues to meet. It is not presently responsible for the employment of staff – that remains the responsibility of the various Employing Agencies of the Church – but it does ensure that there is close scrutiny of staffing proposals, whether they result in increased cost or not. Posts can only be filled, or new ones created, if the various Councils have made a strong business case for the development of new or ongoing work which relates to the Church's overall vision and strategic framework. Senior staff are invited to attend meetings to discuss their proposals, and to show that they have considered alternatives to recruitment such as restructuring or rescheduling of work, giving clear evidence of affordability and value for money.

10. Statistics

10.1 In the course of the year, the Council of Assembly, working with the Presbytery of Edinburgh, agreed that Rev Dr Fiona Tweedie, an Ordained Local Minister, should fulfil her ministry in the Church Offices as Worship Development and Mission Statistics Coordinator. As an OLM, Dr Tweedie offers ten hours a week of service to this role. She has the task of developing the worshipping life of the staff of the Church Offices of the Church of Scotland and has, in that capacity, introduced several new practices, including weekly prayer for named Presbyteries and Departments as well as special services for the day of the Scottish Referendum and the 100th anniversary of the outbreak of the First World War. She co-ordinates Monday morning worship and daily morning prayers (to which any visitor to the Offices is warmly invited) and works in partnership with the Office Chaplain, Rev Tony Bryer. She also offers her professional experience as a statistician, maintaining an overview of the collection and use of statistics in relation to Ministry and Mission; liaising with external bodies on the maintaining of the Statistics for Mission profiles; advising Councils and Committees on the construction and use of questionnaires relating to the work of the Church; and offering advice to Councils and Committees on quality assurance issues in the use of statistics in research.

10.2 Since she took up this position in July 2014, Dr Tweedie has worked with Legal Questions on guidelines for the collection of Congregational Statistics; with World Mission investigating Souper Sunday statistics and data on human trafficking; and with the Mission and Discipleship Council on Statistics for Mission as well as on their survey about Ministers' Forum and the *Learn* material. She has worked with Ministries Council on the issue of advice to Presbyteries on parish boundaries, and on evaluation processes for Vocations and Interim Ministry. For CrossReach, Dr Tweedie mapped congregations within ten miles of a CrossReach facility thus helping them to involve local churches more in their work. She has also worked with the Panel on Review and Reform, discussing the latest Church of England research into Church Growth. Over the course of the next year, Dr Tweedie will be involved in a wider consultation on the collection and use of congregational statistics and will be exploring further the opportunity to partner with the Church of England in an Ecumenical Church Census in 2016.

10.3 This is perhaps an unusual ministry but one which has already proved to be of great benefit to the mission of the Church.

11. Membership of Councils and Committees

11.1 The remit of the Council of Assembly includes responsibility for advising the General Assembly on matters of reorganisation and structural change, including adjustments to the membership and remits of relevant Agencies of the General Assembly. This year, we bring a proposed deliverance for a change to the membership of the Church Art and Architecture Committee and to the Audit Committee.

11.2 The Church Art and Architecture Committee, CARTA, sits within the remit of the Mission and Discipleship Council but is a separately constituted committee of the General Assembly. The

General Assembly of 2014 received a report of a review of CARTA and passed the following sections of deliverance:

- 6. Instruct CARTA, in support of the General Trustees, to take on a more pro-active role with Presbyteries in stimulating and supporting congregations to think creatively about how their buildings might be adapted for worship and witness in the 21st century.
- 7. Encourage CARTA and the General Trustees to give further consideration to improving the service they provide to Presbyteries and congregations through enhanced communication and collaboration.
- 8. Instruct the CARTA Review Group to resolve the question of the terms of service of members of the Committee with the Council of Assembly and to bring a revised remit to the 2015 General Assembly.

11.3 CARTA is seeking a small increase in its membership in order to achieve a better geographical spread, in fulfilment of sections 6 and 7 above. The current composition of CARTA, as set out in Standing Orders, is 17 voting members (convener, vice-convener and 15 members). They are seeking an increase to 18 voting members (convener, vice-convener and 16 members) and the Council of Assembly is happy to support such a change. At the same time, we would propose including in Standing Orders a clear statement of the non-voting membership of the committee.

11.4 However, the main membership problem facing CARTA is compliance with Standing Order 116, which provides that only half of those retiring from a committee in any year may be re-appointed. While appreciating that this is designed to ensure a regular turnover of Council and Committee membership, CARTA is particularly disadvantaged because of its need to maintain a geographical and professional spread of membership. It works largely through visits to local congregations and finds it easier to arrange these if the CARTA member lives locally; it also needs access to architects and art experts and finds it easier to find such volunteers if the travelling is minimised. CARTA also voices a wish to have longer term access in its decision making to the accrued expertise and experience that members acquire through participation in congregational visits, discussion of the issues raised by visit reports and presentations by outside experts on particular topics.

11.5 The Council of Assembly has therefore agreed with the Legal Questions Committee that the Committee will move an amendment to Standing Orders to permit CARTA to have a term of office of not more than eight years for its General Assembly appointed voting members. The new Standing Order would read as follows:

Standing Order 111.8

Committee on Church Art and Architecture.....18 members

Convener, Vice-Convener and 16 members appointed by the General Assembly. Notwithstanding SOs 112 & 116, members shall be appointed for a term not exceeding eight years. The Committee shall have the power to invite a representative of each of the following bodies to attend its meetings: the General Trustees, the Scottish Episcopal Church, the National Association of Decorative Fine Arts Societies and Historic Environment Scotland.

11.6 CARTA is also taking this opportunity to revise its remit so that it reflects accurately its responsibilities as they have evolved. The proposed new remit is clearer and more structured; its terms have been agreed with the General Trustees who also have an interest in CARTA’s work. The existing and proposed new remits are attached as Appendices 2 and 3 to this document. The General Assembly is invited to approve both the recommended changes to the membership and remit of CARTA. The Nomination Committee has been informed of the request and can make suitable arrangements for the membership if approved.

11.7 The General Assembly of 2009 set up an Audit Committee to advise and assist the Charity Trustees of the Unincorporated Councils and Committees in the oversight of financial management, financial reporting, accounting policies and practices and internal and external audit programmes. The Audit Committee prepares an annual report to the Council of Assembly on its role and responsibilities and the actions taken to discharge those responsibilities; the Convener of the Audit Committee has the right to report directly to the General Assembly if the Audit Committee deems this appropriate.

11.8 The voting membership of the Audit Committee is four: a Convener and two members appointed by the General Assembly; and one member appointed by the Finance Group of the Council of Assembly. Such a low membership poses some practical problems; just one absence leaves the Committee at risk of becoming inquorate and it rather limits the spread of experience that would

otherwise be desirable. The Audit Committee has therefore asked for an increase in its membership of one, to take it to a voting membership of five. The Council of Assembly believes this to be prudent and reasonable and recommends it to the Assembly. The Nomination Committee is ready to assist with the fulfilment of the request if agreed by the Assembly.

12. Membership of the Council of Assembly

12.1 The Council reports that Dr J Kenneth Macaldowie, a member of the General Trustees, and Christopher Dunn, a member of the Legal Questions Committee, serve on the Governance Group as co-opted members. Donald Walker is a co-opted member of the Communication Group, offering the Group the benefit of long experience as a senior newspaper journalist.

12.2 The immediate past Moderator of the General Assembly serves as a non-voting member of the Council for one year. The Council is conscious of the time its work demands and the impact this may have on a busy parish minister who might legitimately have expected a slightly more peaceful year subsequent to a Moderatorial year. We are grateful therefore to the Very Rev Dr Lorna Hood for her interest in our work, for her service to the Council and for her insightful contributions to our discussions.

In the name of the Council

GRANT BARCLAY, *Convener*
IAIN JOHNSTON, *Vice-Convener*
PAULINE WEIBYE, *Secretary*

ADDENDUM

Iain Johnston has served for three years as Vice-Convener and retires at this Assembly. The Council – and its Convener – owe Iain an enormous debt of gratitude for his able and willing service in that capacity while also working in a full-time senior position in Faith in Community Scotland. Iain is supremely well-organised and has a very good memory, both excellent qualities in a Vice-Convener. His capacity for strategic thought and his encouragement to the Council to be reflective in its work have added greatly both to its effectiveness and to its prayer life. He is also utterly committed to the work of the Kingdom and to promoting the Church's priority for the poor; it was good to be reminded sometimes of the reason for all the Council's frantic activity. Iain convened the Council's Strategy Group and did so with diligence and flair, never losing sight of the objective. The Council expresses its deep gratitude for the significant contribution Iain has made and wishes him well as he returns even more full-time to his valuable work in FiCS and to his wife and family.

In the name of the Council of Assembly

GRANT BARCLAY, *Convener*
PAULINE WEIBYE, *Secretary*

APPENDIX 1

JOINT WORKING GROUP ON STRATEGIC FUNDING AND RESOURCE ALLOCATION

Remit

1. To consider matters of strategic funding and resource allocation in the light of challenges currently facing the Church. Specifically, the group will:
 - identify and scope the extent of the strategic funding challenges which the Church is facing, in consultation with other bodies as appropriate. These may include: congregational givings; stewardship issues; fundraising; use of reserves; membership demographics; the commitment to a territorial ministry from the Third Article Declaratory; the impact of vacancies, unions and readjustments; ecumenical working; property management; staff costs, including pensions; future demands eg for increased numbers of ministers; 'congregationalism'; the role of Presbyteries; and any other relevant factors.

- identify and scope the resource allocation issues which the Church is facing, in consultation with other bodies as appropriate. These may include: national v local expenditure; territorial ministry; Presbytery Planning system; investment in ministry; congregational expenditure on buildings and mission; identification of strategic priorities among Councils, Committees and other agencies; evaluation of current activities; ‘nimbleness’; and any other relevant factors.
 - identify and scope the information, tools and processes which currently exist around these matters: vision statement (in process of development); Ministries and Mission Contribution Scheme (including write-offs); use of 3%/4% by Presbyteries; National Stewardship Programme; Pilot Presbytery Staffing Fund; Presbytery Planning; special funding arrangements (eg Priority Areas, use of restricted funds) ; Central Fabric Fund; and other appropriate matters.
 - carry out a horizon scanning exercise to identify the context in which these challenges are being met. This should take into account: national economic policy; ecumenical matters; the impact of constitutional change; national demographics; social change; technological change; legal environment (both civil and Church law).
 - recognise and consider the urgent need for more action to strengthen local parish ministry and mission, including rural parishes, and actively consider how Councils, Committees and Presbyteries can be more sharply focussed in the resourcing of the church at a local level in order to strengthen mission.
 - consider strategic funding and resource allocation issues which relate to congregations in vacancy and under Guardianship.
 - work with the General Trustees to review the policy to continue to regard the Consolidated Stipend Fund only as a permanent endowment for investment purposes.
 - identify and agree with the Council of Assembly the objectives and any limitations on the work of the group.
 - review the current tools and schemes in the light of the findings above and make any necessary recommendations for change.
2. To prepare a draft interim report on these matters by 31 January 2015 for inclusion in the Council’s report to the General Assembly 2015.
 3. To prepare a draft final report on these matters by 31 January 2016 for inclusion in the Council’s report to the General Assembly 2016.
 4. The Group may consult widely throughout the Church on any matter within its remit.
 5. The Group may engage specialist advisers to assist with aspects of its work if the Council of Assembly is satisfied, on the report of its Finance Group, that any cost is justified and represents value for money, and that resources can be made available.
 6. The Group will make regular progress reports to the Council of Assembly through the Finance Group.

APPENDIX 2

COMMITTEE ON CHURCH ART AND ARCHITECTURE (CARTA)

CURRENT REMIT

This Committee replaced the Committee on Artistic Matters and takes forward that Committee’s remit, which is in the following terms:

- The Committee advises congregations and Presbyteries regarding the most appropriate way of carrying out renovations, alterations and reordering of interiors, having regard to the architectural quality of Church buildings. It also advises on the installation of stained glass, tapestries, memorials, furniture and furnishing, and keeps a list of accredited artists and craftsmen.
- Any alteration to the exterior or interior of a Church building which affects its appearance must be referred to the Committee for approval, which is given through the General Trustees. Congregations contemplating alterations are urged to consult the Committee at an early stage.
- Members of the Committee are prepared, when necessary, to visit churches and meet office-bearers. The Committee’s services are given free.

- The Committee seeks the conservation of the nation's heritage as expressed in its Church buildings, while at the same time helping to ensure that these buildings continue to serve the worship and witness of the Church in the present day.

In recent years, the General Assembly has conferred these additional duties on the Committee:

1. preparation of reports on the architectural, historical and aesthetic merit of the buildings of congregations involved in questions of readjustment.
2. verification of the propriety of repair and renovation work forming the basis of grant applications to public bodies.
3. the offering of advice on the maintenance and installation of organs.
4. the processing of applications from congregations for permission to dispose of surplus communion plate, and the carrying out of an inventory of sacramental vessels held by congregations.

APPENDIX 3

COMMITTEE ON CHURCH ART AND ARCHITECTURE (CARTA)

PROPOSED NEW REMIT

1. The Committee advises congregations and Presbyteries about the renovation, reordering and redecoration of church buildings, including the design and conservation of stained glass windows, tapestries and memorials, the installation of new lighting, audio-visual systems, furniture and furnishings, and like matters.
2. Under the Work at Buildings Regulations (as amended in 1998), the Committee is the advisory body to the General Trustees on non-structural alterations to church buildings.
3. The Committee is authorised by the General Trustees to approve proposals relating to non-structural alterations to church buildings referred to them by the General Trustees: e.g. chancel areas, seating and liturgical furniture, lighting, audio-visual systems, colour schemes, stained glass windows, tapestries and memorials.
4. The Committee provides resources for the use of congregations seeking information and inspiration as to how their buildings might be adapted for worship and witness in the 21st century, while respecting and conserving their architectural heritage.
5. When requested, the Committee reports on the architectural, historical and aesthetic merit of buildings involved in questions of readjustment. It advises on the appropriate disposal of the contents of redundant church buildings, facilitating this via Exchange and Transfer, processes applications from congregations for permission to dispose of surplus communion plate and is responsible for compiling an inventory of sacramental vessels held by congregations. It also advises on the care and replacement of organs, and on alterations required to accommodate the needs of those with disabilities.

Congregations contemplating or proposing any non-structural alteration to their church buildings must submit an application form to the General Trustees, who will refer their request to the Committee and will notify the congregation of the outcome. The Committee will normally arrange to visit the church and meet the relevant office-bearers, before drafting a report and recommendations for consideration by the Committee.

Membership

Convener, Vice-Convener and 16 members appointed by the General Assembly.

The Committee shall have the power to invite a representative of each of the following bodies to attend its meetings: the General Trustees, the Scottish Episcopal Church, the National Association of Decorative Fine Arts Societies and Historic Environment Scotland.

The Committee is assisted in its work by specialist advisers with expertise in communion ware, conservation, decoration, lighting, organs and stained glass.