



The Church Commissioners

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The Church Commissioners' role is to manage the Church of England's historic assets to produce money to support the Church's ministry. This note sets out the background to the creation of the Church Commissioners in 1948, their main functions, their composition, and their relationship with the House of Commons.

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1 Introduction

The Church Commissioners' role is to manage the Church's historic assets, today invested in stock market shares and property, to produce money to support the Church's ministry. The Church Commissioners meet about 18 per cent of the Church's total running costs. Three quarters of the running costs of the Church are met by worshippers in the parishes.¹

2 Historical background

The Church Commissioners were formed in 1948 by joining together two bodies: Queen Anne's Bounty and the Ecclesiastical Commissioners. The Governors of the Bounty of Queen Anne for the Augmentation of the Poor Clergy were established under the *Queen Anne's Bounty Act 1703*. The charity was founded to supplement the incomes of poor clergy and improve their housing in what was largely a rural church. The Ecclesiastical Commissioners had been created by the *Ecclesiastical Commissioners Act 1836*. They were endowed by Parliament with some of the estates belonging to bishops and cathedral chapters and charged with using the income to fund the extension of the Church's ministry into new urban areas.

The *Church Commissioners Measure 1947* merged the two bodies to create the Church Commissioners. This legislation was amended by the *National Institutions Measure 1998* which came into effect on 1 January 1999.²

3 Responsibilities of the Church Commissioners

The Church Commissioners' website states that their main responsibilities are:

- to obtain the best possible long term return from a diversified investment portfolio in order (1) to meet their pension commitments and (2) to provide the maximum sustainable funding for their other purposes such as support for the work of bishops, cathedrals and parish ministry;
- in doing so, to pay particular regard to making 'additional provision for the cure of souls in parishes where such assistance is most required';
- to administer the legal framework for pastoral reorganisation and settle the future of redundant churches.³

The Church Commissioners manage assets of some £4.4 billion (at the end of 2008). This includes some 112,000 acres of agricultural land, as well as residential and commercial property and shares. The Church Commissioners state on their website that they are "conscious of their duty as a long-established landlord and one of the country's largest landowners". Financial criteria play a key role in their decisions about sales and re-lettings, but they state that they recognize the importance of good landlord and tenant responsibilities.⁴

There had been some controversy about investment decisions made by the Church Commissioners in the 1980s. In her book, *C of E: The State It's In*, Monica Furlong writes:

¹ Funding the Church of England, <http://www.cofe.anglican.org/info/funding/>

² Background to the changes in the *National Institutions Measure 1998*, which included reducing the number of Commissioners from 95 to 33, is set out in Monica Furlong, *C of E: The State It's In*, 2000, p168-175

³ The Church Commissioners, <http://www.cofe.anglican.org/about/churchcommissioners/>

⁴ The Church Commissioners: Asset Management, <http://www.cofe.anglican.org/about/churchcommissioners/assets/>

During the 1980s there was intense dispute, some of it in Synod, some of it in the House of Commons, about the Church investing in companies who had large holdings in South Africa. Richard Harries, the [then] Bishop of Oxford, himself a Commissioner, took the Commissioners to court in 1990 to clarify which areas it was proper for the Church to invest in and which it was not. He pointed out that already they did not invest in alcohol or tobacco, but that apart from that, anything seemed to be permissible. 'Hitherto the assumption has been that ethical considerations can be taken into account only if there is no overall financial loss... in short ethics may be taken into account provided it does not lose the Commissioners a penny'. The solution revolved around the status of the Commissioners: were they like a pension fund, or 'more akin to a charitable body'? If the latter, should they not be expected to show loyalty to the aims of the body they served? The court found against the bishop, deciding to regard the Commissioners' duties as more in the nature of a pension fund.⁵

Monica Furlong also writes about what she refers to as "The Great Scandal" of 1992:

On 11 July 1992, the biggest scandal to date was uncovered to the general public in an article by the journalist John Plender in the *Financial Times*. Under the headline 'Unholy Saga of the Church's Missing Millions', Plender, as a result of careful scrutiny of the Church Commissioners' annual reports and accounts, was able to show that the Commissioners had sustained huge losses in their property portfolio as a result of property speculation that had been grossly mismanaged. At the time it was thought that the loss amounted to £500 million. Later £600 and £800 million were mentioned. The *Financial Times'* article coincided with, and was designed to anticipate, the announcement of this embarrassing disaster by Archbishop Carey at the July meeting of General Synod in York.⁶

The losses led to the appearance of the Archbishop of Canterbury before the Social Security Committee in the House of Commons.⁷ The Church of England set up its own inquiries which were conducted by the Lambeth Group and the financial consultants Coopers and Lybrand. The Lambeth Report recommended that some of the Commissioners' assets should be hived off to protect pension funds from other commitments.

The Church Commissioners' website states that:

...by the early 1990s it became clear that the Church Commissioners had taken on more commitments than they alone could afford, especially with the growing cost of clergy pensions. Pressure to maximise income had led to over-investment in commercial property, which went sharply into decline in the early 1990s, and to spending more than could be sustained in the long term.

The Church Commissioners were forced to cut back on grants to dioceses for the support of parish ministry, but more radical change was needed. Church-wide review resulted in the Pensions Measure 1997, which provided for parishes to pay for most clergy pension rights earned from January 1998, reflecting the principle that pensions are a key part of the cost of ministry. The Church Commissioners remain responsible for clergy pensions earned up to 1998 and have provided transitional relief to help phase in the new arrangements.

Despite the "cap" placed on the Church Commissioners' liabilities by the Pensions Measure, their pension costs will rise for the next generation before they tail off and are

⁵ Monica Furlong, *C of E: The State It's In*, 2000, p171. See also *Harries v Church Commissioners for England* [1992] 1 WLR 1241, [1993] 2 All ER 300

⁶ *Ibid*, p172

⁷ See also the Adjournment debate at HC Deb 11 May 1995 vol 259 cc910-61

spent out. In meeting them it will be necessary to spend half their fund over a 50 to 60 year period.

As a result of this reshaping of the Church Commissioners' commitments, key financial reforms are in place:

- Assets are invested in a more balanced way and in line with independent professional advice.
- The future cost of clergy pensions is being shared with the wider Church, bringing the Church Commissioners' financial commitments to a level they can meet.
- Funds (other than for pensions) are being distributed only at a level that can be afforded in the long term, based on actuarial advice.⁸

A review was also conducted by the Turnbull Commission in 1995 which examined the Church's central structures. The results of this review led to the establishment of the Archbishops' Council to give strategic direction to the Church of England's mission, while providing the Church Commissioners with a focus on their asset management functions. It also proposed to reduce the number of Church Commissioners from 95 to 15. In the event, the Commission was cut down to 33 by the *National Institutions Measure 1998*.

4 Composition of the Church Commissioners

There are currently 33 Church Commissioners:

- a) the First Lord of the Treasury (the Prime Minister);
- b) the Lord President of the Council;
- c) the Home Secretary;
- d) the Speaker of the House of Commons;
- e) the Speaker of the House of Lords (previously the Lord Chancellor);
- f) the Secretary of State for the Department of Culture Media and Sport;
- g) the Archbishops of Canterbury and York;
- h) the three Church Estates Commissioners (who represent the Church Commissioners in General Synod – the Second Commissioner, Sir Stuart Bell, is a member of Parliament and answers to Parliament for the business of the Commissioners);
- i) four bishops elected by and from among the House of Bishops;
- j) two deans elected by and from among the cathedral deans;
- k) three other clergy elected by those members of the House of Clergy who are not deans;
- l) four persons elected by the House of Laity;
- m) three persons nominated by Her Majesty;
- n) three persons nominated by the Archbishops of Canterbury and York acting jointly;
- o) three persons nominated by the Archbishops of Canterbury and York acting jointly after consultation with the Lord Mayors of the Cities of London and York, the Vice-Chancellors of the Universities of Oxford and Cambridge and other such persons who appear to the Archbishops to be appropriate.

Elected Church Commissioners hold office for five years and nominated commissioners for such period as the person nominating may determine. The Archbishop of Canterbury is

⁸ The Church Commissioners, *A brief history*,
<http://www.cofe.anglican.org/about/churchcommissioners/briefhistory/>

chairman of the Church Commissioners. A full list of the current Church Commissioners is available on the Church Commissioners' website.⁹

Mark Hill explains in his book *Ecclesiastical Law* that:

So broad is the ambit of responsibility of the Church Commissioners, and so diverse is their composition, that they transact their business through an executive body known as the Board of Governors. The Board comprises all of the Commissioners save the officers of state listed in (a) to (f) ...above... In every financial year, the Church Commissioners must hold an annual general meeting to consider the annual report and accounts and to consider the recommendations of the Board as to the allocation of such money as the Board may report as available. The Commissioners are free to regulate their own procedure.

The Church Commissioners must determine the amount of income from their assets which is to be made available to the Archbishop's Council for application or distribution for any of the purposes for which it could have been applied by the Commissioners themselves at the end of 1998 and pay that amount to the Council in equal monthly instalments. Before determining the amount, the Commissioners must consult the Council and have regard to any proposals made by the Council. In applying or distributing the Commissioners' money, the Council is required to pay particular regard to the requirements of section 67 of the Ecclesiastical Commissioners Act 1840 relating to the making of additional provision for the cure of souls in parishes where such assistance is most required.

In addition to the Board there are statutory Assets and Audit Committees. The Assets Committee acts in the name of the Commissioners in the management of their assets. It is empowered and obliged to act on behalf of the Commissioners in all matters relating to the management of their assets and may sell, purchase, exchange or let land and make, realize and change investments. The Audit Committee, as its name suggests, reviews the Commissioners accounting policies and practices and keeps under review the effectiveness of their internal control system. Additionally, it has a duty to report to the officers of state listed in (a)-(f)... above on any matter relating to the functions and business of the Commissioners which causes the Committee grave concern about which the Board of Governors has been unable to satisfy the Committee.¹⁰

5 The Church Commissioners and the House of Commons

Tony Baldry MP is the Second Church Estates Commissioner and was appointed by Her Majesty on 21 June 2010.¹¹ He replaced Sir Stuart Bell who had held the post since May 1997. The Second Church Estates Commissioner is entitled to speak at any Committee of the Commissioners. He represents the Church of England in the House of Commons and answers questions for the Commissioners. In *Church and State: A mapping exercise*, published by the Constitution Unit at UCL, Cranmer *et al* write that:

No government minister is responsible for the Church Commissioners. When the Ecclesiastical Commissioners were created in the 1830s, relations with Parliament were catered for because there were always Commissioners who were MPs. Increasingly from 1866, however, a convention became established that the government used its powers to appoint the second (unpaid) Church Estates Commissioner to give that post to a senior government backbencher in the House of

⁹ The Church Commissioners, <http://cofe.anglican.org/about/churchcommissioners/commissioners.html>

¹⁰ Mark Hill, *Ecclesiastical Law*, Third Edition, 2007, 2.38-2.45

¹¹ Number 10 Press Notice, [Second Church Estates Commissioner](#), 21 June 2010

Commons, also nowadays appointed to the Ecclesiastical Committee under the Enabling Act 1919. Gradually, and especially after 1926, the Second Church Estates Commissioner came to be regarded as the Parliamentary spokesman for the Ecclesiastical/ Church Commissioners.

The present position is that the government business managers arrange that Parliamentary time is made available on about eight times a year to the MP to answer Questions concerning the Church Commissioners' activities. The MP is briefed by the Church Commissioners for these purposes. (There is no equivalent arrangement in the House of Lords, because only the Commons may deal with financial matters.) The rationale for an arrangement where the only other non-ministerial MPs who take Questions are the chairs of certain Commons committees is that the Church Commissioners dispose of funds with historic origins in Parliamentary grants. The arrangement also reflects the established status of the Church of England.¹²

The Church Commissioners publish an annual report and annual accounts. These are available on their website.¹³ Under section 12 of the *Church Commissioners Measure 1947* the Commissioners must lay their Annual Report and accounts before Parliament:

12 Annual report and accounts to be laid before Parliament and Church Assembly

(1) So soon as may be after the close of every financial year the Board shall prepare a report of the work and proceedings of the Commissioners during that year, and shall present the report and accounts for that year to the Commissioners at their annual general meeting.

(2) Within thirty days after such meeting the secretary shall transmit the report and accounts, together with a copy of any resolution passed by the Commissioners with reference thereto, to the Lord Chancellor, who shall lay copies of the report, accounts and resolution, if any, before both Houses of Parliament.

(3) Within the same period the secretary shall also send copies of the said documents to the secretary of the General Synod, who shall lay them before the Synod.

¹² Frank Cranmer, John Lucas and Bob Morris, *Church and State: A Mapping Exercise*, April 2006, p19-20

¹³ Church Commissioners' Annual Report 2007, <http://cofe.anglican.org/about/churchcommissioners/annualreport/>. The full report is available at <http://cofe.anglican.org/about/churchcommissioners/annualreport/2007report.pdf>