

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Third Delegated Legislation Committee

CHURCH OF ENGLAND (MISCELLANEOUS
PROVISIONS) MEASURE (HC 341)

CHURCH OF ENGLAND PENSIONS (APPLICATION
OF CAPITAL FUNDS) MEASURE (HC 342)

Tuesday 23 January 2024

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The Committee consisted of the following Members:

Chair: JAMES GRAY

Blackman, Bob (<i>Harrow East</i>) (Con)	Russell-Moyle, Lloyd (<i>Brighton, Kemptown</i>) (Lab/Co-op)
† Burns, Sir Conor (<i>Bournemouth West</i>) (Con)	† Selous, Andrew (<i>Second Church Estates</i> <i>Commissioner</i>)
† Hollobone, Mr Philip (<i>Kettering</i>) (Con)	† Tami, Mark (<i>Alyn and Deeside</i>) (Lab)
Johnson, Kim (<i>Liverpool, Riverside</i>) (Lab)	Tarry, Sam (<i>Ilford South</i>) (Lab)
† Lewer, Andrew (<i>Northampton South</i>) (Con)	† Vara, Shailesh (<i>North West Cambridgeshire</i>) (Con)
† Lewis, Sir Brandon (<i>Great Yarmouth</i>) (Con)	Winter, Beth (<i>Cynon Valley</i>) (Lab)
† Morris, James (<i>Halesowen and Rowley Regis</i>) (Con)	
† Morrissey, Joy (<i>Lord Commissioner of His Majesty's</i> <i>Treasury</i>)	Stuart Ramsay, <i>Committee Clerk</i>
Owen, Sarah (<i>Luton North</i>) (Lab)	
† Pawsey, Mark (<i>Rugby</i>) (Con)	† attended the Committee
Ribeiro-Addy, Bell (<i>Streatham</i>) (Lab)	

Third Delegated Legislation Committee

Tuesday 23 January 2024

[JAMES GRAY *in the Chair*]

Church of England (Miscellaneous Provisions) Measure

9.25 am

The Second Church Estates Commissioner (Andrew Selous): I beg to move,

That the Committee has considered the Church of England (Miscellaneous Provisions) Measure (HC 341).

The Chair: With this it will be convenient to consider the Church of England Pensions (Application of Capital Funds) Measure (HC 342).

Andrew Selous: It is a pleasure to serve under your chairmanship, Mr Gray. I hope that these two measures will not detain the Committee for long.

The Church of England (Miscellaneous Provisions) Measure is the latest in a series of such Measures. It makes provision for a range of matters concerning the Church of England that do not merit separate free-standing legislation. It includes provisions relating to the General Synod, ecclesiastical offices, ecclesiastical jurisdiction, Church property, elections to representative bodies, the functions of the Church Commissioners, appointments to the Church of England Pensions Board and the conduct of various types of meeting. I do not propose to take the Committee through all its 22 clauses in detail, but I will elaborate on its most significant provisions.

Clause 1 will put on a permanent basis the ability of the General Synod of the Church of England to hold remote or hybrid meetings. Temporary provision was made during the covid pandemic for the General Synod to meet and conduct its business on a remote or hybrid basis. Experience has shown that the ability to hold remote meetings, particularly hybrid meetings, is of continuing value, particularly given the inability of some members to attend meetings of the Synod for reasons of health or disability. We envisage that the Synod is most likely to continue to hold hybrid meetings with most members physically present.

Clause 2 amends the Legislative Reform Measure 2018 by removing a sunset provision. The Legislative Reform Measure enables the Archbishops' Council—with the approval of the General Synod, and subject to the negative procedure in Parliament for statutory instruments—to make legislative reform orders that can amend ecclesiastical legislation contained in Acts of Parliament and Church Measures, within certain limits. The power to make legislative reform orders would expire in March of this year without the amendment made by clause 2 to repeal the sunset provision. The Church has found the power to make legislative reform orders a useful one; three significant orders have been made since the power came into being. This amendment will ensure that the power to make further orders remains

available. The orders made so far have related to the exercise of patronage, the constitution of the Church of England Pensions Board and certain procedures of the Church Commissioners.

Clause 7 and schedule 1 make it possible for those cathedrals that wish to do so to appoint lay residentiary canons. The residentiary canons of a cathedral, all of whom must currently be ordained as priests or deacons, constitute the principal group of individuals who exercise ministry and form the praying heart of a cathedral. For some time now, the Church has sought to recognise and encourage the ministry of lay people, both in parishes and in cathedrals. The ministry of readers, who are now often called licensed lay ministers, and of lay workers is recognised and regulated by the canons of the Church of England. Some cathedrals wish to include experienced lay ministers among their residentiary canons; this Measure will enable them to do so. I should point out that no cathedral will be obliged to have lay residentiary canons.

Clauses 9 to 12 update the practice and procedure of the Church's courts and statutory tribunals in various ways. These include provisions designed to increase diversity among those appointed as ecclesiastical judges and impose mandatory training requirements for ecclesiastical judges; to expedite decisions on permission to appeal from the decisions of tribunals; and to put the live broadcast of proceedings in Church courts on a statutory footing. Members of the Committee may be interested to know that these courts principally cover matters relating to planning permission-type issues in relation to the use and development of church buildings and churchyards, as well as clergy discipline matters.

Clause 20 and schedule 2 make provision for a range of Church of England bodies at the local as well as national level to hold their meetings remotely or to hold hybrid meetings. These include parochial church councils, diocesan synods, deanery boards, parochial church meetings, parishioners meetings to choose churchwardens, cathedral chapters, diocesan boards of education, the church buildings council, and boards of patronage under pastoral schemes.

The Church of England Pensions (Application of Capital Funds) Measure is a much shorter, technical measure. If passed, it will extend the Church Commissioners' currently time-limited power to spend capital to meet their pensions obligations—mainly to clergy—for service carried out before 1998. Under the current legislation, the power to do so will expire at the end of 2025. This measure will extend the period for a further seven years, until the end of 2032. The ability to apply capital as well as income to meet pensions obligations gives the commissioners much greater flexibility in their asset allocation policy.

Mr Philip Hollobone (Kettering) (Con): I am enjoying my hon. Friend's excellent and entertaining speech. Why 2032? Normally, these things are extended by five, 10 or 15 years. Why seven?

Andrew Selous: My hon. Friend, who is well versed in biblical history, will know the significance of seven in the Old Testament, and indeed in the new. It has just been the case that this measure has been rolled on for seven consecutive years, so my hunch is that it has theological origins.

The pensions measure will enable the Church Commissioners to invest in a broad range of asset classes, including those where most, and in some cases all, of the investment returns come from capital appreciation—an increase in the value of the holdings, rather than from income distributions, for example dividends and interest. The ability to apply capital in this way has been a crucial enabling factor in the strong returns the commissioners have generated for the Church of England's endowment fund. Those returns have fed through to increased support for the Church's mission and ministry.

From 2020 to 2022, the commissioners were able to make £150 million of additional funding above the level that might have been expected. As reported to the General Synod last July, in the current spending period, 2023 to 2025, the commissioners plan to distribute 30% more than was distributed in the period 2020 to 2022. Looking over a longer period, planned distributions by the commissioners in 2023 to 2025 are more than double the equivalent in 2017 to 2019. The power provided by this measure to apply capital towards the cost of the commissioners' historical pensions liabilities will enable them to continue to manage the endowment in the way that best serves the Church, both now and sustainably into the future. The Ecclesiastical Committee of Parliament has reported on both measures and found them both to be expedient.

9.33 am

Mark Tami (Alyn and Deeside) (Lab): It is a pleasure to serve under your chairmanship, Mr Gray.

May I first thank my colleagues for their support this morning? The Second Church Estates Commissioner may be surprised to know that we will not be oppose the measure, but I want to raise a couple of general points. On the pension issue, which he has raised, my right hon. Friend the Member for East Ham (Sir Stephen Timms) raised some concerns in oral evidence about using capital sales to fund pensions. I know that that applies only up to 1997, but I understand that the sums already expended run to £130 million a year. That amounts to £900 million, which seems quite a lot. Does the Second Church Estates Commissioner have any views on the matter?

On the sale and care of property, the Church of England (Miscellaneous Provisions) Measure refers to churches and land. Does it also cover other Church property such as houses? There is quite a lot of concern about the upkeep of such properties. Anyone who has seen ex-vicarages up for sale knows that most of them look as if no one has touched them since 1950. Does the Measure cover them? What is being done on keeping

properties? Even if they are to be sold, their value will be higher if they are looked after properly—let alone the wellbeing of the people who have to live in them.

9.35 am

Andrew Selous: The right hon. Member for Alyn and Deeside (Mark Tami) can have great confidence in the investment management capability in respect of the Church Commissioners' funds, which in recent years have increased substantially to approximately £10 billion. Very careful stewardship is exercised; I have sat in on many assets committees in my time as a commissioner. We are extremely prudent in the way we manage the fund, and we have managed to use capital appreciation and grow the value of the fund at the same time. Although we have distributed some capital gains for the mission and ministry of the Church, we have always managed—in recent years, anyway, because of our excellent chief investment officer and the highly skilled investment team at Church House—to grow the endowment while doing so. A number of measures are in place to carefully guard the stewardship of the intergenerational endowment fund for the Church.

On Church property, the commissioners do sell individual properties—they are often farm cottages, because the commissioners own farm land and so on—but we do so where it makes sense. We want our property to be in good repair: that is an obligation that is extremely important to the commissioners. Vicarages are, in principle, the responsibility of the diocese concerned rather than of the commissioners, but dioceses take that responsibility very seriously and really do their best to maintain vicarages. I am not saying that every repair is always made as quickly as the vicar and her or his family would like—possibly they are not—but I know that dioceses take their duty seriously.

I hope I have reassured the right hon. Gentleman that there is careful stewardship; that we absolutely accept a high responsibility and a duty of care to those who live in our agricultural dwellings; and that dioceses take their obligations to clergy and their family extremely seriously in respect of the properties in which they live, and will always do so.

Question put and agreed to.

**CHURCH OF ENGLAND PENSIONS
(APPLICATION OF CAPITAL FUNDS)
Measure**

Resolved,

That the Committee has considered the Church of England Pensions (Application of Capital Funds) Measure (HC 342).
—(*Andrew Selous.*)

9.38 am

Committee rose.

