



# **Scottish Episcopal Church**

## **35th Annual Report**

**The General Synod of the Scottish Episcopal Church**

**Annual Report and Accounts for the year ended 31 December 2017**

## **Notes**

### **Membership**

The membership of each Board and Committee is listed on pages 3 - 6 and reflects the membership at 31 December 2017.

### **Financial information**

The main audited financial statements are grouped together at the end of the Report. The individual committee and fund statements shown alongside committee reports also form part of these accounts.

### **Synod Papers**

This Report does not include motions and resolutions for General Synod, nor budget figures. This information will be included in the separately published Agenda and Papers for General Synod.

### **General Synod of the Scottish Episcopal Church**

Scottish Charity Number SC015962

### **Scottish Episcopal Church Nominees**

Scottish Charity Number SC013463

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# General Synod of The Scottish Episcopal Church

## Reference and administrative information

<b>Charity name and address</b>	General Synod of the Scottish Episcopal Church 21 Grosvenor Crescent Edinburgh EH12 5EE
<b>Scottish Charity Number</b>	SC015962
<b>Charity Trustees</b>	<i>Standing Committee</i> Mr Robert Gordon (Convener) Most Rev Mark Strange Rt Rev Dr John Armes (from 1 July 2017) Rt Rev David Chillingworth (to 30 June 2017) Dr John Ferguson-Smith Mr James Gibson Rev Chris Mayo Rt Rev Kevin Pearson Rev Canon Dave Richards Rev Jane Ross Very Rev Alison Simpson
<b>Principal Officers</b>	Secretary General      Mr John Stuart Treasurer              Mr Malcolm Bett
<b>Solicitors</b>	Shepherd and Wedderburn LLP 1 Exchange Crescent, Conference Square Edinburgh EH3 8UL
<b>Auditor</b>	Chiene + Tait LLP Chartered Accountants and Statutory Auditor 61 Dublin Street Edinburgh EH3 6NL
<b>Fund Managers</b>	Baillie Gifford & Co Calton Square, 1 Greenside Row Edinburgh EH1 3AN
<b>Bankers</b>	Bank of Scotland plc Triodos Bank NV Scottish Widows Bank plc
<b>Trustees for the Charity</b>	<i>Trustees of the General Synod of the Scottish Episcopal Church</i> Lady Caroline Douglas-Home Mr Martin Haldane Rt Rev Edward Luscombe The Hon Lord McEwan Canon David Palmer Sheriff Alexander Wilkinson  <i>Directors of Scottish Episcopal Church Nominees</i> Rt Rev David Chillingworth Lady Caroline Douglas-Home Mr Gavin Gemmell Mr Martin Haldane The Hon Lord McEwan Canon David Palmer Sheriff Alexander Wilkinson

The Trustees for the Charity have no involvement, in their capacity as Trustees for the Charity, in the management and control of the General Synod. Their role is to be nominees holding title to assets (principally heritable properties and investments) on behalf of the General Synod.



## **A Review of the Year 2017 by the Primus, Most Rev Mark Strange**



It has been an interesting year for the Scottish Episcopal Church - we ended our General Synod of 2017 with an amended canon on marriage (Canon 31) which permits marriage between couples of the same gender. We also ended the Synod with a deep sense of commitment to work hard at maintaining the unity and fellowship of the Church. As we approach General Synod 2018, we are aware that the hard work continues.

The changes to Canon 31 have also created opportunities for conversations and developments in our relationships across the Anglican Communion. Many of the discussions have been robust but I am very aware that we are still, very much, a valued part of the Communion.

There have also been continuing conversations with the Church of Scotland, with our EMU (Episcopal, Methodist, United Reformed) partners and a growing fellowship with both the Roman Catholic Community and the churches of the East through our relationship with the Focolare movement.

Changes continue in the Scottish Episcopal Institute and we are delighted to see the development of mixed mode training and a continued growth in those offering for ministry, both lay and ordained. I still hear people talk as if we have a crisis in vocations. We don't, and thankfully the work of the Institute Ambassadors is making that clear in the Charges.

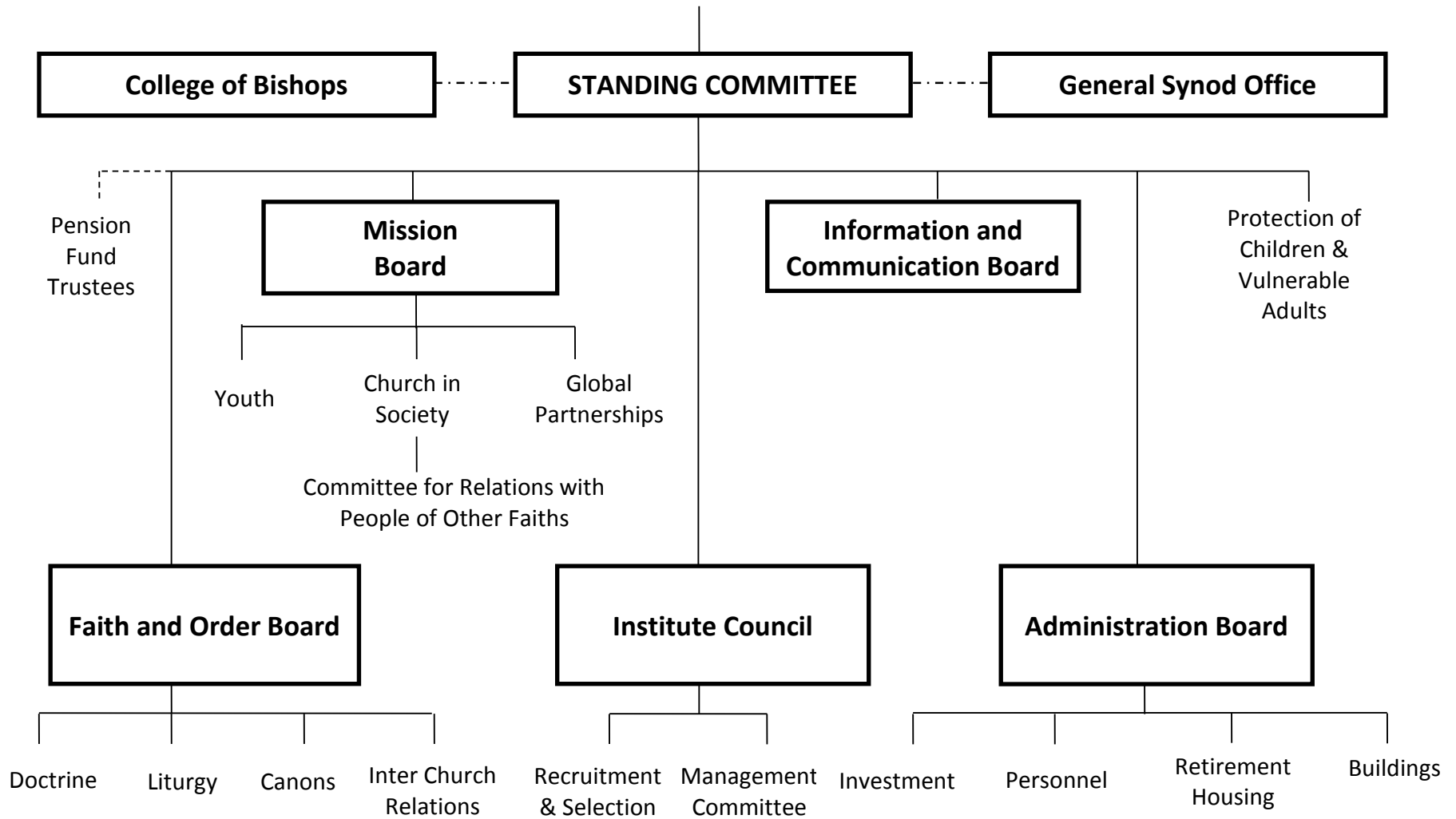
The year saw the retirement of Bishop Nigel Peyton of Brechin and Bishop David Chillingworth of St Andrews, Dunkeld and Dunblane. The latter retirement also created a vacancy in the office of Primus, leading to my subsequent election to that office. We thank Bishops Nigel and David for their huge contribution to the life of the Church and wish them every happiness in retirement. We were also pleased to welcome Bishop Gregor Duncan back to meetings of the College of Bishops in the second half of the year, after a period of illness. The retirements left the College of Bishops with three vacancies, the extra responsibilities of overseeing the affected dioceses and the enabling of episcopal election processes, and so it was with great delight that we elected, and in March 2018 consecrated, Anne Dyer as the new Bishop of Aberdeen and Orkney as the first woman bishop in the Scottish Episcopal Church. I would wish to thank the College for all its hard work over the past year.

That, in fact, is the message I have received loudly in my first year as Primus - the willingness of people to work for the future of this Church. We are blessed with real strength in those who are part of this fellowship. The many reports and reviews in this Annual Report will give you a flavour of what is happening, so let's rejoice and give thanks.

**+Mark  
Primus**

2 Provincial Boards and Committees

**THE GENERAL SYNOD**  
*(Bishops, Clergy & Laity)*





## Board and Committee Membership

### Standing Committee

Mr R Gordon	Convener	2015 - 2020
Rt Rev the Bishop of Edinburgh	College of Bishops	
Most Rev the Primus	Convener, Faith and Order Board	
Rev H J Ross	Convener, Mission Board	2015 - 2020
Rev C Mayo	Convener, Information and Communication Board	2014 - 2019
Dr J Ferguson-Smith	Convener, Administration Board	2015 - 2020
Rt Rev the Bishop of Argyll and The Isles	Convener, Institute Council	2015 - 2020
Rev Canon D G Richards	General Synod Representative (clergy)	2015 - 2019
Very Rev A Simpson	General Synod Representative (clergy)	2015 - 2019
Mr J N Gibson	General Synod Representative (laity)	2014 - 2018

### Committee for the Protection of Children and Vulnerable Adults

Mr C M Townsend	Convener	2016 - 2021
Rev Canon Dr M F Chatterley	Member	2017 - 2021
Mr C V Gregory	Member	2014 - 2018
Rev D B H Herbert	Member	2010 - 2018
Miss V J Lobban	Member	2010 - 2018
Mr R Nellist	Member	2014 - 2018
Dr J Parkinson	Member	2014 - 2018

### Faith and Order Board

Most Rev the Primus	Convener	
Rt Rev the Bishop of Aberdeen and Orkney	Vacancy	
Rt Rev the Bishop of Argyll and The Isles		
Rt Rev the Bishop of Brechin	Vacancy	
Rt Rev the Bishop of Edinburgh		
Rt Rev the Bishop of Glasgow and Galloway		
Rt Rev the Bishop of St Andrews, Dunkeld and Dunblane	Vacancy	
Rev P Romano	Convener, Committee on Canons	2013 - 2018
Rev Canon Prof D Jasper	Convener, Doctrine Committee	2017 - 2022
Rev Canon J M McLuckie	Convener, ICRC	2016 - 2021
Dr J R Davies	Convener, Liturgy Committee	2015 - 2020
Dr N Mills	Aberdeen and Orkney	2015 - 2019
Rev Dr D N Greenwood	Aberdeen and Orkney	2017 - 2021
Mrs A Wright	Argyll and The Isles	2017 - 2021
Rev Canon S Mackenzie	Argyll and The Isles	2016 - 2020
Vacancy	Brechin	
Very Rev Dr F Bridger	Brechin	2015 - 2019
Canon H Hood	Edinburgh	2011 - 2019
Rev Canon M Round	Edinburgh	2016 - 2020
Mr K Boak	Glasgow and Galloway	2017 - 2021
Rev Canon Dr S Robertson	Glasgow and Galloway	2013 - 2021
Mr C Phillips	Moray, Ross and Caithness	2011 - 2019
Rev Canon C J Piper	Moray, Ross and Caithness	2015 - 2019
Rev Canon D M Ind	St Andrews, Dunkeld and Dunblane	2010 - 2018
Mr B Grimley	St Andrews, Dunkeld and Dunblane	2016 - 2020
Rev Canon Dr A L Tomlinson	Pantonian Professor	

### Committee on Canons

Rev P Romano	Convener	2013 - 2018
Vacancy	College of Bishops	
Rev Canon C L Blakey	Member	2012 - 2020
Rev Canon Dr A E Nimmo	Member	2012 - 2020
Mr R Phillips	Member	2016 - 2020
Mr G Robertson	Member	2016 - 2020
Mrs A Wright	Member	2017 - 2021

## Board and Committee Membership

### Doctrine Committee

Rev Canon Prof D Jasper	Convener	2017 - 2022
Rt Rev the Bishop of Glasgow and Galloway	College of Bishops	
Rev Dr M J Fuller	Member	2017 - 2021
Rt Rev Dr R A Gillies	Member	2017 - 2021
Rev Dr M J Harris	Member	2011 - 2019
Rev Prof T A Hart	Member	2017 - 2021
Rev Canon Dr A M Peden	Member	2017 - 2021
Prof E Priest	Member	2011 - 2019
Rev Canon Dr S Robertson	Member	2017 - 2021
Rev Canon Dr N H Taylor	Member	2013 - 2021
Rev Dr J A Wright	Member	2017 - 2021

### Inter-Church Relations Committee

Rev Canon J M McLuckie	Convener	2016 - 2021
Rt Rev the Bishop of Edinburgh	College of Bishops	
Rev Canon D J B Fostekew	Member	2010 - 2018
Canon H Hood	Member	2010 - 2018
Dr A Mason	Member	2013 - 2021
Rev Canon Prof C Methuen	Member	2011 - 2019
Rev Canon A Montgomerie	Member	2015 - 2019
Mr P Goldfinch	SEC ACTS Trustee - ex-officio	

### Liturgy Committee

Dr J R Davies	Convener	2015 - 2020
Rt Rev the Bishop of Glasgow and Galloway	College of Bishops	
Rev R A Addis	Member	2016 - 2020
Mrs C Daye	Member	2011 - 2019
Rev Dr J E P Currall	Member	2015 - 2019
Dr A E Jasper	Member	2016 - 2020
Rev Canon Prof D Jasper	Member	2015 - 2019
Rev Canon Dr N H Taylor	Member	2015 - 2019
Mr D W S Todd	Member	2016 - 2020

### Mission Board

Rev H J Ross	Convener	2015 - 2020
Rt Rev the Bishop of Edinburgh	College of Bishops	
Rev Prof D Atkinson	Convener, Church in Society Committee	2014 - 2019
Mr D Kenvyn	Convener, Global Partnerships Committee	2016 - 2021
Rev T N Rongong	Convener, Youth Committee	
Rev A MacDonald	Aberdeen and Orkney	2016 - 2020
Ms C A Beel	Argyll and The Isles	2010 - 2018
Rev Canon F Lamont	Brechin	2015 - 2019
Rev A C Naish	Edinburgh	2017 - 2021
Mrs L Darlow	Glasgow and Galloway	2015 - 2019
Rev S E Murray	Moray, Ross and Caithness	2016 - 2020
Rev N A Brown	St Andrews, Dunkeld and Dunblane	2017 - 2021

### Church in Society Committee

Rev Prof D Atkinson	Convener	2014 - 2019
Rev Canon C L Blakey	Convener of CRPOF	2015 - 2020
Dr D Bruce	Member	2014 - 2022
Mrs A Clarke	Member	2017 - 2021
Mrs A Glenesk	Member	2012 - 2020
Prof H J McKillop	Member	2014 - 2018
Rev N McNelly	Member	2014 - 2022
Rev D C Mumford	Member	2014 - 2022
Mr R B Murray	Member	2010 - 2019
Mr J Collings	EMU Rep (URC)	
Rev J B Lyon	Scottish Faiths Action for Refugees	

**Committee for Relations with People of Other Faiths**

Rev Canon C L Blakey	Convener	2015 - 2020
Rev D C Gifford	Member	2015 - 2019
Dr S J Innes	Member	2017 - 2021
Mrs V M Stark	Member	2015 - 2019
Rev T A Anderson	EMU Rep (Methodist)	
Vacancy	EMU Rep (URC)	
Very Rev J Conway	Edinburgh Interfaith Association Vice Convener – co-opted	

**Global Partnerships Committee**

Mr D Kenvyn	Convener	2016 - 2021
Ms I Booth-Clibborn	Member	2015 - 2019
Mrs J Benvie	Member	2014 - 2018
Ms S Harris	Member	2015 - 2019
Rev Canon D McCosh	Member	2007 - 2019
Dr G H Moody	Member	2016 - 2020
Rev V A Nellist	Member	2016 - 2020

**Youth Committee**

Miss R Cromwell	Chair	
Rev T N Rongong	Convener	
Most Rev the Primus	College of Bishops	
Miss R Northover	Secretary	
Mrs H Cundill	Youth Officer, Aberdeen and Orkney	
Mrs S M Swift	Youth Officer, Argyll and The Isles	
Mr R St Clair	Youth Officer, Brechin	
Mrs C Benton-Evans	Youth Officer, Edinburgh	
Miss A Byers	Youth Officer, Glasgow and Galloway	
Miss L Forsyth	Youth Officer, Moray, Ross and Caithness	
Mr J Gardner	Youth Officer, St Andrews, Dunkeld and Dunblane	
Miss F Swift	Member - 12-18	
Mr A Poon	Member - 12-18	
Miss L Craig	Member - 12-18	
Miss M Philp	Member - 12-18	
Miss A Miller	Member - 12-18	
Mr P Swift	Member - 18-25	

**Information and Communication Board**

Rev C Mayo	Convener	2014 - 2019
Vacancy	College of Bishops	
Miss M J McKinnell	Aberdeen and Orkney	2015 - 2019
Very Rev A C Swift	Argyll and The Isles	2013 - 2021
Mrs K Willey	Brechin	2012 - 2020
Rev P V P Blackledge	Edinburgh	2016 - 2020
Mrs S Cormack Brown	Glasgow and Galloway	2016 - 2020
Rev S E Murray	Moray, Ross and Caithness	2015 - 2019
Mr A R Thornton	St Andrews, Dunkeld and Dunblane	2012 - 2020
Ms C A Beel	Mission Board Representative	
Mr D R Crosley	Administration Board Representative	

**Administration Board**

Dr J Ferguson-Smith	Convener	2015 - 2020
Rt Rev the Bishop of Glasgow and Galloway	College of Bishops	
Mrs R Cadie	Convener, Buildings Committee	2015 - 2020
Mr A Tupper	Convener, Investment Committee	2015 - 2020
Mrs M P McKellar	Convener, Personnel Committee	2014 - 2019
Rev L A Mortis	Convener, Retirement Housing Committee	2017 - 2022
Mr D R Crosley	Aberdeen and Orkney	2017 - 2021
Mrs J Ainsley	Argyll and The Isles	2016 - 2020
Prof P F Sharp	Brechin	2016 - 2020
Mr I Kerry	Edinburgh	2012 - 2020
Mr G C Sage	Glasgow and Galloway	2015 - 2019
Mr D D Campbell	Moray, Ross and Caithness	2016 - 2020

## Board and Committee Membership

Mr N H Cooke	St Andrews, Dunkeld and Dunblane	2011 - 2019
Rev D C Gifford	General Synod	2017 - 2018
Rev C N Fraser	Co-opted	
Rev K H Freeman	Co-opted	
<b>Buildings Committee</b>		
Mrs R Cadie	Convener	2015 - 2020
Prof R Fawcett	Member	2014 - 2018
Mr S Green	Member	2015 - 2019
Rev Canon A MacLean	Member	2015 - 2019
Mr R Nellist	Member	2014 - 2018
Rev Canon Dr A E Nimmo	Member	2014 - 2018
<b>Investment Committee</b>		
Mr A Tupper	Convener	2015 - 2020
Dr M D Green	Member	2015 - 2019
Mr A Hunter	Member	2016 - 2020
Mr J Reynolds	Member	2014 - 2018
Mr P Sweetnam	Member	2012 - 2020
Dr E Trevillion	Member	2013 - 2021
Mr C Watterson	Member	2016 - 2020
<b>Personnel Committee</b>		
Mrs M P McKellar	Convener	2014 - 2019
Ms A Plumtree	Member	2011 - 2019
Mrs G Scott	Member	2015 - 2019
Rev S L K Shaw	Member	2017 - 2021
Mrs J Whiteside	Member	2016 - 2020
Rev P Romano	Committee on Canons Representative	2013 - 2018
<b>Retirement Housing Committee</b>		
Rev L A Mortis	Convener	2017 - 2022
Mr D D Campbell	Member	2017 - 2021
Rev W B Elliot	Member	2011 - 2019
Mr P Marsh	Member	2015 - 2019
Mrs J M Robinson	Member	2012 - 2020
Mrs J Whiteside	Member	2016 - 2020
Vacancy	Member	
<b>Institute Council</b>		
Rt Rev the Bishop of Argyll and The Isles	Convener	2015 - 2020
Rt Rev Dr R A Gillies	College of Bishops	
Rev Canon A C Dyer	Member	2015 - 2019
Rev Canon Prof G P Foster	Member	2015 - 2019
Rev Canon Prof D Jasper	Member	2015 - 2019
Mrs M A Kennedy	Member	2015 - 2019
Mrs P Thomson	Member	2017 - 2021
Rev P R Watson	Member	2015 - 2019
Mrs H Cundill	Student Representative	2017 - 2018
Rev M McPherson	Ecumenical Member	2016 - 2020
Rev Canon Dr A L Tomlinson (in attendance)	Convener, Institute Management Committee (Board of Studies)	
<b>Pension Fund Trustees</b>		
Mr R McIndoe	Chairman	2015 - 2020
Rev Canon Dr J Cuthbert	Member Nominated Trustee	2015 - 2019
Mr R Gordon	Trustee	2015 - 2020
Dr M D Green	Trustee	2012 - 2020
Mr A Hunter	Trustee	2017 - 2021
Rev D C Mumford	Member Nominated Trustee	2015 - 2019

## Standing Committee of the General Synod

### Structure, governance and management

The Scottish Episcopal Church is a province of the Anglican Communion.

The General Synod of the Scottish Episcopal Church (SEC) is an unincorporated association. The affairs of the SEC are regulated by the Code of Canons which is binding upon the General Synod and the SEC's dioceses and congregations. Subsidiary provision is made in the Synod's Digest of Resolutions. The General Synod is a charity in its own right. (The dioceses and congregations of the SEC also enjoy charitable status in their own right and their financial transactions are not reflected in the accounts of the General Synod.)

The Standing Committee acts as the Executive Committee of the General Synod between meetings of the General Synod. The Committee comprises the Conveners of the General Synod's five boards, an independent Lay Convener, a further lay member of General Synod, two clerical members of General Synod and a representative of the College of Bishops. It implements General Synod's decisions and co-ordinates the work of the five boards. The Committee normally meets five times a year. It receives regular financial reports at its meetings. It works closely with the College of Bishops in addressing strategic issues facing the SEC as a whole. The College comprises all of the Diocesan Bishops, each of whom has a responsibility to oversee and care for the Church. With the exception of the Primus and the representative of the College of Bishops, Standing Committee members are appointed by General Synod for a term of either four or five years. The Primus is also ex-officio Convener of the Faith and Order Board. The College of Bishops' representative on the Standing Committee is appointed by the College.

The General Synod and its Boards and Committees are supported by the staff of the General Synod Office. Certain areas of activity are handled within the other Boards and Committees of the Synod, but within agreed budgetary parameters. Some of these work collaboratively from time to time with other denominations or charitable bodies, such as Christian Aid, on initiatives of joint concern.

Responsibility for overseeing the work of the General Synod Office, including responsibility for day to day administrative decisions, is delegated by the Standing Committee to the Secretary General, who reports directly to the Convener of the Standing Committee.

The members of Standing Committee are the Charity Trustees. A full list of Standing Committee members is at page i. A diagrammatic illustration of the General Synod's Boards and Committees is at page 2. A full list of Board and Committee members can be found at page 3.

### Objectives and activities of Standing Committee

The Standing Committee in its role of Executive Committee of the General Synod acts to progress the General Synod's objective of securing the general advancement of the SEC's mission. In doing so it is also informed by the following specific objectives contained in the Digest of Resolutions adopted by the General Synod:

- the payment of clergy stipends.
- the support of retired clergy, widows, widowers and orphans of clergy and the support of others as defined under the rules of the Scottish Episcopal Church Pension Fund.
- the endowment of bishoprics and charges.
- the building and maintenance of churches, church halls, Episcopal residences and parsonages.
- the education and training of candidates for Holy Orders including responsibility for the Theological Institute.

- the advancement of the Church's educational work among children, young people and adults and the promotion of training schemes to equip Church members to participate more effectively in the Church's ministry.
- home mission work.
- overseas mission work.
- social responsibility work.
- action for world development.

Operationally all these objectives can be grouped into six broad charitable activities:

- mission development and support.
- ministry support and training.
- advancement of ecumenical and church relations.
- promotion, publications and communication.
- support for retired clergy.
- provision of support and advice to dioceses and congregations of the SEC.

Much of the work is undertaken by the five boards and their pendant committees. Further information regarding the activities of these groups can be found in the Conveners' reports included in pages 27 to 60. An account of the activities of the Standing Committee itself is contained in the remainder of this report.

## **Achievements and performance of Standing Committee**

The Standing Committee met five times during 2017. The Committee worked on the plans for the future set out in its report for the year ended 31 December 2016 but also addressed a number of additional matters, including:

### **1. Strategic Planning**

#### **1.1 Strategic Aspirations**

The Standing Committee continued during the year to address longer term strategic planning issues. The context for this includes continuing decline in overall numbers set against the revitalised arrangements for formation in the Scottish Episcopal Institute (SEI), the increasing number of ordinands, and opportunities for innovation and growth as evidenced by developments in different settings in different parts of the province. Standing Committee took action in various areas and also monitored and encouraged progress in relation to matters arising out of the joint meeting of the Committee and the College of Bishops, which had taken place late in 2016. Specific points of progress included:

- practical support in developing the church's mission and ministry, reported on in more detail below.
- encouragement to the Mission Board in fostering intentional discipleship across the province. The Board provided examples to General Synod 2017 of various initiatives in mission arising out of discipleship and the focus of the Board's presentation to Synod on the then recently reported results of the Scottish Churches Census underlined the urgency of the need for committed discipleship.
- encouragement to the College of Bishops in 'workforce planning' not only in relation to the provision of placements for the growing number of curates emerging from the Scottish Episcopal Institute but also in its forward planning to identify appropriate locations for those moving from curacy to first incumbency. The forthcoming likely bulge in clergy retirements adds further impetus to this exercise.
- consideration of governance and associated structures at provincial and diocesan level to ensure that they are fit to deliver the aspirations of the church. At provincial level, the Standing Committee considered the implications of the lack of nominations coming forward

to General Synod for the three vacancies for General Synod representatives on the Administration Board. The Committee recognised the need to broaden the pool from which appointments could be made to the Board (in addition to the continuing diocesan representative roles on the Board). In the short term, the Committee has agreed to appoint one, and co-opt three, members but has also encouraged the Board to bring forward proposals to General Synod 2018 to alter the Digest of Resolutions so that the Board has scope to draw on the widest range of relevant gifts and experience within the church to resource its work.

- sessions arranged with Bishops and senior members of their respective dioceses, attended by me and the Secretary General on behalf of the Standing Committee, in order to hear at first hand diocesan perspectives on strategic and structural matters. Owing to episcopal vacancies, progress on this has not been possible as quickly as had been hoped, but nevertheless those discussions continue and proposed action points arising from them will be considered by the Standing Committee during 2018.
- the scoping of a common database for use by province and dioceses. This had been raised at a meeting of diocesan administrators and a further meeting held at the General Synod Office in the late autumn explored options in more detail. Further consultation with dioceses is being carried out.

The Standing Committee has also considered the need for changes in the governance arrangements for the provincial communication function to meet contemporary requirements. Following an analysis by the Director of Communications and consideration within the Information and Communication Board, the Standing Committee has agreed to recommend the discontinuation of the Board. Proposals will be brought forward to General Synod 2018 to dissolve the Board and to provide for the provincial communication function to be overseen by and be accountable for performance to the Standing Committee. These proposals will include new arrangements for liaison between province and dioceses on communication issues and provision for the establishment of short life task groups to address specific information and communication issues.

As reported more fully elsewhere, a significant appointment during the year has been that of a Digital Communications Coordinator. Following an open recruitment exercise Aidan Strange joined the General Synod Office staff on a part-time basis in that role in May 2017 and, under the oversight of Director of Communications, has usefully raised the social media profile of the Church.

## **1.2 Financial Strategy**

Over recent years the key strategic financial objective has been to avoid deficits and achieve a balanced budget year by year. For a variety of reasons the deficits which were expected in these years have, on the whole, not in fact come to pass and as a result significant surpluses have been built up. This has generally come about where actual expenditure in particular areas or on particular projects has been less than estimated because of lower uptakes of grants, lower numbers in training, longer lead times for filling posts and so on. The surplus generated in 2017, though smaller than that of previous years and broadly in line with that budgeted, has again augmented the General Synod's financial resources.

As we look to the future, we are fortunate to have the benefit of these recent surpluses. Taking account of the strategic aspirations set out in this report as well as the welcome hard evidence of increasing numbers of ordinands in training already and coming forward, a key financial priority continues to be the provision of appropriate support for this 'new blood' as they train for and enter the ministry.

Work is continuing on the appropriate levels of support for curacies. We acknowledge that given the numbers in training and the need to equip candidates for different forms of ministry curacies will need to be offered in locations which have not traditionally been training charges. The launching

of mixed mode training, with the prospect of a new cohort of students being formed for ministry in local placements brings with it exciting new opportunities but also increased financial demand. Additionally, in developing new forms of outreach ministry and in seeking to take up opportunities for innovation and growth we will need to consider whether the current ministry support block grants will be sufficient to underpin the new opportunities which a steady supply of new clergy will allow us to undertake. Taken together, these factors mean that we will almost certainly have to make use of at least some reserves which have been built up.

## **2. Mission and Ministry**

The Standing Committee continued to oversee and encourage developments in relation to mission and ministry.

In last year's report, I referred to the discussions which had taken place during 2016 regarding the development of a stream of context-based training for the ministry of the SEC possibly in collaboration with St Mellitus College in London. Early in 2017, it became clear that St Mellitus would be unable to enter into a formal partnership because of other demands. The Standing Committee therefore supported SEI in developing its own programme of context-based training. After an extended recruitment process, we are delighted that, by the end of 2017, Richard Tiplady had been appointed to the new SEI post of Director of Mixed Mode Training, starting February 2018. He brings a wealth of knowledge and skills in this area, as well as experience in 'Fresh Expressions' of church. This appointment represents a significant development in the life of the SEI specifically and, more generally, the SEC as a whole.

The Committee continues to be enthused by the prospect of relatively large numbers of ordinands emerging from SEI from 2018 onwards contributing to the realisation of the SEC's strategic mission and ministry objectives. The Committee is equally aware of the challenge of ensuring the availability and affordability of stipendiary curacies of appropriate quality and in adequate numbers to allow these ordinands to complete their Initial Ministerial Education. These will pose challenges both financial and practical in finding appropriate locations in which to place the curates, and similar issues arise in connection with the funding and placement of ordinands who will follow the new Mixed Mode Pathway.

2016 had been the first year of operation of the new 'block grant' arrangement for Mission and Ministry Support Grants. In 2017, there was opportunity to reflect on the first year of operation of the new system which allows dioceses much greater flexibility and discretion on the allocation of resources thus enhancing their ability to develop their mission within the framework of the Whole Church Mission and Ministry Policy. Standing Committee received a copy of the lengthy report produced for the Mission Board which contained a number of recommendations accepted by the Board. The report provided useful insight into the missional activities of the dioceses and recommended that the process should be one of annual review rather than accountability as such. It will in any event provide useful material for the Board as it considers future mission strategy and for the Standing Committee in informing future thinking and decisions on the effectiveness of the block grant arrangement in helping secure missional objectives and on the priority to be accorded to this form of support among competing demands on provincial resources.

## **3. General Synod Meeting**

Standing Committee arranged General Synod 2017 – once again at St Paul's and St George's Church, Edinburgh.

The Synod attracted widespread, indeed worldwide, interest principally because of the inclusion on the agenda of the topic of same gender marriage. After lengthy and wide-ranging debate, the Synod agreed a second reading of changes to Canon 31. The effect of the changes was to remove from the canon any doctrinal definition of marriage (which had previously described marriage as being between a man and a woman). Recognising that the issue was a contentious one, the Committee



was pleased at the tone of the debate and the respectful attitude in which it was conducted. It acknowledges that the Synod's decision has brought joy to many but equally, notwithstanding the new canon's recognition of matters of conscience, remains a difficult one for many others. The College of Bishops, following the Synod's decision, adopted guidance (which had been produced in draft form to the Synod) regarding practical matters arising from implementation of the new canon. Since the Synod decision, certain clergy have been nominated to the Registrar General for Scotland for authorisation to solemnise weddings between couples of the same gender and some such marriages have taken place.

The intense media focus on the Synod involved considerable activity on the part of the Church's communications team. Interviews with the Primus and others featured on many news channels and there was increased traffic through the provincial website and social media platforms. Standing Committee records its thanks to Lorna Finley as Director of Communications in managing the media interest.

In the weeks leading up to General Synod, concern was expressed by some Synod members, at a decision by the Standing Committee to admit TV cameras throughout the marriage debate. The Committee had taken that decision in the light of requests made by the media and on the understanding that the synods and assemblies of other denominations operated on that basis. However, following representations from Synod members, Standing Committee was able to bring a procedural motion to enable the Synod to decide the matter for itself. Following debate Synod agreed that the live video stream from the meeting would continue throughout the debate but that TV cameras from media operators would be restricted to filming the announcement of the Synod vote.

The substantive decision of Synod has, as was expected, produced reactions in other places, some supportive, others perplexed. Later in the year, the Standing Committee responded to a resolution by the General Synod of the Anglican Church in Australia expressing regret over the SEC's decision. The Committee also received a report from the Primus following his attendance at the meeting of the Anglican Primates in Canterbury in October 2017 at which he had explained the Scottish context and details of the process undertaken in the SEC and had heard the views, both positive and negative, of other Primates, about the SEC's decision. As was expected, our understanding is that the SEC will be restricted for a period of three years from participating in certain elements of the structures of the Anglican Communion. These are the same steps as were taken by the Primates in 2016 regarding The Episcopal Church (USA).

General Synod 2017 considered a range of other matters which are reported on elsewhere. In planning Synod 2017 Standing Committee gave careful consideration to the structured feedback from Synod members in their questionnaire responses following the meeting in 2016 and implemented a number of changes. The Synod dinner was reinstated and was held on the Thursday night. The feedback indicates that this was much appreciated and Standing Committee propose to make similar arrangements in 2018 and beyond. A room was provided so that Synod members with young children could care for them outwith the main Synod hall, while at the same time being able to view a live video feed of proceedings. In the light of terrorist attacks in other parts of the UK earlier in the year, the advice of the Police was sought and security arrangements at Synod were tightened. Standing Committee is grateful to Synod members for their cooperation with the revised procedures.

Noting the fact that when a diocese is in an episcopal vacancy, the Dean of such a diocese does not automatically become a Synod member, Standing Committee decided to extend an invitation to the Dean of any such vacant diocese to attend the Synod so that they could experience the meeting and be well placed to report back to their diocese as necessary on presentations, debates and decisions taken.

#### **4. Pensions, Stipends and Salaries**

During the year, the Committee processed a number of applications for early retirement and, as part of its annual duties, also provided the Pension Trustees with detailed information to enable the latter to assess the strength of the employer covenant, to which the Pensions Regulator attaches increasing importance. The Committee was also consulted by the Pension Trustees on their revised Statement of Investment Principles which was subsequently adopted by the Trustees.

The Committee approved an increase in Pensionable Stipend, in accordance with previously agreed policy, the effect of which was to re-align Pensionable Stipend with Standard Stipend for the year from 1 July 2017. Pensionable Salary was increased from 1 November 2017 by 3.6% but there remains a differential between pensionable and actual salary. The reason for the difference in uplifts for pensionable stipend and salary is that the increases are determined in February and September respectively, in part by reference to the level of the Retail Prices Index, and the Index stood at different levels at the relevant points.

In relation to pensions generally, aware that the next triennial valuation of the Pension Fund would fall due at 31 December 2017, the Committee sought professional advice on possible future options, if, as a result of gilt yields or other factors, the result of the valuation might indicate that an increase in contribution rate would be necessary. At the year end the valuation was awaited and a report on the preliminary findings will be given to General Synod.

The Committee also sets the pay and remuneration of all staff employed in the General Synod Office following salary scales it has adopted. Specific recommendations on remuneration, including the remuneration of key management personnel, are made annually to the Committee by the Secretary General. He absents himself from the parts of the meetings where the Committee discusses and agrees any recommendations regarding pay and remuneration. (Details of key management personnel can be found at note 3 to the accounts.) The Committee approved an increase in salaries of 2%.

#### **5. Standing Committee Membership and Appointments**

During the year there were certain changes to the membership of the Committee. Following the retirement of the former Primus, Bishop David Chillingworth, Bishop Mark Strange, who was already a member of the Standing Committee, ceased to be the College of Bishops representative on the Committee. In his stead, Bishop John Armes became the new representative of the College. Bishop Strange remains on the Committee as the new Primus and, in that role, has taken on the convenership of the Faith and Order Board, ex officio. Bishop Gregor Duncan, who had served as acting convener of the Faith and Order Board when Bishop Chillingworth had been Primus, ceased to attend Standing Committee meetings during 2017. As recorded in last year's report, the Committee had been very concerned to hear of Bishop Gregor's illness during 2017 and has been greatly encouraged by his return to active ministry later in the year. The Committee records its thanks to Bishops Chillingworth and Duncan for the thoughtful and influential contributions made by each of them to the workings of the Committee.

The Committee made a number of appointments to other bodies. These comprised; Marion Chatterley to be a member of the Committee for the Protection of Children and Vulnerable Adults, Patsy Thomson to be a member of the Scottish Episcopal Institute Council, Geoff Sage to be the alternate lay member of the Preliminary Proceedings Committee under Canon 54 and Andrew Hunter to succeed Robert Burgon as a trustee of the SEC Pension Fund.

In addition, appointments were made to the various Preparatory Committees established as part of the process for filling episcopal vacancies in the bishoprics of Aberdeen and Orkney, St Andrews, Dunkeld and Dunblane, and Brechin. In Aberdeen and Orkney, a second mandate had been issued for a second election process after the first had not produced a shortlist. Anne Jones, Fay Lamont and Robin Lingard were appointed to the new Preparatory Committee there. John Cuthbert, Peter

Kemp and Anne Jones were appointed to the Preparatory Committee for St Andrews, Dunkeld and Dunblane and Martin Auld, John Conway and Vittoria Hancock were appointed to the Brechin committee. These names were drawn from the pool of diocesan representatives comprising the provincial panel for episcopal elections established under Canon 4.

As mentioned elsewhere, no nominations for the vacancies for General Synod representatives on the Administration Board had been received by the due date for election by General Synod. Exercising its powers to fill vacancies in such circumstances, Standing Committee appointed David Gifford as a General Synod representative to the Board. Expressions of interest had been received from a number of others, and Standing Committee agreed to co-opt Christine Fraser and Kirstin Freeman to the Board for one year. Since neither are General Synod members, they will not have voting rights but the Board is expected to bring forward proposals to General Synod 2018 so that the three places currently limited to General Synod representatives on the Board might be opened up to individuals other than just General Synod members.

As part of its commitment to good governance the Committee recognises the need for a formal induction programme for new members, and any new members appointed during the year meet with the Convener to consider training for their role. Similarly, new members are briefed by the Secretary General and Treasurer of the General Synod. Training on other aspects of the role of Standing Committee members is covered on an issue-specific basis as matters arise for consideration by the Committee. At the time of their appointment, all members of Standing Committee are directed to the *Guidance and Good Practice for Charity Trustees* available from the Office of the Scottish Charity Regulator.

## 6. Other Matters

The Committee supported the College of Bishops in its hosting of the visit of Bishop Michael Curry, the Presiding Bishop of The Episcopal Church, to Scotland in November 2017. The visit included the installation of the Canon Charles Robertson as a Canon of St Andrews Cathedral, Aberdeen (under the Cathedral's constitution the Presiding Bishop has the right to appoint a Canon). A one-day symposium was also organised to consider the connections between our two churches. The Presiding Bishop briefly visited the Edinburgh Diocesan Clergy Conference in Pitlochry and then travelled to Edinburgh where, along with the Primus, he met the Deputy First Minister at the Scottish Parliament and attended a reception at the General Synod Office.

In 2016, the Committee arranged for the appointment of an external HR resource, through an organisation known as the HR Dept. This has continued throughout 2017 and has been an invaluable resource to Bishops. It has also provided a role in supporting and advising the provincial Personnel Committee as the latter continues to update and develop policies more generally for application within the SEC.

During the year, the Committee continued to be kept informed of ongoing discussions with HM Revenue and Customs regarding the availability of the Employment Allowance. The Allowance is administered through the PAYE scheme and, in effect, provides discount on Employer's National Insurance Contributions. The Committee was delighted that discussions were finally concluded towards the end of 2017 with HMRC accepting the position advanced by the SEC. Whilst some congregations participating in diocesan payroll arrangements may not be eligible, very many congregations are now likely to benefit from the allowance of up to £3,000 per annum.

The Committee received a report on the implications for the province of the Lobbying (Scotland) Act 2016. To the extent that lobbying, within the definition of Act, is undertaken by paid staff of the General Synod, it will in future be necessary to register under the Act and file reports of any lobbying activity.

The attention of the Committee was drawn to the coming into force of the new General Data Protection Regulation in May 2018. Work is being undertaken within the General Synod Office to prepare for this and it is hoped that guidance for congregations will be issued in 2018.

### **General Synod Office Staff Changes**

A number of staff changes took place at the General Synod office during the year. Morning receptionist, Linda Miller, retired and was replaced by Jan Tonner and Sandra Brindley joined the staff as Administrator (Communications), replacing Victoria Stock, who had left in 2016. Aidan Strange was recruited to the new part-time post of Digital Communications Coordinator. Towards the year end, Peter Cozens, who has provided support to the Treasurer, administered the GSO database and assisted in the processing of PVG Scheme applications, indicated he would be moving south of the border and Emma Struthers was recruited to succeed him, starting in January 2018.

As part of the alterations to the communications function referred to above, Lorna Finley's job description was updated to reflect her current role and she was re-titled Director of Communications.

As recorded elsewhere, Richard Tiplady was recruited in December to start during 2018 in the new post of Director of Mixed Mode Training in the Scottish Episcopal Institute.

Very sadly, Carol Duncan, Senior Cashier, had to step down from her post in December 2017, following a period of extended sick leave. She remains in the thoughts and prayers of Standing Committee and staff alike and we record our thanks for her service to the Church, as we do also in relation to the other staff members who have retired or moved on.

### **Financial Review**

(The audited accounts can be found at page 73)

#### **Result for the year**

The total revenue surplus for the year was £141,000 some £84,600 greater than the total budgeted surplus of £56,400. There was a surplus of £77,200 on the General Fund rather than the budgeted surplus of £49,600. The General Fund provides a clearer indication of the recurring costs of the General Synod and gives the most accurate indication of the underlying financial position. The General Fund account is at page 21. In addition to the General Fund the General Synod has a number of Restricted and Designated Funds which are all reflected in the total surplus of £141,000. General Fund expenditure was slightly in excess of budget for the year. The better than anticipated outcome is a consequence of income earned on the Fund's investments being almost £31,000 in excess of budget following the increase in rate of distribution from the SEC Unit Trust Pool agreed by the Investment Committee. Standing Committee was pleased to note that the new building grants scheme is now in operation and that the Building Grants Group was able to allocate all the funds available to it in the year. Although total expenditure was in line with budget there have been a few areas where budgets proved to be greater than required and underspends have occurred. In particular the funding required by the Scottish Episcopal Institute Council was some £25,000 less than budgeted due to the costs of its Summer School being less than anticipated and final year curates having the opportunity to move to their first post training positions early in the year resulting in reduced expenditure on curate grants. The Networks operated under the auspices of the Mission Board continue to require less funding than budgeted and the Board is reflecting on both their method of operation and their funding requirements. The various underspends by the Boards has however been matched by an overspend of some £55,500 by the Standing Committee. As previously mentioned the Committee took advice from its pensions advisors in preparation for the next actuarial valuation of the Pension Fund. This, combined with the need for legal advice on a range of issues, resulted in expenditure on legal and advisory fees of approximately £101,000; some £56,000 in excess of budget.

Standing Committee's objective continues to be that of achieving balanced budget over time. In recent years, we have moved from projecting deficits to building up significant surpluses for the reasons outlined above. The Committee has considered carefully whether this is appropriate and has concluded that it is prudent to hold and deploy these resources to contribute substantially to the training of those preparing for authorised ministry through the SEI, including the provision of appropriate curacies and the introduction of mixed mode training pathways. The scale of resources required to support the development of the future leaders of our church is significant and the Standing Committee is committed to taking the long view and using our best endeavours to ensure that adequate funding is built up and available when needed.

In addition to the revenue surplus a capital surplus of £76,565 was generated due to the profit arising on the sale of one retirement property. Such surpluses are effectively reinvested in new properties purchased when required. The increase in the market value of investments amounted to £6.9m of which £5.1m relates to General Fund investments.

### **Principal funding sources**

The work of the General Synod is heavily dependent on funding from two sources: investment income and Quota received from dioceses, accounting for approximately 60% and 30% of income respectively. Investment income is primarily derived from the General Synod's holdings in the SEC Unit Trust Pool. Each of the seven dioceses of the Scottish Episcopal Church is asked to contribute to the costs of the General Synod by the payment of Quota. An element of what each diocese pays is funded by similar Quota contributions requested from congregations in the diocese. There is no recent history of non-payment of Quota requested from dioceses. The Quota requested and received from each diocese is detailed at Table B on page 20.

### **Investment policy and performance**

The General Synod's investments are held in the SEC Unit Trust Pool, an investment vehicle established to bring together the disparate investments of the General Synod, dioceses and individual congregations of the SEC. Oversight of the SEC Unit Trust Pool is delegated to the Investment Committee. The Committee's report (page 54) provides more information regarding investment performance.

The investment objective of the SEC Unit Trust Pool is to earn a return on the assets, over the long term, sufficient at least to maintain the real value of the distribution to the unit holders. Following the substantial reduction in investment income in 2009 there has been modest growth in distribution levels. The relatively strong performance in 2017 funded an increase of 1.5p in the distribution rate. The distribution of 52.5p represents an increase of 2.9% and is therefore broadly in line with rates of inflation. The real value of the distribution has therefore been maintained.

(The SEC Unit Trust Pool accounts are at page 91).

### **Ethical investment**

Approximately 38% of the SEC's Unit Trust Pool's portfolio is managed in accordance with the ethical investment policy agreed by General Synod in 2013 and modified by further changes in relation to fossil fuels agreed in 2017 (see page 96). The remaining 62% of the SEC Unit Trust Pool's portfolio is invested in pooled funds to which the application of direct ethical investment policies is not practically possible. The Committee is pleased that the Investment Committee and Church in Society Committee, working jointly, were able to bring a substantial paper to General Synod 2017 concerning action on climate change and investment in fossil fuels. Work on the part of the two committees continues in implementing the recommendations contained in the paper (which is available on the provincial website).

### **Social investment**

The General Synod has a number of investments which have not been made with a view to achieving any particular rate of return but to further its charitable aims and objectives. In accordance with FRS 102 many of these are recognised as social investments within the General Synod's accounts whilst others continue

to be categorised as heritable properties. The Committee has not adopted a formal social investments policy but it endorses the use of General Synod's resources to further its objectives in this way.

Through its Retirement Housing Fund the General Synod has an interest in 42 properties located throughout Scotland which have been purchased not to produce a commercial return but to provide retirement housing to eligible members of the SEC Pension Fund. Although the direct purchase of a property or share in a property is not considered to be a social investment the provision of loans to individuals to assist in such purchases are. There are currently four such loans all classed as social investments. (This type of loan is no longer provided.) Standing Committee recognises the need to ensure that adequate housing provision is made for retired clergy and their spouses / partners and additional investment in retirement housing will, therefore, be made when required.

The loans provided to dioceses and charges to assist in the purchase, repair and development of church properties are also classed as social investments. Also categorised as being a social investment is the investment of £5,000 made in the Churches' Mutual Credit Union (CMCU) in 2015. The Braeburn residential home previously operated by the General Synod is now leased to the operator of the home for a peppercorn rent. The building continues to be owned by the General Synod and is classed as a social investment.

### **Reserves policy**

The Standing Committee has considered the level of reserves held by the General Synod and concluded that it would not be appropriate to accumulate reserves in the General Fund in excess of those necessary to generate income sufficient to meet budgeted annual expenditure – currently approximately £1.9m.

The bulk of the General Synod's reserves are invested in income generating investments (via the SEC Unit Trust Pool) or restricted-use heritable property used in the furtherance of its objectives (ie retirement housing). The General Fund reserves, which are those unrestricted funds at the disposal of the Standing Committee to fund any aspect of the General Synod's work, stood at £36.7m at 31 December 2017 and are represented by investments and liquid funds which generate an annual income of approximately £1.1m. The Standing Committee is therefore of the view that the reserves held are reasonable and are consistent with its reserves policy.

The Standing Committee notes the General Synod's commitment to continue to provide retirement housing and the effect that this is forecast to have on reserves in the medium to longer term. It recognises that, whilst it is difficult to predict with any certainty the extent to which reserves will need to be used to purchase retirement housing, and the timing of this requirement, General Synod's annual income is likely to be reduced as its reserves are used in this way.

### **Risk management**

The Standing Committee regularly reviews the Risk Register and considers the major risks facing the General Synod and the systems and procedures in place to mitigate those risks. A fraud policy, fraud response plan, anti-bribery policy, a Register of Interests and Register of Gifts and Other Benefits are all in place, along with a Code of Conduct for those serving on provincial boards and committees. Copies of all of these are routinely provided to those joining a board or committee as a new member.

The Standing Committee considers that the principal governance and management risks lie in addressing strategic forward planning. The organisational structure of the General Synod and its boards and committees is complex and the fact that a large number of provincial boards and committees are active across a wide variety of areas can mean that clear leadership and decision making can be hampered by the diffuse nature of that structure. Such a structure is also dependent on identifying appropriate volunteer members with the necessary skills and availability to serve. As referred to elsewhere in this report, steps are underway to simplify parts of the provincial structure, including the Administration and Information and Communication Boards. The Mission Board also is giving consideration to the role it can best play in the life of the province. Currently, the major strategic direction continues to be a clear emphasis on the

primacy of mission. As the Mission Board reviews the operation of the Whole Church Mission and Ministry Policy, it intends to resource dioceses in the development of their mission strategies as a means of taking mission forward locally. As reported above, there has been a recognition within the Standing Committee and the College of Bishops of the need to address longer term institutional issues and progress on this is reported above (page 8). As mentioned last year, the availability of accurate data to assess the numerical health of the Church is an important contributor to consideration of these institutional issues and work on statistical matters has been undertaken during the year by a sub-group on behalf of the Mission Board. Unfortunately, the response to a pilot exercise to test a new form of statistical return has been disappointing and it seems likely that the Mission Board will instead look at producing a form of annual statistical return which is simpler than that proposed in the pilot project but which nevertheless would mark an improvement on the quality and usefulness of statistical information collected by the current form.

The Standing Committee considers that the principal financial risk facing the General Synod is a significant reduction in the return earned from its investments. The risk is mitigated by investing in the SEC Unit Trust Pool which is managed by professional fund managers. The investment objectives, strategy and performance are regularly reviewed by the General Synod's Investment Committee which is comprised of individuals with relevant investment industry knowledge and expertise. The Investment Committee meets with the fund managers at least twice a year. (The Investment Committee's report can be found on page 54.)

The Standing Committee considers the principal operational risk lies in the possible loss of senior staff on whom the day to day operation of the Synod structure is very largely dependent. The risk is mitigated in part by appropriate contractual notice periods. Depending on circumstances it might be necessary to hire external professional expertise or temporary staff. Senior staff turnover has historically been low. The Committee has also requested certain senior staff members to undertake regular health checks.

## **Future Plans**

The General Synod's plans for the future continue to reflect the continued changing and challenging environment in which it and the Scottish Episcopal Church as a whole continue to operate. In particular, the Standing Committee plans to progress the work of the General Synod in the following specific areas:-

### **1. Strategic Planning**

The Committee is committed to continue to work closely with the College of Bishops to plan strategically for the future development of the SEC guided by our missional priorities and building on the progress achieved in recent years.

In particular we will focus on:

- supporting the work of SEI by working with the College of Bishops in planning and action to provide appropriate curacies and early incumbencies for the growing number of ordinands emerging from SEI;
- encouraging sustained workforce planning to address the expected clergy retirement bulge over the next decade and to identify openings for new incumbents.
- work to encourage and support the development of new patterns of ministry to meet changing circumstances and to address emerging needs and opportunities.
- a range of work streams – mainly driven by the Mission Board – in support of initiatives to provide appropriate provincial support to dioceses and charges to foster intentional discipleship and to stimulate increased levels of giving to enable mission.
- completing the current examinations of governance, staffing and associated structures at provincial level (including links between province and dioceses) to ensure that they are fit for contemporary needs taking account of the size, geographical distribution and missional aspirations of the Church.

Progress will be monitored by the Standing Committee and College of Bishops. We will continue to meet together on a regular basis. The monitoring will include a particular emphasis on the people and financial resource implications of the changes and initiatives.

## **2. General Synod**

The Committee will continue its work to ensure that that General Synod operates as an effective governing body for the Church and to maximise the potential of that gathering. It hopes that Synod can increasingly be a forum where encouragement and inspiration can be taken from the many positive activities and developments across the Province.

At its final meeting of the year, the Committee had a useful discussion with the convener of the Church in Society Committee and has requested that that committee stage a major debate at Synod 2018 on the subject of child poverty. That is an area in which a number of our congregations are already actively involved and the intention is that the debate will be useful to Synod members in exploring the possibilities of practical engagement at local level.

Standing Committee has also agreed that the annual SEI Valedictory Service will be incorporated within the final act of worship of the Synod in 2018. Previously, the Valedictory Service has taken place at the end of the annual summer school. However, under revised arrangements within SEI, there will, in future, no longer be a summer school as such. Incorporating the service into the General Synod meeting will provide an opportunity for the wider church to support and pray for those who have completed their first three years of ministerial education as they prepare to embark upon authorised Ministry.

## **Reference and Administrative Details**

Information setting out reference and administrative details appears on page i.

## **Funds held as custodian trustee on behalf of others**

The SEC Unit Trust Pool of the General Synod is a pooled investment fund managed by the General Synod on behalf of the unit holders. Approximately two thirds of the units are held by the Synod on its own behalf with the balance being held by it, through custodians, on behalf of other Church investors such as dioceses and congregations. Fuller information is provided in the accounts for the SEC Unit Trust Pool on page 91.

## **Thanks**

The work of the General Synod is totally dependent on the time, energy and goodwill of the many conveners and members of the Synod's Boards and Committees whose names are listed on pages 3 to 6 and of the provincial staff. On behalf of the Standing Committee I am again delighted to have this opportunity to say a heartfelt "thank you" for their energetic commitment to work selflessly to advance the work of our church.

**Robert Gordon**  
**Convener**

**19 April 2018**



## General Synod Financial Overview

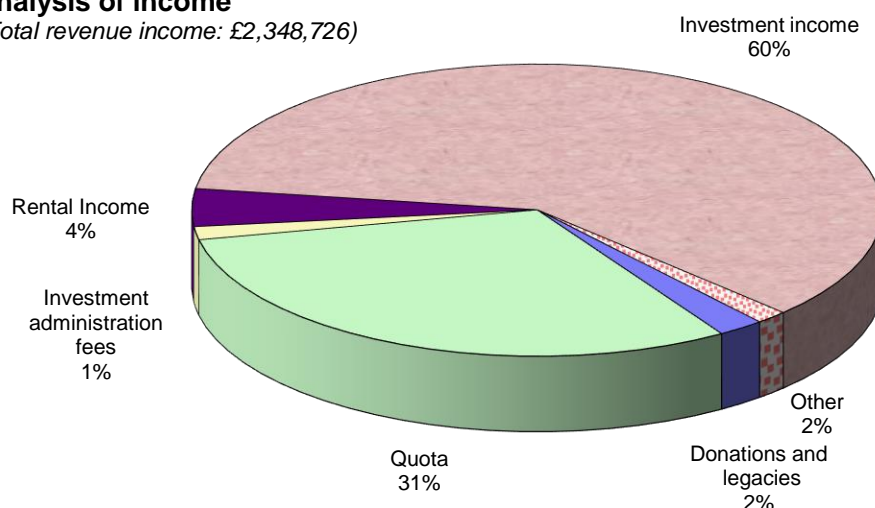
Most of the activities of the General Synod are funded from allocations from the General Fund. The Fund's income was £36,355 in excess of budget. Standing Committee's expenditure was some £55,500 in excess of budget. All the Boards however worked within their budgets, partially offsetting the Standing Committee's overspend. Total expenditure was some £8,800 in excess of budget. The General Fund surplus of £77,100 is some £27,500 better than the budgeted surplus of £49,600. (See General Fund financial statement on page 21.)

Some of the General Synod's activities are funded from sources other than the General Fund. A number of these other funds produced surpluses in the year contributing to a total revenue surplus of almost £141,300. (The Revenue Account on page 76 summarises the results of all the funds.)

The Statement of Financial Activities (page 77) provides information regarding income and expenditure. A summary of revenue income and expenditure is provided below:

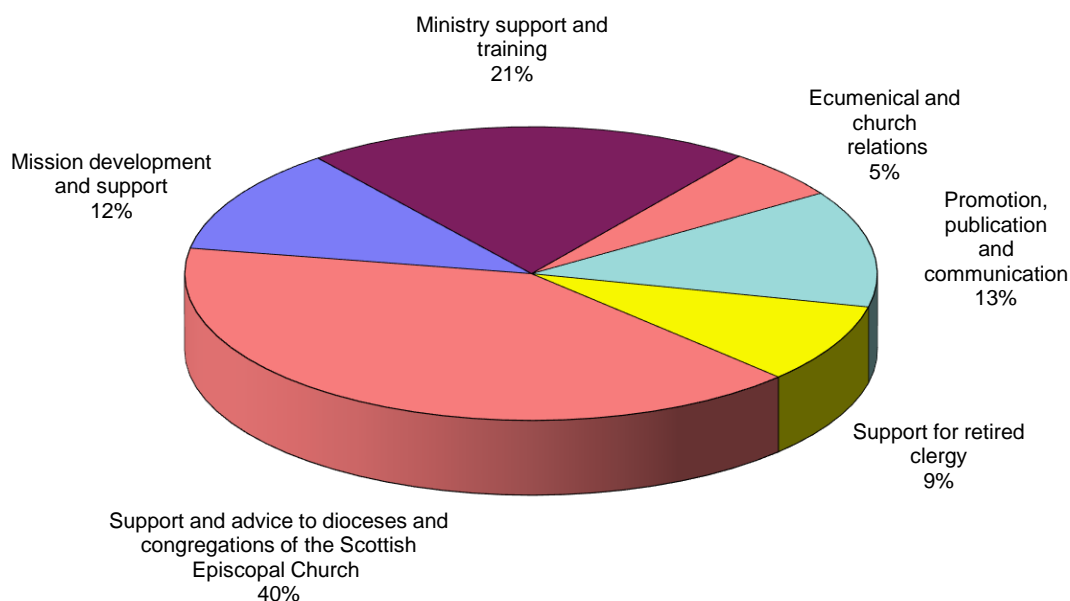
### Analysis of income

(Total revenue income: £2,348,726)



### Analysis of expenditure

(Total revenue expenditure: £2,207,454)



**Table A: Legacies and Donations Received**

<b>Legacies</b>	<b>Recipient Fund</b>	<b>£</b>
Dr William A Copland	General Fund	500
	Sub total	<u>500</u>
<b>Donations</b>	<b>Recipient Fund</b>	<b>£</b>
Allchurches Trust	General Fund	17,980
Callendar Trust	General Fund	2,500
DB Flanagan Trust	General Fund	715
Church donations	SEI Training Fund	5,742
Benson-Wilson Charitable Trust	SEI Training Fund	1,000
Individual donors	SEI Training Fund	5,211
Individual donor	St James Fund	3,625
Individual donors	McQueen Fund	991
Individual donor	Alastair Haggart Bursary Fund	125
Individual and church donations	Community Fund	4,732
WA Cargill Trust	Clergy Widows and Orphans (Cargill Trust)	3,000
WA Cargill Trust	Retirement Supplementary Fund	2,000
Individual donors	Retirement Supplementary Fund	793
St Mary's Tolbooth Trust	Church in Society Committee	937
St Mary's Tolbooth Trust	Mission Board	937
	Sub total	<u>50,288</u>
<b>Total</b>		<u><b>50,788</b></u>

**Table B: Quota**

<b>Diocese</b>	<b>2015 Requested and Received £</b>	<b>2016 Requested and Received £</b>	<b>2017 Requested and Received £</b>	<b>2018 Requested £</b>
Aberdeen and Orkney	74,239	77,235	80,848	83,941
Argyll and The Isles	24,769	25,093	24,910	25,360
Brechin	42,073	43,475	46,291	48,422
Edinburgh	260,787	269,378	277,461	286,155
Glasgow and Galloway	152,753	158,175	161,192	164,100
Moray, Ross and Caithness	45,127	45,992	47,227	48,273
St Andrews, Dunkeld and Dunblane	78,854	79,612	82,000	85,276
<b>Total</b>	<b>678,602</b>	<b>698,960</b>	<b>719,929</b>	<b>741,527</b>

## General Fund

Actual 2016 £		Revised Budget 2017 £	Actual 2017 £	Variance fav/ (adv) £
	<b>INCOME</b>			
	<i>Investment Income</i>			
1,047,242	UTP income	1,048,990	1,079,845	30,855
5,596	Interest	5,000	2,420	(2,580)
<u>21,243</u>	Net investment property income	<u>21,243</u>	<u>21,243</u>	-
<u>1,074,081</u>		<u>1,075,233</u>	<u>1,103,508</u>	<u>28,275</u>
	<i>Administration fees</i>			
4,537	UTP / investment administration	2,000	5,835	3,835
27,850	Pension Fund administration	28,185	28,185	-
<u>18,395</u>	Restricted and other funds	<u>18,395</u>	<u>18,395</u>	-
<u>50,782</u>		<u>48,580</u>	<u>52,415</u>	<u>3,835</u>
698,960	Quota	719,929	719,929	-
13,622	Inspires - subscriptions and advertising	-	-	-
26,055	Donations and legacies	18,000	21,695	3,695
350	Other	-	550	550
<u>1,863,850</u>	<i>Total Income</i>	<u>1,861,742</u>	<u>1,898,097</u>	<u>36,355</u>
	<b>ALLOCATIONS</b>			
848,657	Standing Committee	826,210	881,734	(55,524)
65,276	Administration Board	198,130	195,957	2,173
407,662	Institute Council	365,030	340,047	24,983
354,185	Mission Board	375,565	366,958	8,607
16,500	Faith and Order Board	18,375	15,059	3,316
<u>21,408</u>	Information and Communication Board	<u>28,800</u>	<u>21,168</u>	<u>7,632</u>
<u>1,713,688</u>	<i>Total allocations</i>	<u>1,812,110</u>	<u>1,820,923</u>	<u>(8,813)</u>
	<b>BALANCES</b>			
150,162	Surplus/(deficit) for year	49,632	77,174	27,542
(500,000)	Transfer to capital (investment in UTP)	-	-	-
1,225,704	Balance brought forward	875,866	875,866	-
<u>875,866</u>	<i>Balance carried forward</i>	<u>925,498</u>	<u>953,040</u>	<u>27,542</u>
	<b>CAPITAL ACCOUNT</b>		<b>Actual 2017 £</b>	
	<b>INCOME</b>			
-	<i>Total Income</i>		-	
	<b>EXPENDITURE</b>			
-	<i>Total expenditure</i>		-	
	<b>BALANCES</b>			
-	Surplus/(deficit) for year		-	
500,000	Transfer from revenue			
26,569,349	Balance brought forward		30,603,474	
3,534,125	Unrealised gain on revaluation as at 31 December 2017		5,120,095	
<u>30,603,474</u>	<i>Balance carried forward</i>		<u>35,723,569</u>	

## General Synod Office and Provincial and Other Expenditure

Actual 2016 £			Revised Budget 2017 £	Actual 2017 £	Variance fav/(adv) £
<b>INCOME</b>					
848,657	Allocation from General Fund		826,210	881,734	55,524
<u>848,657</u>			<u>826,210</u>	<u>881,734</u>	<u>55,524</u>
<b>EXPENDITURE</b>					
<b>Costs of General Synod Office</b>					
507,042	Employees	Salaries. NIC, Pension Contributions	506,300	500,261	6,039
2,331		Staff travel and subsistence	4,250	4,347	(97)
575		Staff training	1,910	842	1,068
3,412		Recruitment costs	3,500	6,971	(3,471)
<u>513,360</u>	<i>Sub-total</i>		<u>515,960</u>	<u>512,421</u>	<u>3,539</u>
29,535	Premises	Building repairs and maintenance	30,000	21,645	8,355
2,399		Rates	2,400	1,932	468
25,030		Light, heat and cleaning	20,000	18,542	1,458
7,504		Insurance	7,520	8,837	(1,317)
<u>64,468</u>	<i>Sub-total</i>		<u>59,920</u>	<u>50,956</u>	<u>8,964</u>
10,433	Administration	Telephone and postage	11,000	11,573	(573)
4,162		Printing and stationery	5,000	3,052	1,948
11,399		Photocopier	12,000	12,122	(122)
20,759		Computing	16,400	18,584	(2,184)
6,700		Payroll Bureau processing costs	6,300	7,019	(719)
5,980		Miscellaneous	4,000	6,124	(2,124)
6,636		Office equipment and furniture	1,000	618	382
<u>66,069</u>	<i>Sub-total</i>		<u>55,700</u>	<u>59,092</u>	<u>(3,392)</u>
<u>643,897</u>	<i>Total Costs of General Synod Office</i>		<u>631,580</u>	<u>622,469</u>	<u>9,111</u>
<b>Provincial Costs</b>					
15,305	Primus		14,450	16,801	(2,351)
9,751	College of Bishops		6,500	13,764	(7,264)
10,000	Election of Bishop		10,000	10,000	-
24,933	General Synod	Annual meeting	32,000	32,540	(540)
932		Annual report	1,000	875	125
3,008		Synod papers	3,200	3,950	(750)
1,740	Office for Protection of Children and Vulnerable Adults		2,000	1,591	409
1,146	New Clergy Welcome Day		350	1,672	(1,322)
2,836	Clergy Legal Expenses Insurance		3,000	2,698	302
2,519	Trustee Liability Insurance		3,000	1,895	1,105
13,632	Professional fees	Audit	13,150	12,900	250
56,187		Legal and advisory	45,000	101,422	(56,422)
536	Immigration Sponsors Licence		-	-	-
2,730	Subscriptions	Scottish Churches Committee etc	2,800	2,761	39
<u>145,255</u>	<i>Total Provincial Costs</i>		<u>136,450</u>	<u>202,869</u>	<u>(66,419)</u>

## General Synod Office and Provincial and Other Expenditure

Actual 2016 £		Revised Budget 2017 £	Actual 2017 £	Variance fav/(adv) £
	<b>Committee Meeting Expenses</b>			
7,161	Standing Committee	2,000	2,805	(805)
191	Committee for Protection of Children & Vulnerable Adults	400	93	307
<u>7,352</u>	<i>Total Committee Meeting Expenses</i>	<u>2,400</u>	<u>2,898</u>	<u>(498)</u>
	<b>Subscriptions to church bodies</b>			
3,283	World Council of Churches	3,300	3,718	(418)
-	Conference of European Churches	2,700	-	2,700
5,000	Churches Together in Britain and Ireland	5,000	5,000	-
12,500	Action of Churches Together in Scotland	12,500	12,500	-
30,370	Anglican Consultative Council	31,280	31,280	-
<u>51,153</u>	<i>Total Subscriptions to church bodies</i>	<u>54,780</u>	<u>52,498</u>	<u>2,282</u>
	<b>Grants</b>			
1,000	Primus discretionary	1,000	1,000	-
<u>1,000</u>	<i>Total Grants</i>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
<u>848,657</u>	<i>Total Expenditure</i>	<u>826,210</u>	<u>881,734</u>	<u>(55,524)</u>
	<b>BALANCES</b>			
	<b>Revenue</b>			
-	Surplus/(deficit) for year	-	-	-
-	Balance brought forward	-	-	-
<u>-</u>	<i>Balance carried forward</i>	<u>-</u>	<u>-</u>	<u>-</u>

## **Committee for the Protection of Children and Vulnerable Adults**

The Provincial Committee is responsible for promoting and encouraging a safe and protective environment for vulnerable people within the Church. The Committee oversees the work which deals with the Church's responsibilities for safeguarding the vulnerable, including compliance with legislation and determining the suitability of clergy, employees and volunteers to undertake regulated work. As Convener, I am very grateful to my Committee colleagues who have supported the work of the Provincial Officers in seeking the safety of everyone within the Scottish Episcopal Church (SEC).

During the year, the Committee continued to monitor how the SEC ensures that its procedures and processes meet the aspirations of the Anglican Consultative Council's Safe Church Charter. Arising out of the Provincial Officers' practical experience of handling complex safeguarding complaints, the Committee was made aware of the constraints of Canon 65 as it is currently drafted. It identified the need for a major review to ensure that the Provincial Officers have the appropriate authority to undertake the necessary activities to ensure that everyone in the Church is safe, regardless of their level of vulnerability. As a result, the Committee expects to contribute significantly to the Working Group established by the Faith and Order Board to consider the review of both Canon 54 (clergy discipline) and Canon 65.

The Committee finalised an information leaflet for the survivors of historic abuse and, with the Provincial Officers, continued to work on developing a web-based accessible training package as a basic introduction to safeguarding in the SEC which will be ready in 2018. Other training continues to be offered on a wide range of safeguarding topics and the Committee continues to explore the content and most effective method of delivering safeguarding training to all those who have contact with vulnerable people within the Church.

The Annual Safeguarding Returns for each charge contribute to a combined Safeguarding Report to Diocesan Synods and provide a quantitative indication of safeguarding across the Province. The Committee, through the Provincial Officers and the Diocesan Protection Officers, have been working to develop a more effective method of auditing the quality of safeguarding with a view to providing reassurance that the SEC is a safe church and able to withstand external scrutiny.

I am grateful to the Provincial Officers, Donald Urquhart and Daphne Audsley, and Peter Cozens, their administrative assistant, for their professionalism and commitment. Their help and support has been invaluable to the Committee throughout the year. I would also thank members of the Committee for their support, wisdom and guidance during the year.

I conclude this year's Report by reminding everyone that the Provincial Committee is responsible for providing guidance to the rest of the Church on the safety of its members and compliance with all the requirements of current legislation. The focus that we, as a Church, provide to safeguarding, not just our children and the vulnerable but everyone in the Church and in wider society, is the mission of the Church, and reflects God's love for all and the ministry of Jesus.

**Christopher Townsend**  
**Convener**



**Faith and Order Board**

Actual 2016 £	INCOME	Revised Budget 2017 £	Actual 2017 £	Variance fav/ (adv) £
16,500	Allocation from General Fund	18,375	15,059	(3,316)
<u>16,500</u>	<i>Total Income</i>	<u>18,375</u>	<u>15,059</u>	<u>(3,316)</u>
<b>EXPENDITURE</b>				
5,006	Board expenses	5,500	3,391	2,109
5,899	Work of Liturgy Committee	4,075	3,206	869
386	Work of Committee on Canons	800	190	610
277	Work of Doctrine Committee	800	615	185
3,116	Inter-Church Relations Committee	5,000	6,343	(1,343)
1,816	Europe Group	2,200	1,314	886
<u>16,500</u>	<i>Total Expenditure</i>	<u>18,375</u>	<u>15,059</u>	<u>3,316</u>
<b>BALANCES</b>				
<b>Revenue</b>				
-	Surplus/(deficit) for year	-	-	-
-	Balance brought forward	-	-	-
<u>-</u>	<i>Balance carried forward</i>	<u>-</u>	<u>-</u>	<u>-</u>

Actual 2016 £	PUBLICATIONS	Actual 2017 £
1,507	Income	859
<u>(909)</u>	Expenditure	<u>(2,749)</u>
598	Surplus/(deficit) for year	(1,890)
824	Balance brought forward	1,422
<u>1,422</u>	<i>Balance carried forward</i>	<u>(468)</u>



## Faith and Order Board

In 2017 the Faith and Order Board met twice, with one residential meeting, to oversee important areas of our Church's life and work. The meetings of the Board were chaired by Bishop David and Bishop Mark in their respective offices as Primus of the Scottish Episcopal Church.

In the first meeting of the year, much of Faith and Order Board's time was spent discussing issues concerning same-gender marriage, in the lead-up to the second reading of the proposed amendments to Canon 31 being agreed at General Synod. The Board has also been in correspondence with the Church of Scotland as they begin to discuss same-gender marriage.

Other canonical matters included the formation of a review group on Clergy HR canons and procedures, following discussion at General Synod 2017, and work with the Buildings Committee on amendments to Canon 35, concerning church buildings.

The Liturgy Committee presented draft rites for Lent, Holy Week and Easter, intended for experimental use from Lent 2018 and the Permitted Changes to the 1982 Liturgy, both of which were sent to the College of Bishops for approval. Other liturgical matters included recommending that the Liturgy Committee work on liturgical provision for the blessings of persons already married, and that the Committee explore the potential of an updated catechism.

The Faith and Order Board agreed a new Convener and new members for the Doctrine Committee and discussed the role and purview of the Committee. It recommended that the Committee carry out some work on episcopacy and commended the work beginning on the nature of Truth in our society.

The Faith and Order Board commend the joint work of the Liturgy Committee and the Doctrine Committee to prepare a commentary on the proposed new rites for Lent, Holy Week and Easter, and note the Doctrine Committee's desire to work closely with other Boards and Committees of the SEC, and to consider working ecumenically when appropriate.

The Board noted that the work of the Inter-Church Relations Committee (ICRC) and the Church of Scotland was resulting in better relationships between the two churches, and particularly commended *Our Common Calling*, the joint working group which aims to facilitate and encourage grass roots missions and the discussion of theological issues. The Board also noted the increasing relational aspect of ecumenism through the ICRC's journeying with the Focolare Movement.

Other Inter-Church Relations matters included responding to the review of Action of Churches Together in Scotland (ACTS). The Board is expecting that there will be significant changes in ACTS in the years to come. The Scottish Episcopal, Methodist, and United Reformed Church partnership (EMU) has remained in a period of reflection, but the Board discussed the Church of England/Methodist Church Report *Mission and Ministry in Covenant*. As a UK-wide Church, any changes within the Methodist Church resulting from this report in England will have significant impact in Scotland, and the Board noted the ICRC's intention to enter into discussion with the Methodists in Scotland.

These issues represent only a fraction of the work of the Faith and Order Board, which was carried out within its budget.

I wish to thank all the members of the Board for giving serious consideration to all that comes before them and equally to thank the conveners and members of the pendant committees, whose reports are set out on the pages which follow.

**+ Mark  
Convener**

## **Committee on Canons**

The Committee on Canons met on an ad hoc basis to deal with requests for changes to the Code of Canons. With an eye to efficiency, the Committee attempts to achieve as much as it can by employing modern methods of communication without the need of formal meetings in Edinburgh.

The Committee presented to General Synod 2017 the following items of business:

- Canon 22, sections 2 and 3: Of Divine Worship and the Administration of the Sacraments and Other Rites and Ceremonies of the Church.
- Canon 31, sections 1, 2 and Appendix No 26: Of the Solemnisation of Holy Matrimony.
- Canon 63, section 3: Of the Office of Lay Representative.

The Committee worked within budget.

I thank again all the members of the Committee who work with great diligence upon complex matters and we welcomed Amanda Wright who joined the Committee. I am very grateful for all the support given by Miriam Weibye our Secretary.

**Paul Romano**  
**Convener**

## **Liturgy Committee**

### **Objectives and activities**

The Liturgy Committee's principal objective continued to be the completion of new rites for Lent, Holy Week, and Easter. In conjunction with the Doctrine Committee, the Committee plan to publish a historical and liturgical commentary on the new rites in time for Holy Week 2018.

The experimental form of the Eucharistic Prayer, based on the Prayer of Consecration in the Scottish Liturgy 1929/1970, and done in a modern English idiom, has not gone forward for further consideration or approval.

At the request of the Faith and Order Board, the Committee is working towards a liturgy to be used in church for couples already married. The only currently authorised rite is '*A Form of Benediction of Married Persons*' in the Scottish Book of Common Prayer 1929.

The Committee worked on revised forms of permitted changes to the Scottish Liturgy 1982 (relating to gender-neutral language), to supersede those authorised in 2010.

Douglas Kornahrens retired from the Committee.

### **Achievements and performance**

Completed rites for Lent, Holy Week and Easter were submitted to the Faith and Order Board and thence to the College of Bishops in late 2017. The rites were approved by the College of Bishops for general use in the Scottish Episcopal Church for an experimental period, beginning in Lent 2018, and are available on the provincial website.

The new forms of permitted changes to the Scottish Liturgy 1982 were approved by the Faith and Order Board and the College of Bishops in late 2017, and are now available on the provincial website.

### **Financial review**

The Liturgy Committee budget for 2017 covered attendance at national liturgical consultations, Four Nations Liturgy Group and Joint Liturgical Group of Great Britain, the International Anglican Liturgical Consultation, the cost of regular day meetings, an overnight residential meeting, and membership for the Committee members of the Alcuin Club. The Committee worked within budget.

**John Davies**

**Convener**

## **Inter-Church Relations Committee**

### **Local Ecumenism**

The Inter-Church Relations Committee's (ICRC) work has again been strongly focussed on local ecumenism, with several new and ongoing initiatives in our portfolio. Among these, the bilateral conversation with the Church of Scotland – *Our Common Calling* – remains one of our most significant pieces of work, with a continued focus on enabling mission in local communities alongside more 'faith and order' issues concerning ministry and ecclesiology. Among the newer initiatives to emerge over the last year, we have begun the process of responding to the report *Mission and Ministry in Covenant* which sets out a new approach to the sharing of ministries between the Methodist Church and the Church of England. Once this process has reached its conclusion, the ICRC will put proposals to the General Synod in response to its provisions. Our own relations with the Methodist Church and the United Reformed Church (EMU) continue to await the outcome of a period of reflection with the intention that a fresh approach to our partnership will emerge in the coming year.

We continue to value and develop our relationship with the Focolare Movement with its local and international work promoting unity in religious and secular contexts. We are delighted that a member of Focolare now attends ICRC committee meetings and offers insights from the movement's work, informed by its spirituality of unity. The Primus recently attended and addressed a Focolare conference for UK church leaders.

One of the most significant events in Scottish ecumenism this year has been a major review of Action of Churches Together in Scotland (ACTS). This review has indicated a strong desire among the member churches of ACTS to reset its agenda and adopt a fresh approach to ecumenism in our changing national context, with particular attention to the Churches' mission in local communities and to the inclusion of a wider range of churches in the ecumenical life of the nation. The outcome of this review process will be formed over the coming months.

### **International Matters**

The ICRC continues to participate fully in the ongoing work of the Porvoo Communion (Nordic and Baltic Lutherans), the Reuilly Agreement (French Reformed and Lutheran) and, as an observer, in the Meissen Agreement (German Lutheran and Reformed). We also keep in mind the relations we enjoy with our partners in the Old Catholic Churches of Europe. Additionally, the Committee's remit includes a 'watching brief' on Anglican Communion matters.

Since the Synod's decision last year to re-join the Conference of European Churches (CEC), we have also been making plans for a small delegation to attend the CEC Assembly in Novi Sad this year. As this meeting immediately precedes our own General Synod, a brief verbal report will be made.

The Committee's work was conducted within budget.

**John McLuckie**  
**Convener**

## **Doctrine Committee**

Professor David Jasper became Convener just before General Synod, 2017, and wishes to thank Dr Harriet Harris for her service as Convener. Membership of the Committee was brought to full strength by the Faith and Order Board.

The Committee was asked to formulate a response to a letter from the Church of Scotland on same gender marriage, received by the Faith and Order Board. This was done, noting that the Scottish Episcopal Church is in broad agreement with the paper of the Theological Forum of the Church of Scotland, '*An Approach to the Theology of Same-Sex Marriage*'. The Committee has also worked on formulating a rapid response, to the Faith and Order Board, on a paper from the Scottish Government in December asking for comments on the proposed revision of the 2004 Gender Recognition Act.

A paper on Episcopacy was forwarded to the Faith and Order Board and the College of Bishops in the hope that this might prove to be of some value in the current position of the Church. The intention is to expand this into a fuller paper, possibly a Grosvenor Essay, broadly on the theology of ministry, and this is currently being prepared.

Work began on a larger project on the subject of 'Truth and Post-Truth', and a contract has been secured with SCM Press for a book of essays on this by members of the Committee and others.

In conjunction with the Liturgy Committee, the Doctrine Committee worked on a short commentary on the experimental liturgies for Lent, Holy Week and Easter. It is proposed that this be made available during Lent this year.

A request was received from the Liturgy Committee that we consider the question of a catechism – and what form this might take.

A request was received from the Faith and Order Board that the Committee discuss in more detail the ecumenical nature of its membership. It was agreed that from time to time, as appropriate, representatives from other churches and faiths might attend meetings, but not on any regular basis.

The Committee's work was conducted within budget.

**David Jasper**  
**Convener**

## Mission Board

Actual 2016 £		Revised Budget 2017 £	Actual 2017 £	Variance fav/ (adv) £
<b>INCOME</b>				
354,185	Allocation from General Fund	375,565	366,958	(8,607)
10,443	Investment income	10,400	10,759	359
951	Legacies and donations	1,000	937	(63)
<u>365,579</u>	<i>Total Net Income</i>	<u>386,965</u>	<u>378,654</u>	<u>(8,311)</u>
<b>EXPENDITURE</b>				
2,749	Board expenses	3,003	2,725	278
303,809	Mission and Ministry Support Grants	304,657	304,657	-
13,553	Provincial Youth Week	20,000	18,082	1,918
<b>Networks</b>				
20	Children	1,000	625	375
661	Lay Learning	2,400	-	2,400
217	Mission Planning	1,120	14	1,106
-	Rural	1,150	143	1,007
30	Spirituality	500	40	460
-	Stewardship	1,000	-	1,000
405	Youth	2,000	3,680	(1,680)
<u>321,444</u>	<i>Sub-total</i>	<u>336,830</u>	<u>329,966</u>	<u>6,864</u>
<i>Allocation to Committee funds</i>				
-	Global Partnerships Committee	-	-	-
44,135	Church in Society Committee	50,135	48,688	1,447
<u>44,135</u>	<i>Total allocated to committees</i>	<u>50,135</u>	<u>48,688</u>	<u>1,447</u>
<u>365,579</u>	<i>Total Expenditure</i>	<u>386,965</u>	<u>378,654</u>	<u>8,311</u>
<b>BALANCES</b>				
<b>Revenue</b>				
-	Surplus/(deficit) for year	-	-	-
-	Balance brought forward	-	-	-
<u>-</u>	<i>Balance carried forward</i>	<u>-</u>	<u>-</u>	<u>-</u>

## Mission Board

The Mission Board is responsible for the strategic oversight of the Church's mission in Scotland and overseas including engagement in Scottish life and society. It oversees a number of inter-diocesan networks across a range of areas such as spirituality, mission planning, lay learning, rural matters and children's work. The Board aims to facilitate mission in all its forms across the Province with the Bishops as leaders of mission in each diocese.

The Board works closely with its pendant committees (Global Partnerships, Church in Society and Youth), its networks, the Scottish Episcopal Institute, and the Standing Committee. More details of their work are available in their own reports. The Board has met regularly in 2017 with one meeting attended by the Network Coordinators.

General Synod 2017 included a 'Stories and Statistics' slot which reported on the use of Block Grants, shared encouraging stories from each diocese and presented Scottish Episcopal Church statistics to complement the summary of the statistics from the 2016 Scottish Churches Census report '*Growth Amidst Decline*' which was enclosed with General Synod papers. There followed an opportunity for discussion and delegates were invited to indicate how they thought the Board could help them in their own church mission. Emphasis on Intentional Discipleship resulted in the Board's recommendation of the Anglican Communion's report '*Intentional Discipleship and Disciple Making*' containing a list of Discipleship resources and the summary was also included in the papers.

Engagement with Fresh Expressions has included input from theologian John Drane and the Scottish Episcopal Church now has a representative at meetings of the Fresh Expressions Network Scotland to add to its portfolio of national representation. Last year the Board was tasked with considering how membership statistics are gathered in the Scottish Episcopal Church and with devising a form which more accurately reflected church attendance and activity. A pilot scheme was undertaken to test a new form and in the light of the experience of that pilot consideration is now being given to devising a simpler system.

The Board's oversight of the Mission and Ministry Support Grants (MMSG) has been exercised by reviewing the submissions from dioceses detailing the usage of MMSGs. Much of value was identified within this information and in the additional material supplied about all spending on mission. This has been shared with the College of Bishops and Standing Committee. It is hoped that next year's returns will not be restricted to use of Block Grants but will include all spending on mission.

The Board has taken seriously information reported from table discussions at last year's General Synod and responses from dioceses to questions posed by the Board in reviewing how it can better fulfil its role. Therefore, an extra meeting of the Board was held in December to discern action points from the 2016 Church Census and to focus on developing the best way for the Board to inspire and resource mission across the Province as we seek to grow churches and grow in discipleship together.

None of this work happens without considerable input from members of the Board, committees, networks, and General Synod Office staff to whom I express my thanks.

**Jane Ross**  
**Convener**

## Youth Committee

The Provincial Youth Committee (PYC) meets to share information and good practice about youth work, publicise events, and oversee the running of the Glen youth camp and other provincial youth events. The Committee has places for representatives from each diocese: two aged 12-18, one aged 18-25, plus the diocesan youth officer and, new to this year, the positions of Chair and Secretary (drawn from the youth representatives). At present, most dioceses are well represented.

The PYC met four times in 2017, in Dunfermline, Dundee, Aberdeen and Dumfries, and as part of planned youth events where possible. Much of PYC business is conducted through Facebook and email, but face to face gatherings are more effective.

The annual Scottish Episcopal Church (SEC) youth camp at Glenalmond was a wonderful and successful event in July, bringing together our young people from around the Province for a special week of activities, fun, feasting, creativity, prayer and discussion. The theme was 'Fantastical Beasts: fearfully and wonderfully made'. In the housegroup sessions, delegates were encouraged to know how God made them unique, and loves them entirely, through study of, and immersion in, Psalm 139. Delegates create and lead a lot of the worship at camp, and it was inspiring to see how their voices and faith came out in the sometimes bold, always creative, poignant or exuberant worship they led. At the same time, being the SEC, we have blue book Eucharist every morning and the day begins and ends with the offices taken from the green Shorter Daily Prayer book.

April marked a celebration of twenty years of SEC youth camps at Strathallan and Glenalmond. The event took place over two days at St Mary's Cathedral, Edinburgh, and had current delegates, past delegates, youth leaders, parents and church leaders from right across that period attending. The success of the camps is in bringing people from far-flung parts of Scotland where they might be the only young people in their church and introducing them to other young Christians in a supportive, safe environment where talking about faith is normal, and lifelong friends are made.

This year, as well as the Glen youth camp, there were four other provincial youth events: the Dunoon Burns Supper, Havoc in the Highlands, 'Know who you are' in Dumfries and 'The Sleepover by the Castle' in Edinburgh. Delegates were busy gaining signatures for their #PiskyBingo cards and 'bagging a bishop' when they could! These youth events are each hosted by a diocese, but with the leadership team drawn from the provincial pool.

In December, there was a successful Glen Family Christmas Party for those aged 18+, in particular looking to reach those just gone to university who would not be coming back to Glen in 2018.

The PYC remained in budget in 2017 overall. However, with increased network costs from the growth in provincial events, it has been agreed to rebalance the current allowances (£20,000 Glenalmond, £2,000 Network) to allocate £18,000 for the youth camp and £4,000 for the network from 2018 onwards.

### **Tembu Rongong Convener**



## **Committee for Relations with People of Other Faiths**

The Committee for Relations with People of Other Faiths (CRPOF) exists to resource and develop the engagement of Scottish Episcopalians with people of other faiths and to help the Scottish Episcopal Church (SEC) deepen its mission in the context of the diversity of faith communities in Scotland. CRPOF encourages its members, and the wider church, to engage with local and national interfaith bodies, knowing from experience that such engagement both enriches our own faith understanding, and helps build the relationships of trust and mutual support.

Membership continues to include representatives from the Methodist and United Reformed Churches. We are keen to expand the membership of the Committee and are delighted to welcome Steve Innes, a theological consultant with the UK Council for Christians and Jews.

Undoubtedly the defining moment for the Committee's consideration in 2017 was the social media and press outcome following the Convener's invitation to a local Muslim young woman to recite a relevant portion from the Quran before the Ministry of the Word at the midweek Eucharist for Epiphany at St Mary's Cathedral Glasgow. There was a good deal of very supportive comment among a great deal of hateful, Islamophobic and racist correspondence, some of that being identified as criminal by Police Scotland.

There were a number of outcomes, including the plans of the previous and current Primus to create a process to think through the event, as well as to place interfaith understanding and relations in the mainstream of the life of the SEC, and the sponsoring of an academic paper on the event and its outcome by the Inter Religious Relations department of Churches Together in Britain and Ireland (CTBI).

During 2017 CRPOF met on three occasions. In October members again joined the CTBI Churches' Forum for Inter-Religious Relations 24 hour residential, this time in Edinburgh. In December we continued our annual practice of meeting with the Scottish Catholic Bishops' Committee for Inter Religious Relations, with representatives from the Church of Scotland and other Churches. This ecumenical group is developing a joint project to offer guidelines to dioceses and congregations to enable engagement with people of other faiths throughout the Province, and throughout all churches in Scotland.

The Convener was on sabbatical leave in the autumn and spent some of the time studying at the Tantur Ecumenical Institute near Jerusalem. He also attended a CTBI/Christian Aid consultation on the theological language used by British Churches relating to the Holy Land at St George's House, Windsor.

**Cedric Blakey**  
Convener

## Church in Society Committee

Actual 2016 £		Revised Budget 2017 £	Actual 2017 £	Variance fav/ (adv) £
<b>INCOME</b>				
44,135	Allocation from General Fund	50,135	48,688	(1,447)
951	Donations	-	937	937
<u>45,086</u>	<i>Total Net Income</i>	<u>50,135</u>	<u>49,625</u>	<u>(510)</u>
<b>EXPENDITURE</b>				
41,950	Grants	46,135	45,970	165
937	CRPOF	1,500	1,082	418
2,199	Meeting costs / participating in consultations / conferences	2,500	2,573	(73)
<u>45,086</u>		<u>50,135</u>	<u>49,625</u>	<u>510</u>
<b>BALANCES</b>				
<b>Revenue</b>				
-	Surplus/(deficit) for year	-	-	-
-	Balance brought forward	-	-	-
<u>-</u>	<i>Balance carried forward</i>	<u>-</u>	<u>-</u>	<u>-</u>

## Church in Society Committee

The Committee has recently restated its objectives. These are 1) to explore the interface between church and society, 2) to assess the impact of secular issues on church and faith and 3) to develop strategic partnerships working between church and society.

We are only able to approach this breadth of activity through the dedicated work of the members of the Committee. During the year Ann Glenesk retired and Anthea Clarke joined us. Our work is helped through links with other churches, co-operation with partner organisations and our General Synod Office (GSO) Church Relations Officer, Miriam Weibye, whose work is critical to all we achieve. We fund organisations working in pastoral care, environment and those with a wider impact like the Just Festival. Joan Lyon represents us on Scottish Faith Action for Refugees (SFAR), the Scottish co-ordinating body while Richard Murray has a similar role in respect of work with RSPB. We continue to work with the Committee for Relations with People of Other Faiths (CRPOF) and thank Cedric Blakey for all he contributes.

Over many years we have engaged with the increasing impact of Global Climate Change. Most recently the focus has been on how we can influence the extraction and use of fossil fuels. The work we undertook with the Investment Committee about ethical investment and approaches to companies working with fossil fuels led to our presentation to General Synod 2017. This continues to be a joint area of study with the Investment Committee, Baillie Gifford and the Church Investors Group (CIG). We aim to extend previous studies. This work has been led for the Committee by Donald Bruce. We have continued to work with the Church of Scotland, RSPB, Eco-Congregation Scotland, and Earthbound Ventures on ways of raising the profile of our care for God's Creation through the use of 'local' RSPB reserves. An ecumenical subcommittee considers the impact of recent developments in gene editing; initially through a series of case studies covering simple issues such as the use of farm animals to produce pharmaceutical proteins, through to more complex issues such as using engineered cells as immunological treatments and on to the potential for 'enhancing' human embryos. The Committee will be represented at a meeting on the subject of gene editing organised by the Conference of European Churches (CEC).

Pilgrimage has been used as a means of exploring types of issues mentioned above and of assessing how they are rooted in our heritage. We are sponsoring a conference on this subject in the autumn of 2018.

In addition to the above we have continued to work and to liaise with other churches on areas as diverse as child poverty, our response to Brexit, the potential loss of the European Convention on Human Rights and on organ transplantation.

**David Atkinson**  
**Convener**

## Global Partnerships Committee

Actual 2016 £			Revised Budget 2017 £	Actual 2017 £	Variance fav/ (adv) £
<b>INCOME</b>					
98,426	Investment income	Unit Trust Pool	98,426	101,321	2,895
19		Deposit account	-	12	12
6,562		Noel Phillips Trust	6,562	6,755	193
-		Grants awarded in prior years no longer required	-	21,000	21,000
<u>105,007</u>	<i>Total Income</i>		<u>104,988</u>	<u>129,088</u>	<u>24,100</u>
<b>EXPENDITURE</b>					
47,338	Grants	Education	45,000	32,641	12,359
12,353		Africa	15,000	8,390	6,610
6,054		Asia (inc Middle East)	15,000	6,551	8,449
768		Small grants	5,000	144	4,856
3,228		Companion Relationships	10,000	-	10,000
100		Agency Support	8,000	5,100	2,900
11,311		Anglican Comm Network Support	12,000	10,649	1,351
2,243		South America	5,000	132	4,868
-		MiDGies (formerly Justice, Peace and Creation Network)	500	-	500
2,156	Committee expenses	Travel / meetings	3,000	374	2,626
379		Publicity / correspondence	1,000	632	368
<u>85,930</u>	<i>Total Expenditure</i>		<u>119,500</u>	<u>64,613</u>	<u>54,887</u>
<b>BALANCES</b>					
<b>Revenue</b>					
19,077	Surplus/(deficit) for year		(14,512)	64,475	78,987
78,943	Balance brought forward		98,020	98,020	-
<u>98,020</u>	<i>Balance carried forward</i>		<u>83,508</u>	<u>162,495</u>	<u>78,987</u>

Actual 2016 £	CAPITAL ACCOUNT	Actual 2017 £
2,637,718	Balance brought forward	2,978,387
340,669	Unrealised gain on revaluation as at 31 December 2017	493,191
<u>2,978,387</u>	<i>Balance carried forward</i>	<u>3,471,578</u>

## Global Partnerships Committee

The Global Partnership Committee (GPC) promotes, on behalf of the Scottish Episcopal Church (SEC), mission, companion partnerships and development projects overseas, in partnership with churches of the Anglican Communion and ecumenical agencies. To facilitate this the Committee has responsibility for the oversight of funds generated from investments designated for overseas mission and ministry.

Members of the Committee have particular areas of responsibility within the overall remit – namely Africa, Asia the Middle East and the Pacific, South America, Anglican Networks, Companion Partnerships, Education, Sustainable Development Goals, Publicity and Small Grants. The GPC has the responsibility for providing grants to partner organisations within the Anglican Communion, and for liaison with the other provinces in the Communion.

Our work this past year has included significant engagement with gender justice, with Rachael Fraser attending the United Nations Commission on the Status of Women in 2017 and Lottie Haley-Lee in 2018. As members of the Side by Side movement, the GPC has promoted the ‘Loving One Another’ Bible Study material and planned an exhibition on ‘Women of Faith for Gender Justice’.

In 2017, the Committee supported partnerships in many countries. The GPC continued to work with the Scottish Churches China Group to support a hospital in Shenyang Province. It was noted that work with the Diocese of Shanghai was difficult because of a government bar. The GPC provided assistance to emerging dioceses in South Sudan, e.g. Gogrial, Maridi, Pacong and Wau. Support for the work of the Church in the newly-independent country of South Sudan is important because it is a force for peace in that part of Africa.

The Committee also supported:

1. Clergy training at the St Nicholas Seminary for the Diocese of Guinea.
2. A grant to the Jabalpur Diocese in India to support an interfaith project on disabilities.
3. Support for an interfaith School of Peace in the Diocese of Nagpur, India.
4. A travel grant to Sebastian Mitchell (Diocese of Edinburgh) to work at the Soul Edge Christian Leadership Training Programme in Canada.
5. Travel grants for delegates to attend the Council of Anglican Provinces Africa (CAPA) Youth Conference in Nairobi.

In 2017, the GPC explored ways of partnering with organisations such as Anglican Alliance and International Justice Mission, and was pleased to receive reports from Alistair Dinnie of the Anglican Consultative Council. The Committee facilitated the visit of Paulo Ueti, the Regional Facilitator of the Anglican Alliance for Latin America and the Caribbean to Scotland in March 2017, and met with delegates from the Bishop Barham University College, Uganda, advising them on possible Scottish and UK Government sources of funding, and making a grant for their travel costs within the UK.

The Committee works with Christian Aid (Scotland), the Scotland-Malawi Partnerships, Side by Side, the Just Festival and other similar organisations to advance our aims and objectives as a Committee of the SEC.

The Committee’s work was carried out under budget, due to the small number of appropriate applications received.

**David Kenvyn**  
Convener

## Community Fund

Actual 2016 £		Revised Budget 2017 £	Actual 2017 £	Variance fav/ (adv) £
	<b>INCOME</b>			
4,323	Donations	5,000	4,732	(268)
<u>4,323</u>	<i>Total Net Income</i>	<u>5,000</u>	<u>4,732</u>	<u>(268)</u>
	<b>EXPENDITURE</b>			
3,647	Grants	5,000	4,545	455
<u>3,647</u>	<i>Total Expenditure</i>	<u>5,000</u>	<u>4,545</u>	<u>455</u>
	<b>BALANCES</b>			
	<b>Revenue</b>			
676	Surplus(deficit) for year	-	187	187
3,084	Balance brought forward		3,760	-
<u>3,760</u>	<i>Balance carried forward</i>	<u>-</u>	<u>3,947</u>	<u>187</u>

## Community Fund

The Community Fund has continued to make a significant difference to the lives of many people in need in our society. By giving small and immediate grants to those who cannot find help from any other source the Fund has been of considerable help to a number of individuals and families. We know that the grants are appreciated by the letters of thanks we receive from both the recipients and the agencies through which the grants are channelled.

The grants we were able to make in 2017 have facilitated the purchase of food, cots/beds and bedding, children's wardrobes/drawers, clothing, cookers, fridge freezers and washing machines when other sources of funding could not be found. These grants are made on the recommendation of clergy or organisations such as One Parent Families Scotland, Children 1<sup>st</sup>, Circle Scotland, housing associations and social work departments in Scotland and are promptly processed so that help can be provided as quickly as possible.

Perhaps unsurprisingly, there was a slight rise in the number of applications received – 35 in 2017 compared with 30 the previous year. It is pleasing to report that income to the Fund was slightly up on the 2016 figure. In 2017 donations (including Gift Aid) representing income of £4,732 (£4,323 in 2016) were received and the 35 grants represented expenditure of £4,545. A significant portion of the Fund's income (£2,879) in 2017 resulted from former subscribers to *inspires* magazine kindly offering the outstanding balance of their subscriptions to the Fund when *inspires* ceased publication. We are very grateful to the subscribers for this and to all other donors. However, apart from the *inspires* subscriptions, other donations received by the Fund amounted only to £1,853 which was considerably less than the previous year.

The effectiveness of the Community Fund would not be possible without the very generous donations received both from congregations and individuals. As always, I would like to thank all those congregations and individuals who have contributed to the Fund over the past year and can assure them that their donations have greatly helped people who are in genuine need. The number of contributors to the Fund remains low and congregations and church members who have not previously made donations to the Fund might like to consider doing so. The Fund continues to serve a very worthwhile role and to deserve the support of the Church and its members.

**John Stuart**  
**Secretary General**

## Miscellaneous Funds

Actual 2016 £		Actual 2017 £
	<b>INCOME</b>	
-	Legacies	-
-	<i>Total Net Income</i>	-
	<b>EXPENDITURE</b>	
-	Grants	-
-	<i>Total Expenditure</i>	-
	<b>BALANCES</b>	
	<b>Revenue</b>	
-	Surplus/(deficit) for year	-
17,550	Balance brought forward	17,550
17,550	<i>Balance carried forward</i>	17,550
	<b>CAPITAL ACCOUNT</b>	
470,232	Balance brought forward	503,197
32,965	Unrealised gain on revaluation as at 31 December 2017	47,721
503,197	<i>Balance carried forward</i>	550,918
	<b>TOTAL FUNDS as at 31 December:</b>	
17,550	Revenue	17,550
503,197	Capital	550,918
520,747		568,468
	<b>Being for:</b>	
518,905	Restricted purposes	566,626
1,842	Designated purposes	1,842
520,747		568,468





**Scottish Episcopal Institute Council**

Actual 2016 £		Revised Budget 2017 £	Actual to 2017 £	Variance to date fav/ (adv) £
<b>INCOME</b>				
407,662	Allocation from General Fund	365,030	340,047	(24,983)
20,761	Allocation from Training Fund	42,000	42,022	22
2,908	Investment income	2,880	2,994	114
4,400	Fees	5,675	6,275	600
<u>435,731</u>	<b>Total Income</b>	<u>415,585</u>	<u>391,338</u>	<u>(24,247)</u>
<b>EXPENDITURE</b>				
<b>Board</b>				
1,999	Meeting costs	3,250	2,162	1,088
<u>1,999</u>	<b>Total Board</b>	<u>3,250</u>	<u>2,162</u>	<u>1,088</u>
<b>Scottish Episcopal Institute</b>				
<b>Staff Costs</b>				
129,777	Salaries, pensions etc	135,500	135,885	(385)
-	Recruitment costs	-	3,229	(3,229)
1,704	Travel expenses	2,000	1,848	152
3,490	Staff training / development	3,500	1,908	1,592
<u>134,971</u>	<b>Total staff costs</b>	<u>141,000</u>	<u>142,870</u>	<u>(1,870)</u>
<b>Training costs</b>				
17,782	Residential weekends	42,580	36,356	6,224
-	Field Education (placement) costs	3,000	3,770	(770)
16,350	Associate Tutors	12,200	12,195	5
913	Course materials / moodle costs	1,000	28	972
7,330	Common Awards (YSJ)	7,030	8,250	(1,220)
<u>42,375</u>	<b>Total training costs</b>	<u>65,810</u>	<u>60,599</u>	<u>5,211</u>
<b>Other costs</b>				
1,973	Library	2,500	424	2,076
3,016	Admin / publicity	700	1,797	(1,097)
<u>4,989</u>	<b>Total other costs</b>	<u>3,200</u>	<u>2,221</u>	<u>979</u>
<u>182,335</u>	<b>Total SEI costs</b>	<u>210,010</u>	<u>205,690</u>	<u>4,320</u>
<b>Full Time ordinands</b>				
910	University fees	-	-	-
20,761	Maintenance grants	42,000	42,022	(22)
<u>21,671</u>	<b>Total full time ordinands</b>	<u>42,000</u>	<u>42,022</u>	<u>(22)</u>
<b>Curate funding</b>				
130,640	Curate grants	125,275	109,888	15,387
<u>130,640</u>	<b>Total curate funding</b>	<u>125,275</u>	<u>109,888</u>	<u>15,387</u>
<b>Recruitment and Selection</b>				
27,072	PDO stipend / salary	27,550	27,270	280
1,242	PDO expenses (travel etc)	2,000	1,408	592
1,725	Provincial panels etc	4,000	1,882	2,118
829	Training	1,000	1,016	(16)
43	Materials etc	500	-	500
<u>30,911</u>	<b>Total Recruitment and Selection</b>	<u>35,050</u>	<u>31,576</u>	<u>3,474</u>
<b>Dispersed TISEC</b>				
68,175	Grants to Dioceses	-	-	-
<u>68,175</u>	<b>Total Dispersed TISEC</b>	<u>-</u>	<u>-</u>	<u>-</u>
<u>435,731</u>	<b>Total Expenditure</b>	<u>415,585</u>	<u>391,338</u>	<u>24,247</u>
<b>BALANCES</b>				
<b>Revenue</b>				
-	Surplus/(deficit) for year	-	-	-
-	Balance brought forward	-	-	-
<u>-</u>	<b>Balance carried forward</b>	<u>-</u>	<u>-</u>	<u>-</u>

## Scottish Episcopal Institute Council

**Kingdom Builders:** As Christians we are all called to build God's Kingdom. The Scottish Episcopal Institute (SEI) Council seeks to embody that imperative in how it works. Deliberately the Council has adopted a collaborative approach to the organisational structure which facilitates the theological education and formation of candidates for Ordained and Lay Reader Ministry. Continuous discernment of the individual gifts of Council members mirrors the discernment of gifts of those seeking to enter the student body. The empathy built up between members of the Council and the student body is consistently noted in feedback from students. Support is insight and the members of staff bring to the Council the realism which informs decision making and is sensitive to the needs of staff, students and the mission of the Scottish Episcopal Church (SEC).

**Kingdom Disciples:** Primarily we are all called to be disciples of Our Lord Jesus Christ. Ordination is a means for some to develop that call to discipleship, but the excitement of faith and ministry lies in the call of discipleship. The Common Awards (CA) programme, validated by Durham University, is based on the 'formation' and training of those disciples called to Ordination and Lay Reader ministry. This programme involves the constant discernment and recognition of God's presence and action in every aspect of the disciple's life, 'forming' the person for a public ministry which needs the resilience of spiritual discipline and intellectual rigour. This year five of the 25 students are undertaking fulltime degree studies at New College, University of Edinburgh, as part of the SEI curriculum. Residential weekends remain an integral part of the formational and training programme. The Principal's intentional building of community at those weekends is based on the disciples' need for nurture and support.

The breadth of the wisdom and expertise within the SEI and the Council is shared with the wider church through the SEI Journal and the annual public lecture. The 2017 Lecture was hosted by Glasgow University and delivered by Professor David Jasper. Seven SEI Ambassadors are developing Diocesan networks for publicising the work of the SEI and are responsible for circulating the monthly SEI Newsletter.

**Kingdom Reality:** At the heart of the work of SEI is the mission of the SEC. A significant move forward in the missional emphasis of SEI has been the appointment of Richard Tiplady as Director of Mixed Mode Training. This appointment will enable the Institute to offer a new training pathway of contextual learning rooted in congregational ministry. This affirms the confidence the SEC has in its mission to build God's Kingdom here in Scotland. The Standing Committee is showing that confidence in increased funding for SEI and in strategic planning with the College of Bishops for the nine curacies needed in the year ahead. The reality of the SEI's task is to train and form the leadership of our congregations that they may offer their communities an experience of the living God.

**+Kevin  
Convener**

## Recruitment and Selection Statistics

Recruitment and selection figures from the Provincial Director of Ordinands (who reports to the College of Bishops) are included below for information. The figures do not include people transferring from other denominations.

Recruitment and selection of Lay Readers is processed through the Diocesan Wardens of Lay Readers rather than the Provincial Director of Ordinands.

### Total Number of Candidates Processed

Year	Total nos. processed	Ages and Gender					
		→30		31 - 45		45+	
		Female	Male	Female	Male	Female	Male
2014-15	9	0	0	1	1	6	1
2015-16	20	2	1	5	0	7	5
2016-17	11	1	2	2	1	5	0

### Candidates Recommended by Provincial Panel to go to Bishops' Advisory Panel or Training

Year	Total nos.	Ages and Gender					
		→30		31 - 45		45+	
		Female	Male	Female	Male	Female	Male
2014-15	7	0	0	1	1	4	1
2015-16	16	2	1	5	0	5	3
2016-17	8	1	2	2	0	3	0

### Candidates Recommended for Training by Bishops' Advisory Panel

Year	Total nos.	Ages and Gender					
		→30		31 - 45		45+	
		Female	Male	Female	Male	Female	Male
2014-15	4/4	0	0	1	1	1	1
2015-16	8/10	1	1	4	0	1	1
2016-17	6/7	1	1	2	0	2	0

### Lay Readership Statistics

Year	Total number entering and completing training	Ages and Gender					
		→30		31 - 45		45+	
		Female	Male	Female	Male	Female	Male
2014-15	3	0	0	1	0	2	0
2015-16	0	0	0	0	0	0	0
2016-17	1	0	0	0	0	1	0

## Miscellaneous Funds

Actual 2016 £		Actual 2017 £
	<b>INCOME</b>	
2,514	Investment income	2,601
8,844	Donations	16,694
-	Other income	7,936
<u>11,358</u>	<i>Total Net Income</i>	<u>27,231</u>
	<b>EXPENDITURE</b>	
2,578	Grants	5,262
<u>20,761</u>	Transfer to Institute Council	<u>42,022</u>
<u>23,339</u>	<i>Total Expenditure</i>	<u>47,284</u>
	<b>BALANCES</b>	
	<b>Revenue</b>	
(11,981)	Surplus/(deficit) for year	(20,053)
(598)	Transfer (to)/from capital	(624)
99,076	Transferred from Administration Board Miscellaneous Funds	-
<u>69,135</u>	Balance brought forward	<u>155,632</u>
<u>155,632</u>	<i>Balance carried forward</i>	<u>134,955</u>
	<b>CAPITAL ACCOUNT</b>	
760,330	Balance brought forward	858,637
598	Transfer from revenue	624
<u>97,709</u>	Unrealised gain on revaluation as at 31 December 2017	<u>141,535</u>
<u>858,637</u>	<i>Balance carried forward</i>	<u>1,000,796</u>
	<b>TOTAL FUNDS as at 31 December:</b>	
155,632	Revenue	134,955
<u>858,637</u>	Capital	<u>1,000,796</u>
<u>1,014,269</u>		<u>1,135,751</u>
	<b>Being for:</b>	
880,083	Restricted purposes	979,345
<u>134,186</u>	Designated purposes	<u>156,406</u>
<u>1,014,269</u>		<u>1,135,751</u>

## Information and Communication Board

Actual 2016 £		Revised Budget 2017 £	Actual 2017 £	Variance fav/ (adv) £
<b>INCOME</b>				
21,408	Allocation from General Fund	28,800	21,168	(7,632)
<u>21,408</u>	<i>Total Income</i>	<u>28,800</u>	<u>21,168</u>	<u>(7,632)</u>
<b>EXPENDITURE</b>				
2,679	Board expenses	2,991	1,405	1,586
3,082	Online communications	12,000	11,277	723
475	anglican.org domain	809	529	280
-	Training, Promotion and Publicity	5,500	350	5,150
15,172	<i>inspires</i> publication / distribution costs	7,500	7,607	(107)
<u>21,408</u>	<i>Total Expenditure</i>	<u>28,800</u>	<u>21,168</u>	<u>7,632</u>
<b>BALANCES</b>				
<b>Revenue</b>				
-	Surplus/(deficit) for year	-	-	-
-	Balance brought forward	-	-	-
<u>-</u>	<i>Balance carried forward</i>	<u>-</u>	<u>-</u>	<u>-</u>

Actual 2016 £	PUBLICATIONS	Actual 2017 £
4,940	Income	7,513
<u>(6,269)</u>	Expenditure	<u>(4,639)</u>
(1,329)	Surplus/(deficit) for year	2,874
10,228	Balance brought forward	8,899
<u>8,899</u>	<i>Balance carried forward</i>	<u>11,773</u>

## Information and Communication Board

This year the Information and Communication (I&C) Board focussed on carrying out the conclusions from the review it carried out in 2017 of the Church's key communication tools, and work towards the introduction of a communications policy and strategy.

The most visible aspect of that review was the decision to cease production of *inspires* magazine. The factors involved in this were the time and effort involved in the production, the purpose and scope of the magazine. The decision was made in conjunction with the production of a new web based publication, *pisky.scot*, which serves much of the purpose of *inspires* magazine, whilst being easier to share online through social media, and gives opportunity for interactive communication.

The year saw a new role being created in the I&C team – that of part-time Digital Communications Co-Ordinator. Aidan Strange took up this post in May 2017 and works closely with Lorna Finley, the Director of Communications, in the area of social media and digital communications.

Ongoing maintenance and upgrading of the website have been continuing throughout the year, working on the design and content; the Daily Prayer Offices each day continues to be one of the most popular areas of the website.

A significant change in the life of the Board was debating the Board's own existence. The I&C Board was formed many years ago, in an age where there was no internet, no social media, and where communication was primarily through the written word. In an age of very swift media communication, websites and social media, it is only right that the Board reviewed how best to achieve the purpose of Information and Communications in a changed landscape. The Board concluded that this was better done by dissolving the Board in favour of the Director of Communications working directly with Standing Committee and, when required, by identifying appropriately skilled individuals who are able to work on a specific task for a specific period of time. The Board will continue to discuss how this might be shaped at our future meetings in 2018.

The reason that this report is being written by the Vice-Convenor is due to Chris Mayo's ongoing health issues. Chris is an inspiring and considerate colleague, and the Board wish him well in his recovery.

My thanks also go to members of the Board for their insight, their enthusiasm and their collegiality in the very demanding and varied work, and of course to Lorna Finley, whose huge workload is mostly behind the scenes, and always exemplary.

**Philip Blackledge**  
**Vice-Convenor**

## Administration Board

Actual 2016 £		Revised Budget 2017 £	Actual 2017 £	Variance fav/ (adv) £
<b>INCOME</b>				
65,276	Allocation from General Fund	198,130	195,957	(2,173)
<u>65,276</u>	<i>Total Income</i>	<u>198,130</u>	<u>195,957</u>	<u>(2,173)</u>
<b>EXPENDITURE</b>				
<i>Meeting Costs</i>				
1,160	Board	1,000	881	119
334	Building Grants Group (Finance Cttee)	500	99	401
85	Investment Committee	100	161	(61)
237	Retirement Housing Committee	400	263	137
254	Buildings Committee	400	188	212
339	Personnel Committee	400	228	172
<u>2,409</u>	<i>Sub-total</i>	<u>2,800</u>	<u>1,820</u>	<u>980</u>
<i>Grants</i>				
7,000	Child Allowance	7,000	8,625	(1,625)
-	Resettlement grants	3,330	1,200	2,130
<u>7,000</u>	<i>Sub-total</i>	<u>10,330</u>	<u>9,825</u>	<u>505</u>
<i>Allocation to other funds</i>				
<u>55,867</u>	Building Grants Fund	<u>185,000</u>	<u>184,312</u>	<u>688</u>
<u>55,867</u>	<i>Sub-total</i>	<u>185,000</u>	<u>184,312</u>	<u>688</u>
<u>65,276</u>	<i>Total Expenditure</i>	<u>198,130</u>	<u>195,957</u>	<u>2,173</u>
<b>BALANCES</b>				
<b>Revenue</b>				
-	Surplus/(deficit) for year	-	-	-
-	Balance brought forward	-	-	-
<u>-</u>	<i>Balance carried forward</i>	<u>-</u>	<u>-</u>	<u>-</u>



## Administration Board

Much of the Board's detailed work is undertaken by its four pendant committees and the recently established Building Grants Group. I am grateful to the conveners for guiding the committees through their wide ranging and varied work. Particular thanks to Elliot Glen-Esk who retired as Convener of the Retirement Housing Committee and to his successor Lorna Mortis for her willingness to take on the role.

2017 was the first full year of operation of the Building Grants Group. The Group is responsible for overseeing the new Building Grants Fund and the Building Loans Fund on behalf of the Board. With a view to ensuring that the limited resources available to it are used effectively the Group is, on occasion, offering advice to congregations and stipulating specific conditions before grant funds can be released. The Group has also sought to refine the application form and process to emphasise the importance of adequate diocesan review of applications before their submission. The Board is pleased that after a period of seven years, it is again able to provide larger building grants and is grateful to the Group for its diligence in this first year of operation. Fifteen congregations benefitted from financial support ranging from £1,375 to £38,050. Grants were provided for a variety of projects from tree surgery to major restorations. Two congregations received large grants to assist in rectory refurbishment during periods of vacancy. There continues to be little demand for loans with only two loans awarded in the year. The Board will continue to monitor the work of the Group and the Buildings Committee as both endeavour in different ways to provide support to dioceses and congregations as they seek to maintain and develop their buildings.

The Board endorsed the Personnel Committee's suggestion that the Digest of Resolutions be altered to provide a more flexible framework for the adoption of personnel policies and guidelines. In doing so the Board noted that the nature of employment law was such that the Church needed to be able to effect changes in its own policies without undue procedural delay whilst retaining appropriate safeguards for changes related to clergy discipline. The proposed alteration to the Digest generated much debate at General Synod and resulted in amendments which require all policies and guidelines developed by the Personnel Committee and approved by the Board to be endorsed by General Synod. The Board acknowledges the concerns expressed during the debate and is mindful of its role in scrutinising the policies developed by the Committee. The Board considers that its ability to review such policies is enhanced by an increased number of stipendiary clergy amongst its members and therefore welcomes the appointments made during 2017. To provide further flexibility the Board will also propose to General Synod that in future the additional members it appoints need not be General Synod members.

General Synod accepted the recommendations of the Climate Change Action and Fossil Fuel Investments paper produced jointly by the Investment Committee and Church in Society Committee. I am grateful to the two committees for their collaboration in producing such a comprehensive paper.

As reported last year the Board continues to consider the issue of risk management for congregations and considered further advice from its legal advisers on this topic. It is anticipated that an information note and pro forma Risk Register will be provided to dioceses during 2018 for sharing with vestries. The Board and Personnel Committee also further considered the issue of Child Allowance and Resettlement Grants during the year and aims to conclude those discussions during 2018.

I am indebted to John Stuart, Malcolm Bett and the General Synod Office staff for their support.

**John Ferguson-Smith**  
Convener

**Building Grants Fund**

<b>Actual 2016</b>		<b>Revised Budget 2017</b>	<b>Actual 2017</b>	<b>Variance fav/ (adv)</b>
<b>£</b>		<b>£</b>	<b>£</b>	<b>£</b>
<b>INCOME</b>				
55,867	Allocation from General Fund	185,000	184,312	(688)
<u>55,867</u>	<i>Total Income</i>	<u>185,000</u>	<u>184,312</u>	<u>(688)</u>
<b>EXPENDITURE</b>				
34,125	Grants - Issued		114,317	
21,742	- Earmarked		69,995	
<u>55,867</u>	<i>Total Expenditure</i>	<u>185,000</u>	<u>184,312</u>	<u>688</u>
<b>BALANCES</b>				
<b>Revenue</b>				
-	Surplus/(deficit) for year	-	-	-
-	Balance brought forward	-	-	-
<u>-</u>	<i>Balance carried forward</i>	<u>-</u>	<u>-</u>	<u>-</u>

**Building Loans Fund**

<b>Actual 2016 £</b>		<b>Revised Budget 2017 £</b>	<b>Actual 2017 £</b>	<b>Variance fav/ (adv) £</b>
	<b>INCOME</b>			
6,689	Interest on loans	3,000	934	(2,066)
<u>6,689</u>	<i>Total Income</i>	<u>3,000</u>	<u>934</u>	<u>(2,066)</u>
	<b>BALANCES</b>			
	<b>Revenue (liquid funds for advancement of loans)</b>			
6,689	Surplus/(deficit) for year	3,000	934	(2,066)
139,192	Transfer (to)/from capital	(255,559)	8,040	263,599
126,678	Balance brought forward	272,559	272,559	-
<u>272,559</u>	<i>Balance carried forward</i>	<u>20,000</u>	<u>281,533</u>	<u>261,533</u>

<b>Actual 2016 £</b>	<b>CAPITAL ACCOUNT</b>	<b>Actual 2017 £</b>
265,908	Balance brought forward	126,716
	<i>Transfers to revenue</i>	
(139,192)	Loans repaid	(30,540)
	<i>Transfers from revenue</i>	
-	Loans paid / earmarked	22,500
(139,192)	Net transfer from / (to) revenue	(8,040)
<u>126,716</u>	<i>Balance carried forward</i>	<u>118,676</u>

## Investment Committee

### Remit

The Committee is responsible for overseeing the investment of the Unit Trust Pool (UTP).

### Financial Markets

Stock market conditions were strong for sterling investors in 2017 with the UK's FTSE 100 producing a total return of +11.9% (2016: 19.1%). Performance of the UTP has been positive with a unit value of £17.99 as at 31 December 2017 (2016: £15.43), with both equity and bond investments contributing to the total return of 20.4%. The 2017 distributions represent a yield of 2.8% of the year end value.

The UTP is managed on a total return basis and income does not fully fund the distribution. The Committee increased the 2017 distribution to 52.5p (2016: 51.0p). The capital element of the distribution was 18.6p per unit (2016: 17.7p). The Committee is aware of the importance of the income stream for holders, but continues to act conservatively so as to avoid volatility and to protect the capital base of the fund.

### Performance

The total return performance (annualised) of the Fund to 31 December 2017 is shown in the table below;

Period	Fund	Benchmark
Five years (p.a.)	14.7%	12.1%
Three years (p.a.)	15.4%	11.9%
One year (p.a.)	20.4%	10.8%

The market value of the Fund at 31 December 2017 was £74.4m.

The accounts of the UTP appear on page 91.

### Ethical Policy

The UTP is managed by Baillie Gifford in accordance with the Statement of Investment Objectives. Baillie Gifford has a dedicated Corporate Governance team that works with the fund managers to assess Environmental, Social and Governance (ESG) concerns both before and after investment in a company. Baillie Gifford engages with the companies it invests in on topics including specific areas such as the impact of increasing carbon legislation on fossil fuel companies and director remuneration in the banking sector, and more generally in the areas of capital management, board composition, remuneration, environmental impact and reputational risk. Baillie Gifford is a member of the UK Corporate Governance Forum, the International Corporate Governance Network, UK Sustainable Investment and Finance Association and the Asian Corporate Governance Association. In addition, Baillie Gifford complies with the UK Stewardship Code and is also a signatory to the United Nations Principles for Responsible Investments.

During the year the Investment Committee continued to work closely with the Church in Society Committee to align the Church's ethical objectives with its investment policy, culminating in changes to the ethical investment policy. For more information, please see the joint paper presented at the 2017 Synod and the resolutions passed. Connected with this, the Investment Committee represents the Church on the Church Investors Group which in turn represents institutional investors from many mainstream Church denominations and Church related charities. The aims of the Group include encouraging the formulation of investment policies based on Christian ethical principles and to encourage responsible business practices through engagement with company managements. The Investment Committee believes that the Church Investors Group provides an effective voice for engaging in issues of common concern to Christian investors.

### Committee Membership

The Committee membership has been unchanged in 2017.

**Adrian Tupper**  
Convener

## **Buildings Committee**

The Buildings Committee has had another year where it has not been called upon to consider any appeals under Canon 35, and this is a reassuring reflection that the process is working and there is a good dialogue taking place at local level between churches and the dioceses.

The Committee also considers responses to government and other consultations on buildings matters and where appropriate, provides advice and guidance to Diocesan Buildings Committees on buildings and property matters, and has a policy of meeting only when there is substantive business to discuss. The Committee met twice in 2017.

The Buildings Committee has been interested to see the uptake for the new Provincial Buildings Grant and Loan schemes and several churches across the province have now benefitted from funding to help repair buildings. The requests for funding have not been as great as anticipated in the first year and there is concern that some churches are nervous of the new process or criteria. The Committee would urge that good projects should not hold back and that full advantage of the scheme is taken up. Applications need to be endorsed by the diocese and the importance of good practice has been stressed both for repair projects and also alterations and developments. Guidance on other grant funding sources has been updated for the interest of churches requiring extensive funding.

The sudden withdrawal of the Heritage Lottery Fund (HLF) Grants for Places of Worship for Listed Churches in the autumn of 2017 caused great concern. However the HLF has committed to continue with funding for church projects, in partnership with Historic Environment Scotland, through its main heritage grant schemes which can be more flexible than they were previously.

The Committee has tasked itself with producing a Gazetteer to record historic buildings with significant architectural features, and the initial information gathering has started. We see this to be a long-term study that will take time to reach publication. The publication and circulation of the new Property Inventory form will be a good starting point for vestries to review what they have to record.

We have continued to work on a review of the scope of Canon 35 to extend it to include church grounds and also to update the list of minor works that will be exempt. Where any matter requires formal planning permission, it will not be regarded as a minor works item. The revised Canon 35 is now being drafted and is expected to be presented to General Synod 2018 for a first reading.

Thanks are expressed to Edwina Proudfoot who stepped down from the Committee during the year.

**Rebecca Cadie**  
**Convener**

## **Personnel Committee**

The Personnel Committee is responsible for considering general personnel policy issues affecting clergy as a whole within the Scottish Episcopal Church and in particular terms and conditions of clergy service. The Committee met four times in 2017.

At General Synod 2017, the Committee explained its intention to enable personnel policies to be adopted by the Administration Board. Synod decided that any such policies should be brought to the Synod itself for ratification. Following on from Synod, the Committee has therefore continued to work on the outstanding personnel policies. Once approved by the Administration Board, Synod will have the chance to ratify the policies before implementation, as agreed.

Work has also been done on a guideline for claiming expenses, arising from the Clergy Remuneration Working Group.

The Personnel Committee is represented on the Canonical Review Group established by the Faith and Order Board which is looking at Canon 54, the Church's disciplinary canon, but also Canon 53 on pastoral breakdown and Canon 64 on ill health.

The main priorities for 2018 are to continue with the work on the policies with a view to having a complete set of up to date policies for the protection of both clergy and church.

We were pleased to welcome Sarah Shaw onto the Committee this year. I thank all members of the Committee and Ian Pilbeam and Ciara Findlay from external consultants, *HR Dept*, for their efforts. I am also enormously grateful to John Stuart for his hard work, advice and support.

**Maureen McKellar**  
**Convener**

## Retirement Housing Committee

The main remit of the Retirement Housing Committee is to provide assistance from the Housing Fund for retired clergy, their spouses or civil partners who are unable to fully fund adequate accommodation from their own resources.

In order to qualify for assistance, clergy must be members of the Scottish Episcopal Church Pension Fund and have completed 10 years full time stipendiary service in the Scottish Episcopal Church.

The objective is to ensure as far as possible that clergy will be provided with suitable housing, while allowing them to retain some capital and an income in their retirement. Assistance is for life and is means tested.

There are two options depending on circumstances:

### 1. Standard Rented Property

A property is acquired at or below the current Standard Property Price. This price is the average cost of a property in Scotland. The price used at present is £170,000 and this is kept under review and adjusted accordingly.

The pensioner is allocated the property and pays an affordable rent well below current market rates.

### 2. Shared Ownership

This is where the applicant can make a contribution towards the purchase of the property. Under Shared Ownership there are a further two options.

**Standard Shared Ownership** is for purchases up to Standard Property Price and where the applicant is able to contribute up to 25% of the total purchase price.

**Enhanced Shared Ownership** involves a higher contribution but the total purchase price may be up to 50% above the prevailing Standard Property Price.

The Committee oversees the acquisition and disposal of properties, arranges repairs and undertakes regular visits to properties. The Housing Fund has an interest in 42 properties throughout Scotland. The Committee undertook repairs and renovations costing in the region of £89,500 during the year. Whilst this was in excess of budget it included substantial masonry repair work to two properties which form a listed building that dates from the early 1800s and was gifted to the Fund in the 1960s. The work undertaken should ensure that the properties remain available for use for some time.

In the past year one property was sold. No properties were purchased during the year.

The Committee also has responsibility for the Supplementary Fund. Small grants are available to assist with unexpected expenditure. In addition a Christmas Gift is made to pensioners. In 2017 this amounted to a payment of £90 to each pensioner.

There is currently one vacancy on the Committee.

I would like to thank the members of the Committee and particularly Daphne Audsley and Malcolm Bett for all their help and assistance during my first year as Convener. I look forward to continuing working with them in administering the Housing Fund for the benefit of our pensioners and retired clergy.

**Lorna Mortis**  
Convener

## Retirement Housing Committee Supplementary Fund

Actual 2016 £		Revised Budget 2017 £	Actual 2017 £	Variance fav/ (adv) £
<b>INCOME</b>				
36,957	Investment income	36,957	38,044	1,087
36	Interest	50	23	(27)
2,000	Cargill Trust - Widows and Orphans	2,000	2,000	-
715	Legacies & Donations	-	793	793
<u>39,708</u>	<i>Total Income</i>	<u>39,007</u>	<u>40,860</u>	<u>1,853</u>
<b>EXPENDITURE</b>				
210	Grants - Clergy	4,000	-	4,000
500	- Widows and Orphans	4,000	2,200	1,800
29,700	- Christmas payment	27,000	31,050	(4,050)
1,217	- Yearbooks (retired clergy)	1,200	1,201	(1)
-	Pension Fund (CRBF) top up	1,500	-	1,500
138	Miscellaneous	120	142	(22)
6,145	GSO Administration charge	6,145	6,145	-
<u>37,910</u>	<i>Total Expenditure</i>	<u>43,965</u>	<u>40,738</u>	<u>3,227</u>
<b>BALANCES</b>				
<b>Revenue</b>				
1,798	Surplus/(deficit) for year	(4,958)	122	5,080
29,227	Balance brought forward	31,025	31,025	-
<u>31,025</u>	<i>Balance carried forward</i>	<u>26,067</u>	<u>31,147</u>	<u>5,080</u>
<b>CAPITAL ACCOUNT</b>				
998,702	Balance brought forward		1,126,615	
127,913	Unrealised gain on revaluation as at 31 December 2017		185,182	
<u>1,126,615</u>	<i>Balance carried forward</i>		<u>1,311,797</u>	



## Retirement Housing Committee Housing Fund

Actual 2016 £		Revised Budget 2017 £	Actual 2017 £	Variance fav/(adv) £
	<b>INCOME</b>			
2,864	Interest	3,000	2,366	(634)
23,422	Investment income	23,422	24,111	689
76,418	Rents	79,000	76,245	(2,755)
<u>102,704</u>	<i>Total Net Income</i>	<u>105,422</u>	<u>102,722</u>	<u>(2,700)</u>
	<b>EXPENDITURE</b>			
6,674	Insurance	6,285	6,323	(38)
29,431	Repairs	35,000	89,480	(54,480)
8,011	Gas appliance and electrical testing	8,240	7,955	285
-	Property surveys / legal fees	2,500	-	2,500
11,750	GSO Administration Charge	11,750	11,750	-
<u>55,866</u>	<i>Total Expenditure</i>	<u>63,775</u>	<u>115,508</u>	<u>(51,733)</u>
	<b>BALANCES</b>			
	<b>Revenue</b>			
46,838	Surplus/(deficit) for year	41,647	(12,786)	(54,433)
(48,431)	Transfers (to)/from capital	(50,814)	13,971	64,785
10,760	Balance brought forward	9,167	9,167	-
<u>9,167</u>	<i>Balance carried forward</i>	<u>-</u>	<u>10,352</u>	<u>10,352</u>
	<b>CAPITAL ACCOUNT</b>		<b>Actual 2017 £</b>	
	<b>Additions to capital</b>			
69,225	Profit on sale of property		76,565	
67,293	Debtor pending completion of sale of property		-	
167,094	Purchase of property		-	
1,610	Capital repairs		-	
-	Net funds placed on deposit account		42,378	
<u>305,222</u>			<u>118,943</u>	
	<b>Disposals of capital</b>			
96,208	Sales of property (book value)		56,349	
91,358	Net funds from deposit account		-	
<u>187,566</u>			<u>56,349</u>	
117,656	<i>Net additions of capital</i>		62,594	
4,321,015	Balance brought forward		4,519,740	
81,069	Unrealised gain on revaluation as at 31 December 2017		117,364	
<u>4,519,740</u>	<i>Balance carried forward</i>		<u>4,699,698</u>	

**Miscellaneous Funds**

Actual 2016 £		Actual 2017 £
	<b>INCOME</b>	
135,078	Investment income	139,037
3,000	Legacies and donations	3,000
26,000	Other income	26,000
<u>164,078</u>	<i>Total Net Income</i>	<u>168,037</u>
	<b>EXPENDITURE</b>	
18,081	Building repairs	-
127,731	Grants	129,366
4,242	Other expenditure	7,936
500	GSO Administration charge	500
<u>150,554</u>	<i>Total Expenditure</i>	<u>137,802</u>
	<b>BALANCES</b>	
	<b>Revenue</b>	
13,524	Surplus/(deficit) for year	30,235
(99,076)	Transfer to SEI Miscellaneous Funds	-
385,478	Balance brought forward	299,926
<u>299,926</u>	<i>Balance carried forward</i>	<u>330,161</u>
	<b>CAPITAL ACCOUNT</b>	
	<b>INCOME</b>	
<u>-</u>	<i>Total Income</i>	<u>-</u>
	<b>EXPENDITURE</b>	
<u>-</u>	<i>Total expenditure</i>	<u>-</u>
	<b>BALANCES</b>	
-	Surplus/(deficit) for year	-
4,053,817	Balance brought forward	4,573,106
519,289	Unrealised gain on revaluation as at 31 December 2017	751,781
<u>4,573,106</u>	<i>Balance carried forward</i>	<u>5,324,887</u>
	<b>TOTAL FUNDS as at 31 December:</b>	
299,926	Revenue	330,161
<u>4,573,106</u>	Capital	<u>5,324,887</u>
<u>4,873,032</u>		<u>5,655,048</u>
	<b>Being for:</b>	
1,227,545	Restricted purposes	1,419,826
<u>3,645,487</u>	Designated purposes	<u>4,235,222</u>
<u>4,873,032</u>		<u>5,655,048</u>

## Pension Fund

### Financial

Key financial figures for the year were as follows.

	<b>2016</b> <b>(£)</b>	<b>2017</b> <b>(£)</b>
<b>Net Assets as at 01 January</b>	<b>46,388,927</b>	<b>52,497,511</b>
+ Contributions Received	1,540,567	1,502,263
- Benefits and other Payments	2,201,830	2,352,916
+ Investment Income	591	507
+ Change in Market Value of Investments	6,769,256	3,276,862
<b>Net Assets as at 31 December</b>	<b>52,497,511</b>	<b>54,924,227</b>

Investment returns from equities and almost all growth assets were very strong throughout 2017. This resulted in an increase in net fund assets of £3,276,862 over the course of the year.

### Funding

The Trustees' statutory objective is to ensure that the Pension Fund has sufficient and appropriate assets to meet the cost of paying benefits as they fall due. This is assessed every 3 years in an actuarial valuation. This objective had been met when the last valuation was completed as at 31 December 2014. The next valuation will be carried out as at 31 December 2017 with results expected to be available towards the end of the first quarter of 2018.

It is anticipated that the significant growth in assets from investment returns since the 2014 actuarial valuation will ensure that the funding objective has again been achieved at the 2017 valuation.

In addition to assessing the current funding level, the valuation also assesses the cost of future benefits earned after the valuation date. A significant factor in this part of the process is the assumption used for future investment returns. All indications are that these will be significantly lower than previously. This is expected to result in an increase in the cost of future service, and potentially in the contribution rate payable by the Church or its congregations.

Engagement between the Church and the Trustees is likely to be required in 2018 once the results of the current valuation are available.

### Activity

Trustee activity during the year included preparation for the actuarial valuation, implementation of investment strategy changes, a review of Additional Voluntary Contribution (AVC) arrangements, and consideration of various other technical, administrative and communications matters.

## Membership

Membership figures at the start and end of the year were as follows.

Membership	<i>01 Jan 2017</i>	<i>31 Dec 2017</i>
<b>Serving members</b>		
- Clergy	149	143
- Staff	33	32
<b>Pensioners</b>		
- Clergy	232	235
- Staff	40	42
<b>Widowed Spouses</b>	71	75
<b>Members with deferred pension rights</b>	128	128
<b>Total</b>	<b>653</b>	<b>655</b>

## Investment

During 2017, General Synod debated and agreed a motion proposing a set of measures to address climate change. The discussions focused on the Church's Unit Trust Pool and included restricting investment in thermal coal and tar sands, adopting a policy on voting shares, and engaging with the Unit Trust Pool's investment managers on Environmental Social and Governance (ESG) matters.

The Pension Fund Trustees were encouraged to follow similar approaches.

The Pension Fund Trustees adopted the Scottish Episcopal Church's ethical investment policy in 2007, but in practice the Fund has held no relevant investments that it can be applied to since 2010 when the Trustees began the process of reducing risk in the portfolio. The Pension Fund is currently invested entirely in pooled funds. This means there is no scope for ethical screening of the portfolio, nor can the Trustees vote shares. The Trustees will seek to move towards implementing the SEC's ethical criteria as and when suitable investment vehicles become available.

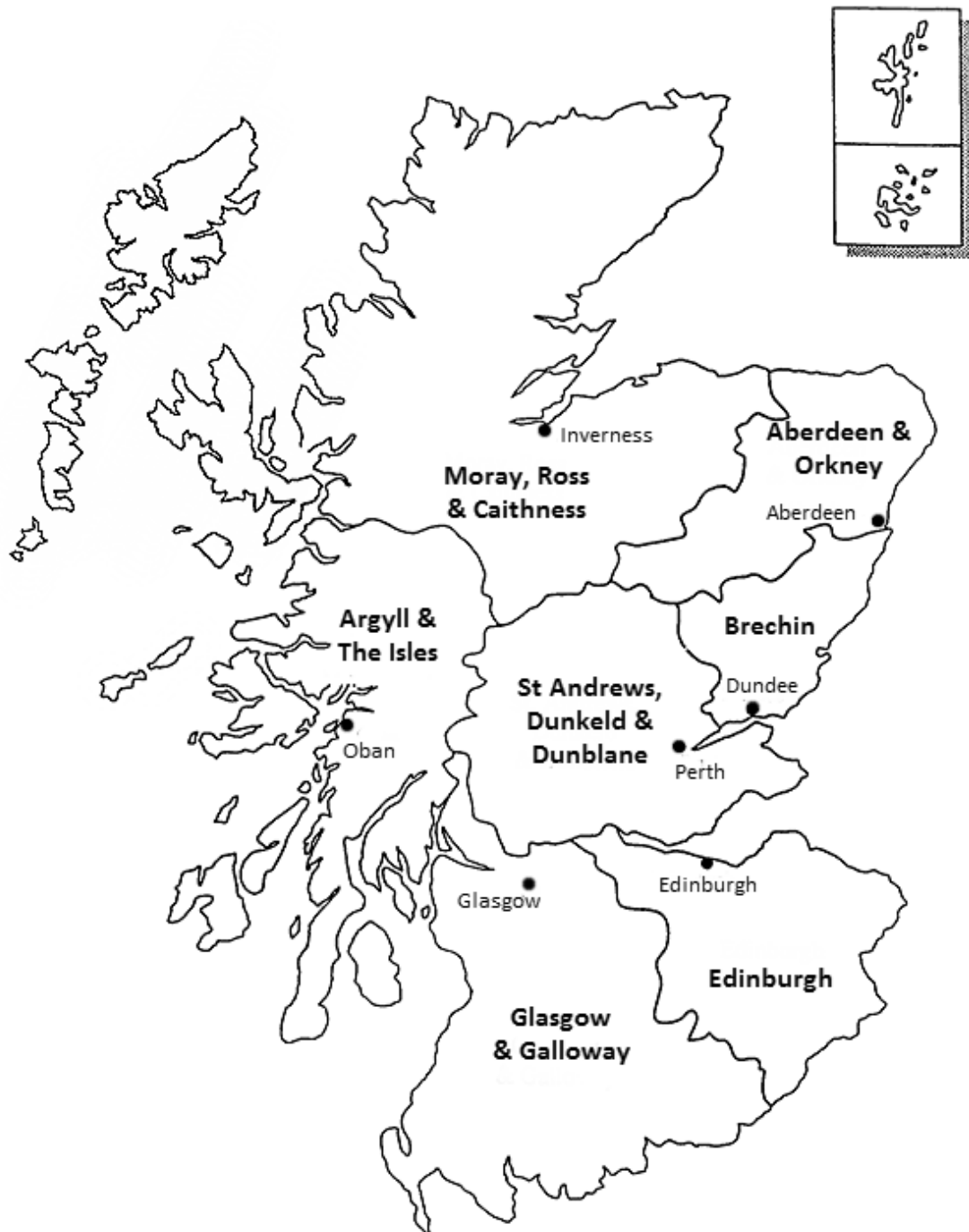
The Trustees meet with the portfolio manager, Schroder, each year, and take an active interest in their record of engagement on ESG matters.

## Trustees

Andrew Hunter joined the Trustees with effect from 28 April 2017. There were no other changes.

**Richard McIndoe**  
Chairman

# The Seven Dioceses of the Scottish Episcopal Church





## Diocesan Statistics

### Diocesan Summary

	ROLL		
	Membership	Communicant Numbers	Total Attendance
ABERDEEN	4,061	2,779	1,232
ARGYLL	957	645	458
BRECHIN	2,124	1,310	747
EDINBURGH	9,828	7,226	4,183
GLASGOW	6,424	4,657	2,413
MORAY	3,161	2,149	1,140
ST ANDREWS	4,354	3,307	1,976
<b>TOTALS 2017</b>	<b>30,909</b>	<b>22,073</b>	<b>12,149</b>
TOTALS 2016	31,656	22,838	12,511

**Membership**                      Number of persons of all ages belonging to the congregation

**Communicant Numbers**        Number of persons on the Communicants' Roll

**Total attendance**              Total attendance on Sunday next before Advent

## United Diocese of Aberdeen and Orkney

CHARGES	ROLL		
	Membership	Communicant Numbers	Total Attendance
Cathedral	238	223	98
<b>Aberdeen:</b>			
St Clement's	54	44	19
St Devenick's Bielside	171	137	63
St James'	45	39	22
St John's	94	46	37
St Machar's Bucksburn	64	36	8
St Margaret's	334	224	41
St Mary's	116	116	35
St Mary's Cove Bay	40	12	12
St Ninian's	46	32	13
Aboyne	101	83	25
Alford	50	46	19
Auchindoir	31	24	18
Ballater	68	60	37
Banchory	221	164	77
Banff	49	12	6
Braemar	20	9	7
Buckie	130	36	18
Burravoe	24	9	8
CAF4E Bridge of Don	76	35	4
Cruden Bay	66	59	42
Cuminestown	14	21	17
Ellon	172	166	66
Fraserburgh	98	52	17
Insch	33	18	14
Inverurie	148	119	58
Kemnay	30	40	12
Kincardine O'Neil	106	78	14
Kirkwall	55	43	19
Lerwick	305	135	42
Longside	43	26	6
New Pitsligo	38	32	5
Old Deer	46	18	6
Oldmeldrum	50	50	17
Peterhead	136	85	40
Portsoy	<i>Closed 2016</i>		
Strichen	60	28	7
Stromness	28	21	15
Turriff	47	46	16
Westhill	546	307	244
Whiterashes	20	17	
Woodhead All Saints	7	5	4
Student Chaplaincy	35	20	-
SOLI Unst	6	6	4
<b>TOTALS 2017</b>	<b>4,061</b>	<b>2,779</b>	<b>1,232</b>
TOTALS 2016	4,136	2,887	1,347



## United Diocese of Argyll and The Isles

CHARGES	ROLL		
	Membership	Communicant Numbers	Total Attendance
Oban Cathedral	254	142	44
Ardbrecknish	17	15	20
Arran	13	11	6
Ballachulish	7	4	23
Campbeltown	32	18	10
Dunoon	102	67	33
Duror	25	16	27
Fort William	68	54	31
Glencoe	35	20	22
Gruline	22	21	9
Harris	<i>With Stornoway</i>		
Inveraray	<i>With Lochgilphead</i>		
Iona	6	6	6
Islay	11	9	6
Kilmartin	<i>With Lochgilphead</i>		
Kinlochleven	16	8	22
Kinlochmoidart	25	25	10
Lochgilphead	52	34	30
Millport	39	19	9
<b>North Uist:</b>			
Holy Cross Chapel	6	3	1
St Brendan the Navigator	4	4	6
Onich	7	3	21
Portnacrois	2	2	16
Portree	87	58	30
Rothesay	37	32	19
Stornoway	79	63	43
Strontian	11	11	14
<b>TOTALS 2017</b>	<b>957</b>	<b>645</b>	<b>458</b>
TOTALS 2016	996	694	475

## Diocese of Brechin

CHARGES	ROLL		
	Membership	Communicant Numbers	Total Attendance
Cathedral	223	177	151
Arbroath	73	67	39
Auchmithie	6	0	4
Brechin	67	27	24
Broughty Ferry	90	82	32
Carnoustie	132	99	38
Catterline	<i>With Stonehaven</i>		
Drumlithie	12	6	5
Drumtochty	23	11	5
<b>Dundee:</b>			
Diocesan Centre/St John's	<i>With St Martin's, Dundee</i>		
St Luke's	45	29	15
St Margaret's	120	39	14
St Martin's	75	29	16
St Mary Magdalene	373	154	85
St Ninian's	110	69	28
St Salvador's	68	52	59
Fasque	28	18	4
Glencarse	131	97	28
Inverbervie	13	11	5
Invergowrie	62	44	11
Laurencekirk	75	39	8
Monifieth	79	62	84
Montrose	123	80	27
Muchalls	57	35	20
Stonehaven	129	75	41
Tarfside	10	8	4
<b>TOTALS 2017</b>	<b>2,124</b>	<b>1,310</b>	<b>747</b>
TOTALS 2016	2,249	1,480	725

## Diocese of Edinburgh

CHARGES	ROLL		
	Membership	Communicant Numbers	Total Attendance
Cathedral	947	878	186
Balerno	740	507	657
Bathgate	67	58	35
Bo'ness	98	41	23
Coldstream	59	32	22
Dalkeith	110	50	37
Dalmahoy	255	125	47
Dunbar	110	80	39
Duns	87	81	32
<b>Edinburgh:</b>			
Christ Church	413	278	151
Emmanuel	25	20	15
Good Shepherd	141	106	52
Holy Cross	200	150	42
Mustard Seed	-	-	-
Old St Paul's	400	306	165
St Barnabas'	99	42	8
St Columba's	100	90	55
St Cuthbert's	219	200	106
St David's	37	37	15
St Fillan's	70	58	36
St James', Leith	133	123	70
St John's	471	471	190
St Margaret's	24	24	15
St Mark's	168	123	50
St Martin's	68	53	36
St Michael/All Saints	129	109	51
St Ninian's	157	129	52
St Paul/St George	879	168	590
St Peter's	241	225	110
St Philip/St James	90	68	59
St Salvador's	37	35	17
St Thomas'	250	150	172
St Vincent's	98	68	49
Eyemouth	27	27	11
Falkirk	129	102	40
Galashiels	83	76	43
Grangemouth	119	53	26
Gullane	80	79	22
Haddington	195	153	55
Hawick	153	69	25
Innerleithen	42	42	15
Jedburgh	111	95	43
Kelso	176	168	85
Lasswade	151	57	36
Linlithgow	107	102	45
Livingston	307	290	98
Melrose	236	233	93
Musselburgh	108	105	55
North Berwick	162	150	68
Peebles	204	164	50
Penicuik	142	75	42
Rossllyn	171	135	58
Selkirk	78	68	34
South Queensferry	65	50	30
West Linton	60	48	25
<b>TOTALS 2017</b>	<b>9,828</b>	<b>7,226</b>	<b>4,183</b>
TOTALS 2016	10,397	7,463	4,571

## United Diocese of Glasgow and Galloway

CHARGES	ROLL		
	Membership	Communicant Numbers	Total Attendance
Cathedral	493	331	208
Airdrie/Monklands	64	52	21
Alexandria	62	42	9
Annan	32	30	8
Ardrossan **	70	55	22
Ayr	261	158	62
Bearsden	310	167	123
Bridge of Weir	20	20	18
Cambuslang	24	19	15
Castle Douglas	161	120	48
Challoch	96	72	20
Cumbernauld	29	28	21
Dalbeattie	46	50	20
Dalry **	39	22	10
Dumbarton	170	116	38
Dumfries	636	436	125
East Kilbride	77	57	32
Eastriggs	69	30	10
Gatehouse-of-Fleet	120	78	17
<b>Glasgow:</b>			
All Saints	49	44	27
Drumchapel Mission	7	7	6
Good Shepherd	43	43	16
St Aidan's	147	80	42
St Bride's	84	64	44
East End Ministry *	104	96	37
St James' (Bishopbriggs)	105	77	45
St Margaret's	192	139	75
St Matthew's	45	43	21
St Ninian's	102	79	63
St Oswald's	48	40	26
St Silas	248	145	197
Gourock	30	30	12
Greenock	136	135	52
Gretna	76	46	25
Hamilton	233	183	85
Helensburgh	189	180	114
Irvine**	40	29	12
Johnstone	75	53	24
Kilmacolm	55	54	26
Kilmarnock	124	77	54
Kirkcudbright	150	89	38
Lanark	113	106	55
Largs	137	102	56
Lenzie	45	32	25
Lockerbie	44	41	21
Maybole	70	34	15
Milngavie	54	47	35
Moffat	45	41	24
Motherwell	63	63	28
New Galloway	42	37	20
Paisley	101	83	44
Port Glasgow	137	72	37
Portpatrick	18	18	13
Prestwick	126	70	35
Renfrew	92	60	27
Stranraer	37	36	16
Troon	181	139	58
Uddingston	30	32	14
Wishaw	28	28	22
<b>TOTALS 2017</b>	<b>6,424</b>	<b>4,657</b>	<b>2,413</b>
<b>TOTALS 2016</b>	<b>6,322</b>	<b>4,724</b>	<b>2,559</b>

\*\*Ayrshire Joint Team  
(Ardrossan, Dalry, Irvine)

\*East End Ministry includes  
Baillieston St John's  
Dennistoun St Kentigern's  
Shettleston St Serf's

## United Diocese of Moray, Ross and Caithness

CHARGES	ROLL		
	Membership	Communicant Numbers	Total Attendance
Cathedral	387	255	107
Aberlour	31	30	14
<b>Black Isle Charges:</b> Arpafeelie Cromarty Fortrose	222	207	93
Brora	10	10	-
Culloden	24	15	9
Dingwall/Strathpeffer	166	81	25
Dufftown	5	5	2
<b>East Sutherland Charges:</b> Ardgay Crask Dornoch Lairg	69	54	50
Elgin/Lossiemouth/Burghead	408	264	77
Fochabers	66	54	20
Forres	157	105	51
Glenurquhart/Ft Augustus	39	34	14
Gordonstoun	303	23	361
Grantown	90	77	32
<b>Isla Deveron Group:</b> Aberchirder Huntly Keith	96	69	27
Invergordon	41	34	16
<b>Inverness:</b> St John's St Michael's	154 116	129 98	21 18
Kinlochewe	12	12	-
Kishorn	31	31	9
Lochalsh	19	19	10
<b>North West Charges:</b> Achiltibuie Kinlochbervie Lochinver Tongue Ullapool	135	123	71
Nairn	193	172	33
Poolwee	38	28	9
Rothiemurchus	98	52	22
Strathnairn	61	46	6
Tain	62	50	18
Thurso	83	40	28
Wick	45	32	17
<b>TOTALS 2017</b>	<b>3,161</b>	<b>2,149</b>	<b>1,160</b>
TOTALS 2016	3,200	2,203	923

## United Diocese of St Andrews, Dunkeld and Dunblane

CHARGES	ROLL		
	Membership	Communicant Numbers	Total Attendance
Cathedral	309	320	104
Aberdour	73	50	17
Aberfoyle	84	72	28
Alloa	83	67	43
Alyth	26	25	26
Auchterarder	77	73	35
Ballintuim	27	26	11
Blairgowrie	102	101	30
Bridge of Allan	159	112	52
Burntisland	61	50	20
Callander	38	28	16
Comrie	55	50	18
Coupar Angus	59	53	21
Crieff	74	69	30
Cupar	66	66	30
Dollar	149	110	56
Doune	86	79	33
Dunblane	163	114	67
Dunfermline	168	121	105
Dunkeld (Birnam)	54	40	22
Elie	48	43	14
Forfar	186	118	39
Glamis	34	34	19
Glenalmond	430	170	373
Glenrothes	28	27	18
Inverkeithing	101	101	87
Killin	4	2	4
Kilmaveonaig	36	22	11
Kinghorn	<i>With Kirkcaldy</i>		
Kinloch Rannoch	4	2	9
Kinross	176	106	35
Kirkcaldy	118	65	39
Kirriemuir	70	42	21
Ladybank	13	13	4
Leven	17	17	11
Lochearnhead	21	17	6
Lochgelly	26	24	13
Muthill	35	26	9
Newport	48	25	12
Perth, St John's	150	120	66
Pitlochry	70	55	25
Pittenweem	45	37	18
Rosyth	35	34	57
<b>St Andrews:</b>			
All Saints	254	168	92
St Andrew's	218	201	143
Stanley	12	12	10
Stirling	170	126	57
Strathtay/Aberfeldy	45	37	13
Tayport	47	37	7
<b>TOTALS 2017</b>	<b>4,354</b>	<b>3,307</b>	<b>1,976</b>
TOTALS 2016	4,356	3,387	1,911

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**STATEMENT OF RESPONSIBILITIES OF THE  
STANDING COMMITTEE OF THE GENERAL SYNOD  
OF THE SCOTTISH EPISCOPAL CHURCH**

**In relation to accounts on pages 76 to 88 and 91 to 93.**

As the Charity Trustees of the General Synod of the Scottish Episcopal Church, the Standing Committee is responsible for preparing the Annual Report and the Accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The law applicable to Charities in Scotland requires the Standing Committee to prepare accounts for each financial year which give a true and fair view of the General Synod's financial activities during the year and of its financial position at the end of the year. In preparing the accounts the Committee should follow best practice and:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the General Synod will continue in operation.

The Committee is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the General Synod and enable it to ensure that the accounts comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The applicable law also sets out the Committee's responsibility for the preparation and content of the Annual Report.

The Committee is responsible for safeguarding the assets of the General Synod and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Committee is responsible for the maintenance and integrity of the charity and financial information included on the General Synod's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Robert Gordon  
Convener, Standing Committee  
19 April 2018**

**THE GENERAL SYNOD OF THE SCOTTISH EPISCOPAL CHURCH  
REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2017**

	Page No.	2017 General Fund Income £	2017 Other Income £	2017 Total Income (note 5) £	2017 Expenditure £	2017 Surplus/ (deficit) £	2016 Surplus/ (deficit) £
<b>General Fund</b>	21	1,898,097	-	1,898,097	1,820,923	77,174	150,162
Allocated to Boards / Standing Committee		(1,820,923)	-	(1,820,923)	(1,820,923)	-	-
<i>Sub-total</i>		<u>77,174</u>	<u>-</u>	<u>77,174</u>	<u>-</u>	<u>77,174</u>	<u>150,162</u>
<b>Standing Committee</b>	22						
<i>Sub-total</i>		<u>881,734</u>	<u>-</u>	<u>881,734</u>	<u>881,734</u>	<u>-</u>	<u>-</u>
<b>Administration Board</b>							
Board	50	195,957	-	195,957	195,957	-	-
Allocated to Building Grants Fund		(184,312)	-	(184,312)	(184,312)	-	-
Net (direct income and expenditure of Board)		<u>11,645</u>	<u>-</u>	<u>11,645</u>	<u>11,645</u>	<u>-</u>	<u>-</u>
Buildings funds							
Building Grants Fund	52	184,312	-	184,312	184,312	-	-
Building Loans Fund	53	-	934	934	-	934	6,689
Retirement Housing Committee							
Retirement Supplementary Fund	58	-	40,860	40,860	40,738	122	1,798
Retirement Housing Fund	59	-	102,722	102,722	115,508	(12,786)	46,838
Miscellaneous funds	60	-	168,037	168,037	137,802	30,235	13,524
<i>Sub-total for Board and its Committees</i>		<u>195,957</u>	<u>312,553</u>	<u>508,510</u>	<u>490,005</u>	<u>18,505</u>	<u>68,849</u>
<b>Mission Board</b>							
Board	32	366,958	11,696	378,654	378,654	-	-
Allocated to Committees		(48,688)	-	(48,688)	(48,688)	-	-
Net (direct income and expenditure of Board)		<u>318,270</u>	<u>11,696</u>	<u>329,966</u>	<u>329,966</u>	<u>-</u>	<u>-</u>
Global Partnerships Committee	38	-	129,088	129,088	64,613	64,475	19,077
Church in Society Committee	36	48,688	937	49,625	49,625	-	-
The Community Fund	40	-	4,732	4,732	4,545	187	676
Miscellaneous funds	42	-	-	-	-	-	-
<i>Sub-total for Board and its Committees</i>		<u>366,958</u>	<u>146,453</u>	<u>513,411</u>	<u>448,749</u>	<u>64,662</u>	<u>19,753</u>
<b>Institute Council</b>							
Board	44	340,047	51,291	391,338	391,338	-	-
Miscellaneous funds	47	-	27,231	27,231	47,284	(20,053)	(11,981)
<i>Sub-total</i>		<u>340,047</u>	<u>78,522</u>	<u>418,569</u>	<u>438,622</u>	<u>(20,053)</u>	<u>(11,981)</u>
<b>Faith and Order Board</b>							
Board	26	15,059	-	15,059	15,059	-	-
Publications	26	-	859	859	2,749	(1,890)	598
<i>Sub-total</i>		<u>15,059</u>	<u>859</u>	<u>15,918</u>	<u>17,808</u>	<u>(1,890)</u>	<u>598</u>
<b>Information and Communication Board</b>							
Board	48	21,168	-	21,168	21,168	-	-
Publications	48	-	7,513	7,513	4,639	2,874	(1,329)
<i>Sub-total</i>		<u>21,168</u>	<u>7,513</u>	<u>28,681</u>	<u>25,807</u>	<u>2,874</u>	<u>(1,329)</u>
<b>TOTAL FOR YEAR</b>		<u><u>1,898,097</u></u>	<u><u>545,900</u></u>	<u><u>2,443,997</u></u>	<u><u>2,302,725</u></u>	<u><u>141,272</u></u>	<u><u>226,052</u></u>

The notes on pages 80 to 88 form part of these accounts.

**THE GENERAL SYNOD OF THE SCOTTISH EPISCOPAL CHURCH**  
**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2017**

	Revenue Accounts and Reserves			Capital Accounts and Reserves			Total 2017 £	Total 2016 £
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total		
	Funds	Funds	£	Funds	Funds	£		
	£	£	£	£	£	£	£	
<b>Income from</b>								
<b>Donations and legacies</b>								
Quota	719,929	-	719,929	-	-	-	719,929	698,960
Donations	21,195	29,093	50,288	-	-	-	50,288	44,339
Legacies	500	-	500	-	-	-	500	2,500
	<u>741,624</u>	<u>29,093</u>	<u>770,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>770,717</u>	<u>745,799</u>
<b>Investments</b>								
Investment income - UTP distributions	1,299,903	105,551	1,405,454	-	-	-	1,405,454	1,363,533
Investment income - interest	3,354	2,414	5,768	-	-	-	5,768	15,223
Rental income	21,243	-	21,243	-	-	-	21,243	21,243
	<u>1,324,500</u>	<u>107,965</u>	<u>1,432,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,432,465</u>	<u>1,399,999</u>
<b>Charitable activities</b>								
Publication sales	7,454	-	7,454	-	-	-	7,454	19,159
Other income	27,825	-	27,825	-	-	-	27,825	4,750
Pension Fund and investment administration fee	34,020	-	34,020	-	-	-	34,020	32,387
Rental income	-	76,245	76,245	-	-	-	76,245	76,418
	<u>69,299</u>	<u>76,245</u>	<u>145,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,544</u>	<u>132,714</u>
<b>Other</b>								
Gain on sale of property	-	-	-	-	76,565	76,565	76,565	69,225
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,565</u>	<u>76,565</u>	<u>76,565</u>	<u>69,225</u>
<b>Total Income</b>	<u>2,135,423</u>	<u>213,303</u>	<u>2,348,726</u>	<u>-</u>	<u>76,565</u>	<u>76,565</u>	<u>2,425,291</u>	<u>2,347,737</u>
<b>Expenditure on charitable activities (note 6)</b>								
Mission development and support	244,713	11,737	256,450	-	-	-	256,450	263,151
Ministry support and training	412,911	48,023	460,934	-	-	-	460,934	506,390
Ecumenical and church relations	121,947	-	121,947	-	-	-	121,947	124,634
Promotion, publication and communication	284,078	-	284,078	-	-	-	284,078	272,696
Support for retired clergy	54,331	138,513	192,844	-	-	-	192,844	130,534
Support and advice to dioceses and congregations within SEC	866,282	24,919	891,201	-	-	-	891,201	755,055
	<u>1,984,262</u>	<u>223,192</u>	<u>2,207,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,207,454</u>	<u>2,052,460</u>
<b>Net income before transfers and gain on revaluation of investments</b>	<u>151,161</u>	<u>(9,889)</u>	<u>141,272</u>	<u>-</u>	<u>76,565</u>	<u>76,565</u>	<u>217,837</u>	<u>295,277</u>
Gain on revaluation of investments (note 8)	-	-	-	6,198,834	658,035	6,856,869	6,856,869	4,733,739
<b>Net income before transfers (note 2)</b>	<u>151,161</u>	<u>(9,889)</u>	<u>141,272</u>	<u>6,198,834</u>	<u>734,600</u>	<u>6,933,434</u>	<u>7,074,706</u>	<u>5,029,016</u>
Transfers between funds	18,813	(18,813)	-	-	-	-	-	-
Transfers between revenue and capital	8,490	13,347	21,837	(8,490)	(13,347)	(21,837)	-	-
<b>Net movement in funds</b>	<u>178,464</u>	<u>(15,355)</u>	<u>163,109</u>	<u>6,190,344</u>	<u>721,253</u>	<u>6,911,597</u>	<u>7,074,706</u>	<u>5,029,016</u>
Fund balances at 1 January 2017	1,466,667	307,160	1,773,827	37,280,192	8,009,680	45,289,872	47,063,699	42,034,683
<b>Fund balances at 31 December 2017</b>	<u>1,645,131</u>	<u>291,805</u>	<u>1,936,936</u>	<u>43,470,536</u>	<u>8,730,933</u>	<u>52,201,469</u>	<u>54,138,405</u>	<u>47,063,699</u>

**Detailed comparatives are at note 15.**

All income is derived from continuing activities.

The notes on pages 80 to 88 form part of these accounts.

**THE GENERAL SYNOD OF THE SCOTTISH EPISCOPAL CHURCH  
BALANCE SHEET AS AT 31 DECEMBER 2017**

	2017		2016	
	£	£	£	£
<b>Fixed Assets (note 8)</b>				
Heritable Properties at book value		3,129,451		3,185,800
Investments at market value (Book Cost: £8,286,875) (2016: £8,286,252)		48,266,089		41,408,596
Social Investments		296,036		304,076
		51,691,576		44,898,472
<b>Current Assets</b>				
Debtors (note 9)	764,565		792,410	
Bank and Cash	1,819,824		1,471,970	
	2,584,389		2,264,380	
<b>Current Liabilities</b>				
Creditors and Accruals (note 10)	(137,560)		(99,153)	
<b>Net Current Assets</b>		2,446,829		2,165,227
<b>TOTAL ASSETS LESS LIABILITIES</b>		<b>54,138,405</b>		<b>47,063,699</b>
<b>Capital and Reserves (note 11)</b>				
Unrestricted Funds	Capital	43,470,536		37,280,192
	Revenue	1,645,131		1,466,667
		45,115,667		38,746,859
Restricted Funds	Capital	8,730,933		8,009,680
	Revenue	291,805		307,160
		9,022,738		8,316,840
<b>TOTAL FUNDS (note 12)</b>		<b>54,138,405</b>		<b>47,063,699</b>

**Robert Gordon**  
Convener, Standing Committee  
19 April 2018

The notes on pages 80 to 88 form part of these accounts.

**THE GENERAL SYNOD OF THE SCOTTISH EPISCOPAL CHURCH  
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities:</b>		
Net cash (used in) operating activities (reconciliation below)	<u><b>(1,253,364)</b></u>	<u><b>(1,137,525)</b></u>
 <b>Cash flows from investing activities:</b>		
Dividends, interest and rent from investments	1,392,493	1,378,734
Proceeds from the sale of property	201,309	97,038
Purchase of property and equipment	-	(168,704)
Purchase of investments	(624)	(500,598)
Loans advanced (to dioceses / charges)	(22,500)	-
Loans repaid (by dioceses / charges)	30,540	139,192
 <b>Net cash provided by investing activities</b>	<u><b>1,601,218</b></u>	<u><b>945,662</b></u>
 Change in cash in year	347,854	(191,863)
Cash at 1 January 2017	1,471,970	1,663,833
Cash at 31 December 2017	<u><u><b>1,819,824</b></u></u>	<u><u><b>1,471,970</b></u></u>

**Reconciliation of net income to net cash flow from operating activities**

<b>Cash flows from operating activities:</b>		
Net income for the year (as per the Statement of Financial Activities)	7,074,706	5,029,016
 <b>Adjustments for:</b>		
(Gains) on investments	(6,856,869)	(4,733,739)
Dividends, interest and rent from investments	(1,432,465)	(1,399,999)
Profit on sale of property	(76,565)	(69,225)
(Increase) in debtors	(578)	(4,406)
Increase in creditors	38,407	40,828
 <b>Net cash (used in) operating activities</b>	<u><u><b>(1,253,364)</b></u></u>	<u><u><b>(1,137,525)</b></u></u>

The notes on pages 80 to 88 form part of these accounts.

**THE GENERAL SYNOD OF THE SCOTTISH EPISCOPAL CHURCH**  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017**

**1 Accounting policies**

**Basis of preparation of accounts**

The accounts have been prepared under the historical cost convention as modified by the revaluation of investment assets and are in accordance with applicable accounting standards, Financial Reporting Standard 102 (FRS 102), the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) (FRS102) effective from 1 January 2015.

The General Synod of the Scottish Episcopal Church constitutes a public benefit body as defined by FRS 102.

**Going Concern**

The accounts have been prepared on a going concern basis. The Standing Committee has assessed the General Synod's ability to continue as a going concern and have a reasonable expectation that the General Synod has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the accounts. The most significant areas of uncertainty with regard to the value of assets held by the General Synod and its ability to continue to operate is the performance of the SEC Unit Trust Pool and the income it produces. (See the investment policy and performance and risk management sections of the Standing Committee's report for more information. The Investment Committee report can be found at page 54 and accounts of the SEC Unit Trust Pool at page 91.)

**Fund accounting**

Note 2 explains the general purposes of the funds administered by the General Synod. Core funding for the activities of the Boards and most of the Committees is allocated from the General Fund and the Revenue Account on page 76, which summarises the revenue accounts of each of the individual Boards and Committees, reflects this income allocation procedure.

In preparing the accounts the transactions and year end balances of each fund are categorised as Revenue or Capital. Capital Funds generally represent heritable property, investments, loans and funds on deposit while Revenue Funds are represented by other current assets and liabilities. Transfers between Revenue and Capital Funds reflect changes in the underlying mix of capital and current assets on a fund by fund basis.

**Accruals**

Accruals are made for major items outstanding at the Balance Sheet date to preserve consistency of charge from year to year.

**Tangible fixed assets and depreciation**

Heritable properties are shown at cost and expenditure on improvements is capitalised. The heritable properties have useful lives in excess of fifty years. No depreciation has been provided against the book value of heritable properties as, in the opinion of the Standing Committee, due to the long useful economic lives of the properties and their high residual values, any depreciation charge and resultant accumulated depreciation are immaterial. In the opinion of the Committee, no impairment of the carrying values has occurred during the year.

Expenditure on other tangible fixed assets, such as office furniture and equipment, is charged to revenue as incurred as the amounts involved rarely exceed £10,000 which is considered a reasonable limit below which expenditure would not be capitalised.

Should a major asset replacement project be undertaken this policy will be reviewed.

#### **Fixed asset investments**

Investments are shown at market value and unrealised gains and losses are taken to the appropriate Capital Account and are included in the Statement of Financial Activities.

#### **Social investments**

Social investments are shown at cost. In the opinion of the Standing Committee no impairment of the carrying values has occurred during the year.

#### **Disposals of investments and heritable properties**

Realised profits and losses on investments and heritable properties are recognised on the date of disposal and are credited directly to the appropriate Capital Account and are included in the Statement of Financial Activities.

#### **Investment income**

Investment income is accounted for on a due and receivable basis.

#### **Quota income**

Dioceses' contributions towards the funding of the work of the General Synod ('Quota') are recognised as receivable when it is clear that the funds will be remitted to the General Synod.

#### **Donations, legacies and similar income**

Donations, legacies and similar income are recognised as receivable when it is clear that the General Synod is entitled to the income, it is probable that it will be received and when its monetary value can be measured with sufficient reliability. Such income is generally credited to the Revenue Account. Donations and legacies which are, in the opinion of the Standing Committee, exceptionally large are however designated as capital and credited directly to the appropriate Capital Account. All donations and legacies are included in the Statement of Financial Activities.

#### **Grant expenditure**

Grants approved but not taken up at the year end are accrued in the accounts.

#### **Governance Costs**

Governance Costs relate to those costs necessary to provide the governance infrastructure which allows the General Synod to operate, to generate the information required for public accountability and to address strategic issues facing the Scottish Episcopal Church.

#### **Apportionment of Support Costs (including Governance Costs)**

Expenditure is shown in the Statement of Financial Activities categorised by charitable activity in accordance with the requirements of the Statement of Recommended Practice. Certain costs and grants awarded are capable of direct attribution to the categories; however other costs, in particular certain costs associated with the General Synod Office and governance costs, are attributable to more than one category. These costs have been apportioned to the specified categories based on an estimate of the time spent by staff on those activities. (See note 6)

#### **Basic financial instruments**

The General Synod has only basic financial assets and liabilities comprising investments, debtors, cash at bank and creditors. These assets and liabilities are initially recorded at cost and subsequently at market value in the case of investments and in respect of other assets and liabilities at the amounts expected to be received or paid.

## 2 Funds

Unrestricted funds are available for use at the General Synod's discretion; restricted funds are those given for specific purposes. The funds of the General Synod are grouped according to purpose and are administered by boards and the Standing Committee. The functions of each board and Standing Committee are:

Standing Committee	To co-ordinate the work of the boards and to oversee the work of the General Synod Office. The members of the Standing Committee are the Charity Trustees.
Administration Board	To oversee the general administration of the Church as a whole through its pendant committees.
Mission Board	To promote the Church both at home and abroad.
Institute Council	To oversee the areas of ministerial formation and training.
Faith and Order Board	To consider questions of Church government and organisation, doctrine and liturgy, and relationships with other churches.
Information and Communication Board	To oversee the external and internal communication tasks of the General Synod including the production of publications and provision of information.

There are approximately 60 restricted funds administered by the Administration Board, Mission Board and Institute Council depending on the purpose of each restricted fund.

Transfers of Revenue funds from restricted to designated funds represent the administration charges levied on a number of restricted funds for the use of General Synod Office staff and resources.

As explained in note 1 above, transfers between Revenue and Capital balances of the same fund represent changes in the underlying mix of capital and current assets.

Any transfers other than those of a recurring nature are explained in note 11.

## 3 Employee costs and remuneration of key management personnel

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Salaries	456,329	445,086
Pension contributions	143,969	141,688
Social security costs	34,107	43,448
Travel and subsistence	6,195	4,035
Training	1,392	1,125
	<b><u>641,992</u></b>	<b><u>635,382</u></b>
Average number of employees	18	17
Average number of full time equivalent posts	14.0	13.7

Payments made in respect of staff seconded to the General Synod by their Charges are excluded from the figures noted above. The majority of staff costs are included in support costs and are apportioned to charitable activities. The costs in relation to the staff of the Scottish Episcopal Institute are however included in the direct costs associated with Ministry support and training. (See note 6.)

Key management personnel are considered to be the members of the Standing Committee and the Management Team comprising the Secretary General, the Treasurer, the Director of Communications, the



Church Relations Officer, the Officer for the Protection of Children and Vulnerable Adults and the Principal of the Scottish Episcopal Institute. The members of the Standing Committee receive no remuneration and the total employment benefits including employer pension and National Insurance contributions of the Management Team were £367,021 (2016: £368,650).

One employee received emoluments, as defined for taxation purposes, exceeding £60,000 and which fell in the following banding:

	<b>2017 Number</b>	<b>2016 Number</b>
£60,001 - £70,000	1	1

The member of staff is also a member of the defined benefit Scottish Episcopal Church Pension Fund.

All employees are members of the Scottish Episcopal Church Pension Fund which is a non contributory defined benefit scheme with benefits based on final pensionable salary. Others employed by the Scottish Episcopal Church, clergy for the most part, are also members. The General Synod is unable to identify its share of the underlying assets and liabilities of the Fund on a consistent and reasonable basis and so accounts for its contributions as if the scheme was a defined contribution scheme. The contribution rate for the year under review was 32.2%. The rate is based on the triennial Actuarial Valuation of the Fund as at 31 December 2014 which estimated the Fund's surplus to be £1.3m. An Actuarial Valuation as at 31 December 2017 is currently underway and any agreed contribution rate changes arising from it will be implemented from 2019. There were no contributions outstanding at 31 December 2017 in relation to the General Synod's employees.

#### **4 Expenses paid to board and committee members**

Board and committee members are entitled to reimbursement of necessarily incurred travel and subsistence expenses in accordance with the rates determined by the Standing Committee. No remuneration is paid to committee members. Expenses totalling £1,464 were paid to nine members of the Standing Committee during the year, in relation to their membership of that Committee. (2016: Expenses of £1,309 paid to eight members).

#### **5 Total income**

Total Income in the Revenue Account (page 76) does not include any capital receipts. Such receipts are credited directly to the Capital Accounts. Both Capital and Revenue receipts are reflected in the Statement of Financial Activities.

## 6 Expenditure on charitable activities and governance costs

Expenditure on charitable activities includes direct costs, grants awarded and support costs. Support costs, which relate primarily to costs associated with the General Synod Office and governance costs, are apportioned based on estimates of time spent by staff on the various activities.

Governance Costs relate to those costs necessary to provide the governance infrastructure which allows the General Synod to operate, to generate the information required for public accountability and to address strategic issues facing the Scottish Episcopal Church. Such costs include the costs of the annual meeting of General Synod and professional fees relating to audit and legal advice.

	<b>Direct Costs</b>	<b>Grants awarded</b>	<b>Support Costs</b>	<b>2017 Total</b>	<b>2016 Total</b>
	£	£	£	£	£
<b>Charitable activities</b>					
Mission development and support	26,613	113,978	115,859	<b>256,450</b>	263,151
Ministry support and training	241,826	157,316	61,792	<b>460,934</b>	506,390
Ecumenical and church relations	60,155	-	61,792	<b>121,947</b>	124,634
Promotion, publication and communication	29,188	-	254,890	<b>284,078</b>	272,696
Support for retired clergy	104,446	34,330	54,068	<b>192,844</b>	130,534
Provision of support and advice to Dioceses and Congregations	41,591	625,617	223,993	<b>891,201</b>	755,055
	<b>503,819</b>	<b>931,241</b>	<b>772,394</b>	<b>2,207,454</b>	<b>2,052,460</b>
<b>2016</b>	413,927	876,873	761,660	2,052,460	

	<b>2017</b>	<b>2016</b>
	£	£
<b>Analysis of support costs</b>		
Staff costs	489,222	488,665
Property and equipment costs	35,956	78,990
General administration costs	59,092	54,628
Board and committee expenses	8,397	11,966
Governance costs	179,727	127,411
	<b>772,394</b>	<b>761,660</b>

Included in Governance costs are audit fees (including VAT) of:

<b>2017</b>	£12,900
<b>2016</b>	£12,420

## 7 Grants

Grants are made to Dioceses, Charges and individuals within the Scottish Episcopal Church for a number of purposes. Grants are also made to other church bodies, non-church bodies and to individuals. The range and variety of grants and further information regarding the grants made is provided in the accounts of the various funds (pages 21 to 60). The grants awarded during the year can be analysed:

	UK	Overseas	2017 Total	2016 Total
	£	£	£	£
Scottish Episcopal Church bodies	735,680	-	<b>735,680</b>	692,760
Other church bodies	37,425	9,701	<b>47,126</b>	50,266
Non church bodies	2,420	-	<b>2,420</b>	18,981
Individuals	110,233	35,782	<b>146,015</b>	114,866
	<b>885,758</b>	<b>45,483</b>	<b>931,241</b>	<b>876,873</b>
<b>2016</b>	<b>808,934</b>	<b>67,939</b>	<b>876,873</b>	

Grants were awarded to 428 individuals (2016: 407).

Included in Creditors and Accruals are Grants totalling £76,737 approved but not paid out (2016: £47,742).

## 8 Fixed Assets

	Heritable Property	Investments	Social Investments	Total
	£	£	£	£
At 31 December 2016	3,185,800	41,408,596	304,076	44,898,472
Additions during year	-	624	-	624
Disposals during year	(56,349)	-	-	(56,349)
Loans advanced in year	-	-	22,500	22,500
Loans repaid in year	-	-	(30,540)	(30,540)
Net gain on revaluation at 31 December 2017	-	6,856,869	-	6,856,869
Balance at 31 December 2017	<b>3,129,451</b>	<b>48,266,089</b>	<b>296,036</b>	<b>51,691,576</b>

The majority of the General Synod's investments are held in the Scottish Episcopal Church Unit Trust Pool. The Unit Trust Pool was established by the Investment Committee of the General Synod to bring together the disparate investments of the various funds of the General Synod, the Dioceses and the individual congregations of the Church to enable these to be managed professionally. The Unit Trust Pool is therefore purely an investment vehicle of the Scottish Episcopal Church. 68.9% of investments in the Unit Trust Pool relate to UK investments. The unit value at 31 December 2017 was £17.9882. The unit value at 31 March 2018 was £17.8769. Standing Committee considers that such minor reductions in value are within the range of normal price fluctuations and is therefore of the view that no impairment falls to be recognised.

The majority of the heritable properties are provided for charitable purposes (being the provision of housing for retired clergy). Heritable properties are shown at cost and expenditure on improvements is capitalised. In the opinion of the Standing Committee, no impairment of the carrying values of heritable properties has occurred during the year.

Social investments, as defined by the Charities SORP (FRS 102), include the Braeburn residential home in Edinburgh which is leased to the operator of the care home for a peppercorn rent, loans made to Dioceses and Charges, loans made to retired clergy to assist in the purchase of retirement housing and a nominal investment in the Churches' Mutual Credit Union.

**9 Debtors**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Accrued Unit Trust Pool distribution	739,368	699,029
Sundry debtors including grant repayments	<u>25,197</u>	<u>93,381</u>
	<b><u>764,565</u></b>	<b><u>792,410</u></b>

**10 Creditors**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Grants approved but not paid	76,737	47,742
Accruals and deferred income	<u>60,823</u>	<u>51,411</u>
	<b><u>137,560</u></b>	<b><u>99,153</u></b>

**11 Reconciliation of movement in funds**

	<b>Balance at 31 Dec 16</b>	<b>Surplus for year prior to transfers</b>	<b>Transfers between funds</b>	<b>Unrealised gain on revaluation at 31 Dec 17</b>	<b>Balance at 31 Dec 17</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Unrestricted Funds</b>					
General Fund	31,479,340	59,279	17,895	5,120,095	36,676,609
Other funds	7,267,519	91,882	918	1,078,739	8,439,058
	<b><u>38,746,859</u></b>	<b><u>151,161</u></b>	<b><u>18,813</u></b>	<b><u>6,198,834</u></b>	<b><u>45,115,667</u></b>
<b>Restricted Funds</b>					
Housing Fund	4,528,907	75,529	(11,750)	117,364	4,710,050
Other funds	3,787,933	(8,853)	(7,063)	540,671	4,312,688
	<b><u>8,316,840</u></b>	<b><u>66,676</u></b>	<b><u>(18,813)</u></b>	<b><u>658,035</u></b>	<b><u>9,022,738</u></b>
<b>Total Funds</b>	<b><u>47,063,699</u></b>	<b><u>217,837</u></b>	<b><u>-</u></b>	<b><u>6,856,869</u></b>	<b><u>54,138,405</u></b>

The transfers between funds mostly relate to the administration charges levied on a number of restricted and designated funds for the use of General Synod Office staff and resources as described in Note 2.

## 12 Analysis of net assets between funds

Fund balances at 31 December 2017 are represented by:

	Unrestricted Funds	Restricted Funds			Total Funds
		Housing Fund	Other Funds	Total Restricted	
	£	£	£	£	£
<b>Fixed Assets</b>					
Heritable Property at cost	27,596	3,101,855	-	3,101,855	3,129,451
Investments at market value	43,632,575	826,126	3,807,388	4,633,514	48,266,089
Social Investments	23,676	61,775	210,585	272,360	296,036
<b>Current Assets</b>					
Debtors and Prepayments	715,440	14,239	34,886	49,125	764,565
Bank and Cash	850,543	706,055	263,226	969,281	1,819,824
<b>Current Liabilities</b>					
Creditors and Accruals	(134,163)	-	(3,397)	(3,397)	(137,560)
	<u>45,115,667</u>	<u>4,710,050</u>	<u>4,312,688</u>	<u>9,022,738</u>	<u>54,138,405</u>

The majority of Unrestricted Funds are Undesignated Funds. The total of Undesignated Funds, representing the General Fund, at 31 December 2017 was £36.7m (2016 £31.5m).

The majority of Restricted Funds relate to the Retirement Housing Fund administered by the Retirement Housing Committee (see the Committee's report on page 57 and the Fund's financial statement on page 59). The Fund provides assistance in the provision of retirement housing to eligible beneficiaries of the SEC Pension Fund (mostly retired clergy and their widowed spouses / partners). It has an interest in 42 properties located throughout Scotland. A number of the properties were specifically gifted to the General Synod for such use. The Fund has also benefitted from legacies and donations given to assist in the provision of housing to retired clergy.

Of the investments held by other Restricted Funds approximately £1.3m relates to the Retirement Supplementary Fund administered by the Retirement Housing Committee. (The Fund's financial statement is on page 58.) Annual investment income is used to provide a range of grants and an annual Christmas gift to beneficiaries of the SEC Pension Fund. The balance of the investments and other assets relate to a range of smaller funds most of which are included in the Miscellaneous Funds administered by the Mission Board, the Institute Council and the Administration Board. (The financial statements on pages 42, 47 and 60 include these Restricted Funds with other Designated Funds administered by the Boards.)

## 13 Future commitments

A loan of £100,000 to a charge had been approved but not drawn down at the Balance Sheet date. The loan has not yet been drawn down.

## 14 Related party transactions

The nature of the General Synod requires that it has a great many financial transactions with Dioceses and congregations within the Scottish Episcopal Church. As all members of the Standing Committee are connected with their respective Diocese and local church congregation these bodies are related parties under Financial Reporting Standard 102 'Related Party Disclosures' and transactions with them are 'related party transactions'. The governance procedures of the General Synod require that members of all Boards and Committees declare their interest in any grant or loan application prior to its discussion by the Board or Committee.

FRS 102 requires disclosure of material related party transactions and year end balances with related parties. In the case of the General Synod these are for the most part separately disclosed in the statement of financial activities, the balance sheet or in the notes to the accounts and comprise: quota received from Dioceses, grants made and loan balances outstanding. Other transactions include sales of publications, the provision of training courses and conferences and the leasing of office space to the Diocese of Edinburgh.

Aidan Strange, the son of Most Rev Mark Strange, a Member of the Standing Committee, has been employed by the General Synod as a part time Digital Communications Co-ordinator since May 2017. He was employed following an open recruitment process and his salary is in line with normal salary rates.

## 15 Statement of Financial Activities previous year

	Revenue Accounts and Reserves			Capital Accounts and Reserves			Total 2016 £
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	
	Funds £	Funds £	£	Funds £	Funds £	£	
<b>Income from</b>							
<b>Donations and legacies</b>							
Quota	698,960	-	698,960	-	-	-	698,960
Donations	23,555	20,784	44,339	-	-	-	44,339
Legacies	2,500	-	2,500	-	-	-	2,500
	<u>725,015</u>	<u>20,784</u>	<u>745,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>745,799</u>
<b>Investments</b>							
Investment income - UTP distributions	1,261,017	102,516	1,363,533	-	-	-	1,363,533
Investment income - interest	12,287	2,936	15,223	-	-	-	15,223
Rental income	21,243	-	21,243	-	-	-	21,243
	<u>1,294,547</u>	<u>105,452</u>	<u>1,399,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,399,999</u>
<b>Charitable activities</b>							
Publication sales	19,159	-	19,159	-	-	-	19,159
Other income	4,750	-	4,750	-	-	-	4,750
Pension Fund and investment administration fee	32,387	-	32,387	-	-	-	32,387
Rental income	-	76,418	76,418	-	-	-	76,418
	<u>56,296</u>	<u>76,418</u>	<u>132,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,714</u>
<b>Other</b>							
Gain on sale of property	-	-	-	-	69,225	69,225	69,225
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,225</u>	<u>69,225</u>	<u>69,225</u>
<b>Total Income</b>	<u>2,075,858</u>	<u>202,654</u>	<u>2,278,512</u>	<u>-</u>	<u>69,225</u>	<u>69,225</u>	<u>2,347,737</u>
<b>Expenditure on charitable activities</b>							
Mission development and support	251,991	11,160	263,151	-	-	-	263,151
Ministry support and training	480,848	25,542	506,390	-	-	-	506,390
Ecumenical and church relations	124,634	-	124,634	-	-	-	124,634
Promotion, publication and communication	272,696	-	272,696	-	-	-	272,696
Support for retired clergy	53,553	76,981	130,534	-	-	-	130,534
Support and advice to dioceses and congregations within SEC	730,860	24,195	755,055	-	-	-	755,055
	<u>1,914,582</u>	<u>137,878</u>	<u>2,052,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,052,460</u>
<b>Net income before transfers and gain on revaluation of investments</b>	<u>161,276</u>	<u>64,776</u>	<u>226,052</u>	<u>-</u>	<u>69,225</u>	<u>69,225</u>	<u>295,277</u>
Gain on revaluation of investments	-	-	-	4,279,258	454,481	4,733,739	4,733,739
<b>Net income before transfers</b>	<u>161,276</u>	<u>64,776</u>	<u>226,052</u>	<u>4,279,258</u>	<u>523,706</u>	<u>4,802,964</u>	<u>5,029,016</u>
Transfers between funds	18,805	(18,805)	-	-	-	-	-
Transfers between revenue and capital	(360,808)	(49,029)	(409,837)	360,808	49,029	409,837	-
<b>Net movement in funds</b>	<u>(180,727)</u>	<u>(3,058)</u>	<u>(183,785)</u>	<u>4,640,066</u>	<u>572,735</u>	<u>5,212,801</u>	<u>5,029,016</u>
Fund balances at 1 January 2016	1,647,394	310,218	1,957,612	32,640,126	7,436,945	40,077,071	42,034,683
<b>Fund balances at 31 December 2016</b>	<u>1,466,667</u>	<u>307,160</u>	<u>1,773,827</u>	<u>37,280,192</u>	<u>8,009,680</u>	<u>45,289,872</u>	<u>47,063,699</u>

## **INDEPENDENT AUDITOR'S REPORT TO THE GENERAL SYNOD OF THE SCOTTISH EPISCOPAL CHURCH**

### **Opinion**

We have audited the accounts of the General Synod of the Scottish Episcopal Church (the 'charity') for the year ended 31 December 2017 which comprise the Summary Revenue Account, the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 December 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the Trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

### **Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the annual report of the Standing Committee, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

*[continued ...]*

## **INDEPENDENT AUDITOR'S REPORT TO GENERAL SYNOD OF THE SCOTTISH EPISCOPAL CHURCH**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- the information given in the accounts is inconsistent in any material respect with the Trustees' report; or
- proper accounting records have not been kept; or
- the accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Standing Committee**

As explained more fully in the Statement of Responsibilities of the Standing Committee (as charity Trustees) set out on page 75, the Standing Committee is responsible for the preparation of accounts which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the accounts**

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Standing Committee as the charity's Trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **CHIENE + TAIT LLP**

**Chartered Accountants and Statutory Auditor**

**61 Dublin Street**

**Edinburgh**

**EH3 6NL**

**20 April 2018**

Chiene + Tait LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006



**THE SCOTTISH EPISCOPAL CHURCH UNIT TRUST POOL**  
**STATEMENT OF TOTAL RETURN FOR THE YEAR ENDED 31 DECEMBER 2017**

	£	2017 £	£	2016 £
<b>Income</b>				
Capital gains - net				
Realised		3,915,768		1,730,825
Unrealised		<u>7,119,994</u>		<u>6,138,994</u>
		11,035,762		7,869,819
Revenue	1,655,320		1,564,716	
<b>Management expenses</b>	<u>251,252</u>		<u>227,466</u>	
		<u>1,404,068</u>		<u>1,337,250</u>
<b>Total return before distributions</b>		12,439,830		9,207,069
<b>Distributions</b> ( <i>52.5p per unit. 2016: 51p</i> )		<u>2,136,401</u>		<u>2,049,145</u>
<b>Change in net assets attributable to unitholders from investment activities</b>		<u>10,303,429</u>		<u>7,157,924</u>
 <b>Statement of change in net assets attributable to unitholders</b>				
Net assets attributable to unitholders as at 31 December 2016		61,728,632		54,639,375
Receipts from issue of new units		1,749,530		1,475,994
Realisation of units:				
Book value		(314,024)		(1,027,413)
Appreciation		<u>(159,530)</u>		<u>(517,248)</u>
		63,004,608		54,570,708
Change in net assets attributable to unitholders from investment activities		<u>10,303,429</u>		<u>7,157,924</u>
Net assets attributable to unitholders as at 31 December 2017		<u>73,308,037</u>		<u>61,728,632</u>
Number of units in issue		<u>4,075,332</u>		<u>3,999,861</u>
Unit value as at 31 December 2017		<u>£17.9882</u>		<u>£15.4327</u>

The notes on page 93 form part of these accounts.

**THE SCOTTISH EPISCOPAL CHURCH UNIT TRUST POOL  
BALANCE SHEET AS AT 31 DECEMBER 2017**

	Notes	2017	2016
		£	£
<b>Capital Account</b>			
Investments valued at closing prices	<b>3</b>	73,326,018	62,026,949
<b>Current Assets</b>			
Bank		1,127,100	764,748
Investment income receivable		15,305	14,097
Income tax recoverable		<u>52,988</u>	<u>37,820</u>
		<u>1,195,393</u>	<u>816,665</u>
<b>Current Liabilities</b>			
Sundry creditors		69,157	63,748
Proposed distribution at 27.5p/unit (2016: 26p/unit)		1,120,717	1,039,964
Funds awaiting investment		<u>23,500</u>	<u>11,270</u>
		<u>1,213,374</u>	<u>1,114,982</u>
<b>Net Current (Liabilities)</b>		(17,981)	(298,317)
<b>Total Net Assets attributable to unitholders</b>		<u>73,308,037</u>	<u>61,728,632</u>

**Robert Gordon**  
Convener, Standing Committee  
19 April 2018

The notes on page 93 form part of these accounts.

**THE SCOTTISH EPISCOPAL CHURCH UNIT TRUST POOL**  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017**

**1 Status of the Unit Trust Pool**

The Unit Trust Pool was established by the Investment Committee of the General Synod of the Scottish Episcopal Church to bring together the disparate investments of the various Funds of the General Synod, the dioceses and the individual congregations of the Church to enable these to be managed professionally. The Unit Trust Pool is therefore purely an investment vehicle of the Scottish Episcopal Church. The annual report of the Investment Committee appears on page 54. An Ethical Investment Policy has been adopted in respect of the Unit Trust Pool (see page 96).

**Investment Managers**

For the year ended 31 December 2017, the investment management of the Unit Trust Pool was delegated to Baillie Gifford & Co who are employed under a contract which could be terminated by the General Synod at any time or by Baillie Gifford & Co on giving three months' notice. The Investment Manager's fee for the year ended 31 December 2017 was £233,719 (2016 £213,726) including VAT, calculated quarterly on the value of the managed portfolio by applying a reducing percentage as the fund values exceed set bands.

**2 Accounting policies**

**Basis of accounting**

Although the Unit Trust Pool is a private investment vehicle and not an 'Authorised Fund', in preparing these accounts, the Standing Committee has followed the format recommendations in the Statement of Recommended Practice 'Financial Statements of Authorised Funds' (the SORP). Other matters dealt with by the SORP are not considered to be material to an understanding of the accounts of the Unit Trust Pool.

**Accounting Convention**

The accounts are prepared under the historical cost convention modified to include investments at market value.

**Investment income and charges**

Investment income and charges are dealt with as follows:

- (a) Dividends are included in the accounts when the stock is declared ex-dividend by the year end. Investment income is shown gross, inclusive of recoverable tax.
- (b) Deposit interest and bank charges are accrued where applicable.
- (c) All purchases and sales of fixed interest securities are recorded net of accrued interest which is taken to revenue.

**3 Investments**

The following individual holding exceeded 5% of the total value of the investment portfolio at the year end:

	£	
Baillie Gifford Long Term Global Growth Fund C Income	<u>26,719,536</u>	35.9%
Baillie Gifford Corporate Bond Fund C Income	<u>19,543,159</u>	26.3%

## **INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF THE SCOTTISH EPISCOPAL CHURCH UNIT TRUST POOL**

### **Opinion**

We have audited the accounts of the Scottish Episcopal Church Unit Trust Pool for the year ended 31 December 2017 which comprise the Statement of Total Return, the Balance Sheet and notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accounts:

- give a true and fair view of the state of affairs of the Scottish Episcopal Church Unit Trust Pool as at 31 December 2017 and of its Total Return for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the Scottish Episcopal Church Unit Trust Pool in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use by Standing Committee of the Scottish Episcopal Church of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the Standing Committee has not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the Unit Trust Pool's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

### **Other information**

The Standing Committee is responsible for the other information. The other information comprises the information included in the annual report of the Investment Committee, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

*[continued ...]*

## **INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF THE SCOTTISH EPISCOPAL CHURCH UNIT TRUST POOL**

### **Responsibilities of Standing Committee**

As explained more fully in the Statement of Responsibilities of the Standing Committee set out on page 75, the Standing Committee is responsible for the preparation of accounts which give a true and fair view, and for such internal control as the Committee determines is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Committee is responsible for assessing the Unit Trust Pool's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee either intends to liquidate the Unit Trust Pool or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the unit holders of the Scottish Episcopal Church Unit Trust Pool. Our audit work has been undertaken so that we might state to the unit holders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scottish Episcopal Church Unit Trust Pool and unit holders, as a body, for our audit work, for this report, or for the opinions we have formed.

**CHIENE + TAIT LLP**  
**Chartered Accountants and Statutory Auditor**  
**61 Dublin Street**  
**Edinburgh**  
**EH3 6NL**

**20 April 2018**

## ETHICAL INVESTMENT POLICY

The Investment Committee recognises its responsibilities optimising investment returns for the SEC Unit Trust Pool whilst striving to meet reasonable ethical investment expectations.

The Investment Committee aims to invest in companies that will not only successfully develop their business financially in the interests of shareholders, but also

- (i) demonstrate responsible employment and good corporate governance practices;
- (ii) are conscientious regarding environmental performance and human rights; and
- (iii) act with sensitivity to the communities in which they operate.

The Investment Committee has also adopted strict 'negative' criteria as a significant element of the Ethical Investment Policy. No direct investment will be made in companies whose main business is in any of the following *restricted categories*:

- Armaments
- Gambling
- Tobacco
- Pornography

It is recognised that many companies will be involved, to some extent, in businesses in these *restricted categories*. Investment in such companies is deemed inappropriate where in excess of 15% of a company's turnover is derived from businesses in the *restricted categories*.

The Investment Committee will exercise its discretion regarding exclusion from direct investment any company where it has material concerns regarding the ethical acceptability of the company's business model or operational activities.

In achieving these aims the Committee is dependent on its Fund Managers, and in particular the Managers' active engagement with company management, both directly and via company AGMs, to influence the corporate governance and ethical practices in the companies in which the UTP invests.

*Policy approved by General Synod 2013*

General Synod 2017 agreed a number of resolutions in respect of Climate Change Action and Fossil Fuel Investments. A further restricted category of investment has therefore been added to those detailed above: no direct investment will be made in companies deriving over 10% of their revenues from the extraction of thermal coal or tar sands. The Ethical Investment Policy will be reviewed in the light of the resolutions passed by General Synod.