

COUNCIL OF ASSEMBLY MAY 2018

Proposed Deliverance

The General Assembly:

1. Receive the Report.
2. Give thanks for the engagement of congregations and Presbyteries in the *Together we Pray* initiative and instruct the Council to make arrangements for another National Day of Prayer, on 3 November 2018, focussing on the life and missional work of the Church of Scotland. (*Section 1.6*)
3. Approve the Strategic Plan, as presented in the document *Worshipping God, Inspiring Faith, Connecting People*, and adopt it as containing directing principles for planning and prioritising short, medium and long-term goals for the life and work of the Church of Scotland over the next ten years (2018-2028). (*Section 2*)
4. Instruct the Council to work collaboratively in facilitating and overseeing the implementation of the Strategic Plan in the Unincorporated Councils and Committees (UCC) over the ten year period 2018-2028, reporting annually to the General Assembly on progress towards achieving the stated short, medium and long-term goals. (*Section 2 and Appendix 1*)
5. Instruct Presbyteries to:
 - a) study the Strategic Plan;
 - b) consider how best to achieve those goals which are directed to the regional and local;
 - c) support congregations within their bounds as they seek to take forward its goals;
 - d) work together with the Council to identify and supply the resources needed to implement the Plan appropriately in context; and
 - e) update the Council annually on progress in engaging with the strategy. (*Section 2*)
6. Instruct Kirk Sessions to:
 - a) study the Strategic Plan;
 - b) consider how best to achieve its short, medium and long-term goals, noting especially the importance of engaging fully in the Local Church Review (LCR) process; and
 - c) work cooperatively with Presbyteries in exploring how best the strategy may be implemented. (*Section 2*)
7. Instruct the Council, working together with the Mission and Discipleship Council, the Ministries Council and the Legal Questions Committee, to review Act 1 2011 on Local Church Review, to ensure that the operation of LCR enables congregations and Presbyteries to implement effectively the goals outlined in the Strategic Plan, and report to the General Assembly of 2019. (*Sections 2.3.9-2.4.1*)
8. Note the work undertaken by the Council on the National Offices Buildings Project and instruct it to continue the programme of work outlined in Section 3.5, with a view to presenting a further report to the General Assembly in 2019, enabling a decision on the future of the National Offices. (*Section 3*)
9. Note the continuing work of the Gaelic Group, including the ongoing development of a Gaelic Language Plan for the Church of Scotland, and approve the Remit for the Group as outlined in Appendix 2. (*Section 7 and Appendix 2*)
10. Instruct Presbyteries to ensure that Congregational Office Bearers access and make use of the range of resources prepared by the Law Department to enable compliance with the terms of the General Data Protection Regulation from 25 May 2018. (*Section 8.4*)
11. Approve changes to the membership of the Ministries Council for a limited period of two years. (*Section 11.1.2*)
12. Approve changes to the membership of the Social Care Council. (*Section 11.1.3*)
13. Approve the revised process for nomination of suitably qualified persons to legal bodies as outlined in Section 11.2. (*Section 11.2*)

Report

1. INTRODUCTION

1.1 'For the times, they are a-changing'! We live in an era of unprecedented change, rapid and unabating. For an organisation such as the Church that changes very slowly, this leads to nervousness and a sense of uncertainty. Much of the work of the Council of Assembly over the past two years has been directed towards putting in place structures and support mechanisms which will enable the local Church to make the changes which are necessary to allow ministry and mission across the parishes of Scotland to flourish in the next phase of the Church's life.

1.2 One such piece of work is the draft Strategic Plan which is the product of some two years of consultation and development. The document which Commissioners have received seeks to offer a sense of direction and common purpose, setting out priorities for what the Church of Scotland can do in addressing the challenges of our changing times. The rationale behind it is presented in Section 2. The Council commends it to the General Assembly for adoption and implementation.

1.3 Another key piece of work is around the future of our National Office. Following on from the Assembly last year, the Council has considered the three options presented then. While a great deal of progress has been made in the production of a Business Plan and comparative costing, there remains detailed work to be done, in cooperation with the General Trustees, to allow the General Assembly to make a decision which will influence the way in which the national support structure will function in the coming decades. Sustainability, flexibility and good stewardship are the key themes which inform this work, an outline of which is given in Section 3.

1.4 In the midst of these two very large pieces of work, the Council has continued to carry out all of its other regular tasks. One of the more important of these in the past year has been the work of the Data Protection Working Group, whose task has been to prepare the Church at all levels for the implementation of the General Data Protection Regulation (GDPR) across the EU in May 2018. Section 8.4 points to the significance of this and to the training and support that is available to ensure that Presbyteries, local congregations and national bodies are ready for the changes that are being introduced.

1.5 The Council itself has welcomed several new Trustees and Conveners as well as new senior members of staff, including the Principal Clerk, the Head of HR and the Head of Communications. New people bring fresh thinking and ideas and the Council is grateful for all those who willingly give of their time and talents to the work of all the Councils and Committees of the Church.

1.6 The Assembly in 2017 called upon the Church as a whole to place prayer at the heart of all that we do and in particular to pray for the work being undertaken in relation to planning for the future. The response to this was enthusiastic and wholehearted, with many congregations and Presbyteries arranging special events and opportunities for prayer as part of the *Together We Pray* initiative. The Council has been encouraged to promote a further National Day of Prayer later in the year, to focus on the future life and missional activity of the Church. The experience of the past year has given us assurance that, whatever changes may lie ahead, the God who remains constant yesterday, today and forever hears and responds in ways beyond our expectations.

2. WORSHIPPING GOD – INSPIRING FAITH – CONNECTING PEOPLE. STRATEGIC PLAN 2018 – 2028

2.1 How We Got Here

2.1.1 The General Assemblies of 2016 and 2017 gave to the Council of Assembly the responsibility for bringing forward a Strategic Plan for the next phase of the work of the Church. The process towards that began with a series of Roadshows, entitled *On the Road*, in autumn 2016 which engaged local Church folks in conversation about how they saw the future of the Church. The outcomes of those meetings were recorded and summarised in the Council's Report to the General Assembly of 2017. This included the first stages of laying the foundations for a plan.

2.1.2 The Assembly affirmed a starting point in the teaching of Jesus in scripture as an overall expression of our mission and purpose: Love God and Love Your Neighbour. It also noted that three main objectives had emerged from the consultations to that point which would frame the way in which, as a Church, we would aim to achieve our mission. These were summed up in three key themes, which have been refined over the past year: Worship; Active Discipleship; Connecting with Communities.

2.1.3 Following the Assembly in 2017, the Council continued its process of consulting widely on the emerging content of the Strategic Plan. This included meeting with Conveners and representatives of all the major Councils, the Ecumenical Relations Committee, the General Trustees and with the members of the Youth Assembly. Each was invited to comment on the material assembled to that point and to indicate areas which they thought needed further refinement or new material which they would like to see included. The Senior Management Team also had the opportunity to see and comment on the materials.

2.1.4 The Council of Assembly's Strategy Group took account of all the material which came from these meetings alongside that already gathered from the 2016 *On the Road* process and presented an initial draft to the Council at its residential meeting in September 2017. The Council scrutinised the draft and a number of substantial revisions were sent back to the Group for further work. A second main draft was then presented to a special meeting of the Council in October 2017, leading to further revision and reworking.

2.1.5 At the beginning of November 2017, a residential meeting for representatives of Presbyteries was held at which around 80 participants were present. This group received the next revision of the draft Plan and was able to scrutinise it in some detail. A number of key insights were brought forward from that event which contributed significantly to the final shape of the Plan, particularly in relation to issues of implementation.

2.1.6 Later in November, the Council held a series of four regional Roadshows in Glasgow, Dundee, Inverness and Edinburgh. Around 250 people attended these, a high proportion of whom had also been at one of the sixteen events in the *On the Road* process in 2016. This gave opportunity for comment and again contributed to the final shaping of the goals. This was particularly useful in relation to testing out the viability of the measures and targets for local and regional implementation.

2.1.7 The Strategy Group met in late November to pull together all the thinking from the consultation phase and a further revised Plan was presented to Council in December 2017. While some comments were made on adjustments to wording, a key addition at this point was the 'vision' line. It was agreed to move to something which was short and memorable, but which as far as possible also contained the

key features towards which the Plan is directed. This can now be found on the cover of the Plan and as the heading of this section of Report: Worshipping God – Inspiring Faith – Connecting People.

2.1.8 One of the aims of the strategic planning process was to enable the Church to have clear focus in what it does. The 2013 Strategic Framework presented to the General Assembly laid out 13 priorities. While this was a starting point, it was too broad to be able to allow any real prioritisation to take place. The ability to sum this up now in three key phrases will hopefully enable both the prioritisation process and the ability of each of us to recall and act on the key themes.

2.1.9 The final stage of the process was for the Strategic Plan to be designed into the booklet which Commissioners to this General Assembly have received. The Council completed its scrutiny of it in February 2018 and it is presented to the General Assembly for approval and adoption.

2.2 Key Elements of the Plan

2.2.1 Mission and Objectives

2.2.1.1 As indicated above (in section 2.1.2), the wording which is used to describe our overall mission was already agreed at the Assembly in 2017 – Love God and Love our Neighbours. In terms of how we go about achieving this, three main objectives were also identified last year and have been honed to be as concise as possible: Worship; Active Discipleship; Connecting with Communities.

2.2.1.2 These objectives are not independent of one another, as though one might be achieved without the others. The Plan tries to represent this through the use of a Venn diagram, which has large areas of intersection between the different parts, indicating that these objectives are in constant relationship with one another. We worship God because we experience God's love for us; this leads us to be active in our learning from and following of Jesus Christ; we respond to his call to share faith in word and action in the power of the Spirit; which leads us back to worship... and the interactive cycle goes on.

2.2.2 Vision

2.2.2.1 It is important in any Strategic Plan to have a vision which captures the essence of what we are working towards. It ought to be self-explanatory, inspiring and memorable, allowing those who are charged with delivering the outcomes

of the Plan an easy point of reference. If asked what is our vision for the Church of Scotland as a whole, we should be able to answer that question clearly and concisely. The Council proposes that the vision contained in the Plan can be summed up in three two-word phrases: *Worshipping God - Inspiring Faith - Connecting People*. These also correspond broadly to the three objectives of Worship; Active Discipleship; Connecting with Communities, which will enable us to prioritise our action towards fulfilling the mission of Loving God and Neighbour.

2.2.2.2 *Worshipping God*: the Shorter Catechism starts by indicating that the 'chief end' of human beings is to worship and enjoy God. Worship lies at the heart of all that we do and are as Christians. We express our love for God through worship while we experience God's presence in worship, both individually and corporately. In coming together to share in worship we form community, congregations gathered ecumenically with a desire both to be fed through worship and to go out in mission, taking the Good News of God's love to others.

2.2.2.3 *Inspiring Faith*: is the logical and natural outcome of worshipping God. Faith is, of course, a *gift* of God to us rather than a human achievement. There is double sense to the phrase *Inspiring Faith*. On the one hand, it indicates that, through worship, the faith which God gives us is inspirational in enabling us to live out our lives in active discipleship. This provides us with the encouragement we need to be faithful in our following of Jesus Christ. On the other hand, it reminds us that faith is missional, as it inspires us to share the Christian story with others, to whom God also offers the gift of faith.

2.2.2.4 *Connecting People*: this is what happens when we worship together and share faith. The Church exists as a connecting point for people, whether that is in corporate worship, in engaging with the communities in which we live or work, in working with and challenging the structures of our society, or in reaching out to friends and strangers across the world. While we spend much time and money on providing good spaces and buildings in which to work and worship, the Church is first and foremost people. The Church of Scotland is uniquely well placed, through its national role, to be a place of connection for people of all backgrounds. All of our ministry and mission has at its heart the connecting of people.

2.2.2.5 For these reasons, we have chosen to adopt as our vision statement for the Strategic Plan, *Worshipping God - Inspiring Faith - Connecting People*.

2.2.3 Overarching Goals

2.2.3.1 The Council has identified eight overarching goals which together represent the substance of the Plan. These are spelt out in detail under their individual headings, but taken together, they fall into two categories of goal. Firstly, there are those connected with the direct *enabling* of people in the life of the local congregation, especially aiming towards its missional activity and engagement with the wider world. Secondly, there are goals which are primarily about the ways in which the national bodies can *support* both the regional and local Church in terms of resources.

2.2.3.2 The enabling goals point towards ways in which the Church can address decline locally, regionally and nationally. While conducting the *On the Road* process, the Council was encouraged by the degree of energy and enthusiasm which people demonstrated for change. Far from merely being despondent about falling numbers, there was a desire for a Church which is confident in faith and in service – in worship and active discipleship. People expressed the desire to learn more both about their faith and about how to share it with others. The goals of creating thriving intergenerational Churches and growing congregations respond to the current demography of congregations and reflect the yearning of many. There are already large numbers from within our parishes who are engaged with local and global concerns and the Plan seeks to reinforce and strengthen them in that vital connecting work.

2.2.3.3 The support-related goals are focussed on the provision of appropriate resources to carry out the enabling goals. They are surely not surprising things to find in a Strategic Plan for the Church – ministry; buildings; money; operational structures. In respect of ministry, the Plan recognises the reality of smaller numbers of full-time paid ministers being available, so is directed towards putting in place what we have talked about for years – ministry teams which are well supported. We need the right number of buildings, well-equipped and in the right places to ensure that the missional goals we set can be well supported. Our finances need to be on a stable basis, cutting our coat according to the cloth available – and we need to ensure that the resources we have are efficiently and effectively applied to our key goals and priorities. Underlying a great deal of what

we do is structure: we have heard a good deal while *On the Road* about the need for our structures to be lean and fit for purpose, actually supporting rather than getting in the way of the congregations being effective in fulfilling their missional calling.

2.2.4 Context

2.2.4.1 An in-depth analysis of the context in which the Church finds itself today is neither possible nor appropriate in a Strategic Plan of this kind. It is important, however, to offer some brief pointers to things which may be significant in identifying priorities and ultimately in allocating resources. Three areas were identified in terms of context: [a] the wider societal context as it relates to our charitable aim – the advancement of religion; [b] our perceived strengths as a Church; [c] the key internal challenges facing the Church.

2.2.4.2 A lot of work has been done in recent years by the Church and Society Council, particularly through its *Speak Out* campaign, to identify the key interfaces between the Church and the concerns of the wider society which we serve. This was helpful in looking at our context within society, both locally in Scotland and beyond in the global arena. The issues listed here will be familiar to many, most of them areas of significant and rapid change which affects us both as individuals and as institutions.

2.2.4.3 It is always difficult to speak about one's own strengths without a sense of unease about appearing self-important. The areas listed, however, are ones about which the Church has received positive feedback from others, including ecumenical partners and external agencies with whom we share common agendas and work. There is much to give thanks to God for in the daily work which the Church of Scotland supports in the name of the gospel across the country and the world.

2.2.4.4 Once again, the internal challenges will come as little surprise to readers of the Plan and those involved administratively in the running of the Church locally, regionally and nationally. The attentive reader will note that the eight key goals correspond quite closely to the challenges listed and that is no accident. One of the key purposes of a Strategic Plan is to help focus complex organisations on the significant issues facing them and to enable partnership and a sense of common purpose in addressing them together.

2.2.5 Principles for Making it Work

2.2.5.1 In the process of pulling the final shape of the draft Plan together, four principles were noted which have been applied throughout. These will also serve in the task of prioritisation and implementation at all levels. The first is the most important: *Whatever we do, we do prayerfully, with humility and seeking to be in tune with the Spirit of God at work in the world.* During the *On the Road* events, on every occasion people pointed to the need for a greater emphasis on and practice of prayer in relation to all our work as a Church. For this reason, the General Assembly last year issued a call to prayer, particularly in relation to the work of planning for the future. Many have already engaged with the *Together we Pray* process, launched by the Moderator in September 2017, and we have heard of many places where people are recovering an enthusiasm for and joy in praying together. It is therefore appropriate that this is the first guiding principle for making the Plan effective.

2.2.5.2 The other three principles are all important, even if they are more conventional ones for a Strategic Plan. *Sustainability* is a must – we cannot continue to live beyond our means with any of our resources, perhaps most obviously in relation to finance, but also in terms of people. *Flexibility* has to be built in to what we seek to achieve given the diversity of our people, culture, contexts and geography. This should not be seen as a license to ignore the priorities to which the Plan directs us, but it is to acknowledge that there will be differing ways of delivering on those same priorities governed by circumstances. *Working cooperatively* seems fairly obvious, but it has not always been our strength. In naming this as a working principle, the Strategic Plan points to the importance of leaving past differences, jealousies and power struggles behind and working together for the gospel. Without commitment to these principles, the achieving of the outcomes of the Plan will prove all the more difficult.

2.2.6 Detail

2.2.6.1 The eight key goals are presented in detail in the main section of the Plan. They follow a particular pattern in terms of presentation. This is a common way of presenting such plans and is aimed at consistency of approach and at giving a high degree of integration across the goals as whole.

2.2.6.2 Each goal begins with a statement about why this is important to achieve. In some cases this identifies a particular challenge which the Church is facing, but for the most part these are forward-looking statements. They reflect what the

Church will look like ten years from now (or earlier if possible) if the goal is achieved.

2.2.6.3 We then turn to what role each of us might play in reaching the goal. This is spelled out in terms of the local (congregations), the regional (Presbyteries) and the national (Councils and Committees). In taking this approach the Council was conscious of a question at the General Assembly in 2017, when the Convener was asked if the Plan would be for the whole Church, or just for national bodies. The desire of the Assembly at that point was for something which brings common purpose to all parts of the Church in its work. Having listened widely to the Church in the process of drawing this up, what the Council now presents is something to which it hopes all parties should be able to commit.

2.2.6.4 This brings us to the question of how we go about measuring whether we are making progress towards the goals. In stating targets and timescales, we have tried to be as specific as possible at this point. The Strategic Plan is intended in the first instance as a *direction setter* – it seeks agreement in terms of the direction of travel and the broad aims we look to achieve. The next stage will be to work at a more detailed plan of implementation, some of which will, of course, of necessity be determined by context and circumstance.

2.2.6.5 The evaluation of progress will also require a framework in which this can be carried out and this will form part of the work to be undertaken in the coming year. There will be a key role for Presbyteries in helping congregations within their bounds to understand and implement the Plan. National bodies also have a key role in resourcing, but they will wish to avoid being seen as directing or being left to do so by default. Much of what comprises the Plan has come from grass roots and its success will be determined by grass roots engagement. It is not a ‘top down’ Plan.

2.2.6.6 For convenience, an overview of the timeline for implementation is given at Appendix 1. It will be evident from looking at this that there is more detail offered for the first five years of the Plan. This is not a sign of running out of ideas! Rather, it leaves open the development of the broad goals in more detail as the Plan runs its course. An annual update will be given to the General Assembly and this will bring forward proposals for more detailed implementation as the decade to 2028 unfolds.

2.2.6.7 The next section of detail offers a pointer to what some of the key influences will be which affect the achievement of the goals. It is in these areas of influence that the outworking of the principles (section 2.2.5) will be critical. Above all, the influential factors relate to an attitude of openness to one another, of cooperative working and of good communication. In much of our work, this will involve us in major cultural change, requiring significant commitment.

2.2.6.8 The goals are all interconnected – perhaps even at points overlapping and this should be acknowledged. They are not separate boxes from which we can choose some that suit us and leave aside others that do not. The final line of each detailed goal does, however, attempt to indicate where particular affinities lie.

2.3 Implementation and ‘Buy-in’

2.3.1 During the latter stages of consultation, as the Plan began to take more shape in developing versions, the Council came under some pressure to produce a full implementation plan to accompany the strategic overview. We have resisted producing such a plan at this stage. The Council is very clear that a much more detailed implementation plan needs to be developed and this will be a task for the coming year. A glance at Appendix 1, which brings together a timeline for measuring progress, will give an indicator that there is already a significant amount of material relating to implementation which can immediately be picked up.

2.3.2 The first stage of establishing a Strategic Plan is to gain consensus around the vision, objectives and goals which are to be achieved. This is what the Council is asking the General Assembly to affirm in presenting the Strategic Plan document. The Deliverance points to the beginning of the process of implementation, which it envisages as being a partnership between the Church locally, regionally and nationally. A considerable amount of the more detailed work laid out in the Plan can already get underway, but relationships of trust need to be strengthened and local input gained if we are to avoid a ‘top-down’ approach.

2.3.3 The Council recognises that the Plan can only be useful if it is ‘owned’ widely and is not seen as something being imposed on people. That is why the process which led to the document began with *On the Road* – listening to local voices as a first step. It is also why the Council intends to facilitate a process whereby implementation planning involves the very people who will be key in making it work –

congregations and Presbyteries. First of all we need 'buy-in' at the General Assembly; then we work at broadening that through contact with Presbyteries and they with congregations; then we work together to tighten up the process of implementation in ways which are flexible enough to take account of local and regional context.

2.3.4 At the risk of being repetitious, it is important to outline again the purpose of Strategic Planning. Recognising that vast volumes of material have been written about this, the Council's Report to the General Assembly of 2017 tried to summarise the purpose as succinctly as possible. An edited version of those paragraphs is repeated here (in sections 2.3.5-2.3.8) recognising that many commissioners to this year's Assembly were not present last year.

2.3.5 *For organisations and businesses, Strategic Planning is the means by which bodies and organisations go about:*

- *setting priorities;*
- *focusing energy and resources;*
- *strengthening operations;*
- *ensuring 'buy-in' to common goals;*
- *forming agreement around anticipated outcomes/results; and*
- *assessing and adjusting direction in response to change.*

Above all, it brings discipline to decision-making and action, shaping and guiding the future of an organisation in terms of:

- *what it is;*
- *who it serves;*
- *what it does;*
- *why it does it; and*
- *how it does it.*

Strategic Planning seeks to articulate the direction of an organisation, the actions to be taken in relation to this and the criteria for evaluating it.

2.3.6 *The Church of Jesus Christ is neither a business nor merely an organisation – it is the living, breathing community of God's people joined through the power of the Holy Spirit in*

worship and service of God made known through the life, death and resurrection of Jesus of Nazareth, the Christ. In order to function as that community, however, the Church has over centuries developed structures, imperfect and always reforming, by which it organises itself in mission. In this sense, the Church of Scotland, like all churches, functions as an organisation and needs to plan, manage and coordinate – but always under the guidance of the Holy Spirit.

2.3.7 *On this model, strategic planning is not just another management technique, but is a critical element of living out faith responsibly in community. The outcomes, while never the end in themselves, nevertheless form an important part of developing a common sense of purpose in mission and ministry. Through it the Church will seek, under God, to identify what the key shared goals are which it will pursue for the next phase of its life. If the Church is successful in this, the Strategic Plan will be much more than an organisational tool or a management activity.*

2.3.8 *It is also important to indicate some things that a Strategic Plan is not at this point. First, it is not a straitjacket into which people are strapped. It offers a framework which, while giving boundaries, is flexible enough to take into account differing contexts, theologies and viewpoints. Second, it is not a top-down process, whereby an 'elite' group directs everyone else along particular lines. It is created through a listening process in which people in all parts of Church life (and beyond) are invited to contribute from their thinking and experience.*

2.3.9 Some broad pointers to implementation can be given. The Plan frequently references the importance of Local Church Review (LCR) in terms of implementation. LCR is the process by which congregations make an assessment of where they are: their strengths and the areas in which they need additional support. It enables them to draw up plans for mission and to determine, in consultation with Presbytery, their ministry needs for the future. It also aims to help Presbyteries to determine issues about the viability of buildings, so it will connect with the goal of *Well-equipped Spaces in the Right Places*. LCR replaced the Quinquennial Visitation system and Presbyteries are required by the General Assembly to ensure that all congregations within their bounds have completed it.

2.3.10 Much of what the Strategic Plan envisages as being undertaken by the 'local' connects directly to the process of LCR. This means that congregations are not being asked to

take on something completely new or additional to what is already expected of them. It rather means that they can build on an existing process. In producing a mission plan through the LCR process, congregations will identify many of the things which are contextually relevant for them to do towards achieving the goals outlined in the Strategic Plan.

2.3.11 For Presbyteries too, LCR is a vital component in achieving the 'regional' targets. By supporting congregations in undertaking LCR, the Presbytery will be able to address issues of sustainability in relation to congregations and to determine the kind of support and the type of ministry which will be most relevant in future. This will relate to a number of goals within the plan: for example, *Well-supported Ministry Teams*, *Well-equipped Spaces in the Right Places* and *Sustainable Finances*, alongside goals for congregational diversity and growth.

2.3.12 The role of the national bodies in relation to this is primarily one of resourcing. If LCR is to be a critical lever in achieving the goals, it will need to be well resourced. This is where prioritisation will be important in terms of the allocation of funding. The Strategic Plan will be key to identifying those areas where budget most needs to be applied and will cause us to reassess where the flow of resources should be directed and with what priority.

2.4 Moving Forward

2.4.1 The Strategic Plan is now before the General Assembly for adoption and implementation. While it offers a clear picture of the common goals towards which we are working across the Church, it is also intended to have an appropriate measure of flexibility. It should be adaptable to the context in which Presbyteries and parishes find themselves, while maintaining shared principles across the parishes. If approved the Council envisages the following steps to be taken over the coming year:

- The Council should meet with Presbyteries (where possible in regional groups to enable efficiency) to discuss implementation and resourcing issues and to draw up plans for taking the plan forward;
- A review be undertaken of the process of Local Church Review to ensure that the process fits with the goals outlined in the Strategic Plan;

- Presbyteries meet with congregations to plan for implementation and assess resource implications, where appropriate passing any resourcing issues to the Council for consideration;
- Congregations/Kirk Sessions should study the Strategic Plan and assess how best they can contribute to achieving its goals, including working towards a local mission plan using LCR.

2.4.2 The Council commits to an annual update with assessment of progress, review of resourcing and proposals for the next phase.

2.4.3 With that, the Council commends the Strategic Plan to the General Assembly, asking for a wholehearted and cooperative commitment from all sectors of the Church to making it work.

3. NATIONAL OFFICES BUILDINGS PROJECT

3.1 Background

3.1.1 The General Assembly in 2017 instructed the Council to continue work towards preparing fully costed proposals and a business plan for the future development and use of the Church's Offices in Edinburgh, based on examination of three options:

- | | |
|-----------------|--|
| <i>Option 1</i> | Undertake basic maintenance to ensure the buildings continue to function, without engaging in further development. |
| <i>Option 2</i> | Separate 123 George Street from 117-121 George Street and lease or sell it, retaining a reconfigured and refurbished 117-121 as the National Office, with some additional alternative use of space within 117-121. |
| <i>Option 3</i> | Investigate the costs/revenue of leaving the George Street Offices and leasing/buying elsewhere. |

In addition to these three main Options, a further Option 2a was initially included, which was to examine the potential for using ancillary rooms in the General Assembly Hall as potential meeting space throughout the year.

3.1.2 The Council of Assembly has been preparing a draft Strategic Plan for the Church which describes the context and challenges that the Church is responding to and sets out

priorities, actions and measures for the next ten years. The Plan includes four underlying principles:

- Whatever we do we do prayerfully, with humility and seeking to be in tune with the Spirit of God;
- Activities must be sustainable;
- Flexibility of delivery and choice appropriate to context, but consistent with the priorities; and
- Committed to working in an integrated and cooperative way.

3.1.3 The draft Strategic Plan includes three key goals which are specifically relevant to the future of the National Offices:

- Well-equipped Spaces in the Right Places;
- Sustainable Finances; and
- Effective Local, Regional and National structures.

3.1.4 In respect of *Well-equipped Spaces in the Right Places*, a key deliverable will be to have an integrated strategy for the development and disposal of buildings, leading to an optimum number of sustainable, better-equipped and affordable places for future mission. This would apply equally to the National Offices, providing flexibility to respond to changing technological, cultural, operational, funding and staffing issues in the coming years. The Plan states that the Offices will be fit for purpose and sustainably funded, either in a renovated George Street or in alternative premises.

3.1.5 The *Sustainable Finances* goal puts an onus on finding ways of maximising income generation and active stewardship, the objective being to move away from deficit budgets to achieving annual balanced budgets. The General Trustees are looking to help deliver an integrated approach to Church property management and develop innovative policies around funding of work on property. The Plan commits the Council to working with them in seeking to achieve this – and the National Offices belong within such a strategy as an important part of the Church’s property portfolio.

3.1.6 In relation to *Effective National Structures*, the National Offices would benefit from a more efficient and effective use of office accommodation embracing new ways of working, enabling transformational benefits for the

organisation, reducing the amount of space required by the Church and diminishing the opportunity cost resulting from current office layouts.

3.1.7 Such a change involves a number of initiatives across the organisational structure to which the building can act as an enabler or barrier to change. 117-123 George Street was constructed between 1909-1911 and is a Listed Category A building. Comprising basement, ground (+mezzanine) and 1st to 4th floors inclusive, with attic storage at the equivalent of 5th floor level, the George Street premises comprise a gross internal floor area of 57,286 square feet (sqft) or 5,322 square metres (sqm). Part of the ground floor is currently let out commercially.

3.1.8 The requirements of a modern work place are very different from those of twenty years ago, let alone one hundred. Despite this, no investment has been made in updating, reconfiguring or developing the space to take account of technological advances or developments in good office practice. In the days of agile working which have resulted from mobile technology, the need for dedicated individual office space has reduced.

3.1.9 The building is now over 100 years old and is showing signs of age with a general deterioration to the fabric and immediate need for repairs to the roof, windows and basement to maintain it wind and water tight. Without these issues being addressed it will deteriorate, further undermining its value. The resource that the National Church might have available to spend on its building infrastructure is declining whilst running costs proportionately increase year on year.

3.1.10 The National Offices Buildings Project is set against this strategic context and sets a challenge to look more radically at the space requirement, working styles and operational requirements. The nature of occupying a more traditional cellular style building means that the work environment is less than ideal for collaboration and ‘one team’ working. Even individual departments are split over different floors and locations.

3.1.11 The building currently provides 249 work spaces (desks) for 222 staff at an average of over 19 sqm per person. This compares with standards of between 8–12 sqm per worker in a modern office. Part-time working and condensed hours results in a maximum potential occupancy on any day of 211 staff.

3.1.12 Analysis shows that the National Office already adopts a measure of flexible working style with many staff out in the field, working remotely, or at internal or external meetings. This results in average desk occupancy of 35% (or 88 desks).

3.1.13 As the proposed Strategic Plan takes effect across the Church, it is important to ensure that any property solution for the National Office affords an ability to 'flex' in response to staffing and operational changes. The objective is to introduce 'smarter' working, enabling employees to work from different locations, to maximise their productivity and deliver the greatest value to the organisation as a whole. The concept is to utilise the benefits gained from changing work practices, deploying new technologies, and creating new working environments.

3.1.14 From the figures alone it is clear that there is an opportunity to rationalise the occupational space requirement of the office and introduce operational efficiencies enabled by IT, document imaging, and mobile devices. This principle was used to inform both the Options for refurbishment and the search for potential relocation property. It is for this reason that in the models for the future National Office, it is proposed to reduce the floor plate requirement down to c.24,000 sqft (2249 sqm). In Option 2, the potential remains to reduce this further should longer term planning lead to the need for less office space.

3.1.15 The proposal in Options 2 and 3 is to embrace modern working practices by opening up the floor plate, creating zones to accommodate quiet areas through to more collaborative space, combining work pod areas supported by informal break-out areas and meeting rooms for staff and small Committee use. Different working styles and task requirements are accommodated through zoning within wings and floors. The intention is to provide access to a range of spaces supporting different working styles, including private, semi-private and open-plan environments available to all staff.

3.1.16 In assessing each of the three options the Council determined that the following criteria should be used:

- Is it 'fit for purpose'?
- Is the model sustainable?
- Is the model flexible?

- Does it deliver good stewardship of resources?

3.1.17 A detailed business plan is being developed for all three options and this is being informed by a number of detailed studies and by advice provided by professional advisors.

3.1.18 Two further points should be noted before proceeding to an outline of the work undertaken to this point on each of the three options. Firstly, the question was asked early on about the possibility of moving staff from the administrative base of CrossReach, currently sited at Charis House to a shared National Office space (either in George Street or in a new location). This was connected to a desire also to share services wherever possible, thus cutting out any unnecessary duplication.

3.1.19 Immediately on taking up her new position as Chief Executive of CrossReach, Viv Dickenson engaged with key Social Care Council members and staff in a review to ascertain what might be possible. While a number of areas of joint working were identified in terms of being able to share good practice and in some cases services (eg procurement), the Review made it clear that moving staff into a shared office space was not feasible. The Social Care Council has reported on this separately in its own Report to the General Assembly this year. The Council of Assembly also received this report and agreed that, in the circumstances, it was not sensible to pursue shared occupancy. It was noted, however, that should Option 2 ultimately be the chosen option to take forward, this did at least allow sufficient flexibility to enable this to happen, should at some future point a more favourable situation exist whereby staff could share the George Street offices. It was further agreed that, given the thorough and detailed nature of the review and the clarity of the outcome, this matter would not be raised again for at least another five years.

3.1.20 Secondly, the Report in 2017 indicated that work would be undertaken on another connected, but not dependent idea. This was called Option 2A and was a proposal that some of the ancillary rooms within the General Assembly Hall be brought into use as regular meeting space for Councils and Committees throughout the year. This option was carefully considered in partnership with the Assembly Arrangements Committee, but it was evident from an early stage that the logistics (eg disabled access requirements) and the cost of conversion would far outweigh

any advantage to be gained. The Council decided, therefore, in line with the process outlined in last year's Report, not to take this option any further in consideration.

3.2 Option 1 – Basic Repair and Maintenance

3.2.1 The first Option (1) under examination is to consider the basic maintenance required to ensure that the George Street buildings are made wind and water tight and meet health and safety standards. The main premises are Category A Listed and fall within the New Town Conservation and World Heritage areas. 123 George Street is Category B Listed. Listing places a greater onus in terms of maintenance requirements.

3.2.2 Over the years, with funding increasingly tight, resources have been focused on operational activities of the National Offices, with any spend on the buildings themselves being on a reactive basis and only in response to immediate need rather than as part of a planned programme of maintenance. With the exception of a small annual maintenance and redecoration budget there is no systematic long term maintenance regime and budget for the fabric of the building.

3.2.3 The extent of basic maintenance needing to be undertaken has been determined by the condition surveys undertaken by Hardies in 2014 and Ryden in 2016. These works have been expanded on through a detailed concept design exercise, undertaken primarily in relation to exploring Option 2, but costed by Doig & Smith in December 2017.

3.2.4 As noted above (3.1.9), externally there is considerable work needing to be done. Internally, the building has ageing electrical cabling and distribution boards, old and inefficient heating distribution systems, poor ventilation systems and restricted IT cable run capacity. The passenger lift dates from the 1960's and quite frequently breaks down, leading to a number of entrapments of staff and visitors in recent years. These have necessitated the presence of the Fire & Rescue Services to release people on several occasions. The required works are currently costed at £3.2 million.

3.2.5 123 George Street shares its utilities supply and heating with 117-121 George Street. In order to sell 123 independently it would be necessary to separate the buildings and provide new utilities supplies and drainage. Work done to this point indicates that 123 is surplus to requirements in terms of space, so its disposal could be considered under both

options 1 and 2. It should be noted, however, that 123 provides 117-121 with additional toilet and fire escape capacity, enabling the National Offices to comply with Regulatory standards. Without these, 121 would require some additional fire compartmentalisation works. In respect of toilet provision, 121 is at the threshold and could not support any additional occupants within the building without additional toilets being added. The current disabled toilet provision is also minimal and limited to the ground floor. The costs of such remedial work are not included in the current estimate of essential work.

3.3 Option 2 – Refurbishment

3.3.1 The second Option (2) being considered is separating off 123, selling or leasing it and refurbishing 117-121 George Street, including providing for alternative use of space within the building. A Concept Design exercise has been undertaken to provide details on the space requirements, workspace concept layouts and costings. Any refurbishment proposals will require to be compatible with the Historic Listing of the property and will require consultation with appropriate authorities to ensure relevant statutory consents are obtained.

3.3.2 The current building configuration and layout is inefficient and does not reflect or enable modern work practices. With a typical daily occupancy of 100-150 people in a building capable of housing 450+, there is an opportunity to rationalise the National Office footprint and release space to generate rental income.

3.3.3 Modern practice for offices is moving towards 'agile working', where desks are shared amongst staff. Option 2 proposes the provision of 167 desks for 222 staff, a ratio of 0.7:1. Based on the maximum occupancy of 211 the ratio is in effect 0.8:1 or 80%.

3.3.4 The National Offices can consolidate office requirement on to two floors of 117-121 George Street, which will provide some 24,000 sqft (2,249 sqm). This will accommodate 167 desks whilst also retaining the ground floor meeting rooms. The question of whether or not to continue to provide for all meetings within the National Offices is one for further consideration.

3.3.5 By consolidating the National Offices on two floors, a further two floors of lettable space, totalling 15,256 sqft, is created. This would also allow the National Office space to

flex up or down according to longer-term future needs, since all space would be refurbished and be capable of use by others. In addition the west ground floor retail unit, 1,787 sqft, would be brought back into use.

3.3.6 Ryden has advised on letting terms, tenant incentives and marketing voids and these will be incorporated into the financial appraisal which the Council is making of the options. Through normal service charges, tenants would ultimately also contribute to the ongoing running costs of the refurbished premises. Ryden believes the office space would be competitive and that the size range of units for let, from c. 3,000 sqft to 4,800 sqft, sits well in the market.

3.3.7 An analysis of the meeting rooms showed a similar utilisation rate to that of staff, being around 35%. A survey of meeting rooms use over the past two years indicates that 84% of all meetings involve groups of fewer than sixteen people. Larger meetings above 30 people account for only 2% of all meetings. There may be some potential to rationalise the current meeting space and create additional income or staff office space. This has not yet been modelled, but should a decision be taken in principle not to provide larger meeting space (for meetings of more than fifteen people), this will be included in future models.

3.3.8 The Council believes that alternatives to accommodating larger meetings (more than fifteen people) exist within central Edinburgh, including, for example, within the Scottish Storytelling Centre on the Royal Mile, owned by the Church and currently underutilised. It also believes that a decision in principle to use alternative spaces for larger meetings would provide an opportunity for a culture shift, in encouraging Councils and Committees to take the opportunity to hold meetings across Scotland rather than simply in Edinburgh.

3.3.9 The design scheme for Option 2 includes a remodelling of the basement storage area to introduce new welfare facilities for staff. It also rationalises and improves current storage, which will help with the implementation of the new GDPR requirements. A Business Plan is being drawn up to inform the viability of all the options under consideration, but given the complexity of Option 2, this has of necessity required significant input from advisors.

3.4 Option 3 – Relocation

3.4.1 The third Option (3) being considered is to sell the George Street office and relocate to new premises either through purchasing or leasing another building.

3.4.2 In order to be consistent with the objective of sustainability, the search criteria focused on properties within a twenty minute walk of a major public transport hub. This narrowed the potential market to Glasgow, Edinburgh, Stirling and Perth city centres.

3.4.3 The space requirement being utilised is that established by the Workplace Advisor study. This means that the National Office would be seeking 28,600 sqft, comprising 24,000 sqft of office space plus 4,600 sqft ancillary space. This compares with the current 57,000 sqft in the George Street premises. It also adopts the same assumptions as utilised in the concept design studies, that is, 167 work stations.

3.4.4 Property searches are being undertaken on our behalf by Ryden. Obviously the options change according to the availability of suitable properties. The current market has a shortage of stock and market conditions are favouring landlords.

3.4.5 An alternative to purchase would be to lease new premises and this is also being modelled for comparison.

3.5 Moving Forward

3.5.1 The Council recognises that the decision as to which course to follow in respect of putting the National Offices into order is a critical one and should not be taken forward without the greatest care. Although it was the intention of the Council to present a clear recommendation to this year's Assembly, the volume of work involved and its complexity means that further work is required before asking the General Assembly to take what will be a generational decision in terms of its effect. Whatever course of action is taken will of necessity involve an element of risk – there is no risk-free option and there is no cost-free option either.

3.5.2 The Council is working in close partnership with the General Trustees, whose expertise is essential to identifying the correct recommendation and to carrying through the outcome successfully. Over the past year, some external professional advice has been sought in relation particularly to the development of concept designs and the overall business

plan. The Council has been careful to exercise good stewardship in relation to seeking such advice only where it cannot be provided internally.

3.5.3 Given the condition of the National Offices, Option 1 is the minimum which needs to be done. This will cost over £3 million without any return. While this does not meet key criteria set by the Council (in terms of flexibility and sustainability), it remains the minimum backstop. The need to spend this amount effectively to stand still reflects a reactive policy over decades in relation to the upkeep and development of the buildings. Option 1 does not represent an investment in the future: it provides only a short-term stopgap.

3.5.4 Option 2 would represent a considerable investment, which is still being quantified. This would cover the reactive work which needs to be done (under Option 1), but at the same time aim to open up a different approach to the long-term future of the National Offices. The Business Plan under development would, however, need to point to the potential to achieve the goal of sustainability in returns over at least a 20-year period. Option 2 allows the greatest flexibility among the options in terms of the ability to shrink the amount of square footage necessary to accommodate staff (increasing the letting space available) or, in the event that more space is needed, allowing for that possibility in the future too. It remains, however, to establish its viability.

3.5.5 Option 3 could make the cultural change in terms of working patterns a possibility. It is, however, dependent on the right property being available and at the right time and the right price. The current condition and configuration of the George Street premises, and therefore its marketability, mean that a move to alternative premises which are capable of meeting the Church's requirements for accommodating staff and meeting space, is unlikely to be possible without significant additional financial outlay. The Council intends, however, to continue monitoring the potential for an Option 3 solution.

3.5.6 Whichever direction is finally taken, the issue of how best to fund it will be one on which the General Assembly will need reassurance. The Council has already initiated work on this and various options will be tested out. One potential option to be explored is whether some form of commercial loan might be taken on. Discussions are taking place with the General Trustees about this, not least with the recognition

that it could involve a change of policy for them (as holders of the Title for the George Street offices).

3.5.7 While the evidence gathered until now suggests Option 2 may be the best way forward, there is still considerable work to be done to clarify the detail and in particular to determine how such a project would best be financed. At this point in time, the Council is not in a position to make a firm recommendation to the General Assembly. Working together with the General Trustees, the Council has identified a programme of further work which needs to be completed with a view to bringing a clear recommendation for the way forward. There are six items, all of which relate to establishing the viability, or not, of Option 2, though some will also contribute to assessing the other options. These are as follows:

- **Culture Change and the Working Environment:** complete a consultation with staff and key stakeholders about the style and culture of collaborative working needed for the future. This will inform the final choice and detailed design of any building.
- **Detailed Design:** complete a detailed design for Option 2, building on the existing concept design, for a refurbished National Office, accommodating staff on two floors and fitting out the remainder of the building for letting out to appropriate tenants.
- **Confirming Funding:** establish the best method of funding the project and putting in place the mechanisms to activate this if the go-ahead is given.
- **Tendering:** on the basis of the detailed design, establish a tendering process to ensure the work is possible within budget and ready to get under way pending a positive decision in May 2019.
- **Statutory Permissions:** consult with the relevant authorities with regard to permissions required to undertake major refurbishment work on the buildings (eg Historic Environment Scotland; Local Authority; etc).
- **Logistics:** create a detailed plan for carrying out the refurbishment work, either through a temporary relocation of staff and business, or through a phased implementation.

3.5.8 Other connected work will be undertaken over the year, including investigating further the potential for holding

larger meetings (more than fifteen people) other than in the National Offices; preparing to dispose of 123 George Street as surplus to requirements under either Option 1 or 2; and externally validating, where appropriate, financial modelling for the options.

3.5.9 The Council anticipates bringing a further report to the General Assembly in 2019 with a recommendation for decision.

4. STEWARDSHIP AND FINANCE

4.1 Financial Position and Operating Results

4.1.1 Overview

4.1.1.1 The Council once again gives thanks for the remarkable and faithful commitment of Church members and adherents in maintaining their levels of giving, with 98.5% of requirements for 2017 paid by 31 December 2017 and the number of congregations in arrears reduced. Congregational statistics now indicate a reduction in offerings and overall ordinary income, challenging the Church as a whole to grow its giving.

4.1.1.2 Stewardship is at the heart of this and a key element of the Council's Strategic Plan. The principles and values of Stewardship have been strongly affirmed by the Council and during the course of 2018 there will be further focus on the way in which the Stewardship and Finance Department facilitates Stewardship in congregations. In the meantime, Presbyteries are once again asked to use their superintendence to ensure that congregations engage with the National Stewardship Programme and work with the consultants who have demonstrated positive results in congregations where programmes have been undertaken.

4.1.1.3 Securing increases in the Church's income must equally run alongside good stewardship of the resources which have been given to the Church by its members and adherents, donors and service users both at a local and national level. The Strategic Plan presented by the Council will begin to address this issue. There will, however, be a challenging transitional period as the agreed strategic direction begins to inform the choices to be made in using the Church's limited and reducing resources in the most effective and equitable way.

4.1.1.4 Further details of congregational finances are given at section 4.2.

4.1.2 National Church Budgets

4.1.2.1 Since 2015 the total budget requirement from congregations has been set at £46,055,000, from which allowances are given to Presbyteries of 5%. 2017 was the first year of operation of the Parish Ministries Fund on a 'ring-fenced' basis. Ring-fencing effectively underwrites the cost of providing ministry staff to congregations and although the number of Parish Ministers has continued to decline during 2017, and indeed declined against the anticipated number in the 2017 budget, this has to a large extent been offset by stipend increases awarded and other increased costs of providing and supporting ministry. This combination of factors means there is no reduction in budget requirement in 2018 for Ministry, nor is there likely to be in 2019.

4.1.2.2 In order to achieve a balanced budget without recourse to the Church's depleted Mission and Renewal Reserve Fund, it is likely that the Mission and Renewal element of the Church's budget requirement from congregations will also need to remain at least at the current level until the Council's strategy, if adopted, can be implemented. Mission and Renewal supports some of Ministries Council's other work as well as the work carried out nationally by CrossReach, World Mission, Mission and Discipleship and Church and Society. Also included are the support and services departments which support the Councils and Committees and the local church. Interim measures have been agreed by the Council of Assembly to curtail any commitment to new expenditure programmes after the end of financial year 2018 and Councils have been asked to prioritise their expenditure to meet this goal.

4.1.2.3 In the case of the Ministries Council, a development plan has been agreed which will incur additional expenditure, some from utilising existing reserves, which will ensure it is equipped to support Ministry in the future. Support services are also likely to require further resource to build resilience for the national and local church and minimise risk to the organisation. CrossReach still faces many hurdles in balancing its budget in a highly complex operating environment. The Social Care Council is unable to fund its past service deficit repair contributions for the closed Defined Benefit pension schemes and the Council of Assembly is assisting in addressing this issue.

4.1.2.4 Meeting all of these needs within a budget where income is at best static, remains very challenging, but can be achievable if all of the Church’s resources can be seen as being put towards a common goal.

4.1.3 Monitoring of Budgets

4.1.3.1 The Council, through its Finance Group, continues to monitor the financial performance of all Councils and has regular dialogue with Assembly-appointed members of Councils and Committees and with senior staff. The Council remains concerned that Councils are finding difficulty in working within approved budgets, to some extent mitigated by the use of previously difficult to use restricted funds. Funds have also been used collaboratively such as in the case of the Refugee Project, in response to a pressing need.

4.1.3.2 While the financial operating results for 2017 were significantly better than budgeted, it is important to note that this was against deficit budgets. The improved results were also not entirely due to welcome causes. The number of ministers began to decline substantially during 2017, resulting in a budget underspend by Ministries on stipend and salary costs even after the award of a pay increase. CrossReach also saw an improved result against budget, but with a major contributing factor being a further delay in the roll out of its restructured Residential Care and Education Service due to difficulties in identifying a suitable site. This is therefore a timing issue which will impact on the 2018 budget. All Councils and committees, but particularly Social Care, again faced upward wage pressures and funding issues, with difficulties in recruitment becoming an increasing theme, ultimately impacting on financial performance.

4.1.3.3 World Mission paid out additional grants from its accumulated restricted funds during the year.

4.1.3.4 The following is a summary of the operating results against budget for the five councils and the support and services departments, extracted from management accounts which are unaudited:

| Council | Budget (Deficit) £000's | Actual Surplus/ (Deficit) £000's | Variance £000's |
|--------------------------|-------------------------|----------------------------------|-----------------|
| Ministries | (1,498) | 225 | 1,723 |
| Mission and Discipleship | (86) | 1 | 87 |
| World Mission | (166) | (395) | (229) |
| Social Care* | (2,475) | (1,259) | 1,216 |
| Church and Society | (156) | (101) | 55 |
| Support and Services | (305) | (262) | 43 |
| Total | (4,686) | (1,791) | 2,895 |

**Not included in the above table of Councils' results were special grants made from the Mission and Renewal Fund in 2017 of £791,000 which reduced CrossReach's deficit to £468,000. This included £512,000 towards its past service pension deficit repair contribution.*

4.1.3.5 As well as the operating results shown above, there were gains on sales of property during the year of £3 million, unrealised gains on investment values of £8.5 million and unrealised currency losses on foreign deposits of £0.9 million, again all unaudited. The draft results do not include changes to the funding position of the pension schemes or the results of subsidiary companies.

4.1.4 Mission and Renewal Fund

The Fund continues to support the work of the Councils and Committees from annual legacy and investment income, but also historically from its limited accumulated reserves. The overall Church budget included unrestricted legacies for the fund of £1.2 million and, against all of the experience of the last five years, unrestricted legacies of only £0.4 million were received. The effect of this, combined with the support to CrossReach’s pension deficit repair payments, has been to reduce the balance of the fund to £1.7 million by the end of 2017 against a minimum required balance of £2million. The Council of Assembly is taking steps to address this including a review of funds held by Councils to allow more restricted money to be used and to claw back, where possible, budget underspends from earlier years to the Fund.

4.1.5 2018 Budget

4.1.5.1 Each year, as part of its remit, the Council brings a recommendation to the General Assembly on the total amount of the Church’s budget for the following financial year and the disposition between Local Congregational expenditure, the Parish Ministries Fund and the Mission and Renewal Fund. An indication is also given of where the Mission and Renewal element will be spent. The indicative 2018 budgets presented to the General Assembly in 2017 were revised as is usual in December of that year, reflecting more current information. The indicative and revised budgets are outlined in the table below. The Social Care Council budget includes £1.02 million of pensions past service deficit repair contributions, half of which is being met from the Mission and Renewal Fund in 2018.

4.1.5.2 The indicative and revised 2018 budgets are summarised below. Budgets exclude capital expenditure.

| Council | Indicative Budget (Deficit) £000’s | Revised Budget (Deficit) £000’s |
|--------------------------|------------------------------------|---------------------------------|
| Ministries | (632) | (1,143) |
| Mission and Discipleship | (83) | (98) |
| World Mission | (146) | (199) |
| Social Care * | (1,025) | (2,261) |
| Church and Society | (156) | (101) |
| Support and Services* | (280) | (280) |
| Total | (2,322) | (4,082) |

*Past service deficit repair contributions

4.1.5.3 In the case of the Ministries Council, the revised budget is due to the approved stipend increase which was not in the original budget and additional costs of its fixed term development programme. Against this, a re-forecast of Ministry numbers has led to a cost reduction; savings have been made by re-prioritising some other expenditure programmes. The Council also envisages that the development programme will result in longer term cost savings.

4.1.5.4 World Mission plans to utilise more of its accumulated restricted funds than were in the original budget but for 2018 only. Church and Society is also using reserves until 2019 to fund the Speak Out initiative. The reduction in its revised budget is due to alternative funding streams for the Refugee project.

4.1.5.5 The revision in the Social Care Council budget is as already outlined, due to delays in Residential Care and Education exceptional costs.

4.1.5.6 While the Council has again approved deficit budgets for 2018, it recognises that, as reserves are finite, this position is not sustainable beyond the short term. Achieving a balanced position is a key element of the Strategic Plan.

4.2 Ministries and Mission Contributions

4.2.1 We are very grateful to congregations for the vital role they play in funding Parish Ministries and the work of Councils, Committees and support departments through their Ministries and Mission Contributions. Each congregation contributes according to its income. Those with the greatest financial resources contribute most and those with the smallest financial resources contribute least. In this way the Church of Scotland is a sharing Church where each supports the other according to means, and this redistribution of contributions enables us to continue a territorial ministry throughout Scotland, an objective most recently re-affirmed by the General Assembly in 2010.

4.2.2 The Council is well aware of the pressures on the finances of local congregations. In 2016 aggregate offerings decreased by 1.5% and it is likely that there will have been a further decrease in 2017, although some other categories of congregational income, such as income from use of premises, may have increased. The Council recommended to the 2017 General Assembly that aggregate Ministries and Mission Contributions for 2018 should remain at the same level as in both 2017 and 2016 (£46,055,000). However, as the aggregate amount collected is based on actual congregational income it may be that, due to the decline in congregational income, it will not be possible to collect the total budgeted amount. The Council is aware of the need for the Church’s activities to be proportionate to the finance available not only from congregations but also from other sources. The budgeted amount to be collected enables the Council to maintain the Presbytery discretionary allowance at 5% to ensure that more money is retained for the vital work of local mission. During

2017 the Council began to evaluate the implementation of the revised Regulations to inform consideration of future resource allocations and it is pleased to note that an increasing number of Presbyteries have taken advantage of the revised Regulations for the use of this allowance which were approved by the General Assembly in 2016. This has allowed those Presbyteries to engage in increased missional activity and support, to the benefit of many congregations within those Presbyteries. Perhaps disappointingly there remains a small, but significant, number of Presbyteries which appear to allocate the allowance without regard to differing needs of congregations; given the financial restraints being faced by the Church this will be monitored in the future in order to ensure that best value is being obtained from these resources.

4.2.3 By 31 December 2017 congregations had remitted £43,300,000 in Ministries and Mission Contributions for 2017, some 98.5% of the total. Late payments for 2016 made during 2017 amounted to £266,000. The Council wishes to record its sincere thanks to all congregations making their 2017 Ministries and Mission Contributions monthly by standing order and to all congregations which met their contributions in full by 31 December 2017.

4.2.4 For a number of reasons, some congregations have not been able to make their full contribution and, while this is a small percentage of the overall total, it does ultimately reduce the amount of funding available to the Church to pay for ministry and all of the other work carried out in the Church's name. The Council encourages congregations to look at all options available to them to maintain the ministries and mission not only of their own congregations but of the Church as a whole. Presbyteries are urged to be proactive in helping congregations to realise their full potential. The Council is pleased to note that an increasing number of Presbyteries have engaged with congregations who have historic shortfalls of contributions and that this has resulted in payment of a significant proportion of the amounts outstanding often with Presbytery paying part.

4.2.5 Comparative returns for recent years are as follows:

| Year | Total to be Contributed £'000 | Total received by 31 December £'000 | % |
|------|----------------------------------|---|------|
| 2013 | 45,491 | 44,421 | 97.6 |
| 2014 | 44,802 | 43,755 | 97.7 |
| 2015 | 44,423 | 43,400 | 97.7 |
| 2016 | 44,264 | 43,700 | 98.7 |
| 2017 | 43,969 | 43,300 | 98.5 |

4.2.6 As is customary, due to the timing of printing deadlines, the proposed total Ministries and Mission Contributions and indicative budget proposals for 2019 will be presented in a Supplementary Report.

4.3 National Stewardship Programme

4.3.1 The Council commends those congregations which have meaningfully engaged with stewardship during the year, but remains concerned that a significant number of congregations seem to make little effort in this regard. Elsewhere in this Report the Council refers to the significant financial pressures which many congregations face and the adverse effect of these pressures on the congregations' ability to engage in missional activity, both locally and nationally. It is therefore disappointing that many congregations seem unwilling to tackle this through use of the resources, including the services of Stewardship Consultants, which are available. The failure of some congregations to tackle stewardship inevitably places a greater burden on those who do.

4.3.2 As referred to in the Council's report to the General Assembly of 2017, the Council decided to take advantage of the vacancy in the Head of Stewardship position to review the methods adopted by the Church in encouraging Stewardship and to try better to understand the needs of congregations. A small group was formed to undertake this review and, although final recommendations have not yet been made, it is clear that current practices are largely effective and that congregations utilising our Stewardship Consultants derive clear benefits. However, these practices need to be reviewed

and updated to ensure that they properly reflect the current circumstances and priorities of the Church and in particular the needs of local congregations. During the last year, the Stewardship section of the Church's website has been refreshed, both in content and design, and it is anticipated that online resources for the use of congregations will be further expanded in the future. Contact has also been made during the year with the Church of England's Stewardship staff, who have been very supportive in sharing ideas and resources. It is hoped to develop the link with them further in the coming year.

4.3.3 GRANTfinder is a web-based support offered by Stewardship Consultants to congregations considering a capital fundraising project. Consultants are able to carry out an extensive search of potential donors, trusts and grant award bodies which may be willing to provide financial support for projects in which churches are engaged. Examples of these may be fabric repair, mission, income generation and community outreach. The Council reminds congregations of the benefits to be gained by the utilisation of this valuable resource.

4.3.4 The Gift Aid Small Donations Scheme (GASDS) has been available to all congregations since 6 April 2013. Churches are able to claim payment of an amount equivalent to gift aid for cash donations of £20 or less (subject to an overall limit per charity) without the need for the donor to complete any paperwork (such as the Gift Aid declaration). The claim is made alongside the usual Gift Aid repayment claim. The maximum annual donation amount on which tax can be reclaimed through the GASDS is now £8,000. This means that congregations are able to claim Gift Aid style top-up payments of up to £2,000 a year. While it is clear that the vast majority of congregations are taking advantage of this scheme the Council reminds all congregations of the availability of this source of additional income.

4.4 Investments and Reserves

4.4.1 The Church's Councils and Committees invest in the Church of Scotland Investors Trust. The Trust has an ethical investment policy and is a member of the Church Investors Group (CIG), an ecumenical grouping of Churches and other charitable investors which lobbies companies and investment managers to encourage them to pursue more ethical policies. While the ethical policy of the Investors Trust has been informed over the years by the General Assembly, the Council recognised the need to state explicitly its Investment Policy.

During the year, therefore, the Council developed a policy which was approved in late 2017 and will be effective from 2018. The Church and Society Council is also reporting this year on its conversations with the Investors Trust in relation to fossil fuels, seeking to maintain an overall positive investment policy. The Council of Assembly's Investment Policy reflects the existing ethical and other investment policy decisions of the General Assembly, but places them in the context of the Council's own responsibilities. This is an ongoing area of development for the Council of Assembly. The Investment Policy can be found at http://www.churchofscotland.org.uk/council_of_assembly.

4.4.2 The value of investments held by Councils and Committees once again increased as at the year-end date, with the Growth Fund unit price increasing by 7.4% and the Income Fund by 4.6%. The Growth Fund is invested predominantly in listed company shares (equities). The Income Fund is invested in a variety of pooled funds, which invest in bonds and equities. The distribution level from both funds was maintained during the year allowing Councils and Committees to meet their budgeted investment income which is a vital component in the funding of their work.

4.4.3 Councils and some Committees collectively hold significant reserves and during a period of increasing financial constraints, this has undoubtedly been of significant benefit in enabling the maintenance of the Church's work in the short term. During 2017 the Council made progress on a detailed review of the purposes of funds held by Councils and this will continue during 2018. Councils are already aware that priority should be given to the use of funds held for restricted purposes and the review will enable them to identify further reserves which can be used for their core work. This will also result in more transparency over the level of Councils' reserves in order to ensure that they are maintained at appropriate levels in relation to the volatility, and the types and patterns of expenditure necessary to carry out Councils' remits.

4.5 Legacies

Some of the funding for the work of Councils, Committees and Agencies of the General Assembly comes from gifts in the wills of members and supporters of the Church. In 2017 these gifts amounted to £1.4 million (2016 - £3.8 million). These legacies, in addition to the estimated £5 to 6 million in legacies bequeathed for the work of individual congregations, are a vital part of the funding of the work of the Church and

are very much appreciated. The Church is looking at ways in which it might encourage giving through legacies while being sensitive to the issues around this area.

4.6 Pensions

4.6.1 Defined Benefit Schemes

4.6.1.1 As noted in last year's Report, the results of the 2015 triennial valuation had just been concluded in relation to all of the now closed Defined Benefit schemes. The scheme for Ministers and Overseas Missionaries being in surplus, additional contributions from the Ministries Council were able to cease. Repair contributions are continuing towards the deficits on the scheme for Ministries Development Staff (MDS) and the scheme for Central Services Committee staff.

4.6.1.2 The results of the CrossReach schemes valuation was concluded after last year's Report was written. These schemes show a much more significant deficit and a schedule of contributions to recover this deficit was agreed with the Pension Trustees in 2017.

4.6.1.3 The Church and the Pension Trustees, through the auspices of a Working Group established by the Council, are currently in discussions around the strategic options that now exist for these closed schemes.

4.6.2 Defined Contribution Scheme

4.6.2.1 Since 2014, the Church of Scotland has been managing its pension plans through Defined Contribution arrangements currently operated by Legal & General. The Group Personal Pension Plan Governance Group continues to meet twice a year in order to be assured that the relevant contract arrangements are working and standards of service remain high. Legal & General has recently launched a revised microsite for members of the Church schemes.

4.7 Property Disposals

Councils were active in reviewing their operational and residential property holdings and continued to dispose of properties which were surplus to requirements where it was prudent to do so.

4.8 Housing and Loan Fund Contributions

4.8.1 Agreement has been reached between the Ministries Council, the Housing and Loan Fund and the Council of Assembly to suspend Congregational Contributions to the Fund for 2018 to 2021, with a view to reinstating the

Contributions in 2022 if required. A review of the Fund's position and the anticipated demand for assistance will be carried out during the first quarter of 2020. This decision has been taken in the light of the Housing and Loan Fund's currently healthy monetary position, and the considerable financial challenges facing other parts of the Church.

4.8.2 Additionally, to assist in assessing future demand, the Housing and Loan Fund will collaborate with the Ministries Council to carry out research relating to the projected retirement plans of Ministers.

5. WORKING WITH REFUGEES

5.1 In 2015, the Council of Assembly agreed to establish a refugee project to work with other Councils and Committees to develop a coordinated response by the Church of Scotland to the issues affecting refugees and asylum seekers.

5.2 It has been possible for the Church to help lead an ecumenical and multi-faith approach to deliver this project, which has a public profile of Scottish Faiths Action for Refugees (www.sfar.org.uk).

5.3 The project works across several of the Church's Councils and Committees and for practical reasons of staffing and regular oversight, the project is hosted by the Church and Society Council. An update on the work of the project can be found in Section 9.6 of the Report of the Church and Society Council.

5.4 The core costs of the project have been committed to by contributions from the budgets of the main Councils of the Church of Scotland. Additional funds are granted from the other partners as they are able to contribute. Donations from individuals, congregations and other groups as well as grants awarded have also helped to finance the project. The project's timeline is due to run until the end of May 2020, but all partners have committed to conversations about possible future developments from the beginning of 2019.

5.5 At the General Assembly of the Churches' Commission for Migrants in Europe (CCME; www.ccme.be) in June 2017, the application of the Church of Scotland to join was approved. At this meeting the Church of Scotland representative, David Bradwell, was elected on to the CCME Executive Committee. The Church of Scotland has also been

an active member of Churches Together in Britain and Ireland's Churches' Refugee Network.

5.6 The personal interest and attention shown by the Moderator, the Rt Rev Dr Derek Browning, in concern for the welfare of migrants and refugees has been greatly appreciated. In November he hosted a 'Table for Refugees and Modern Day Slavery' at the Moderator's flat in Edinburgh. This took the form of a meal and extended conversation with people involved in the issues, including those with personal experience of the UK asylum system, parish ministers who work alongside refugees, an expert from the World Council of Churches and philanthropists and campaigners who are working to end human trafficking. The connections, relationships and conversations which took place at this event will bear fruit for a long time to come.

6. INTERFAITH WORK

6.1 In 2017, the report concerning interfaith relations in the Church focused on developing an overall strategy to establish how we might better engage with a variety of faiths in Scotland. Following on the acceptance of the strategy, the Interfaith Programme Officer has continued to deliver on the key priorities and goals identified in the 2017 Report.

6.2 The first priority was engagement with the training and continued professional development of ministers. At the probationers' conference in January 2017, a session explored the theological issues behind Christian antisemitism. In April, a conference took place entitled *Honest Conversations* to explore some of the debates, motivations and sticking points in Christianity's approach to dialogue with members of other faiths. Another *Honest Conversations* conference is scheduled for November 2018 in Dundee and this will focus on the issue of evangelism and dialogue and will look at parallel missionary attitudes in Islam. The speakers invited will be actively engaged in mission work so that participants can gain insight and have discussion around respectful practice.

6.3 Another key project area set out in the strategic overview focused on different ways that we might learn from our international partners who are engaged in interfaith work. This was taken forward in partnership with the World Mission Council and attracted collaboration and funding from Interfaith Scotland, Al-Maktoum College in Dundee and the Alwaleed Centre in Edinburgh. The final scope of the project focused on the needs and interests of young Muslims and

Christians in Scotland, with the hope that they could learn from the work of the Programme for Christian Muslim Relations in Africa (PROCMURA). This is one of the Church's oldest partners in Africa and an organisation which has been pioneering interfaith relations since the 1950s. PROCMURA helped facilitate a visit to Rwanda where it has an established and growing set of projects. There, the group of young Scottish Christians and Muslims learned about faith based reconciliation after the genocide. They also teamed up with young Rwandan Muslims and Christians for a workshop and trip to Lake Kivu. The World Mission Council's report on its partners' work in building links across faith traditions offers some further insights from the visit.

6.4 A small group of representatives of the Church of Scotland has begun a process of dialogue with friends from the Scottish Jewish community. Around fifteen people have been meeting regularly since September 2017 to explore our history, culture, self-understanding and ways of working. This aims both to celebrate the things we hold in common and to explore, through listening and discussing, those things which have caused us disagreement and pain. Above all, the group seeks to build relationships of trust and understanding and to offer support to one another. An example of this would be the support which Church representatives are seeking to offer in the face of the increased reporting of anti-Semitic incidents in Scotland. Meetings are planned for the coming months with an interesting and challenging programme of presentations and discussion.

6.5 The next set of projects will involve working more closely with congregations and presbyteries in order to develop new ways that interfaith engagement might be relevant at a local community level. Some possible ways forward might be: holding workshops on tackling hate speech for the church's youth workers; holding an interfaith workshop at the eldership conference in April; creating an ecumenical study guide for Lent and short congregational courses. At the heart of our overall objective in this area is to see interfaith relations as an opportunity for the church to widen its impact in different ways in local communities, to deepen understanding across cultures and to look to collaborate with others wherever appropriate.

7. GAELIC IN THE CHURCH

7.1 The Gaelic Group of the Council has been working under the leadership of the Very Rev Dr Angus Morrison to

help promote and develop the use of the Gaelic language in the Church of Scotland. The membership includes the Principals of both the Highland Theological College and Sabhal Mòr Ostaig (the Gaelic College in Skye), along with a serving Gaelic-speaking minister and an Elder who is a native speaker.

7.2 The Gaelic Group has made significant progress this year in the development of a Gaelic Language Plan. The Group took advice from a member of staff from Bòrd na Gàidhlig who gave guidance on taking this project further. Following much consideration, Steven MacIver was appointed on a temporary basis to take on a three-month post to help develop the plan for the Church. An audit of Gaelic Ministry was carried out in January in order to gather further information and a better understanding of the use of Gaelic in the Church. It is hoped that the draft plan will be presented in the Supplementary Report of the Council of Assembly.

7.3 The remit of the Group has been updated and can be found in Appendix 2.

7.4 Members of the Group have been exploring the opportunity to produce *The God Question* in Gaelic as an ecumenical project. An analysis of this has been completed and the Group will now seek funding to enable this to happen.

7.5 It was reported last year that after 37 years of service to Na Duilleagan Gàidhlig, the Rev Dr Roderick MacLeod would be handing over the role of editor. In the interim, it was agreed that an Editorial Team would take on the task of editing the publication. Over the past year, this team has produced a number of issues which has included highlights of Na Duilleagan Gàidhlig over the years.

7.6 In order to produce new resources and materials, as well as activities, the Gaelic Group is exploring a number of different opportunities to receive funding for this work, both internal and external to the Church.

7.7 The Council would wish to thank the Very Rev Dr Angus Morrison for his contribution to the work of the Gaelic Group. His commitment has resulted in a significant step forward in the support of Gaelic Ministry across the Church including the development of a Gaelic Language Plan. His leadership has left a solid foundation for the work of the Group to continue.

8. CHARITABLE GOVERNANCE

8.1 Risk Management

8.1.1 Risk management is an essential component of governance in the effective running of modern charities, of which the Church of Scotland is one of the largest in the country. It consists primarily of identifying what the major risks to governance of the charity are and putting in place measures to mitigate those risks. At times more an art than a science, the task of identifying and dealing with risk helps an organisation to think through the challenges facing it and to prepare to handle them as and when they become a reality.

8.1.2 In 2016, the Council of Assembly completed a full-scale review of risk management processes to ensure that they were delivering a capable, efficient and cost-effective management of risk. With the assistance of an external consultant, staff completed a full gap analysis, drafted a new risk management policy, completed a risk matrix, reviewed the governance and risk management structures and delivered risk management workshops to key decision-makers. These were scrutinised and adopted by the Council and a Risk and Resilience Group was established to coordinate an effective and consistent approach to ongoing risk management.

8.1.3 The Council continues to implement a regular process of risk mitigation through its Risk and Resilience Group. Through these measures, the Council is continuing its work to embed a thorough process of risk management into the day-to-day working of the national administrative function. The Council of Assembly, Audit Committee and Risk and Resilience Group oversee the management of risk, ensuring the process is both effective and efficient.

8.2 Business Continuity

8.2.1 Business continuity arrangements remain in place for the Unincorporated Councils and Committees of the Church, as reported in 2017. This provides a clear plan for the evacuation of the National Offices, while continuing to provide all the critical services associated with the work of Councils and support bodies housed there.

8.2.2 A Recovery Team, comprising key staff members in a variety of identified roles, is kept up to date with training to enable the enactment of such a plan should it ever prove necessary.

8.3 Audit and Compliance

8.3.1 The Council and the Audit Committee are responsible for overseeing the Internal Audit processes of the Unincorporated Councils and Committees. Assurance over the adequacy of the systems of internal control is delivered by the Internal Auditors, currently Deloitte. In addition the Council employs an Audit and Compliance Officer whose role is to test and report on the adherence to operating policies, procedures and financial controls.

8.3.2 The Church is subject to most aspects of the standard regulatory and related legal compliance requirements for charities, employment, tax, health and safety, data protection, safeguarding legislation, planning and pensions. The Church is also subject, particularly in relation to the work of CrossReach, to various social care and education inspectorates. The current system of monitoring and reporting on compliance with regulatory requirements indicates no significant issues or concerns in relation to the Church's compliance with these requirements. The Council's Supplementary Report will include a formal report on audit.

8.4 Data Protection

8.4.1 As reported in 2017, the Council last year established a Data Protection Working Group chaired by the Solicitor of the Church, in order to prepare for the implementation of the General Data Protection Regulation (GDPR) across the EU on 25 May 2018. Under the auspices of this Group, a huge amount of work has been done so as to ensure that strategies are now in place for compliance throughout the Church. This has focused on the new accountability requirement, namely the introduction of an obligation to *demonstrate compliance* with the data protection principles. This includes a duty of "privacy by design", which involves the implementation of technical and organisational measures to show that the Church has considered and integrated data protection into its processing activities.

8.4.2 All those processing personal data must therefore consider and articulate the legal basis on which that information is being handled. Reliance on explicit consent as the basis for processing will not usually be appropriate or necessary. So far as the Church is concerned, it is anticipated that the lawfulness of much of our data processing will flow from paragraphs 1 (c) and (f) of Article 6 of the GDPR. These provide that processing shall be lawful where it is necessary for compliance with a legal obligation or for the purposes of the legitimate interests of the data controller or a third party.

There is further protection in Article 9, which permits processing of certain categories of personal data (including information as to religious beliefs) relating to members, former members and those having regular contact with it, where this is done in the course of its legitimate activities with appropriate safeguards by churches (and other not-for-profit bodies) and the personal data are not disclosed to third parties without consent.

8.4.3 In the course of the year, a data audit was carried out to establish what information is held nationally by the various Councils and Committees, along with a number of other essential details such as the purpose for which the information is held; the type of information; how it is collected, accessed and disclosed; how relevant it is; what steps are taken to ensure it is kept up to date; how long it is retained; what security measures are in place; and whether it is transferred outside the UK. The results have been evaluated and action has been taken to remedy any instances of non-compliance. Contact has been made with Presbytery Clerks, who have been asked to carry out similar audits and evaluations and encourage congregations to do likewise.

8.4.4 A data retention policy to assist with the lawful retention of information has been drafted and implemented for the Church Offices and by CrossReach and a style of data retention policy suitable for use by congregations and/or Presbyteries has been made available on the Church website. A new general data protection policy, and a policy on dealing with data breaches, have also been drafted and implemented in the Church Offices and by CrossReach and suitable congregational/Presbytery styles are on the website. Other resources prepared by the Law Department and available via the Church website include a set of FAQs, a risk assessment form, general information storage advice, privacy notices, a data protection privacy impact assessment template and access to a new webinar covering the essentials of data protection for congregations http://www.churchofscotland.org.uk/data_protection.

8.4.5 Data protection training for staff employed by the Central Services Committee is available via the Learning & Development online platform and all staff have been instructed to undertake that training on a mandatory basis. Follow-up training has been arranged, conducted by solicitors from the Law Department, in order to provide specific commentary on the GDPR and to answer specific questions which staff may have related to their roles and the data they

process. The Law Department has also provided training for MDS staff; for ministers in their first five years' of ministry; for congregations, for Presbytery Clerks and for elders.

8.4.6 Where personal information will be handled by any third party under a contract then the GDPR requires that the contract must have certain minimum provisions relating to data security, processing, responding to data subject requests and making available information to demonstrate compliance. Congregations should therefore consider whether they have any such contracts in place and, if so, be in touch with the Law Department who will take steps to ensure that any necessary adjustments to the contract are made.

8.4.7 So far as ongoing compliance with existing data protection legislation is concerned, the Solicitor of the Church in her capacity as Data Protection Controller for the Unincorporated Councils and Committees and on behalf of Presbyteries had contact with the Information Commissioner's Office on four occasions in the course of the year to report or respond to potential breaches of the Data Protection Act. On each occasion the ICO determined that enforcement action was not required.

8.5 Charity Legislation and Attestation of Accounts

8.5.1 The Governance Group of the Council is charged with exercising the supervisory function required by the Church's Designated Religious Charity (DRC) status. This includes the approval of Presbytery accounts and the supervision of Presbyteries in regard to their general oversight of charity law compliance by congregations. Presbytery supervision includes the scrutiny of congregational accounts, as required in terms of the Regulations for Presbytery Finance (Regulations 3, 2016) and those for Congregational Finance (Regulations 2, 2016). The Church's status as a DRC could be compromised should a Presbytery be shown to have failed to exercise adequate supervisory and disciplinary functions with regard to any of the congregations within its bounds. In turn, a failure of any of its component elements to comply with charity law could have serious consequences including – in a severe case – a possible loss of charitable status and with that a significant loss of various tax reliefs. The Governance Group therefore takes this role seriously and has again spent time over the last twelve months seeking to ensure that Councils, Committees, Presbyteries and congregations all comply with relevant legislation.

8.5.2 *Attestation of Presbytery Accounts:* After the Accounts have been approved by Presbyteries at the end of each financial year, they require to be submitted for attestation to the Stewardship and Finance Department, which then has to report to the General Assembly through the Council of Assembly. This fulfils the supervisory function required by the Church's DRC status, which is incorporated in Regulations 3, 2016, Section D. The Department has attested the 2016 accounts of 44 Presbyteries.

8.5.3 *Presbytery Attestation of Congregational Accounts:* Presbyteries are required to attest the Accounts of congregations within their bounds and to report to the Stewardship and Finance Department that they have completed this attestation, with details of their findings. This fulfils the supervisory function required by the Church's DRC status, which is incorporated in Regulations 2, 2016, Section D. Reports from forty-two Presbyteries on the inspection of Congregational Accounts for 2016, and the analysis undertaken within the Stewardship and Finance Department, indicated that the vast majority were found to be compliant with the Regulations for Congregational Finance. The Council is grateful to those many congregational treasurers and other office-bearers who work hard to ensure that the Church's financial affairs are so well-ordered. The Council of Assembly is expected by OSCR to ensure that all accounts are duly submitted and are compliant and the Council continues to work actively with Presbyteries and congregations to achieve this end. At the time of completing this Report the Department had not received reports on the Attestation of 2016 Accounts from two Presbyteries.

9. OPERATIONAL MATTERS

9.1 Central Services Committee

9.1.1 The Central Services Committee (CSC) has now completed two years in its new shape as a sub-committee of the Council of Assembly. Its purpose is to oversee the delivery of central services to departments within the Church Offices, to Councils and Committees of the General Assembly and, where appropriate, to the statutory corporations, Presbyteries and congregations of the Church. This includes estates management, IT services, HR, legal and financial services. The Convener and Vice-Convener are members of the Council of Assembly.

9.1.2 The Committee oversees all aspects of staff appointments and staff terms and conditions of service. It

receives reports and offers advice on matters of management, resourcing, organisation, governance and administration. It is also responsible for negotiating with the Employee Council Committee and bringing forward to the Council recommendations in respect of staff remuneration. The Committee monitors staffing levels on behalf of the Council and has replaced the former Staffing Group in its scrutiny of requests for new and replacement staff.

9.2 IT Strategy

9.2.1 Following two recent reviews of the IT Infrastructure relating to administrative functions of the national Church, an IT strategy is being developed to enable the commissioning of work to upgrade our current systems. Given the fast-moving development of modern technology, it is clear that the Church will need to invest further in its IT capabilities in order to enable efficient and effective working. To enable this work the Council of Assembly has created a small ICT Working Group drawing on the knowledge and experience of industry professionals.

9.2.2 Part of the consideration of the Working Group will be the kind of infrastructure which may be necessary for the future in the light of the outcome of plans for National Offices. The Council has noted that the current cabling arrangements in the George Street offices have reached absolute capacity and this requires addressed in any plan for the future.

9.3 Communications

9.3.1 During 2017, the Communications Team continued proactively to source and produce a high volume of news stories for distribution to the media, including use across the Church's website and social media channels. More than 8,000 stories about the work of people within and beyond the church were published across the broadcast, print and online news media with the vast majority positive in tone.

9.3.2 Media coverage of the 2017 General Assembly exceeded that of 2016, with 57 stories focused on the Church's response to a range of issues including the Manchester bombing, the resurgence of Pilgrimage, the denial of visas to overseas guests and the discussion on same sex marriage.

9.3.3 The Communications Team has also been working closely with the General Trustees to offer proactive advice and guidance for Presbyteries and congregations dealing with

building issues of all kinds. The Design Team helped produce a Health and Safety Toolkit for churches and the Web Team has made the toolkit available online http://www.churhofscotland.org.uk/health_and_safety_toolkit.

9.3.4 Rob Flett, who was leading the department in the wake of Seonag Mackinnon's departure, left the Church in June 2017 to take up a new post. In September, Ruth MacLeod took up an 18-month post as Interim Head of Communications. Following a competitive recruitment process, Helen Silvis who had been acting up in the role, was appointed as Communications Manager.

9.3.5 Despite staff shortages, changes and an increase in demand for communications support, the department has continued to make progress on several fronts. The Church of Scotland website is now visited by 594,000 unique users and gets 3.5 million page views every year – a year-on-year increase of 21%. The Church has more than 22,000 Facebook likes – a fourfold increase over the past two years. In addition, the Church's monthly e-newsletter has more than 7,000 subscribers and achieves an exceptional open rate of 50% on average, as against a 25% average across the not-for-profit sector.

9.3.6 The Design Team has contributed creatively and overseen production for a number of initiatives including: the Strategic Plan booklet; Together we Pray; the Year of Young People; Ascend; the Learning Disability Action Pack; the Guild's next three year theme guides; and new Learn publications. The Design Team is also working to promote the Church as a visually coordinated organisation, maximising its influence and relevance on a national stage. The team has developed visual identity guidelines and a set of design templates to ensure more consistent messages for our audiences and a more efficient workflow within the National Church offices.

9.3.7 The Web Team is currently undertaking a content audit, with the aim of reorganising and improving the website. The first part of the audit included an online poll that captured the views of 2,000 website users. Eight out of ten respondents said they liked the look and feel of the website and eight out of ten said information is easy to find. The Web Team is working with the Mission and Discipleship Council to create specific online resources for worship development, the Year of Young People and other projects.

9.4 HR Payroll Systems

9.4.1 Following a detailed procurement exercise, the Church is in the process of installing a new integrated HR and Payroll system which will be used to process the remuneration of all Office Holders, Staff and Pensioners from mid-2018 onwards. The system will ensure that the Church is compliant with all relevant data protection standards and will enable areas of functionality which are not currently possible with the existing legacy systems.

9.4.2 As part of this process, the Church will be moving to on-line payslips being available for staff within the George Street Offices, and is in discussions with the Pension Trustees regarding a revised means of informing Pensioners of their income. The system also has the potential to allow Parish Ministers to access their payslips via a web based application. This will not only be a significant cost saving through the reduction in postal costs, but will also offer greater protection in relation to data protection issues.

9.4.3 One change that some Pensioners will notice is that, if they are also undertaking any additional paid work (such as locum work), they will be receiving two separate payments, rather than just the one. Those to whom this applies will receive notification and accompanying explanation.

9.5 Senior Management Team

9.5.1 The Senior Management Team exists to manage the staff of the Central Services Committee and CrossReach, to support the co-ordinating and decision-making work of the Council of Assembly and to ensure the efficient implementation of the decisions of it and the General Assembly. Its members all have individual duties towards their own Councils and Committees. For reference, the Council of Assembly's Report to the General Assembly in 2017 contained a list of the main duties of the SMT.

9.5.2 In the course of the year, in addition to its regular agenda items, the SMT undertook the following tasks:

- shared problems and offered cross-Council assistance as appropriate;
- supported the National Offices Buildings Project through a workplace advisor programme and the concept design;
- completed a Storage Audit across the National Office to ensure that storage across the building is cleared as required;

- established a procurement working group and developed a draft policy;
- reviewed and updated policies, including data retention;
- received presentations and updates on various corporate projects;
- developed a training programme to support the learning and development of staff;
- organised an all-staff consultation as part of the wider development of the draft Strategic Plan.

9.5.3 The Council continues to appreciate the work of the Senior Management Team and benefits from the formal and coordinated approach to the management of the work of the staff in the Church Offices and Charis House. The existence of a clear senior management structure ensures that the decisions of the Assembly, and of its Councils and Committees, can be implemented effectively in partnership with Presbyteries and the local church.

9.6 Learning and Development

9.6.1 Over the past year, the HR team has worked with the SMT in looking closely at how we develop the skills of our staff to ensure that we have the right people, with the right skills, working in support of the Church's aims. The HR team has significantly amended the learning and development programme to make best use of a limited budget through embracing the effective use of modern technology.

9.6.2 In October 2017, the HR team launched a new e-learning platform. This platform provides finger-tip access to a wide variety of courses and learning materials. Staff have the opportunity to complete online training packages by way of videos, online resources and *Test your Knowledge* quizzes. The system is fully customised to the Church of Scotland, incorporating CSC policies and procedures and is also now being used to advertise our Training Calendar for face to face courses. There is an efficient online booking system for staff to sign up to relevant learning events and the platform records progress and attendance, ensuring individual records of achievement are kept up to date.

9.6.3 The feedback has been overwhelmingly positive and we are now keen to look for ways that we could develop the platform further and allow access, as may be appropriate, for more users across the Church.

9.7 Staffing

There have been a number of appointments to the Senior Management Team in the last twelve months. Ruth MacLeod joined us in August 2017 as our new Head of Communications. In the same month, Catherine Skinner, formerly Depute Secretary of the Ministries Council, was appointed to the new role of Head of Organisational Programmes. For an organisation in the midst of significant change, this appointment is intended to bring a coherent and systematic approach to the scoping, implementation and delivery of the key projects and programmes which will facilitate the outcomes anticipated, for example, in the draft Strategic Plan. We also welcomed Elaine McCloghry to the role of Head of Human Resources.

10. GENDER JUSTICE

10.1 The Council of Assembly was asked to support the establishment of a five year Gender Justice Initiative seeking to build on the prior investment in a fixed-term Violence against Women Development Worker post. This initiative will work across the Church of Scotland's Councils and Committees as well as with our ecumenical, interfaith and civil society partners.

10.2 The Violence against Women Development Officer post was the first of its kind for any denomination in Scotland. It allowed the work identified by the VAW Working Group and reported to the General Assembly to be taken forward in three main areas: [1] through the development and implementation of a new violence against women strategy; [2] by representing and promoting the work of the Church in this area externally; and [3] in supporting the internal work of Councils and departments within the Church.

10.3 An extensive consultation process with the Councils of the Church and key stakeholders in gender justice work was carried out. The VAW Development Officer post came to an end on 30 June 2017, leaving a need to consider how the Church of Scotland could best fulfil its ongoing commitment to gender justice.

10.4 All of the work undertaken by the VAW Task Group and the Development Officer has been based on the recognition that violence against women is both a cause and a consequence of gender injustice. While the strong commitment from the Church of Scotland to tackling and eradicating violence against women must remain, there is a

recognition that there is also a need to refocus our efforts to fight the root cause of discrimination, harm and inequality (gender injustice) as well as on the symptoms (including but not limited to violence against women).

10.5 The consultation process identified four provisional areas of work to be carried through:

- Training and supporting those in the recognised ministries of the Church;
- Equipping and enabling congregations to tackle bad practice and promote best practice from across the Church of Scotland, the world Church and in civil society in communities;
- Policy engagement (within the Church, in wider Scottish Society and internationally); and
- Campaigning to overcome violence against women and to promote gender justice.

10.6 Further thought was given to what gender justice work might look like across the Councils and Committees of the Church of Scotland and the level of support for a broadening focus to encompass gender justice as well as the existing work on violence against women.

10.7 The Council agreed to appoint a Gender Justice Officer with the understanding that the initiative would support and resource all of the Councils and Committees of the Church. The funding was, therefore, drawn from the budgets of Councils and Committees, though the Officer will be managed within the Church and Society department. The recruitment process is getting under way as this Report goes to print. The core duties of the Officer, which can be found in Appendix 3, offer a picture of the work which will be undertaken.

11. MEMBERSHIP OF COUNCILS AND COMMITTEES

11.1 Proposed Changes to Membership of Councils

11.1.1 The Council of Assembly is responsible for bringing forward to the General Assembly any adjustments to membership and remits of Councils and Committees. This year we seek approval for the following two changes, having considered the case for each and been satisfied that the proposals are justified and appropriate:

11.1.2 Ministries Council

Standing Orders provide for a Convener, four Vice-Conveners and 38 members appointed by the General Assembly to the Ministries Council in addition to members appointed from other bodies. In light of the anticipated workload of that Council over the next period, an additional four members are sought for a limited period of two years.

11.1.3 Social Care Council

Standing Orders provide for a Convener, two Vice-Conveners and 28 members appointed by the General Assembly to the Social Care Council. In light of that Council's recent review of its operational practices and procedures and the recommendations coming out of that work, a reduction in the numbers to a Convener, two Vice-Conveners and 22 members is now sought.

11.2 Nomination Process to Legal Bodies

11.2.1 The Council was instructed by the 2017 General Assembly, under the report of the Nominations Committee, to facilitate conversations among the Nomination Committee, the Legal Questions Committee and senior officers of the Church to recommend whether a better alternative method may be put in place for the nomination of persons to serve on bodies dealing with specific legal matters.

11.2.2 This motion was brought forward with the agreement of all parties, in acknowledgement that the standard nomination process was not working well in relation to some of the bodies concerned. Each year quite a number of appointments need to be made to 'legal bodies' which undertake investigatory, disciplinary and judicial functions on behalf of the Church. In practice relatively few nominations have been submitted from the wider Church in recent years and it has been necessary for the Legal Questions Committee to seek additional names.

11.2.3 The legal bodies concerned often require people with particular expertise and gifts, not least a high level of procedural competence and good knowledge of Church and Civil Law. As and when nominations have come from the wider Church, it has not always been easy for the Nominations Committee to assess the suitability of individuals for the relevant roles, so the experience of the Legal Questions Committee is important in reaching decisions about appointments. The bodies concerned are the following:

- Appeals Committee of the Commission of Assembly;
- Judicial Commission;
- Judicial Proceedings Panel;
- Ministries Appeal Panel; and
- Presbyterial Commission.

Should a new Discipline Act ultimately be put in place following consideration of the Discipline Overture at this year's Assembly, its approval by Presbyteries and further approval by the Assembly, the Presbyterial Commission would be replaced by a Discipline Tribunal, whose membership would also be appointed in the same way. Details of the remit of each of the existing bodies mentioned above and of the kind of experience and qualification sought in those being put forward for appointment can be found at http://www.churchofscotland.org.uk/nomination_committee.

11.2.4 The Nomination Committee took up consideration of this matter at its meeting in January 2018, having received an outline proposal from the Legal Questions Committee (LQC). It agreed to propose that from June 2018 onwards, the LQC would be asked to draw up a list of people whom it considers suitably qualified to serve on each of the bodies involved. In parallel with other Nomination Committee processes, the LQC would keep a note of all the names it had considered, including those names which it had decided not to put forward. The process of drawing up such a list would take place between September and November each year, the same period throughout which people are being nominated to other bodies in the Church. If any forms are submitted through the wider nomination process from Presbyteries, Ministers or individuals, these would be passed directly to the Convener of LQC for consideration as to suitability. At the beginning of December, when the LQC has settled on the names it wishes to present for each body, a meeting would take place between the Convener, Vice-Convener and Secretary of the Nomination Committee and the Convener of LQC, the Principal Clerk and the Solicitor in order to consider the lists assembled. This would allow the Nomination Committee to maintain its independent role of scrutiny, while at the same time drawing on the expertise of the LQC in presenting names to the General Assembly for appointment in May.

11.2.5 The Nomination Committee would receive from its Convener and Vice-Convener at its January meeting the list of

names agreed by parties at the December meeting with representatives of the LQC. The Committee would then approve the list, subject to discussion, confident that it came to the Committee with the degree of independent scrutiny required. For the avoidance of doubt, the Nomination Committee would not receive any names other than those actually being put forward for nomination. The names would then be passed to the General Assembly in the normal fashion for appointment.

11.2.6 Nominations to the Legal Questions Committee shall continue to be handled through the regular process of nomination for all other bodies in the Church.

11.3 Membership of the Council of Assembly

11.3.1 The Council reports that Dr J Kenneth Macaldowie, a member of the General Trustees, and Barbara Finlayson, a member of the Legal Questions Committee, serve on the Governance Group as co-opted members.

11.3.2 The immediate past Moderator of the General Assembly serves as a non-voting member of the Council for one year. The Council is grateful to the Very Rev Dr Russell Barr for his contribution to its work over the past year.

In the name of the Council

SALLY BONNAR, *Convener*
CATHERINE COULL, *Vice-Convener*
MARTIN SCOTT, *Secretary*

Addendum

VICE-CONVENER OF THE COUNCIL

This General Assembly marks the end of Catherine Coull's term as Vice-Convener of the Council of Assembly. Catherine joined the Council in 2011 and took up the Vice-Convener'ship in 2015. Since 2012 she has convened the Council's Governance Group where her professional background as an in-house lawyer in a Local Council environment has been of particular benefit. Her many gifts and talents are also being used within the Church locally. She is an Office Bearer at Dundee: Chalmers-Ardler and has been leading evening worship services there during a period of vacancy. In addition to this, she is currently serving as Interim Moderator in Dundee: Lochee. Catherine's passion for prayer was the spark which ignited the Council's focus on prayer during the 2017-18 session and she took a lead role in overseeing the 'Together We Pray' project. Her opening devotions at meetings have been uplifting with her love of the Psalms often coming to the fore. We will miss her wisdom and her calm, thoughtful approach to the Council's business – in particular in relation to sensitive and challenging governance matters – but, more than that, we will miss her gentle nudges to lift our eyes to the One who calls and leads us. We wish Catherine well as she continues to find opportunities for service within the Church, and we thank her most sincerely for her contribution to the Council.

In the name of the Council

SALLY BONNAR, *Convener*
MARTIN SCOTT, *Secretary*

Appendix 1

STRATEGIC PLAN GOALS TIMELINE

| | |
|---------|---|
| By 2020 | <ul style="list-style-type: none"> • Ensure that <i>all</i> congregations have regular opportunities for nurture, prayer and bible study; people will demonstrate deepening spirituality and a desire to learn and share more about faith. • High quality resources for study and learning will be made available and used to support growth and service for all ages. • The Council of Assembly, in cooperation with Presbyteries and other Councils, will develop criteria to enable identification of appropriate places for new and emerging congregations, for growing congregations, for places where the goal is ongoing sustainability and where congregations have no long term future. • The General Trustees and Council of Assembly will have in place an integrated strategy for the appropriate development and disposal of buildings, leading to the optimum number of sustainable, better-equipped and affordable places for future mission. • Significant steps will have been taken towards the regional structures of the Church being more effectively resourced to enable key support to congregations and strong links to national structures. |
| By 2021 | <ul style="list-style-type: none"> • An integrated training programme, with flexible access, which covers all aspects of lay and ordained ministerial education and training will be in place, providing excellent preparation and ongoing support for developing ministry teams. • The national offices will be fit for purpose and sustainable, either in a renovated George Street building or in alternative premises. • The Church will achieve and maintain a balanced annual budget which fully supports its priorities. • Governance structures will be streamlined to enable effective implementation while maintaining compliance with charity regulations. • A national Workforce Plan will have been drawn up and implemented ensuring appropriate levels of staffing to meet the strategic priorities of the Church. |
| By 2022 | <ul style="list-style-type: none"> • There will be evidence of increased, positive congregational involvement in local community issues, particularly in relation to justice, the alleviation of poverty and social inclusion. |
| By 2023 | <ul style="list-style-type: none"> • All congregations will have completed a Local Church Review process, producing a mission plan for their Parish. • Strong links will be established with ecumenical and global partners, sharing good practice in nurturing discipleship and missional engagement. • Congregations will develop a clear focus on becoming sustainable and growth-orientated with targets appropriate to context, including the presence of multiple generations of people. • There will be evidence of improved wellbeing and resilience within the workforce that comprises the ministries of the church. • National guidelines on ways of maximising income generation will have been drawn up and implemented. • The framework of Church Law will be rationalised, ensuring clarity, accessibility and equality of application. |

| | |
|---------|---|
| By 2025 | <ul style="list-style-type: none"> • More people will take up learning opportunities which deepen faith and increase awareness of the Church in the community. • Every Presbytery will have forged links with local partners, including CrossReach services, and global partners with a view to enriching the lives of congregations within their bounds. • All congregations will have completed a full cycle of stewardship activities, with a particular focus on the purpose of Christian giving. A clear process for ongoing stewardship should be in place. |
| By 2028 | <ul style="list-style-type: none"> • There will be clear signs of congregations becoming sustainable and growth-orientated with multiple generations and backgrounds of people present. • New congregations will be planted and established reflecting the communities which they serve in terms of background, age, gender and variety, especially in new areas of opportunity. • We will ensure an appropriate level of contribution from the Church locally, nationally and internationally, to debate and activity in the public square. • Well-prepared ministry teams, drawing on experience from experimental programmes, will be in place across the country, offering excellent local leadership. • All Presbyteries will have drawn up and begun implementation of a plan for the use, development or disposal of all buildings within their bounds. |

Appendix 2

GAELIC GROUP REMIT

The Council of Assembly has a coordinating function relating to the promotion of the use of Gaelic in the Church of Scotland. It fulfils this function through the work of the Gaelic Group. The remit of the Gaelic group will be:

1. To coordinate the Church's contribution to the development and promotion of Gaelic within the Church.
2. To explore ways in which Gaelic can continue to make its distinctive contribution to the religious life of Scotland and the Church of Scotland.
3. To promote the use of Gaelic both in the context of traditional worship services and in imaginative ways that take account of the developing needs of the Gaelic-speaking and Gaelic-learning communities in Scotland.
4. To monitor and report progress among Councils in relation to Gaelic worship and ministry.

5. To maintain contact with the London Gaelic Service, supporting its efforts to ensure an ongoing provision of Gaelic medium worship.
6. To develop and implement a Gaelic Language Plan for the use of Gaelic in the Church.
7. To coordinate with Life and Work on the production and future development of Na Duilleagan Gàidhlig.

Membership:
Convener, Vice-convener and 4 members appointed by the Council of Assembly.

The Group shall report on its work to the Council of Assembly through the Secretary of the Council.

Appendix 3

GENDER JUSTICE WORKER: CORE DUTIES

The following are the key responsibilities of the Gender Justice Worker:

- To increase the capacity of the Church through training (including of those in paid ministries), resources and awareness-raising to promote gender justice. This will result in a higher level of awareness of the issues and practices which cause gender injustice and an increased capacity to address them effectively locally, regionally and nationally.
- To operate across Councils and Departments to facilitate and support gender justice within their areas of responsibility. This will result in increased specialist support for the Church's national structures, including the General Assembly, to enable best practice and advice.
- To develop and oversee partnership working supporting gender justice within the structures of the Church of Scotland and where appropriate beyond it, including connecting with victims of gender injustice. This will result in the Church being more integrated and coherent in its gender justice work and for it to be more involved and welcomed in a broad range of strategic partnerships.
- To act as Secretary of the Violence Against Women Task Group and to facilitate the Church's ongoing work tackling violence against women and girls. This will result in this work continuing to develop momentum within the broader work of gender justice.
- To develop and manage agreed projects (including staff, volunteers and budgets) designed to increase the knowledge and impact of gender justice and to tackle violence against women and girls, with an emphasis on locally based work. This will result in an increased level of sustainable activity which promotes learning and practice across different areas of work.
- To form part of the Church and Society Department's Leadership Team, working collaboratively to ensure effective progress across the Council's work. This will result in the different strands of activity working effectively together and the practice of gender justice informing the Council's broader activity.