

## **Lambeth Conference 2008 funding review**

### **Foreword**

This review of the funding of the 2008 Lambeth Conference has drawn on the input of a number of people within the church. On behalf of the review group, I am grateful to all those who have given their time to help us in our work.

Although the review was commissioned by the Archbishops' Council and the Church Commissioners, almost all of its recommendations are more directly addressed to the Anglican Communion Office, as the body chiefly responsible for funding and delivering the conference. We would like to record our group's especial gratitude for the constructive input we had from that office's chief executive and officers, and our hope that they will find the recommendations that follow helpful in connection with future conferences. We suggest that the role of the Council and Commissioners will be to work with and support the Lambeth Conference Company, Anglican Communion Office and Archbishop of Canterbury and his staff in taking these recommendations forward.

John Ormerod  
Chair, Lambeth Conference Funding Review Group

18 February 2009

## **1 Introduction**

- 1.1 The August 2008 Lambeth Conference was the fourth such event to be held in Canterbury with bishops staying at the University of Kent.
- 1.2 The first ten conferences up to and including 1968, were held in London and were non-residential. As late as 2004 it was the intention, for the first time, to hold the 2008 conference overseas – in South Africa – immediately after a wider congress of laity and clergy. But this idea had to be dropped on financial grounds.
- 1.3 Concerns about tensions within the Anglican Communion notwithstanding, the 2008 event was valued as a highly significant opportunity for delegates to meet together and learn from one another. As one attendee from the Anglican Church of Southern Africa said, *'We are like a family not just a community ... as much as we might have arguments, our love is holding us together and we want to make it work'*.
- 1.4 The concurrent spouses' conference was an integral part of the main event. Its planning was directed by Jane Williams, wife of the Archbishop of Canterbury, supported by Anglican Communion Office and conference management staff, and an advisory group.

### ***Financial shortfall***

- 1.5 The conference did, however, suffer financial difficulties. A cash-flow shortfall meant that the conference funding body, the Lambeth Conference Company, appeared from early 2008 to be at risk of being unable to meet its commitments on a timely basis. Fundraising had proved difficult, and confusion over one particular expenditure commitment of £411,000 more than wiped out the £300,000 budget contingency.
- 1.6 Efforts to close that funding gap were uncertain of success, at least within the necessary period, while bills pressed for immediate payment. The conference organisers had to report to the Archbishop that the company faced a potential deficit of around £1 million and risked running out of money to settle bills as early as August 2008.
- 1.7 They concluded in July that they had no choice but to apply to the Church Commissioners and the Archbishops' Council for loan assistance. They accordingly approached both at specially convened meetings in August with the request that they underwrite up to £600,000 each towards the outstanding costs of the company.
- 1.8 This request was granted on condition of there being carried out an independent review of the financial management of the 2008 conference with recommendations for the future.

### ***Current position***

- 1.9 By the end of 2008, the projected deficit had reduced from an estimate of over £1 million in August 2008 to £288,000<sup>1</sup>, in part as a result of further fundraising efforts and in part due to actual costs proving lower than had been cautiously projected earlier in the year. The total cost of the event was £5.2million, as against the budget of £6.1million<sup>2</sup>.
- 1.10 Nonetheless, the concerns that prompted the wish for a review remained and it was asked that this process go forward.

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<sup>1</sup> Appendix I, balance sheet, 'liabilities'.

<sup>2</sup> Appendices D and G.

## 2 The review

- 2.1 The review group's members were: (chair) John Ormerod, a former partner of accountancy firm Deloitte; the Rt Revd Tim Stevens, Bishop of Leicester and member of the Archbishops' Council; Dr Christina Baxter, principal of St John's theological college, Nottingham and also an Archbishops' Council member; and Timothy Walker, Third Church Estates Commissioner. The group had staff support from two people provided via the office of the Church Commissioners.
- 2.2 The group agreed the following terms of reference:
- a) to investigate the financial management of the 2008 Lambeth Conference and the reasons for the shortfall,
  - b) to consider options for the financing of future meetings of the Lambeth Conference and for the financial involvement of the Commissioners and the Council, and to make recommendations.
- 2.3 The initial expectation was that the group would report in two phases. It would report back to the Council and the Commissioners early in 2009 with a preliminary account of the financial difficulties and how these arose; and a final report examining the way forward would then be produced in summer 2009.
- 2.4 However, it quickly became clear to the group that its factual findings and recommendations for the future formed a single picture and would be most logically presented together. The group therefore agreed to make a single report in the spring of 2009.
- 2.5 The group met four times from October 2008 to January 2009, with supporting staff. Chair John Ormerod met and talked with support staff more frequently to guide the research process. The tasks performed by the review group and its staff team, including interviews and document review, are listed in appendix H.
- 2.6 **Note:** the following report and appendices are based on figures which have been provided by the Anglican Communion Office but have not been independently verified for the purposes of this exercise.

### **3 Background to the conference**

#### ***The Lambeth Conference***

- 3.1 The support for the Archbishop in organising the Lambeth Conference has evolved over the years and since 1978 it has been the Anglican Communion Office that has taken the lead in organising the event.
- 3.2 The conference meets at the personal invitation of the Archbishop of Canterbury. Its planning is in the hands of a design group drawn from around the Communion to assist the Archbishop. The design group for the 2008 conference first met in 2004 and included lay people and clergy, as well as bishops. It was chaired by Archbishop Sir Ellison Pogo of Melanesia. It was supported by appointed staff members as well as the collaborative efforts of the many people who support the Archbishop's ministry, based at Lambeth Palace, Canterbury, the Anglican Communion Office, Church House and beyond. The secretary general of the Anglican Communion, Kenneth Kearon, was the secretary of the conference and there was a designated conference manager, Sue Parks.
- 3.3 Alongside the Bishops' Conference, but part of the overall structure, was a Spouses' Conference, which was hosted in 2008 by Jane Williams. This was for the bishops' spouses to explore their own role in the life of the Communion.
- 3.4 The event by its nature is challenging to organise with a large number of unknowns. This was notably so in the case of the 2008 event. For example:
  - i. The number of attendees was uncertain and expected to be influenced by wider political issues and decisions which were outside of the control of the management group. The invitation list was not finalised and invitations issued until May 2007. And almost until the Conference itself there were uncertainties over who might decline to attend – under the circumstances an early cut-off date for replies would have been unrealistic.
  - ii. There was significant turnover of personnel and a lack of continuity of knowledge due in part to the extended timescale for planning the decennial event. Nearly all staff involved in organising through 2004-08 were new to the task and those the group spoke to confirmed that corporate memory was poor. An option to re-engage some staff associated with the 1998 conference was not taken up.

#### ***The Lambeth Conference Company***

- 3.5 In 2006 the Lambeth Conference Company was created as a freestanding charitable company to take legal and practical ownership of the governance and management arrangements for the conference. Its three directors are Anglican Communion secretary-general Kenneth Kearon (chair), the Archbishop of Canterbury's chief of staff Chris Smith, and Archbishops' Council secretary-general William Fittall, representing the host province. The memorandum and articles of the company specify that the two secretaries general are directors by virtue of their office and that the third director is a senior member of the Archbishop of Canterbury's staff nominated by the Archbishop.
- 3.6 The background to the creation of the company included concerns about the letting of contracts in 1998, with a lack of clarity over where legal responsibility for contracting

lay. For this reason the Anglican Consultative Council's legal advisor, John Rees, had counselled in favour of creating a freestanding charitable company.

- 3.7 The Review Group is entirely supportive of the setting up of the company, and of the appointment of the directors. We recognise the increased rigour and control that this provided, albeit too late in the planning process for the 2008 event to achieve maximum benefit.

### ***Stakeholders***

- 3.8 There are multiple stakeholders involved in the conference's design and execution, as Appendix A illustrates. We set out below the main groups involved in the planning and running of the conference.
- 3.9 *The Archbishop of Canterbury and his wife, Jane Williams:* Hosts of the Bishops' conference and the spouses' conference. Most individuals interviewed felt that they ultimately reported to the Archbishop as regards delivery of his plans for the conference.
- 3.10 *Conference Design Group:* This group was responsible for the ideas and themes for the conference. The group met from 2004 onwards.
- 3.11 *Conference Management Group:* This group formed in early 2006 to discuss management aspects of the conference, such as hospitality when overseas delegates arrived in the UK. Members of this group, such as Reg Bailey, assisted in the negotiation of contracts. [*Para identifying informal subgroup the 'company management group' deleted.*]
- 3.12 *The Lambeth Conference Company Directors:* The directors of the conference company were also the trustees of the charity responsible for ensuring the company met its financial and charitable obligations. They met regularly with the conference organiser and the ACO Finance officer and as necessary to oversee the company's operations, future plans and its financial position and projected outturn.
- 3.13 *The Company staff:* Three paid employees assisted conference manager Sue Parks at various times. In addition two people assisted with company administration on a volunteer basis, close to and during the conference.
- 3.14 *Third party contractors:* These included Affinity Events Limited and the University of Kent.
- 3.15 *The Church Commissioners:* The Church Commissioners agreed in September 2006 to provide up to £1,052,200 towards the conference costs. This was intended to cover the costs of the conference manager, the attendance fees for the English bishops, and the Archbishop of Canterbury's hospitality costs.
- 3.16 The Church Commissioners also provided a loan facility in August 2008 of £600,000, of which £184,000 was drawn down. Following repayments of £40,000, £144,000 was drawn down by the company as at the end of 2008.
- 3.17 *The Anglican Communion Office ('ACO')* (the legal entity is the *Anglican Consultative Council*). Its constitution includes that it 'shall be responsible for co-ordinating the finances required by ... the Lambeth Conference', and that it '... will be responsible for the annual Inter-Anglican budget, which will include the costs of the ... Lambeth Conference ...'.

- 3.18 The ACO provided £594,000 of funds which it had set aside for the purposes of the conference between 1999 and 2003, and £1,048,000<sup>3</sup> of funds (most of which were ‘restricted’) which were a surplus after the last conference.<sup>4</sup> Unlike in prior periods, from 2004 onwards the ACO ceased to set aside a portion of its budget for the Lambeth Conference, as a result of the immediate need at that point to meet the costs of its office move and refurbishment.
- 3.19 *The Archbishops’ Council:* The Archbishops’ Council provided a loan facility in August 2008 of £600,000, of which £184,000 was drawn down. Following repayments of £40,000 £144,000 was drawn down by the company as at the end of 2008.
- 3.20 These Anglican bodies, together with Lambeth Palace support the church and the Archbishop in his role. Accordingly they also support the conference, and in various ways provided support, facilities and personnel to assist with the smooth running of the conference.

### ***Financial resourcing***

#### *Income*

- 3.21 The Lambeth Conference is an expensive event both in absolute terms and in relation to the normal scale of activity of the Anglican Communion Office (somewhere between three and four times the size of its annual budget). Lambeth Conferences have traditionally relied on four sources of funding:
- i. Those churches that are able are expected to meet the costs of getting their bishops to the conference and to pay the conference fee;
  - ii. The Anglican Communion Office historically set aside each year some of the annual contribution of member churches towards its running costs to make some provision for the once in ten year costs of the conference. Although it ceased doing so in 2004, we understand it now plans to resume setting aside a share of these contributions.
  - iii. The Church Commissioners have traditionally made some contribution towards the cost of organising the conference as part of their support for the ministry of the Archbishop of Canterbury and have met the Archbishops’ direct hospitality costs;
  - iv. There has been extensive fundraising, particularly to meet the costs of the 40% of bishops and spouses (just over 500 of the 1200 at Canterbury) whose churches could not afford to meet the full cost of their participation
- 3.22 Regarding point ii above, the Anglican Consultative Council’s constitution recognises its responsibility to ensure the conference’s finance. Its constitution reads<sup>5</sup>

*‘The Inter-Anglican Finance Committee in collaboration with the Standing Committee shall, in consultation with member churches, be responsible for the annual Inter-Anglican budget, which will include the costs of the Inter-Anglican Finance Committee, the Primates’ Meeting and the Lambeth Conference, and shall keep members of the council and member churches informed about each year’s budget and about the forecast for each of the succeeding three years. In the light of those draft budgets, the council shall determine the level of expenditure and the income required to meet its purposes. The contributions to the Inter-Anglican*

<sup>3</sup> Including approximately £100,000 of interim donations from the Canadian Church.

<sup>4</sup> The 1998 conference was accounted for within the ACC accounts.

<sup>5</sup> Report of Anglican Consultative Council meeting XIII at Nottingham, p669

*budget shall be apportioned among the member bodies as in clauses b) to d) inclusive of the Schedule of Membership.*

- 3.23 It is not clear however that the mechanisms are in place for it to fully discharge this responsibility.
- 3.24 In the event, £1.6 million was provided by the Anglican Communion Office<sup>6</sup>, being the surplus from the 1998 conference and amounts set aside by the ACO between 1999 and 2003. Whereas annual amounts were set aside for the 1998 conference throughout the preceding ten years, annual contributions ceased four years before the 2008 conference. This left £4.5 million to be funded by grants, donations and fees.
- 3.25 Actual fundraising via grants and donations was comparable to the 1998 conference at around £1.5 million<sup>7</sup>. However the conference was expected to cost £2.5 million more than the 1998 conference<sup>8</sup>.

*Expenditure*

- 3.26 The budgeted costs of £5.6 million for the conference and £0.5 million for bursary travel costs were ‘upper limit’ figures<sup>9</sup>. Actual costs came in at £4.9 million and £0.3 million respectively. The total cost of £5.2 million was therefore a saving of £0.9 million compared to budget.<sup>10</sup>The lower figures were the result of smaller than hoped for attendance, some help for which financial provision had been made being offered pro bono and some built in caution in the estimates.

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<sup>6</sup> £1,047,000 surplus from 1998 conference, £594,000 ACO contributions 1999 to 2003 (appendix F).

<sup>7</sup> Grants and donations – 1998: £1,519,000; 2008: £1,544,000 (appendix F, figures to 21 October 2008).

<sup>8</sup> £6.1 million less £3.6 million (appendix G).

<sup>9</sup> Information provided by Sue Parks 21 November 2008.

<sup>10</sup> It is important to note that there are other costs of hosting the conference that we have not collated. For example the costs of the London Day were, in the main, met by other church bodies. There is also significant goodwill in the wider church, for example: (i) volunteers at the conference; (ii) volunteers providing meet and greet and hospitality to guests from other parts of the communion; and (iii) localised fundraising within parishes to support ‘sister’ churches from abroad (such fundraising being outside of the Lambeth Conference Company’s bursary fund program).

## 4 The group's findings

- 4.1 In broad terms, the Archbishop of Canterbury as the host is ultimately responsible for the conference, and his wishes were seen as dictating much of its shape and planning. All involved felt that they were responsible to the Archbishop for delivering the conference as he wished it.
- 4.2 This is as it should be, for it is the Archbishop's vision and leadership that drive the conference and its design. For its part, the role of the main organising body – in this case, the Lambeth Conference Company – should be to deliver an event in line with the Archbishop's wishes and the agreed budget, ensuring that financing and practical plans remain on track. This includes being appropriately responsive to changes of plan mid-process, for example following the appointment of a new Archbishop or changes in priority consequent upon developments in the wider church context.
- 4.3 But for this model to be effective, overall governance arrangements need to ensure that challenges can be identified, options offered for their resolution, and solutions agreed by the appropriate parties and then implemented in a timely manner. It is in this regard that the group considers arrangements in place for the 2008 conference were less robust than they needed to be. Much of our report and its recommendations develop this point.
- 4.4 We do not address the question of conference venue. It is widely believed that, so long as Canterbury is the host province, its cathedral city must be the venue, and that many overseas attendees in particular strongly feel this. The group has no wish to contest that view. However, we recognise that the Archbishop, Anglican Communion Office and others are already giving thought to the future the Lambeth Conference and its hosting, and that new ideas about its possible scale, format, venue, and guest list may emerge as a result. We hope that our recommendations may contribute to that process.

### *Governance*

- 4.5 There were many people and groups involved from design to delivery, resulting in the risk of a disconnect between design on the one hand, and capacity and execution on the other.
- 4.6 The group found that reporting lines, responsibilities and authority were sometimes unclear, despite the improved governance arrangement for the 2008 conference with the creation of the conference company, and despite the fact that key staff met regularly with the Archbishop and ACO secretary-general. There were numerous individuals involved (see chart at appendix A) and multiple decision makers, but no formal chain of command or document setting out responsibilities and lines of authority between the Archbishop, the conference company, executive staff, conference advisory groups and other stakeholders. **The group recommends that formal governance arrangements should be documented and that all involved work to clear, written responsibilities and lines of authority.** The governance documentation should recognise the mix of legal, advisory and executive responsibilities held by those involved in conference design, planning and management. In particular these arrangements should recognise the responsibilities of the directors of the conference company as trustees of the charity and under company law.
- 4.7 Setting up the conference company to own the cost and contractual implications of decisions and to provide legal and financial accountability, including around issues such as contracts and VAT status, was a positive step in improving controls. There had

previously been a lack of clarity over who was responsible for agreeing the major contracts. It was regrettable that the company had been set up too late in the planning process to be able to inform key decisions such as setting the fee level (4.29-31); but the group believes that to have some such corporate entity in place to lead practical planning from the start is beneficial. **The group recommends that the Lambeth Conference Company remains in place to drive forward future conference planning**

- 4.8 However, the confusion in accountabilities between company directors who include on the one hand employees and chief officers of national Church institutions and who are, on the other, responsible to the Archbishop for delivering the conference, has proved problematic. The group believes there needs to be greater independence in the company's leadership through the involvement of members who, while suitably sympathetic to and understanding of the aims of the conference and of the Anglican Communion and Church of England, are not ACO or Church of England office-holders or employees. Accordingly **we recommend the appointment of a chairman to the company's board, who is independent of all the church bodies, and ideally a second independent non-executive director, and that the company's articles of association be changed to permit this.**
- 4.9 The group also **recommends the conference company's involvement from the start of the planning process in the wider discussions referred to at 4.4 above**, with a view to greater linkage between design, related costs and funding. To facilitate that involvement, **the company should have a clear line of communication with the Archbishop of Canterbury**, and this should be documented in the governance matrix recommended at paragraph 4.6.

### *Financial*

- 4.10 The group found that the resourcing of the 2008 conference, with expenditure being committed ahead of confirmed funding, was precarious: the 2008 deficit, albeit less grave than appeared in the summer of that year, was arguably inevitable. Indeed, the group heard that a similar situation had arisen with the 1988 conference, when a deficit was cleared only by after-the-event fundraising within Anglican Communion provinces.
- 4.11 The conference company knew that it could not rely on there being any specific funder of last resort in the event of financial difficulty. Nevertheless, to commit expenditure in advance of secure income was a practice that the directors of an entirely stand-alone company might have regarded as too risky. In doing so, it appears therefore that those involved may have proceeded on the expectation that Anglican Communion and in particular Church of England bodies such as the Church Commissioners and the Archbishops' Council would not ultimately let the Archbishop of Canterbury's Conference fail to pay its bills.
- 4.12 The group recognises that there is no overall picture of conference financing. The information in this report relates only to costs that have passed through or otherwise been established via the Anglican Communion Office. But the conference also benefits from giving 'around the edges'. Many provinces, dioceses and individuals give in-kind support via the provision of staff, one-off partnerships and sponsorship, which it would be hard to quantify, though the detailed budget contained estimates of the value of many of the likely 'in kind' costs. The total costs associated with the event are therefore almost

certainly significantly higher than the direct costs now recognised by the conference company. This extra support is invaluable but may be a complicating factor in any plans for structuring overall finance on a more formal basis.

- 4.13 The group believes that it would be good to know the true economic cost for each attendee including the subsidies which dioceses and other bodies such as the Mothers' Union helped to provide. The group considers that awareness of cost and might encourage greater participation from a number of stakeholders participants including for example in the event's design.

*Vulnerability to other financial pressures*

- 4.14 The funding for the conference is insecure. Fee income was clearly unusually vulnerable to the risk of non-attendance in 2008. Other conference funding is also at risk - from wider Anglican Communion financial pressures such as the ACO office move to St Andrew's House, and from the priorities and other commitments of actual and potential funders. Many provincial contributions to the ACC and the Conference Company were US dollar-denominated, and during most of the last few years the dollar has been weak against the pound.
- 4.15 The ACO's move from Partnership House at Waterloo to St Andrew's House in 2004 cost significant sums of money given the need to refurbish the religious community's premises to bring it up to standard. This, plus the funding of additional meetings to discuss the problems in the Communion, meant that over the past decade, the ACO has put aside much less than it would normally have done for the Lambeth Conference. This was a *fait accompli* for those charged with planning for conference funding, including the Conference Company by the time it was set up in later 2006, and was part of the financial landscape around which the company had to work.
- 4.16 Ideally the conference would be funded on a stand-alone basis, free of other pressures. The group recognises this may be unrealistic as a recommendation. However, we understand that the ACO plans to resume putting a set amount/proportion of money aside for the conference. In addition, to fully discharge its responsibilities for the conference under its constitution is likely to require a broader review of the mechanisms for funding the ACO and building up financial reserves.
- 4.17 The group notes that previous reviews have covered some of this territory, in particular issues around funding the responsibilities of the Anglican Communion Office. The Hurd report on the see of Canterbury 2001 recommended (page 52-3) *inter alia*
- *There should be renewed attempts to improve the financial position of the Anglican Communion Office so that it may be equipped to discharge the expectations being placed upon it. One of the parallel objects should be to reduce the dependence of the Anglican Communion on what is in fact a subsidy from the English Church Commissioners*
  - *Consideration should, therefore, be given to strengthening the fundraising professionalism of the Anglican Communion Office appointing a fundraising development officer who will also relieve so far as possible the fundraising burdens at present resting on the Archbishop of Canterbury.*
- 4.18 The second Mellows report, *Resourcing Archbishops* (2002) also commented and made recommendations on financial support for the Anglican Communion and its instruments,

including that support from ‘central funds’<sup>11</sup> of the Church of England for the Archbishop of Canterbury’s Anglican Communion work should be separately decided and identified.

- 4.19 The group found that an underlying issue is that of expectations of some of the parties involved financially. It notes that as early as May 2006 the Church Commissioners were concerned ‘that planning had progressed so far on the assumption that Commissioners’ funding would be available’<sup>12</sup> and that there was a need for the Board to weigh up whether this use of the Commissioners’ funds is the best use in the light of possible other uses in exercising its legal discretion to meet Lambeth Conference costs. The Commissioners were conscious that their input had been significantly less in 1988 than the present level, partly because a staff member was seconded as conference manager.
- 4.20 In September 2006 the Board agreed to meet the following, up to an overall limit of £1,052,200<sup>13</sup> on the understanding that any savings on attendance or the Archbishops’ ‘London Day’, if scaled back, would be reflected in a lower contribution:
- Employment costs and expenses of the conference manager and her assistant
  - Attendance expenses for diocesan, area and suffragan bishops of the Church of England and their wives
  - The Archbishop of Canterbury’s hospitality costs being the London Day cost (including travel to and from Canterbury)’
- 4.21 With these points in view, the group recommends that **there should be greater transparency and early negotiation with Anglican Communion provinces and other actual and potential contributors about their financial input**, with the aim of maximising stakeholders’ buy-in to the event they are committing to financially.
- 4.22 Specifically, the group recommends that **any funding commitment expected from the Church Commissioners should be discussed and agreed at an earlier stage and in advance of related expenditure commitments, and in time for inclusion in the funders’ relevant budgets**. These will be matters for the conference company and the ACO to take forward.
- 4.23 The group also recommends that **if the current basis of funding continues it would be appropriate for the Anglican Communion to include the set aside in its own budget and funding, and for the funds designated for the conference to be passed across by the ACO to the Lambeth Conference Company**.

#### *Budgeting process and management*

- 4.24 A preliminary budget was prepared in 2005. More formal budgets regularly followed from 2006 and were taken to the Conference Company. These identified the ongoing funding requirement.
- 4.25 The group notes that the budget was based partly on the previous conference, with inflation allowances and, initially at least, some not inappropriate broad estimation. Accommodation and events management costs were relative ‘knowns’. There was little

<sup>11</sup> Namely those available to the Church Commissioners and to the Archbishops’ Council, the report notes.

<sup>12</sup> Church Commissioners’ Board minute, May 2006

<sup>13</sup> Per the Commissioners’ 20 Sept 06 Board paper CC(06)51, the £1,052,200 is made up of an expected £147,000 for employment costs; attendance at the agreed fee level of £1,970 per head times an estimated 226 bishops + wives, giving a £445,220 total; and London Day costs estimated at £250,000.

written guidance for budgeting or planning, though staff had found the previous conference manager helpful. The group addresses the issue of corporate memory under 'risk' below.

- 4.26 Tracking the budget and changes to it was recognised by the staff involved as an area to improve. The ACO finance officer was not always aware what financial commitments conference management staff had made. Delegation of tasks and responsibilities on the conference management side was a further complication. Affinity Events were not required to prepare regular updated costing schedules, and reported only to the Conference Manager, not the ACO finance officer, who carried responsibility for conference budgeting and input to decisions that had cost implications.
- 4.27 Examples of issues arising as a result of this were: the failure to recognise a commitment for expenditure of £411,000 on the Big Top – the main meeting space provided at the university - in the financial plans as a result of a breakdown in communications; and the poor control over University of Kent's charge for log-ons / IT support to delegates which, at £80,576, exceeded the related £15,000 budget by £65,576<sup>14</sup>.
- 4.28 There is a clear need for better forward planning and communication. **The group recommends that the conference company should have an approved operational and financial plan in place, at least in outline, at an early stage (say by 2013, assuming the next conference is in 2018) and thereafter this should be periodically updated and approved. The plan and its updates should be shared with stakeholders.**

#### *Fee-setting*

- 4.29 The conference attendance fee was set at £1,970 per person, apparently in line with 'what the market would bear'. This might be expected to raise £1.7 million<sup>15</sup> towards the costs. This figure was set early in 2006 – it is not entirely clear by whom, though the conference organiser had an important role - before the conference company was in place, but it was not then felt possible to revisit the figure.
- 4.30 The group found no evidence of a clear process for deciding this fee. The level was set with a view to affordability by the smaller churches which pay for themselves. It was also apparently influenced by the sum the Church Commissioners were willing to contribute towards conference funding. With the benefit of hindsight, it was too low. The group heard that finance staff had argued as early as 2005 for a higher level (£2,500 or even £3,000, said one consultee) or a tapered fee, but the lack of process made it difficult for those arguments to be heard. It was also thought that some provinces could have raised more if they had known the need.
- 4.31 The need for more orderly better-informed fee-setting is widely recognised by the people the group talked to. The decision on the level of the conference fee should be made in the knowledge of proposed conference design and cost and with the input of bodies and individuals responsible for those elements. To the extent possible, knowledge of the full event cost per person would also be helpful for realistic fee-setting (paras 4.12-13). **We recommend that as part of future conference planning, the Conference Company develops a fee setting process that fully factors in overall costs and financial need and that informs and is informed by the proposed format of the event itself.**

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<sup>14</sup> Budget and out-turn schedule dated 25 November 2008, provided by Anglican Communion Office

<sup>15</sup> £1,970 x 1,350 delegates = £2.7 million, less £1 million expected to be paid by bursary funds, gives £1.7 million. In the event, the actual fee income excluding amounts paid by the Bursary Fund was £1,338,269.

### *Fundraising*

- 4.32 Certainly by late 2007 and possibly as early as late 2006 it was recognised there was a risk that there would be a financial shortfall which resulted in a discussion with the Archbishop of the steps that might be taken for fundraising in the USA and from other sources.
- 4.33 The group recognises the situation in the Anglican Communion that led to the decision in October 2007 not to proceed with large-scale US fundraising (and, in April 2008, to take some modest US initiatives to remedy what was by then a very difficult financial position). This was ultimately, and rightly, the Archbishop's decision – and one with which the executive staff concurred.
- 4.34 Nonetheless, the October 2007 decision appears to have been taken at a remove from the conference company, and not to have triggered immediate awareness by all parties of the range of possible financial and practical responses to the resultant financial position (such as the possibility of adjusting fees or scaling down the event). The risk register - see below - bears that out. The group believes that implementing its recommendations on governance will help towards holding key finance and delivery factors together more strongly.
- 4.35 The group also notes that a later appeal by the conference directors to selected wealthy Church of England parishes, while drawing some controversy, raised over £100,000; and that targeted UK fundraising approaches achieved some success.

### *Risk management*

- 4.36 Risk control procedures did not fully reflect that the accepted view was that the conference was financially a risky venture.
- 4.37 Contracts were entered into ahead of securing funding. Key decisions were taken ahead of securing funds, ahead of planning by bodies and individuals responsible for implementation and delivery, and without clear recognition or communication of the implications of doing so or identifying a range of actions in response.<sup>16</sup>
- 4.38 The group notes, however, that risk handling was more fully on the directors' radar than the risk management schedule indicates. The directors looked often at what-if scenarios (for example if the Archbishop was unavailable, SARS outbreak, unavailability of venue etc) and considered which could be mitigated or insured against.
- 4.39 **The group recommends that the conference company and other responsible officers should further strengthen the conference planners' risk management procedures, sharing anticipated risks and planned mitigation and subsequent measures with key stakeholders.**
- 4.40 In particular, **the group recommends that no material contract should be entered into until the necessary funding to cover that cost has been secured. If funding is not secured, then another party would need to underwrite the commitment.** In this connection the group would regard it as reasonable to include in the 'secured funding' a conservative estimate of fee income.

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<sup>16</sup> Timeline in appendix B, table in appendix H

## ***Skills and execution***

### *Skills and resourcing*

- 4.41 The group was in no doubt of the skills and commitment of the key personnel involved in the conference management process. Moreover, it is important to add that at no stage in its review did the group find any evidence of financial malpractice or dishonesty, or any reason to suspect it.
- 4.42 The group questioned, however, whether the match between available skills and needs was as good as might be wished. Specifically the conference required people with: a good understanding of the wider church and the expectations and ways of working of key stakeholders; strong commercial and financial skills; and ideally experience of delivering a high-profile complex conference for participants with different languages and from different cultures. The group recognises that having available the full range of skills and experience, when needed, was made more difficult by the ten year conference cycle.
- 4.43 The group notes that delivery of the conference is, therefore, a complex and substantial undertaking and may have been under resourced. **The group recommends that at an early stage in the planning of future conferences a strategic review of required skills and resources is carried out and plans are made to secure them. In particular the conference management team should have available the right financial skills, including experience in budgets, contracts and reporting.** The group notes that the appropriate and full range of skills is likely to be secured by an appropriate combination of assigned staff and outsourcing.
- 4.44 That team might wish to consider whether a professional events manager should be involved earlier. It was suggested to the group that Affinity could have a wider cost-control remit and could have struck a harder bargain with the university (for instance, perhaps sourced translation equipment more cheaply) - but would need to have been appointed in early 2006 not early 2007. The question to weigh up would be whether the extra cost of the engagement would pay for itself in savings.
- 4.45 Fundraising, a key part of the conference's income, is not the responsibility of any one person. Thought had been given in summer/autumn 2007, and again early in 2008, to employing a dedicated fundraiser, but it was felt the political climate within the church meant that such a post would add little value at that stage. The group nonetheless **recommends that thought be given to ways of ensuring sufficient fundraising capability as part of future conference planning, whether through creating a dedicated fundraising post or otherwise, for instance through outsourcing**
- 4.46 Sponsorship could be among options for a fundraiser to look at – that is, leveraging third party funding to bring in extra revenue.

### *Business handling*

- 4.47 The group noted that directors and staff had handled some practical negotiations well. 'Smart' negotiation with Kent University produced a contract with an element of variable pricing to cover uncertainty over attendance numbers, and break clauses built in as a risk-limitation measure.
- 4.48 More generally, however, the group did not see clear evidence of a well thought-through contract tendering, selection and management process. As part of the review of skills and

resources recommended at 4.43 above, the group considers that arrangements should be put in place and commercially aware personnel/skills deployed so as to ensure such a process in future.

*Communication and corporate memory*

- 4.49 It was said to the group that officers had difficulty in knowing what meetings to attend/inform and communicating information effectively<sup>17</sup>. The ‘missed’ £411,000 commitment was the main example: as a result of time/work pressure, communication issues and unclear responsibilities, the finance director did not know the spend was committed, and the organiser did not know it was not in the budget<sup>18</sup>.
- 4.50 One officer commented that the challenge was to pick up key information without having to attend every meeting, and deciding which meetings to go to. Again, the group believes that clearer reporting lines will assist.
- 4.51 The group heard from conference planners and other executives involved that corporate memory was an issue. (It was suggested that this was also challenge in respect of governance and oversight by the ACC, whose trustees change every three years: nine of its ten trustees are new since June 2005).
- 4.52 It is certainly a challenge for conference planning staff. As the timeline (appendix B) shows, in early 2005 both the Anglican Communion secretary-general and the conference manager were new. They had little practical knowledge of conference planning and inherited little if any written guidance to draw upon. As a result, there was a lack of awareness of optimum practical planning timescales. The more immediate focus was understandably upon the politics of Anglican Communion relationships which, if unaddressed, would have put it very much in doubt whether the conference could happen at all.
- 4.53 The consequence, as the group heard, was that practical planning – contracts, sourcing services, etc – happened at a later stage than was ideal, and may have started somewhat on the back foot. Clearly conference planning has to be responsive to current circumstances and to the wishes of the Archbishop and other principals, and cannot be fixed years in advance. But the group believes high-level written guidance would help. **It recommends that, as an early part of its planning for future conference management, the existing conference company should by summer 2009 produce practical how-to guidance including a timeline for key decisions, process and input/consultation needed, and should within the same timescale draw up a succession plan for the orderly continuation of the company and its work, allowing for staff turnover.**

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<sup>17</sup> Discussion with Andrew Franklin on 24 November 2008.

<sup>18</sup> Discussion with Andrew Franklin on 24 November 2008 and with Sue Parks on 11 December 2008.

## 5. Conclusion

5.1 We recognise that wider discussions are now taking place with regard to future conference planning and funding. In that context, we further recommend:

*Recommendations for the Anglican Communion Office, working with the Lambeth Conference Company in the first instance*

- i. **that formal governance arrangements should be documented and that all involved work to clear, written responsibilities and lines of authority (4.6);**
- ii. **that the Lambeth Conference Company remains in place to drive forward future conference planning (4.7);**
- iii. **that there be appointed a chairman to the company's board who is independent of all the church bodies, and ideally a second independent non-executive director, and that the company's articles of association be changed to permit this (4.8);**
- iv. **that the conference company be involved from the start in the ongoing wider discussions about the future format of the conference (4.9);**
- v. **that the company should have a clear line of communication with the Archbishop of Canterbury with a view to greater linkage between design, related costs and funding, and its documentation in the governance matrix recommended at (i) above (4.7);**

*Recommendations for the Anglican Communion Office*

- vi. **that there should be greater transparency and early negotiation with Anglican Communion provinces and other actual and potential contributors about their financial input (4.21);**
- vii. **that any funding commitment expected from the Church Commissioners should be discussed and agreed at an earlier stage and in advance of related expenditure commitments and in time for inclusion in the relevant budgets of the funding body (4.22);**
- viii. **that if the current basis of funding continues the Anglican Communion Office should include the set aside in its budget and funding, and that the funds designated for the conference be passed across by the ACO to the Lambeth Conference Company (4.23);**

*Recommendations for the Lambeth Conference Company*

- ix. **that an outline approved operational and financial plan should be in place at an early stage (say by 2013, assuming the next conference is in 2018) and thereafter this should be periodically updated and approved. The plan and its updates should be shared with stakeholders. (3.8-21; 4.28);**
- x. **that as part of future conference planning, the conference company develops a fee setting process that fully factors in overall costs and income needs (4.31);**
- xi. **that the conference company should further strengthen the conference planners' risk management procedures, sharing anticipated risks and planned mitigation and subsequent measures with stakeholders (4.39);**

- xii. **that no material contract should be entered into until the necessary funding to cover that cost has been secured and that if funding is not secured, then another party would need to underwrite the commitment (4.40);**
- xiii. **that at an early stage in the planning of future conferences a strategic review of required skills and resources is carried out and plans are made to secure them. In particular the conference management team should have available the right financial skills, including experience in budgets, contracts and reporting. (4.43);**
- xiv. **that thought should be given to ensuring sufficient fundraising capability as part of future conference planning (4.45).**
- xv. **that as part of its planning for future conference management the existing conference company should by summer 2009 produce practical how-to guidance including a timeline for key decisions, process and input/consultation needed and should within the same timescale draw up a succession plan for the orderly continuation of the company and its work, allowing for staff turnover (4.53); and**

*Recommendation to the Archbishops' Council and Church Commissioners*

- xvi. **that there should be no second phase for this review, but immediate action on the basis of these recommendations by the relevant parties (2.3-4).**