



# QUESTIONS ANSWERED

Central Funds and the Aged & Infirm Clergy Fund

June 2023

Question	Answer	
1	<b>Available funds from Investments &amp; Fixed Assets</b>	
a)	It would be helpful to have sight of the Archdiocese Fixed Asset Register with values to clarify the assets held in Central Funds and those in parishes.	<p>We recommended that you attend a walk-through of the Deanery Presentation from your respective Parish Finance Committee representative who attended the March 2023 Deanery meetings. The 2021 Accounts Overview, part of the Deanery Presentation, shows assets split between centre and parishes; investments/cash split between centre and parishes.</p> <p>Financial information is not published on a parish-by-parish basis.</p> <p>Refer to existing related Q&amp;As:  AICF 2021 (Webinar Q&amp;A): Q11 &amp; Q12.  AICF 2023 (b): Q&amp;A Q12.</p>
b)	We note that £7.7m of the £15.7m of Central Funds Investments is held to be able to repay parish deposits. Is consideration being given to freeing up, at least in part, the remaining £8m? We appreciate that it is financially prudent to invest, and to profit from investment gains, but are unable to justify holding such large funds when the <i>“introduction of the AICF levy has indeed exacerbated the [...] challenging economic positions in both rich and poor parishes”</i> (refer AICF 2023 (b): Q6).	<p>Refer to existing related Q&amp;As:  AICF 2021 (Webinar Q&amp;A): Q12.  AICF 2023 (b) Q&amp;A: Q10.  AICF 2023 (Deanery Q&amp;A): Pages 4 &amp; 22.</p>
c)	We note that the income from the Decree 08/22, which instates a ‘windfall’ tax on the sale of parish buildings, is currently <i>“being added to the AICF by agreement of the Trustees”</i> . It would appear that this tax is not envisaged to benefit the AICF permanently.	<p>The annual AICF Levy was introduced in parishes in 2022 to establish proper retirement planning for our diocesan clergy whilst in active ministry; it is not about closing parishes.</p> <p>Refer to AICF 2023 (Deanery Meetings Q&amp;A): pages 16 &amp; 24.</p>

	<p>If not, why is this the case given that the AICF levy is to be “<i>here for as long as there are incardinated priests</i>”? We make the point that the Decree will mainly affect poorer parishes which are forced to sell their properties. Assurance that the tax will permanently go towards the AICF in future would lessen the distress caused to parishioners by the loss of their church building.</p>	<p>The fundraising to address the AICF historic shortfall (refer to AICF Webinar 2021 &amp; AICF Update section of Deanery Presentation) has not yet started. It is hoped that this pro-active fundraising will contribute significantly to the long-standing gap in funds. Meanwhile there are other financial challenges within this archdiocese which also need to benefit from any Decree 08/22 tax.</p> <p>For information, parishes across the full financial spectrum sell properties for a variety of reasons.</p> <p>Refer to existing related Q&amp;As: AICF 2023 (a) Q&amp;A: Q24.</p>
d)	<p>In view of the precarious financial position of these parishes, has consideration been given to using the Decree 08/22 tax in lieu of an assessment in any year for a parish that had to sell assets?</p>	<p>Refer to existing related Q&amp;As: AICF 2023 (Deanery Q&amp;A): Page 19.</p>
2	<p><b>Surplus in Central Funds</b></p> <p>This question was based on the large surplus in Central Funds and the possible utilisation of those monies to assist in reducing levy assessments and supporting parishes. The reply gave a detailed breakdown of the surplus of both the Central and Parish Funds but did not address that the monies were not utilised nor why.</p> <p>We wonder if a better way to phrase the question would be to consider the upward trend in bank balances in Central Funds alongside the same trend in Unrestricted Funds, again in Central Funds. The graph above shows, from our reading of the accounts, the apparent levels of assets over the last ten years within Central Funds.</p>	<p>We recommend that you attend a walk-through of the Deanery Presentation from your respective Parish Finance Committee representative who attended the March 2023 Deanery meetings. The 2021 Accounts Overview, part of the Deanery Presentation, provides a breakdown of Central funds.</p> <p>Please note that the figures in the graph provided are significantly different to the amounts quoted in words (ref Q2a below). Therefore, the graph has been excluded in this response, to avoid confusion.</p>

a)	<p>Based on these figures, the graph shows an increase in Central Unrestricted Funds from £11m to £16m, which includes an increase in Central Bank Balances from £1m to £4.5m. If we take this large increase in Central Unrestricted Funds and review it alongside the surpluses in Central Funds, would this suggest that there may have been ample funds to both contribute towards future AICF requirements and offer additional assistance to parishes? This could be a separate avenue to asking some of the richer parishes to provide assistance.</p>	<p>Refer to existing related Q&amp;As: AICF 2023 (b) Q&amp;A: Q4. AICF 2023 (Deanery Q&amp;A): Page 7. Central funding has funded the AICF over at least 50 years by selling the ‘family silver’ – this is the wrong way to fund retirements (refer to 2021 AICF Webinar; AICF 2023 (a) Q&amp;A: Q7; AICF update in 2023 Deanery Presentation). As stated several times, regular parish-based contribution via the AICF Levy is proper retirement planning. AICF 2023 (Deanery Q&amp;A): Page 12.</p> <p>The AICF historic shortfall will be addressed directly by inviting contributions from wealthy parishioners and parishes along with requests for monies from the property windfall (Decree 08/22).</p>
b)	<p>We understand that the Archdiocese of Glasgow cut their levy by 50% in 2021, with further help available, whilst the Diocese of Argyll and the Isles offered a 25% relief for three months. Could our Archdiocese have extended the same help in a cost-of-living crisis, given the above?</p>	<p>Refer to existing related Q&amp;As: AICF 2021 Webinar – Covid delayed AICF funding initiative in 2020. AICF 2023 (a) Q&amp;A: Q7. AICF 2023 (Deanery Q&amp;A): Page 23.</p>
3	<p><b>Excess bank balances in Central funds and Parish funds</b></p>	
a)	<p>In AICF 2023 (b) Q&amp;A: Q5, the Trustees’ reply states that the £2m held by Central Funds “<i>is the amount necessary to maintain a charity of our size</i>”. It would be helpful to see details of how this necessary amount is calculated. We also wondered if the £17.1m held in parishes contribute to this necessary amount, if the Charity is one body? We would further appreciate clarification as to the amount required to be held by the Charity as one body.</p>	<p>Refer to existing related Q&amp;As: AICF 2023 (Deanery Q&amp;A): Page 7.</p> <p>Under Canon Law, monies held in parishes are owned and used by parishes, including those monies on loan to the Centre.</p> <p>Under Scots Law, the charity is one body – however the Trustees respect the Canon Law perspective.</p>

b)	<p>Would you consider an open meeting with all Parish Finance Committees where, considering the needs of both retired clergy and struggling parishes, the members could fully explore the background to some parishes as well as the Central Funds holding such large and increasing balances, with a view to finding a new model that allows all of our parishes to be sustainable?</p>	<p>Refer to existing related Q&amp;As: AICF 2023 (Deanery Q&amp;A): Page 18</p> <p>Regular meetings with parish Finance Committee reps to share Annual Accounts update are intended on an ongoing basis. The recent Deanery Meetings are a continuation of that pre-Covid initiative.</p> <p>Please note that Finance Committee reps attending are there to understand information with regard to the centre and their parish. These reps do not have any authority to re-balance funds across parishes or from the centre. Refer to the Governance note in our cover letter.</p>
4	<b>Individual impact assessments</b>	
a)	<p>It would be helpful to have sight of the detailed <i>individual</i> impact assessments undertaken, beyond the basic information provided in the ‘blue bar’ charts at the August 2021 Webinar.</p>	<p>Impact assessments were performed using data provided by parishes in their Annual returns to the Archdiocese along with net asset data (including loans to and from the centre).</p> <p>Financial information is not published on a parish-by-parish basis. The Trustees can refer to this level of information when performing their governance responsibilities.</p>
b)	<p>We understand that prior to introducing the AICF levy, information was presented online by means of said webinar to which representatives were invited from parish finance councils, where they existed, with a FAQ pack emailed thereafter. We wondered if, in addition, poorer parishes were visited and the financial impact of the levy discussed with them specifically?</p>	<p>The AICF Webinar is still available to view and the 2021 Webinar Q&amp;A pack is available from the Archdiocesan website.</p> <p>Parish finance committees are key for every parish as members have the local knowledge to manage the income and expenditure of their parish and should know how best to balance them. As previously stated, parishes will need to grow income or carefully prioritise expenditure to compensate for the annual AICF Levy introduced in 2022.</p>
c)	<p>As regards the decision-making process, we further understand that the webinar offered three choices for a parish-based levy which those present voted for, without advising that these were the final options. As it was termed an “<i>indicative, first impressions vote</i>”,</p>	<p>The AICF Webinars in July and August 2021 polled attendees to gain their first impressions of the three options presented for parish-based regular funding. This poll was optional, attendees could choose not to vote at all.</p>

	the implication would have been that this was the first of a series of tester polls. We would appreciate clarification on whether it had from the onset been intended to make this the final vote, and if so, why those in attendance were not advised accordingly?	This was always an indicative vote, it was never intended as a final vote.
5	<b>Loans from parishes to central funds and from central funds to parishes</b>	
	The Trustees' documents published in relation to the AICF Fund repeatedly state that poorer parishes are supported by richer parishes.	Absolutely. The application of tiered rates for both the general and AICF assessments ensure that parishes with a higher income contribute much more than those with a small income.  Refer to existing related Q&As: AICF 2023 (Deanery Q&A): Pages 6 & 17.
a)	From our reading of the accounts, the loans outstanding to poorer parishes at the end of 2021 were noted as £361k, which equates to just 0.6% of the assets held by the Archdiocese and represents just 4.7% of the loans received from parishes into Central Funds. If this is the case, does that then suggest that financial support to poorer parishes by the Centre is minimal and should be addressed? Additional funds would ensure no further parishes have to close.	Many of our parishes are not self-sufficient and are still open and operating thanks to the tiered assessment rates and/or loans from the centre. Many parishes are making their unoccupied premises work harder to generate income for the parish, either by selling or renting them out. This action facilitates other expenditure in their parish, for example income from renting a presbytery can assist in the repair of a church roof.  Refer to existing related Q&As: AICF 2023 (Deanery Q&A): Page 24.  The churches which have had to close recently have done so where the cost to totally rebuild or majorly repair their buildings is too expensive. The parish communities have not closed or dispersed, only their buildings have closed.
b)	By contrast, the accounts of the Diocese of Motherwell appear to show that, in 2021, they were in receipt of loans from parishes of £8.4m with	Loans from the centre are deployed based upon justifiable parish requests for funding. The Trustees have a duty of care to all parishes

	<p>outstanding loans to parishes noted as £4m, which would account for 47% compared to 4.7%, apparently, in the Archdiocese of St Andrews and Edinburgh. What was the reason for deploying less than 5% of parish loans to assist parishes in need?</p>	<p>and will not allow a parish to take on excessive loans (even internally) which they ultimately cannot afford.</p> <p>The percentage of loans deployed reflects the demand. Please remember that the lending parish expects to have their loan to the centre returned as and when they require to use those funds.</p>
c)	<p>We would appreciate clarification on the proposition that, historically, one of the main purposes of richer parishes loaning their excess funds to the Centre has been to support poorer parishes, by means of loans to them. Based on the above figures, is it accurate to infer that in our Archdiocese this principle of solidarity has latterly retreated into the background, in favour of increasing gains by means of investments?</p>	<p>There is a process in place for interest-free loans from the Centre to Parishes in need. Many parishes do and have benefitted from this internal interest-free loan facility. Indeed, some parishes cannot afford to repay and so their loan remains open over many years.</p> <p>The Trustees consider each loan application on its merits and look at the loan request holistically before determining their response. Priority is given to those parishes who hold inadequate funds, are proactively seeking to address the issue as a community, and have no other available source of funds.</p>
6	<p><b>Diocesan central expenses</b></p>	
	<p>In August 2017, the decision was made by the Trustees to move from a Centralised model to a Devolved model which was to outsource most of the essential services to the parishes and communities. (Refer: 2017-Annual-Report-and-Accounts.pdf (archedinburgh.org), cf. 'Reform of the Curia', p.4-5). We would have expected this to result in the Central expenses reducing to a fraction of their original values.</p>	<p>We recommend that you attend a walk-through of the Deanery Presentation from your respective Parish Finance Committee representative who attended the March 2023 Deanery meetings. The 2021 Accounts Overview part of the Deanery Presentation, gives a breakdown of Central expenditure and makes specific mention of the cost savings resulting from the Board of Trustees actions taken in 2017.</p> <p>Please note that it was <u>pastoral care</u> which was moved from a centralised model to a devolved model in 2017 (refer Pages 4&amp;5, 2017 Annual Reports &amp; Accounts); central administrative functions which could not be accomplished in parishes (refer Page 5, 2017 Annual Reports &amp; Accounts) were streamlined; and the loss-making accommodation and events functions at Gillis were closed – a period</p>

		of consultation was undertaken with the staff affected (refer Page 4, 2017 Annual Reports & Accounts).
	From our reading of the 2021 accounts, the Diocese of Motherwell appears to have a similar Offertory Income to ours (£4.1m and £3.8m, respectively), as well as the same General Levy Income (both £1.1m), and is only 20% smaller in terms of parishes (59 and 73). The following chart compares the Curia salary costs, Trustees expenses and Central administration costs of our Archdiocese to those of the Diocese of Motherwell in 2021.	<p>Refer to Q8 below.</p> <p>Each Ordinary is responsible for his own diocese. There are several points to make here:</p> <ul style="list-style-type: none"> <li>a) In 2021 most curia staff, like many of the working population, were furloughed. The Motherwell Curia salary costs were much higher pre-Covid (£576K in 2019). Their 2021 salary figure probably excludes furlough grants. There are more clergy in Curia roles in Motherwell – our diocesan clergy are all needed in parishes. We have 95 churches in 73 parishes; Motherwell has 59 churches in 59 parishes.</li> <li>b) Trustee expenses are typically for clerics, as laity are volunteers. This difference probably reflects that there are fewer clergy as trustees in Motherwell.</li> <li>c) Admin costs may be broken down and reported differently in each diocese – that depends on the approach adopted by the relevant trustees. For example, Motherwell separates out Computer, Insurance, Professional fees where our Archdiocese includes these under ‘Admin’.</li> </ul> <p>This question compares only a few specific expenditure items taken out of context from the Accounts. It only compares one diocese and not all comparable dioceses</p> <p>Additionally, since the introduction of lay trustees and their expertise, this archdiocese has made and continues to make significant changes to bring this charity up-to-date and make it more cost-effective.</p>
d)	Whilst there has been some level of decline in Central expenses in our Archdiocese since 2017, we wish to know the reason for expenses seeming significantly higher, despite a devolved model, than in a similar	To restate: only pastoral resources were devolved.



	<p>diocese. If our Central expenses could be reduced to those of the Diocese of Motherwell, a saving of over £600k could be made, which would cover the entire payments to our retired priests each year.</p>	<p>The 2021 Accounts Overview, part of the Deanery Presentation, gives a breakdown of Central expenditure and specific mention of the cost savings resulting from the Board of Trustees actions taken in 2017.</p> <p>The AICF Update in the Deanery Presentation explains the 2022 AICF Levy as the introduction of proper retirement planning for diocesan priests in active ministry. Employee pension contributions in the public, private and charity sectors are paid from the cost centre which those employees belong to – not from a central cost centre.</p> <p>This question compares a few specific expenditure items extracted from a much bigger picture in the Accounts but interestingly does not consider income –  Motherwell assessment income was £1,137,677 in 2021;  Our archdiocese assessment income was £505,413 in 2021.  These income figures are similar looking back to 2018.</p> <p>In 2022, the general AND necessary AICF assessment requested income for this archdiocese totalled £1,019,572, which is still 11% less than in the smaller diocese of Motherwell.</p>
e)	<p>Both in the Trustees’ reply of 24 February and in the Deanery Meetings Q&amp;A, parishes are repeatedly reminded that, in order to finance clergy retirement allowances, <i>“new income is required along with careful management of expenditure. This is true for every parish.”</i> What are the circumstances that would prevent the Centre from equally committing to prioritise, and reduce, expenditure, with savings pledged to the AICF?</p>	<p>To restate: in 2017 the Trustees applied changes in the Centre which resulted in significant cost savings which were reported in the Deanery presentations in March 2023. Refer to answer above.</p> <p>To restate: the Centre has been selling central assets over the last 50 years to cover the AICF Expenditure. This is bad financial practice and not the way to fund retirement.  Refer to existing related Q&amp;As:  AICF 2021 (Webinar Q&amp;A): Q12 &amp; Q24.  AICF 2023 (a) Q&amp;A: Q7.  AICF 2023 (Deanery Q&amp;A): Page 22</p>
7	<b>Allocation of expenditure to charity’s purposes</b>	

a)	<p>Regarding AICF 2023 (b): Q8 – which referred to the allocation of the Charity’s expenditure as percentages against the Trust Deed’s four purposes.</p> <p>We have a further query: Even as an estimate, there appears to be a stark contrast between the monies spent on the first two purposes and the last two.</p> <p>Might the four purposes benefit from a review in terms of their importance and weighting? This raises the possibility that funding might then be freed up for the AICF.</p>	<p>The Trustees strongly encourage all parishioners who want to help the Church to get actively involved within their parish, working with their parish priest for the benefit of the parish, the wider community and the common good, thereby using the existing structures and processes.</p> <p>We would particularly point to two recent examples of active community charity in our Archdiocese, each of which involved a parish priest and his parish team working together:</p> <ul style="list-style-type: none"> <li>i. St Francis Xavier’s, Falkirk – ‘The Great Toy Giveaway’ <a href="https://archedinburgh.org/generous-parishioners-pack-hall-with-presents">https://archedinburgh.org/generous-parishioners-pack-hall-with-presents</a></li> <li>ii. The Most Holy Trinity parish, Rosyth – hosting a Ukrainian family in their presbytery <a href="https://archedinburgh.org/rosyth-parish-gives-warm-welcome-to-ukrainian-family">https://archedinburgh.org/rosyth-parish-gives-warm-welcome-to-ukrainian-family</a></li> </ul> <p>There are undoubtedly other excellent examples in other parishes, possibly your own, which have successfully operated without press attention.</p> <p>Amending the purpose of any expenditure does not ‘free up money’ but simply defines spend under a different category of charitable purpose.</p>
b)	<p>In the absence of an accurate breakdown of the Parishes’ spending in terms of the Charity’s purposes, it would be helpful to understand how the Centre’s expenditure is allocated to the four above purposes, specified in the Trust Deed.</p>	<p>It is highly recommended that you attend a walk-through of the Deanery Presentation from your respective Parish Finance Committee representative who attended the March 2023 Deanery meetings. The 2021 Accounts Overview, part of the Deanery Presentation, provides an explanation of allocation of expenditure to charity’s purposes.</p> <p>If you were involved with your parish finance committee you could perhaps discuss in that forum a more accurate breakdown of your own parish spending in terms of the Charity’s purposes. You may find that a helpful exercise to improve your understanding.</p>

8	<b>Different approaches to Dioceses of Scotland</b>	
	<p>We note that, since 2014, the Trustees have employed the services of an Actuary to place a value on the fund required for our retiring priests. We further note that the Trustees do not carry out valuations of buildings but record these at either cost or nil value. From our reading of the accounts, we have not been able to identify any other Scottish Diocese that has attempted to set up an actuarial valuation for their priests' retirement allowances. Instead, they seem to treat it simply as a cost each year, in the same way as salaries. However, other Dioceses do revalue their buildings regularly, which we assume is to ensure that they have sufficient assets to meet their outgoings.</p>	<p>Under Canon Law each diocese is unique. The Ordinary (Bishop / Archbishop), appointed by the Holy See, has authority to appoint trustees and to arrange his diocese as he sees fit as long as it operates within the Code of Canon Law and adheres to local civil laws. Additionally, the local Bishops (in this country, the Bishops' Conference of Scotland) work together on common elements (for example, safeguarding &amp; the training of seminarians).</p> <p>Refer to existing related Q&amp;As: AICF 2021 (Webinar Q&amp;A): Q3.</p> <p>Each Ordinary sets the priorities for his own diocese. In our archdiocese with the appointment of a new Archbishop and lay trustees, clergy retirement (the AICF) was identified as a high-priority financial issue which needed to be properly sized to understand the scale of the problem, therefore actuaries were commissioned. In other dioceses, if the Bishop and his trustees choose to have property valuations as a priority, they are quite entitled to hire professionals for that purpose.</p> <p>There is nothing unusual or untoward in different dioceses having different priorities at any one point in time.</p>
a)	<p>What is the reason for considering the cost of an actuarial valuation necessary, yet not of a building revaluation?</p>	<p>Please refer to answer to previous question and subsequent question.</p>
b)	<p>Reviewing the true net value of the Charity by means of regular revaluations would be helpful in decisions around selling assets that may help fund necessary repairs. The Trustees' reply discounts revaluations as cost-prohibitive. Why is this expense not considered justifiable when it is the normal practice in other Dioceses?</p>	<p>In this archdiocese, buildings are revalued prior to sale or renting out at market value. As explained in the Deanery Presentation, for buildings which we use and do not intend to sell, there is no benefit to incurring the cost of regular property valuations.</p> <p>Refer to existing related Q&amp;As: AICF 2023 (Deanery Q&amp;A): Page 5.</p>

9	<b>The AICF as a restricted fund and the Decree 09/22</b>	
	<p>In 2019, the AICF adopted a Trust Deed in Scots Law, with the AICF as a Restricted Fund within the Archdiocese (AICF 2023 (b): Q1). It has been repeatedly assured in recent documents that monies deposited in this Fund <i>“can only be used for clergy retirement purposes.”</i> By contrast, the Decree 09/22 itself states the AICF Levy as <i>“necessary and desirable for the financial provision of needs of The Archdiocese in general and the AICF in particular”</i> (n.9, our highlighting).</p> <p>Does this apparent discrepancy with recent assurances suggest that changes could be made to the AICF Levy in the future to allow for “provision of needs of The Archdiocese in general”, rather than specifically for retired clergy?</p>	<p>If there was any doubt between local civil law (Scots Law) and Canon law, the local civil law takes precedence.</p> <p>Refer to the Governance section in our cover letter.</p> <p>Refer to existing related Q&amp;As:  AICF 2021 (Webinar Q&amp;A): Q23.  AICF 2023 (a) Q&amp;A: Q20, Q21 &amp; Q22.  AICF 2023 (b) Q&amp;A: Q1.  AICF 2023 (Deanery Q&amp;A): Pages 4&amp;9.</p>
10	<b>Proposal of an Open Meeting and Collaborative Body</b>	
	<p>To conclude, our approach in the spirit of synodality is to request an Open Meeting and the setting up of a collaborative body within our Archdiocese with a view to the Decree (09/22) being revisited.</p> <p>Our objectives would be:</p> <ul style="list-style-type: none"> <li>• to determine each parish’s needs</li> <li>• to find a better and fairer way to support our retiring priests</li> <li>• to establish a more sustainable and equitable pathway forward for our Archdiocese.</li> </ul>	<p>The suggestion that Trustees should create a ‘Collaborative Body’ with laity who have chosen to exclude their parish priests and give that Body decision-taking powers shows a misunderstanding of both Archdiocesan Governance (refer to our cover letter) and of synodality. The “spirit of synodality”, is made clear in the Vatican’s document <i>Synodality in the Life and Mission of the Church</i> published by the International Theological Commission:</p> <p><i>“The synodal process must take place at the heart of a hierarchically structured community. In a diocese, for example, it is necessary to distinguish between the process of decision-making through a joint exercise of discernment, consultation and co-operation, and decision-taking, which is within the competence of the bishop, the guarantor of apostolicity and Catholicity. Working things out is a synodal task; decision is a ministerial responsibility.”</i> (Paragraph 69).</p>

		<p>To continue raising the same issues without an open mind or heart to the work done does not value the synodal spirit that has been a crucial part of the AICF decision-making process over the last five years.</p> <p>Please know that the time limit for objections to be lodged against the Decree 09/22 is long past and the decree itself will not be revisited. However, the AICF Levy Rates within it will be reviewed annually, as stated in the Decree.</p>
	<p>We wish again to stress our full commitment to supporting our retired clergy who have served us faithfully over their many years of ministry.</p>	<p>The long-standing AICF underfunding challenge and how this should be addressed is the core reason for the last five years of action, collaboration and communication between the Centre/Trustees, priests and parish representatives of this Archdiocese. Even though you claim ‘our full commitment to supporting our retired clergy’, your stated objectives (refer to question above) are to re-design and to divert this high priority programme in order to address an alternative financial agenda for which there is an existing process.</p>
	<p>We should request that all communication be sent to our collective email address and not via our respective parish priests, who have no connection with this correspondence between the Trustees and a number of independent concerned parishioners.</p>	<p>To re-iterate, our legal advice is not to communicate directly with a generic email address. Therefore, we will send a letter stating the link to this correspondence via your respective parish priests, where parishes have been listed with named ‘signatories’. Where no parish has been listed, this is not feasible – so those ‘signatories’ in parishes will need to arrange forward transmission of our letter to these other individuals, presuming they have left contact details or are known within a listed parish.</p> <p>Under Canon Law, the parish priest/parish administrator is entrusted with the governance of the parish by the Ordinary (Bishop/Archbishop). Therefore, the parish priest is responsible for all financial decisions made within his parish (within financial controls such as expenditure limits).</p>

## Appendix

*To assist general understanding of the context surrounding the AICF, this summary highlights key points on finance and governance.*

### Finance

To understand the financial needs of the AICF it is helpful to place it in context. As explained in the presentations at the Deanery meetings, by far the largest amount of financial resources within our charity are held at parish level, not centrally. Indeed, the existing loans process uses surplus funds from wealthy parishes to support other parishes in need. The AICF assessment is a sensible approach to proportionately move money from where it is held towards where it is needed.

The AICF is the main area of financial concern to the Trustees. As arrangements are being put into place to solve this problem, so the Trustees - working with the parishes concerned - will turn their attention to two related and important issues. The first issue is to *repair the fabric of many churches and parish buildings*, the second is *improving the energy efficiency of such buildings* to cope with regulatory climate change needs. These will probably involve very large sums.

The Trustees receive expert financial advice, in particular from actuaries who are in the process of finalising a report on the AICF's assets and liabilities. These details will be publicised to all parish finance committees later this year. Early indications suggest that some 2022 AICF assessment rates may be reduced slightly in 2023.

### Governance

Questions raised in correspondence to Trustees suggest that there are several misunderstandings about the governance of this, and indeed any other, diocese.

Please note:

- i. This Archdiocese is part of the universal Roman Catholic church, and as a result it is governed by the global code of Canon Law.
- ii. This entire Archdiocese is one single Charity registered in Scotland, and as a result it is governed by Scots Law, specifically Charity Law.
- iii. In the rare event of a difference of opinion between these laws, Civil Law usually takes precedence.

- iv. The Board of Trustees (also known as the Archdiocesan Finance Committee) for this Archdiocese have the responsibility to govern the Archdiocese, including the AICF, in line with both Canon and Civil Law. They do so with the benefit of external professional expertise as and when required.
- v. With regard to the AICF specifically, the College of Consultors in this Archdiocese are consulted for any changes proposed to AICF allowances as part of that approval process (in a similar way to the AICF Management Committee after the 1972 AICF reorganisation).
- vi. Following a referral of concern made to the Scottish Charities Regulator (OSCR) in February this year by some parishioners in the Archdiocese regarding the AICF, there should be great reassurance gained from the letter subsequently received from the OSCR investigative team which states: *"It is our view that the charity trustees have acted in line with the charity trustee duties as set out in the Charities and Trustee Investment (Scotland) Act 2005"*. **The referral was then closed by OSCR.** A summary of those OSCR findings, which is of public interest, is available on the Archdiocesan website: <https://archedinburgh.org/oscr-response-to-trustees-on-aged-infirm-clergy-fund/>

## Communications

Parishioners with queries of a financial nature should direct them in the first instance to their Parish Finance Committee, which includes the parish priest, as they have knowledge of parish finances and any related communications from the Archdiocese. The parish priest can decide, or be advised by his parish Finance Committee, which, if any, queries need passed on to the Archdiocese for additional information.