



Churches and 'tainted money'

Principles or Pragmatism?

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Policy&Practice
St Chad's College
Durham University

Published by

Policy&Practice
St Chad's College
Durham University
18 North Bailey
Durham DH1 3RH

<https://www.stchads.ac.uk/research/>

January 2023

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Acknowledgements.

I am grateful to the William Leech Foundation for their support. The views expressed here are my own and are not endorsed by the Foundation. I am responsible for any errors of omission, commission or misinterpretation. I am especially grateful to the interviewees who generously gave their time and kindly offered their knowledge and insights, without attribution.

1. Background

This report is about churches and money. It focuses particularly on the problem of ‘tainted money’ and addresses the question: how can churches obtain the money they need whilst holding on to their principles? For example, should churches accept money – as many of them do – from the National Lottery, given its association with an arguably pernicious form of gambling? Or get grants from charitable trusts linked to businesses involved in activities such as fossil fuel extraction? Thinking of historic benefactions, what should churches say or do about money they received in the past that derived from slavery? And where should they invest their money?

This report explores the difficult balance between Christian principles and worldly pragmatism, recognising both the good that money can do while also acknowledging its problematic ‘taintedness’. It presents the findings from research undertaken in the North East of England. The research developed initially out an interest in philanthropy in the region, especially the contribution of Christian philanthropy. I had been thinking about the provenance of such money – and wondered whether that really matters. More widely, I had also become increasingly interested in the growing controversies surrounding the philanthropic and business sponsorship of arts, culture and the universities; in recent times there have been heated arguments about the Sacklers, Shell, BP and many others, including Russian oligarchs. The Black Lives Matter movement had added another vital dimension to these debates, in relation both to historical endowments and contemporary racism.

And I thought also about churches and wondered to what extent they consider the provenance of money, and how effectively they are responding to these issues. It seemed to me that they ought to be better placed than many to justify their relationship with money; after all, they can draw on faith, ethics, scripture and theology, not just general concerns about potential reputational damage. However, as I delved more deeply into this, I became aware that church finances are quite often not transparent and I reached the view that most churches think less carefully about money than they ought to. I also had to recognise – coming to this as a member of the United Reformed Church – that I myself knew little about the finances of my own local church and denomination.

All of which led me to draw up a research proposal which I successfully submitted to the William Leech Research Fund (1), seeking support for a relatively small-scale project titled ‘Principles and Pragmatism: how should Christian organisations in the North East of England respond to the problem of ‘tainted money’?’ I had settled on the concept of ‘tainted money’, which proved to be a useful way to bring focus to the research; it also enabled an interesting connection with a much earlier religious controversy.

More than a century ago, a very well-known and socially progressive American Congregationalist Minister, Washington Gladden, had argued – unsuccessfully -- that his church should refuse a gift of \$100,000 from the oil millionaire John D Rockefeller. He said that Rockefeller had made his fortune through unscrupulous and brutal (but legal) business methods – and accepting ‘tainted’ money bred tainted institutions, a thesis argued in his book, *The New Idolatry* (1906) (2). It seems to me that that controversy remains very relevant today (3).

It is not difficult to imagine why Gladden lost the argument. Money is not only seductive but it can do good, despite its provenance; taking the 'moral high ground' might be regarded as a luxury that perhaps a food bank or church can't really afford, especially if that denies help to others. As Gladden found, principles are all very well but the voices of the pragmatists are often persuasive.

2. Research process

The research involved both desk research of documentary and on-line material and a programme of interviews with key informants.

I continued to explore the literature and on-line resources that I had started to look at when I initially developed the research proposal. This material covered a wide range of issues – a range that grew as I followed up different ideas, concerns and perspectives. My starting point had been tainted money; that led on to questions about the provenance of wealth and income, the use of money and some theological perspectives on money.

This survey of secondary source material included work on the following issues:

- Money – its meaning and provenance; 'taintedness' and 'dirty money'.
- Philanthropy – the politics and practicalities of giving and receiving.
- Governance and management of charities -- including acceptance of gifts and due diligence.
- Investment and ethics – fossil fuels, arms, gambling etc. Ethical and 'impact' investment.
- National Lottery funding – and church attitudes to it.
- Colonial exploitation -- particularly slavery and wealth derived from slavery.
- Acknowledging history -- apology, reparation, restitution, decolonisation, and justice.

News media were particularly helpful in keeping abreast of developing issues, since many of these issues – such as the moral and reputational issues stemming from some corporate or philanthropic sponsorship and influence, 'greenwashing' and 'sportswashing', the circulation of 'dirty money', investments in fossil fuels, legacies of slavery and colonialism, restitution and reparations – are very much live and controversial concerns which are now frequently being discussed in the media.

Alongside the desk research, I had interviews and discussions with people from the following Christian denominations:

- Church of England
- Catholic Church
- Methodist Church
- United Reformed Church
- Baptist Church
- Independent and New Churches (eg, Evangelical, Charismatic and Pentecostal movements)

- Quakers (most, but not all, Quakers regard themselves as Christians)
- Salvation Army

Most of these interviews were with people at the regional or sub-regional level in the North East, and also some local churches.

In addition, I had interviews with people both within and outside the churches about finance, ethical investment, philanthropy, charity governance and administration, and colonialism.

3. Principles or pragmatism?

I found that most church denominations in the North East (and nationally) are mindful of where their money comes from, but are generally pragmatic and practical about it. Churches deal with money in accordance with societal norms and conventions; they may agonise about not having enough of it but most appear to give little thought to whether it is 'tainted' or whether it belongs to God or to the church.

Churches receive money from various sources – some churches have historic income-earning assets, while many don't; some are almost totally dependent on the money given by their congregations, while others get money from external sources; some hold investments, while others have virtually no reserves. Different churches are in different situations and may face a different range of issues in their relationships with money. That said, there are common themes -- and there is perhaps a general consensus among churches about how they *ought* to think about money as Christians. After all, there's a good deal of – challenging -- teaching about money in the New Testament. The practice of dealing with money, however, is often much more informed by accountancy principles rather than by theological insight and reflection.

4. Congregational giving

For the **New and Independent Churches**, congregational giving is their principal source of income: and giving is an accepted part of the commitment of the congregation to the church's life and mission. Some of these churches specify what's expected of members, some even use tithing. In the **Catholic Church**, congregational giving is also very important -- the cost of employing the Parish Priest is met by the Parish largely from congregational giving, although the Diocese may subsidise poorer parishes. All Catholic priests are self-employed. **Baptist Churches** also rely on congregational giving; they are self-governing and self-supporting – they pay for their own Minister. Some use tithing. **Quaker** meetings are reliant on members' giving, used mainly to cover their running costs; they do not have paid clergy. In the **Salvation Army**, members of the worshipping community are expected to pay their 'cartridges' (a form of tithe) as they are traditionally called; it's part of the responsibility of being a 'soldier'.

Some of the older denominations, notably the **Church of England**, rely more on historic wealth and that may actually keep them going as their congregations dwindle. But even those churches look to their members for a significant part of their income – although that contribution may be limited by demography (ageing congregations on fixed incomes) and attitudes to giving (typically far less given per head than in, say, the newer independent churches).

In my interviews I asked whether there were ever concerns that the money given by congregations might be ‘tainted’. A few Ministers did engage with this question, but others didn’t – they considered it an irrelevance and unnecessary. Those who did respond, tended to answer that all money is tainted and the most important consideration is how it is used: and that good works can redeem tainted money. One argued that the provenance of money in the collection plate is in any case unknowable (though these days most people give via their bank accounts) and another said that money is effectively cleansed by offertory blessing. A down-to-earth Catholic priest told me that ‘there are times you might get a big donation – say £500 in cash, and you think is this from the takings of that shop that was robbed...?’

If one is looking for anxieties about tainted money one is very unlikely to find them in relation to congregational giving. I did come across a report from the 1990s about a Methodist church that was worried about whether to accept a gift of money from church members who had recently won £2m on the newly-created National Lottery (the church accepted it with gratitude). It would be very hard to find churches that would worry about that nowadays.

5. External sources giving to the churches

I looked at the situation of churches receiving money, solicited or otherwise, from individuals or organisations outside the church. For many local churches this will be an uncommon occurrence and therefore not particularly relevant. But for a few it is important. Older churches, in particular, do seek funding from grant-making trusts and foundations, perhaps sometimes from local businesses and local councils, and from the National Lottery, to help pay for building works. Local churches will also seek funding from such sources to support their community projects.

By far the biggest church recipient of external gifts in the North East region is Durham Cathedral. They have a professionalised fund-raising operation and attract money from trusts and foundations, the Lottery, businesses and gifts from individuals (in addition to income earned from their activities and donations from visitors). The Cathedral has given some thought to relationships with business sponsors, but generally seems not to be worried about that; although if a business that was perceived as controversial approached the Cathedral offering a donation, they would be mindful of potential reputational damage, especially if that business was looking for named recognition.

Durham Cathedral is the only church I came across that has a written Gifts Acceptance Policy. That was drawn up because, a few years ago, the Cathedral was notified that it had been left a substantial legacy from a source that was unknown to Cathedral officials. Due diligence was done to ensure the money was legitimate and not obviously tainted, and that process was written down in a short policy paper that might be referred to in future (though appears not to have been used again).

There is an important legal issue here. In general, charities are not supposed to refuse donations. But the Charity Commission makes it clear that they should do due diligence and they can turn down a gift in order to safeguard their reputation, or because it conflicts with their concerns and values, or because the donor wants something in return, or because it’s from the proceeds of crime, or because it might deter other donors from contributing (4).

Until recently, Newcastle (Anglican) Cathedral has been much less involved in fund-raising than Durham. But in the last few years it has developed and implemented a major refurbishment (called 'Common Ground – Sacred Space') funded by the Lottery and several trusts and foundations. There do not appear to have been any anxieties about the provenance of that money.

The region's Catholic churches generally do not seek external funding, relying heavily on congregational giving, even for social projects. They can be reluctant to use their church buildings for non-Catholic activities, which makes it difficult for them to attract external funding from the Lottery and from other funders that are looking for wider community benefit. There have been instances, however, where the Catholic church has sought external grants from the Lottery and other sources to help meet the costs of church repairs and restoration. It is understood that in such cases a condition of a Lottery grant has been that there are periods in the year when the church is open to the general public. Outreach work by the region's Catholic churches is limited; I was told that, at least in our region, they are rather inward-looking, stressing the importance of caring for the church's members and adherents. That may slowly be changing: there are a few examples now of Catholic churches helping to host food banks, providing help for refugees and, potentially, offering 'warm spaces' in winter.

Baptist churches do allow use of their buildings for non-religious activities (a Baptist Minister told me that they seem to particularly attract use by Slimming World). Some host community projects and might seek funding from charitable trusts. For example, a Baptist Church on Teesside has opened a community grocery with budgeting support and English classes aimed at refugees and asylum seekers, and some of the costs are being met with money secured from charitable trusts.

The Salvation Army runs community projects and will seek external funding from charitable trusts, possibly local firms and the local authority – but never from the National Lottery.

In the North East, a number of independent churches are assisted by grants from wealthy patrons, notably Peter Vardy and, on Teesside, Albert Dicken. Both of these philanthropists are evangelical Christians, with business backgrounds in the retail sector (respectively, car sales and DIY stores).

6. Lottery funding

The National Lottery deserves to be considered specifically on account of its associations as well as its significance. Many churches would not support gambling and, furthermore, see the Lottery as a rather insidious example of gambling that harms poorer people hoping – despite the odds – to escape their situation. Nevertheless, most church denominations are now happy enough to seek funding from the National Lottery, primarily from the National Lottery Heritage Fund (5).

There are contradictions (6). Quite a few churches accommodate the local meetings of Gamblers Anonymous groups. And a Church of England Minister, thinking aloud, said to me that ‘we would take Lottery money but wouldn’t engage in the Lottery ourselves – that’s inconsistent. Does that matter?’

There is much more pragmatism than I had expected. The National Lottery Heritage Fund is now the main source of available funding to help churches pay for their building works – and that’s now accepted as just the way things are. Many charitable trusts won’t support religious buildings. I have heard of very few local churches in the North East that have decided against applying for Lottery money – and their projects might not have been eligible in any case. The region’s Cathedrals and historic churches are substantially supported by the Lottery (7). In the case of Durham Cathedral, Lottery money has helped to pay for major building works, a new museum and business recovery from the pandemic. Lottery funding has amounted to millions of pounds and has been of vital importance to the Cathedral.

The Methodists’ nationally-agreed stance against their churches using the proceeds of gambling has faded away; now, Methodist churches in the North East and elsewhere seek Lottery funding for their social projects. The Catholic Church seems not to have a problem with Lottery money or, indeed with gambling – bingo is common enough in the Catholic Club – but they would have few eligible projects. The Baptists might feel reticent about it, but some local Baptist churches might apply in order to support community initiatives. I was told that Independent Churches – who make their own decisions about money -- would tend to be opposed to seeking Lottery funding, especially if that might be a divisive issue for their members. Some, however, might not see it as problematic. In any case, independent and new churches would probably not have eligible community outreach projects.

Only the Salvation Army and the Quakers are totally against seeking Lottery funding.

7. Historic benefactions

Historic benefactions – money and property given to churches in the past – can, of course, be tainted. An obvious example concerns churches that have been financially supported in the past by individuals involved in the transatlantic slave trade. That evidently raises difficult questions for those churches about their present-day responsibilities, including how they should go about revealing such connections, show remorse, apologise and make reparations.

Black Lives Matter protests have brought a much stronger focus on legacies of slavery and colonialism, but up to now much of the attention has centred on memorials in public spaces, artefacts in museums and galleries, connections to

National Trust properties, the decolonisation of institutions such as universities, and the wealth held by particular families and businesses (8). Churches have only recently begun to look at their legacies of slavery and colonialism (9, 10, 11).

In Bristol and Liverpool, some older Anglican churches have a lot of connections with slavery and have materially benefitted from slavery. In North East England, the region's industries were involved in activities like shipping that supported the trade, but the links are often indirect. That said, some prominent families in the region made their fortunes from slave plantations. In the North East, church links to slavery tend to be with abolitionists (12). Both Durham and Newcastle Cathedrals have done a basic inventory of their memorials and artefacts, which has not revealed significant links to slavery, although there may well be links through endowments. It is not known if there are any local churches with such connections, either through memorials, artefacts or endowments.

The United Reformed Church (URC) has set up a Legacies of Slavery task group (13). The intention is to commit to some form of 'repairing justice' – 'practical actions to substantiate the words of any apology'. Those actions of 'repairing justice' should include 'financial commitment, community projects and education, both in the UK and in parts of the Atlantic world still scarred by the legacies of slavery'. The URC was only founded in 1972, and none of its predecessor bodies took shape until the end of the slavery era. Many Dissenters, the URC's antecedents, were leading abolitionists, but some profited from the ownership of slave ships or slave plantations. The task group recognises that 'Although we are not responsible for the sins of our forebears centuries ago, we definitely are responsible for allowing them to poison our society in the 21st century'.

The Quakers are now very actively exploring and responding to historic links to slavery. For example, the London Friends House had a room named after Quaker William Penn (founder of Pennsylvania) and that has now been changed because it was found that Penn held slaves (14). At their 2022 Yearly Meeting, Quakers heard evidence about Lancaster Quakers in the 18th and 19th century, who profited from the enslavement of people. They also heard from Quaker members about their experiences of racism now. They resolved not only to be an anti-racist church but also to look at ways to make meaningful reparations

While slavery and colonialism are currently much-discussed examples of past evils that can taint present wealth, there are other examples. In my interviews, my attention was drawn to the relationship between the Church of England and mining communities in Durham and Northumberland (15). The Diocese of Durham (which used to encompass both those counties) was a major coal-owner and colliery owner, deriving very substantial income from the exploitation of miners and their communities. The Diocese can be said to owe a historic debt to the miners – but so far really has little idea how to acknowledge that, let alone how to repay it or even whether it should be repaid.

8. Endowments

Both the Durham and Newcastle Diocesan Boards of Finance (the charitable bodies that receive Parish Share and pay clergy) and the two respective Cathedrals (charities which are separate from the DBFs) have endowments – this is money, land and property given in the past by wealthy individuals and families. Durham DBF and Durham Cathedral both have endowments of about £50m. Their current endowments are largely based on a settlement in 1872, when the Ecclesiastical Commissioners took possession of some of the historic

endowments of Dioceses and Cathedrals, leaving them with the remainder. Some older parish churches also had endowments in the form of glebe land – land traditionally given by the Lord of the Manor to be used to support the parish priest; since 1972 that glebe land has been held by the relevant DBF rather than the parish.

Endowments are to be held in perpetuity, but do not have to be held in the same form; in fact, much of Durham Cathedral's endowment, which was originally in the form of land and property has been sold and reinvested in assets with better income-earning potential, particularly equities. An interesting aspect is that the Cathedral has recently been allowed to take the increase in value of those historic endowments – the capital gains from the permanent endowment fund – to use as income. Initially some of that money was used to address the deficit; the longer-term intention is to apply this 'total return' to preserve and enhance the Cathedral.

The key issue for us here in terms of taintedness is the origin of these endowments. Apparently, while it is known what those endowments were, not much is known about where they came from, although research could be done on the listing of assets published in 1872 when the Ecclesiastical Commissioners settled with Dioceses. I am not sure there would be much enthusiasm for that at either Durham or Newcastle, but it might well make sense – particularly if there is a possibility of tainted links being uncovered by others in the future. Following the recent example of the Church Commissioners, who supported research that found that their original funds were linked to the slave trade (see section 9 below), there could be a strong case for investigating the endowments of Cathedrals, Diocesan Finance Boards and, where applicable, local churches. That could be the next step for research on churches and tainted money.

My cursory exploration of endowments has been limited to the Church of England. It hardly arises in the other denominations because they do not have the same lengthy history and traditions. Churches in other denominations will have received gifts and legacies in the past, but they would normally be regarded as income or perhaps assets rather than long-term endowments.

9. Investments

One of the most fruitful areas of this research has been an examination of the investment practices of the churches, looking especially at 'ethical investment' (16). Investment matters because the churches have a considerable amount of wealth and they invest that, mainly in equities. What they invest in is highly relevant to research on tainted money, since they may invest in activities (such as fossil fuel extraction) which do not match their principles and which therefore produce potentially tainted returns. This can be a difficult area for charities (including churches) to deal with, since they may think they have a legal duty to maximise returns; in fact, trustees have discretion to exclude investments that conflict with their purposes, even if that means lower returns (a point recently clarified in the High Court). (17)

The **Church of England** is said to be by far the UK's biggest charity (one estimate put the total wealth of the Church of England at nearly £23bn in 2016) (18). It has considerable investment assets held centrally in three funds, known as the National Investment Bodies. These three are: the Church Commissioners; its Pension Board; and CBF, a fund managed by the investment company CCLA (CCLA was set up to invest on behalf of churches, charities and local authorities).

I have looked at these, particularly focusing on the Church Commissioners, which has assets of £10bn (in 2022), held in public and private equities, land and property.

The Church Commissioners have recognised that they have had tainted money, at least historically. The Church Commissioners came into being in 1948 through the merger of Queen Anne's Bounty and the Ecclesiastical Commissioners. In 2022 research that they commissioned revealed that a considerable part of Queen Anne's Bounty came from investment in the South Sea Company, a major participant in the transatlantic slave trade. Queen Anne's Bounty was established in 1704 to tackle poverty among the clergy and, aside from buying land to provide an income for clergy it invested heavily in the South Sea Company, whose main commercial activity was trading in enslaved people. The Bounty also received money given by numerous benefactors, including some such as Edward Colston, who were involved in the slave trade.

In 2022 Archbishop Welby and the Commissioners acknowledged this legacy and issued a statement of apology. Subsequently, in January 2023 the Church Commissioners announced that they are setting up a £100m fund, to invest in countries and communities (notably in west Africa and the Caribbean) still affected by the legacy of slavery and provide grants to 'address some of the past wrongs' of the Church of England's links to the slave trade through the Bounty (19). It appears that the fund could include support for research on the historic connections that Dioceses, Cathedrals and local churches may have with money and wealth that was derived from slavery.

As well as difficult historical legacies there are current controversies. The Church Commissioners, although certainly very concerned to be 'ethical', have been the target for criticism over the years (20), accused of investment practices that are hypocritical – in particular, continuing to invest in fossil fuels. At one time the Commissioners also had an indirect investment in Wonga, causing embarrassment for Archbishop Welby when he attacked that company's practices. It has been argued that they are focused on making money rather than the church's core calling or purpose -- and they can be very successful at making money, achieving a 10.4% return on investment in 2020. (21).

The Church Commissioners are sensitive to such criticism and say they are 'responsible investors' who take into account Environmental, Social and Governance ('ESG') issues when deciding what to invest in. The Commissioners (and the other two Church of England funds) are advised by a quasi-independent body, the Ethical Investment Advisory Group, which was specifically established to help them invest ethically. The EIAG aims to help the National Investment Bodies to avoid investing in 'activities that are inconsistent with Christian values' being 'mindful of the danger of undermining the credibility, effectiveness and unity of the Church's witness were they to do so'.

The Church Commissioners avoid investing in companies that are significantly involved in various activities, including armaments, alcohol, pornography, high interest rate lending, tobacco and gambling. They still have investments in some fossil fuel companies – but say they intend to disinvest from those not aligned to the Paris climate accords (22). The Church Commissioners believe in engaging in dialogue with fossil fuel companies (eg, Exxon Mobil) to promote positive change and work with other funds to put pressure on them. That stance of engagement has not satisfied activists such as Christian Climate Action, who say that the church is hypocritical and ought to disinvest; they have said such engagement is pointless and have likened investment in oil and coal to investment by the church

in sugar and the slave trade in the past. They argue that the church should be *prophetic*, not colluding in environmental destruction (23).

The Church of England also holds investments at the Diocesan and local levels. For example, *Durham Diocesan Board of Finance* has assets of £66m, mainly comprising fixed assets (£37m) and investments (£23m). Apparently, a large proportion of the investment funds come from the sale of glebe land in Sedgefield a few years ago. Durham DBF puts its investment into funds managed by CCLA Investments Ltd which operates an ethical investment policy. In November 2021 Durham DBF pledged not to invest in companies making significant revenues from fossil fuels.

Durham Cathedral (a charity that is separate from the DBF) has assets of more than £60m -- a figure that, interestingly, excludes the literally priceless assets of the Cathedral itself and historic artefacts. The Cathedral income includes income from the investment of their Endowment (income from investment amounted to £776k in 2020). The bulk of their investments are managed by Cazenove Capital Management (now part of Schroder & Co Ltd) and Rathbone Investment Management Ltd. The objective is to get a good return – the 2020 Annual Report says: ‘to ensure the creation of sufficient income and capital growth to enable Durham Cathedral to carry out its purposes consistently each year with due and proper consideration of the future needs and maintenance and, if possible, the enhancement of the invested funds’. The Cathedral has not decided to disinvest from companies involved in fossil fuels.

Newcastle DBF has assets of around £25m; a big part of that is the value of parsonages (£9m). Reserves are held in shares in the CBF Investment Fund, an ethical fund. Apparently, it also invests via a stockbroker whose remit is to secure the best return. Newcastle DBF, like Durham, has divested from fossil fuels (24).

The *Church of England’s Parochial Church Councils* (PCCs) had a total income of £1.1bn in 2019 according to Parish Finance Statistics. About half of that comes from parish giving (£616m); the rest is from trading income, grant income and legacies (£60m) and investment income (£47m). The Church of England’s Parish Resources website provides a short guide for PCCs on ‘Investing Your Reserves’. It notes that ‘all PCCs have some reserves whether it’s the cash in the bank, deposits, investments or even owned property’. The guide mainly offers advice about different kinds of accounts and investments, in relation to interest and ease of access. It notes the importance of the CBF Church of England Deposit Fund, used by many PCCs to keep their reserves, but doesn’t mention that it is an ethical fund (25, 26).

The global **Catholic Church** has enormous wealth – which is quite often called into question. My focus has been the Diocese of Hexham and Newcastle, which covers most of the North East region. The Diocese has assets of £95m, including £48m of investments which produce an annual income of about £2m. The Trustees’ Report 2019 notes that ‘the investment objective for the Diocese is to produce the optimum total return’. Ethical issues are considered. The Diocesan investment policy is very clear about Catholic Pro-Life issues – avoiding companies involved with contraception and abortion. The policy is also opposed to investment in organisations with more than 3% of their turnover from pornography; or more than 10% from armaments; or more than 10% of turnover from tobacco production. This Diocese’s policy has nothing on fossil fuels – though it is understood it does not actually have investments in fossil fuel companies. Some other Dioceses do have such policies.

Catholic Parishes hold some financial resources. Apparently, any Parish money surplus to their immediate needs (some may have, for example, bequests) has to

be deposited with the Diocese and will become part of the Diocese investment portfolio, with the interest from that going to the Diocese to support Diocese work. The Parishes therefore are effectively not involved in decisions about investment, ethical or otherwise.

The **Methodist Church**, Britain's fourth largest Christian denomination, has around £1bn invested in stocks, shares, bonds and other schemes. This money comes from individual churches and Circuits, as well as national funds. Funds not immediately required are invested in marketable securities through The Methodist Church's in-house investment manager, the Central Finance Board (CFB) of The Methodist Church. The CFB works closely with its subsidiary, Epworth Investment Managers, a specialist fund manager in church and charity investment, set up by the CFB in 1996. The CFB says it seeks superior returns and improved ethical standards.

To ensure that the CFB is working to ethical standards, the trustees established the Joint Advisory Committee for the Ethics of Investment (JACEI), similar to the Church of England's EIAG. The JACEI's work covers: extractive industries; Nestle and breast milk substitutes; animal welfare; plastics; the Living Wage; Israel Palestine; HSBC and Hong Kong security laws; Human Rights – including inadequate children's food boxes supplied during the pandemic; and Tax Justice.

Through the ecumenical Church Investors Group, the CFB and Epworth vote against FTSE companies that do not have minority ethnic representation on their boards or do not have 40% female representation on their boards. The CFB is also involved with initiatives such as Climate Action 100+ (where the CFB co-leads on work with Anglo American) and with ShareAction (where the CFB co-filed a shareholder resolution relating to the climate emergency and Barclays). Also, CFB works with the Carbon Disclosure Project and is a founding partner of the Transition Pathway Initiative (which comprises 60 global investors) that assesses companies' expected future performance on carbon emissions.

Some of the funds of local Methodist churches (bequests, building funds, development funds and proceeds of sale) *must* be invested through the Trustees for Methodist Church Purposes. Otherwise, local Churches are free to invest their money with the Methodist's in-house investment manager, the Central Finance Board (CBF), or with a local bank, building society or elsewhere.

The United Reformed Church has 13 Synods, each of which has a Synod Trust, with its own Trustees. In our region, The URC (Northern Province) Trust Ltd holds £13.6m – that is growing, with the addition of proceeds of the sale of churches that have closed. Most of that is held in the CCLA's COIF Ethical Investment Fund – an approach which essentially is seen as taking care of ethical considerations.

A short Investment Policy document from Synod notes ethical restrictions 'in line with Christian teaching and to avoid alienating supporters.' So that involves 'negative screens', avoiding companies earning above specified percentages (mostly 10%) of revenue from activities exacerbating climate change such as coal mining, and avoiding armaments, tobacco, alcohol, adult entertainment, gambling, animal testing, high interest rate lending, etc.

The URC General Assembly voted to divest from fossil fuels in 2019 in an action co-ordinated by Operation Noah (27) involving several denominations. The Synods followed that too; now, all 13 URC synods have divested from fossil fuel company investments.

Local URC churches are free to invest their reserves as they wish.

Local **Baptist Churches** are self-governing and self-supporting. Most are 'unincorporated associations'; the larger ones are registered charities. Most Baptist churches have their own church building and a Manse, but no other property.

Local Baptist churches have their own bank accounts and financial matters are local church issues. Local autonomy means that some churches will have thought more about finance than others. Few churches would have investments, other than a Savings Account in a High Street bank.

There is a national Pension Fund for Baptist Ministers and that has different options, including an ethical option. Hence, Ministers can themselves decide how they want their Pension invested -- in an ethical fund or an ordinary fund.

Quakers (the Religious Society of Friends) are based on local meetings and they look after their own finances. Income is predominantly made up of contributions from members and is used to finance activities, maintain the Meeting House and support the central organisation (the Britain Yearly Meeting). There is a regional organisation; in our region this is the Northumbria Area Meeting, which embraces 8 local Meetings, from Alnwick in the north to Durham City in the south. Northumbria Area Meeting had income of £192k in 2019 and expenditure of £188k.

The Northumbria Area Meeting has been reviewing its approach to money and has looked at banking arrangements and investments (and also buildings and wages). Northumbria Area Meeting has investments of £723,000 (2019 Annual Accounts on the Charity Commission website). These investments had been managed by Brewin Dolphin, which they had found was not receptive to discussing ethical options. So, they turned to Rathbone and Greenbank, which specialises in ethical investment. They were able to offer investment in fields such as renewable energy. Rathbone was said to be able to offer a proactive investment vehicle concerned with investing for good, not just avoiding the bad.

The 2000 Annual Report has a revised statement on this, saying that as well as avoiding investing in bad things, Rathbone and Greenbank are 'proactive in seeking out investment opportunities for projects which accord with our Quaker values, which they then suggest to us. This enables us to be more actively involved in how our investments are used. A recent example is a development initiative for building homes for long-term or permanent housing for the homeless.'

The **New and Independent churches** are autonomous, so they do not have central funds or centrally agreed policies on investments (or anything else). Each church deals with money issues their own way. Some have modest reserves, which might go into a standard savings account; few would have significant investments.

Reviewing the investment practices of different Christian denominations, it is clear that most seek to avoid 'sin stocks', often by simply investing in CCLA funds. But they could go much further by investing to make a positive impact. There is enormous scope for churches to invest in things like sustainable agriculture, recycling and renewable energy – and that may well not even mean sacrificing financial returns (28). That would require a much more proactive approach to fund management.

10. Banking

Interest earned from bank accounts may be small, but even so there is a significant tainted money issue here – banks lend savers' money to businesses and they have their own investment portfolios. Most denominations at both national and local levels use the mainstream High Street banks, including those with very substantial investments in fossil fuels. For example, Durham DBF and Durham Cathedral both bank with Barclays, the bank that is the biggest fossil fuel funder in Europe (and 7th biggest in world rankings) and also heavily invested in companies supplying weapons and military technology to Israel (29).

The Catholic Hexham and Newcastle Diocese and its local churches bank with HSBC, which is ranked by Ethical Consumer as second most heavily invested in fossil fuels (after Barclays) and -- which has (possibly has had) substantial shares in Russian oil and gas companies. Many local Methodist churches use HSBC, some having previously been with the Midland Bank, which later became part of HSBC. Independent churches use various banks, including the CAF (Charities Aid Foundation) Bank and the Kingdom Bank. In the case of the Salvation Army, all money is held centrally in accounts with the Army's own ethical bank, the Reliance Bank.

The Northumbria Area Meeting of the Quakers recently reviewed its banking arrangements. They are concerned to bank with an ethical bank and have traditionally banked with the Co-op Bank, 'the original ethical bank', which has had an Ethical Policy since 1992 and has been committed to not providing banking services to businesses involved in fossil fuel extraction since 1998. However, the Co-op is now owned by US hedge funds, so they have looked at other banks and also mutual building societies. Triodos was found to be not taking new charity accounts at present and Nationwide doesn't take charitable bank accounts. One of the local Meetings has now moved to the CAF Bank – despite having now to pay banking fees as a result. Another local Meeting was banking with Barclays and has decided to move their account to another bank – despite that being quite inconvenient since a Barclays bank branch is nearby.

11. Conclusions

This report has looked at the different church denominations and sought to answer some basic questions about their income, wealth and how they think about money. In particular it has explored the problem of 'tainted' money – and how churches respond to it.

I do not think that the churches in North East England currently have big problems with tainted money. It is fair to say that, at the moment at least, they are not generally *perceived* as being tainted by tainted money (as Washington Gladden might have put it). But that is not the end of the matter. Attitudes change and there could well come a time when churches might have to explain why they are relaxed about Lottery funding, for example. Today, there are a few people who are asking why churches bank with Barclays or HSBC, and why they invest in particular industries – but the pressure to explain and to change those practices might well intensify in the future.

It seems likely that in future more questions will be raised about churches' historic benefactions and artefacts – as has happened in relation to museums, galleries and universities. Older cathedrals and churches would do well to research the origin of their wealth, especially endowments, so they are prepared to answer difficult questions and respond with meaningful actions. Explanations are more

credible when they are a considered response from an institution that has already questioned itself.

Churches can certainly learn from the experience of other institutions. Their situation is not the same, however -- companies and philanthropists are far less interested in giving money to churches than giving money to art galleries. Churches are therefore going to be less exposed in that way. Having said that, there are independent churches that receive substantial funding from wealthy business people – and that may expose those churches to questions about the source of that kind of financial support. And churches have their own vulnerabilities: both the Church of England and the Catholic Church have very substantial wealth that sits uncomfortably alongside the bias to the poor encapsulated by the Gospel.

For art galleries, museums or universities the provenance of money can often be about potential reputational damage. Critics question why they are receiving money from a particular source and what that says about them and what they stand for. With churches there is more to it than that: more is expected of them; they are expected to have moral and ethical positions that shape their churches. They would be expected to have well-worked out positions concerning their money and wealth – and to operate in line with those principles.

In the course of this research, two thoughts kept coming to me. First, I was struck by how little most church members (including myself) know about the finances and financial arrangements of their own local churches and their regional/national bodies – let alone the finances of other denominations. In my view, congregations ought to be more questioning and receive better information. Second, it seems to me that the wealth that churches have could be used more effectively in keeping with Christian principles and mission; I would say it is unambitious stewardship simply to put money into low-risk ethical funds. Nor is it just about money; churches have buildings and land which can be used imaginatively and generously (30).

An indication of what the future holds might be discerned from the Church of England's recent decision to set up a £100m fund as a response to damage done by the slave trade, recognising that the Church itself was complicit in the trade through the shareholdings of Queen Anne's Bounty. That initiative surely leads to further questions about historic wealth but also the responsibilities churches have to those it has harmed and the financial compensation that might be associated with that. We may be seeing a significant change in approach, and not just by the Church of England but also by the URC and Quakers. Museums and institutions like the National Trust have now well-established policies to 'retain and explain' artefacts. But some have now started to return objects such as Benin Bronzes. It may be that some churches are heading in the same sort of direction: moving towards restitution and reparations. That would certainly be a controversial – and principled – response to 'tainted money'.

Notes

1. The William Leech Research Fund is part of a charitable trust, the William Leech Foundation, set up in 1960 by Newcastle builder and philanthropist Sir William Leech. The Fund supports research in the area of Christian social ethics and practical theology in North East England. This Fellowship was awarded for 2021 and the grant amounted to £11,954. [The William Leech Research Fund – Website for the William Leech Research Fund](#)
2. Washington Gladden (1906) *The New Idolatry*, NY: McClure, Philips & Co. See [Washington Gladden - Wikipedia](#).
3. See commentary by David Mislin, [How a 1905 debate about 'tainted' Rockefeller money is a reminder of ethical dilemmas today \(theconversation.com\)](#). Also: 'When your money is so tainted museums don't want it' by Anand Giridharadas, *New York Times* 16.5.19. And 'Tainted money and tainted donors: A growing crisis?' by Michael Moody and Michael Pratt, Johnson Centre 2020, [Tainted Money and Tainted Donors: A Growing Crisis? \(johnsoncenter.org\)](#) For a useful discussion of the strategies that nonprofit organisations might adopt when it emerges a past donation is tainted, see 'When a Donor Becomes Tainted' by Paul Dunn, in *Nonprofit Quarterly*, Spring 2021. Also 'Philanthropy', by Paul Valley, Bloomsbury, 2020; he references other problematic philanthropists, notably Andrew Carnegie.
4. See 'Acceptance, Refusal and Return: A Practical Guide to Dealing with Donations' published by the Institute of Fundraising. The definition(s) of tainted money and the ethical issues involved for fundraisers are explored in depth by Eugene R Tempel in 'Tainted Money', ch. 5 in 'Nonprofit Fundraising Strategy', by J G Pettey (ed.), Wiley, 2013.
5. The now widespread acceptance of Lottery funding by churches, notably the Church of England, is discussed by Ted Harrison: 'Why does the Lottery no longer worry us?', *Church Times*, 15.11.19.
6. For the arguments for and against churches using Lottery money, see 'Should my church use National Lottery Funding?', by Stephen Mathews and Alan Hough, Stewardship Briefing Paper, 2018; [bp-should-my-church-use-national-lottery-funding.pdf \(stewardship.org.uk\)](#). For a theological critique of the Lottery and the power of money, see 'An Idol Unmasked: A Faith Perspective on Money', by Peter Selby, 2014. Selby (p26) says that 'the plaques that memorialise the 'generosity' of the Heritage Lottery Fund are a standing witness to what is actually an act of exploitation'. He also says (p128) 'to buy a lottery ticket is the sensible act of the person for whom it is the only conceivable way of being transformed from being a loser to being a winner'.
7. For a searchable list of churches that have received Heritage Lottery Fund Grants see [National Lottery grants: data – DCMS](#)
8. See, for example, 'Museums must put their heads together', Bryan Appleyard in *The Sunday Times*, 20.9.20; 'The Benin Bronzes: Colonial Violence and Cultural Restitution', by Dan Hicks, Pluto Press 2020; 'Sponsorship from Shell will tarnish a great museum', George Monbiot in *The Guardian*, 21.4.21; 'Scientists in fossil fuels boycott of Science Museum', Matthew Taylor in *The Guardian*, 20.11.21; 'National Portrait Gallery parts company with BP after 30 years', Nadia Khomami, *The Guardian* 23.2.22. . Also: 'Museum rewrites history to explain images of the past', Saverin Carrell, writing about the Dundee V&A in *The Guardian*, 28.8.20 and 'British Museum drops Sackler name from its galleries', Mark Brown in *The Guardian*, 26.3.22. On reparations, see: 'The case for British slavery reparations is not going away', Afua Hirsch in *The Guardian*, 10.7.20; 'Repatriation gains traction', Geraldine Kendall Adams in the *Museums Journal*, Jan 2020. Also: 'Making amends: how funders can address slavery's legacy', by Julia Tavers, *Inside Philanthropy*, 19.12.19, [Making Amends: How Funders Can Address Slavery's Legacy | Inside Philanthropy](#).
9. The Church of England set up an anti-racism taskforce in response to the BLM movement. The taskforce's report, 'From Lament to Action', was published in 2021. Included in its many recommendations concerning racism within the church, it said that the church must address the legacy of the C of E's involvement in the slave trade – and deal with statues and monuments commemorating people who contributed or benefitted from 'the tragedy that was the slave trade'.
10. Dan Hicks, Curator of world archaeology at the Pitt Rivers Museum in Oxford says that the church should commit to publishing a full inventory of its collections of artefacts with a view to returning them if appropriate. As well as pointing to the Church of England, he noted the Vatican's 'immense ethnographic collections.' See 'Church of England urged to provide full list of world artefacts', Ben Quinn in *The Guardian*, 10.4.21.
11. The Church of England has published a report on 'Contested and under-represented histories and Church of England heritage'. It looks particularly at objects in churches that may be associated with oppression – such as statues, memorials and grave markers – and considers how to deal with them. [Contested Heritage | The Church of England](#). Good practice is developing, such as Bristol

Cathedral's new exhibition, 'All God's Children', exploring and explaining its many links to slavery; reviewed in 'Bristol Cathedral display tackles slavery past', Sarah Meyrick in the Church Times, 2.9.22. However, the difficulties that may be involved in dealing with such issues have been illustrated by the case of Jesus College, Cambridge where the College was refused permission by the Ely Diocese Consistory Court to relocate a memorial in the chapel which commemorates a benefactor who invested in the slave trade. See 'Jesus Christ forgave Tobias Rustat, judge argues, and so must Jesus College', Shiranikha Herbert in the Church Times, 23.3.22, and 'Head of Cambridge college condemns 'offensive' church ruling to retain slave trader memorial', Sally Weale in The Guardian, 26.3.22.

12. 'It would be impossible to overestimate the importance of dissenting religion [in the North East's anti-slavery movement]. Quakerism and Unitarianism supplied much of the intellectual and organisational skills, while Presbyterianism and Methodism provided the mass of foot soldiers. Evangelical Anglicanism was probably a small element, but perhaps those of an abolitionist bent made the transition to Methodism.' Quoted from John Charlton: 'Hidden Chains – The slavery business and North East England 1600-1865', Tyne Bridge Publishing, 2008, p 160.

13. [Legacies of Slavery - United Reformed Church](#)

14. See [One step to tackle racism | Quakers in Britain](#). Also, on William Penn, see [Flawed Quaker Heroes - Friends Journal](#)

15. The key account is 'The Church of England and the Durham Coalfield 1810-1926', by Robert Lee. Boydell Press, 2007. It tells of the Church's close relationship with local elites and wealthy coal-owners, its strained relationships with the working class – and the consequent popularity of Methodism in mining communities. .

16. For a useful discussion of ethical investing in relation not just to Christianity but also in relation to other faiths go to BBC Radio 4 Beyond Belief programme on Ethical Investing, 13.4.20, podcast available at [BBC Radio 4 - Beyond Belief, Ethical Investing](#)

17. 'Charities can make climate-friendly investments even if it means lower returns, High Court rules', Andy Ricketts in Third Sector 3.5.22. Also [Update on investment guidance following Butler-Sloss case - GOV.UK \(www.gov.uk\)](#). The issue of 'obtaining best value' doesn't only concern investments. It was at the centre of the public controversy over the sale of Arkengarthdale Church of England Primary School in North Yorkshire. The owners of the closed school, the local Parochial Church Council felt obliged, by law, to sell it to the highest bidder, a private individual, rather than to a local community trust that develops affordable housing. Unfortunately, the trust had not yet become a registered charity, although its objects were charitable; that appears to have prevented acceptance of its lower bid. (See: 'Church misses chance to turn former school into affordable housing', Harriet Sherwood in The Guardian, 27.8.20 and 'Bishop weighs in on school dispute' by Georgia Meadows, Northern Echo, 7.9.20). The Church of England Diocese of Bath and Wells got into a similar row about the sale of The Old Deanery in Wells to the highest bidder, a private individual, rather than to a community group. Geraldine Peacock, a member of the community project – and a former chair of the Charity Commission – said that the Church had misinterpreted charity law; it was not obliged to sell to the highest bidder and should take into account 'social value' ('Church plan to sell deanery 'puts profit before community' ', Harriet Sherwood in The Observer, 29.11.20)

18. See 'For richer or poorer – where is the Church of England', by Ed Moore; [For richer or poorer – where is the Church of England? - National Secular Society \(secularism.org.uk\)](#)

19. 'Church Commissioners acknowledge that slave trade boosted early funds', Hattie Williams in the Church Times, 16.6.22. and 'Church Commissioners to set aside £100m million to compensate for slave-trade links', Francis Martin in the Church Times, 10.1.23. Also: [Church Commissioners publishes full report into historic links to transatlantic chattel slavery and announces new funding commitment of £100m in response to findings | The Church of England](#) The new fund has its critics; see comments on Daily Mail report at [Church plans to spend £100m atoning for its historical slave trade links | Daily Mail Online](#)

20. For a trenchant critique – more than ten years old but still having some relevance -- see 'Where is the Church of England's heart invested?' by Jonathan Bartley and Simon Barrow, Ekklesia, 2011. They say that 'The core of the problem is that the Established Church sees its investments primarily in terms of fundraising rather than in terms of core calling and purpose (including economic justice). The Church Commissioners ... are institutionally accountable to Crown, Parliament and ecclesiastical bureaucracy rather than to a Gospel community aligned with the world's have-nots...'

21. 'Commissioners finished 2020 up by £500 million', Pat Ashworth in Church Times, 15.6.21. The value of the Commissioners' assets stood at £9.2bn on 31 Dec 2020, compared with £8.7bn at the start of the year.

22. In 2021 the Church Commissioners sold their multi-million-pound stake in BP – but apparently that decision was taken for commercial reasons, not for environmental ones ('Church Commissioners sell stake in BP', Hattie Williams in Church Times, 25.1.21). Also: 'Church's investing bodies separate greener wheat from oily tares', Church Times, 20.1.22; 'Church Commissioners under fire again over fuel policy', Joe Ware in Church Times, 25.2.22; and 'Church's fossil fuel investments 'hypocritical'', Joe Ware in Church Times, 24.11.22.
23. See 'Protests held as Church Commissioners pursue engagement policy at Exxon Mobil AGM', by Paul Wilkinson, Church Times 2.6.21. The position of the Commissioners in relation to ethical investment, engagement and divestment is set out in articles by Bess Joffe and Barbara Ridpath in *Crucible*, the Journal of Christian Social Ethics, January 2022.
24. 'Dioceses join the latest tranche to divest from fossil-fuel companies', Joe Ware in the Church Times. 5.7.22.
25. See [investingreserves.pdf \(parishresources.org.uk\)](https://parishresources.org.uk/investingreserves.pdf)
26. There are examples (but probably very few in the North East) of local churches with substantial wealth. St Vigor with All Saints in Fulbourn, near Cambridge, is the beneficiary of a 16th century trust fund which was set up to maintain the church clock and tower. The field held by the trust was recently sold to Peterhouse Technology Park for £18.5m and the interest is being spent on developing the church choir, equipment for the local school, community work etc. In this case, it is understood that the legacy was specified in such a way that neither the Diocese nor Church Commissioners were able to take control of it. 'Parish's £18.5m legacy funds music and mission'. Church Times 20.8.21.
27. [Operation Noah | A Christian response to climate change](#)
28. 'Investing in ethical firms pays in crisis, finds BlackRock study', Jasper Jolly in The Guardian, 18.5.20. For a survey of environmentally responsible approaches to investment by churches and Christian organisations, see 'Cooler Earth – Higher Benefits', produced by the World Council of Churches, 2021. [WCCCoolerEarth2 Web PDF 0.pdf \(oikoumene.org\)](#). Also 'Church Investment in Climate Solutions', from Operation Noah – Bright Now; [Church-Investment-in-Climate-Solutions.pdf \(brightnow.org.uk\)](#)
29. For a detailed (and respected) comparison of banks and ethical options, see 'Which banks are good with money', Ethical Consumer, Jan/Feb 2023. Also see [Market Forces UK](#), which includes commentary on Barclays and HSBC and, for global rankings of banks, [Banking on Climate Chaos 2022 - Banking on Climate Chaos](#). The implications and issues for churches are specifically covered by Just Money (formerly the Ecumenical Council for Corporate Responsibility); see [Banking - JustMoney Movement](#). On Barclay's involvement in Palestine, see report by Palestine Solidarity Campaign: [Barclays-Arming-Apartheid-FINAL-1.pdf \(palestinecampaign.org\)](#)
30. I have discussed the challenges for churches (particularly in the URC) in 'Money Talk', Fred Robinson in Reform, July/August 2022.

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