The Church of England Pensions Board

Annual Report

Year ended 31 December 2018

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Chair’s Introduction

I am honoured to take over the Chair of the Church of England Pensions Board. Let me start by paying tribute to the contribution of my predecessor, Dr Jonathan Spencer, who stepped down in April 2019 following 10 years’ service. Jonathan has been a great servant of the Pension Board, making important progress in every aspect of its work. His leadership was highly regarded by the trustees and will benefit all our customers. On his retirement he was honoured by the Archbishop of Canterbury with the award of the Canterbury Cross for his outstanding service to the Church of England.

The Pensions Board serves those who have worked for the Church of England through managing and administering pension schemes and providing retirement housing for retired clergy and their families. It is with pleasure that I introduce this annual report of the Board’s activities in 2018.

Each year the Board undertakes a valuation of one of the pension schemes for which it acts as trustee. In 2018 this was the Church Administrators’ Pension Fund, which had a valuation date of 31 December 2017. This fund, the smallest of our schemes, provides pension benefits for the staff employed by the National Church Institutions through a Defined Benefit Scheme (closed to new entrants in 2006) and a Defined Contribution Scheme. Working with the employers, the Board successfully concluded the valuation process and agreed a plan for the funding of the scheme. We also reviewed the default options for the Defined Contributions Scheme. In parallel, we have been working with dioceses and other stakeholders in the clergy scheme in preparation for that valuation as at 31 December 2018. We are proposing an important change to this and future valuations called Asset Led Funding, or ALF. We believe this new methodology will bring more stability to the funding level and less volatility at future valuations.

Our commitment to ethical and responsible investment continues to be a major priority. We are committed to be a global leader on these issues. A major achievement was the negotiation of the first ever framework between a multi-national energy company and their long-term investors about how the company will transition to a low carbon economy. The Board co-led the negotiations with Royal Dutch Shell on behalf of investors with over $33 trillion in assets under management. The result was a joint statement which committed Shell to emission targets covering all their activities, linking these targets to executive pay, and regular reviews of the ambition of the targets. Underpinning this achievement was the continued development of The Transition Pathway Initiative (TPI), that the Board co-founded and co-chair with the Environment Agency Pension Fund. In July 2018 the General Synod overwhelmingly endorsed the engagement strategy of the Board and Commissioners in relation to climate change.

In respect of housing, the significant achievement in 2018 was the issue of a second commercial bond, raising £30m to enable the Board to purchase further retirement properties for our customers (with an additional £20m held in retained bonds). This is part of a long-term plan to replace the financing previously available from the Church Commissioners. We continue to provide retirement housing to 2,500 retired clergy households.

In addition to Jonathan’s retirement, Ian Clark stood down as a trustee last year after 14 years’ service. We appreciated his faithful service and welcomed Michaela Southworth as a new Trustee.

In July 2018, John Ball was appointed as our new Chief Executive Officer. I am grateful to those who covered the role whilst the post was vacant and ensured the Board’s work continued to a high standard. I am much looking forward to working with John, his executive team and the trustees in all that lies ahead. We live in “interesting” times and who knows what the future holds? I take comfort in the diligence and professionalism of my colleagues, but above all in our faithful and loving God to whom we commit this vital ministry.

Clive Mather
Chair

Report of the trustees for the year ended 31 December 2018

The trustees present their annual report and financial statements of the charity for the year ended 31 December 2018. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Finance Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" ("the SORP") published on 16 July 2014.

Structure and history

The Church of England Pensions Board ("the Board") was established in 1926 by the Church Assembly (now the General Synod) by the Clergy Pensions Measure 1926, to serve as the pensions authority for the Church of England and to administer a comprehensive pension scheme for clergy. Prior to 1926 there was no proper pension system for clergy.

The Board was given powers in 1948 to provide housing for retired clergy and their widows and dependants, and in subsequent years also became trustee of various charitable funds and trusts to provide for the relief of poverty of retired clergy and their widows and dependants. In 1964 the Board became a registered charity. Since then the funds and trusts have been amalgamated and now exist as a single restricted fund: the 'General Purposes Fund'; and one linked charity for which the Board is corporate trustee: the 'Clergy Retirement Housing Trust'.

In its current form, the Board is a body corporate, a registered charity, and is governed by the Church of England Pensions Measure 2018, the main operative provisions of which came into force on 1 March 2019. Prior to that, and during the period covered by these accounts, the Board was governed by the Clergy Pensions Measure 1961 (as amended from time to time). During the period covered by these accounts it was the corporate trustee of four pension schemes:

- The Church of England Funded Pensions Scheme;
- Clergy (Widows and Dependants) Pension Fund;
- The Church Workers Pension Fund;
- The Church Administrators Pension Fund.

The assets and the liabilities of the Clergy (Widows and Dependants) Pension Fund were transferred to The Church of England Funded Pensions Scheme on 18 December 2018 and the Fund was formally wound up on 31 December 2018. The financial statements of the four pension schemes listed above are not included in this report.

The Board administers two other pension schemes, for which it is not a trustee: the Church of England Pensions Scheme (for clergy service prior to 1 January 1998); and the Church Commissioners Superannuation Scheme (for staff service prior to 1 January 2000). The financial affairs of these schemes can be found in the Church Commissioners' accounts. They have no impact on the financial position of the pension schemes of which the Board is trustee.

Public benefit

The purposes of the Board are the provision of retirement services set by the Church of England for those who have served or worked for the Church. This is carried out primarily through the provision of retirement housing and through the administration of pensions.

In accordance with the requirements of s17(5) of the Charities Act 2011, in exercising their responsibilities the Board has had regard to the Charity Commission's published advice on public benefit, especially that contained in its supplementary guidance *"The Advancement of Religion for the Public Benefit"*.

Nationally, the Church, through its network of more than 12,000 parishes, 16,000 churches and 20,000 ordained and lay ministers seeks to build social capital and provide spiritual care for all those who might wish to engage with matters of faith in a Christian context. The local churches are a focus for community activity, and through resources available at their disposal, provide activities that support community development and social cohesion. These can include projects which support children, families and the elderly.

Retired clergy and their dependants often play a role in these projects. Through the provision of comprehensive pension schemes, retirement accommodation and, where applicable, direct grants to supplement their income, the Board assists clergy in retirement to continue to play a full role in the community.

Objectives

The Board's charitable objectives are first, to provide the best possible support and care, within available resources, to those who have retired from stipendiary and lay ministry within the Church of England, and to their dependants, through the provision of retirement and supported housing, and through discretionary grants to ensure beneficiaries have a minimum income standard. Second, the Board's objective is to meet its responsibilities as administrator for the various pension schemes, as laid out in its governing documents (see Structure and History section).

The strategic objectives of the Board are:

- To manage the pension schemes efficiently and effectively, applying an investment strategy that maximises its ability to meet all liabilities
- To provide quality retirement housing
- To understand its customers' needs and expectations and use this to design and deliver better services
- To ensure that the Board follows best practice in its corporate governance
- To achieve value for money from the resources the Board is given to deliver its services
- To achieve a sustainable return on our investment funds, acting in accordance with our ethical policies

Around one in six clergy retiring from the stipendiary ministry seek the Board's assistance with retirement accommodation. Retirement can be a stressful life event for many people and particularly so for the Church of England clergy who have lived the majority of their working lives in tied accommodation and for whom retirement also entails the stress of moving house. The Board aims to work with clergy to assist them in this significant life transition and encourages early conversations about retirement housing and pension provision. We aim to provide an appropriate level of service over the long term, and retirement housing which is well maintained and suits its purpose.

In 2019, the Board will continue to provide these services within the resources available. We continue to shape and refine the services that are offered to ensure that they are sustainable in the future.

The charitable activities are financed by grants, gifts, legacies and investment income. All donations are placed in the General Purposes Fund unless otherwise specified. We are very grateful to those who have given donations and left legacies over the past year.

Charitable activities of the Board:

CHARM (Church's Housing Assistance for Retired Ministry)
The CHARM scheme is the main housing provision made by the Church of England Pensions Board. It is designed to assist retiring clergy leaving tied accommodation and who have not been able to make their own provision for somewhere to live in retirement.

Under CHARM there are several options, some of which have now been closed and are no longer available. Through the various options around 2,500 retired clergy and their dependants receive assistance.

The provision of housing through CHARM is a discretionary facility with the Board specifying various parameters relating to the size and type of property available. The parameters are regularly reviewed.

Information on the CHARM scheme, eligibility and access to the various options is available on the Church of England websites at www.churchofengland.org/housing.

- Rental Property
The rental option is the Board's core service, with around 1,200 retired clergy and their dependants in this section of the scheme. Customers can choose from a portfolio of available properties across the country up to five years before they intend to retire and "reserve" it for their retirement.

The Board ensures that all properties are in a good state of repair. It uses stock condition surveys to plan and carry out maintenance.

Tenants who moved into their properties after 1 April 2015 pay a "target rent" based on a social housing model; tenants who already lived in a property prior to this date pay a rent which was based on their (joint) income and are now making a very slow transition to a target rent.

The CHARM scheme is subsidised by the wider Church of England through Vote 5 of the Archbishops' Council's budget. The total grant for 2018 was £4.8m (2017: £4.6m). This support enables the Board to continue to offer target rents at a lower level than market rents.

- Shared Ownership
The Shared Ownership option assists around 110 households. Properties are bought in partnership with the customer who contributes a minimum of 25% of the property cost. The Board's maximum contribution is £150,000. Additional shares of the property can be bought by the customer who can buy outright ownership if they wish.

Customers pay a rent, based on the Board's capital share of the property, and a service charge which reflects the cost of maintaining and insuring the property. The rent is increased in line with the weighted increase in the full Church and State pension for a married couple.

- Mortgage Schemes
The mortgage schemes are closed to new applicants.

A fixed-interest mortgage option was in operation until 31 December 1982. Mortgagors had the option to pay interest on the amount loaned during the life of the loan and then on redemption repay the nominal amount of the loan, or pay one-half of the interest due during the life of the loan and on redemption repay the nominal amount of the loan together with the unpaid interest. Six loans were outstanding at the end of the year, three of which the mortgagor is paying the full interest amount on the mortgage advanced, and three of which the mortgagor is paying one-half of the interest due.

A value-linked mortgage option closed on 31 March 2008. Mortgagors pay an interest-only element on the advanced sum, with the rate of interest being subject to an annual uplift in line with increases in Church and State pensions. When the property is sold or the mortgage redeemed, the sale proceeds are divided between the mortgagor and the

Board in the same proportions as when the loan was advanced. At the end of the year mortgage loans were outstanding on 640 properties (580 from the Charity and 60 from the subsidiary company CEPB Mortgages Ltd).

Supported Housing

On the 29 November 2018 the Board celebrated 70 years since the opening of Ramsay Hall, its first supported housing scheme for those retired clergy and their dependants who wish to live as independently as possible in a community of Christians and to have a range of support services. Some retired clergy, or their surviving spouses or civil partners, no longer feel comfortable living by themselves or find it increasingly difficult to maintain and manage a home of their own. Equally, some wish to continue living within a community where the liturgical and spiritual life of the Church of England is central.

The Board's seven supported housing communities not only provide residents with a self-contained flat but also include dining facilities, meeting spaces, libraries, a chapel and communal grounds. The Board charges for the accommodation using a rent and service charge system and operate a subsidy system to assist those of its residents who are unable to pay for those support charges which are not eligible for state assistance.

The total cost of running the supported housing operation including central overheads, is largely met by the income the Board receives through rent and service charges. The shortfall is met from grants, voluntary donations and investment income received by the General Purposes Fund. In 2018 this amounted to £2.7m (2017: £1.8m). This includes costs related to the Manormead Nursing Home which closed in 2017.

Administration of pensions

During the period covered by this report, the Church of England Pensions Board was the trustee of four pension funds - the Church of England Funded Pension Scheme, the Clergy (Widows and Dependants) Pension Fund, the Church Workers Pension Fund and the Church Administrators Pension Fund. The assets and the liabilities of the Clergy (Widows and Dependants) Pension Fund were transferred to The Church of England Funded Pensions Scheme on 18 December 2018 and the Fund was formally wound up on 31 December 2018.

The administration of pensions for the clergy is one of the charitable objects of the Board; this is carried out at no cost to the charitable funds since the administration costs are charged to the relevant pension fund.

In total, the pensions for around 40,000 people, across more than 600 employers are administered by the Board. Separate reports and accounts are issued for each of the pension schemes.[1]

[1] These are available at www.churchofengland.org/about/leadership-and-governance/church-england-pensions-board

Review of 2018 activities

CHARM

The Board continues to be able to assist around 2,500 retired clergy and their dependants through the CHARM scheme (including the historic mortgage arrangements).

The Board's current strategy for the main rental scheme is to build up a portfolio of suitable properties which can be held for the long term, and will be suitable for re-letting when they become vacant. This requires a transition away from historic Church Commissioner funded properties, which are sold as they fall vacant. In line with this strategy, the Board purchased 38 new rental properties during the year, and was also able to re-let a number of existing (Pension Board funded) properties to meet demand. This resulted in a net decrease in the size of the rental portfolio from 1,196 at the end of 2017 to 1,185 at the end of 2018. The proportion funded by the Pensions Board increased to 75% (2017: 74%).

In addition to rental properties, the Board continued to assist customers through the shared ownership scheme. Three new shared ownership properties were purchased in 2018 (2017: four).

On 12 April 2018 the Board (through its subsidiary CHARM Finance Plc) issued a new £50m fixed rate bond, of which £30m was drawn down immediately, with £20m retained for future sale. This is the Board's second bond issue. It is part of our strategy to finance the purchase of properties for the CHARM scheme to both replace the Church Commissioners' historic financing arrangements and to grow the portfolio to meet anticipated increases in demand for CHARM.

During the year the Board strengthened its retirement services for all customers through two new roles:

- A dedicated Aids and Adaptations Officer to provide advice and help customers access assistance, so that through changes to properties, customers are able to live independently for longer. This role also provides in-house expertise so that the design of CHARM property refurbishment incorporates features to support independent living in older age.
- A Housing Support Officer available to provide support to older customers in areas including health and disability and accessing a range of housing options later in life when independent living is becoming more difficult. This includes helping customers and their families navigating options for residential care, as well supporting customers coming to CHARM following ill-health retirement.

These two roles work alongside the Welfare Benefits Adviser service, which continues to prove successful and popular in supporting customers accessing local authority support and benefits to which they are entitled, and signposting support on other matters.

A key project for 2018 has been the scoping of a Housing Management System to support implementation of our Asset Management Strategy. This is a multi-year project, and the focus for 2018 has been to map our processes, understand system interfaces and explore products available in the market and commended by other housing providers. This culminated in agreement of the outline business case at the December Board meeting. The next stage of the project – including supplier selection and system design and implementation - will be taken forward in 2019.

Following a review the Housing Committee agreed to extend the contract with our housing maintenance partner, Sanctuary Housing Association, for a further period to 2021.

Supported Housing

The Board continued to provide supported housing through its seven supported living schemes, housing 206 residents in 2018 (2017: 208).

Ramsay Hall in East Sussex, the first of the Board's housing schemes, celebrated its 70th anniversary in November 2018 and Gracey Court in Devon celebrated its 25th anniversary in the year.

Administration of pensions

The valuation of the Church Workers Pension Fund ("CWPF") as at 31 December 2016 was completed in time for the statutory deadline of 31 March 2018. This included agreeing recovery plans with those employers with deficits in their section of the DBS section at the valuation date and completing the new Schedule of Contributions. A number of employers took the opportunity to pay off their deficits as a lump sum.

The Board continues to support employers wishing to review their benefits structures, and seeks to ensure that they are provided with good information to enable purposeful consultation processes.

The valuation of the Church Administrators Pension Fund as at 31 December 2017 was completed and signed off in December 2018, well within the statutory timescales. This included dialogue with the employers and agreement of a new Schedule of Contributions.

The future of the Clergy (Widows and Dependents) Pension Fund has been under active consideration for some time. This is the smallest of our schemes, the average age of the members is high, and the number still in receipt of pension is falling. The Board considered various options for the scheme and its members. In December it resolved that a transfer of the assets and liabilities into the Church of England Funded Pension Scheme ("CEFPS") would be in the best interests of the members while causing no detriment to the CEFPS.

The Board has continued to prepare for the valuation of the Church of England Funded Pension Scheme ("CEFPS" - the Clergy pension scheme), the largest pension scheme, ahead of its valuation date of 31 December 2018. This has included working with our advisers and a small group of responsible bodies to explore issues and options for long-term funding sustainability. In September 2018 the Board agreed in principle to adopt the Asset Led Funding methodology for the valuation. Our thinking was shared with responsible bodies and the Regulator.

The assets of the pension schemes administered by the Board returned -2.6% over 2018 (9.4% over 2017). Net returns for the schemes' assets, after deduction of fees, are now 7.4% p.a., which is equivalent to RPI+4.4%.

The results of the schemes are not reflected in those of the Board, and may be found in the separate annual report and accounts produced for each scheme. The table below provides summary information for the net assets of each scheme as at 31 December 2018:

	Church of England Funded Pension Scheme	**Church Workers Pension Fund**	**Church Administrators Pensions Fund**	**Total**
	£m	**£m**	**£m**	**£m**
Total net assets available for benefits	1,844	542	151	**2,537**

The table below provides summary information for the most recent actuarial valuation of each pension scheme:

	Church of England Funded Pension Scheme	**Church Workers Pension Fund**	**Church Administrators Pensions Fund**	**Total**
	£m	**£m**	**£m**	**£m**
Date of valuation	*31-Dec-15*	*31-Dec-16*	*31-Dec-17*	
Total technical provision	(1,544)	(549)	(143)	**(2,261)**
Total net assets available for benefits	1,308	506	130	**1,969**
Total pension scheme deficit	**(236)**	**(43)**	**(13)**	**(292)**

In line with its agreed long-term asset allocation, the Board continued its programme of diversifying the assets and sources of return for the pension schemes during the year, particularly through commitments to infrastructure equity investments. This additional diversification partly mitigated the volatility in equity and gilt markets in the final quarter of the year. The long-term asset allocation will continue to see a shift away from equities to greater diversification. This strategy underpins the new valuation methodology for the CEFPS.

The Board's Approach to Ethical & Responsible Investment
In May 2018 the Board decided to appoint its own full time Director of Ethics and Engagement to support its ambitions on ethical investment. The Board co-ordinates with the other National Investing Bodies (NIBs) and the Ethical Investment Advisory Group on policy and engagement matters.

In particular the Board has taken the lead on Climate Change and on the implementation of the new ethical investment policy on extractive industries. Together with the Environment Agency's pension scheme, the London School of Economics and FTSE Russell, the Board established the Transition Pathway Initiative (TPI) in 2017. The TPI is a tool that allows asset owners and investors to monitor the public disclosures made by companies and to assess how they are aligned with the goals of the Paris climate agreement. The extraordinary success of the TPI continues. It is now being used by asset owners with over £10 trillion assets. A significant development in 2018 saw TPI being adopted as the main tool to assess company performance by the global engagement initiative, Climate Action 100+ (CA100+) which is a group of 310 investors managing over $33 trillion in assets. There has never been a coordinated engagement of companies on the scale being undertaken by CA100+ and the Board is delighted that TPI will play such a prominent role in this initiative.

In July 2018 the General Synod endorsed the NIBs' strategy on climate change which will see continued engagement underpinned by the Transition Pathway Initiative (TPI). Importantly, the Board along with the other National Investing Bodies committed to disinvest from major fossil fuel producers that were not assessed by TPI by 2023 as on a demonstrably aligned path to below two degrees of warming.

A key achievement in 2018 was the negotiation of the first ever framework between an oil and gas company and their long-term investors about how the company will transition over the coming decades to a low carbon economy. The Board together with one of our investment managers, Robeco, from the Netherlands led the negotiations on behalf of other investors from the Climate Action 100+ initiative. The result was a Joint Statement between Royal Dutch Shell and Investors that resulted in worldwide media coverage. The statement committed Shell to emission targets covering all their activities, linking these targets to executive pay, regular reviews of the ambition of the targets as well as review of the lobbying of policy processes by the industry associations Shell are a member of. Following the announcement of the joint statement the Editorial Board of the Financial Times issued a special editorial that acknowledged this as a first for investors and an oil and gas company and saw it as a model for the kind of agreements that need to be struck with other companies in the transition to a world aligned to the Paris climate agreement.

The role of corporate lobbying in public policy is highly influential. As a result the Board formed a partnership with the €60 billion of assets Swedish Public Pension Fund, AP7, to launch a focussed initiative engaging 56 European companies about their lobbying activity by their industry associations and alignment to the goals of the Paris climate agreement. The initiative developed a set of Investor Expectation on Corporate Climate Lobbying that was supported by the €23 billion backed European Institutional Investor Group on Climate Change (IIGCC). Companies across Europe were asked to commit to support the expectations and undertake reviews of the lobbying by the industry associations of which they were a member. Mining companies Anglo American, Rio Tinto and Glencore committed to undertake such reviews as well as oil and gas major Royal Dutch Shell.

The Board is honoured to host the Secretariat to the Church's Ethical Investment Advisory Group (the EIAG) which serves the NIBs. During 2018 the review of the EIAG's structure was completed and the EIAG held its last meeting in its current format in October. The Secretariat facilitated the establishment of a new Nominations Committee and supported that committee in the recruitment of new EIAG members, who met for the first time in March 2019. In parallel the Secretariat continued to support the EIAG in its programme of policy reviews and horizon scanning. The EIAG is now set up to provide expert advice to the NIBs to underpin their ethical and responsible investment goals.

Financial Review

The Board's net income for 2018 was £0.8m (2017: £3.4m). Net income before gains on investments was £0.2m (2017: £0.9m).

Total income for 2018 was £29.9m (2017: £28.8m), with income from charitable activities being £19.8m (2017: £19.9m), which includes income from rents and service charges for CHARM properties and the supported living schemes along with interest received in relation to mortgage properties, which together amount to £13.6m (2017: £13.7m). The slight reduction in restricted charitable income reflects the closure of the nursing home in March 2017 and the impact of mortgage redemptions in the year, partially offset by the annual uplift of rent and service charges. The remaining income from charitable activities of £6.3m (2017: £6.2m, including £0.6m charged in respect of previous periods) relates to the recovery of administrative costs in respect of the pension schemes administered by the Board.

In addition to the income received through provision of its services, the Board relies upon voluntary income sources to sustain its charitable activities. Income from grants, donations and legacies was £5.2m (2017: £6.2m). This includes support from the wider Church of England, through Vote 5 of the Archbishops' Council's budget, under which a grant of £4.8m (2017: £4.6m) was made towards the provision of retirement housing. A further £0.4m (2017: £1.6m) income from donations and legacies was received from individual supporters, for which the Board is extremely grateful.

The Board also received investment income of £1.9m (2017: £1.7m), and profit from the sale of CHARM properties of £3.0m (2017: £1.0m) as the Board continues to develop the portfolio through sale of unsuitable properties as they become vacant, using the proceeds of sale, along with external borrowing, to fund the purchase of new properties.

Total expenditure for 2018 totalled £29.8m (2017: £27.9m), with expenditure on charitable activities totalling £29.8m (2017: £27.9m). The largest component of expenditure was on rental properties of £13.0m (2017: £12.4m) with the year on year increase reflecting the cost of financing new property purchases through the loan facility and two listed bond issues. Expenditure on supported housing increased by £0.7m to £6.5m (2017: £5.8m) reflecting an impairment in the value of the vacant Manormead Nursing Home of £1.5m, offset by a reduction in operating costs due to the closure of the Nursing Home in March 2017. Charitable expenditure also includes the cost of administering the pension schemes which increased by £0.7m to £6.3m (2017: £5.6m) reflecting increased activity on ethics and engagement, the development of an asset-led funding methodology for the CEFPS valuation and the winding up of the CWDPF.

Unrealised gains of £0.6m on investment funds (2017: £2.5m), explained further below, contributed to an overall increase in total funds of £1.3m to £123.7m (2017: £122.4m).

The value of fixed assets increased in the year to £291.8m (2017: £290.4m). The overall value of the CHARM portfolio increased by £2.9m, reflecting acquisitions and disposals in the year, whilst the value of CEPB funded properties increased to £161.8m (2017: £153.8m) largely driven by the increase in CEPB-funded housing stock in the year (with 41 additions in 2018 versus 33 disposals).

The impact of the ongoing change in funding is also reflected in the Board's liabilities, as loans repayable to the Church Commissioners reduced to £65.0m at the end of 2018 (2017: £70.0m) but non-current liabilities increased by £3.4m to £103.0m (2017: £99.6m) as external financing is used to facilitate new property purchases.

The Board's pension deficit liability was £0.9m at the end of 2018 (2017: £1.5m).

External financing

During 2015 the Board issued a £100m Bond to support the long-term financing of the CHARM scheme, of which £70m was drawn down immediately. This gave the Board access to long-term finance to purchase additional retirement properties, to secure the future of clergy housing in retirement. The Board used part of the proceeds to acquire the further economic interest in 196 CHARM rental properties which had been financed by the Church Commissioners and had previously been subject to significant restrictions. The remaining proceeds were used to repay other existing, shorter-term, borrowings.

In 2018, the Board issued a new £50m fixed rate bond in April 2018, of which £30m was drawn down immediately and was predominantly used to repay existing borrowings. This reflects the continuation of the Board's long-term financing strategy.

Investments
The charity holds investments of £40.9m (2017: £40.3m), which generated income of £1.9m in the year (2017: £1.7m).

The majority of investments £40.3m (2017: £39.6m) are currently with the CBF Investment Fund (CBFIF, managed by CCLA Management Ltd), the Charities Property Fund (CPF, managed by Savills) and the Property Income Trust for Charities (PITCH, managed by Mayfair Capital). The CBFIF is a balanced fund that invests across a range of asset classes, including equities, bonds and property. The CPF and PITCH funds invest wholly in UK property, principally industrial, office and retail property. All three funds are structured as charity common investment funds, which allow investing charities to benefit from their statutory exemption from stamp duty on UK investments. The charity also holds £0.7m (2017: £0.7m) in investment properties, covering a portfolio of 6 (2017: 6) properties.

The amounts invested at the end of 2018 by the Board across the three funds are shown in the table below, along with the return generated by each investment for the Board over the year. At times, the Board's returns may differ from the funds' own returns, because of investment or disinvestment during the year, which will affect its returns.

	Value at end 2018 £m	Allocation %	2018 Return for the Board %
CBF Investment Fund	10.4	25.4	2.4%
Investment Properties	0.7	1.7	(0.6%)
Savills Charities Property Fund	20.9	51.2	7.2%
Mayfair Capital Property Income Trust for Charities	8.9	21.7	8.5%
Total	40.9	100.0	6.1%

The charity also holds £1.0m (2017: £0.7m) in short-term cash deposits with the CBF Deposit Fund (CBFDF, managed by CCLA Management Ltd).

The CBF Investment Fund returned 2.4% over 2018, with its diversification beyond equities offsetting some of the severe weakness suffered by that asset class in the fourth quarter of the year.

2018 was another strong year for property returns, with the AREF/IPD All Balanced Property Fund Index returning 6.5%. The PITCH and CPF funds returned 8.5% and 7.2% respectively in 2018, maintaining their strong long-term records. These strong returns were in marked contrast to those generated by equity investments during the year.

The Board undertook a further review of the funds' investment arrangements in 2018. It concluded, as it had in 2017, that it wished to maintain a strong bias to commercial property, for its stable valuations, and high and sustainable income.

Following the review, the Board also decided to terminate the funds' investment in the CBF Investment Fund and to invest the proceeds in a bespoke portfolio to be run by Brewin Dolphin. This change will be made in 2019.

The recent returns of the three main funds in which the Board invests, and their income yields and sizes, are shown below:

	Fund returns (net of fees)			Yield	Fund size
	2018	2016-2018	2014-2018	End 2018	End 2018
	% p.a.	% p.a.	% p.a.	%	£m
CBF Investment Fund	2.4%	10.4%	9.5%	3.4%	£1,350
Savills Charities Property Fund	7.2%	7.9%	10.6%	4.3%	£1,314
Mayfair Capital Property Income Trust for Charities	8.5%	8.7%	11.5%	5.4%	£552

Risk Management

The Church of England Pensions Board's risk management process assists management by facilitating the identification and assessment of significant risks to the achievement of objectives. The process is supported by a risk management policy which outlines the roles and responsibilities of Trustees, management and staff.

Individual departments and identified risk owners are responsible for the identification, assessment and review of risks which fall in their area of responsibility. Risks are prioritised using an agreed scoring methodology and are assessed at an inherent and residual level. The risk management process is facilitated and monitored by the Audit and Risk function. The management of key risks are subject to independent review and assurance through the internal audit process, which reports to the Audit & Risk Committee.

The Board reviews the risk register and risk management arrangements at least annually. The Board is supported in risk management by its Committees, and particularly by the Audit & Risk Committee, which regularly reviews the content of the risk registers and seeks assurance over the adequacy of arrangements in place to manage the risks.

Principal Risks

The principal risks, which Trustees consider most significant are:

Risk	***Key Management Actions***
Significant wider economic issues, including any adverse consequences of Brexit, (deflation, stagflation, large adjustment to property prices) have a major impact on pension deficits or covenants on external financing	• *Diversification of the investment portfolio* • *Regular monitoring by management and Actuaries on scheme performance, economic risk scenarios and external trend data* • *Continuous engagement with scheme funders / employers.* • *Implementation of appropriate investment risk mitigation activities.* • *Employer covenant monitoring arrangements* • *Debt covenant monitoring arrangements*
Issue or occurrence which gives rise to significant reputational impact on the Pensions Board leading to loss of confidence/support on part of customers, sponsors, stakeholders etc	• *Robust policies and procedures and effective compliance monitoring internal control evaluation arrangements* • *Externally contracted services subject to regular and detailed performance review and oversight.* • *Effective staff and trustee recruitment and performance management procedures.*
Significant changes in society (e.g. mortality rates) materially impacts on the viability of pension schemes	• *Annual actuarial review to identify trends and risk scenarios* • *Monitoring of wider industry developments and views* • *Changes in mortality rates are built into actuarial assumptions*
Significant legislative or legal/regulatory change means a scheme (pension or housing) may no longer be viable	• *Horizon scanning capability, supported by professional advice from external advisors.* • *Maintain good relationships with stakeholders etc., ensuring that they are up to date with developments, their impact and possible mitigations.* • *Pensions Committee role in monitoring of legal and regulatory environment*

Risk	*Key Management Actions*
External crisis event makes systems/services undeliverable	• *Comprehensive business continuity plans, policies and procedures which are subject to regular review and testing.* • *Significant upgrades to IT infrastructure and robustness* • *IT controls and processes- helpdesk support and back-up routines* • *Service Level Agreement for IT support subject to annual review*
Failure to comply with Landlord responsibilities resulting in injury or death to individuals	• *Landlord responsibilities identified across portfolio* • *Supported Housing has third party H&S provider, portal, policy manual, risk assessments and tracked action, monthly checks by Ops Managers and H&S company* • *CHARM properties- compliance actions delivered by a range of 3rd party providers, managed and monitored by Property Services* • *Data held on systems are monitored monthly*

Going concern

The trustees have considered the potential financial impact of the risks to which the Board is exposed, its ability to address those risks and to mitigate their impact should they materialise. They have reviewed the Board's financial plans for the next 12 months, and its long-term business plan, evaluating whether it has adequate reserves and appropriate contingency plans to deal with a range of adverse scenarios. Having made this assessment, the trustees have reasonable expectation that the Board has adequate resources to meet its spending commitments as they fall due, including the servicing and repayment of debt and compliance with loan covenants. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and accounts.

Approach to Taxation

In conducting its tax affairs, the Board will:

- ensure that it conducts them not only in accordance with the letter but also the spirit of the law;
- not behave in a manner that could be considered aggressive or abusive;
- endeavour to obtain all reliefs available to it as a charity;
- ensure that all tax filings are compliant with the law and that tax payments are made in a timely manner;
- engage in dialogue with Her Majesty's Revenue & Customs ("HMRC") on a regular basis to ensure that any matters where the tax treatment is uncertain or difficult are raised and discussed at an early opportunity;
- maintain suitable processes and controls to ensure that the risk of non-compliance with filing and disclosure requirements is minimised; and
- ensure appropriate compliance with any non-UK tax regimes in relation to filing and payment obligations by paying the right amount of tax in the right place at the right time and disclosing all relevant facts and circumstances to the tax authorities and claiming reliefs and incentives where available.

Reserves

Unrestricted funds

The **unrestricted funds** represent expenditure incurred by the Board on salaries and working expenses subsequently recovered from the pension funds administered by the Board. The Board has no net assets in its own right as a body corporate and, consequently, no unrestricted reserves are retained.

Restricted funds

Restricted income funds are to be spent or applied within a reasonable period from their receipt to further one or more, but not all of the charity's charitable purposes.

The largest restricted fund administered by the Board is the **General Purposes Fund ("GPF")** at £113.0m (2017: £113.4m), which exists to provide for the relief of poverty among, and housing for retired clergy and church workers and their spouses/former spouses/dependants etc. This fund is considered to be restricted since the provisions for use of its resources are narrower than the statutory objects of the Board, which include the administration of pensions.

Within the GPF, the Board has earmarked funds of £4.4m (2017: £4.6m) for the provision of future property maintenance costs. The designation of this fund merely expresses the current intentions of the Trustees and has no legal effect. Legally, the funds are available for spending on any of the objects of the GPF.

The **Clergy Retirement Housing Trust ("CRHT")** is a registered charity and is a linked charity of the Board (Charity No. 236627-2). The CRHT may use its property as residences for qualified persons under the provisions of the Clergy Pensions Measure 1961 or any succeeding legislation. As a linked charity, it is accounted for as a separate restricted fund, which together with some smaller trusts is valued at £11.5m (2017: £10.6m).

Reserves policy

Reserves are held to ensure that the Board can continue to deliver services to its beneficiaries and to meet its obligations and covenants in respect of debt financing in the event of a sustained reduction in voluntary income or other adverse scenario. The Board considers annually the level of reserves that should be maintained and takes account of the requirements of the Charities SORP and the guidance issued by the Charity Commission (Charities and reserves CC19).

Whilst it is unusual for a charity to hold reserves entirely within restricted funds, in practice the breadth of the restriction placed on the General Purposes Fund means that the trustees have a reasonable expectation that they could meet all necessary charitable expenditure of the Board from this fund, excluding the administration of pensions, the cost of which is fully recoverable from the Schemes.

For the purposes of defining an appropriate reserves policy, the Board therefore considers 'free reserves' to be the net assets of the General Purposes Fund after excluding:

- the value of programme related assets net of secured borrowings, i.e. CHARM properties (most of which are debt financed);
- other fixed assets held for charitable purposes, which cannot be quickly realised;
- the amount earmarked for property maintenance;

and after making provision for the pension liability.

The Board holds free reserves in the region of £35m - £40m, allowing it to generate annual investment income in the region of £1.5m - £2m whilst taking an investment approach which will preserve capital value. This level of reserve also gives considerable cover in the case of a one-off significant financial stress event.

Plans for the future

The Pensions Board has been providing retirement services to the Church of England for over 90 years. These services have changed over the years and will continue to develop to ensure that the needs of its customers are met. The Board will continue to regularly review these services using the information obtained from an understanding of its customers' needs and expectations, to improve delivery, whilst demonstrating value for money to those who provide the Board with the resources to operate. It will also continue to provide a working environment which motivates and develops its people to give of their best and take pride in working for the Church of England Pensions Board.

Our core work will continue to be serving a growing population of 40,000 pensions customers and 2,500 housing customers, and working with partner employers and responsible bodies across the Church of England. This includes managing health and safety, regulatory compliance and performance monitoring.

Specific activities in our Delivery Plan for 2019 include:

- **Preparing for an increase in future demand for housing** through the purchase of additional properties (subject to market conditions) to strengthen the portfolio and provide more choice, and planning for the longer term through the development and application of a new long-term financial model.
- **Commencing work on a new Housing Management System** including undertaking a procurement exercise to select a supplier and proceed to implementation. A new system is critical to delivering our asset management strategy and ensuring value for money and high levels of customer service with a growing portfolio in the future.
- **Undertaking the statutory valuation of the CEFPS**, working with our advisers, responsible bodies, and The Pensions Regulator. This will build on the work over the last two years which has considered the long-term funding sustainability of the CEFPS and (subject to formal consultation) will see the implementation of the new Asset Led Funding methodology for the valuation. The statutory deadline for the valuation is 31 March 2020.
- **Preparing for the CWPF valuation,** which is due at 31 December 2019, through informal engagement with employers to explore a number of issues ahead of the formal valuation process.
- **Introducing a partner Independent Financial Adviser service** through a leading national provider enabling customers to access independent financial advice, with specific knowledge of our pensions schemes, at a significantly discounted rate.
- **Continuing investment diversification** and moving towards the long-term asset allocation, particularly through further implementation of infrastructure and private market strategies.
- **Developing our ethical investment and engagement work**, particularly through further support and use of the Transition Pathway Initiative (TPI) and engagement work on extractive industries. We are also strengthening our resources in this area and look forward to working with the restructured Ethical Investment Advisory Group, alongside our partners in the other National Investing Bodies.

In addition, Dr Jonathan Spencer CB stood down as Chair of the Pensions Board at 30 April 2019 following a decade of service to the Board. The General Synod confirmed the Archbishops' appointment of Clive Mather at the February 2019 Group of Sessions. This appointment follows an open selection process overseen by the Board Development Committee in late 2018. Clive Mather took up his post from 1 May 2019.

Structure, governance and management

Governance

There are 20 members of the Board representing a balance of skills and expertise who are drawn from a wide range of constituencies. Following changes to the legislation affecting the membership of the Board in 2017, seven are elected by the various Houses of the General Synod and five by the members or the employers participating in the pension schemes for lay workers. One is appointed by the Church Commissioners and seven are appointed by the Archbishops of Canterbury and York, after consultation, including the Chair whose appointment is approved by General Synod. The current membership does not fully reflect these changes, but will do so by 2021. A period of membership lasts for six years; retiring members may offer themselves for re-election or be reappointed.

The Board decides on the frequency of its meetings, which is typically five a year. If required, decisions are taken by a simple majority with the Chair having the casting vote. For Board meetings a quorum is present when six people are in attendance, including at least two persons elected by the members of the pension schemes administered by the Board.

New trustees receive an induction into the work and practices of the organisation. All have access to an online database which includes outlines of their responsibilities, copies of the Rules and other documentation for each pension scheme, policies relating to the provision and operation of retirement housing assistance, and a library of past Board and committee papers.

The majority of members of the Board have completed either fully or partially the Pensions Regulator's Trustee Toolkit, or an equivalent qualification, and regular training sessions are provided at Board meetings on a range of subject areas. In 2018 trustee training topics included data protection and anti-fraud awareness.

The Board has committees to oversee the following areas: Audit and Risk, Housing, Investment, Pensions, Board Development and, from 2018, a Treasury committee tasked with overseeing significant financing decisions relating to housing or pensions matters. The Board has delegated authority to make decisions concerning these areas within its terms of reference and to make recommendations to the full Pension Board on other matters.

The Board has also delegated some of the day-to-day management and operation of the Scheme's affairs to professional organisations as set out on page 21.

Auditors

During the year, the external auditors PricewaterhouseCoopers LLP performed non-audit services for the group in relation to 2018 CHARM bond issue. The value of this work was £25,000 (excluding VAT).

A resolution proposing the appointment of Crowe UK LLP as the new auditors to the group was approved at the June 2019 Annual General Meeting.

Ethical Investment

The Board also manages the Secretariat to the Ethical Investment Advisory Group ("EIAG") on behalf of the Church of England's national investing bodies – the Church Commissioners, the Church of England Pensions Board and the CBF Church of England funds managed by CCLA Investment Management Ltd.[2]

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[2] Further detail about the EIAG, including the recent review, may be found on the Church of England website: www.churchofengland.org/about/leadership-and-governance/ethical-investment-advisory-group

Trustees and advisors

The Board has members elected and appointed by various means, which are described below. It delegates some of its business and decision making to sub committees.

Board Members (1 January 2018 to 26 June 2019)

Appointed with the approval of the General Synod, by the Archbishops of Canterbury and York
Dr Jonathan Spencer CB (Chair) (to 30 Apr 2019)
Clive Mather (Chair) (from 1 May 2019)

Appointed by the Archbishops of Canterbury and York
Roger Mountford

Appointed by the Archbishops of Canterbury and York after consultation with the representatives of the dioceses
Nikesh Patel *(from March 2018)*

Appointed by the Archbishops of Canterbury and York after consultation with the Chairs of the Church of England Appointments Committee and the General Synod's House of Laity
The Revd Caroline Titley *(from March 2018)*

Appointed by the Church Commissioners
Jeremy Clack FIA

Elected by the Employers in the Church Workers Pension Fund and the Church Administrators Pension Fund
Richard Hubbard
Canon Sandra Newton

Elected by the House of Bishops of the General Synod
The Rt Revd Alan Wilson, Bishop of Buckingham

Elected by the House of Clergy of the General Synod
The Revd Fr Paul Benfield
The Revd Nigel Bourne
The Revd Peter Ould
The Ven David Stanton

Elected by the House of Laity of the General Synod
Roger Boulton FIA
Canon Nicolete Fisher
Alan Fletcher FCII (Vice Chair)
Canon Emma Osborne
Bill Seddon

Elected by the members of the Church Workers Pension Fund
Ian Boothroyd
Ian Clark *(to November 2018)*
Michaela Southworth *(from December 2018)*

Elected by the members of the Church Administrators Pension Fund
Maggie Rodger

Committee Members (as at 26 June 2019)

Audit and Risk Committee
Maggie Rodger (Chair)
Richard Hubbard *(from February 2018)*
David Hunt FCA *(co-opted) (to June 2018)*
The Revd Peter Ould *(from February 2018)*
The Ven David Stanton
Helen Ashley Taylor *(co-opted)* (from February 2019)
Caron Bradshaw *(co-opted)* (from February 2019)

Board Development Committee
Canon Nicolete Fisher (Chair)
Roger Boulton FIA
The Revd Nigel Bourne
Canon Sandra Newton

Trustees and advisors (continued)

Pensions Committee
Roger Mountford (Chair) *(to 18 April 2018)*
Roger Boulton FIA (Chair) *(from 18 April 2018)*
The Revd Fr Paul Benfield
Ian Boothroyd
The Revd Nigel Bourne *(from 15 February 2018)*
Canon Sandra Newton
Alan Fletcher FCII
Maggie Rodger

Housing Committee

Canon Sandra Newton (Chair)
Ian Clark *(to November 2018)*
Canon Nicolete Fisher
Jeremy Gray *(co-opted) (to September 2018)*
Jonathan Gregory *(co-opted)*
Henrietta Podd *(co-opted)*
Lawrence Santcross *(co-opted)*
The Revd Caroline Titley *(from 3 May 2018)*
The Revd Alan Wilson

Investment Committee
Alan Fletcher FCII (Chair)
Simon Baynes *(co-opted – to February 2019)*
Matthew Beesley *(co-opted)*
Roger Boulton FIA
Jeremy Clack FIA
Deb Clarke *(co-opted – from 27 June 2018)*
Roger Mountford
Canon Emma Osborne
Nikesh Patel *(from 3 May 2018)*
Jonathan Rogers *(co-opted)*

Treasury Committee
Roger Mountford (Chair)
Canon Sandra Newton
Henrietta Podd *(co-opted)*
The Ven David Stanton
The Revd Caroline Titley

Attendance by Trustees at meetings of the Board and its Committees

The table below sets out the attendance of trustees at meetings of the Board and its Committees during 2018. Where a member only served for part of the year, the number of meetings that they could have attended is shown in brackets.

Trustee	Board (5)	Audit and Risk (4)	Board Development (2)	Housing (3)	Investment (4)	Pensions (4)	Treasury (1)
Dr Jonathan Spencer	5		2				
The Revd Fr Paul Benfield	4					4	
Ian Boothroyd	5					4	
Roger Boulton	5		2		1	4	
The Revd Nigel Bourne	5		2			3 (3)	
Jeremy Clack	2				3		
Ian Clark	4 (4)			3			
Canon Nicolete Fisher	5		2	3			
Alan Fletcher	3				4	4	
Richard Hubbard	4	2					
Roger Mountford	3				3	2 (2)	1
Canon Sandra Newton	4		1	3		3	1
Canon Emma Osborne	5				4		
The Revd Peter Ould	1	4					
Nikesh Patel	4 (4)				3 (3)		
Maggie Rodger	5	4				4	
Bill Seddon	4				2 (2)		
Michaela Southworth	1 (1)						
The Ven David Stanton	4	4					1
The Revd Caroline Titley	3 (4)			2 (3)			1
The Rt Revd Alan Wilson	3			2			

Reference and administrative information are shown below:

Charity number	236627
Principal office	Church House, London SW1P 3PS
Chief Executive	John Ball (from 2 July 2018)
Actuary	Aaron Punwani, Lane Clark and Peacock LLP
Independent auditors	PricewaterhouseCoopers LLP
Bankers	Lloyds Bank
	National Westminster Bank plc
Corporate financial advisor	Traderisks Ltd
Investment Advisers	Mercer Ltd
Investment Managers	CCLA Investment Management Ltd Savills Investment Management Ltd Mayfair Capital Investment Management Ltd

Enquiries

Enquiries should be addressed to:

Church of England Pensions Board
29 Great Smith Street
London
SW1P 3PS

Alternatively, enquiries may be made by email to pbhcustomerservices@churchofengland.org, or by telephone to 020 7898 1890.

Management

The day-to-day management of the Board's activities is delegated to the Executive Team, which is led by the Chief Executive.

Staff Remuneration and Executive Pay

Other than staff employed to work in the supported housing schemes, all staff in the Pensions Board, and those working for Church of England Central Services who provide support functions to the Board, are covered by a unified pay policy that operates across all the National Church Institutions. The policy is designed to ensure the same level of pay for all staff in posts with work of equal value which is based on a comprehensive job evaluation scheme, with staff being placed in one of eight 'bands'. For certain staff with specialist skills, typically those whose role requires them to hold a professional qualification, a market adjustment may be applied, the value of which is determined by reference to the lower quartile and median of market related salaries and is subject to annual review. The NCIs use a range of appropriate external data tools and internal dedicated resource to advise on market rates.

Staff pay is reviewed annually and any increases as a result of the annual pay negotiations are awarded with effect from 1 January each year.

Certain senior roles, including that of the Chief Executives, sit outside the banding system, as the skill set required to fulfil the role is not readily measured within the NCIs' standard job evaluation system. Salaries for these roles are set individually with reference to the wider market place, typically comparing to the charity and public sector market, and is overseen by the Remuneration Committee comprising senior trustees from each of the main NCIs. In general, these staff can expect the same percentage annual uplift for cost of living as the rest of the staff enjoy.

The annual salary for the highest paid member of staff was £140,000^ (2017: £155,000), 10 (2017: 10) times the salary earned by the lowest paid member of staff and 5 (2017: 5) times the median salary.

Pensions

Staff employed by the National Church Institutions are eligible to join the Church Administrators Pension Fund – those whose employment commenced before July 2006 accrue pension on a defined benefit basis, and those employed subsequently are part of the defined contribution section with employer contribution rates ranging from 8% to 18% depending on the age of the employee and any personal contribution that they make.

Staff employed by the Board directly to work in the supported housing schemes are eligible to join the Church Workers Pension Fund.

Approval

The Trustees Report was approved by the Trustees on 25 June 2019 and signed on its behalf by:

Clive Mather
Chair

^ The annualised salary of the Chief Executive (started July 2018)

Statement of Trustees’ responsibilities in relation to the financial statements

The trustees are responsible for preparing the Trustees’ Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditor's report to the Church of England Pensions Board and the General Synod of the Church of England

Report on the audit of the financial statements

Opinion

In our opinion, The Church of England Pensions Board's group financial statements and parent charity financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2018 and of the group's and parent charity's incoming resources and application of resources, and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 15 of The Charities (Accounts and Reports) Regulations 2008).

We have audited the financial statements, included within the Annual Report (the "Annual Report"), which comprise: the consolidated and charity only balance sheets as at 31 December 2018; the consolidated statement of financial activities and the consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent charity.

Other than those disclosed in the Trustees' Report, we have provided no non-audit services to the group or the parent charity in the period from 1 January 2018 to 31 December 2018.

Our audit approach

Overview

Materiality

- Overall group and parent charity materiality: £3 million (2017: £3 million), based on 1% of total assets.

Audit Scope

- Our audit included full scope audits of the parent charity and its two subsidiaries, CHARM Finance Plc and CEPB Mortgages Ltd

Key audit matters

- Fixed asset impairment

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the trustees made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the group's duties as a landlord and provider of supported living and mortgages, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011. Audit procedures performed by the group engagement team and/or component auditors included reviewing legal correspondence, enquiries of management, reviewing meeting minutes and reviewing internal audit reports in so far as they relate to the financial statements.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management override of controls in order to manipulate the financial statements or to misappropriate assets and the risk of fraud in revenue recognition. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and component auditors included testing the appropriateness of journal entries using risk based sampling procedures, reviewing accounting estimates for bias and evaluating whether judgements and estimates used are reasonable, performing unpredictable procedures targeted on fraud risk and reviewing internal audit reports in so far as they relate to the financial statements.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	*How our audit addressed the key audit matter*
Fixed asset impairment assessment The group holds a large number of properties on the balance sheet (with a value of £225.3m), which it uses to meet its charitable objective of providing housing to retired clergy. These properties are accounted for at cost, and management performs an impairment assessment by reference to UK property price movements and any other impairment indicators to evaluate whether any of the properties require an impairment to be recognised.	For rental, mortgaged and shared ownership properties, we have verified the house price indices used within the impairment model with reference to external third party sources. We have performed testing of a sample of individual properties, comparing the carrying value of those properties against recent sales of similar properties in the same area. For supported housing properties, where there is not a comparable index to utilise, we have performed a value in use calculation to confirm that this exceeds the current book cost. For one of these properties, which is no longer in use, we have reviewed the valuation prepared by a third party valuation expert. Such valuation indicated an impairment of £1.5m which we deem to be reasonable. As a result of our work, we determined that it was appropriate that no impairment charge was recognised in relation to the properties held on the balance sheet other than the above referenced £1.5m which has been recognised.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent charity, the accounting processes and controls, and the industry in which they operate.

The group consists of the parent charity and two subsidiaries, CHARM Finance plc and CEPB Mortgages Ltd. We performed full scope audits of all three components of the group, and materiality applied to the two subsidiaries was the statutory materiality for those subsidiaries, which is lower than an allocated materiality based on the group audit materiality.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group and parent charity financial statements
Overall materiality	£3 million (2017: £3 million).
How we determined it	1% of total assets.
Rationale for benchmark applied	The group's overall charitable activities are to provide housing to retired clergy, and it uses its fixed asset base to achieve this. Therefore, we deem total assets to be an appropriate benchmark.

All components were audited to the statutory audit materiality for each entity which is lower than our overall group materiality. The range of materiality across components was between £116,000 and £3,000,000. For the parent charity, we deemed it appropriate to apply a lower specific level of materiality for total income. This was based on 2% of total income and this materiality was £537,000.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £150,000 (group audit) (2017: £150,000) and £150,000 (parent charity audit) (2017: £150,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons. In line with our lower specific materiality for income, the threshold for reporting misstatements in income to the Audit and Risk Committee was £26,850.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent charity's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the parent charity's activities, beneficiaries, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Trustees' Report

Under the Charities Act 2011 we are required to report to you if, in our opinion the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees' responsibilities in relation to the financial statements, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

We are eligible to act and have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's trustees as a body in accordance with section 151 of the Charities Act 2011 and regulations made under section 154 of that Act (Part 4 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Charities Act 2011 exception reporting

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- the parent charity financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

We have been the auditors of The Church of England Pensions Board since its inception in 1926, through a number of legacy PricewaterhouseCoopers LLP firms. The period of total uninterrupted engagement is 93 years.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London June 2019

Consolidated statement of financial activities of the Church of England Pensions Board for the year ended 31 December 2018

	Note	2018 Unrestricted funds	2018 Restricted funds	2018 Total	2017 Unrestricted funds	2017 Restricted funds	2017 Total
		£'000	£'000	£'000	£'000	£'000	£'000
Income from:							
Grants, donations and legacies	2	-	5,246	**5,246**	-	6,160	**6,160**
Investment income	3	-	1,879	**1,879**	-	1,748	**1,748**
Charitable activities	4	6,274	13,550	**19,824**	6,181	13,705	**19,886**
Other income: gain on sale of fixed assets		-	2,990	**2,990**	-	1,045	**1,045**
Total income		6,274	23,665	**29,939**	6,181	22,658	**28,839**
Expenditure on:							
Charitable activities	4	(6,274)	(23,489)	**(29,763)**	(5,584)	(22,300)	**(27,884)**
Raising funds	5	-	(4)	**(4)**	-	(50)	**(50)**
Total expenditure		(6,274)	(23,493)	**(29,767)**	(5,584)	(22,350)	**(27,934)**
Total income less expenditure before gain on investments		-	172	**172**	597	308	**905**
Net gain on investments	9	-	628	**628**	-	2,460	**2,460**
Net income		**-**	**800**	**800**	**597**	**2,768**	**3,365**
Other recognised gains							
Other gains: adjustment to pension provision	8	-	471	**471**	-	271	**271**
Total other gains		-	471	**471**	-	271	**271**
Transfers between funds	15	-	-	**-**	(597)	597	**-**
Net movement in funds		**-**	**1,271**	**1,271**	**-**	**3,636**	**3,636**
RECONCILIATION OF FUNDS							
Total funds brought forward at 1 January		-	122,398	**122,398**	-	118,762	**118,762**
Net movement in funds in year		-	1,271	**1,271**	-	3,636	**3,636**
Total funds carried forward at 31 December	15	**-**	**123,669**	**123,669**	**-**	**122,398**	**122,398**

The income, expenditure and other recognised gains and losses all relate to continuing operations, none of which have been acquired during the year.

Note – all figures within the consolidated statement of financial activities are the same as for the charity-only statement of financial activities.

Consolidated balance sheet of the Church of England Pensions Board as at 31 December 2018

	Note	2018 Consolidated			2017 Consolidated		
		£'000	£'000	£'000	£'000	£'000	£'000
		Funded by CC*	Funded by CEPB**	Total	Funded by CC*	Funded by CEPB**	Total
FIXED ASSETS							
Investment assets	9	-	40,939	**40,939**	-	40,331	**40,331**
Tangible assets - supported housing and IT	10	-	24,075	**24,075**	-	26,160	**26,160**
Tangible assets - CHARM	11	65,040	161,781	**226,821**	70,029	153,844	**223,873**
Total fixed assets		65,040	226,795	**291,835**	70,029	220,335	**290,364**
CURRENT ASSETS							
Debtors	12	-	2,007	**2,007**	-	2,922	**2,922**
Short term deposits		-	1,061	**1,061**	-	716	**716**
Cash at bank and in hand		-	4,267	**4,267**	-	5,468	**5,468**
Asset held for sale		-	-	**-**	-	750	**750**
Total current assets		-	7,335	**7,335**	-	9,856	**9,856**
CURRENT LIABILITIES							
Creditors: amounts falling due within one year	13	-	(5,523)	**(5,523)**	-	(5,602)	**(5,602)**
Loans repayable on sale of fixed assets	13	(65,040)	(1,037)	**(66,077)**	(70,029)	(1,050)	**(71,079)**
Total current liabilities		(65,040)	(6,560)	**(71,600)**	(70,029)	(6,652)	**(76,681)**
Net current (liabilities)/assets		(65,040)	775	**(64,265)**	(70,029)	3,204	**(66,825)**
Total assets less current liabilities		-	227,570	**227,570**	-	223,539	**223,539**
NON-CURRENT LIABILITIES	13	-	(103,037)	**(103,037)**	-	(99,635)	**(99,635)**
Net assets excluding pension provision		-	124,533	**124,533**	-	123,904	**123,904**
Pension deficit provision	8	-	(864)	**(864)**	-	(1,506)	**(1,506)**
NET ASSETS		**-**	**123,669**	**123,669**	**-**	**122,398**	**122,398**
FUNDS OF THE CHARITY							
Total unrestricted funds	15	-	-	-	-	-	-
Restricted funds (excl. pension reserve)	15	-	124,533	124,533	-	123,904	123,904
Pension reserve	15	-	(864)	(864)	-	(1,506)	(1,506)
Total restricted funds	15	-	123,669	123,669	-	122,398	122,398
TOTAL CHARITY FUNDS CARRIED FORWARD AT 31 DECEMBER		**-**	**123,669**	**123,669**	**-**	**122,398**	**122,398**

*Funded by the Church Commissioners
**Funded by the Church of England Pensions Board
(See Note 11 for more details)

These financial statements were approved by the trustees on 25 June 2019 and signed on their behalf by:

Clive Mather
Chair

Charity only balance sheet of the Church of England Pensions Board as at 31 December 2018

	Note	2018			2017		
		£'000	£'000	£'000	£'000	£'000	£'000
		Funded by CC*	Funded by CEPB**	**Total**	Funded by CC*	Funded by CEPB**	**Total**
FIXED ASSETS							
Investment assets	9	-	40,952	**40,952**	-	40,344	**40,344**
Tangible assets - supported housing and IT	10	-	24,075	**24,075**	-	26,160	**26,160**
Tangible assets - CHARM	11	65,040	155,940	**220,980**	70,029	147,519	**217,548**
Total fixed assets		65,040	220,967	**286,007**	70,029	214,023	**284,052**
CURRENT ASSETS							
Debtors	12	-	7,669	**7,669**	-	9,218	**9,218**
Short term deposits		-	1,061	**1,061**	-	716	**716**
Cash at bank and in hand		-	4,254	**4,254**	-	5,456	**5,456**
Asset held for sale		-	-	**-**	-	750	**750**
Total current assets		-	12,984	**12,984**	-	16,140	**16,140**
CURRENT LIABILITIES							
Creditors: amounts falling due within one year	13	-	(5,344)	**(5,344)**	-	(5,574)	**(5,574)**
Loans repayable on sale of fixed assets	13	(65,040)	(1,037)	**(66,077)**	(70,029)	(1,050)	**(71,079)**
Total current liabilities		(65,040)	(6,381)	**(71,421)**	(70,029)	(6,624)	**(76,653)**
Net current (liabilities)/assets		(65,040)	6,603	**(58,437)**	(70,029)	9,516	**(60,513)**
Total assets less current liabilities		-	227,570	**227,570**	-	223,539	**223,539**
NON-CURRENT LIABILITIES	13	-	(103,037)	**(103,037)**	-	(99,635)	**(99,635)**
Net assets excluding pension provision		-	124,533	**124,533**	-	123,904	**123,904**
Pension deficit provision	8	-	(864)	**(864)**	-	(1,506)	**(1,506)**
NET ASSETS		**-**	**123,669**	**123,669**	**-**	**122,398**	**122,398**
FUNDS OF THE CHARITY							
Total unrestricted funds	15	-	-	-	-	-	-
Restricted funds (excl. pension reserve)	15	-	124,533	124,533	-	123,904	123,904
Pension reserve	15	-	(864)	(864)	-	(1,506)	(1,506)
Total restricted funds	15	-	123,669	123,669	-	122,398	122,398
TOTAL CHARITY FUNDS CARRIED FORWARD AT 31 DECEMBER		**-**	**123,669**	**123,669**	**-**	**122,398**	**122,398**

*Funded by the Church Commissioners
**Funded by the Church of England Pensions Board

Consolidated cash flow statement of the Church of England Pensions Board for the year ended 31 December 2018

Reconciliation of net income before other gains and losses to net cash used in operating activities	Note	2018 £'000	2017 £'000
Net movement in funds (as per the statement of financial activities)		1,271	3,636
Adjustments for:			
Depreciation and impairment – supported housing and IT systems	10	2,150	672
Amortisation – Santander arrangement fee	13	33	33
Amortisation – CHARM Finance PLC bond set-up costs	13	25	19
Gains on investments	9	(628)	(2,460)
Dividends, interest and rents from investments	3	(1,879)	(1,748)
Gains on disposal of tangible assets – CHARM	11	(2,990)	(1,045)
Movement in pension liability	8	(642)	(399)
Movement in debtors	12	915	(463)
Movement in assets held for sale		-	(750)
Movement in creditors: amounts due within less than one year	13	(79)	154
Net cash (used in) operating activities		(1,824)	(2,351)

Cash flow statement	Notes	2018 £'000	2017 £'000
Net cash used in operating activities		(1,824)	(2,351)
Cash flows from investing activities:			
Dividends, interest and rents from investments	3	1,879	1,748
Proceeds from the sale of tangible assets – CHARM properties	11	11,739	9,374
Purchase of tangible assets – CHARM properties	11	(11,697)	(5,744)
Purchase of tangible assets – supported housing	10	(65)	(84)
Proceeds from the sale of investments	9	20	-
Proceeds from the sale of assets held for sale		750	-
Net cash generated from investing activities		2,626	5,294
Cash flows from financing activities:			
Repayment of loans from Church Commissioners	13	(4,989)	(7,240)
Repayment of dioceses' share of rental properties	13	(13)	(92)
Additional (repayment to) /funding from Santander	13	(26,350)	6,250
CHARM Finance PLC 2018 Bond - loan from RLAM	13	30,000	-
CHARM Finance PLC 2018 Bond - capitalised set-up costs	13	(306)	-
Net cash (used in) financing activities		(1,658)	(1,082)
Change in cash and cash equivalents in the year		(856)	1,861
Cash and cash equivalents at the beginning of the year		6,184	4,323
Cash and cash equivalents at the end of the year		5,328	6,184

Analysis of cash and cash equivalents	2018 £'000	2017 £'000
Cash at bank and in hand	4,267	5,468
Short term deposits	1,061	716
Total cash and cash equivalents	5,328	6,184

Cash and cash equivalents and net debt comprise the following balances:

	At 1 January £'000	Cash Flows £'000	At 31 December £'000
Cash at bank and in hand	5,468	(1,201)	4,267
Short term deposits	716	345	1,061
Total cash and cash equivalents	6,184	(856)	5,328
Bond financing	(70,000)	(30,000)	(100,000)
Loan from Santander	(30,350)	26,350	(4,000)
Total net debt	(94,166)	(4,506)	(98,672)

Notes to the financial statements of the Church of England Pensions Board for the year ended 31 December 2018

1. Accounting policies

a) Legal status

The Church of England Pensions Board ("the Board") is a body corporate established in 1926 but now governed by the Church of England Pensions Measure 2018. It is a registered charity in England and Wales (Charity No. 236627) and is regulated by the Charity Commission.

The Charity's address is: 29 Great Smith Street, London, SW1P 3PS.

b) Basis of preparation

The consolidated and charity-only financial statements have been prepared in accordance with:

- Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102");
- Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ("the SORP"); and
- the Charities Act 2011.

The financial statements have been prepared to give a true and fair view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Board meets the definition of a Public Benefit Entity ("PBE") as set out in FRS 100, and therefore applies the PBE prefixed paragraphs in FRS 102.

The financial statements have been prepared on the historical cost basis (except for the revaluation of investments and where cost is deemed to be the revaluation amount at date of transition) and on the accruals basis.

The financial statements contain the financial information for the Church of England Pensions Board which is structured as follows:

- Unrestricted Funds - representing expenditure incurred by the Board on salaries and working expenses subsequently recovered in full from the pension funds administered by the Board.
- Restricted Funds - these funds have narrower purposes than that of the Board.

A summary of the accounting policies, which have been applied consistently across the Group, is set out below.

c) Basis of consolidation

The consolidated statement of financial activities ("SOFA") and the balance sheet include the financial information of the Board and its subsidiary undertakings (CEPB Developments Ltd, CEPB Mortgages and CHARM Finance plc). The subsidiaries have been consolidated on a line by line basis. Intra-group balances and transactions are eliminated on consolidation.

The Board has chosen not to present its non-consolidated statement of financial activities separately as the numbers are the same as for the consolidated equivalent. The Board has also taken advantage of the exemption conferred by FRS 102 Section 1 not to prepare a charity-only cash flow statement.

The Board, together with the Archbishops' Council and the Church Commissioners are equal partners in Church of England Central Services (ChECS), a joint venture. This jointly controlled entity is included in the Board's consolidated financial statements using the equity method. The Board's share of profits or losses from ChECS is included in the SOFA and its share of net assets is included in the balance sheet.

d) Going concern

The trustees have reasonable expectation that the Church of England Pensions Board has adequate resources to continue its activities for the foreseeable future. Accordingly they continue to adopt the going concern basis of accounting in preparing the annual report and accounts.

e) Income

All income is recognised once the Board has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

i) Grants, donations and legacies

Donations are accounted for when received. Grants are recognised when the Board is entitled to receive them and revenue recognition criteria of entitlement, probability and measurement have been met. Gift Aid receivable is included in income when there is a valid declaration from the donor. Pecuniary legacies are recognised as receivable once probate has been granted and notification has been received. Residuary legacies are recognised as receivable once probate has been granted, where sufficient information has been received and are recognised on an estimated basis as follows: cash elements are recognised at monetary value, with property and other assets, including investments, valued at probate or net realisable value. Values are reviewed and adjusted up to the point of financial statement approval.

Gifts in kind are valued at an amount equivalent to the basis of the value of the gift to the Charity at the time of their receipt, and are included in the SOFA. In the case of properties, these are valued at market value.

ii) Investment income

Income from investments is recognised on an accruals basis.

Notes to the financial statements of the Church of England Pensions Board for the year ended 31 December 2018

1. Accounting policies (continued)

iii) Income from charitable activities
Income from charitable activities represents rent from rental properties, rent and service charge from shared ownership properties, income from mortgaged properties and fees and service charges from supported housing schemes, which are all recognised on the accruals basis.

iv) Other income
Other income is recognised when the Board is entitled to receive it and revenue recognition criteria of entitlement, probability and measurement have been met.

f) Expenditure
All expenditure is accounted for on the accruals basis. Expenditure and liabilities are recognised when a legal or constructive obligation exists as outlined in Section 7 of FRS 102. The SOFA has been presented on an activity basis. Costs have been distinguished between charitable activities and those incurred to raise funds.

i) Charitable activities
Direct costs and grants are allocated directly to activities. Grants payable are recognised when a firm commitment to provide funding is made and there is evidence of a constructive obligation to the beneficiary.

ii) Support costs
Costs include shared service costs (finance, IT, HR, legal, internal audit), department running costs and governance costs. They are allocated across the charitable activities and raising funds as detailed in notes 4 and 5. Governance costs relate to the general running of the Board, which include costs associated with the strategic, as opposed to day-to-day, management of the Board's activities, and compliance with constitutional and statutory requirements.

g) Pensions
Staff pensions are described in note 8. Defined benefit schemes are considered to be multi-employer schemes as described in FRS 102 paragraph 28.11 and consequently are accounted for as if they were defined contribution schemes, where employer contributions payable in the year are charged to expenditure.

Where schemes have deficit recovery contribution plans in place, FRS 102 paragraph 28.11A requires the present value of these agreed payments to be recognised as a liability. Amounts paid during the year are charged against this liability.

h) Fixed assets
Rental properties, shared ownership properties, mortgaged properties and supported housing properties generate income from the furtherance of the charity's objects. As such, they are not considered to be investment properties but are classed as programme related investments, which under the SORP, do not need to be revalued.

Where fixed assets were purchased with significant restrictions as a result of agreements with the funder such that the Board has a right of use of the asset for the lifetime of a beneficiary of the charity but the risks and rewards relating to capital value accrue entirely to the lender, these assets are shown in a separate category. Proceeds on eventual sale of these properties are not accounted for by the Board as they are received as agent for the lender and are used to settle the corresponding liability.

i) Rental properties
Properties are held at original cost or for properties received as gifts, the notional cost equivalent to the market value. Funding arrangements are explained in note 11.

Costs relating to the repair and maintenance of properties are charged to the SOFA in the year incurred.

No depreciation is charged on long leasehold or freehold properties due to the long life and the high residual value of properties which would result in immaterial depreciation for each asset and in aggregate.

An impairment review is carried out annually and where materially different from historic cost, the properties are carried at recoverable amount (being the higher of fair value less costs to sell and value in use).

ii) Shared ownership properties
These properties are purchased by the Board and the resident buys a 90 year lease for a share in the property (at least 25%) and pays a rent and a service charge on the proportion of the property that they do not own. Residents can purchase further shares in their property if their financial circumstances change, and the equity interests are adjusted accordingly.

The Board holds each property at its equity percentage of the original cost, subject to an impairment review. An impairment review is carried out annually and where materially different from historic cost, the Board's proportion of each property is carried at recoverable amount (being the higher of fair value less costs to sell and value in use).

No depreciation is charged on leasehold or freehold shared ownership properties due to the long life and the high residual value of properties which would result in immaterial depreciation for each asset and in aggregate.

Notes to the financial statements of the Church of England Pensions Board for the year ended 31 December 2018

1. Accounting policies (continued)

iii) Mortgaged properties
Mortgaged properties were purchased by the Board under a scheme that closed to new business in 2008. These mortgages operate as value linked loans, where the Board's equity interest in a property is the amount loaned to the resident (up to 95% of the property value) and the resident's equity interest is the amount funded directly by the resident. If a resident pays off part of their loan, the equity interests are adjusted accordingly.

On the sale of a property, the Board and the resident receive proceeds in the same proportion as their equity interests.

The Board's interest is therefore classified as a tangible fixed asset and not as a financial instrument, as the rights attaching are more closely linked to the ownership of a share of a property. The Board accounts for each property at its equity percentage of original cost, subject to an impairment review. An impairment review is carried out annually and where materially different from historic cost, the Board's proportion of each property is carried at recoverable amount (being the higher of fair value less costs to sell and value in use).

iv) Supported housing schemes and nursing home
The properties and their associated land are held at deemed cost. Freehold land is not depreciated. The buildings are depreciated.

Fixtures, fittings, plant and equipment are held at original cost to the Board less depreciation.

Depreciation is charged on the following basis:

Tangible asset	***Basis***	***Rate***
Freehold buildings	Reducing balance	2.5% per annum
Fixtures, fittings, plant and equipment	Straight line	10-25 years

v) Investment properties
Investment properties are held at fair value. Valuations are carried out every year in accordance with the Appraisals & Valuation Manual issued by the Royal Institute of Chartered Surveyors. No depreciation is charged.

vi) Gains (or losses) from sale of fixed assets
Gains (or losses) resulting from the sale of fixed assets are recognised in income (or expenditure). Gains or losses resulting from the sale and revaluation of investment assets are recognised in the SOFA in a separate section before net income/expenditure.

i) Loans
The Board applies the measurements provisions of FRS 102 paragraphs PBE34.90-92 to all its concessionary loans. Loans from the Church Commissioners are measured at the amount received from the Commissioners. See notes 11 and 13 for more information.

The loan from Santander is a basic financial instrument and measured at transaction price (less transactions costs). Subsequently, it is measured at amortised cost using the effective interest method. Arrangement fees are deducted from the transaction price and are amortised over 15 years (July 2010 to July 2025).

The loan from CHARM Finance PLC to the Charity is a basic financial instrument and is measured at transaction price (less transactions costs). Subsequently, it is measured at amortised cost using the effective interest method. Arrangement fees are deducted from the transaction price and are amortised over the length of the facility.

The Bond liabilities relate to the corporate bonds issued by CHARM Finance PLC, and are basic financial instruments measured initially at the proceeds of issue less transaction costs directly attributable to the issue of the Bonds. After initial recognition the liabilities are measured at amortised cost using the effective interest method with transaction costs being amortised over the length of the facility.

j) Financial instruments
The Board has chosen to adopt sections 11 & 12 of FRS 102 in respect of financial instruments which are not public benefit entity concessionary loans.

Basic financial instruments
Financial assets, including cash at bank and trade and other receivables are recognised and held at transaction price. They are derecognised when the rights to the cash flows from the financial assets expire or are settled.

Listed and unlisted investments are initially measured at fair value. Such assets are subsequently held at fair value at each balance sheet date. The changes in fair value are recognised in the SOFA. The fair value of listed investments is determined using bid price in accordance with the practice of the appropriate stock exchange. Unlisted investments are valued by reference to latest dealing prices, valuations from reliable sources or net asset values.

Financial liabilities, including trade and other payables and inter-group balances are initially recognised at transaction price. Bank loans are subsequently measured at the amortised cost, using the effective interest rate. Financial liabilities are derecognised, when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

k) Subsidiary undertakings
Investment in the Board's subsidiary companies are held at cost less accumulated impairment losses.

Notes to the financial statements of the Church of England Pensions Board for the year ended 31 December 2018

1. Accounting policies (continued)

l) Taxation

As a registered charity, the Board is exempt from taxation on its income and gains falling within Part 11 of the Corporation Taxation Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to charitable purposes.

The Board, in common with many other charities, is unable to recover the majority of Value Added Tax (VAT) incurred on expenditure. The amount of VAT that cannot be recovered is included in the underlying cost to which it relates.

m) Related parties

The Church of England comprises a large number of legally independent bodies in its parishes, cathedrals and dioceses as well as at national level. These bodies are not related to the Board as defined in the Charities SORP or chapter 33 of FRS 102: Related parties disclosures. Transactions and balances with these bodies are accounted for in the same way as other transactions and, where material, are separately identified in the notes to the financial statements. The Church of England Pensions Board is related to ChECS, as it is a partner in this joint venture. Details are given in Note 17.

n) Funds

In line with the SORP, the Board segregates its funds between those that are restricted and those that are unrestricted.

Unrestricted funds are funds received by the Board that are available for use at the discretion of the Board in pursuing the general charitable objectives of the charity.

Restricted funds are funds received by the Board for particular purposes and are to be used in accordance with those purposes. An analysis of restricted funds is provided in note 15.

o) Significant judgements and estimates

The Board's key judgements, which have a significant effect on the amounts recognised in the financial statements, are described in the accounting policies and are summarised below:

• Carrying value of investment properties and tangible assets – judgements in respect of appropriate valuation methods used for the assets of the Charity. Further details are disclosed in notes 9 to 11.

The Board's key estimates, which have a significant effect on the amounts recognised in the financial statements, are described in the accounting policies and are summarised below:

• Residuary legacies - estimation required for residuary legacies receivable once probate has been granted.
• Pension deficit provision - estimations surrounding the methodology used in the calculation of the Charity's defined benefit pension deficit provision. Further details are disclosed in note 8.
• Support costs – estimation surrounding the methodology used in the apportionment of support costs between the restricted and unrestricted funds.

2. Income from grants, donations and legacies

	Note	2018	2017
		£'000	**£'000**
Grants from:			
The Archbishops' Council	4	4,806	4,577
Other grants		23	26
Total grants		4,829	4,603
Donations		118	346
Legacies		299	1,211
Total income from grants, donations and legacies		**5,246**	**6,160**

The Archbishops' Council makes grants from money provided by the dioceses under the General Synod Vote 5, towards the costs of the CHARM scheme. All income from grants, donations and legacies was attributable to restricted funds.

3. Investment income

	2018	2017
	£'000	**£'000**
Dividends	1,824	1,719
Rental income from investment properties	12	15
Interest on cash	43	14
Total income from investments	**1,879**	**1,748**

All income from investments of £1,879,000 (2017: £1,748,000) was attributable to restricted funds.

Notes to the financial statements of the Church of England Pensions Board
For the year ended 31 December 2018

4. Charitable activities

	Notes	Rental properties	Shared ownership	Mortgage properties	Supported housing & nursing care	Other charitable activities	Total restricted funds	Unrestricted funds Pension Schemes	2018 Total	2017 Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from charitable activities:										
Rent received		6,666	538	-	1,110	-	**8,314**	-	**8,314**	**8,153**
Service charge received		-	87	-	2,708	-	**2,795**	-	**2,795**	**2,838**
Income from mortgage properties		-	-	2,441	-	-	**2,441**	-	**2,441**	**2,576**
Fees received for nursing care		-	-	-	-	-	-	-	-	**138**
Support costs recharge		-	-	-	-	-	-	6,274	**6,274**	**6,181**
Total income from charitable activities		6,666	625	2,441	3,818	-	**13,550**	6,274	**19,824**	**19,886**
Expenditure on charitable activities:										
Financing costs (interest and commitment fee)		5,375	448	2,385	-	-	**8,208**	-	**8,208**	**7,806**
Grant making		-	-	-	-	113	**113**	-	**113**	**90**
Property costs (repairs, insurance and other costs)		5,885	16	132	12	-	**6,045**	-	**6,045**	**6,019**
Support costs	6	1,649	550	367	1,099	-	**3,665**	6,274	**9,939**	**9,298**
Amortisation of arrangement fees		59	-	-	-	-	**59**	-	**59**	**52**
Service charge costs		-	77	-	2,542	-	**2,619**	-	**2,619**	**2,536**
Nursing care costs		-	-	-	333	-	**333**	-	**333**	**1,041**
Supported Housing and other direct costs		-	-	-	468	-	**468**	-	**468**	**498**
Depreciation and impairment charges	10	-	-	-	2,150	-	**2,150**	-	**2,150**	**672**
Total expenditure on charitable activities		12,968	1,091	2,884	6,604	113	**23,660**	6,274	**29,934**	**28,012**
Unwinding of pension deficit on charitable activities		(77)	(26)	(17)	(51)	-	**(171)**	-	**(171)**	**(128)**
Total expenditure including pension deficit movement in year		12,891	1,065	2,867	6,553	113	**23,489**	6,274	**29,763**	**27,884**

4. Charitable activities (continued)

2017 Summary	Rental properties	Shared ownership	Mortgage properties	Supported housing & nursing care	Other charitable activities	Total restricted funds	Unrestricted funds Pension Schemes	2017 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total income from charitable activities	6,487	606	2,576	4,036	-	**13,705**	6,181	**19,886**
Total expenditure on charitable activities	12,372	1,014	2,998	5,826	90	**22,300**	5,584	**27,884**

The deficit on charitable activities is funded through a combination of specific and general voluntary income, investment income, and realised gains on disposal of investments and property. In the year ended 31 December 2018 grants of £4,806,000 were received from the Archbishops' Council towards the CHARM scheme (2017: £4,577,000). In addition, the Board's broader charitable activities were funded through voluntary income of £440,000 (2017: £1,557,000), Investment income of £1,879,000 (2017: £1,748,000) and gains on disposal of property of £2,990,000 (2017: £1,045,000).

Income & Expenditure from charitable activities:

Rental Properties
The Archbishops' Council, from money provided by the dioceses under the General Synod Vote 5, makes grants towards the costs of the CHARM scheme, being the excess of direct expenditure and interest payable over maintenance contributions receivable from residents.

Rent from tenancies starting after 1 April 2015 are target rents based on the value of the property and are subsidised so that they are more affordable than market rents. Rent from tenancies before this are based on the occupant's ability to pay. Residents pay for moving costs, furnishings and white goods, contents insurance and on-going utility and council tax costs. The Board pays for repairs and on-going maintenance of the properties.

There are a small number of properties that are let on the open market at market rents during short periods when a property is not occupied by residents eligible for the CHARM scheme. At 31 December 2018 there were 23 (2017: 31) such tenancies.

All tenancies fall into the definition of operating leases as set out in FRS 102 section 20, and clarified in the Housing SORP 2014 paragraph 10.3 (which though the Board does not apply, it does look to this guidance for clarification where the Charities SORP and FRS 102 are silent on particular issues). All tenancies are cancellable, either on death or notice of the resident and are not assignable.

Shared Ownership
Residents pay rent based on the Board's share of the ownership of the property and the cost of buildings insurance.

For some properties bought before 1 April 2014, residents also pay a service charge towards the repairs and maintenance of properties. For properties bought after 1 April 2014, or where residents have opted, the responsibility for repairs and maintenance lies with the resident.

Mortgage Properties
The mortgage scheme offered value linked loans to retired clergy and closed to new business in 2008. Mortgagees pay an interest-only amount on the capital advanced.

A small number of loans pre-dating the 1983 CHARM mortgage scheme remain, where a fixed amount of interest is paid based on the capital advanced. At 31 December 2018, the number of such loans in place was 6 (2017: 6).

Supported Housing & Nursing Care
Some residents in the schemes receive subsidies from the Board's charitable funds. The cost of running the schemes is not met fully by rent and service charge fees. The nursing home closed in March 2017 however the Board continues to subsidise the nursing care of former residents of the nursing home. The operating deficit is met from the Board's charitable funds.

Other charitable activities
Grants are payable to augment the income of those retired clergy and clergy widow(er)s whose income falls below a certain standard, which is reviewed annually.

5. Raising funds

	2018	2017
	£'000	£'000
Investment management costs (direct costs)	4	50
Total cost of raising funds	**4**	**50**

Notes to the financial statements of the Church of England Pensions Board
For the year ended 31 December 2018

6. Support costs

Support costs include department running costs and governance costs, plus charges for using shared services operated by ChECS. They are included in charitable expenditure (note 4) and are apportioned to the various charitable activities to which they relate.

	Restricted funds					Unrestricted funds	Total
	Rental properties	Shared ownership	Mortgage properties	Supported housing and nursing care	Total	Pension schemes	2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing department	974	325	216	649	2,164	-	2,164
Executive and Secretariat	128	42	28	84	282	316	598
Governance costs	60	20	14	41	135	168	303
Pensions department	-	-	-	-	-	3,071	3,071
Investments department	-	-	-	-	-	1,530	1,530
Shared services	488	163	108	325	1,084	1,189	2,273
Total support costs	**1,650**	**550**	**366**	**1,099**	**3,665**	**6,274**	**9,939**
2017							
Total support costs	**1,676**	**555**	**371**	**1,112**	**3,714**	**5,584**	**9,298**

Housing department costs
These costs are allocated on a 'per head' basis: costs of housing staff are allocated 45% to rental properties, 30% to supported housing schemes and nursing care, 10% to mortgages and 15% to shared ownership.

Executive and Secretariat and shared service costs
Centrally incurred management and shared service costs are allocated between pension schemes and the charity on a 'per head' basis. The charity's housing share is then allocated 45% to rental properties, 30% to supported housing schemes and nursing care, 10% to mortgages and 15% to shared ownership.

Governance costs
Governance costs comprise staff and non-staff costs relating to the general running of the Board, including supporting the work of the Board and its Committees. Members of the Board are reimbursed for travel expenses incurred whilst on official business but are not entitled to any other remuneration or allowances. In the year to 31 December 2018, 20 (2017: 20) members claimed a total of £16,000 (2017: £16,000). Governance costs other than external audit costs are allocated between pension schemes and the charity on a 'per head' basis. The charity's housing share is then allocated 45% to rental properties, 30% to supported housing schemes and nursing care, 10% to mortgages and 15% to shared ownership.

	2018	2017
	£'000	£'000
External audit (including VAT)	83	78
Internal audit	46	60
Board and committee meetings	6	7
Total governance costs	**135**	**145**

Total fees paid (excluding VAT) to PricewaterhouseCoopers LLP are shown below:

	2018	2017
	£'000	£'000
Audit of CEPB and its subsidiary undertakings	69	65
Total audit fees relating to current year for CEPB and its subsidiaries	**69**	**65**
Advisory work in relation to bond issue (included within Bond issue transaction costs)	25	-
Total audit fees relating to current year for Pension Schemes	**25**	**-**
Audit of Pension Schemes	97	87
Total audit fees relating to current year for Pension Schemes	**97**	**87**

Notes to the financial statements of the Church of England Pensions Board
For the year ended 31 December 2018

6. Support costs (continued)

Pensions department costs
Expenses are incurred by the Board for administering the pension schemes. These costs are recovered from the pension schemes by charging an administration fee to each scheme.

Investment department costs
Expenses are incurred by the Board for managing the investment portfolio of the Church of England Investment Fund for Pensions through which the pension schemes hold investments. These costs are recovered by the Board as part of the administration fee the Board charges each pension scheme.

Shared service costs
Shared services are provided by Church of England Central Services. Expenses incurred by the Board for administering the Pension Funds are either charged directly to the activity to which they relate or are allocated to the funds in proportion to staff costs, number of data processes or other relevant criteria.

7. Staff numbers and costs

The Chief Executive and staff employed to work in the supported housing schemes and the nursing home (closed March 2017) are employed directly by the Board. The Board is joint employer, together with the other National Church Institutions (the NCIs), of most of the staff of the NCIs. In addition to staff employed directly, the work of the Board is supported by staff in shared service departments who provide finance, HR, communications, legal, IT and internal audit services. Since 1 April 2014 they have been employed by a separate NCI, Church of England Central Services (ChECS). Prior to this they had one of the three main NCIs as managing employer and their costs were shown only in the relevant NCI's financial statements.

The SORP requires that the costs of staff employed by third parties who operate on the organisation's behalf be disclosed in the financial statements. In order to comply with the spirit of the SORP, the costs of all ChECS staff are shown in aggregate in the tables below – the Board's share of which was £1,619,000 (2017: £1,506,000).

The cost of staff for which the Board is the managing employer and for ChECS (in aggregate) was:

	Pensions Board own staff										**ChECS**	
	Housing		**Pensions and Investments**		**Secretariat**		**Supported housing and nursing home**		**Total**		**Shared services**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Average number employed	29	28	33	33	4	5	100	111	166	177	161	153
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Salaries	1,127	1,138	1,591	1,428	263	332	1,391	1,578	4,372	4,476	7,099	6,483
National Insurance costs	121	119	181	165	32	39	90	110	424	433	784	717
Pension contributions	166	158	225	229	40	51	180	199	611	637	1,673	1,545
Total cost of staff	**1,414**	**1,415**	**1,997**	**1,822**	**335**	**422**	**1,661**	**1,887**	**5,407**	**5,546**	**9,556**	**8,745**
Total chargeable to Charitable Funds	**1,414**	**1,415**	**-**	**-**	**160**	**208**	**1,661**	**1,887**	**3,235**	**3,510**		

Included in staff costs is £0 (2017: £48,000) paid by way of redundancy costs to zero (2017: three) individuals following a restructuring. Restructuring costs are accounted for in full in the year in which the restructure is announced.

Notes to the financial statements of the Church of England Pensions Board
For the year ended 31 December 2018

7. Staff numbers and costs (continued)

The number of staff whose total employee benefits for the year fell in the following bands were:

	Pensions Board own staff								ChECS	
	Housing		**Pensions and Investments**		**Secretariat**		**Supported housing schemes and nursing home**		**Shared services**	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
£60,001 to £70,000	-	-	2	2	1	-	-	-	12	9
£70,001 to £80,000	1	1	2	2	1^	-	-	-	5	4
£80,001 to £90,000	-	-	-	-	-	1	-	-	5	5
£90,001 to 100,000	-	-	1	1	1	-	-	-	3	3
£100,001 to 110,000	-	-	1	1	-	-	-	-	-	-
£110,001 to 120,000	-	-	2	-	-	-	-	-	-	-
£120,001 to £130,000	-	-	-	-	-	1*	-	-	-	2
£130,001 to £140,000	-	-	-	-	-	-	-	-	2	2
£140,001 to £150,000	-	-	-	-	-	-	-	-	1	2

^ *Includes Chief Executive (started July 2018)* * *Former Chief Executive (who passed away October 2017)*

Employee benefits include gross salaries and termination payments but do not include employer pension contributions and employer National Insurance contributions.

All staff above were members of the Church Administrators Pension Fund. Of those directly managed by the Board, nine (2017: eight) staff accrued benefits under a defined contributions scheme for which contributions for the year were £106,000 (2017: £93,000). The remaining three (2017: one) staff accrued benefits under a defined benefit scheme. Of those managed by ChECS, 22 (2017:15) staff accrue benefits under a defined contribution scheme for which contributions for the year were £217,000 (2017: £164,000). The remaining 6 (2017: 8) staff members accrue benefits under a defined benefit scheme.

The highest paid member of staff earned £115,000 (2017: £127,000). The Chief Executive of the Pensions Board, who started 2 July 2018, earned £70,000 in 2018. Further details of the Board's remuneration policy are included in the Management section of the Board's report, on page 22.

The Board's executive leadership team comprises ten individuals (2017: nine), seven (2017: six) of whom are employed directly by the Board and three (2017: three) by ChECS. The aggregate remuneration for these ten individuals, including pension contributions, was £1,029,000 (2017: £846,000).

Interest free loans are made for travel season tickets and interest free green travel loans for the purchase of bicycles and electric scooters.

Notes to the financial statements of the Church of England Pensions Board
For the year ended 31 December 2018

8. Staff pensions

Staff employed jointly by the National Church Institutions

Pension benefits from Service up to 31 December 1999
These are met by the Church Commissioners for England, so no costs or liability are reflected by the Board.

Pension benefits from Service from 1 January 2000
Benefits for staff arising from service from 1 January 2000 are provided by the Church Administrators Pension Fund ("CAPF").

The participating employers are responsible for making contributions of £210,000 (2017: £210,000) towards the administration costs of the CAPF and the cost of Pension Protection Fund levies of £65,000 (2017: £66,000). The Board's share of these costs was £35,000 (2017: £28,000).

Staff who were in service as at 30 June 2006 are members of the defined benefit section of the CAPF. This is considered to be a multi-employer scheme as described in FRS 102 paragraph 28.11 and consequently is accounted for as if it were a defined contribution scheme, where employer contributions payable in the year are charged to expenditure.

The contributions to the CAPF are assessed by an independent qualified actuary using the projected unit method of valuation. A valuation of the scheme is carried out once every three years, the most recent having been carried out as at 31 December 2017. This revealed a deficit of £13.3m, based on assets of £129.8m and a funding target of £143.1m. The level of additional contributions to be made by the employers was £2,667,723 per annum from 1 January 2018 to 30 April 2023, increasing each year by 3.3%.

The Board's share of this agreed deficit recovery plan is provided for. The provision is measured at its net present value. The table below shows the movement on the provision:

	CEPB staff	Share of ChECS staff	2018	CEPB staff	Share of ChECS staff	2017
Provision at 1 January	1,003	503	**1,506**	1,322	583	**1,905**
Contributions Paid	(132)	(58)	**(190)**	(98)	(54)	**(152)**
Interest charged on provision	13	6	**19**	17	7	**24**
Adjustment to net present value of provision	(357)	(114)	**(471)**	(238)	(33)	**(271)**
Provision at 31 December	**527**	**337**	**864**	**1,003**	**503**	**1,506**

Staff who joined after 20 June 2006 are members of the defined contributions section of the CAPF. Employer contributions payable in the year are charged to expenditure.

Staff employed directly by the Board (supported housing schemes)
Pension benefits for staff in managerial positions are provided for by a defined benefit section of the Church Workers Pension Fund ("CWPF"). The scheme is considered to be a multi-employer scheme as described in FRS 102 paragraph 28.11 and consequently is accounted for as if it were a defined contribution scheme, where employer contributions payable in the year are charged to expenditure.

The contributions to the Fund are assessed by an independent qualified actuary using the projected unit method of valuation. The last full valuation of the Fund, as at 31 December 2016, showed an overall deficit of £29.4m (2013: £12.9m). The deficit recovery period is agreed with each participating employer in the scheme, however there is currently no requirement under the Charity's schedule of contributions to make further deficit payments.

Pension benefits for other staff are provided for by a defined contribution scheme in CWPF, where employer contributions payable in the year are charged to expenditure.

9. Investment assets

GROUP	At 1 January 2018	Disposals	Unrealised gains/(losses)	At 31 December 2018
	£'000	£'000	£'000	£'000
UK investment funds	39,635	(20)	644	40,259
UK investment properties	696	-	(16)	680
Consolidated total investment assets	**40,331**	**(20)**	**628**	**40,939**

CHARITY	At 1 January 2018	Disposals	Unrealised gains/(losses)	At 31 December 2018
	£'000	£'000	£'000	£'000
UK investment funds	39,635	(20)	644	40,259
UK investment properties	696	-	(16)	680
Investment in subsidiary	13	-	-	13
Charity's total investment assets	**40,344**	(20)	628	**40,952**

Funds were managed by CCLA, Savills and Mayfair. Investment funds were held as follows:-

	2018	2017
	£'000	£'000
CCLA Investments	10,419	10,595
Savills	20,952	20,384
Mayfair	8,888	8,656
Total	**40,259**	**39,635**

Subsidiaries
The Board owns 100% of CEPB Developments Ltd, a dormant company limited by shares, held to undertake property and building development at the supported housing schemes and nursing home, and CEPB Mortgages Ltd, a company limited by guarantee, held to administer mortgages on behalf of the Board. Both companies are registered at 29 Great Smith Street, London, SW1P 3PS.

The Board also owns 100% of CHARM Finance PLC, a company limited by share capital of £50,000 (of which £12,500 has been paid up by the Board), held as a special purpose vehicle which in August 2015 provided £70m of funds to the Board via the issue of £100m of 3.126% Secured Bonds (including £30m in principal amount of Retained Bonds) due August 2048. In April 2018 CHARM Finance PLC provided a further £30m of funds to the Board via the issue of £50m of 3.509% Secured Bonds (including £20m in principal amount of Retained Bonds) also due in 2048. These funds are being used to secure current and future obligations for clergy housing in retirement.

Joint ventures
ChECS is a charitable joint venture between the Church Commissioners, the Archbishops' Council and the Church of England Pensions Board, who are equal partners. The purpose of ChECS is to enhance the efficiency and effectiveness of the charitable national and diocesan institutions of the Church of England and of other charities with a church ethos, by facilitating the provision of cost-effective shared financial, legal and other services.

The charity was registered with the Charity Commission on 31 December 2013 and started operating from 1 April 2014. Prior to this, the responsibility for the provision of shared services was split between the three main NCIs. The previous management arrangements continued into the new structure.

The Board's share of net assets and net income of ChECS was £nil (2017: £nil). As at 31 December 2018, £72,000 was owed by the Board to ChECS (2017: £89,000 owed by the Board to ChECS).

The Pensions Board have no associated undertakings.

UK investment properties
The valuers of the investment properties were Savills LLP.

Notes to the financial statements of the Church of England Pensions Board
For the year ended 31 December 2018

10. Tangible assets – Supported housing and IT systems

Consolidated and charity	At 1 January 2018	Additions	Disposals	Charge in year	Impairment	At 31 December 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Supported Housing land and buildings						
Cost	27,292	-	-	-	-	27,292
Depreciation	(2,196)	-	-	(549)	(1,508)	(4,253)
Net book value	25,096	-	-	(549)	(1,508)	23,039
Fixtures and fittings						
Cost	4,036	65	-	-	-	4,101
Depreciation	(2,972)	-	-	(93)	-	(3,065)
Net book value	1,064	65	-	(93)	-	1,036
Total supported housing	26,160	65	-	(642)	(1,508)	24,075

The impairment charge of £1,508,000 (2017: £nil) represents an adjustment to the book value of the vacant Manormead Nursing Home site, based on a recent valuation undertaken by Knight Frank.

11. Tangible assets – CHARM properties

The Board owns a number of different types of properties which it uses to fulfil its charitable objective: to provide retirement housing for retired clergy (CHARM).

Consolidated	Book value at 1 January 2018	Additions	Disposals	Book value at 31 December 2018	*No. of properties at 1 January 2018*	Additions	Disposals	No. of properties at 31 December 2018
	£'000	£'000	£'000	£'000				
Rental properties								
Funded by CC	29,141	-	(1,536)	27,605	*316*	-	*(20)*	*296*
Funded by PB	146,502	11,387	(3,485)	154,404	*880*	*38*	*(29)*	*889*
Rental properties total	**175,643**	**11,387**	**(5,021)**	**182,009**	***1,196***	***38***	***(49)***	***1,185***
Shared ownership properties								
Funded by CC	3,971	-	(186)	3,785	*41*	-	*(2)*	*39*
Funded by PB	6,449	310	(205)	6,554	*71*	*3*	*(2)*	*72*
Shared ownership properties total	**10,420**	**310**	**(391)**	**10,339**	***112***	***3***	***(4)***	***111***
Mortgaged properties								
Funded by CC	36,917	-	(3,267)	33,650	*691*	-	*(64)*	*627*
Funded by PB	893	-	(70)	823	*15*	-	*(2)*	*13*
Mortgaged properties total	**37,810**	**-**	**(3,337)**	**34,473**	***706***	***-***	***(66)***	***640***
Totals								
Properties with significant restrictions (funded by Church Commissioners)	*70,029*	-	*(4,989)*	*65,040*	1,048	-	(86)	962
Properties without significant restrictions (funded by the Pensions Board)	*153,844*	*11,697*	*(3,760)*	*161,781*	966	41	(33)	974
Total	**223,873**	**11,697**	**(8,749)**	**226,821**	***2,014***	***41***	***(119)***	***1,936***

Notes to the financial statements of the Church of England Pensions Board
For the year ended 31 December 2018

11. Tangible assets – CHARM properties (continued)

Charity only	Book value at 1 January 2018	Additions	Disposals	Book value at 31 December 2018	*No. of properties at 1 January 2018*	Additions	Disposals	No. of properties at 31 December 2018
	£'000	£'000	£'000	£'000				
Rental properties								
Funded by CC	29,141	-	(1,536)	27,605	*316*	*-*	*(20)*	*296*
Funded by PB	146,502	11,387	(3,485)	154,404	*880*	*38*	*(29)*	*889*
Rental properties total	**175,643**	**11,387**	**(5,021)**	**182,009**	***1,196***	***38***	***(49)***	***1,185***
Shared ownership properties								
Funded by CC	3,971	-	(186)	3,785	*41*	*-*	*(2)*	*39*
Funded by PB	6,449	310	(205)	6,554	*71*	*3*	*(2)*	*72*
Shared ownership properties total	**10,420**	**310**	**(391)**	**10,339**	***112***	***3***	***(4)***	***111***
Mortgaged properties								
Funded by CC	30,997	-	(2,783)	28,214	*630*	*-*	*(59)*	*571*
Funded by PB	488	-	(70)	418	*11*	*-*	*(2)*	*9*
Mortgaged properties total	**31,485**	**-**	**(2,853)**	**28,632**	***641***	***-***	***(61)***	***580***
Totals								
Properties with significant restrictions (funded by Church Commissioners)	*70,029*	*-*	*(4,989)*	*65,040*	*987*	*-*	*(81)*	*906*
Properties without significant restrictions (funded by the Pensions Board)	*147,519*	*11,697*	*(3,276)*	*155,940*	*962*	*41*	*(33)*	*970*
Total	**217,548**	**11,697**	**(8,265)**	**220,980**	***1,949***	***41***	***(114)***	***1,876***

Financing and restriction

Historically, the Board's own properties were funded from trusts and legacies. From 1983 until July 2010 most of the rental, shared ownership and mortgaged properties purchased were financed by loans from the Church Commissioners. Under this arrangement, the legal ownership of each property lay with the Board but a significant part of the economic interest lay with the Commissioners. In the case of mortgaged and shared ownership properties, the Commissioners' economic interest was in the same proportion as the amount of financing they provided compared to the purchase price. Purchases were recognised at cost and the loan from the Commissioners recognised at an equal amount within creditors. If the property were sold, an amount equal to the proceeds (for mortgaged and shared ownership properties, in the same proportion as the financing they provided compared to the purchase price) would be repayable. This arrangement meant that the Commissioners retained a significant degree of financial control over the properties they funded, and on a property becoming vacant, determined if and when it was sold and for how much.

Since the end of the Commissioners' funding arrangement, financing for purchases of new rental or shared ownership properties has been provided through three sources. Firstly in 2010 the Board put in place a loan facility with Santander. Secondly in 2015 the Board was loaned £70,000,000 from its subsidiary CHARM Finance PLC, which raised funds through the issue of a listed bond. Thirdly in 2018 the Board was loaned £30,000,000 from its subsidiary CHARM Finance PLC, which raised funds through the issue of a second listed bond. Further details of both facilities are provided in Note 13.

Of the £70,000,000 loaned to the Board in 2015, £41,841,000 was used to purchase the economic interest in 196 properties which had originally been funded by the Commissioners. The Commissioners have retained a right to receive any profit on disposal of any of the 196 properties up to August 2025, over the agreed purchase price of that property, and in 2018 two such properties were sold by the Board, with £125,000 paid to the Church Commissioners as a result of this agreement. In the opinion of the trustees however, as the remainder of these properties have been identified for long-term use by the Charity, it is not expected that many further payments will accrue to the Church Commissioners as a result of this arrangement.

In addition to these arrangements, 48 rental properties were purchased with contributions from dioceses and others, where the contributions are repayable when the property is sold, as either a simple repayment or in the same proportion as the original contribution to the purchase price, depending on the agreement made. The Board recognises the full cost of the property and also recognises a liability for the amount contributed (see note 13).

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12. Debtors

	Consolidated		Charity	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade debtors	607	576	606	574
Subsidiary undertakings	-	-	* 5,840	* 6,325
Prepayments and accrued income	822	1,244	645	1,217
Joint venture (ChECS)	37	-	37	-
Other debtors	541	1,102	541	1,102
Total	**2,007**	**2,922**	**7,669**	**9,218**

***** Loans from the Church of England Pensions Board to CEPB Mortgages Ltd are repayable when the properties associated with them are sold. This is categorised as a current debtor for the Charity in line with FRS 102 section 4.7. See Note 13 for more details.

13. Creditors

Current liabilities:	Consolidated		Charity	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade creditors	2,234	2,404	2,233	2,403
Accruals and deferred income	3,203	3,029	3,025	3,002
Tax creditor	27	21	27	21
Joint venture (ChECS)	-	89	-	89
Other creditors	59	59	59	59
Total amounts falling due within one year:	**5,523**	**5,602**	**5,344**	**5,574**
Concessionary loans repayable on sale of fixed assets				
Loans from Church Commissioners for:				
- rental properties	27,605	29,141	27,605	29,141
- shared ownership properties	3,785	3,971	3,785	3,971
- mortgage properties	33,650	36,917	33,650	36,917
Diocesan and other creditors	1,037	1,050	1,037	1,050
Total loans repayable on sale of fixed assets	**66,077**	**71,079**	**66,077**	**71,079**
Total current liabilities	**71,600**	**76,681**	**71,421**	**76,653**

Loans from the Church Commissioners are repayable when the properties associated with them are sold. The trigger for the repayment is the sale of the property and the proceeds are passed in full to the Church Commissioners. Properties are sold when residents vacate rented properties, shared ownership properties are sold and mortgages are redeemed. These assets are classified as fixed assets and are included in note 11.

FRS 102 section 4.7 states that where the repayment of a creditor cannot unconditionally be deferred for more than a year, it must be classed as a current liability. Even though experience has shown that loans from the Church Commissioners will be repaid steadily over a timeline substantially longer than one year, they meet this definition and as a result are included within current liabilities.

The terms of these concessionary loans are: for loans granted prior until 31 March 1993 the initial interest rate was 3%, increasing in line with RPI each April; for loans granted from 1 April 1993 the initial interest rate was 4%, increasing in line with RPI each April.

The same current liability classification has been applied to the Diocesan loans to the Pensions Board.

13. Creditors (continued)

Non-current liabilities:

	Consolidated		Charity	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bond liabilities – 2015 Bond	70,000	70,000	-	-
Bond liabilities – 2018 Bond	30,000	-	-	-
Bond liabilities – capitalised bond set-up costs	(746)	(465)	-	-
Intra-group liability – loan repayable to CHARM Finance PLC	-	-	100,000	70,000
Intra-group liability – capitalised bond set-up costs	-	-	(746)	(465)
Loan from Santander	4,000	30,350	4,000	30,350
Loan from Santander - capitalised set-up costs	(217)	(250)	(217)	(250)
Total	**103,037**	**99,635**	**103,037**	**99,635**

The two bonds, issued by subsidiary undertaking CHARM Finance plc, were issued to finance the growth and development of the CHARM scheme. Transaction costs of £509,000 were incurred in respect of the 2015 bond, and £306,000 in respect of the 2018 bond. At 31 December 2018, the amortised cost of the set-up fees incurred (predominantly legal and financial advice fees) for both bonds was £746,000 (2017: £465,000).

For the 2015 bond, interest due up to August 2017 was based on the initial interest rate of 3.126% adjusted for changes in CPI (subject to a 4% cap and a floor of zero). Since August 2017 the applicable interest rate has risen to 3.154%. Repayment of the bond is due in five equal instalments of £14m due in August of 2038, 2041, 2043, 2045 and 2048 respectively. The bond is secured by a fixed charge over 452 properties held by the Charity.

For the 2018 bond, interest due is based on the fixed interest rate of 3.509%. Repayment of the bond is due in three instalments on 12 November 2044, 12 November 2046 and 12 April 2048. The bond is secured by a fixed charge over 216 properties held by the Charity.

The following table details the maturity of the bond-related contractual payments as at 31 December 2018:

	2015 Bond		2018 Bond	
Period	**Interest due**	**Capital repayment**	**Interest due**	**Capital repayment**
	£'000	£'000	£'000	£'000
Due to end December 2018	776	-	135	-
Due within one year (to end December 2019)	2,259	-	1,051	-
Due within five years (to end December 2023)	9,094	-	4,213	-
Due after five years	44,707	70,000	23,896	30,000
Total	**56,836**	**70,000**	**29,295**	**30,000**

The intra-group liability due by the charity to CHARM Finance plc mirrors the terms of the bonds noted above.

The charity has a loan facility with Santander through Abbey National Treasury Services PLC which is secured by fixed charges over 123 properties (2017: 343 properties) owned by the charity, with occupied market value of £29,000,000 (2017: £65,000,000). The loan is repayable, subject to terms and conditions, at June 2025.

The cost of the Santander arrangement fee of £500,000 (1% of the loan facility) is offset against the loans and is being amortised over 15 years. At 31 December 2018, the amortised cost was £217,000 (2017: £250,000).

14. Financial Instruments

	Note	Consolidated 2018 £'000	Consolidated 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Financial assets at fair value through statement of financial activities					
Listed non-current investments	9	40,939	40,331	40,952	40,344
Financial assets that are debt instruments measured at amortised cost					
Trade debtors	12	607	576	606	574
Amounts owed to subsidiary undertakings	12	-	-	5,840	6,325
Other debtors	12	541	1,102	541	1,102
Accrued income	12	730	962	567	935
Short term deposits		1,061	717	1,061	717
Cash and cash equivalents		4,267	5,468	4,254	5,456
Total financial assets		48,145	49,156	53,821	55,443
Financial liabilities that are debt instruments measured at amortised cost					
Trade creditors	13	2,234	2,404	2,233	2,403
Accruals	13	3,189	3,029	3,026	3,002
Other creditors	13	59	59	59	59
Loans repayable on sale of fixed assets	13	66,077	71,079	66,077	71,079
Bond liability	13	99,254	69,535	-	-
Loan liability owed to CHARM Finance PLC	13	-	-	99,254	69,535
Loan from Santander (net of capitalised set-up costs)	13	3,783	30,100	3,783	30,100
Total financial liabilities		174,596	176,206	174,432	176,178

15. Funds

Consolidated and charity	Balance at 1 January 2018 £'000	Income £'000	Expenditure £'000	Investment gains £'000	Transfers £'000	Balance at 31 December 2018 £'000
Unrestricted funds	-	6,274	(6,274)	-	-	-
Total unrestricted funds	-	6,274	(6,274)	-	-	-
Restricted funds:-						
General Purposes Fund:						
- General Funds	108,809	22,216	(20,885)	657	(2,200)	108,597
- Earmarked – Property Maintenance	4,635	-	(2,406)	-	2,200	4,429
Clergy Retirement Housing Trust & other trusts	10,460	1,449	(373)	(29)	-	11,507
Total restricted funds (excl. pension reserve)	123,904	23,665	(23,664)	628	-	124,533
Pension reserve	(1,506)	-	642	-		(864)
Total funds	**122,398**	**29,939**	**(29,296)**	**628**	**-**	**123,669**

15. Funds (continued)

The prior-year movement on funds is details below:

Consolidated and charity	Balance at 1 January 2017	Income	Expenditure	Investment gains	Other gains	Transfers	Balance at 31 December 2017
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	-	6,181	(5,584)	-	-	(597)	-
Total unrestricted funds	-	6,181	(5,584)	-	-	(597)	-
Restricted funds:-							
General Purposes Fund:							
- General Funds	107,185	21,513	(19,644)	2,281	271	(2,797)	108,809
- Earmarked – Property Maintenance	4,008	-	(2,773)	-	-	3,400	4,635
Clergy Retirement Housing Trust & other trusts	9,474	1,145	(332)	179	-	(6)	10,460
Total restricted funds	120,667	22,658	(22,749)	2,460	271	597	123,904
Pension reserve	(1,905)	-	399	-	-	-	(1,506)
Total funds	**118,762**	**28,839**	**(27,934)**	**2,460**	**271**	**-**	**122,398**

Unrestricted funds
The **unrestricted funds** represent expenditure incurred by the CEPB on salaries and working expenses subsequently recovered from the pension funds administered by the Board. The CEPB has no net assets or liabilities in its own right as a body corporate.

Restricted funds
The **General Purposes Fund ("GPF")** is the largest charitable fund administered by the Church of England Pensions Board, covering the provision, maintenance & management of homes of residence for retired clergy and church workers and their spouses/former spouses/dependants, etc.

Within restricted funds, the Trustees have earmarked an amount for property maintenance. £2.2m (2017: £3.4m) was transferred from the restricted general fund to the earmarked Property Maintenance fund to allow for additional property maintenance work.

The **Clergy Retirement Housing Trust ("CRHT")** is a registered charity (Charity No. 236627-2) and is a linked charity of the Board. As a linked charity, it is accounted for as a restricted fund. The charitable object of the CRHT is to use its property as residences for those persons who are qualified for such residence by virtue of the provisions of the Clergy Pensions Measure 1961 or any succeeding legislation.

Below is a summary of the assets and liabilities of each fund as at 31 December 2018:

FUND	Fixed Assets	Current Assets	Current Liabilities	Non-Current Liabilities	SUB TOTAL	Provision for Pension Liability	NET ASSETS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	-	1,194	(1,194)	-	-	-	-
Restricted Funds:							
General Purposes Fund	281,191	5,261	(70,389)	(103,037)	**113,026**	(864)	**112,162**
Clergy Retirement Housing Trust & other trusts	10,644	880	(17)	-	**11,507**	-	**11,507**
Total	291,835	7,335	(71,600)	(103,037)	**124,533**	(864)	**123,669**

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16. Subsidiary results

The Board owns 100% of CEPB Developments Ltd, a dormant company limited by shares, held to undertake property and building development at the supported housing schemes, and CEPB Mortgages Ltd, a company limited by guarantee, held to administer mortgages on behalf of the Board. Both companies are registered at 29 Great Smith Street, London, SW1P 3PS.

The Board also owns 100% of CHARM Finance PLC (incorporated and acquired 17 July 2015), a company limited by share capital of £50,000 (of which £12,500 has been paid up by the Board), held as a special purpose vehicle which in August 2015 provided £70m of funds to the Board via the issue of £100m of 3.126% Secured Bonds (including £30m in principal amount of Retained Bonds) due August 2048. In April 2018 CHARM Finance PLC provided a further £30m of funds to the Board via the issue of £50m of 3.509% Secured Bonds (including £20m in principal amount of Retained Bonds) also due in 2048. These funds are being used to secure current and future obligations for clergy housing in retirement.

Summaries of the Board's significant subsidiaries' results are shown below:

	CEPB Mortgages		**CHARM Finance PLC**	
	2018	**2017**	**2018**	**2017**
	£'000	**£'000**	**£'000**	**£'000**
Revenue	346	360	3,025	2,227
Expenditure	(346)	(360)	(3,025)	(2,227)
Result	-	-	-	-
Net Assets	1	1	13	13

17. Related Parties

Subsidiary companies

The Board received £346,000 from CEPB Mortgages (2017: £360,000) in respect of mortgage interest received by the Company. At the balance sheet date, CEPB Mortgages owed the Board £5,840,000 (2017: £6,325,000) in respect of mortgage loans repayable.

The Board paid £2,829,000 to CHARM Finance PLC in 2018 in respect of bond interest payable by the Company. At the balance sheet date, the Board owed CHARM Finance PLC £99,254,000 (2017: £69,535,000) in respect of loans repayable in relation to the 2015 and 2018 bonds.

Joint ventures

Church of England Central Services (ChECS) is a joint venture between the Church Commissioners, the Archbishops' Council and the Church of England Pensions Board, and therefore a related party of the Board. More information can be found in Note 9.

Pension Schemes

Details of amounts paid to the pension schemes are disclosed in note 8.

Other payments to related parties

The Board received £10,500 from Savills Investment Management in 2018. Alan Fletcher, the Chair of the Board's Investments Committee, sits on Savills' advisory committee for the Charities Pension Fund. A position on Savills' committee is a remunerated position, however Alan Fletcher has forgone this remuneration and instead has asked Savills to pay the fees directly to the Board.