

The Archbishops' Council
Annual Report and Financial Statements
for the year ended 31 December 2008

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Introduction by the Presidents

We are pleased to present the tenth annual report of the Archbishops' Council.

Over the past decade the Council has given the Church of England a much needed capacity to look across the totality of its activity, identify issues requiring attention and apply resources creatively to produce practical solutions. The importance of effective policy and resource direction is unlikely to diminish over the coming period as the Church, in common with the rest of society, attempts to grapple with the consequences of the most serious international financial and economic crisis of recent times.

This report outlines the wide range of work carried out under the auspices of the Council in 2008. As will be seen, the seven meetings of the trustee body were but the tip of the iceberg of what was undertaken by its 19 members and its staff team.

We commend this report and seek the continuing prayers and support of the Church for the members and staff of the Archbishops' Council as we continue to discharge the duties and responsibilities entrusted to us.

✘ ROWAN CANTUAR:

✘ SENTAMU EBOR:

Church House
Westminster SW1P 3AZ
11 June 2009

Mission Statement

The Archbishops' Council's Mission is to support the Church in her worship of God and in her participation in:

- proclaiming the Good News of the Kingdom
- teaching, baptising and nurturing new believers
- responding to human need by loving service
- seeking to transform unjust structures in society
- striving to safeguard the integrity of creation and sustaining and renewing the life of the earth

Object

'to co-ordinate, promote, aid and further the work and mission of the Church of England' (National Institutions Measure 1998, section 1(1))

Objectives

1. to enhance the Church's mission by:
 - promoting spiritual and numerical growth
 - enabling and supporting the worshipping Church and encouraging and promoting new ways of being Church, and
 - engaging with issues of social justice and environmental stewardship
2. to sustain and advance the Church's work in education, lifelong learning and discipleship;
3. to enable the Church to select, train and resource the right people, both ordained and lay, to carry out public ministry and to encourage lay people in their vocation to the world; and
4. to encourage the maintenance and development of the inherited fabric of Church buildings for worship and service to the community.

The Archbishops' Council in 2008

Review of activities

1. The Archbishops' Council's responsibilities involve overseeing the delivery of services and support to dioceses and parishes, bringing together issues of policy and resource for the General Synod, representing the Church to Parliament and Government and much else besides. The 19 members of the Council are supported by a staff team led by the Secretary-General and are indebted to them for their professionalism and hard work.

Objectives and achievements

2. The five-year work programme for the largest National Church Institutions ('NCIs') and the General Synod is set out in the document *Into the New Quinquennium*, published as GS 1607. Annual updates on progress are available on request or on the Church of England website.

3. Work undertaken during the year to progress the Council's objectives is outlined below.

To enhance the Church's mission by:

- **promoting spiritual and numerical growth**
- **enabling and supporting the worshipping Church and encouraging and promoting new ways of being Church, and**
- **engaging with issues of social justice and environmental stewardship**

4. The **Youth Evangelism Fund** has enabled young Christians to explore ways of communicating their faith to their peers in ways that make sense to them. In 2008, nearly £108,000 was disbursed by way of small grants to 74 groups in six dioceses. At the **Youth Evangelism Forum** held at Church House, Westminster in December, 100 young people aged 12-20 came together to share their experiences and good practice in evangelism.

5. The **Weddings Project** (working with colleagues from the Central Secretariat, Mission & Public Affairs, Communications and Research & Statistics) continues to explore and advocate ways in which the Church can build on the mission opportunities offered by weddings and by the changes in the law brought about by the Church of England Marriage Measure 2008, which came into force on 1 October and made it possible for couples to marry in a wider range of parish churches where they have a 'qualifying connection'. The project aims to attract more couples to choose a church wedding in two trial areas and identify ways of caring for them to encourage a lasting relationship with the Church. This runs alongside a public advocacy strategy which aims to build a growing sense in the general population that the Church is enthusiastic about marriage. The project has gathered a wealth of data and is developing a programme for sharing the findings, commending best practice and working with dioceses to implement the three project aims across the Church.

6. The Communications Office continued to promote the **Back to Church Sunday** initiative – in 2008 this grew to include more 3,000 churches, both at home and overseas – the **Love Life Live Lent** campaign, which encourages people to think creatively and practically about the message of Lent, an online Advent initiative (www.whyaREWwaiting.org), and other projects linked to the church year.

*1.7 million people take part in a Church of England service each month.
Around 1 million participate each Sunday[†]*

7. While the Archbishops' Council was not itself directly involved with the **Lambeth Conference**, staff of the Communications Office provided media facilities in conjunction with volunteers from across the Church.

8. The Council provided an interest-free loan to the Lambeth Conference Company to enable it to meet its financial commitments at the end of the Conference while further fundraising continued around the Anglican Communion. It also commissioned an independent review, jointly with the Church Commissioners, of the arrangements for the Lambeth Conference and making recommendations to guard against future deficits. The report was published in March 2009.

9. The Mission and Public Affairs Division co-ordinated the involvement of Church of England dioceses in the **Lambeth Conference Hospitality Initiative**, enabling local churches to learn from the mission of Anglicans in other, often challenging, contexts and placing the Church of England's mission in a global setting.

10. The Council continued its engagement with the **Fresh Expressions** initiative, both as a supporter and a funder. It engages most closely through the Mission and Public Affairs Division enabling Fresh Expressions and the 'inherited' Church to see themselves as part of the 'mixed economy' and to learn from one another. This is achieved in close partnership with the Division's network of diocesan missionaries.

11. The **Mission Theology Advisory Group** produces resources for mission and discipleship. In 2008 it published **Sense Making Faith**, which is proving a popular resource and was adapted as the BBC 2009 Lent Course.

12. The Liturgical Commission seeks to enable and support the worshipping Church through its **Transforming Worship** initiative. In 2008, a series of regional training days on presidency and worship was completed and a new series focussing on all-age worship began. The Commission was assisted by the Communications Office to launch the *Transforming Worship* website, where supporting study material for the Commission's publication **Worship Changes Lives**, a non-specialist booklet on worship, can be found – www.transformingworship.co.uk

*The Church of England provides activities outside church worship in the local community for over half a million children and young people^{‡ *}*

13. The Communications Office also co-ordinated the production and publication on the website of prayers for the Olympics, young people at exam times and awaiting results and, working with the National Stewardship Adviser, on debt. The **Debt Campaign** secured wide publicity for the Church's concern with debt and those in debt. The Council continues to monitor the situation around the dioceses.

14. In the area of ecumenism, the Joint Implementation Commission under the Anglican-Methodist Covenant completed its first quinquennium with the report

Embracing the Covenant and a new Commission appointed. It was involved in initiatives at local level, within England and the UK and at international level Anglicans and Methodists.

15. New initiatives in the area of local unity in mission included collaboration with mission colleagues on the Church's presence in new housing areas and 'light touch ecumenism' and the setting up of a joint working party with the Methodist Church on the ecclesiological implications for the mission-shaped church movement.

16. Staff of the Archbishops' Council developed resources as part of the ***Presence and Engagement*** programme to support parishes working with large communities from other faiths and to develop relationships with other Christian denominations in order to help equip the Church for its distinctive mission to the nation.

17. The Mission and Public Affairs and Education Divisions worked with The Children's Society on the **Good Childhood Enquiry**, which seeks to analyse and improve the lives of children in Britain by changing attitudes and policies. The findings of the Enquiry will be disseminated more widely in 2009 and a Synod debate is planned for July 2009.

18. The **safeguarding** of children and vulnerable adults remained a key area of work in 2008 as work set in train by the House of Bishops to document historic cases across the dioceses continued. It is expected that this will be completed during 2009. The Safeguarding Liaison Group provided advice for dioceses on the framework of diocesan policies for safeguarding vulnerable adults.

19. The joint arrangement between the Council and the Methodist Church for providing safeguarding advice was reviewed by both bodies in 2008. Both agreed that the arrangement should continue for a further three years.

20. A significant amount of the Council's time is spent in detailed engagement with Government departments and other agencies and considering how to respond to consultations and draft legislation. During 2008, the Council and its staff considered issues such as the forthcoming Single Equality Bill, the care of people with dementia and parental responsibilities, joint registration of births and the implementation of the new registration requirements under the Charities Act 2006.

*72% of people consider their local church an important part of their community: 58% believe it makes their neighbourhood a better place to live and 63% would be concerned if the local church was no longer there ***

21. The new **Parliamentary Unit**, located in the Mission and Public Affairs Division, began work in October and is already enhancing the Church's ability to influence Government policy through closer relationships with both Houses of Parliament and monitoring of the progress of legislation. The Parliamentary Unit has developed relationships with a wide range of MPs, most of whom have warmly welcomed the Church's concern for their responsibilities as legislators and representatives and its willingness to work more closely with them in an increasingly secular environment.

22. The Council's staff prepare briefs for bishops to enable them to speak for the Church and other faith communities in debates in the House of Lords and in sponsoring debates at Synod. During 2008, for example, the Mission and Public Affairs Division resourced debates as diverse as casinos, mental health, detention without charge and climate change. All of this work is demanding of resources and expertise and the Council is grateful for the expert advice it can call upon both from its own staff and from its networks to resource such debates.

To sustain and advance the Church's work in education, lifelong learning and discipleship

23. The Church of England remains an important player in the education of our children and young people and the Education Division engages actively, on behalf of the Church, with Ministers and Departmental staff as a vital element in promoting the role of Church of England schools and as a distinctive voice in a constantly changing educational context.

24. The big success story in education in recent years has been the expansion of the Church of England's engagement in secondary education following the challenges set down in the Dearing Report (*The Way Ahead*, published in 2004). To date 19 Academies have been opened and 32 other secondary schools have either opened or been expanded. In 2008 alone, 8 new Academies opened and one secondary school changed status from a community college to become voluntary controlled, together adding around 7,000 places for secondary pupils. 10 more schools are planned to open in 2009.

*70% of the population agree that Church of England schools have a positive role in educating the nation's children ***

25. With such expansion come responsibilities and the Education Division continues to engage positively with Government and Government agencies to ensure that appropriate regulatory frameworks are developed and in place. During 2008, the Division made responses from a distinctive Church of England perspective to a number of Government consultations, including on the Admissions and Appeals Codes and on procedures around parental complaints.

26. Administered partly by the National Society and partly by the Education Division, the first three-year cycle of statutory inspection of Anglican schools ('SIAS') was completed in 2008, enabling an overview of what the Christian framework looks like across the country. The results of the individual inspections and annual reports can be found on the National Society website: www.natsoc.org.uk

27. Beyond schools, the Church of England engages with children and young people in a variety of ways in the parishes and dioceses and it is important that the quality of this engagement is consistently high.

28. To this end, the Council began a revision of its **Youth and Children's Strategies** in 2008. In February a round of consultations began with diocesan officers and external partners on the role of the Church in the lives of children and young people; with young people themselves in a variety of contexts and with the Archbishops' Council's Committee for Minority Ethnic Anglican Concerns. The interim report was published in November, forming the basis of further consultation and the publication of the final report, which will frame the objectives for this area of the Council's engagement through the Education Division, is due in 2009.

29. The Council's staff are also involved in appointing diocesan Children's Work Advisers and Youth Officers to offer advice and help ensure consistency across the Church of England in these essential frontline elements in the Church's engagement with the parents and leaders of tomorrow.

To enable the Church to select, train and resource the right people, both ordained and lay, to carry out public ministry and to encourage lay people in their vocation to the world

30. The single largest element of the Council's budget is **Training for Ministry** ('Vote 1'), expenditure for which in 2008 totalled £11.4m.
31. It is a matter of thanks and celebration that over recent years increased numbers of individuals have been responding to a call to ordained ministry. The increased costs of training have inevitably placed additional pressure on budgets at national, diocesan and, ultimately, parish level. The Archbishops' Council in 2008 relieved the impact of higher training costs by applying reserves of £0.7m in order to smooth the effects of volatility and reduce the call on diocesan budgets.
32. During 2008, the Ministry Division oversaw various research projects into patterns of clergy development, vocation and retention in order better to understand the changing picture around the Church and to prepare for future patterns of ministry.
33. As part of the strategy, the Ministry Division promotes the **Call Waiting** project, which aims to encourage young Christians aged 13-30 to think about what God might be calling them to do with their lives, in particular whether their vocation might be to ordained ministry. The initiative attempts to reach young people by a variety of means, including through teams of volunteers being present at Christian events attended by young people, through parishes, literature provided for diocesan young vocations advisers and via the *Call Waiting* website at www.callwaiting.org.uk
34. The Ministry Division ran 47 **Advisory Panels** in 2008, with a total of 612 candidates (including 28 for 'pioneer ministry'), just over 80% of whom were recommended for ordination training. Work continued with the House of Bishops to identify ways of improving the training pathways offered to candidates and improving the framework for ministerial training.
35. The Council for Christian Unity has been working with staff at Lambeth Palace on an initiative with the Black Majority Churches to enhance opportunities for joint training and formation with trainee pastors of the Black Majority Churches.
36. The Archbishops' Council worked through its Ministry Division, Human Resources Department and Legal Office on the implementation phase of the **Ecclesiastical Office Holders (Terms of Service) Measure**, which received Final Approval from Synod in July. Work to implement the Measure once it has received the Royal Assent is well underway: during the year, the Council ran training sessions for senior clergy, finalised drafts of the capability and grievance procedures and made substantial progress at diocesan level on the appointment of HR advisers.
37. In the area of lay ministry, a small working group published a review of **Reader ministry**. It is the intention that the report will be used in the dioceses to consider how they can support Readers in their ministry and make better use of their gifts.
38. The Education Division helped compile a DVD containing resources from **Tomorrow's Leaders Today** – a project funded by the National College for School Leadership – to help dioceses and Church schools build strong leaders and leaders in waiting, whether lay or ordained.

There are nearly 1,600 chaplains to prisons, hospitals/healthcare, the Armed Forces and in schools and Higher and Further education[†]

39. **Chaplaincy** is an important part of the Church's mission in many parts of society and helps the Church engage more directly with people in a variety of different contexts. The Council supports chaplaincy in Higher and Further Education, in schools and hospitals.

40. The Council supports work to promote the greater involvement of people from a minority ethnic background in the life of the Church. Initiatives took place in all of these areas during the year to improve the quality of what the Church offers, helping to support people in their daily lives and as a resource for lay and ordained discipleship.

41. The Mission and Public Affairs Division and the Communications Office increasingly make the Council's work accessible to all as a resource for discipleship, both through published media (principally through its publishing arm, Church House Publishing) and via the Church of England's website. One feature in 2008 was the web section on Charles Darwin, which has received international recognition and reinforced the Church's position on science and faith.

42. The Council continued to provide support to those seeking to minister among deaf and disabled people.

To encourage the maintenance and development of the inherited fabric of Church buildings for worship and service to the community

43. Church buildings are a major feature of the rural, urban and suburban landscape. In many cases, they are a focus of the local community, yet it is a constant struggle to maintain them and make them more widely available for service to the community.

*£110m is currently spent on repairs to Church of England churches annually – 70% of it raised by the congregations and local community **

44. The new **Church Buildings Council**, which replaced the Council for the Care of Churches and the Advisory Board for Redundant Churches, began its work in June 2008. It is already bringing greater focus and effectiveness to an important area of work, and some further changes of emphasis may follow to take full advantage of the opportunities offered by the Dioceses, Pastoral and Mission Measure 2007.

45. A major focus for the Cathedral and Church Buildings Division during 2008 was further work on the agenda outlined in the report *Building Faith in our Future* (published by the Church Heritage Forum in October 2004) and taken forward in the *Next Steps* report. The Division continues to take forward the Church of England's agenda with Government and other agencies in respect of the funding, preservation and wider use of church buildings.

The Church of England has more than 16,000 churches, 76% of which are listed buildings †

46. The Division works closely with Government to increase financial support (and reduce taxation and other charges, both direct and indirect) for the care, maintenance and repair of church buildings. It became clear during the year that new methods of water charging would have a significant financial impact on individual churches. The Division has been co-ordinating efforts with Government and OFWAT to get these changed.

47. In December, the Division supported the official launch by the Secretary of State for Culture, Media and Sport of the Support Officer Scheme through which English Heritage is to make £1.5 million available to part fund thirty posts to help congregations manage and maintain their historic places of worship. Many dioceses have expressed interest in the Scheme and posts have already been created in some.

48. Grants from the Church Buildings Council to churches for the conservation of historic contents increased to just over £216,000 from around £80,500 in 2007. Further fundraising to increase the sums available for this important work will continue.

49. The National Rural Adviser (within the Mission and Public Affairs Division) offers support to dioceses and parishes by sharing experience and expertise on the use of church buildings for wider community use in areas where there are few other public buildings. In 2008 this particularly included offering advice on the provision of Post Office services in rural churches.

50. In November, the Council ratified a significant piece of work – as part of the ***Shrinking the Footprint*** initiative – carried out by the Cathedral and Church Buildings and Mission and Public Affairs Divisions in response to requests from the dioceses for a co-ordinated approach to managing and reducing the Church's carbon footprint. The work was sponsored and part funded by the dioceses and the Carbon Trust. The findings of the review and the actions which will flow from them will be rolled out through a series of events in 2009.

Legislation

51. Most of the provisions of the Dioceses, Pastoral and Mission Measure 2007 came into force in 2008 and the Archbishops' Council's divisions supported the dioceses and parishes in understanding how it can be used to strengthen the Church both locally and nationally. Part of the Measure provides for a new **Dioceses Commission** and this met for the first time in September. The Commission is developing a programme to review diocesan boundaries and this will begin during 2009.

52. Staff of the Council's Ministry Division, supported by the Legal Office, considered ways of reforming the structure of **parochial fees**. Two reports (*Four Funerals and A Wedding*, GS Misc 877 and a supplementary report, GS 1703) were debated at Synod in July and draft legislation was introduced in February 2009.

53. Legislation started its progress through Synod to give effect to certain changes in relation to **Crown appointments** consequential on the Government's Green paper of July 2007.

54. The Legal Office led the Church of England's response to changes in **charity law** and, in collaboration with the National Stewardship and Resource Officer, supported the provision of advice and a standard application process for those 2,000 or so Parochial Church Councils required to register for the first time with the Charity Commission.

55. Council staff continued to provide support for the legislative drafting group under the chairmanship of the Bishop of Manchester on the proposed admission of women to the episcopate. This major piece of work has required significant ongoing input from the Secretary General, the Legal Adviser and from Standing Counsel and will continue to do so as the legislative process proper gets under way.

Service delivery and administration

56. The Council keeps all areas of its work and costs under review and aims to improve its service wherever possible. In an increasingly challenging financial climate, the

Council is making every effort to support dioceses and parishes by seeking increased efficiencies and containing its own working costs, both those relating directly to the work outlined above and its own administrative and support costs.

57. Over the past seven years, these costs have risen by 9% in total, while RPI over the same period increased by 22.5% and average earnings by 29%. This has required significant efficiencies, particularly as some three-quarters of the Council's costs are staff-related. For 2008, the Council budgeted to contain its expenditure within 2007 levels and for 2009 it has provided for an increase of less than 1% over 2008, while at the same time seeking to meet its objectives and improve the service it offers to the Church. Similar stringency will apply for the 2010 budget round.

58. The Council reviews each area of its activity on an annual cycle and this year established a review of its financial strategy in order to set priorities and to determine where its resources can best be targeted over the next five years. The outcome of the review will be reported to the Council in June and to the Synod in July 2009.

59. The Archbishops' Council has since its creation been responsible for the provision of common services for the National Church Institutions, with the other NCIs 'buying' common services in proportion to their use of them. The Joint Employment Common Services Board ('JECBS', see also p.12) with the agreement of the three main governing bodies (the Council itself, the Church Commissioners' Board of Governors and the Pensions Board) agreed that the responsibility for service provision should be shared amongst the three main NCIs from the beginning of 2009. The Council retains responsibility for the Communications Office, the Legal Office and the Human Resources Department. Libraries & Archives, IT, Office Services, Accounting Services and Financial Policy have passed to the Church Commissioners and responsibility for Internal Audit has passed to the Pensions Board. The JECBS will continue to monitor the provision of all these services and the maintenance of service level agreements.

Getting the message out

60. Getting the message out about the Council's activities and achievements is a key role for the **Communications Office**. The Office provides media relations, training, internal and website communications services not only to the Council, but also to the Synod, the House of Bishops, the Church Commissioners and the Pensions Board, working closely with the dioceses. It leads the Church's representations on media policy and answers enquiries from the public. It works strategically with other departments within Church House and across the dioceses of the Church of England, the most important elements of which are listed above.

Church of England congregations give more than £45m each year to other charities – more than the BBC's annual Children in Need appeal[†]

61. The **Research & Statistics** Department continues to provide an invaluable resource to enable planning and forecasting, to communicate the Church and to assist the Church in understanding itself. The Department established an annual research conference into mission and ministry in partnership with the Oxford Centre for Ecclesiology and Practical Theology.

62. The Research & Statistics Department also provides a statistical and research resource to the Methodist Church. In 2008, the Head of Research and Statistics gave a key address for the first time to the Methodist Church Conference, on the Methodist triennial mission statistics.

New faces

63. The Council was pleased to welcome Janet Gough as Director of the Cathedral and Church Buildings Division in succession to Paula Griffiths. The Council also welcomed the appointment of Ian Theodoresen as Chief Financial Officer for the Church Commissioners, the Archbishops' Council and the Pensions Board with effect from early 2009.

On behalf of the Archbishops' Council

✠ ROWAN CANTUAR:

✠ SENTAMU EBOR:

Joint Presidents

Church House
Westminster SW1P 3AZ

11 June 2009

Statistical sources:

† Church Statistics 2006/7

‡ Church Statistics 2004/5

* Church Statistics 2003/4

** ORB 2005 National Survey for the Archbishops' Council

Available at www.cofe.anglican.org/info/statistics

Organisational information

64. The Archbishops' Council is established under the National Institutions Measure 1998. Supported at member level by its Boards, Councils and Committees and at staff level by the Secretary-General and each of the Divisions, the Archbishops' Council aims to hold together issues of policy and resources by co-ordinating and taking an overview of the work already being done on its own behalf and on behalf of the wider Church by planning a forward programme of work and by responding to impulses from within and outside the Church.

65. The following values underpin the work undertaken by the Council and its supporting bodies: openness to God; worship; service; promoting growth; unity; partnership; integrity and transparency. The Council carries out its work in compliance with relevant legislation and best practice.

Boards, Councils and Committees

66. In 2008, the following bodies undertook work on behalf of the Archbishops' Council:

- Audit Committee of the Archbishops' Council (chair: Tony Hesselwood)
- Board of Education (chair: the Bishop of Portsmouth, succeeded in September by the Bishop of Lincoln)
- Committee for Minority Ethnic Anglican Concerns (chair: the Revd Rose Hudson-Wilkin)
- Council for Christian Unity (chair: the Bishop of Guildford (until June 2008, the Bishop of Peterborough))
- Council for the Care of Churches (chair: the Dean of St Paul's) until June 2008 when it was superseded by the Church Buildings Council, an independent statutory body established under the Dioceses, Pastoral and Mission Measure
- Finance Committee (chair: Andrew Britton)
- Ministry Council (chair: the Bishop of Norwich)
- Mission and Public Affairs Council (chair: Dr Philip Giddings)

Other bodies

67. The Archbishops' Council and the General Synod have a number of other committees, commissions and similar bodies which report to them. Details are available in a number of publications, including the *Church of England Yearbook*, or on request.

National Church Institutions

68. The Archbishops' Council works in close partnership with the other National Church Institutions: the Church Commissioners, the Church of England Pensions Board, the offices of the Archbishops of Canterbury and York, the National Society, Lambeth Palace Library and (until June 2008) the Advisory Board for Redundant Churches, which was merged into the Cathedral and Church Buildings Division and its work undertaken by the new Church Buildings Council.

Staff

69. The Council's Human Resources Panel exists to review progress of its Human Resources strategy. It aims to meet at least annually or as required with representatives of the Council's staff to discuss matters affecting the staff; acts for the employer on occasions (e.g. provides members for disciplinary appeal panels) and provides advice and guidance to the HR Director when necessary.

70. The Joint Employment and Common Services Board (JECSB) was established specifically to take responsibility for the joint employment relationship between the NCIs and to oversee common services. It exercises powers delegated to it by each of the NCIs. The First Church Estates Commissioner, the Chair of the Pensions Board and the Chair of the Council's Finance Committee represent the three largest NCIs at member level. The chief officers of the three largest NCIs also attend its meetings.

71. The JECSB has one sub-group – the Remuneration Committee – which sets senior pay levels and mandates the management side of the Joint Staff Council for negotiations and consultation with the trade unions.

72. Almost all staff across the NCIs are jointly employed by each of them. The average number of staff for whom the Council was the managing employer during 2008 was 235 (roughly half male and half female). Around 14% of the staff were from a minority ethnic background. The figure of 235 includes 119 staff in the common service departments for whom the Church Commissioners and Pensions Board contribute financially. The effect of the reallocation of responsibility between the three bodies as from 1 January 2009 (see paragraph 59) is to reduce by 85 the number of staff for whom the Council is the managing employer. The Council's financial commitment remains unchanged.

Equal opportunities

73. The National Church Institutions are committed to equal opportunities in employment.

74. The NCIs have agreed diversity targets in accordance with the recommendations of the Stephen Lawrence follow-up report – *Called to Act Justly*. The Equality for All Group monitors progress and is involved in designing proactive initiatives to help achieve these.

75. Equality Advisers are in post to support staff who may feel harassed or bullied and there is an established complaints procedure for dealing with claims of discrimination. All staff are required to undergo training in equal opportunities awareness and all appointing managers must undertake 'Fair Selection' training before being permitted to interview for staff.

Environment

76. The Archbishops' Council is fully committed to an active environmentally aware policy. In addition to the Archbishops' Council's policy, individual departments are encouraged by the Environmental Working Group to produce their own policies for their specific areas of work.

Health and safety

77. Together with the other National Church Institutions, with whom the Archbishops' Council is a common employer, the Council has duties under the Health and Safety at Work etc. Act 1974 and associated legislation to protect the wellbeing of its staff and others affected by its work. During 2008, the NCIs further developed and implemented a

comprehensive occupational health, safety and welfare system to reduce the risks of accidents and work related ill health and to promote a healthier work/life balance. A particular initiative was launched to help prevent repetitive strain injury.

Trustee recruitment and appointment

78. Members of the Archbishops' Council have the same responsibilities as trustees. They hold office in a variety of ways: *ex officio* (the two Archbishops, the First Church Estates Commissioner); elected (by the Houses of the General Synod (two from each of the Houses of Bishops, Clergy and Laity); the Chair and Vice-chair of the House of Laity and the two Prolocutors); or appointed (by the Archbishops, with the approval of the General Synod, after an extensive public recruitment process). See p.19 for a list of members.

Trustee induction

79. New and existing members of the Archbishops' Council have the opportunity to meet heads of department and other staff for briefing on the organisation as a whole, on particular areas of work and on their responsibilities as members of the Archbishops' Council. Members also have the opportunity to learn about the Council and contribute to its development at close hand as members of Boards and Councils and of committees and working parties looking into specific areas of the Council's work and operation.

Trustee responsibilities

80. Members of the Archbishops' Council are required to prepare for each financial year consolidated financial statements which give a true and fair view of the state of affairs of the Archbishops' Council and of the results for the year. In preparing the financial statements, the Archbishops' Council has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards without any material departures; and
- prepared the financial statements on the going concern basis.

81. They are responsible for safeguarding the assets of the Archbishops' Council, and for taking reasonable steps for the prevention and detection of fraud and other irregularities and providing reasonable assurance that:

- the organisation is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;
- proper records are maintained and financial information used internally or for publication is reliable; and that
- relevant laws and regulations are met.

Internal control

82. The members of the Archbishops' Council have overall responsibility for ensuring that appropriate systems of control, financial and otherwise, exist. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Archbishops' Council and for ensuring that the financial statements comply with the Charities Act and applicable accounting standards and requirements.

83. The systems of internal financial control are designed to provide reasonable assurance against material misstatement or loss. They include:

- a comprehensive annual planning and budgeting process;
- regular review of management accounts, variances from budget and non-financial management information;
- delegation of authority and segregation of duties; and
- identification and management of risks.

Risk Management

84. In line with the recommendations of the Statement of Recommended Practice 2005 for Accounting and Reporting by Charities, the Archbishops' Council has approved a risk management programme to assess business risk and implement risk management strategies. A process of identifying risks and implementing a continuous programme of activities to monitor and manage risks has been undertaken and is regularly reviewed by the senior management team and the Finance Committee and considered at least annually by the Archbishops' Council. This work entails:

- clarifying management responsibility for the risks in each activity;
- prioritising risks in terms of potential likelihood of occurrence and impact;
- adopting suitable counter measures to mitigate the risks; and
- monitoring the management of risk, with regular reports to the Archbishops' Council.

Internal Audit

85. The Internal Audit department carries out a programme of risk-based reviews. Regular reports are given to the Audit Committee and management action on audit recommendations is regularly monitored.

Audit Committee

86. The Audit Committee is a committee of the Archbishops' Council, constituted in accordance with the Standing Orders of the General Synod. Each year a report on the discharge of the Committee's functions is put before the Archbishops' Council and the General Synod. Its principal duties are:

- External audit: to consider all matters relating to the appointment and removal of the external auditors, to discuss with them the nature and the scope of their audit, and to review their management letter to the Council and its response;
- Annual accounts: to review the annual accounts, looking in particular at changes in accounting policies and practices, compliance with legal requirements and accounting standards, adjustments arising from the audit and significant areas of judgement;
- Internal controls: to keep under review the effectiveness of the governance, risk management and internal control systems;
- Other National Church Institutions: to liaise with the Audit Committees of the Church Commissioners and the Church of England Pensions Board on matters of mutual concern;
- Representations: to consider representations made to it generally.

Finance Committee

87. The Finance Committee is the financial executive of the Archbishops' Council. Its focus includes work formerly undertaken by the Central Board of Finance of the Church of England ('CBF') as the financial executive of the General Synod and making

recommendations on the allocation of monies made available by the Church Commissioners between dioceses.

88. The Finance Committee is responsible for the management of the financial business of the Archbishops' Council. This includes the raising and administration of money voted by the General Synod for the Archbishops' Council and for other purposes; the apportionment of those costs between dioceses; the preparation of financial statements and the preparation of the annual budget. It is responsible for the provision of accounting services and financial control.

Investment: the CBF Church of England Funds

89. The administration and management of the CBF Church of England Funds is delegated to CCLA Investment Management Limited (CCLA). The CBF Church of England Investment Fund owns 60% of CCLA's share capital. The Funds' trustee is CBF Funds Trustee Limited.

Ethical investment

90. The Archbishops' Council supports the work of the Church's Ethical Investment Advisory Group (EIAG), which develops and co-ordinates ethical investment policy on behalf of the three central Church investment bodies. The EIAG makes recommendations based upon considered research, but responsibility for accepting and implementing these rests with the Archbishops' Council, the Church Commissioners and the Church of England Pensions Board respectively.

91. The EIAG publishes an annual report of its work and this is available, together with other related publications, from the Socially Responsible Investment Unit at CCLA and is also available on the Church of England website.

Review of the consolidated statement of financial activities for 2008

92. The Consolidated Statement of Financial Activities is shown on p.25 of the financial statements. The overall results were in line with expectations, and the Council is satisfied that they reflect accurately the performance of activities in pursuance of its purpose to co-ordinate, promote, aid and further the work and mission of the Church of England.

93. Income of £42.2 million from the Church Commissioners under the National Institutions Measure 1998 was used to distribute £28.7 million of ministry support to low income dioceses, £4.8 million of Mission Development Funding), £8.2 million of extra mission and ministry support (£8 million of which was distributed to dioceses based on stipendiary clergy numbers), £0.3 million to the Church Urban Fund for onward transmission of grants, £0.1 million for youth evangelism and £0.1 million of clergy insurance subsidy.

94. The Vote 1 spend for ordination training costs of £11.4 million was £1.1 million more than 2007. Expenditure was £0.4 million above the budgeted level due to a higher number of ordinands entering training than expected when the budget was drawn up. However, expenditure was £0.3 million below the revised sum reported to and endorsed by the General Synod in July 2008.

95. Vote 3 income of £1.9 million was fully disbursed in payments of grants towards the work of the Anglican Communion office, national and international ecumenical bodies, the Legal Aid Fund and £0.3 million to the Church Urban Fund.

96. Vote 4 expenditure of £0.8 million relates to the pension contributions for clergy who are employed by Church of England members of the Partnership for World Mission. In 2004, it was agreed that the Council's contribution to these costs should be the lesser of (a) the 2004 Vote 4 budget level of £722,750 inflated by RPI and (b) the actual expenditure incurred. The RPI 'cap' did not apply in 2008.

97. Vote 5 – Church Housing Assistance for the Retired Ministry (CHARM) – received £2.8 million in contributions from dioceses, and incurred costs of £3.0 million. These costs exceeded the budget by £60,000 due to higher than budgeted expenditure on repairs and maintenance.

98. Unrestricted income includes diocesan contributions under Vote 2, grants receivable, including those from the National Society for the work of the Education Division and investment income and trading income from publishing.

99. Unrestricted expenditure is largely the Vote 2 budget, the main component of which is the cost of activities in furtherance of the Council's objectives through the divisions of the Council and a number of common service departments which serve all the NCIs. The allocation of these costs to the charitable activities, after deducting the contributions received from the other NCIs for common service departments is shown in note 6.

100. The costs of generating funds are those relating to the publishing trading activities.

101. The governance costs of the Council include the cost of internal audit, external audit fees and company administration.

102. There is a net reduction of £0.7 million of unrestricted funds.

103. Restricted and expendable endowment funds, which can only be used for the purposes for which they were given, decreased by £8.1 million in 2008 to £31.2 million, due principally to a £7.6 million decrease in the market value of the investments held. The main restricted fund is the Church and Community Fund ('CCF'), which is an expendable endowment fund which contributes to the activities of the Archbishops' Council and also makes grants to parish and diocesan projects, particularly where community needs can be addressed. The CCF issues a separate annual report and financial statements. Full details of restricted and expendable endowment funds can be found in note 16 to the financial statements.

Reserves policy

104. The Archbishops' Council holds funds to enable it to meet its continuing obligations and commitments which span more than one accounting period and to assist cashflow management. For Votes 1 and 2 the reserves policy levels are a minimum of 1.5 and a maximum of 3 times net monthly expenditure (excluding designated funds) and for Votes 3 and 4 a maximum of £300,000 and £200,000 respectively and a minimum of £150,000 and £50,000 respectively. The reserves policy levels for Vote 5 are a minimum of one month's net expenditure and a maximum of two months' net expenditure.

105. Overall, the balances at 31 December 2008 were in keeping with these ranges (with the exception of Vote 5), as indicated in Notes 20 and 21 to the Financial Statements. The shortfall in Vote 5 reserves will be addressed during 2009. The Archbishops' Council will review the level of reserves required to cover the expected future income and expenditure for all Votes, and make recommendations to General Synod in July 2009 in this regard.

Legacies policy

106. In November 2008, the Council agreed a policy for the application of income from legacies in order of priority as follows:

- new, time-limited, mission initiatives;
- ordination training; and
- the support of retired clergy.

Professional advisers

107. The Council's advisers are listed on p.20. Their performance is critical to the effective operation of the Archbishops' Council as a charity and the Council has a policy of regularly reviewing all professional adviser appointments.

Administrative information

Archbishops' Council

The Archbishops' Council is a charity registered under no. 1074857.

Membership of the Archbishops' Council from 1 January 2008 and up to the date of this report was as follows:

Joint Presidents

The Most Revd and Rt Hon Dr Rowan Williams, Archbishop of Canterbury	(7)
The Most Revd and Rt Hon Dr John Sentamu, Archbishop of York	(6)

Prolocutors of the Lower Houses of the Convocations of Canterbury and York (ex officio)

The Ven Norman Russell (Canterbury)	(7)
The Revd Canon Glyn Webster (York)	(6)

Officers of the House of Laity (ex officio)

Canon Dr Christina Baxter (Chair, House of Laity)	(7)
Dr Philip Giddings (Vice-Chair, House of Laity)	(7)

Elected by the House of Bishops

The Rt Revd Graham James	(6)
The Rt Revd Timothy Stevens	(3)

Elected by the House of Clergy

The Revd Prebendary Kay Garlick	(7)
The Revd Prebendary David Houlding	(6)

Elected by the House of Laity

Paul Boyd-Lee	(7)
Christina Rees	(7)

Appointed by the Archbishops with the approval of the General Synod

Andrew Britton	(7)
Professor John Craven	(6)
Philip Fletcher	(7)
Katherine McPherson	(4)
Mark Russell	(5)
Anne Sloman	(7)

A Church Estates Commissioner

Mr Andreas Whittam Smith, First Church Estates Commissioner	(7)
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(The figures in brackets indicate the number of meetings each member attended in 2008; the Archbishop's Council met seven times in 2008.)

Staff Directors of the Archbishops' Council

William Fittall, Secretary-General to the Council and the General Synod
The Revd Janina Ainsworth, Chief Education Officer
Jackie Bliss, Director of Finance for the NCIs (until November 2008)
The Revd Dr Malcolm Brown, Director of Mission and Public Affairs
Peter Crumpler, Director of Communications
Janet Gough, Head of Cathedral and Church Buildings (from September 2008)
Declan Kelly, Director of Libraries, Archives and Information Services
The Ven Christopher Lowson, Director of Ministry
Su Morgan, Director of Human Resources
Stephen Slack, Head of Legal Office and Chief Legal Adviser to the General Synod
Ian Theodoresen, NCI Chief Finance Officer (from January 2009)
The Revd David Williams, Clerk to the Synod, Director of Central Secretariat

Website

The website for the Church of England is at www.cofe.anglican.org

Offices and advisers

Registered office: Church House, Great Smith Street, London SW1P 3AZ
Tel: 020 7898 1000 Fax: 020 7898 1558

Investment managers: CCLA Investment Management Limited, 80 Cheapside,
London EC2V 6DZ
Tel: 020 7489 6000 Fax: 020 7489 6126

Bankers: National Westminster Bank plc, City of London Office, 1
Princes Street, London EC2R 8BP

Solicitors: The Head of the Legal Office of the Archbishops' Council

Auditors: BDO Stoy Hayward LLP, Emerald House, East Street,
Epsom, Surrey KT17 1HS

Financial Statements
year ended 31 December 2008

INDEPENDENT AUDITORS' REPORT TO THE ARCHBISHOPS' COUNCIL for the year ended 31 December 2008

We have audited the financial statements of The Archbishops' Council for the year ended 31 December 2008 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of members of the Council and auditors

The members responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the Council's Annual Report is not consistent with those financial statements, the charity has not kept sufficient accounting records or if we have not received all the information and explanations we require for our audit.

We read the Council's Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Charities Act 1993 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Charities Act 1993 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and the charitable parent's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 December 2008, and of the group's incoming resources and application of resources, for the year then ended;
- the parent charity's financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent charity's affairs as at 31 December 2008; and
- the financial statements have been properly prepared in accordance with the Charities Act 1993.

BDO Stoy Hayward LLP

Chartered Accountants and Registered Auditors
Epsom, Surrey
June 2009

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2008

	Notes	Unrestricted Funds (note 15) £000	Restricted and Expendable Endowment Funds (note 16) £000	Total	
				2008 £000	2007 £000
INCOMING RESOURCES					
Incoming resources from charitable activities					
Church Commissioners income		-	42,159	42,159	32,449
Diocesan contributions		10,060	15,847	25,907	25,181
Voluntary income					
Grants receivable and other income		61	321	382	845
Other income	3	796	319	1,115	640
Activities for generating funds					
Income from activities for generating funds	4	2,405	-	2,405	2,571
Investment income	5	119	1,447	1,566	1,384
Total incoming resources		<u>13,441</u>	<u>60,093</u>	73,534	<u>63,070</u>
RESOURCES EXPENDED					
Charitable activities					
- Enabling mission	6	3,359	7,868	11,227	11,317
- Sustaining and advancing education	6	2,160	95	2,255	2,314
- Enabling ministry	6	3,969	51,976	55,945	45,350
- Maintaining and developing church buildings	6	2,172	273	2,445	2,580
		<u>11,660</u>	<u>60,212</u>	71,872	<u>61,561</u>
Costs of generating funds – Church House Publishing					
Other costs of generating funds		1,097	-	1,097	1,355
Governance costs	7	246	-	246	266
Total resources expended		<u>13,003</u>	<u>60,212</u>	73,215	<u>63,182</u>
Net (outgoing)/incoming resources before exceptional items and transfers					
		438	(119)	319	(112)
Net transfers between funds	15,16	<u>310</u>	<u>(310)</u>	-	-
Net incoming/(outgoing) resources before other recognised gains and losses					
		748	(429)	319	(112)
Surpluses/(Deficits) on revaluation and realisation of assets					
Investments - Unrestricted	10	(63)	-	(63)	(1)
Restricted	10	-	(2,595)	(2,595)	216
Expendable endowment	10	-	(5,027)	(5,027)	312
Properties	11	<u>(25)</u>	<u>-</u>	(25)	-
NET MOVEMENTS IN FUNDS FOR THE YEAR		<u>660</u>	<u>(8,051)</u>	(7,391)	<u>415</u>
Total funds at 1 January	15,16	<u>8,005</u>	<u>39,363</u>	47,368	<u>46,953</u>
Total funds at 31 December	15,16	<u>8,665</u>	<u>31,312</u>	39,977	<u>47,368</u>

All the above results in the year are derived from continuing activities. All gains and losses recognised in the year and prior year are included above.

CONSOLIDATED BALANCE SHEET
for the year ended 31 December 2008

	Notes	Group		Charity	
		2008	Restated 2007	2008	2007
		£000	£000	£000	£000
FIXED ASSETS					
Investments	10	22,513	30,135	7,651	10,246
Properties	11	3,225	3,250	3,225	3,250
Other fixed assets	12	941	843	941	843
		<u>26,679</u>	<u>34,228</u>	<u>11,817</u>	<u>14,339</u>
CURRENT ASSETS					
Investments		184	247	184	247
Stocks		332	327	332	327
Debtors: amounts falling due within one year	13	5,707	4,739	5,707	4,712
Debtors: amounts falling due after more than one year	13	1,110	1,270	1,110	1,270
Short term deposits		5,751	5,556	4,688	4,518
Cash at bank and in hand		3,741	4,328	3,966	4,173
		<u>16,825</u>	<u>16,467</u>	<u>15,987</u>	<u>15,247</u>
CREDITORS: amounts falling due within one year	14	<u>(3,527)</u>	<u>(3,327)</u>	<u>(2,890)</u>	<u>(2,663)</u>
NET CURRENT ASSETS		<u>13,298</u>	<u>13,140</u>	<u>13,097</u>	<u>12,584</u>
NET ASSETS		<u>39,977</u>	<u>47,368</u>	<u>24,914</u>	<u>26,923</u>
ACCUMULATED FUNDS					
Unrestricted Funds					
- General	15	5,767	5,605	5,767	5,465
- Designated	15	2,898	2,400	2,898	2,400
		<u>8,665</u>	<u>8,005</u>	<u>8,665</u>	<u>7,865</u>
Restricted Funds					
Restricted Funds	16	16,249	19,083	16,249	19,058
Expendable endowment funds	16	15,063	20,280	-	-
		<u>39,977</u>	<u>47,368</u>	<u>24,914</u>	<u>26,923</u>

The financial statements were approved by the Archbishops' Council on 11 June 2009 and signed on its behalf by:

The Most Reverend and Rt Hon Dr Rowan Williams, Archbishop of Canterbury

Andrew Britton, Chair of the Finance Committee

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2008

		Total	
	Notes	2008	2007
		£000	£000
Net cash outflow from operating activities	18	<u>(1,550)</u>	<u>(2,365)</u>
Returns on investment and servicing of finance			
Investment income		1,566	1,384
		<u>1,566</u>	<u>1,384</u>
Net cash inflow from returns on investment and servicing of finance			
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(408)	(170)
Purchase of fixed asset investments		-	(1)
		<u>(408)</u>	<u>(171)</u>
Net cash outflow from capital expenditure and financial investment			
Management of liquid resources			
Increase in short term deposits	19	(195)	(178)
		<u>(195)</u>	<u>(178)</u>
Net cash outflow from management of liquid resources			
Decrease in cash in the year	19	<u>(587)</u>	<u>(1,330)</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

1. BASIS OF PREPARATION AND CONSOLIDATION

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with the recommendations set out in the Statement of Recommended Practice 2005 'Accounting and Reporting by Charities' (the SORP), applicable United Kingdom accounting standards and the Charities Act 1993.

These financial statements consolidate the financial statements of the Council (comprising all the Council's designated and restricted funds, including the Church and Community Fund and trusts for which the Council is custodian trustee and has control) and the CBF drawn up to 31 December each year.

The Consolidated Statement of Financial Activities includes gross income of the Charity of £72,775,000 and net incoming resources of £535,000.

Unrestricted Funds – General

General Funds are funds of the Council which can be used for its general objects to coordinate, promote, aid and further the work and mission of the Church of England.

Unrestricted Funds – Designated

Designated Funds are funds which the Council has earmarked for a particular purpose. There are no legally binding restrictions on them and the Council is free to redesignate these funds should this be appropriate. The purpose of each designated fund is disclosed in the Statement of Unrestricted Funds (note 15).

Restricted Funds

Restricted Funds are subject to specific conditions imposed by the donor, these conditions being legally binding upon the Council. The purpose of each restricted fund is disclosed in the Statement of Restricted Funds (note 16).

The Council has responsibility for a number of funds, which are disclosed in the Statement of Restricted Funds (note 16) and the Statement of Other Funds (note 17). Where the Council has control over the funds, including with regard to the application of their income to support the activities of the Council, these funds are shown as Restricted Funds in the financial statements (note 16). Where the Council acts as custodian trustee for funds which have trustees separate and independent from the Council, these funds are not included in the financial statements but are disclosed in the Statement of Other Funds (note 17).

Expendable Endowment Funds

An expendable endowment fund is held within the Church and Community Fund (note 16), for which there is absolute discretionary power to expend in accordance with its trust deed.

Fund transfers

The Council makes transfers of surpluses arising within General Unrestricted Funds to specific Designated Funds. The Council makes transfers from Restricted Funds to Unrestricted Funds only where such restricted funds are being applied in accordance with the object, purpose and restrictions of the underlying fund or charity. Such transfers primarily relate to grants from the Church and Community Fund.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies are set out below. Except where noted, they have been applied consistently throughout the year and in the preceding year.

(a) Incoming resources

All income is included in the consolidated statement of financial activities when the Council is entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the Council or the CBF being notified of an impending distribution and the legacy being received.

(b) Resources expended

All expenditure is accounted for on the accruals basis.

(c) Grants payable

Grants are recognised as a liability when the grant is notified to the recipient.

(d) Governance costs

Governance costs include the costs of preparation and examination of statutory accounts, the costs of internal audit functions, the costs of legal advice on governance and constitutional matters and the costs of Council meetings.

(e) Support costs

Support costs, which include central functions, have been allocated to activity cost categories on a basis consistent with the use of resources including costs split on a per capita basis.

(f) Fixed assets

Investments: stated at market value. Surpluses or deficits on the revaluation and disposal of investments are taken directly to the statement of financial activities.

Properties: stated at market value. Surpluses or deficits on the revaluation and disposal of properties are taken directly to the statement of financial activities. The realisation of a property is recognised when it is considered certain. Properties are revalued every five years and the Council undertake an annual review to consider whether there are any indicators of impairment.

Surpluses or deficits on the revaluation and disposals of investments and properties are taken directly to the statement of financial activities. The surplus or deficit arising on the disposal of a property is recognised when the disposal is considered certain.

Other fixed assets: capitalised stated at cost including any direct costs of acquisition, net of depreciation and any provision for impairment.

Depreciation is charged so as to write off the cost of other fixed assets, less their estimated residual values, on a straight-line basis over their expected useful economic lives. The principal annual rates are:

Office equipment	20 to 25%
Leasehold improvements	10%
Vehicles	25%

(g) Pension costs

The Council participates in three main pension funds and one other employee benefit scheme, as set out in Pensions (note 21). A new defined contribution scheme was set up in 2006 for employees commencing service after 30 June 2006 (note 21(b) ii). The three other main schemes are all defined benefit schemes. The defined benefit schemes are multi-employer schemes as defined in Financial Reporting Standard 17: Retirement Benefits. The Council is unable to identify its share of the underlying assets and liabilities. Paragraph 9(b) of the Standard requires the Council to account for pension costs on the basis of contributions payable to the schemes in the year. These are shown in Staff Numbers and Costs (note 9).

(h) Operating leases

Rentals applicable to operating leases are charged to the statement of financial activities in equal amounts over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

3. OTHER INCOME

	2008	2007
	£000	£000
Legacies	663	67
Donations	237	143
Other	215	430
	<u>1,115</u>	<u>640</u>

4. INCOME FROM ACTIVITIES FOR GENERATING FUNDS

	2008	2007
	£000	£000
Church House Publishing	980	1,267
Common Services and Accommodation	1,412	1,238
Other	13	66
	<u>2,405</u>	<u>2,571</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

5. INVESTMENT INCOME

	2008	2007
	£000	£000
Dividends & Interest from CBF Church of England investment funds	1,005	950
Interest from loans to Church colleges of education	-	96
Other Interest	561	338
	<u>1,566</u>	<u>1,384</u>

6. CHARITABLE ACTIVITIES

	Notes	Enabling mission £000	Sustaining and advancing education £000	Enabling ministry £000	Maintaining and developing Church Buildings £000	2008	2007
						Total	Total
						£000	£000
Grants payable	8	7,736	-	51,818	185	59,739	48,907
<i>Direct Costs</i>		<i>1,562</i>	<i>877</i>	<i>1,831</i>	<i>973</i>	5,243	5,677
<i>Support Costs</i>							
Management		836	597	996	558	2,987	2,864
Finance		262	187	312	175	936	1,051
Information Technology		109	78	129	72	388	395
Human Resources		81	58	96	54	289	288
Accommodation		641	458	763	428	2,290	2,379
Total Charitable Activities		<u>11,227</u>	<u>2,255</u>	<u>55,945</u>	<u>2,445</u>	<u>71,872</u>	<u>61,561</u>
Total Charitable Activities 2007		<u>11,317</u>	<u>2,314</u>	<u>45,350</u>	<u>2,580</u>	<u>61,561</u>	<u>61,561</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

7. GOVERNANCE COSTS

	2008	2007
	£000	£000
Internal and external audits	154	175
Legal and support costs	84	80
Membership and committees	8	11
	<u>246</u>	<u>266</u>

The fee for audit services for the year was £36,000 (2007: £82,000). Fees for non-audit services due to the external auditors were £Nil (2007: £17,000).

8. GRANTS PAYABLE

(a) Grants payable to dioceses

The Council applied £41,632,000 of the income received from the Church Commissioners as shown below. Ministry support for poorer dioceses and stipend allocations are allocated in accordance with the current Selective Allocations formula. A full list of grants paid by Institution can be obtained by sending a written request to the Finance Director at our head office.

	Total	
	2008	2007
	£000	£000
Ministry support for poorer dioceses	24,739	22,850
Parish mission funding	4,795	4,569
Stipend allocations	3,998	4,000
Extra mission and ministry support	8,000	-
Other	100	121
	<u>41,632</u>	<u>31,540</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

8. GRANTS PAYABLE (continued)

(b) Grants payable through Training for Ministry (Vote 1)

Vote 1 provides funds towards training for ordained ministry. Colleges, courses and schemes receive funding towards the cost of training the number of ordinands at the institution. Ordinands in residential training receive standard allowances towards the cost of maintenance, and their travel expenses. Ordinands training non-residentially are eligible for grants towards the cost of books and travel expenses. Ordinands training on local ministry schemes are funded in partnership with the sponsoring diocese. Total grants paid in 2008 were £11,366,000 (2007: £10,277,000).

(c) Grants payable through Grants (Vote 3)

Vote 3 provides funds towards the work of the Anglican Communion office, the national and international ecumenical agencies, legal aid and the administrative costs of the Church Urban Fund. Total grants paid in 2008 were £1,516,000 (2007: £2,030,000).

(d) Grants payable through Mission Agencies Pension Contributions (Vote 4)

The Church Commissioners are statutorily required under the Pensions Measure 1997 to meet the pension costs of clergy who are employed by Church of England members of the Partnership for World Mission. The Council met the full cost of this liability £756,000 (2007: £730,000). The contribution was made in respect of an average number of clergy of 98 (2007: 103).

(e) Grants payable for Church Housing Assistance for the Retired Ministry - CHARM (Vote 5)

Vote 5 provides funds towards the repair, maintenance and other costs associated with housing provided for clergy retiring from stipendiary ministry, under the CHARM scheme administered by the Church of England Pensions Board. It meets the cost of the subsidy provided within the rental arm of the scheme to limit to 30% (25% in the case of older loans) the proportion of a pensioner's income required to pay the rent set by the Pensions Board, together with the administrative costs of the scheme. The costs were £3,127,000 (2007: £3,074,000).

(f) Other grants payable

	Unrestricted Funds	Restricted Funds	Total	
			2008	2007
			£000	£000
Church & Community Fund	-	580	580	606
Training for the Ministry	-	198	198	265
Other	-	564	564	385
	-	1,342	1,342	1,256

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

9. STAFF NUMBERS AND COSTS

The Council is joint employer, together with the other NCIs, of most of the staff of the NCIs. The cost of staff for whom the Council is the managing employer was:

	2008	2007
	£000	£000
Salaries	8,326	7,925
National Insurance contributions	703	646
Pension costs (note 21)	1,891	2,172
	10,920	10,743
Recharge to other NCIs	(3,092)	(2,956)
Net cost incurred by the Archbishops' Council	7,828	7,787

The average number of staff employed during the year was:

	2008	2007
	Number	Number
Mission & Public Affairs	21	18
Education	15	14
Ministry	25	26
Cathedral & Church Buildings	14	15
Fundraising	11	12
Support	149	134
	235	219

The numbers of staff whose emoluments for the year fell into the following bands were:

	2008	2007
	Number	Number
£ 60,001 to £ 70,000	3	5
£ 70,001 to £ 80,000	8	3
£ 80,001 to £ 90,000	1	-
£ 90,001 to £100,000	-	1
£100,001 to £110,000	1	1
£130,001 to £140,000	-	1
£140,001 to £150,000	1	-
	14	11

All staff earning more than £60,000 are accruing retirement benefits 11 under defined benefit schemes and 3 under the defined contribution scheme. The Council's contribution in respect of these employees was £208,000.

Members of the Council

Expenses incurred in attending Council and committee meetings and on other business of the Council were reimbursed to members of the Council. There were claims from 15 members (2007: 18) amounting to £8,101 (2007: £10,584). The members of the Council have no entitlement to salary or pension arising from their services to the Council.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

10. INVESTMENTS

	Charity		Group	
	2008	2007	2008	2007
	£000	£000	£000	£000
FIXED ASSETS				
At 1 January	10,245	10,278	30,135	29,777
Additions	-	-	-	79
Transfers to current asset investments	-	(248)	-	(248)
Disposals	-	-	-	--
Net (deficit)/surplus on revaluation	(2,594)	216	(7,622)	527
At 31 December	<u>7,651</u>	<u>10,246</u>	<u>22,513</u>	<u>30,135</u>

£499,000 of the investments are in Charifund, managed by M&G Securities Ltd.

All the remaining investments are held within the CBF Church of England funds managed by CCLA Investment Management Ltd.

The structure of the CCLA portfolio under the control of the Council at 31 December 2008 was:

	2008
	%
CBF Church of England Investment Fund - Income	
Shares	93.95
CBF Church of England Property Fund	5.98
CBF Church of England Fixed Interest Securities	0.07
Fund	<u>100</u>

At 31 December 2008, the CBF Church of England Investment Fund comprised 41.9% UK equities, 35.4% overseas equities, 7.0% property, 6.8% fixed interest, 6.4% infrastructure, and 2.4% cash.

The CBF Church of England Property Fund comprised 86.4% invested in commercial property in the UK, and 13.6% in cash.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

11. PROPERTIES

Group and Charity	Unrestricted Funds	
	2008	2007
	£000	£000
At 1 January	3,250	3,250
Net deficit on disposals and revaluation	(25)	-
At 31 December	3,225	3,250

At 31 December 2008, properties comprised:

a) The freehold interest in St Katherine's College, Childwall, Wavertree, Liverpool.

Liverpool Hope University holds a long leasehold interest in the college. At 31 December 2008, the property was valued by DTZ Debenham Tie Leung at £225,000.

b) The freehold interest in Parkstead, owned by the Archbishops' Council.

The Whitelands College Foundation holds two 99 year leases. The freehold was valued at 31 December 2008 by DTZ Debenham Tie Leung at £3.0 million.

The Archbishops' Council's freehold interest was transferred from the CBF in February 2007.

12. OTHER FIXED ASSETS

	Capital under construction	Office equipment	Leasehold improvements	Vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 January	-	574	2,392	8	2,974
Additions	<u>361</u>	<u>-</u>	<u>47</u>	<u>-</u>	<u>408</u>
At 31 December	<u>361</u>	<u>574</u>	<u>2,439</u>	<u>8</u>	<u>3,382</u>
Depreciation					
At 1 January	-	420	1,705	6	2,131
Charge for the year	<u>-</u>	<u>59</u>	<u>249</u>	<u>2</u>	<u>310</u>
At 31 December	<u>-</u>	<u>479</u>	<u>1,954</u>	<u>8</u>	<u>2,441</u>
Net book value					
At 31 December 2008	<u>361</u>	<u>95</u>	<u>485</u>	<u>-</u>	<u>941</u>
At 31 December 2007	<u>-</u>	<u>154</u>	<u>687</u>	<u>2</u>	<u>843</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

13. DEBTORS

	2008	2007
	£000	£000
Amounts due within one year		
Trade debtors	351	756
Prepayments	748	631
Amounts due from NCIs for other costs	3,374	1,198
Amounts due from Colleges and Schools	178	1,239
Other debtors	1,056	915
	<u>5,707</u>	<u>4,739</u>
Amounts due after more than one year		
Amounts due from Colleges and Schools	<u>1,110</u>	<u>1,270</u>

There is no material difference between the Group figures above and those of the Charity.

14. CREDITORS

	Charity		Group Total	
	2008	2007	2008	2007
	£000	£000	£000	£000
Amounts due within one year				
Trade creditors	895	983	895	983
PAYE, NIC & pension contributions	402	431	402	431
Grants payable	428	464	1,023	1,085
Other creditors	376	361	415	371
Accruals and deferred income	789	424	792	457
	<u>2,890</u>	<u>2,663</u>	<u>3,527</u>	<u>3,327</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

15. STATEMENT OF UNRESTRICTED FUNDS

	At 1 January 2008	Income	Other movements	At 31 December 2008
	£000	£000	£000	£000
GENERAL FUNDS	5,605	12,897	(12,735)	5,767
DESIGNATED FUNDS				
Aerials Project Fund	376	-	(305)	71
CBF Lump Sum Pension Fund (note 21d)	82	-	-	82
Church Schools Fund	785	-	-	785
Five Yearly Planned Maintenance	500	75	200	775
Flowers legacy	-	434	(9)	425
Wedding project	-	4	95	99
Relocation Fund	287	-	(147)	140
Staff Retirement Fund	329	-	(96)	233
Other legacies	-	-	226	226
Other	41	31	(10)	62
	<u>2,400</u>	<u>544</u>	<u>(46)</u>	<u>2,898</u>
TOTAL UNRESTRICTED FUNDS	8,005	13,441	(12,781)	8,665

(a) General funds

These funds represent the Unrestricted Funds of the Council for general use in meeting national Church responsibilities, which are not designated for particular purposes. However, £3.25 million of the general funds represent the valuation of the Parkstead and St Katherine's freeholds, which are subject to long leases (note 11).

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

15. STATEMENT OF UNRESTRICTED FUNDS (continued)

(b) Designated funds

These funds comprise Unrestricted Funds which the Council have designated to be set aside for stated purposes:

The Aerials Project Fund comprises the funds received from the Approved Operator set aside to meet future direct project costs.

The CBF Lump Sum Pension Fund represents the provision for the deferred benefits detailed in note 21d.

The Church Schools Fund represents provision to meet the cost of short term loans to schools.

The Five Yearly Planned Maintenance Fund (formerly Church House (Exterior) and (Interior) Funds) comprises accumulated amounts set aside to meet periodic maintenance costs as required under the lease of Church House.

The Flowers legacy fund is to be used for funding new project initiatives.

The Relocation Fund comprises funds from dioceses and NCIs to be used to offset future depreciation charges relating to office improvement costs incurred by the Council in 1998-9.

The Staff Retirement Fund comprises funds to meet payments to personnel as a result of future restructuring of the Council.

(c) Transfers

The major transfers during the year were:

General Funds to Designated Funds

£200,000 was transferred to the Five Yearly Planned Maintenance Fund.

£226,000 was transferred to the Other legacies fund to support mission based initiatives.

Between Designated Funds

£280,000 was transferred from the Aerials Project to the Wedding Project.

Restricted Funds to General Funds

£310,000 was transferred from the Church and Community Funds.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

16. STATEMENT OF RESTRICTED FUNDS

	At 1 January 2008 £000	Income £000	Other movements £000	At 31 December 2008 £000
The Archbishops' Council Ministerial Training Trust Fund (ACMTTF)	1,324	49	558	1,931
Church and Community Fund	25	759	(784)	-
CHARM (Vote 5)	256	2,954	(3,127)	83
Church Colleges of Education Fund	2,678	138	-	2,816
Clergy Support Funds	4,036	154	(863)	3,327
Dioceses Fund	264	41,643	(41,633)	274
Grants and Provisions Fund (Vote 3)	173	1,909	(1,909)	173
Inter-Diocesan Support Fund (Vote 4)	151	799	(758)	192
Training for Ministry Fund (Vote 1)	2,482	10,729	(11,362)	1,849
Training for Ministry Special Fund	868	220	(1,088)	-
Sundry funds	1,741	639	(652)	1,728
	<u>13,998</u>	<u>59,993</u>	<u>(61,618)</u>	<u>12,373</u>
Other funds controlled				
Home Bishops Endowment Fund	2,085	-	(467)	1,618
Women's Continuing Ministerial Trust	1,635	56	(522)	1,169
Other	1,365	44	(320)	1,089
Total other funds controlled	<u>5,085</u>	<u>100</u>	<u>(1,309)</u>	<u>3,876</u>
TOTAL RESTRICTED FUNDS	<u>19,083</u>	<u>60,093</u>	<u>(62,927)</u>	<u>16,249</u>
Expendable endowment funds:				
Church and Community Fund	20,280	-	(5,217)	15,063
TOTAL RESTRICTED AND EXPENDABLE ENDOWMENT FUNDS	<u>39,363</u>	<u>60,093</u>	<u>(68,144)</u>	<u>31,312</u>

Analysis of transfers:

2008
£000

Transfers to Unrestricted Funds	(310)
Transfers from Unrestricted Funds	-
Total transfers	(310)

Transfers:

The major transfers during the year were:

Between Restricted Funds

In view of the fact that it has similar funding objectives, the balance of the Training for Ministry special Fund of £868,000 was transferred to the ACMTTF fund

Restricted Funds to General Funds

£310,000 was transferred from the Church and Community Funds (as referred to in note 29(c))

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

16. STATEMENT OF RESTRICTED FUNDS (continued)

	Fixed assets	Cash and short term deposits	Debtors	Creditors	Net assets
Restricted funds	7,651	8,348	1,747	(1,497)	16,249
Expendable endowment funds	14,862	426	-	(225)	15,063
TOTAL RESTRICTED FUNDS	22,513	8,774	1,747	(1,722)	31,312

The other funds controlled in the financial statements of £3,876,000 (2007: £5,085,000) are those where the Council is the custodian and has control. The purpose of each fund is as follows:

Fund	Purpose
Home Bishopricks Endowment Fund	For the advancement of religion in accordance with the doctrine of the Church of England
Women's Continuing Ministerial Trust	To assist ordained and accredited women or sisters

All Restricted Funds are for specific educational, mission, ecumenical, charitable and maintenance purposes. Explanations of the application of the main funds in the year are given in Grants Payable (note 8).

a) The Training for Ministry Fund (Vote 1) incorporates the Theological Colleges and Training Houses Fund.

17. STATEMENT OF OTHER FUNDS

Other funds with separate and independent trustees

The Council acts as custodian trustee for a number of funds which have trustees separate and independent from the Council but where the Council holds the trusts' investments on their behalf. During 2008 two funds became wholly independent following transfer of their funds to their own holding. The remaining funds had a combined income of £58,000 (2007: £85,000) and expenditure of £360,000 (2007: £60,000) and, at 31 December 2008, net assets of £2,316,000 (2007: £3,281,000).

The assets of all of the funds, primarily investments and cash, are maintained separately from those of the Council.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

18. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008	2007
	£000	£000
Net incoming/(outgoing) resources during the year	319	(112)
Depreciation	310	320
Investment income	(1,566)	(1,384)
(Increase)/(decrease) in stocks	(5)	50
Decrease in debtors	(808)	(496)
Increase / (decrease) in creditors	200	(743)
Net cash (outflow) from operating activities	<u>(1,550)</u>	<u>(2,365)</u>

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2008	2007
	£000	£000
Decrease in cash in the year	(587)	(1,330)
Increase in short term deposits	195	178
	<u>(392)</u>	<u>(1,152)</u>
Net funds at 1 January	9,884	11,036
Net funds at 31 December	<u>9,492</u>	<u>9,884</u>

20. ANALYSIS OF CHANGE IN NET FUNDS

	At 1 January 2008	Cash flows	At 31 December 2008
	£000	£000	£000
Cash at bank and in hand	4,328	(587)	3,741
Short term deposits	5,556	195	5,751
	<u>9,884</u>	<u>(392)</u>	<u>9,492</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

21. PENSIONS

Pension benefits are provided principally through three defined benefit pension schemes - the Church Workers Pensions Fund, the Church Administrators Pensions Fund and the Church of England Funded Pensions Scheme. A new defined contribution scheme was set up in 2006 for employees commencing service after 30 June 2006. All of the schemes are administered by the Church of England Pensions Board, who publish the schemes' financial statements. The contributions to the three defined benefit schemes have been assessed by an independent qualified actuary using the projected unit method of valuation and are detailed in notes (a), (b) and (c) below.

(a) The Church Workers Pension Fund

The Archbishops' Council participates in the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund.

A valuation of the Fund was carried out as at 31 December 2007 and the Council's contribution rate was revised with effect from 1 January 2009. The contribution rate for future service will be 24.9%. The Council paid nil contributions in 2008 and 2007 due to a pension contribution holiday. There is one employee in the Fund (2007: one).

(b) The Church Administrators Pension Fund

i. Defined Benefits Section

The Council paid contributions to the Fund totalling £1,393,000 (2007: £1,751,000) in respect of 158 employees (2007: 171) which equates to a contribution rate of 23.4% (reduced from 27.8% in 2007 following adjustment to the benefit structure). The Council also paid contributions of £175,000 (2007: £169,000) arising from the valuation conducted in 2002 when an adjustment to contribution rates was agreed with the other NCIs following the harmonisation of pension terms. This is adjusted annually in line with the retail price index, and payable until December 2016. In addition to the above, the NCIs made additional contributions in 2008 of £262,000 (of which the Council's share was £126,000) to address the shortfall arising on the valuation of the scheme as at 31 December 2005. This shortfall contribution, which equates to 1.4% of salary, is payable for a period of fifteen years and is increased annually in line with salary inflation.

A full valuation of the Fund as at 31 December 2008 is in preparation. Although firm figures are not yet available, the Pensions Board's actuaries have confirmed that the deficit on the Scheme will have risen significantly due to the performance of equity and bond markets since the last full valuation and a significant rise in the contribution rate is likely.

This section of the Fund was closed to new members with effect from 1 July 2006.

ii. Defined Contribution Section

A new defined contribution section of the Fund has been set up for those commencing service after 30 June 2006. The Council paid contributions of £187,000 (2007: £85,000) for 57 employees (2007:44).

(c) The Church of England Funded Pensions Scheme

The Council participates in the Church of England Funded Pensions Scheme.

A valuation of the scheme was carried out as at 31 December 2003 and the Council's contribution rate decreased from 39.8% to 39.7% of pensionable stipends with effect from 1 April 2008. The Council paid contributions to the Fund totalling £57,000 (2007: £43,000) in respect of 7 employees (2007: 9).

(d) Central Board of Finance Lump Sum Scheme

A sum of £82,000 (2007: £82,000) (note 20) has been set aside within Designated Funds to meet the Council's liabilities for deferred benefits under the former Central Board of Finance Lump Sum Scheme. The Scheme provides for lump sum payments to 40 (2007: 45) former CBF employees upon reaching retirement age. The Scheme has Inland Revenue approval under section 20 of the Finance Act 1970.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

22. OBLIGATIONS UNDER OPERATING LEASES

The amount payable for land and buildings within the next 12 months on a lease expiring after five years, with the Corporation of Church House, is £1,256,000 (2007: £1,196,000). The cost is shared with the other National Church Institutions.

23. COMMITMENTS AND CONTINGENCIES

a) Training for Ministry candidates

The Council provides grants to institutions to fund the training of ordinands and meet their tuition and maintenance costs. Ordinands can follow courses of up to three years and are selected and recommended for training under guidance of their Diocesan Bishop. There is no guarantee that ordinands will move automatically onto a further year of study unless they have made satisfactory progress. Formal external assessments are carried out at the end of the final and penultimate year of study and the Council encourages institutions to apply similar methods at the end of year one where applicable.

At 31 December 2008 no accrual has been made in the accounts for the future funding to be provided to the end of the current academic year (ending in May/June 2009) or any of the remaining two years. In so doing the Council is matching grants payable with the income agreed by General Synod under Vote 1- Training for Ministry, which is agreed on a calendar year basis rather than academic year basis.

(b) Joint Employer Scheme

The Council is joint employer, together with the other NCIs, of most of the staff of the NCIs and, as such, has a contingent liability for salaries and other employment costs in the event of a default by any of the other joint employers.