



The Archbishops' Council

**Annual Report and Financial Statements
for the year ended 31 December 2011**

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Presidents' foreword

We are pleased to present the Archbishops' Council's thirteenth annual report.

2011 was the first full year of the General Synod elected in the autumn of 2010 and a period when there were some significant changes in the membership both of the Council and the Boards, Councils and Committees that constitute its sub-committees. We are immensely grateful to those who give of their time to serve the Church of England on these various bodies.

The Council, with the House of Bishops, presented an outline programme of work for the new quinquennium to the Synod in February 2011. The work is arranged under three broad headings:

- Contributing to the Common Good
- Going for growth
- Reimagining ministry

This was well received. In June the Council set out in more detail a number of initiatives to be pursued within this overall programme. The Council and the House of Bishops will report annually to Synod on progress.

We wish to record our gratitude to the staff of the Council, who, along with their colleagues in the other National Church Institutions, have continued to demonstrate great professionalism in supporting us in discharging our responsibilities within what remains a challenging financial framework, but also a time of great need and opportunity in our nation.

We commend this report as a record of the quality and range of work carried out on behalf of the Council and continue to seek the prayer and support of the Church for the members and staff of the Archbishops' Council.

✠ ROWAN CANTUAR:

✠ SENTAMU EBOR:

Joint Presidents

Church House
Westminster SW1P 3AZ

2 May 2012

The Archbishops' Council

1. The Archbishops' Council is a charity registered under no. 1074857.
2. The Council is constituted under the National Institutions Measure 1998 with wide responsibilities 'to co-ordinate, promote, aid and further the work and mission of the Church of England'. It aims to further its statutory object by:
 - providing an informed Christian view in public debate
 - promoting the views of the Church of England to parliament and government
 - overseeing the delivery of services and support to dioceses and parishes
 - ensuring that policy and resources are considered together

Mission

3. 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

Objectives

4. The Council's objectives are:
 - 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

- Engaging with issues of social justice and environmental stewardship
- To sustain and advance the Church's work in education, lifelong learning and discipleship
- 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
- To encourage the maintenance and development of the inherited fabric of Church buildings for worship and service to the community

Public benefit

5. The Archbishops' Council has an enabling role in support of the ministry of the Church of England which, through its 13,000 parishes and 44 dioceses and through its wider mission, seeks to provide spiritual care for all. In particular:

- the Church of England is a focus for community activity. With its 16,000 church buildings and, through the resources at its disposal, it provides activities that support community development and social cohesion. Typically this includes projects that support children, families and the elderly through clubs, social gatherings and outreach activities
- the Church of England provides education in the Christian faith and encourages personal and spiritual growth and wellbeing
- through its engagement in local communities and public debate the Church of England promotes values that it believes are beneficial to society as a whole
- through its network of schools and academies, the Church of England provides an education for around 20% of children of primary school age and 8% of young people of secondary school age that is rooted in Christian values and available to families of all faiths and none.

6. In accordance with the requirements of s.17(5) of the Charities Act 2011, in exercising their responsibilities the members of the Council have 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*.

Compliance

7. The Council continues to work to comply with all relevant legislation and regulation; to maintain and support a skilled and motivated staff; and to ensure effective systems of organisation and governance.

Governance

8. In 2011, the Council continued the process of reviewing its own size, functions and pattern of meetings. It has agreed to reduce the number of planned meetings from six per year (including two 24-hour residential meetings) to four (still meeting twice residentially). This will inevitably require more critical consideration of which matters appear on the Council's agendas for consideration and how other business is dealt with in order to allow even more effective use of the Council's time.

9. The Council has also requested provision to be made in a new Miscellaneous Provisions Measure to amend the National Institutions Measure 1998 to allow it to conduct a limited range of urgent business by correspondence between meetings. It currently has no such power.

10. The size of the Council remains under discussion. Any changes agreed will need to be in place in time for the next elections to the General Synod in the autumn of 2015.

Resources

11. The Archbishops' Council's work is resourced by voluntary contributions from the dioceses of the Church of England (the apportionment). In 2011 these amounted to £28.2m (2010: £27.7m). The Council also distributes income received from the Church Commissioners both for the support of less well resourced dioceses and as mission development funding. In 2011 this funding amounted to £37.4m (2010: £40.0m).

12. The Council is sensitive to the need for good stewardship of the resources available to it and transparency in their use. It places great importance on the effective and efficient use of resources of all kinds, both in its own work and throughout the Church and keeps all areas of its work and costs under review and aims to improve its service wherever possible.

13. 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.

14. As a response to the difficult economic environment, the Council published a review of spending priorities for the period 2010-2015 (GS 1731) in June 2009. The measures outlined in the review to contain the Council's expenditure below the level of inflation over the period were brought into sharper focus in 2011, but work was already well in hand following the Synod debate in July 2009 and as part of the budget planning process during the first half of 2010. The budget presented to the General Synod in July 2011 for 2012 continues the process within the parameters signalled in GS 1731.

The Archbishops' Council in 2011

Review of activities

15. The review which follows considers the Council's activities in 2011 against its objectives (p.iv). The interlocking themes identified by the Archbishop of Canterbury in his Presidential Address to Synod in November 2010 and adopted by the Archbishops' Council and the House of Bishops during 2011 will serve to focus their work over the next five years.

16. The themes were identified and explored in *Challenges for the New Quinquennium* (GS 1815) and given more detail in *Challenges for the New Quinquennium: Next Steps* (GS Misc 995). The themes are:

- **Contributing to the Common Good:** to promote resourceful communities infused with the values of God's kingdom and, particularly at a time of economic hardship in society, to enhance the capacity and commitment of the Church to stand alongside people facing unemployment and financial insecurity
- **Going for Growth:** to seek sustained numerical and spiritual growth in the Church of England over the next quinquennium and beyond
- **Reimagining Ministry:** to reshape, 're-imagine' and re-energise ministry, both lay and ordained, in the Church of England so that it is equipped both to grow the Church in every community and contribute to 'the Common Good'

17. The Council is only one player amongst many in achieving the goals set out under these three themes. The challenge of the themes is for the whole of the Church of England – its national bodies, its dioceses, deaneries and parishes and individuals.

18. However, the Council can serve a unique function in providing a central resource for taking forward work which can best – or, indeed, only – be done at national level (such as promoting legislative change, negotiating with central government etc) and providing a central point for resources (such as the ChurchCare and Parish Resources

websites) and for sharing and disseminating good practice from the dioceses and parishes.

19. The Council takes that role seriously and looks forward to taking full advantage of the challenges and opportunities that lie ahead.

20. As we have noted, the three themes are not unique to the Archbishops' Council, but are intended for the whole of the Church of England. The Council will, however, be integrating them into its objectives and keeping them very much at the forefront of discussions about resources and strategies for the coming five years and beyond.

21. The themes will be touched upon in the report that follows, though the report is organised around the Council's stated objectives.

Objective 1 Enhancing the Church's mission

22. Through its network of parishes, buildings, schools, colleges, chaplaincies and community action projects, the Church of England has a presence in every part of England. Its mission is to worship God and to bear witness to Jesus Christ in words and by example: by taking a lead in matters of social justice and supporting, caring for and acting as an advocate for the weak, vulnerable and disadvantaged.

23. The Church must be confident in its faith and witness in order to be able to do this effectively and in order to draw people to Christ. It is also important that the Church is able to equip its people with the confidence they need to live their lives as Christians in an increasingly secular society. So, the Church must understand itself and its relationships with other faiths and Christian denominations.

24. The Liturgical Commission is resourced by staff of the Archbishops' Council and seeks to inspire the people of God through liturgical worship and to enhance the mission of the Church in ways which are fresh, yet which do not side-line our inherited and valued tradition. For example, it engages increasingly with digital media especially in terms of liturgical presence online and in 2011 it set in train a substantial re-design of the *Transforming Worship* website. This will include the use of

podcasts and YouTube videos, where examples of liturgical best-practice will be made available.

25. As the Established Church, the Church of England engages liturgically with events of national importance, including by providing prayers, readings and other resources for worship which are accessible to the whole Church without charge. The main occasion during 2011 was the wedding of Prince William and Miss Catherine Middleton in April. A specially-composed prayer for children to use at the time of the Royal Wedding was first read aloud publicly at The Queen's School in Kew and received coverage in *The Times*. A prayer for the 2012 Olympic Games, composed by the National Worship Development Officer, was read aloud by the Olympic and Commonwealth 400 metres champion, Christine Ohuruogu in a Church of England podcast and received coverage in the *Daily Mail*. Further liturgical resources for parishes and others to use during the London 2012 games as well as prayers and resources for the Queen's Diamond Jubilee are also available.

26. The Faith and Order Commission, also resourced by staff of the Council, helps the Church understand itself, its relations with partner churches and social issues. In 2011, the Faith and Order Commission did major work on Christian Initiation, senior church leadership, the ecclesiology of Fresh Expressions (in partnership with the Methodist Church) and marriage.

27. The Church grows by strengthening its members' witness in their own communities. Statistics are a key element in understanding and identifying the drivers of numerical growth within the

Church. People relate to the Church of England at many levels and grow into faith in different ways, so capturing different aspects of Church growth calls for a matrix of complementary indices. Our Mission and Public Affairs Division (MPA) is working closely with our Research and Statistics Department to develop comprehensive indicators of Church growth.

28. Among the statistics we produce are core statistics on parochial and cathedral attendance and membership, parochial finance data, and statistics of licensed ministers. During 2011 we focused on improving the efficiency and effectiveness of collecting, analysing and disseminating this core data by beginning the roll out of a web-based system of data collection. Following a successful pilot, 21 dioceses are now using the new system, which was launched in October.

29. 2011 saw for the first time the collection of statistics on attendance at Fresh Expressions and similar activities. These were published in early 2012 and will enable a better understanding of new ways of being Church. Our National Rural Officer explored, again for the first time, the impact which the trend towards multi-parish benefices has had on the life and work of the rural Church.

30. Over the year, the Research and Statistics Department worked closely with colleagues across the National Church Institutions (NCIs) on the new 'People and Pay' system, which will enable better analysis and reporting of ministry data and facilitate integration of ministry data with other data to get a better understanding of the complexity of trends in the Church.



Café Church:
All Saints, Hereford
© Alastair Lever

31. The Legal Office is one of the shared services (along with HR and Communications) which are managed and resourced by the Archbishops' Council on behalf of the other NCIs. A substantial part of its resources is devoted to supporting the Synod's legislative function and in relation to a wide range of aspects of the Church's life, working across the NCIs and the Council's Divisions.

32. The Legal Office has been particularly involved in the work on women in the episcopate, the Church of England Marriage (Amendment) Measure, the Ecclesiastical Fees (Amendment) Measure and two Consolidation Measures (which consolidate, for ease of reference, successive amendments into one piece of legislation).

33. The Legal Office also prepared a draft Act of Synod adopting the Anglican Communion Covenant and supported the preparation of the first Parochial Fees Order under the new statutory framework put in place by the Ecclesiastical Fees (Amendment) Measure. It also prepared a draft reorganisation scheme in relation to the Dioceses Commission's proposals relating to the West Yorkshire dioceses.

34. We continue through our Legal Office and MPA, to be heavily involved in supporting the Church's consideration of equality issues (especially the draft Regulations allowing civil partnerships to be registered on religious premises) and the Legal Office provided advice for the House of Bishops, most notably in connection with the eligibility of those in civil partnerships for consecration to the episcopate.

35. The Council's Committee for Minority Ethnic Anglican Concerns (CMEAC) was established in 1986 to provide a voice for the growing number of people in the Church of England from a minority ethnic background and to reflect back to the Church its attitudes towards and perceptions of minority ethnic people. We marked CMEAC's 25th anniversary in 2011 with a celebratory event at Church House, exploring the advances that have been made in opening the Church and its ministry to minority ethnic people and acknowledging the scale of the task ahead if they are to be enabled to play a full part in future.

36. 2011 saw the publication of **Going on Growing**, which addresses the continuing faith development, spirituality and learning needs of older

people in the Church. This initiative, taken jointly with the Methodist Church, aims to enable local churches to work with demographic changes in the UK population which are mirrored or exaggerated in congregations. The study is the first strand of work to help refocus on resourcing older people for ministry as well as delivering pastoral care.

37. At the other end of the age scale, the **Going for Growth** agenda continues to drive the children's and youth work led by the Council's Education Division. Efforts during the year were focussed on improved resources for dioceses and parishes through the **Going for Growth** website (www.going4growth.org.uk).

38. A joint project between our staff in the Education Division and the Liturgical Commission developing materials for school worship rooted in the Anglican heritage came to fruition in the **Worship Workshop** website (www.worshipworkshop.org.uk). The pilot work has been well received and Phase 2 of the project will focus on in-service training for diocesan advisers and schools.

39. The Church's relations with other Christian denominations is led by the Council's Council for Christian Unity (CCU).

40. Our staff in CCU have worked particularly closely over recent years with the Roman Catholic Church, the Baptist Union, the United Reformed Church, the Oriental Orthodox Churches and, perhaps most notably with the Methodist Church through the Joint Implementation Commission, which is charged with taking forward the challenges of the Anglican-Methodist Covenant.

41. The diversity of churches in England is increasing, partly due to the increased presence of congregations of Christian traditions which are relatively new to this country, and partly to the growth of Pentecostal churches, including those of Afro-Caribbean and African origin. Many Church of England parishes offer hospitality to these congregations to worship in church buildings and church halls. We believe that there are opportunities for establishing relationships with new partner churches by offering hospitality. We have developed guidelines to assist dioceses and parishes to meet the challenges of offering hospitality responsibly.

42. Our staff in CCU also lead on our behalf on relations with our partner Churches in mainland Europe and maintain our relationships with them through regular meetings, conferences and consultations. There is much that the Churches can achieve when they work together, across national boundaries, towards a common goal.

43. The Church of England contributes on a wide range of public policy issues through engaging with government consultation exercises, speaking into the public debate both nationally and locally and producing resource material on many contested and topical subjects. In a world of many competing voices, where some question the historic place of faith in the public square, the Church of England has over recent years had to raise its game, for example through the creation of the Parliamentary Unit and through seeking to gain wider coverage for the submissions made by the Council and the House of Bishops on particular issues of public concern.

44. We carry out much of the work on social issues through our staff in MPA, who seek on behalf of the Council and the wider Church to enable the Church's vision of a good society to influence policy.

45. To this end, staff in MPA spent a great deal of time on questions relating to House of Lords reform, assisted dying, welfare reform, the Government's localism agenda and issues surrounding family life, on responding to Government consultations and briefing the Lords Spiritual in their role. The work of the Parliamentary Unit has made the Council's engagement with the parliamentary process more effective and helps us engage better with legislation at every stage.

46. The rioting which broke out in many cities during August prompted a great deal of debate and research in many arenas. Local churches played an important role both during and afterwards and MPA staff focussed on the responses by Christians and churches to the disturbances in those areas. Through direct contact with the churches, they recorded the sheer scale of Christian support for local people, including the victims of riots, families with members caught up in the rioting, the emergency services and the clean-up efforts which followed. This will lead into a theological reflection linking Christian action to Christian beliefs about society, community and justice and help to

make the case with Government for including the Church of England in discussions around social cohesion.

47. Our staff in MPA developed a major resource for parishes and church groups seeking practical ways to serve their local communities. **Resourcing Christian Community Action: Parishes and Partnerships** researched the experience of established projects in churches across the country, which serve their communities in a wide variety of different ways. This experience was brought together in an interactive website (www.how2help.net) which groups and individuals can use to explore their questions and ideas and tap into the experience of other church projects.

48. Following the 2010 General Election, MPA staff worked with the new Government to rethink the relationships between faith communities in some of the most diverse areas of Britain. One outcome was the **Near Neighbours** project, funded by the Department for Communities and Local Government. Near Neighbours makes small grants available for projects which help different religious communities to understand each other better. The project, which is managed through the Church Urban Fund (CUF), explicitly acknowledges the Church of England's presence in every community and our potential for working creatively with other faith groups. Near Neighbours was launched by Secretary of State Eric Pickles on 14 November 2011.

49. The Near Neighbours initiative is an important example of how the Church of England takes a leading role and works with other faiths to promote local community cohesion. It also works with other faiths and other Christian denominations to highlight for Government the role of faith communities in promoting a healthy and supportive society more broadly.

50. During the year, one of the Council's restricted funds, the Church and Community Fund (CCF) – which aims to grow the Church of England and develop its capacity to engage with the whole community – clarified its objectives and set strategic themes for the 2012-2014 triennium (see overleaf). In 2011 it distributed £510,000 for local church projects.

Objective 2 Advancing the Church's work in education and lay discipleship

51. 2011 was a year of celebration and challenge for the Council's work in schools.

52. Staff in our Education Division were involved in the bicentenary of the founding of our sister organisation the National Society. The Church and the wider world were reminded of the pioneering role played by the Church of England in establishing schools for the poor 60 years before there was any state provision. The anniversary was marked in every diocese in England and Wales, culminating in a spectacular service in Westminster Abbey in October. Over 1700 schoolchildren took part. The Archbishop of Canterbury preached and the Archbishop of Wales commissioned the congregation to continue to serve all children and their families in the spirit of the founders.

53. 2011 also presented significant challenges to the Church school system. The Council's staff were heavily involved in preparing briefings during parliamentary consideration of what became the Education Act 2011. Amendments which would have had the effect of undermining core aspects of Church school identity and function were successfully countered. Despite Government support for Church schools as part of an increasingly diverse system of school providers, secularist opposition continued.

54. Painstaking negotiation continued with the Department for Education in relation to the 2010 Academies Act, including land and trust issues, creating model documentation for Church schools converting to academy status and developing legal mechanisms to allow formal collaboration between Church schools and others. All have been essential in ensuring the Church of England's ability to manage and support its own schools is not diluted or compromised.

Church and Community Fund (CCF)

Objectives

By making grants to the national church and local projects the CCF will assist the Church of England to:

- ☐ Develop its capacity to engage with the whole community through supporting innovative use of resources
- ☐ Help transform areas of greatest need and opportunity
- ☐ Grow spiritually and numerically

Strategic Themes

In 2012 – 2014 CCF will support projects that:

- ☐ Significantly expand the Church's engagement with neighbourhood renewal
- ☐ Seek innovative ways of developing established community projects so that they either
a) grow existing or b) evolve into new communities of Christian Faith
- ☐ Replicate models of successful community engagement across the wider church



Pupils from C of E schools across the country brought banners to Westminster Abbey for a service of celebration marking 200 years of the National Society

55. The General Synod affirmed the direction of the work proposed for the Council's Education Division in a debate in July and recognised the need for a new review to respond to the challenges of the new educational landscape ten years after the Dearing Review did so much to galvanise the Church of England's work with secondary schools. *The Church School of the Future Review* was established. It was led by Dr Priscilla Chadwick and jointly funded by the Jerusalem Trust and the Church School Fund.

56. Equipping diocesan education teams to engage with issues of school performance was a high priority. We have now contracted with a reputable organisation to provide information about the performance of all Church of England schools through a 'data dashboard' in order to inform and underpin discussions with the Department for Education and with individual dioceses.

57. We also made, through the Education Division, a detailed response to the Government's plans for Higher Education (HE) and expressed concerns over a number of proposals including tuition fees and the potential impact of its view of the role of universities on arts and humanities subjects,

including theology. We also produced a paper on HE outlining a vision from the perspective of the Church as a contribution to the wider discussion.

Objective 3

Selecting and resourcing people to carry out public ministry and vocations

58. The Council's Ministry Division contributes to meeting the Council's third objective through its work in the selection of candidates for ministry. In 2011 the Division provided a programme of 41 Bishops Advisory Panels at which 583 candidates were interviewed and assessed. 464 were recommended for training.

59. Pioneer ministers are a special category who seek to serve in new and experimental ministries alongside more traditional parish ministries. We established specialist panels for pioneer ministers for the first time during 2011, the first of them meeting in September. Two panels were held before the end of the year. Five candidates were interviewed and four of them were assessed as having potential for pioneering ministry.

60. Vote 1, the part of the Council's budget which is for training of ordinands, is administered through the Ministry Division. In 2011 the net expenditure amounted to £12.1m, 43.1% of the Council's total budget. In view of the size and significance of this sum and the need for close control, we have delegated scrutiny of the grants given to the courses and colleges for training ordinands to the Finance Panel of the Ministry Council. During 2011, the process for allocating grants was reviewed and a new system of paying grants per capita rather than as block grants was developed in consultation with the training institutions.

61. In 2011 a strategy group was established in the Ministry Division to stimulate and encourage vocations to ministry among young people up to the age of 30. This followed a review of the number of candidates under 30 over a ten-year period and a recognition that attention needed to be focused in this area in order to ensure better representation for all ages in the ministry. We launched a new website aimed at those under 30 (www.callwaiting.org.uk) and produced publications with an emphasis towards younger candidates.

62. One result of the review was the establishment of a strategy to identify champions for young vocations. Each diocesan bishop will appoint one or two champions. They will be trained for their role by the Ministry Division's Young Vocations Strategy Group in the context of regional meetings of Diocesan Directors of Ordinands (DDOs) during the Spring and early summer of 2012. The work of the Young Vocations Champions will be overseen and monitored by DDOs in the dioceses. We have asked the Ministry Council to monitor progress in order to gauge the success of the strategy over the five-year period of this Synod.

63. Significant changes in Government policy around Higher Education (HE) funding precipitated the need to consider sustainable future provision for theological training and its validation. A review group produced a set of proposals aimed at containing the cost to theological training institutions and the Church of England and securing the integrity and quality of the training offered. Further work on a national suite of awards for use across the training institutions under a single validation arrangement was completed with a view to new arrangements for validation being in place in time for the autumn 2013 intake. This work will continue in 2012 through consultation with the training institutions and with ecumenical colleagues.

64. Our staff in the Ministry Division coordinate the processes for quality assurance in theological education. A development of these processes, which introduced a significant element of self-evaluation by the nineteen courses and colleges in the sector, was initiated in 2011. Training for college

and course staff and for external 'quality advisors' was designed and provided in readiness for the new system to begin in 2012.

65. The new arrangements will replace the former systems, which had multiple strands (bishops' inspection of courses and colleges; curriculum approval; moderation of colleges and courses; and moderation of Reader training), with a single unified system. The Division's staff took over the administration of inspections on behalf of the bishops during 2011 and it is hoped that the new arrangements will help us realise gains in efficiency and cost savings.

66. Following the full introduction of the Clergy Terms of Service legislation on 31 January 2011 we have worked hard to support and advise bishops and diocesan staff in its implementation.

67. The new arrangements require regular ministerial development reviews (MDRs) of all clergy by the bishop and those nominated by him. In preparation for this, our staff provided residential training for bishops and their lead diocesan advisers. Further work will be needed to improve the provision of continuing ministerial development (CMD) as the implications for the Church of the status of clergy under the new legislation are explored.

68. In order to enhance our work in resourcing those engaged in public ministry, we have commissioned research into the practice and experience of ministry among clergy. The Ministry Council received the results of a project examining clergy attitudes and how these develop through the vari-



Young Ordinands:
Top left clockwise
Luke Biggs, Alex
Wood, Charis Enga,
Ashley Benson, Levy
Santana & Jon Finch

ous phases of their ministry from first appointment through to principal responsibility for parishes as incumbents in 2011. This research particularly highlighted the significance of the 'step-up' into incumbency and the desirability of better preparation for, and support through, this transition. This area of work is being addressed both in the context of developing a new national suite of awards for initial ministerial education and the CMD Panel's work on the appointment and training of training incumbents and on leadership development.

69. We also commissioned a further project on experiences of ministry and the relationship between participation in CMD and numerical and spiritual growth. This is a five-year process of research and consultation that aims to find out what sustains clergy for a ministry that for many will encompass many different settings over several decades. The project seeks to inform national strategies for supporting ministry and shape the future emphasis of continuing ministerial education and development by asking clergy to share their experiences of ministry, including spiritual and numerical growth, and perceptions of CMD. The research is being conducted as a formal academic study by Dr Michael Clinton of King's College London (at no cost to the Council) and is actively supported by the National Adviser for Continuing Ministerial Development.

70. We have also established a forum for sharing and reviewing research on ministry among the NCIs. This will assist joint work between departments and enable ministry policies to be increasingly research-led.

71. The Council supports ministry among the Deaf and those with disability through its Committee for the Ministry of and among Deaf and

Disabled People, which held a conference to provide training for chaplains based in dioceses and serving among the Deaf. The third Christian Ministry Course in the medium of British Sign Language was held and a recruitment day for those considering their vocation among the Deaf community was well attended.

72. Changes in the NHS are creating a great deal of uncertainty for healthcare chaplains, who serve patients, staff and families in what are often very challenging circumstances. As the Health Bill worked its way through Parliament, the Council, through MPA, marshalled the arguments for chaplaincy and secured some successes, such as the NICE endorsement of the role of chaplains in end-of-life care.

73. The encouragement of lay ministry and discipleship is of rising significance in the Church of England. This is an area of work which the Council oversees through the Ministry Division and several other divisions, including the Education Division and MPA.

74. However, as identified in the themes agreed for the next five-ten years, the Council is conscious that it needs to focus more attention on lay discipleship and lay ministry. There has over recent years been little attention paid at the national level to what the laity can offer the Church – for example, by way of witness in the community, public ministry, experience and expertise – other than through licensed lay ministry (such as Reader ministry). The laity represent a huge resource to the Church and the Council aims to develop and support it over future years. Discussions are taking place between the relevant Divisions to ensure that this work takes a higher priority over the next five years at least.

NHS Appointment Advisers

A new panel of Appointment Advisers has been created, working with an ecumenical and multi-faith Reference Group to advise Healthcare Trusts on the appointment of chaplains. This is an area

where the Church's input is vital, but there are many sensitivities, especially around ecumenical and multi-faith agendas. It has also been a highly contentious topic among chaplains who are concerned to ensure that

advisers really understand the nature of the work. The establishment of the panel has been a major boost to the confidence of chaplains and their sense of being supported by the Church.

Objective 4 Encouraging the development of Church buildings for worship and service to the community

75. 45% of England's Grade I listed buildings are owned by the Church of England, which means that we have a huge responsibility for England's built heritage. Of the Church of England's approximately 16,000 churches, 75% are listed, about 26% Grade I listed. The maintenance of these buildings runs to around £115 million a year, all raised by local communities.

76. The Council's Cathedral and Church Buildings Division (CCB) supports the preservation and development of the Church of England's cathedrals and church buildings for worship, mission and community engagement. It supports three statutory bodies: the Church Buildings Council (CBC); the Statutory Advisory Committee on Closing Churches; and the Cathedral Fabric Commission for England (CFCE).

77. Through CCB, the Council campaigns on behalf of cathedrals and church buildings with the Government, the Church itself, English Heritage and other heritage bodies to ensure that the interests of church buildings are kept firmly in sight.

78. The Council takes a close interest in the environmental aspects surrounding church buildings and CCB shares responsibility for the Church of England's **Shrinking the Footprint** campaign with MPA.

79. In early 2011 we undertook a reorganisation of CCB to focus greater resource and attention on strategic work only deliverable by the national Church. Beyond supporting the advisory and decision-making work of the statutory and grant-

making bodies, much of CCB's work is now project-driven, often using specially commissioned working groups, to support Diocesan Advisory Committees (DACs), parishes, cathedral chapters and all those responsible for maintaining and developing church buildings.

80. Staff in CCB devoted considerable time to campaigning on high profile concerns such as metal theft and renewable energy, as well as on localism, planning and the High Speed2 Rail link (where CCB was instrumental in securing greater protection for threatened church buildings) to ensure the Government takes the Church of England's interests properly into account.

81. Staff also campaign to ensure a fair deal for cathedrals and church buildings in matters such as EU procurement. In 2011 we negotiated a 'best value' in place of a 'lowest costs' approach to tendering when public money is involved to prevent experienced and valued church architects being underbid and now offers a free advertising service, recognised by the Government, on the Church-Care website to ease the administrative burden on parishes.

82. There is a need for greater support for Church buildings. Securing the Government's agreement to a further four years of funding from April 2011 for the Listed Places of Worship Grant Scheme (VAT refund) was a major achievement. However, the Scheme is now capped and many churches, in particular those part-way through projects, are now struggling to complete them in the face of lower grants. We lobbied the Government and secured a one-off capital grant under which each diocese has been offered £18,500 to spend in 2012/13 on new capital works (such as lavatories, kitchens and energy efficient heating) that will give a practical

Metal Theft

The biggest problem facing church buildings. With a peak of up to 10 churches targeted a day in 2011, a working group produced a report that was sent to the Home Secretary

in March recommending the greater regulation of scrap yards. Following subsequent high level campaigning (including an electronic petition) by CCB, the Home Secretary announced in

January 2012 that paying cash for scrap metal would be outlawed. The division has also produced a paper on alternatives to lead, now much followed by Diocesan Chancellors.

kickstart to parishes which may be contemplating works but are unsure if they can fund them.

83. The £25m grant for high level repairs to listed churches is now fully funded by the Heritage Lottery Fund. The challenge is to ensure that sums earmarked for repairs are not eroded by other initiatives and that the management of the fund remains simple (for example in the areas of procurement and the tendering process).

84. We fundraise externally through CCB for new initiatives (e.g. the redevelopment of the ChurchCare website and funding for a National Support Officer post) and more significantly for cathedral and church buildings. In December, the separately funded Cathedral Fabric Repair Fund awarded grants of £718,000 for fabric repair to cathedrals (2010: £500,000).

85. In 2011, £195,000 (2010: £195,000) was awarded by the Church Buildings Council conservation committees in grants for the conservation of historic artefacts in parish churches and £376,000 (2010: £250,000) in grants for fabric repairs to listed churches.

86. We are developing national initiatives to help dioceses and parishes keep their churches open and sustainable. Many dioceses are struggling to support challenged church communities and we intend through CCB to offer more strategic help for dioceses with churches that may be threatened

with closure or that wish to develop their building to reach out to the community, by helping to find appropriate and creative ways to combine use for worship, even if not every Sunday, with other uses.

87. In this context, we have also developed guidance on setting up community facilities such as Post Offices and Citizens' Advice Bureaux in (particularly rural) churches. This can be downloaded from the ChurchCare website (www.churchcare.co.uk).

88. We are consolidating all the relevant advice and information relating to cathedrals, church buildings and Shrinking the Footprint from four websites into one to be re-launched in 2012. The aim is to produce an attractive, easily searchable, interactive tool which responds to users' needs and inspires others to engage with our church buildings. It is also developing an education strategy to encompass buildings training for clergy, online training for parishes and tools to encourage children and young people to appreciate and get involved with our cathedrals and church buildings.

Getting the message out

89. 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 internet communications services to the Council, Synod, House of Bishops, Church Commissioners and Pensions Board, working closely with the dioceses.

The Communications Office ran a Shrinking the Footprint seminar at a Church School celebration event at York Minister



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.

90. During 2011, the Communications Office played a key role in publicising the celebration of 200 years of Church schools with the founding of the National Society in 1811; including input on the BBC's *Songs of Praise*, *Beyond Belief* and website pages, plus extensive coverage in the church press, diocesan websites and elsewhere and worked with other departments, dioceses and agencies to plan the Church's engagement with communities during major national events such as the Olympics and Diamond Jubilee in 2012.

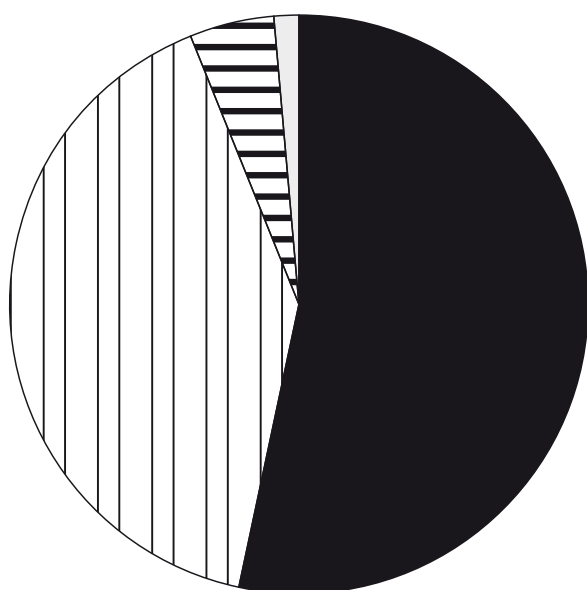
91. The Office also initiated, with the IT Department, the move towards a better branded and more user-friendly email address format for the Archbishops' Council, Church Commissioners and Pensions Board.

92. Our publishing arm, Church House Publishing (CHP), continued to support our aims and objectives through publications in both traditional and digital media, the latter being a key focus during 2011. CHP's first app for iPhone/iPad – based on the acclaimed *Reflections for Daily Prayer* Bible notes series – was launched in September and downloaded over 6,000 times in over 60 countries during the first four months. Kindle e-book editions of new CHP titles were launched in August and online subscriptions to *Crockford's Clerical Directory* and *Visual Liturgy Live* rose by 32% during the year.

93. The outsourcing agreement with Hymns Ancient & Modern Ltd (HA&M) in place since 1 July 2009 delivered another better-than-expected trading surplus despite challenging times in the retail market for books. Total CHP income in 2011 was £501,000, generating a surplus of £115,000 – an increase of £71,000 on budget and £38,000 on 2010. We believe this vindicates our decision to outsource.

Review of the statement of financial activities for 2011

2011 incoming resources



Incoming resources

94. The Council aims for good stewardship of the resources available to it and transparency in their ultimate use. It places great importance on the effective and efficient use of resources of all kinds, both in its own work and throughout the Church, and keeps all areas of its work and costs under review with the aim of improving its service to the wider Church wherever possible.

95. In 2011 the Council's incoming resources totalled £69.8 million, 4.4% below the 2010 level of £73.0 million.

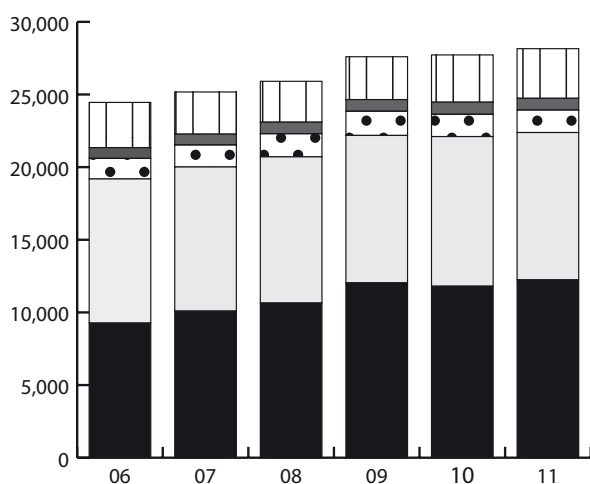
96. As is evident from the chart opposite, the Council has two main sources of income. The largest source of income is grants from the Church Commissioners used for distribution as grants to dioceses and as mission development funding. In 2011 this funding totalled £37.4 million (2010: £40.0 million which included £4.2 million of time-limited expenditure).

97. The second main source of income is contributions from dioceses. These totalled £28.2 million in 2011 compared with £27.7 million in the previous year. These funds are requested from dioceses using an apportionment formula which takes diocesan resources into account. An arrangement is in place to ensure that the increase requested from any diocese in any one year is no more than a fixed amount, currently set at 2 percentage points, above the overall change in the apportionment. The Council is grateful that in 2011, as in recent years, all dioceses paid their full apportionment.

98. Funds are used for five main purposes which are voted on separately by the General Synod each year. These are Training for Ministry (Vote 1), National Church Responsibilities (Vote 2), Grants (Vote 3), Mission Agencies pension contributions (Vote 4) and the Clergy Retirement Housing subsidy (Vote 5). The sums expended in each area in 2006-2011 are shown in the chart opposite.

99. In order to seek to give dioceses greater predictability of the funds likely to be requested from them each year by way of the diocesan apportionment, the Council agreed a financial strategy for 2010-2015. This was prepared following a consulta-

Diocesan Contributions by Vote 2006-11 (£000s)



tion exercise and the strategy which emerged was endorsed by the General Synod in July 2009. The parameters of this financial strategy were to set a maximum level of increase in the apportionment of 0.5% below the rate of inflation in 2011 and 2012 and in line with the rate of inflation in 2013-2015. To date the Council has outperformed these targets in setting an overall apportionment increase of 1.5% in 2011 and, despite General Synod giving approval for a 1.8% increase, no increase in 2012.

100. The maximum level of apportionment increases set out in the strategy were based on the assumption that the Council's costs in respect of training for ministry would be planned and, if necessary, capped; to date this has not been necessary. It was also acknowledged that the strategy would require a significant reduction in the activities funded as National Church Responsibilities as compared with prevailing commitments and expectations at the time of the review.

Use of resources

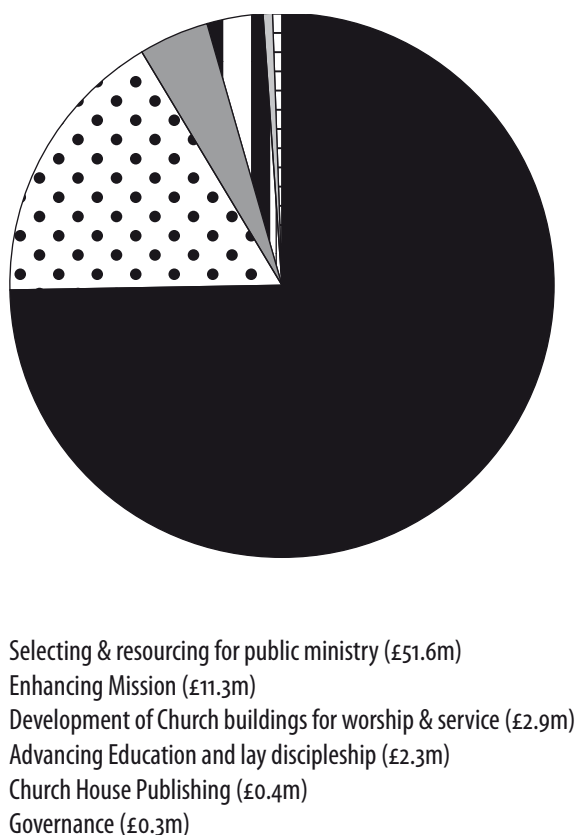
101. In 2011 resources expended or distributed by the Council totalled £68.8 million, 4.3% less than the £71.9 million distributed in 2010.

102. The most financially significant expenditure made by the Council in 2011 was in relation to selecting and resourcing for public ministry and to enhance mission, representing 75.0% (2010: 75.0%) and 16.5% (2010: 16.5%) respectively of the total resources expended by the Council.

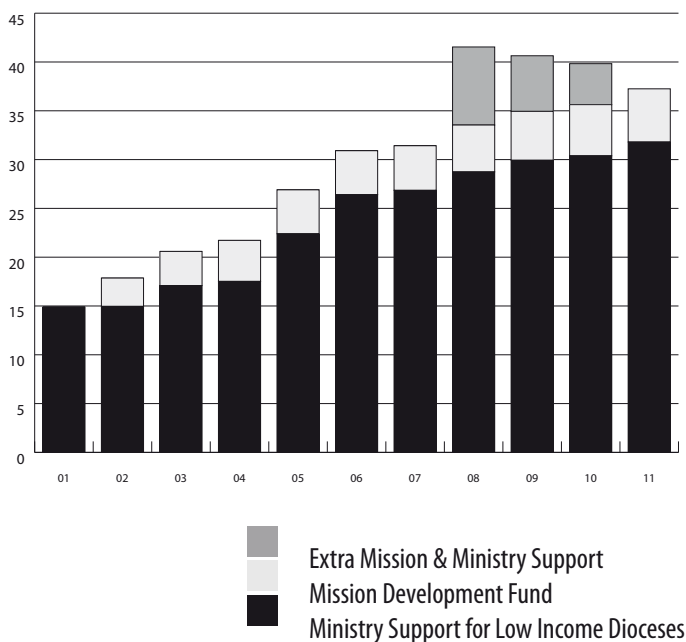
103. The two main grant streams for selecting and resourcing for public ministry were as follows:

- Ministry support grants to low income dioceses. In 2011 grants totalling £31.8 million (2010: £30.4 million) were made to the 29 (2010: 29) dioceses calculated as having below average resources per stipendiary minister, 16 (2010: 16) of which received more than £1 million. Dioceses use these grants to help fund parish mission and ministry in those parishes which are least able to afford them
- Training for Ministry. In 2011 grants totalling £11.5 million (2010: £11.6 million) were provided for training for ordained ministry. This included payments to the training institutions providing approved residential and non-residential training based on the

2011 Resources Expended



Total Grants to Dioceses for Parish Mission and Ministry Support by Type (£m)



number of ordinands in training at each institution and grants to those individuals undertaking training

104. The main grant scheme for supporting mission is called mission development funding. In 2011, a total of £5.4 million (2010: £5.2 million) was distributed between all English dioceses under this funding stream. Each year dioceses provide details of how this money is spent to demonstrate accountability and transparency and also to facilitate sharing of information. The responses are collated into a GS Misc paper which is made widely available, including on the Church of England website. Having become concerned at the level of apparently unspent monies in some recipient dioceses, in 2011 the Council sought further information from dioceses and was pleased to see some improvement in the planning for its use.

105. The level of parish mission and ministry support grants provided to dioceses since 2002 (when the mission development funding stream began) is shown in the graph opposite (these figures exclude payments made directly to parish clergy by the Church Commissioners). In 2011 the amount distributed as ministry support for poorer dioceses was slightly more than double the amount distributed nine years previously, an increase averaging 8.7% p.a. In 2011 mission development funding was 88% above the sum distributed in 2002 when the scheme was introduced.

106. The chart opposite includes £18.5 million extra mission and ministry support to dioceses across the 2008-10 triennium – a sum made available by the Church Commissioners following General Synod's endorsement in July 2007 of the proposal that future post-retirement increases to clergy pensions should be in line with Limited Price Inflation indexation.

107. Other grant expenditure, funded via Votes 3, 4 and 5 included:

- Grants towards the work of the Anglican Communion Office, national and ecumenical agencies and the Church Urban Fund
- Grants that fund the pension contributions of those clergy employed by qualifying mission agencies

- Grants towards the subsidy required for the Clergy Retirement Housing Scheme (CHARM) administered by the Church of England Pensions' Board

Use of legacies

108. In respect of unrestricted legacies the Council's priority is to support new, time-limited, mission initiatives. In addition legacy funding may be used where necessary to support ordination training and retired clergy. During the year some unrestricted legacy money was used to support the Shrinking the Footprint environmental initiative and the final phase of the Wedding Project. From 2012 the key on-going elements of the Weddings Project – including production of weddings packs for use by parishes, supporting Church representation at weddings shows and maintaining and developing the website www.yourchurchwedding.org – will be financed from the Council's Vote 2 budget. The Council agreed to allocate some of the remaining unrestricted legacy money to support the Young Vocations initiative. It agreed that the remaining available money should be preserved for use once the scope, costs and other funding sources for two projects aiming to enhance the Church of England's national ministry at moments of birth and death were settled.

Comment by the trustees about going concern

109. The Council has identified no material uncertainties that cast significant doubt on its ability to continue as a going concern. In reaching this conclusion, it considered its role in funding the Church's mission and ministry, the record of dioceses in meeting the apportionment, its reserves policy for each of its Votes and the level of each of those reserves, the existence of certain restricted funds and, since the year end, confirmation from the Church Commissioners that, in 2012, the expected monies will be made available for distribution. Thus the Council concluded that it has a reasonable expectation that it will have adequate resources and cash flows to meet its spending commitments for the foreseeable future.

Reserves policy

110. The Council holds reserve funds for each of its five Votes to enable it to meet its obligations and commitments which span more than one account-

ing period, to assist in cashflow management and to help reduce the risk of needing to ask dioceses for a significant increase in apportionment funding in any one year. In 2011 the Council reaffirmed its reserves policy to hold between one and a half and three months net monthly expenditure as reserves, excluding any sums held as designated funds for each of its five Votes. Four of these Votes are held for specific purposes and one – Vote 2 – is unrestricted.

111. At the end of 2011 the balances for cash reserves for Votes 1,2 and 5 (including both the restricted and designated funds held for clergy retirement housing) were within the target ranges. The reserves for Vote 3 and Vote 4 exceeded the maximum by £3,000 and £119,000 respectively. The Council will take steps within its 2013 budget to bring these reserves more into line with policy.

Investment policy and use of restricted funds

112. Following a review of the distribution strategies of its restricted funds, the Council agreed a new investment policy framework. This built on last year's work to clarify the distribution plans for each restricted fund. It is expected that greater clarity on the distribution strategy for each fund and making a more explicit linkage between distribution and investment strategies will enable the Council's restricted funds to be used more effectively in support of its objectives.

113. The new investment policy is summarised as follows:

- For funds that are planned to be spent out within five years the focus is on capital preservation with a target return of at least bank deposit rates. The ability to withdraw funds at relatively short notice is also imperative
- For settlements planned to be retained beyond five years there is an annualised long term total return target of in excess of 2% above RPI inflation after all costs. The Investment Committee is empowered to set target rates of return and its priority is to achieve its target return over the long term. Investment for funds planned to be retained beyond five years is made in a portfolio diversified between and within asset classes

114. During the year, the Council's Investment Committee, which has responsibility for reviewing and overseeing the management of the Council's investments, conducted a retendering exercise as a result of which Sarasin & Partners LLP and Ruffer LLP were appointed as investment managers for the settlements under the Council's direct control. The Council made an initial investment in Sarasin's Global Alpha Common Investment Fund for endowments in mid 2011. Following its inception in March 2012, the Council made an initial investment in Ruffer's Charity Assets Trust. The majority of the Council's investments in settlements for which the Council acts as custodian trustee remain in the CBF Church of England Investment fund.

115. The Council's cash resources are held in its current account or in the CBF Church of England Deposit Fund (although its Treasury Management Policy, agreed in 2010 and reviewed during the year, does permit investment with certain other specified institutions).

116. In the first half of 2011 equity markets made modest progress. But in July and August global stock markets fell by 20% and high levels of volatility then persisted for the remainder of the year. Equity markets ended the year towards the top of their fourth quarter trading range, but remained below their levels at the start of the year. The total return from worldwide equity markets was -6.2% with the UK market performing better than this at -3.5%. It was disappointing that the blended return from the Council's investments of -2.7% was negative but it exceeded the return from equity markets, showing the benefits of diversification in the underlying funds.

Ethical investment

117. The Archbishops' Council participates in the work of the Church's Ethical Investment Advisory Group (EIAG), which develops and co-ordinates ethical investment policy on behalf of the three main central Church investment bodies, as its membership includes individuals who are members of the Council and its Mission and Public Affairs Council. The EIAG makes recommendations based upon considered research, but responsibility for whether and how these are implemented rests with each investing body. The EIAG publishes an annual report of its work and this is available, together with other related publications, on the Church of England website.

118. The Common Investment Funds in which the Council invests have ethical investment policies. The Council complies with the EIAG's guidance on pooled funds and the Council and its Investment Committee monitors compliance with this policy.

Organisational information

119. The Archbishops' Council is established under the National Institutions Measure 1998. Supported at member level by its sub-committees (known as Boards, Councils and Committees) and at staff level by the Secretary General and his senior staff team, 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.

The Archbishops join the Rt Revd Nigel McCulloch, Bishop of Manchester at the opening of MediaCity, Salford



120. The work of the Council and its supporting bodies is underpinned by 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 of the Archbishops' Council

121. In 2011, the following bodies undertook work as committees of the Archbishops' Council:

- Audit Committee (chair: Tony Hesselwood)
- Board of Education (chair: the Bishop of Oxford)
- Committee for the Ministry of and among Deaf and Disabled People (chair: the Bishop of Blackburn)
- Committee for Minority Ethnic Anglican Concerns (chair: the Ven Daniel Kajumba)
- Council for Christian Unity (chair: the Bishop of Guildford)
- Remuneration and Conditions of Service Committee (chair: the Bishop of Ripon & Leeds)
- Finance Committee (chair: Andrew Britton)
- Ministry Council (chair: the Bishop of Norwich)
- Mission and Public Affairs Council (chair: Dr Philip Giddings until end November 2011; Philip Fletcher from December 2011)

Staff

122. The Joint Employment and Common Services Board (JECBSB) was established specifically to take responsibility for the joint employment relationship between the National Church Institutions (NCIs) and to oversee shared 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 (who chairs the Board) represent the three largest NCIs at member level. The chief officers of the three largest NCIs (the

Archbishops' Council, the Church Commissioners and the Pensions Board) the Archbishops' Chiefs of Staff also attend its meetings. The JECBSB mandates the management side of the Joint Staff Council for negotiations and consultation with the trade unions.

123. The JECBSB has one sub-group – the Remuneration Committee – which sets senior pay levels.

124. Almost all staff are jointly employed by the NCIs, but managed by one of them. The average number of staff for whom the Council was the managing employer during 2011 was 129 (2010: 131) approximately half men and half women.

125. Around 10.7% of the staff were from a minority ethnic background, up from 9.5% in 2010.

126. The Council manages Communications, Legal and Human Resources Departments. 40 of the staff members managed by the Council worked in these shared services during 2011. The Council also contributes towards the cost of shared service staff whose managing employer is one of the other NCIs.

Equal opportunities

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

128. 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.

129. 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.

Trustee recruitment and appointment

130. Members of the Archbishops' Council have responsibilities as trustees. They hold office in a variety of ways: *ex officio* (the 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 elected 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.23 for a list of members.

Trustee changes

131. Mark Russell, Chief Executive of Church Army, left the Council at the end of 2011 after seven years. Mark was a youth worker in Hertfordshire when he was first appointed. We will miss him on the Council and at Synod and wish him well in his future career.

132. In February 2012, after an open recruitment process, the Synod approved the appointment to the Council of Rebecca Swinson. In her mid-20s, Rebecca was formerly Chair of the Church of England Youth Council and is the youngest ever member of the Council. She takes on a new role of being an advocate on the Council for children and young people and providing more direct liaison between the Council and its Education Division. We welcome her to the Council and look forward to working with her over the coming years.

Trustee induction

133. New and existing members of the Archbishops' Council have the opportunity to meet 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 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

134. Members of the Archbishops' Council are required to prepare for each financial year 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
- prepared the financial statements on the going concern basis

135. 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

Risk Management

136. In accordance with the guidance issued by the Charity Commission, the Archbishops' Council has established processes to identify, assess and manage major risks to the achievement of its objectives. The Archbishops' Council considers the risk management arrangements and the major risks identified by management, annually, supported by the regular review by the Audit Committee and Finance Committee.

137. Departmental risk registers are maintained and are subject to regular review within departments and by the senior management team.

138. Major risks identified and currently being managed, include those around the maintenance of effective relationships with external stakeholders and the continued delivery of effective services by the efficient use of resources.

139. During 2011, the Archbishops' Council continued to develop its risk management approach. This included the implementation of a new risk management policy and methodology and further development of the links between risk manage-

ment and sources of independent assurance, including internal audit.

Professional advisers

140. The Council's advisers are listed on p.24. 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.

Other bodies

141. 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 Year Book, or on request.

National Church Institutions

142. 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 and Lambeth Palace Library.

On behalf of The Archbishops' Council

✠ ROWAN CANTUAR:

✠ SENTAMU EBOR:

Joint Presidents

Church House
Westminster SW1P 3AZ

2 May 2012

Administrative information

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

Membership of the Archbishops' Council from 1 January 2011 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 (6)

The Most Revd and Rt Hon Dr John Sentamu, Archbishop of York (4)

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

The Ven Christine Hardman (Canterbury) (6)

The Revd Canon Glyn Webster (York) (5)

Officers of the House of Laity (ex officio)

Dr Philip Giddings (Vice-Chair, then Chair, House of Laity) (5)

Tim Hind (Vice-Chair, House of Laity) (6)

Elected by the House of Bishops

The Rt Revd Dr Steven Croft (5)

The Rt Revd Trevor Willmott (6)

Elected by the House of Clergy

The Revd Canon Robert Cotton (from March 2011) (5)

The Revd Mark Ireland (from March 2011) (5)

Elected by the House of Laity

Paul Boyd-Lee (from March 2011) (5)

Christina Rees (from March 2011) (4)

Appointed by the Archbishops with the approval of the General Synod

Andrew Britton (6)

Mary Chapman (6)

Professor John Craven (6)

Philip Fletcher (6)

The Revd Dr Rosalyn Murphy (4)

Mark Russell (until 31 December 2011) (6)

Rebecca Swinson (from February 2012) (-)

A Church Estates Commissioner

Andreas Whittam Smith, First Church Estates Commissioner (4)

(The figures in brackets indicate the number of meetings each member attended in 2011; the Archbishops' Council met on six occasions in 2011. Those Trustees elected in March 2011 were eligible to attend five meetings of the Archbishops' Council.)

Staff Directors of the Archbishops' Council

William Fittall, Secretary General to the Council and the General Synod
The Revd Janina Ainsworth, Chief Education Officer
The Revd Dr Malcolm Brown, Director of Mission and Public Affairs
Peter Crumpler, Director of Communications (to September 2011)
Janet Gough, Director of Cathedral and Church Buildings
Steve Jenkins, Acting Director of Communications (from September 2011)
The Ven Julian Hubbard, Director of Ministry (from October 2011)
The Ven Christopher Lowson, Director of Ministry (until September 2011)
Su Morgan, Director of Human Resources
Dr Colin Podmore, Clerk to the Synod and Director, Central Secretariat and Ecumenical Relations (from April 2011)
Stephen Slack, Head of the Legal Office and Chief Legal Adviser to the Archbishops' Council
The Revd David Williams, Clerk to the Synod and Director, Central Secretariat (to March 2011)

Senior staff of Shared Services managed by other NCIs

Michael Cole, Director of Risk Management and Internal Audit
Declan Kelly, Director of Libraries, Archives and Information Services
Ian Theodoreson, Chief Finance Officer

Website

The website for the Church of England is at www.churchofengland.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
Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London EC4M 8BU (from July 2011)
Ruffer LLP, 80 Victoria Street, London SW1E 5JL (from March 2012)

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

Solicitors: The Legal Office of the National Church Institutions of the Church of England,
Church House, Great Smith Street, London SW1P 3AZ

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

Financial Statements

Year ended 31 December 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ARCHBISHOPS' COUNCIL

for the year ended 31 December 2011

We have audited the financial statements of The Archbishops' Council for the year ended 31 December 2011 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2011, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us 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; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Statutory Auditor

Epsom

United Kingdom

Date:

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2011

	Notes	Unrestricted Funds (note 15) £000	Restricted Funds (note 16) £000	Total	
				2011 £000	2010 £000
INCOMING RESOURCES					
Incoming resources from charitable activities					
Church Commissioners income		-	37,394	37,394	40,012
Diocesan contributions		10,141	18,010	28,151	27,722
Other Income	3	2,746	5	2,751	2,873
Voluntary income					
Grants receivable		11	215	226	298
Other voluntary income	4	21	358	379	964
Investment income	5	<u>33</u>	<u>855</u>	888	<u>1,162</u>
Total incoming resources		<u>12,952</u>	<u>56,837</u>	69,789	<u>73,031</u>
RESOURCES EXPENDED					
Charitable activities					
- Enhancing mission	6(a)	3,444	7,906	11,350	11,864
- Advancing education & lay discipleship	6(a)	2,224	88	2,312	2,549
- Selecting & resourcing for public ministry	6(a)	3,879	47,692	51,571	53,942
- Development of Church buildings for worship & service	6(a)	2,689	204	2,893	2,841
		12,236	55,890	68,126	71,196
Church House Publishing	6(b)	386	-	386	434
		12,622	55,890	68,512	71,630
Governance costs	7	<u>262</u>	-	262	266
Total resources expended		<u>12,884</u>	<u>55,890</u>	68,774	<u>71,896</u>
Net (outgoing)/incoming resources before exceptional items and transfers					
		68	947	1,015	1,135
Net transfers between funds	15,16	<u>374</u>	<u>(374)</u>	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		442	573	1,015	1,135
Surpluses/(Deficits) on revaluation and realisation of assets					
Investments - Unrestricted	10	(17)	-	(17)	28
Restricted - Income Funds	10		(7)	(7)	8
Restricted - Expendable Endowment Funds	10		(1,301)	(1,301)	1,643
Restricted - Permanent Endowment Funds	10		(174)	(174)	108
NET MOVEMENTS IN FUNDS FOR THE YEAR		425	(909)	(484)	2,922
Total funds at 1 January	15,16	<u>9,374</u>	<u>35,635</u>	45,009	42,087
Total funds at 31 December	15,16	<u>9,799</u>	<u>34,726</u>	44,525	<u>45,009</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.

BALANCE SHEET
as at 31 December 2011

	Notes	2011 £000	2010 £000
FIXED ASSETS			
Investments	10	25,546	25,604
Properties	11	3,225	3,225
Other fixed assets	12	561	615
		<u>29,332</u>	<u>29,444</u>
CURRENT ASSETS			
Investments		207	222
Stocks		64	128
Debtors: amounts falling due within one year	13	722	839
Debtors: amounts falling due after more than one year	13	293	520
Short term deposits		12,277	10,989
Cash at bank and in hand		3,138	5,222
		<u>16,701</u>	<u>17,920</u>
CREDITORS: amounts falling due within one year	14	<u>(1,508)</u>	<u>(2,355)</u>
NET CURRENT ASSETS		<u>15,193</u>	<u>15,565</u>
NET ASSETS		<u>44,525</u>	<u>45,009</u>
ACCUMULATED FUNDS			
Unrestricted Funds			
- General	15	2,569	5,691
- Designated	15	7,230	3,683
		<u>9,799</u>	<u>9,374</u>
Restricted Funds			
- Income	16	5,347	5,006
- Expendable Endowment	16	27,313	28,505
- Permanent Endowment	16	2,066	2,124
		<u>44,525</u>	<u>45,009</u>

The financial statements were approved by The Archbishops' Council on 2 May 2012 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

CASHFLOW STATEMENT
as at 31 December 2011

		Total	
	Notes	2011	2010
		£000	£000
Net cash inflow/(outflow) from operating activities	17	<u>(126)</u>	<u>1,193</u>
Returns on investment and servicing of finance			
Investment income		888	1,162
Net cash inflow from returns on investment and servicing of finance		<u>888</u>	<u>1,162</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(132)	-
Purchase of fixed asset investments		(14,311)	(150)
Sale of fixed asset investments		12,885	773
Net cash Inflow/(Outflow) from capital expenditure and financial investment		<u>(1,558)</u>	<u>623</u>
Management of liquid resources			
Increase in short term deposits	18	(1,288)	(588)
Net cash outflow from management of liquid resources		<u>(1,288)</u>	<u>(588)</u>
Increase/(Decrease) in cash in the year	19	<u>(2,084)</u>	<u>2,390</u>

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2011

1. BASIS OF PREPARATION

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 2011.

These financial statements comprise 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) drawn up to 31 December each year.

Unrestricted Funds – General

General Funds are funds of the Council which can be used for its general charitable 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 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 23). 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 23).

Income Funds

Income funds are sums of money given for a specific purpose which may be spent in their entirety on the specified purposes within a reasonable period. The duration of a 'reasonable' timescale will vary depending on the nature of the funds.

Expendable Endowment Funds

Expendable endowment restricted funds are sums of money which may be spent in their entirety on the specified purposes, but do not have to be spent on those purposes within a reasonable period. One such 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.

Permanent Endowment Funds

Permanent endowment restricted funds are created when a sum of money is received from a donor who specifies that it must not be spent as if it were income. Usually the donor will instruct that the sum of money must be invested and the income generated must be spent on certain specified purposes.

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.

NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2011

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 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 reimbursing trustees for expenses incurred in discharging their duties.

(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 bid price (2010: stated at mid market price). Surpluses or deficits on the revaluation and disposal of investments are taken directly to the statement of financial activities.

Properties: stated at market value (on the basis of expected future rental income). 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 undertakes 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%

(g) Pension costs

As set out in Pensions (note 20), The Archbishops' Council participates in two defined benefit pension schemes and one defined contribution scheme – set up in 2006 for employees commencing service after 30 June 2006. The defined benefit schemes are multi-employer schemes as defined in Financial Reporting Standard 17: Retirement Benefits. As employees are jointly employed by the National Church Institutions (NCIs), and move between NCIs, 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
as at 31 December 2011

3. OTHER INCOME

	2011	2010
	£000	£000
Accommodation	1,358	1,444
Church House Publishing	501	511
Conferences & Courses	505	548
Other	387	370
	2,751	2,873

The most significant element of 'other' during the year was:

£232,000 (£2010: £198,000) of income in relation to Human Resources advisory services provided to seven southern dioceses via a service level agreement, as part of the Ecclesiastical Office holders' Terms of service roll out. This service commenced in late 2009 and the appointments are on a 3 year fixed term contract.

4. OTHER VOLUNTARY INCOME

	2011	2010
	£000	£000
Legacies	236	678
Donations	143	103
Other	-	183
	379	964

At the time The Archbishops' Council is notified of legacies, there is often uncertainty about the final amount which will be received. This income is not recognised until there is reasonable certainty over the amount. The estimated value of legacies which have been notified but not recognised at 31 December 2011 was £217,000 (2010: £375,000).

5. INVESTMENT INCOME

	2011	2010
	£000	£000
Dividends	766	1,047
Interest from loans	3	22
Other Interest	119	93
	888	1,162

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2011

6. CHARITABLE ACTIVITIES

(a) by objective	Notes	Enhancing mission £000	Advancing education & lay discipleship £000	Selecting & resourcing for public ministry £000	Development of Church buildings for worship & service £000	2011	2010
						Total £000	Total £000
Grants payable	8	8,092	45	47,362	197	55,696	58,018
<i>Direct Costs</i>		<i>1,157</i>	<i>865</i>	<i>1,814</i>	<i>945</i>	<i>4,781</i>	<i>5,350</i>
<i>Support Costs</i>							
Management		859	573	907	716	3,055	3,327
Finance		277	185	292	231	985	956
Libraries, Archives, Information & Office Services		187	125	197	156	665	661
Human Resources		132	88	317	110	647	473
Accommodation		646	431	682	538	2,297	2,411
Charitable Activities by Objective 2011		<u>11,350</u>	<u>2,312</u>	<u>51,571</u>	<u>2,893</u>	<u>68,126</u>	-
Charitable Activities by Objective 2010		<u>11,864</u>	<u>2,549</u>	<u>53,942</u>	<u>2,841</u>	-	<u>71,196</u>

(b) Church House Publishing

The Archbishops' Council has an agreement with Hymns Ancient & Modern to publish liturgy, key reference titles and other resources for the Church.

Under the agreement the Council will ensure that a range of titles is published to support the ministry and mission of the Church under its Church House Publishing imprint, with Hymns Ancient & Modern. Net expenditure (before sales income included in Note 3) incurred by the Council in 2011 was £386,000 (2010: £434,000).

7. GOVERNANCE COSTS

	2011 £000	2010 £000
Internal and external audits	103	112
Legal and support costs	152	147
Membership and committees	7	7
	<u>262</u>	<u>266</u>

The fee for audit services for the year was £37,000 (2010: £36,000). Fees for non-audit services were £nil (2010: £nil).

NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2011

8. GRANTS PAYABLE

(a) Grants payable to dioceses

The Council applied £37,487,000 of the income received from the Church Commissioners as shown below. Ministry support for low income 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 Chief Finance Officer at our head office.

	£000	£000
Ministry support for low income dioceses	27,601	26,186
Mission development funding	5,448	5,239
Stipend allocations	4,202	4,200
Extra mission and ministry support	-	4,200
Other	236	187
	<u>37,487</u>	<u>40,012</u>

(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 2011 were £11,500,000 (2010: £11,594,000).

(c) Grants (Vote 3)

Vote 3 provides funds towards the work of the Anglican Communion Office, the national and international ecumenical agencies, and the Church Urban Fund. Total grants paid in 2011 were £1,112,000 (2010: £1,107,000).

(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 those mission agencies which were Church of England members of the Partnership for World Mission at the time the measure was passed. By agreement, The Council met the full cost of this liability, which was £718,000 in 2011 (2010: £857,000). The contribution was made in respect of an average number of clergy of 87 in 2011 (2010: 93).

(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 met by the Council were £3,416,000 (2010: £3,222,000). The balance of the subsidy was met from the charitable funds of the Church of England Pensions Board.

(f) Other grants payable

	Unrestricted	Restricted	Total	
	Funds	Funds	2011	2010
	£000	£000		
Church & Community Fund	-	802	802	740
Training for the Ministry	-	329	329	119
Other	21	311	332	367
	<u>21</u>	<u>1,442</u>	<u>1,463</u>	<u>1,226</u>

NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2011

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:

	2011 £000	2010 £000
Salaries	5,290	5,352
National Insurance contributions	592	527
Pension costs (note 20)	1,565	1,412
	<u>7,447</u>	<u>7,291</u>
Recharge to other NCIs	(848)	(809)
Net cost incurred by The Archbishops' Council	<u>6,599</u>	<u>6,482</u>

The average number of staff for whom the Council was the managing employer during the year was:

	2011 Number	2010 Number
Mission & Public Affairs	18	21
Education	12	14
Ministry	19	20
Cathedrals & Church Buildings	15	14
Fundraising	2	2
Support	63	60
	<u>129</u>	<u>131</u>

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

	2011 Number	2010 Number
£ 60,001 to £ 70,000	4	2
£ 70,001 to £ 80,000	2	7
£ 80,001 to £ 90,000	1	-
£110,001 to £120,000	1	1
£140,001 to £150,000	1	1
	<u>9</u>	<u>11</u>

All staff whose emoluments were more than £60,000 are accruing retirement benefits, 7 under defined benefit schemes and 2 under the defined contribution scheme. The Council's contribution in respect of these employees was £99,000 in 2011 (2010: £153,000).

The highest paid member of staff earned £149,000 in the year to 31 December 2011, which was eight times the salary earned by the lowest paid member of staff and four times the median salary paid in the year.

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 14 members (2010: 15) amounting to £6,725 (2010: £6,951). The members of the Council have no entitlement to salary or pension arising from their services to the Council.

In 2011, £1,020 was paid to Three O Clock Productions Ltd for communications training services. Mr Chris Rees, husband of Council member Mrs Christina Rees, is a Director of this charitable company.

NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2011

10. INVESTMENTS

	2011	2010
	£000	£000
FIXED ASSETS		
At 1 January	25,604	24,455
Additions	14,311	150
Disposals	(12,885)	(773)
Net (deficit)/surplus on revaluation	(1,484)	1,772
At 31 December	25,546	25,604

£13,500,000 of the investments are managed by Sarasin Investment Funds Limited (2010: £nil)

£11,395,000 of the investments are managed by CCLA (2010: £24,919,000)

£553,000 of the investments are managed by M&G Securities Ltd (2010: £584,000).

£7,000 of the investments are held in various shareholdings (2010: £24,000)

The structure of the asset allocation of the underlying funds under the control of the Council at 31 December 2011 was:

	2011	2010
	£000	£000
UK Equities	8,963	12,479
Overseas Equities	9,415	8,927
Property	2,460	2,674
Fixed Interest	2,651	391
Infrastructure	1,615	754
Cash	442	379
	25,546	25,604

11. PROPERTIES

Programme Related Investment Properties

	Unrestricted Funds	
	2011	2010
	£000	£000
At 1 January	3,225	3,225
Net surplus/(deficit) on disposals and revaluation	-	-
At 31 December	3,225	3,225

At 31 December 2011, properties comprised:

a) The freehold interest in Parkstead.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2011

12. OTHER FIXED ASSETS

	Capital Under Construction	Office equipment £000	Leasehold improvements £000	Total £000
Cost				
At 1 January	-	1,215	2,439	3,654
Additions	132	-	-	132
At 31 December	<u>132</u>	<u>1,215</u>	<u>2,439</u>	<u>3,786</u>
Depreciation				
At 1 January	-	806	2,233	3,039
Charge for the year	-	153	33	186
At 31 December	<u>-</u>	<u>959</u>	<u>2,266</u>	<u>3,225</u>
Net book value				
At 31 December 2011	<u>132</u>	<u>256</u>	<u>173</u>	<u>561</u>
At 31 December 2010	<u>-</u>	<u>409</u>	<u>206</u>	<u>615</u>

Capital Under Construction – People & Pay

In June 2011, The Archbishops' Council along with the Church Commissioners and the Church of England Pension Board entered into a contract with Northgate Arinso to establish a new IT system to deal with the 'People & Pay' needs of the National Church Institutions.

The new system became operational with effect from April 2012. This asset was depreciated from that date and will be written off over a 5 year period.

13. DEBTORS

	2011 £000	2010 £000
Amounts due within one year		
Trade debtors	301	158
Prepayments	79	83
Amounts due from NCIs for other costs	42	196
Amounts due from Colleges and Schools	70	88
Other debtors	230	314
	<u>722</u>	<u>839</u>
Amounts due after more than one year		
Amounts due from Colleges and Schools	<u>293</u>	<u>520</u>

14. CREDITORS

	2011 £000	2010 £000
Amounts due within one year		
Trade creditors	503	878
Grants payable	856	842
Other creditors	9	135
Accruals and deferred income	140	500
	<u>1,508</u>	<u>2,355</u>

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2011

15. STATEMENT OF UNRESTRICTED FUNDS

	At 1 January 2011	Income	Expenditure	Other movements	At 31 December 2011
	£000	£000	£000	£000	£000
GENERAL FUNDS	5,691	14,631	(14,156)	(3,597)	2,569
DESIGNATED FUNDS					
CBF Lump Sum Pension Fund (note 20c)	79	-	(1)	-	78
Church Schools Fund	786	-	(43)	-	743
Church House Planned Maintenance	1,175	111	-	116	1,402
Unrestricted Legacies	694	1	-	(164)	531
General Synod Sundry Fund	186	1	(20)	-	167
Weddings II project	129	42	(171)	-	-
Staff Retirement Fund	196	-	(24)	70	242
Clergy Retirement Housing Fund	411	-	-	-	411
People & Pay Project	-	-	-	260	260
Young Vocations	-	-	-	90	90
2011 to 2015 Quinquennium Projects	-	-	-	50	50
Other	27	71	(93)	26	31
	3,683	226	(352)	448	4,005
Properties	-	-	-	3,225	3,225
DESIGNATED FUNDS TOTAL	3,683	226	(352)	3,673	7,230
TOTAL UNRESTRICTED FUNDS	9,374	14,857	(14,508)	76	9,799

(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.

(b) Designated funds

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

The CBF Lump Sum Pension Fund represents the provision for the deferred benefits detailed in note 20c.

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

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

The Unrestricted Legacies fund is to be used for funding new project initiatives.

The General Synod Sundry Fund comprises funds to meet expenditure incurred in respect of quinquennial inaugurations of General Synod.

NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2011

15. STATEMENT OF UNRESTRICTED FUNDS (continued)

The Weddings II Project immediately follows on from the original Weddings Project with the aim of encouraging church weddings and sustained growth in church membership.

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

The Clergy Retirement Housing Fund was established to supplement the CHARM (Vote 5) Restricted Fund, which provides a subsidy for the Clergy Retirement Housing scheme administered by the Church of England Pensions Board.

The People & Pay Fund comprises funds to meet The Archbishops' Council share of the costs of the IT system established to meet the 'People & Pay' needs of the National Church Institutions.

The Young Vocations Fund was established to support the work of encouraging young ordinands to train for ordained ministry.

The 2011 to 2015 Quinquennium Projects fund was established to meet the initial costs associated with publishing materials to deliver projects to meet the challenges of the current quinquennium.

Property comprises the valuation of the Parkstead and St Katherine's freeholds, which are subject to long leases (please see note 11 for further details).

(c) Transfers

The major transfers during the year were:

General Funds to Designated Funds

£116,000 was transferred to the Church House Planned Maintenance Fund.

£260,000 was transferred to the People & Pay Project.

£70,000 was transferred to the Staff Retirement Fund.

£50,000 was transferred to the 2011 to 2015 Quinquennium Projects fund.

Designated Funds to General Funds

£45,000 was transferred from Unrestricted Legacies.

Restricted Expendable Funds to General Funds

£280,000 was transferred from the Church and Community Fund.

Between Designated Funds

£90,000 was transferred from Unrestricted Legacies to Young Vocations.

£26,000 was transferred from Unrestricted Legacies to Other funds.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2011

16. STATEMENT OF RESTRICTED FUNDS

	At 1 January 2011	Income	Expenditure	Other movements	At 31 December 2011
	£000	£000	£000	£000	£000
INCOME FUNDS					
Training for Ministry Fund (Vote 1)	2,242	12,259	(11,809)	(482)	2,210
Grants and Provisions Fund (Vote 3)	288	1,559	(1,130)	(370)	347
Mission Agencies Pensions Contributions (Vote 4)	230	803	(718)	-	315
CHARM (Vote 5)	232	3,419	(3,416)	-	235
Dioceses Fund	278	37,397	(37,487)	-	188
Legal Costs	1,047	10	(33)	370	1,394
Cathedral & Church Buildings Sundry Funds	202	6	(67)	(7)	134
Train A Priest Fund	103	99	(74)	-	128
Sundry Funds	384	243	(206)	(25)	396
Total Restricted Income Funds	5,006	55,795	(54,940)	(514)	5,347
EXPENDABLE ENDOWMENT FUNDS					
The Archbishops' Council Ministerial Training Trust Fund	2,324	80	(134)	(105)	2,165
Church Colleges of Education Fund	3,127	19	(36)	(129)	2,981
Jenkinson Legacy	784	13	(41)	(40)	716
Cathedral & Church Buildings Sundry Funds	44	-	-	-	44
Mission & Public Affairs Sundry Funds	539	14	-	(26)	527
Church and Community Fund	17,818	619	(872)	(998)	16,567
Church of England Special Purposes Fund	2,087	-	-	(63)	2,024
Women's Continuing Ministerial Education Trust	1,414	54	(70)	(77)	1,321
Theological Colleges and Training Houses Fund	-	-	-	482	482
Sundry funds	368	207	(81)	(8)	486
Total Expendable Endowment Funds	28,505	1,006	(1,234)	(964)	27,313
PERMANENT ENDOWMENT FUNDS					
The Archbishops' Council Ministerial Training Trust Fund	1,259	38	(1)	(72)	1,224
Church Colleges of Education Fund	266	16	(1)	11	292
Stephen Furness Trust	348	12	(15)	(22)	323
Sundry Funds	251	9	(18)	(15)	227
Total Permanent Endowment Funds	2,124	75	(35)	(98)	2,066
TOTAL RESTRICTED FUNDS	35,635	56,876	(56,209)	(1,576)	34,726
	Fixed assets	Cash and short term deposits	Debtors	Creditors	Net assets
	£000	£000	£000	£000	£000
Income Funds	121	5,583	1,385	(1,742)	5,347
Expendable Endowment Funds	23,428	4,057	315	(487)	27,313
Permanent Endowment Funds	1,899	170	-	(3)	2,066
TOTAL RESTRICTED FUNDS	25,448	9,810	1,700	(2,232)	34,726

NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2011

16. STATEMENT OF RESTRICTED FUNDS (continued)

Purpose of Restricted Funds

The Training for Ministry Fund (Vote 1) provides funds towards training for ordained ministry. This fund covers the tuition costs, university fees, college fees, personal maintenance and books and travel costs of sponsored ordinands prior to ordination.

The Grants and Provisions Fund (Vote 3) provides funds towards the work of the Anglican Communion office, the national and international ecumenical agencies, Church Urban Fund, and the Legal Costs Fund.

The Mission Agencies Pensions Contributions fund (Vote 4) provides for pension contributions in respect of clergy who are employed by the mission agencies.

The Church's Housing Assistance for the Retired Ministry (CHARM) fund was established to provide housing for those retiring from stipendiary ordained & lay ministry.

The Dioceses Fund is the vehicle by which money is received from the Church Commissioners' and distributed to the dioceses in accordance with the Allocations formula.

The Legal Costs Fund includes the Legal Aid Fund. General Synod is required by Measure to maintain a Legal Aid Fund, which is held by the Council on its behalf, to meet the costs of ecclesiastical legal aid awarded by the Legal Aid Commission.

The Cathedral & Church Buildings Sundry Funds are for specified church conservation works.

The Train a Priest Fund supports those training for the priesthood.

The Archbishops' Council Ministerial Training Trust Fund supports the training and maintenance of persons undergoing training for ordained ministry in the Church of England.

The Church Colleges of Education Fund's purpose is to advance education by promoting the effectiveness of Church of England Colleges of Higher Education and Universities.

The Jenkinson Legacy's purpose is to fund new initiatives aiming to improve theological training.

The Mission and Public Affairs Sundry Funds are for missionary work of the Church of England.

The Church and Community Fund promotes the charitable work of the Church of England (primarily by making grants to church and community projects).

The Church of England Special Purposes Fund exists to provide for the advancement of religion in accordance with the doctrine of the Church of England.

The Women's Continuing Ministerial Education Trust Fund exists to further the continuing ministerial education of those women in the Church of England and the Scottish Episcopal Church who are in need of financial assistance.

The Theological Colleges and Training Houses Fund makes grants and loans for capital works, furniture or equipment at colleges or courses recognised by the House of Bishops for Ordination Training. In earlier years this was held in the Training for Ministry Income Fund.

The Stephen Furness Trust Fund provides for the repair and maintenance of the fabric, fixtures & fittings and furniture within six churches named in the trust deed.

Transfers:

The major transfers during the year were:

Restricted Expendable Funds to General Funds

£280,000 was transferred from the Church and Community Fund (As referred to in note 15c).

Between Restricted Funds

£370,000 was transferred from Vote 3 to the Legal Costs Fund.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2011

17. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2011	2010
	£000	£000
Net incoming resources during the year	1,015	1,135
Depreciation	186	193
Investment income	(888)	(1,162)
Decrease in stocks	64	137
Decrease in debtors	344	2,548
(Decrease) in creditors	(847)	(1,658)
Net cash inflow/(outflow) from operating activities	(126)	1,193

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

	2011	2010
	£000	£000
Increase/(decrease) in cash in the year	(2,084)	2,390
Increase in short term deposits	1,288	588
	(796)	2,978
Net funds at 1 January	16,211	13,233
Net funds at 31 December	15,415	16,211

19. ANALYSIS OF CHANGE IN NET FUNDS

	At 1 January 2011	Cash flows	At 31 December 2011
	£000	£000	£000
Cash at bank and in hand	5,222	(2,084)	3,138
Short term deposits	10,989	1,288	12,277
	16,211	(796)	15,415

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2011

20. PENSIONS

Pension benefits to staff employed within the National Church Institutions are provided either through two defined benefit pension schemes - the Church Administrators Pensions Fund (CAPF) and the Church of England Funded Pensions Scheme – or through the CAPF defined contribution scheme which was established in 2006 for employees commencing service after 30 June 2006. The schemes are administered by the Church of England Pensions Board, which publishes the schemes' financial statements. The contributions to the two defined benefit schemes have been assessed by an independent qualified actuary using the projected unit method of valuation and are detailed in notes (a) and (b) below.

(a) The Church Administrators Pension Fund

i. Defined Benefits Section (closed to new members from 30 June 2006)

Costs specific to The Archbishops' Council

Based on the valuation at 31 December 2002, there was a shortfall of the market value of the assets compared to the amount required to cover the benefits that had accrued to members after allowing for expected future increases in salaries. In the light of these results The Council paid an additional contribution of £193,000 in 2011 (2010: £184,000). These additional contributions are due to continue until 31 December 2016, and will increase in line with retail price inflation.

Costs shared between the National Church Institutions

The most recent full valuation of the Fund, as at 31 December 2008, showed an overall deficit of £30,200,000 (2005: £8,700,000). Due to the significant increase in deficit, the level of additional contributions made by the participating employers was increased from £250,000 per annum to £2,050,000 per annum from 1 July 2010. These contributions are subject to an annual increase, to 30 June 2025, in line with general salary inflation. The rate at which members accrue benefits post 1 July 2010 was reduced at this date. The deficit contributions payable by The Archbishops' Council in 2011 were £599,000 (2010: £362,000).

In 2011 the Council paid contributions (exclusive of the additional contributions) to the Fund totalling £371,000 (2010: £635,000). The participating employers are also responsible for making contributions towards the administration costs of the scheme at £200,000 per annum and the cost of Pension Protection Fund levies. A valuation of the Fund as at 31 December 2011 is in progress.

ii. Defined Contribution Section

Following the closure of the defined benefit contribution section of the Fund on 30 June 2006, a new defined contribution section of the Fund was set up for those commencing service after this date. The Council paid contributions of £233,000 (2010: £172,000).

(b) The Church of England Funded Pensions Scheme

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

Following an interim valuation as at 31 December 2008, the contribution rate, comprising contributions to meet the scheme deficit as well as contributions in respect of future accrual of pension benefits, increased to 45.0% of pensionable stipends with effect from 1 January 2010. A full valuation of the scheme was carried out as at 31 December 2009. Following benefit changes in respect of future accrual of pension benefits from 1 January 2011, agreed by the General Synod in July 2010, the contribution rate was reduced to 38.2% of pensionable stipends with effect from 1 January 2011. In 2011 the Council paid contributions to the Fund totalling £57,000 (2010: £78,000).

Membership

The average number of Archbishops' Council employees within each scheme was:

		CAPF	Funded
	Defined	Defined	Defined
	Benefit	Contribution	Benefit
2011	69	52	8
2010	83	42	9

NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2011

(c) Central Board of Finance Lump Sum Scheme

A sum of £78,000 (2010: £79,000) (note 15) 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 33 (2010: 34) former CBF employees upon reaching retirement age. The Scheme has Inland Revenue approval under section 20 of the Finance Act 1970. In 2011 payments of £1,000 (2010: £1,000) were made from this Fund.

21. OBLIGATIONS UNDER OPERATING LEASES

The amount payable for land and buildings within the next 12 months on a lease expiring after 5 years, with the Corporation of Church House, is £1,192,383 (2010: £1,218,235). The cost is shared with the other National Church Institutions.

22. 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 the guidance of their Diocesan Bishop. There is no guarantee that ordinands will move automatically onto a further year of study as this depends on whether 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 2011 (as in previous years) 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 2012) 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.

(c) TUPE

The Council has a contingent liability for potential severance costs in respect of certain former NCI employees whose employment has been transferred to other organisations under TUPE.

23. 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. The funds had a combined income of £82,000 (2010: £49,000) and expenditure of £216,000 (2010: £21,000) and, after a downward revaluation of £169,000 at 31 December 2011, net assets of £2,834,000 (2010: £2,805,000). This total includes three funds (value at 31 December 2011: £332,000) previously included in restricted funds.

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