

## **The Archbishops' Council**

### **Annual Report and Financial Statements for the year ended 31 December 2009**



# Contents

## **Annual Report 2009**

- iii Introduction by the Presidents
- iv Mission statement
- 1 The Archbishops' Council in 2009: review of activities
- 10 Organisational information
- 19 Administration information

## **Financial Statement & Accounts: year ended 31 December 2009**

- 23 Independent auditors' report
- 25 Consolidated statement of financial activities
- 26 Consolidated balance sheet
- 27 Consolidated cash flow statement
- 28 Notes to the financial statements



# Introduction by the Presidents

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

Writing in last year's annual report in the immediate aftermath of the international financial crisis we noted that the importance of effective policy and resource direction was unlikely to diminish over the coming period. The Archbishops' Council, like all other parts of the charitable and voluntary sectors, has had to look hard at all its activities in the light of the severe pressure on budgets.

The resilience of the Church's voluntary income is a reflection of the energetic work of the stewardship network in the dioceses and parishes, supported by the Council's national officer. The Church currently relies on the committed and in many cases sacrificial giving of half a million regular givers in parishes throughout England.

Over the past year the Council has inevitably had to devote a good deal of time to resource issues. In the Finance Strategy Review the Council committed itself to real terms reductions in the amount requested from dioceses for national work through to 2015. Separately the Council has had to grapple with difficult choices necessitated by a substantial deficit in the funded clergy pension scheme.

But the focus of 2009 was not simply on balancing the books. This report sets out the wide range of activity undertaken during the year under the auspices of the Council.

We wish to record a particular debt of gratitude to the staff of the Council, who, along with their colleagues in the other National Church Institutions, have demonstrated exemplary professionalism in supporting the trustees in the discharge of their responsibilities during what has, for them, been a particularly difficult year.

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 prayers and support of the Church for the members and staff of the Archbishops' Council

in the discharge of the duties and responsibilities entrusted to us.

✠ ROWAN CANTUAR:

Church House  
Westminster SW1P 3AZ

10 June 2010

✠ SENTAMU EBOR:

# Mission Statement

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

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

# The Archbishops' Council in 2009

## Review of activities

1. The Archbishops' Council meets under the leadership of the Archbishops of Canterbury and York. In 2009, it met on six occasions. Its membership brings together bishops, clergy and lay people, both elected and appointed, to discharge the tasks for which it is responsible.

2. Under the terms of the National Institutions Measure 1998, the Council's responsibilities are wide – 'to co-ordinate, promote, aid and further the work and mission of the Church of England' – and include 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; and bringing together issues of policy and resource. The Archbishops' 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.

3. The 19 members of the Council are supported by a staff team led by the Secretary-General. We are indebted to them for their professionalism and hard work.

### Objectives

4. The Council's objectives are:

- i. to enhance the Church's mission by:
  - promoting spiritual and numerical growth
  - enabling and supporting the worshipping Church and encouraging and promoting new ways of being Church, and
  - engaging with issues of social justice and environmental stewardship
- ii. to sustain and advance the Church's work in education, lifelong learning and discipleship;
- iii. to enable the Church to select, train and resource the right people, both ordained and lay, to carry out public ministry and to encourage lay people in their vocation to the world; and
- iv. to encourage the maintenance and devel-

opment 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 other means, seeks to provide spiritual care for all people in England. In particular:

- the Church of England provides education in the Christian faith and encourages personal and spiritual growth and wellbeing;
- through its network of schools and Academies, the Church of England provides a rounded education for around 20% of children of primary school age and 7% of young people of secondary school age of all faiths and none;
- the Church of England is a focus for community activity in over 13,000 parishes and 16,000 church buildings and, through the resources at its disposal, 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;
- 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.

6. The report that follows shows how that enabling function is carried out.

### Charitable activities

#### Objective 1 – Enhancing the Church's mission

7. The work of the Church of England is experienced predominantly at the local level in the dioceses and parishes. There are, however, some activities that are most effectively delivered nationally and it is in these areas that the Council focuses its activities.

8. As the Weddings Project developed (*see Window on the Weddings Project*), the Council's Mission and Public Affairs Division worked in partnership

## The Weddings Project

The Archbishops' Council identified an opportunity arising from the Church of England Marriage Measure 2008 and commissioned a cross-departmental project team (mainly from the Mission and public Affairs Division and the Communications Office) to work in the time leading up to and following the change in the law. The key disciplines in the team are communications and mission and its initial objectives were to:

- attract 5% more church weddings in two pilot areas;
- build in the general population the sense that the Church of England believes enthusiastically in marriage; and
- care for couples and their guests so well that more of them stay with church after their wedding day.

The Weddings Project is now working in nine dioceses in a 'roll-out' phase of its work, having delivered on its aims in a foundational phase of research and development.

The Project's media innovations have been the centrepiece of its work. Since the launch of its new 'couple-focused' website in 2008, 23% of Church of England weddings are pre-planned online by couples at [www.yourchurchwedding.org/planner](http://www.yourchurchwedding.org/planner)

Among participating churches in Bradford (one of the pilot dioceses), wedding bookings have increased by 50%; in Buckinghamshire (the other pilot area in Diocese of Oxford), wedding bookings were up by 10%. Bearing in mind the aim to attract 5%, this can be seen as a remarkable success.



Gospel choir sing at special service in Oxford Diocese to launch the Marriage Measure which gives couples a wider wedding welcome in the Church of England

with the Communications Office and the Research and Statistics Department on identifying new ways of stimulating growth, extending project-working models into new areas and identifying areas where evidence-based, outcome oriented and time-limited input at national level could have measurable impacts on local practice and effectiveness across the Church. The work continues.

9. Dioceses and parishes often ask for resources to work with new Christians and those enquiring about faith. The Mission and Theology Advisor, located in the Council's Mission and Public Affairs Division, wrote for an edited the resource book ***Sense Making Faith*** (published by CTBI), which explores belief through the five senses. It has sold well and was developed by the BBC as the 2009 Radio 4 Lent Course, thereby extending its reach to a much wider audience and its usefulness to the parishes.

10. A focus of the Liturgical Commission over the past five years has been the *Transforming Worship* initiative, led by the National Worship Development Officer (located with other staff engaged in liturgical work, in the Central Secretariat). The Liturgical Commission believes that, to be effective in mission, the Church must offer vibrant, transformative worship across the range of styles and traditions. This demands high levels of commitment from ministers in terms of preparation and delivery, which in turn necessitates effective liturgical training. The impact of worship development continues to grow, the principal target of current projects remaining those in Initial and Continuing Ministerial Education (IME and CME). The lack of specialist teaching in colleges, courses and schemes makes this more essential than ever and the arrival of Clergy Terms and Conditions legislation with a requirement for 'capability' in worship points to a growing need for CME provision for many years to come.

11. The Archbishops' Council's Council for Christian Unity advises on unity issues and proposals with other Christian Churches. In 2009 it completed conversations with the United Reformed Church aimed at enabling the healing of memories in the two Churches and reinforcing practical co-operation between them. It also completed a report on joint work with the Church of Scotland.

12. Racism in society and use of 'Christian' rhetoric by far-right parties has put many urban parishes in the front line of resistance to organised racism. The Council's Urban Officer worked closely with the dioceses and parishes with experience of combating extremist parties to produce guidelines for all parishes as they prepare for the General Election. The guidelines have been widely welcomed across the Church and among ecumenical partners and will enable parishes and deaneries to respond constructively to such threats to community cohesion.

13. In February, the General Synod passed a motion to ban clergy, ordinands and employed lay people whose duties require them to represent or speak on behalf of the Church of England from being members of the BNP and other organisations whose 'constitution, aims, objectives or pronouncements contradict the general duty to promote race equality'. The Legal Office and the Human Resources Division have supported the House of Bishops in giving effect to that policy.

14. The ongoing monitoring of diversity across Church of England congregations was successfully initiated with the establishment of a robust statistical basis for the comparison of ethnicity, gender and age profiles in each diocese. The exercise has taken several years of hard work for the Research and Statistics Department (located in the Central Secretariat) with others to bring to fruition and provides a good statistical comparison to the clergy monitoring exercise.

15. The role of the World Mission Agencies is changing as more direct links between Church of England dioceses and dioceses in other Provinces develop. In 2009, the Council's Mission and Public Affairs Division began a three-year project in partnership with the World Mission Agencies to reshape the Church of England's World Mission Policies to reflect the changing dynamics in the Anglican Communion, the Church of England and world politics. This work is already enabling the Mission Agencies, companion links and other initiatives to understand better how they relate to each other and will lead to stronger and more effective world mission engagements across the Church.

16. The Council continues, particularly through its Mission and Public Affairs Division, to work closely with the Fresh Expressions team to promote the 'mixed economy church'. Our creative approaches to new forms of church are being recognised internationally and staff have been invited to share the Church's learning in this field. For example, under the Anglican-Methodist Covenant, the Council for Christian Unity is working on a report with the Methodist Church on the ecclesiological implications of emerging church and Fresh Expressions. The report is due for publication in 2011 and will be considered by both Churches. In the meantime, the Research and Statistics Department has begun an ongoing system for monitoring the development of the emerging Fresh Expressions across the Church.

## The Parliamentary Unit

Established in 2008, in its first full year of operation, the Parliamentary Unit has built new relationships with MPs, Peers and advisers, making known the Church of England's position on areas of public policy within parliament and strengthening the support offered to the Lords Spiritual, publishing a comprehensive handbook for Lords Spiritual to assist them in their work in parliament.

The unit produces frequent news bulletins for parliamentarians of both Houses and has set up a web-based resources to promote the work of the Lords Spiritual.

Attention focused in 2009 on the Equality Bill, attempts to relax the law on assisted suicide, and the campaign against the 'rain tax' (in close collaboration with the Cathedrals and Church Buildings Division) and the Constitutional Reform agenda.

The unit was present at three of the major party conferences, strengthening links with Christian groupings and raising policy and legislative issues with party members and elected representatives.

## Church signs up to adult learning pledge

The Church of England has joined other organisations in signing a pledge to use its network of people and buildings to support a drive to create more 'informal adult learning' opportunities across the country.

The Church has a long tradition of offering learning opportunities, both for those who attend church and the wider community. Parish churches are well-placed to respond to specific local needs, often hosting or organising diverse learning activities including parenting classes, drama groups or training in debt management. Many thousands of churchgoers are involved in organising, leading and participating in such activities.

The Church of England's Board of Education will be studying the White Paper closely. Its support for the pledge will involve it in encouraging dioceses and parishes to identify further opportunities for promoting opportunities for people of all ages.

The Revd Janina Ainsworth, the Church of England's Chief Education Officer - who signed the pledge on behalf of the Church's Board of Education - comments: "The Church shares the aim of enriching individual's lives so they can fulfil their God-given potential, and welcomes the chance to formalise its historic commitment and investment in projects which boost people's skills and confidence, both in faith-related activities and less obviously churchy ones.

"This is a simple way of showing that the Church is passionate about learning and the development of the whole person. Christians believe this is God's hope for every person."

17. In its first full year of operation the Parliamentary Unit, working closely with the Council's small team of policy advisers, enabled the Church's voice to be heard more clearly in both Houses of Parliament. This has been especially effective in the ongoing debates on assisted suicide and in the lengthy progress of the Equality Bill. Important objectives were achieved on assisted suicide (with the Mission and Public Affairs Division's work clearly reflected in the new guidelines from the Director of Public Prosecutions) and on the Equality Bill.

18. Globally and across the Church, environmental issues featured heavily in 2009, not least the Copenhagen Summit on climate change in December at which the Archbishop of Canterbury participated. On a less public platform, the Mission and Public Affairs Division also continued to develop, with colleagues in the Cathedral and Church Buildings Division, the *Shrinking the Footprint* programme, providing resources for parishes and dioceses to help reduce their carbon footprint.

19. The Communications Office helped to give the Shrinking the Footprint campaign a new focus with the publication of the Church of England's seven-year climate change action plan in the run-up to the Copenhagen Summit. It also arranged the first ever national conference on climate change for all dioceses, which took place at Lambeth Palace. The plan is for this to become an annual event to co-ordinate the efforts of the dioceses.

20. Through the work of the Council's International Affairs Adviser, the Church of England's Climate Justice Fund was launched in partnership with Tearfund. The aim is to enable all members of the Church to assist fellow Christians in parts of the world most affected by climate change whilst at the same time cutting their own carbon footprint.

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

21. The Church of England, both nationally and locally, has a major stake in the education of children and young people through its statutory involvement in providing schools within the maintained sector and major voluntary provision through parishes and funded youth and children's work. The majority of the Council's engagement in these areas takes place through its Education Division and Board of Education (in partnership with the National Society).

22. There was significant engagement with ministers and officials of the Department for Children, Schools and Families in relation to education legislation and regulations, including establishing new protocols with the Department and Partnerships for Schools over schools capital programmes and with Ofsted to improve the management of

denominational inspections.

23. The Academy programme continues to develop with 7 new Church of England Academies opening in 2009. This brings the total to 27 and makes the Church of England group the largest in the country, serving 34,000 pupils and their families. The first conference for the Family of Academies took place in October, the key theme being the particular expression of church school distinctiveness developing in the academy context.

24. The RE Development Project's first full year resulted in new guidance for both primary and secondary schools and an analysis of the professional development needs of diocesan advisers. Major developments in resourcing schools and dioceses included the expanding leadership training programme in partnership with the National College; the **christianvalues4schools** website, which provides resources for developing distinctiveness; revised guidance on selecting and appointing school staff; and more demanding training for schools inspectors.

25. A major contribution to the national debate was made through a submission to the Government consultation on the future shape of Higher Education over the next ten years. Training for new chaplains was refocused and continuing professional development needs assessed. Major resources for work with young people in Further Education colleges were developed or published: *Welcome to Chaplaincy* training material; *All Faiths and None* study materials and training sessions; and draft guidance on spiritual, moral, social and cultural issues in colleges were all produced during the year.

26. A framework for work with children and young people was finalised and endorsed by the Council (and warmly received by the General Synod in February 2010). *Going for Growth* has already stimulated work in the dioceses and parishes, particularly in relation to children's participation in shaping the life and work of the Church and local communities. In addition, a range of new partnerships in relation to the wider children's agenda were established, including with UNESCO and National Families Week; follow-up work with the Children's Society on the *Good Childhood* report and a key role in promoting and encouraging diocesan celebrations of The Year of the Child.

### Objective 3 – Selecting and resourcing people to carry out public ministry and vocations

27. One of the key strategic objectives of the Archbishops' Council is to enable the Church to select, train and resource the right people, both ordained and lay, to carry out public ministry and to encourage

### Public Consultations

The Archbishops' Council responded to around 50 public consultations during the year, principally through its Communications Office, Mission and Public Affairs, Education, Cathedral and Church Buildings Divisions.

A full list is available on the Archbishops' Council's pages of the Church of England website: [www.cofe.anglican.org](http://www.cofe.anglican.org)

## Online Bible verses give hope to hopeless in current financial situation

Words of hope and specially selected Bible verses have been added to the Church of England's Matter of Life and Debt online initiative to help those suffering from the agony of hopelessness in the current financial situation. Finding hope when struggling with debt complements practical advice and resources for escaping problem debt with simple ways to develop a sense of hope for the future.



*Farmers market in Gloucestershire church*

lay people in their vocations.

28. The Ministry Division undertakes this work on behalf of the Council through a series of core tasks. These include running Bishops' Advisory Panels in order to advise the bishops on who may enter training for the ordained ministry; the oversight and inspection of the quality of initial ministerial education and the provision of a framework for the conditions of service of the clergy and licensed lay ministers of the Church. This latter project has been coordinated nationally with the Human Resources Division to ensure a consistent response to the Government's policy on conditions for atypical workers (which includes clergy, who are counted as office-holders rather than employees). In addition to this core work, the Division advises on the Church's ministry among deaf and disabled people and liaises with the providers of licensed lay ministries – principally, the Reader movement.

29. This is wide-ranging and intensive work and at £12.5m for theological education and training and £1.5m for the operational costs of the Division, it is the largest part of the Council's expenditure. Because of the financial challenges facing the Church as a whole, the Division has been required to make significant savings in its staffing costs in order to reduce its share of Vote 2 (that part of the Council's budget which is intended to support National Church Responsibilities) – and has begun to work within a fixed limited budget for Vote 1 (Training for Ministry). This has resulted in the exercise of even more careful stewardship of the Church's resources.

30. The main activities in 2009 included the introduction of new standards for the inspections of training institutions, as well a new quality assurance handbook with expanded financial and governance criteria. The purpose of the more robust and transparent inspection regime is to ensure a consistent standard in theological education and training in line with the requirements of the House of Bishops. The inspection system was itself examined by Ofsted and given unconditional approval as an accreditation body for institutions wishing to recruit students from beyond the EU.

31. As the implementation date draws near for 'common tenure' (a new way of clergy exercising their ministry as an office-holder and not an employee) there has been a renewed emphasis on Continuing Ministerial Development (CMD) and Ministerial Development Review (MDR) with the aim of assisting dioceses in supporting clergy in ministry. Working with the Human Resources Division and the Legal Office, the Ministry Division has also undertaken detailed work on guidance for dioceses on conditions of service for the clergy

32. The Research and Statistics Department was

commissioned to carry out two distinct research studies of clergy deployment and ordinand expectations. The former was successfully completed in 2009 in partnership with the Ministry Division and has provided strategic insight into current patterns of deployment of parish and chaplaincy clergy. The findings are being shared across the Church, for example at the annual Faith and Research Conference hosted by the Department in collaboration with Cuddesdon Theological College.

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

33. With 45% of England's Grade I listed buildings, no-one has greater responsibility for England's built heritage than the Church of England and our 16,200 churches in virtually every community in England provide a countrywide infrastructure which has huge potential for Government at a time of financial stringency.

34. The Council's concern for the development and maintenance of the Church's inherited fabric for worship and community use is exercised through its Cathedral and Church Buildings Division. Advocacy is a key role of the Division at national level, not least keeping the missionary potential of church buildings in the vision of the Church itself and the community potential of churches in the vision of the Government.

35. Funding remains a major concern for those responsible for maintaining and developing church buildings. In March the Bishop of London launched *Churches and Faith Buildings: realising the potential*, which was jointly produced with five Government departments. The paper recognises the community service provided by many churches and highlights the range of Government funds for which churches providing community services are eligible. The Division is now encouraging cathedral chapters, dioceses, deaneries and parishes to work more closely with local planning authorities and to tap into existing sources of Government funding.

36. More money is needed to maintain our historic churches. While local congregations are themselves finding a massive 66% (£73million) of the £110 million spent annually, English Heritage estimates that we fall short by £75 million annually on the £185 million that needs to be spent on repairs to listed churches. But if the Church is to look to Government for greater funding, we need to be able to demonstrate more clearly something about which we have no doubt ourselves – the 'public benefit' of our churches.

37. The Listed Places of Worship Grant Scheme or VAT refund on repairs to Listed Places of Worship

## Stewardship

The National Stewardship and Resource Officer is located in the Financial Policy and Planning Unit. He is supported by the Stewardship Committee, which is a sub-committee of the Council's Finance Committee.

Following the General Synod's enthusiastic endorsement of the **Giving for Life** report in July 2009, nearly half a million booklets and leaflets have been distributed to parishes to support their nurturing of £519 million of voluntary income. Over 2,000 parishes have already attended presentations on the report and many more are scheduled for 2010. The aim of the initiative is to encourage parishes to have a better strategy for nurturing giving, to increase levels of giving around the Church and to offer support for dioceses introducing networks of parish giving officers to support the first two aims.

Working through the Procurement Group, a Church-wide group with representation from the National Church Institutions (NCIs), dioceses and parishes, the National Stewardship Officer has helped to make alternative buying deals open to parishes for purchasing utilities and stationery. Dioceses and parishes can opt in and out of these deals as and when they wish, maintaining complete flexibility. The Group aims to be able to save the Church over £10 million annually.



has delivered over £100 million across the United Kingdom since its inception in 2001. It produced grants of £12 million in 2009 to England alone, which goes directly to all listed Places of Worship which undertake repairs and claim it. But it is only guaranteed until March 2011.

38. The Church Buildings Division believes that campaigning for the retention of the Listed Places of Worship Grant Scheme is the most pressing and achievable campaign we can collectively undertake. The Churchcare website has a letter which can be adapted and sent to local MPs (or prospective MPs) to argue for its continuation.

39. In September, the Division secured agreement by the Government that concessionary rates should be considered by the water companies for churches and other similar volunteer organisations.

40. In 2009 the Division published two annual reviews reporting on the work of the Cathedrals Fabric Commission for England (which is one of the two statutory bodies serviced by the Division) and of the conservation section, which gives grants to help fund the proper conservation of historic objects. As well as raising the profile of the important work being undertaken, these two reviews were used as vehicles to raise funds directly for conservation and to highlight the funding issues facing cathedrals, with the explicit hope of attracting new funders.

41. In parallel with the government's Planning Policy Statement 15, the Church Buildings Council (the other statutory body serviced by the Division) has begun a process of looking at ways to develop a system of prioritising the casework on which it provides guidance. The aim is for the Council to consider all critical casework nationally and to give dioceses greater clarity on what casework should be referred for central advice.

42. Simultaneously work is progressing to ensure better communication of the work of the Division and to build up the advice available to parishes. The **Churchcare** and **Shrinking the Footprint** websites are core to the dissemination of best practice on all aspects of church maintenance and development and environmental sustainability. Work continues to make these websites more user-friendly and responsive to parish needs, for instance in including a range of case studies of projects, written by congregations and explaining the pitfalls as well as the successes of particular projects.

43. Much greater emphasis is also being placed by the Division on providing training to Diocesan Advisory Committees (DACs) and, with diocesan and other partners, to parishes and others about realising the missionary potential and possibilities for the extended use of church buildings. The first

DAC induction day took place in October and the first *Crossing the Threshold* training day organised in collaboration with the Diocese of Hereford took place in November.

44. Meanwhile the cathedrals team ran and supported a series of successful seminars for those supporting cathedrals, covering subjects ranging from *Shrinking the Footprint* and new art in cathedrals to George Pace and 20th century interventions in cathedrals

45. The part played by volunteers in maintaining our church buildings locally and supporting the bodies tasked with providing advice on managing change in church buildings (such as the DACs) needs also to be celebrated. In 2009 together with the Communications Office and Country Life, the Division ran a very successful competition to find the Unsung Hero of the Rural Church. A strong field of 12 finalists was drawn from over 100 nominations, all of whom were welcomed by the Archbishop of Canterbury to a tea party at Lambeth Palace in early December.

## Legislation

46. Following the coming into force of most of the provisions of the Dioceses, Pastoral and Mission Measure 2007, the Dioceses Commission began its work in 2009. The Commission has a duty to keep the provincial and diocesan structure of the Church of England under review (with the power to draft reorganization schemes) and, in that context, a duty to disseminate guidance and information about good practice in diocesan administration. Its other responsibilities include powers in relation to the creation of joint boards between dioceses and a power (yet to come into force) to require the full process for creating a suffragan see to be undertaken when an existing see falls vacant.

47. In 2009 the Secretary to the Diocesan Commission advised the Dioceses of Portsmouth and Winchester on a scheme to establish a joint Board of Education, which the Commission approved in April.

48. The Commission reviewed the boundary between the Dioceses of Peterborough and Ely. Its report, published in February 2010, recommended intensification of existing commitments to foster a sense of common mission to the City of Peterborough and that the Commission return in due course to the issue of the configuration of the Diocese of Peterborough.

49. The Commission undertook preparatory work for its responsibilities in respect of suffragan sees and promoting sharing of diocesan administration and for its review of the five Yorkshire dioceses (which began in January 2010). It also prepared a background

paper for the July 2009 General Synod debate on the number of bishops and senior clergy.

50. The Commission's web site ([www.cofe.anglican.org/about/gensynodd/commissions.html/diocom](http://www.cofe.anglican.org/about/gensynodd/commissions.html/diocom)) developed during 2009, includes background papers, guidance on the operation of those provisions of the Dioceses, Pastoral and Mission Measure 2007 that relate to its work, and information about its

boundary reviews.

51. Staff of the Ministry Division and the Legal Office worked to produce the draft Ecclesiastical Fees (Amendment) Measure. The draft Measure, whose aim is to put in place a new structure for the making of Parochial Fees Orders, was given First Consideration by the Synod in February 2009 and Final Approval in February 2010.

*On behalf of the Archbishops' Council*

✠ ROWAN CANTUAR:

Church House  
Westminster SW1P 3AZ

Joint Presidents

✠ SENTAMU EBOR:

10 June 2010

## Organisational information

52. The Legal Office and the Ministry and Human Resources Divisions also worked further on the introduction of 'common tenure', securing the approval of Synod for the Ecclesiastical Offices (Terms of Service) Regulations, and supported the work of the Terms of Service Implementation Panel. A process of establishing specialised HR provision in the dioceses is key to the operation of the capability and grievance procedures introduced under the Regulations and the HR Division has been working to ensure that this is in place as well as continuing to offer training.

53. Council staff also continued to provide support for the legislative process on the proposed admission of women to the episcopate. This major piece of work has required significant ongoing input from the Secretary General, the Legal Adviser and Standing Counsel and will continue to do so as the legislative process progresses. The draft legislation was committed to a Revision Committee in February 2009.

54. The Archbishops' Council is established under the National Institutions Measure 1998. Supported at member level by its Boards, Councils and Committees and at staff level by the Secretary-General and its senior staff, 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.

55. 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.

### Service delivery and administration

56. The Council keeps all areas of its work and costs under review and aims to improve its service wherever possible. In an increasingly challenging financial climate, the Council is making every effort to support dioceses and parishes by seeking increased efficiencies and containing its own working costs, both those relating directly to the work outlined above and its own administrative and support costs.

57. The Council's 2010 budget for National Church Responsibilities (Vote 2) was 9% above the level eight years previously, while RPI over the same period increased by 22.5% and average earnings by 29%. This has required significant efficiencies, particularly

as some three-quarters of the Council's costs are staff-related (including accommodation). For 2009, the Council budgeted to contain its expenditure within 2008 levels and for 2010 it has provided for an increase of less than 1% over 2009, while at the same time seeking to meet its objectives and improve the service it offers to the Church. Similar stringency will apply for the 2011 budget round.

58. The Council agreed changes to the (now closed) staff defined benefit pension scheme in order to address the considerable scheme deficit. Financial constraints caused by this and the continuing financial difficulties in the country also meant that the Council (in common with the other NCIs) was unable to offer a pay increase for staff. The Council deeply regrets the necessity of this, but relies for its income on the dioceses (and, in turn, parishes), who are also very hard pressed in the present financial climate.

59. The Council reviews each area of its activity on an annual cycle and this year began to draw on the recommendations of the review of its financial strategy which was approved by the Synod in July to draw up its budget for 2011.

60. From its creation until the end of 2008, the Archbishops' Council was responsible for the provision of all common services for the National Church Institutions, with the other NCIs 'buying' common services in proportion to their use of them. The Joint Employment Common Services Board ('JECBS', see also page 12) with the agreement of the three main governing bodies (the Council itself, the Church Commissioners' Board of Governors and the Pensions Board) agreed that the responsibility for service provision should be shared amongst the three main NCIs from the beginning of 2009. The Council retains responsibility for the Communications Office, the Legal Office and the Human Resources Department. Libraries & Archives, IT, Office Services, Accounting Services and Finance and Resources have passed to the Church Commissioners and responsibility for Internal Audit has passed to the Pensions Board. The JECBS will continue to monitor the provision of all these services and the maintenance of service level agreements. There has been no change in the way these shared services are ultimately funded as each NCI pays its share based on usage. However, there has been a reduction in the number of staff whose managing employer is the Archbishops' Council.

61. In 2009 the Council undertook a review of the structure and operation of its publishing activities with the aim of delivering its core publishing requirements more cost effectively. On 29 June, the Council signed an agreement with the Anglican charity Hymns Ancient and Modern Ltd (HA&M) to publish liturgy (including Common Worship and

supporting materials), key reference titles (including Crockford's Clerical Directory and the Church of England Year Book) and other resources for dioceses, parishes and individuals.

62. Under the agreement, the Council continues to publish a range of titles to support its aims and objectives in its own name under the Church House Publishing imprint, with HA&M acting as its production and marketing arm. The agreement resulted in eight members of the Council's staff being made redundant and two being transferred to HA&M. During the year, the Council set up a review to examine alternatives for the path of Council income and expenditure in respect of the activities funded by the apportionment (income from the dioceses) over the period 2011 to 2015. The recommendations put forward in the review to reduce in real terms the amount the Council requests from dioceses to fund its national work were agreed by the Council in April and presented to the Synod in July. The 2011 budget is the first to give practical expression to the recommendations of the review.

63. The Council has begun a process to establish priorities for the next five years. A small working group consisting of three members of the Council and two members of the Standing Committee of the House of Bishops will make recommendations to the new Synod in November 2010.

64. Joint arrangements for the post of National Safeguarding Adviser (Child and Adult Protection) for the Church of England and the Methodist Church were introduced in 2006, and there is now a joint conference of diocesan and district advisers. In 2009 joint structures were agreed by both Churches. Work on the revision of the House of Bishops' policy document *Protecting All God's Children* was begun together with guidelines for Safer Recruitment (taking into account the establishment of the Independent Safeguarding Authority and the Vetting and Barring Scheme) and work began on guidelines to help churches support those who have experienced sexual abuse. A key area of work was supporting dioceses during the final stages of the Past Cases Review and the coalition of statistical data resulting from the review.

65. The Council has also been engaged in the process of reviewing the structures of the bodies which support it (see next paragraph). The aim of the review is to rationalise the bodies in question so that they can undertake the tasks delegated to them by the Council in the most effective and efficient way. The outcome of the review will be considered by the Council and the Synod during the summer and a final decision taken by the Council in September 2010.

## Boards, Councils and Committees

66. In 2009, the following bodies undertook work as committees of the Archbishops' Council:

- Audit Committee of the Archbishops' Council (chair: Tony Hesselwood)
- Board of Education (chair: the Bishop of Lincoln)
- Committee for the Ministry of and among Deaf and Disabled People (chair: the Bishop of Blackburn)
- Committee for Minority Ethnic Anglican Concerns (chair: The Revd Rose Hudson-Wilkin succeeded in October by the Ven Daniel Kajumba)
- Council for Christian Unity (chair: the Bishop of Guildford)
- Deployment, 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 (chair: Dr Philip Giddings)

## Other bodies

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

## National Church Institutions

68. The Archbishops' Council works in close partnership with the other National Church Institutions: the Church Commissioners, the Church of England Pensions Board, the offices of the Archbishops of Canterbury and York, the National Society and Lambeth Palace Library.

## Staff

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

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

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

72. Almost all staff 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 2009 was 143 (roughly half male and half female). Around 10.5% of the staff were from a minority ethnic background, which represents a reduction from the 14% reported in 2008. This reduction is attributable to the transfer to the Church Commissioners of common services staff, many of whom are from a minority ethnic background. The overall effect of the reallocation of responsibility between the three bodies as from 1 January 2009 (see paragraph 60) was to reduce by 80 the number of staff for whom the Council is the managing employer. The Council's financial commitment remains unchanged.

## Equal opportunities

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

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

75. Equality Advisers are in post to support staff who may feel harassed or bullied and there is an established complaints procedure for dealing with

claims of discrimination. All staff are required to undergo training in equal opportunities awareness and all appointing managers must undertake 'Fair Selection' training before being permitted to interview for staff.

## Environment

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

## Health and safety

77. Together with the other National Church Institutions, with whom the Archbishops' Council is a common employer, the Council has duties under the Health and Safety at Work etc. Act 1974 and associated legislation to protect the wellbeing of its staff and others affected by its work. During 2009, the NCIs further developed and implemented a comprehensive occupational health, safety and welfare system to reduce the risks of accidents and work related ill health and to promote a healthier work/life balance.

## Trustee recruitment and appointment

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

## New faces

79. In December 2009 the terms of appointment of Anne Sloman and Katherine McPherson came to an end. Both made a significant contribution to the Council's work over the seven years they were members. Anne has now become chair of the Church Buildings Council. We wish them both well for the future.

80. In their place the Council was pleased to welcome Mary Chapman, former CEO of the Chartered Institute of Management, and the Revd Dr Rosalyn Murphy, priest-in-charge of St Thomas,

Blackpool. We look forward to working with them over the next five years.

## Trustee induction

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

82. Induction material provided to new members was reviewed during the year and substantially improved.

## Trustee responsibilities

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

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

84. 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.

## Getting the message out

85. Getting the message out about the Council's activities and achievements is a key role for the **Communications Office**. The Office provides media relations, training, internal and website

communications services not only to the Council, but also to the Synod, the House of Bishops, the Church Commissioners and the Pensions Board, working closely with the dioceses. It leads the Church's representations on media policy and answers enquiries from the public. It works strategically with other departments within Church House and across the dioceses of the Church of England.

86. The Communications Offices continued development work with new digital technologies with the launch of an online Advent calendar featuring daily short videos produced in association with the Archbishops and around twenty dioceses. These were made available via the Church of England website ([www.cofe.anglican.org](http://www.cofe.anglican.org)), a dedicated site, Youtube and podcasts.

87. The Communications Office also launched a Twitter feed (@c\_of\_e) and undertook user research and preliminary development in preparation for a 2010 project to relaunch the Church of England website.

88. Under the Church House Publishing imprint, the Council published 33 new titles and sold over 20,000 products to support the work of the dioceses and parishes, including a well-received course and DVD to encourage church growth (*Everybody Welcome*) and two new resources to support the Liturgical Commission's *Transforming Worship* initiative (*Leading Common Worship Intercessions* and *Crafting Common Worship*).

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

90. The Research & Statistics Department also provides a statistical and research resource to the Methodist Church.

## Internal control

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

92. The systems of internal financial control are

designed to provide reasonable assurance against material misstatement or loss. They include:

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

## Risk Management

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

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

## Internal Audit

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

## Audit Committee

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

- External audit: to consider all matters relating to the appointment and removal of the external auditors, to discuss with them the nature and the scope of their audit, and to review their management letter to the Council and its response;
- Annual accounts: to review the annual accounts, looking in particular at changes in accounting

policies and practices, compliance with legal requirements and accounting standards, adjustments arising from the audit and significant areas of judgement;

- Internal controls: to keep under review the effectiveness of the governance, risk management and internal control systems;
- Other National Church Institutions: to liaise with the Audit Committees of the Church Commissioners and the Church of England Pensions Board on matters of mutual concern;
- Representations: to consider representations made to it generally.

## Finance Committee

96. The Finance Committee advises the Archbishops' Council on financial policy issues generally, including the raising and administration of money voted by the General Synod, the apportionment of the Council's costs between dioceses, the preparation of financial statements and the annual budget. It is responsible for overseeing the exercise of financial control.

## Investment: the CBF Church of England Funds

97. The majority of the Council's investments are held in the CBF Church of England Investment fund with smaller holdings in its Property and Fixed Interest Securities Fund. The Council's cash resources are held in its current account or in the CBF Deposit Fund.

98. In 2009 the total return achieved by the Investment Fund was 15.5% compared with its composite benchmark of 21.2%. The underperformance was largely the result of many of the best performing stocks paying low or no dividends, thus being unsuitable for a fund seeking to deliver a relatively high income yield.

99. During 2009 the Council's Finance Committee established an Investment Group to review the Council's investment strategy and governance in this area in the light of the distribution objectives for the funds. The Council and its Finance Committee will consider the Group's recommendations in 2010.

## 100. Ethical investment

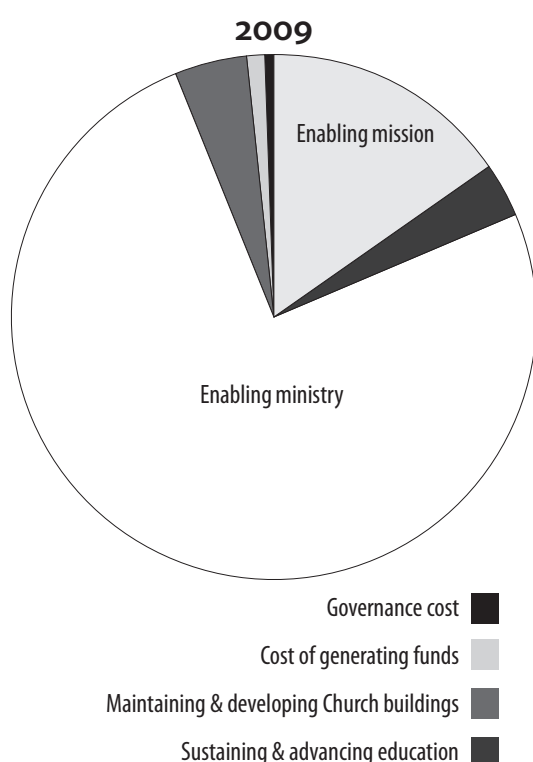
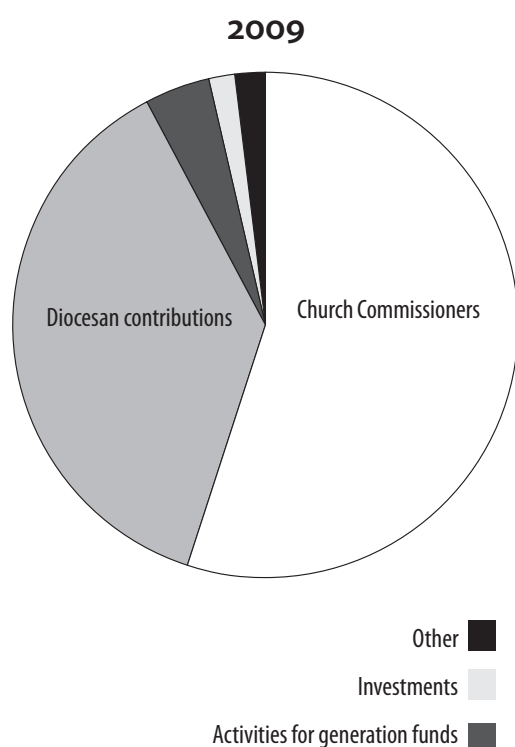
101. The Archbishops' Council supports the work of the Church's Ethical Investment Advisory Group (EIAG), which develops and co-ordinates ethical investment policy on behalf of the three central Church investment bodies. The EIAG makes recommendations based upon considered research, but responsibility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

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

## Review of the consolidated statement of financial activities for 2009

### Monies in and out with comparison to previous years

103. In 2009, the Council's incoming resources totalled £74.3 million, 1.0% above the 2008 level of £73.5 million. This is analysed in the chart below:



104. Most of the Council's incoming resources come from two sources. First, grants from the Church Commissioners (£41.0 million in 2009), which are mainly used to make grants to dioceses to support parish mission and ministry, and secondly contributions from dioceses.

105. In 2009 diocesan contributions totalled £27.6 million, 6.5% more than the £25.9 million the previous year. These funds are requested from dioceses by way of an apportionment formula which takes diocesan resources into account and thus includes an element of mutual support between dioceses. The most significant increases in the sums requested from the dioceses in 2009 compared with the previous year were for Training for Ministry and the subsidy for the Clergy Retirement Housing scheme. We are grateful to dioceses and their parishes for insuring that the requested apportionment for 2009 was paid in full.

106. Funds are used for five main purposes which are voted on separately by 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).

107. The Council set a cap to ensure the maximum apportionment increase for any diocese in 2009 was 8.5%, 2% more than the overall increase in apportionment. In order to seek to give greater predictability to dioceses of the funds likely to be requested from them each year by way of the diocesan apportionment, the Council commissioned a financial strategy review for 2011-2015. This report, which was endorsed by the Council, sought 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. This strategy was based on the assumption that the Council's costs in respect of Training for Ministry will be planned and, if necessary, capped. It was also acknowledged that the strategy would require a significant reduction in the activities funded as National Church Responsibilities as compared with current commitments and expectations. The Council will begin to implement this strategy in earnest when preparing its 2011 budget for consideration by General Synod in July 2010.

108. In 2009 resources expended or distributed by the Council totalled £74.1 million, 1.2% more than in 2008. Resources expended in these two years are analysed between the Council's areas of charitable activity in the following chart (opposite):

109. The largest grants made by the Council are to support ministry and mission, representing 75% and 15% respectively of the resources expended by the Council.

110. The three main grant streams for ministry

were as follows:

- Ministry support grants to poorer dioceses. In 2009 grants totalling £29.9 million (2008: £28.7 million) were made to the 29 dioceses calculated as having below average resources per stipendiary minister, 16 of which received more than £1million. Dioceses use these grants to help fund parish mission and ministry in those parishes which are least able to afford it.
- Training for Ministry. In 2009 a total of £11.9 million (2008: £11.4 million) was provided for training for ordained ministry. This included funding for colleges, courses and schemes providing approved residential and non-residential training courses and grants to those undertaking training.
- Extra mission and ministry support. In 2009 £5.7 million (2008: £8.0 million) was distributed between all English dioceses under this funding stream based on their stipendiary clergy numbers. This money was made available by the Church Commissioners in 2008-2010 following the changes to the clergy pension scheme agreed by General Synod in 2007. Most dioceses are using the money to help them meet the additional pension costs for clergy but some are using it to support mission in the diocese in other ways.

111. The main grant scheme for supporting mission is called mission development funding. In 2009, a total of £5.0 million (2008: £4.8 million) was distributed between all English dioceses under this

funding stream.

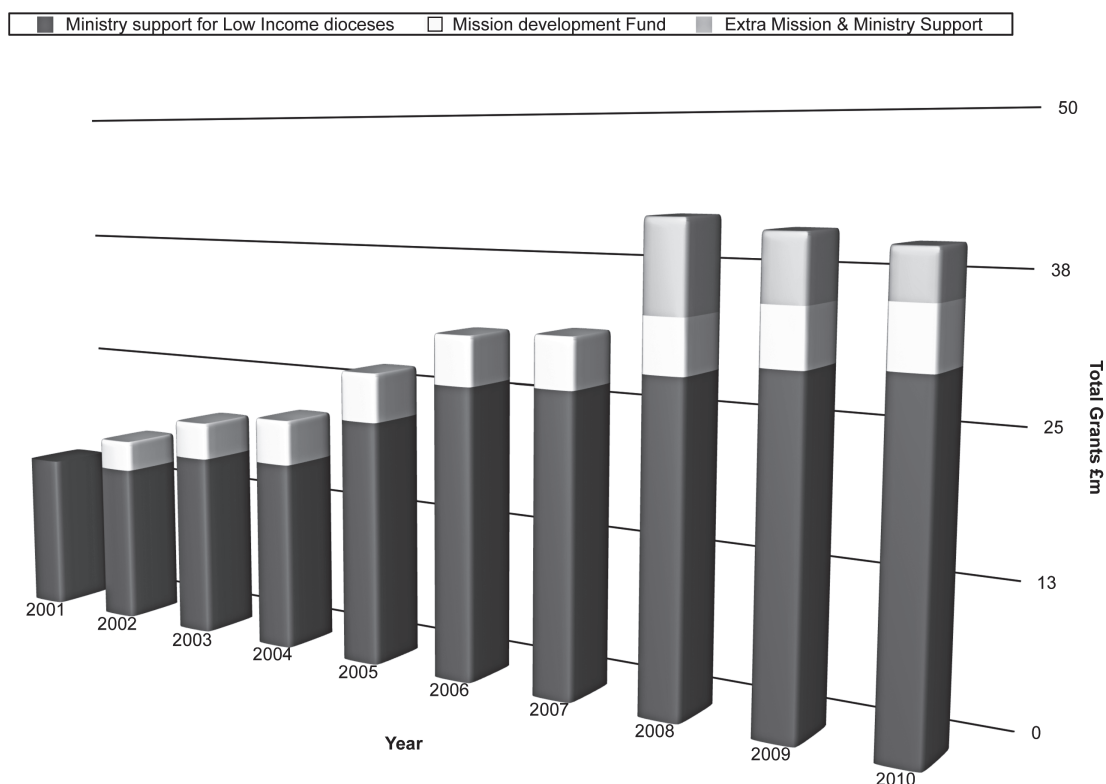
112. The level of parish mission and ministry support grants provided to dioceses since 2000 is shown in the graph below (these figures exclude payments made directly to parish clergy by the Church Commissioners). In 2009 the amount distributed as ministry support for poorer dioceses was double the amount distributed eight years previously. In 2009 mission development funding was 73% above the sum distributed in 2002 when the scheme was introduced.

113. The charts below (right) shows the money spent under each of the Council's votes since 2000. In 2009 expenditure on Training for Ministry was £11.7 million. As a result of expenditure in this category in 2009 and in previous years 559 people were ordained as deacons in 2009. In the 2009/2010 academic year 1,349 ordinands were undertaking training in preparation for their forthcoming ordination.

114. Expenditure under Vote 2 (National Church Responsibilities) in 2009 was £10.1 million. Over the past five years expenditure under this heading has increased by an average of 1.3% p.a. compared with an average increase in the retail prices index of 2.8% p.a.

115. Expenditure on the subsidy for the clergy retirement housing scheme in 2009 was £3.1 million.

**Total Grants to dioceses for parish mission and ministry support by Type**



The subsidy enables the Pensions Board to limit the sum paid by occupants of rental scheme properties to 30% of their total income. It also funds the costs incurred by the Pensions Board in administering the scheme which, at the end of 2009, had 1,284 properties.

116. Expenditure on grants and pension and contributions for mission agency clergy totalled £1.7 million and £0.7 million respectively.

## Overview of use of restricted funds

117. During the year the Council completed a review of its restricted funds. As a result the number of funds was reduced by merging funds with identical or sufficiently similar purposes. Management plans were produced for the larger and most significant funds to enable them to be used more effectively in support of the Council's objectives.

118. The Council reaffirmed its legacies policy. In respect of unrestricted legacies its 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.

119. During the year unrestricted legacy money (totalling £0.3 million) was allocated to support the weddings project, the *Shrinking the Footprint* environmental initiative and to help redevelop the

Church of England website to make it more accessible and relevant to current and potential users.

## Comment by the trustees about going concern

120. 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 policy on reserves in respect of each of its Votes, the existence of certain restricted funds and confirmation from the Church Commissioners that, in 2010, 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.

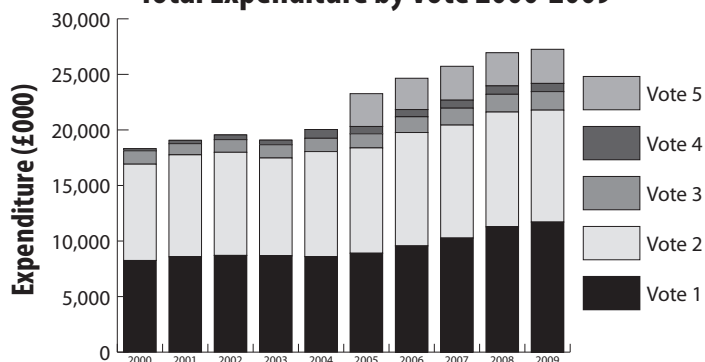
## Reserves policy

121. 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 accounting period and to assist in cashflow management. For Votes 1 and 2 (the latter of which is unrestricted), the policy is to hold between 1.5 and 3 months' net monthly expenditure as reserves, excluding the sums held as designated funds. The range for Vote 3 reserves is between £150,000 and £300,000 and for Vote 4 between £50,000 and £200,000. The policy level for Vote 5 is to hold between one and two months' expenditure as reserves.

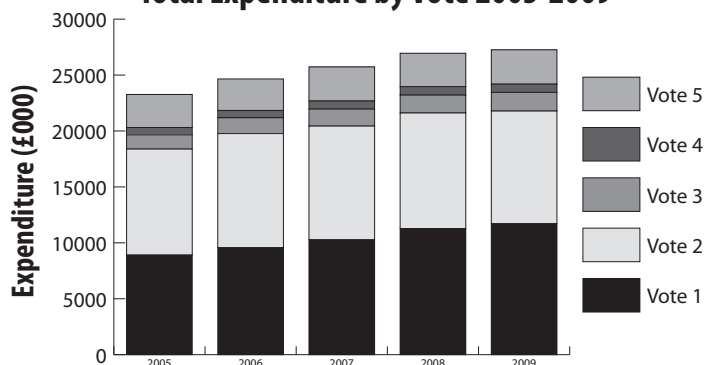
122. The Council reviews the policy levels each year when preparing its budget for the forthcoming year for presentation to General Synod. In 2009 it was agreed to maintain the existing policy. In 2010 the Council agreed to change the policy range for Votes 3 and 4 to hold reserves between 1.5 and 3 months' net monthly expenditure.

123. At the end of 2009 the balances for reserves for Votes 1-3 were in line with the target ranges. The reserve for Vote 4 exceeded the maximum level and the Council has set its 2011 budget with the intention of bringing this reserve below its maximum level by the end of 2011. The Vote 5 reserve and the designated Clergy Retirement Housing Fund remain below the minimum level for Vote 5 reserves. Therefore in 2010 the Council agreed to designate a further £175,000 of unrestricted reserves to bring the combined balance on the Vote 5 reserve and the designated Clergy Retirement Housing Fund to the minimum policy level.

**Total Expenditure by Vote 2000-2009**



**Total Expenditure by Vote 2005-2009**



## **Professional advisers**

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

# Administrative information

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

Membership of the Archbishops' Council from 1 January 2009 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	(5)
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 Norman Russell (Canterbury)	(6)
The Revd Canon Glyn Webster (York)	(4)

## Officers of the House of Laity (ex officio)

Canon Dr Christina Baxter (Chair, House of Laity)	(6)
Dr Philip Giddings (Vice-Chair, House of Laity)	(6)

## Elected by the House of Bishops

The Rt Revd Graham James	(5)
The Rt Revd Timothy Stevens	(4)

## Elected by the House of Clergy

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

## Elected by the House of Laity

Paul Boyd-Lee	(6)
Christina Rees	(6)

## Appointed by the Archbishops with the approval of the General Synod

Andrew Britton	(6)
Mary Chapman (from 1 January 2010)	(-)
Professor John Craven	(6)
Philip Fletcher	(6)
Katherine McPherson (until 31 December 2009)	(5)
The Revd Dr Rosalyn Murphy (from 1 January 2010)	(-)
Mark Russell	(4)
Anne Sloman (until 31 December 2009)	(6)

## A Church Estates Commissioner

Andreas Whittam Smith, First Church Estates Commissioner	(6)
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(The figures in brackets indicate the number of meetings each member attended in 2009; the Archbishops' Council met on six occasions in 2009.)

## 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  
Janet Gough, Director of Cathedral and Church Buildings  
The Ven Christopher Lowson, Director of Ministry  
Su Morgan, Director of Human Resources  
Stephen Slack, Head of Legal Office and Chief Legal Adviser to the General Synod  
The Revd David Williams, Head of Central Secretariat and Clerk to the Synod

### Senior staff of Common Resources departments managed by other NCIs

Declan Kelly, Director of Libraries, Archives and Information Services  
Kim Parry, Head of Internal Audit  
Ian Theodoreson, Chief Finance Officer

## Website

The website for the Church of England is at [www.cofe.anglican.org](http://www.cofe.anglican.org)

## Offices and advisers

Registered office:	Church House, Great Smith Street, London SW1P 3AZ Tel: 020 7898 1000 Fax: 020 7898 1558
Investment managers:	CCLA Investment Management Limited, 80 Cheapside, London EC2V 6DZ Tel: 020 7489 6000 Fax: 020 7489 6126
Bankers:	National Westminster Bank plc, City of London Office, 1 Princes Street, London EC2R 8BP
Solicitors:	The Head of the Legal Office of the Archbishops' Council
Auditors:	BDO Stoy Hayward LLP, Emerald House, East Street, Epsom, Surrey KT17 1HS

**Financial Statements**  
for the year ended 31 December 2009



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

**for the year ended 31 December 2009**

We have audited the financial statements of The Archbishops' Council for the year ended 31 December 2009 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

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

## ***Respective responsibilities of members of the Council and auditors***

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

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

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

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

## ***Basis of audit opinion***

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

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

## ***Opinion***

In our opinion

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 December 2009, and of the group's incoming resources and application of resources, for the year then ended;
- the parent charity's financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent charity's affairs as at 31 December 2009; and
- the financial statements have been properly prepared in accordance with the Charities Act 1993.

## **BDO LLP**

*Chartered Accountants and Registered Auditors*  
*Epsom, Surrey*

Date:

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



# **CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES** **for the year ended 31 December 2009**

	Notes	Unrestricted Funds (note 15) £000	Restricted and Expendable Endowment Funds (note 16) £000	Total 2009 £000	2008 £000
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from charitable activities</b>					
Church Commissioners income		-	40,954	<b>40,954</b>	42,159
Diocesan contributions		10,148	17,451	<b>27,599</b>	25,907
<b>Voluntary income</b>					
Grants receivable and other income		13	558	<b>571</b>	382
Other income	3	451	340	<b>791</b>	1,115
<b>Activities for generating funds</b>					
Income from activities for generating funds	4	3,104	-	<b>3,104</b>	2,405
<b>Investment income</b>	5	<u>47</u>	<u>1,187</u>	<b><u>1,234</u></b>	<u>1,566</u>
<b>Total incoming resources</b>		<u>13,763</u>	<u>60,490</u>	<b><u>74,253</u></b>	<u>73,534</u>
<b>RESOURCES EXPENDED</b>					
<b>Charitable activities</b>					
- Enhancing mission	6	3,707	7,683	<b>11,390</b>	11,227
- Advancing education & lay discipleship	6	2,329	195	<b>2,524</b>	2,255
- Selecting & resourcing for public ministry	6	4,209	51,637	<b>55,846</b>	55,945
- Development of Church buildings for worship & service	6	<u>2,675</u>	<u>480</u>	<b><u>3,155</u></b>	<u>2,445</u>
		12,920	59,995	<b>72,915</b>	71,872
<b>Costs of generating funds – Church House Publishing</b>					
		983	-	<b>983</b>	1,097
<b>Governance costs</b>	7	<u>231</u>	<u>-</u>	<b><u>231</u></b>	<u>246</u>
<b>Total resources expended</b>		<u>14,134</u>	<u>59,995</u>	<b><u>74,129</u></b>	<u>73,215</u>
<b>Net (outgoing)/incoming resources before exceptional items and transfers</b>					
		(371)	495	<b>124</b>	319
Net transfers between funds	15,16	<u>281</u>	<u>(281)</u>	<u>-</u>	<u>-</u>
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>					
		(90)	214	<b>124</b>	319
<b>Surpluses/(Deficits) on revaluation and realisation of assets</b>					
Investments - Unrestricted		23	-	<b>23</b>	(63)
Restricted	10	-	738	<b>738</b>	(2,595)
Expendable endowment:					
Church & Community Fund	10	-	1,225	<b>1,225</b>	(5,027)
Properties	11	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25)</u>
<b>NET MOVEMENTS IN FUNDS FOR THE YEAR</b>		<u>(67)</u>	<u>2,177</u>	<b><u>2,110</u></b>	<u>(7,391)</u>
<b>Total funds at 1 January</b>	15,16	<u>8,665</u>	<u>31,312</u>	<b><u>39,977</u></b>	<u>47,368</u>
<b>Total funds at 31 December</b>	15,16	<u>8,598</u>	<u>33,489</u>	<b><u>42,087</u></b>	<u>39,977</u>

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

**CONSOLIDATED BALANCE SHEET**  
as at 31 December 2009

		Consolidated (including CCF)		Charity (excluding CCF)	
	Notes	2009 £000	2008 £000	2009 £000	2008 £000
<b>FIXED ASSETS</b>					
Investments	10	24,455	22,513	8,218	7,651
Properties	11	3,225	3,225	3,225	3,225
Other fixed assets	12	808	941	808	941
		<u>28,488</u>	<u>26,679</u>	<u>12,251</u>	<u>11,817</u>
<b>CURRENT ASSETS</b>					
Investments		207	184	207	184
Stocks		265	332	265	332
Debtors: amounts falling due within one year	13	2,944	5,707	2,944	5,707
Debtors: amounts falling due after more than one year	13	963	1,110	963	1,110
Short term deposits		10,401	5,751	9,751	4,688
Cash at bank and in hand		2,832	3,741	2,775	3,966
		<u>17,612</u>	<u>16,825</u>	<u>16,905</u>	<u>15,987</u>
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(4,013)</u>	<u>(3,527)</u>	<u>(3,328)</u>	<u>(2,890)</u>
<b>NET CURRENT ASSETS</b>		<u>13,599</u>	<u>13,298</u>	<u>13,577</u>	<u>13,097</u>
<b>NET ASSETS</b>		<u>42,087</u>	<u>39,977</u>	<u>25,828</u>	<u>24,914</u>
<b>ACCUMULATED FUNDS</b>					
Unrestricted Funds					
- General	15	5,690	5,767	5,690	5,767
- Designated	15	2,908	2,898	2,908	2,898
		<u>8,598</u>	<u>8,665</u>	<u>8,598</u>	<u>8,665</u>
Restricted Funds	16	17,230	16,249	17,230	16,249
Expendable endowment funds: Church & Community Fund	16	16,259	15,063	-	-
		<u>42,087</u>	<u>39,977</u>	<u>25,828</u>	<u>24,914</u>

The 'Charity' column of the balance sheet excludes the Church & Community Fund (see note 1).

The financial statements were approved by the Archbishops' Council on 10 June 2010 and signed on its behalf by:

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

**Andrew Britton, Chair of the Finance Committee**

**CONSOLIDATED CASH FLOW STATEMENT**  
**for the year ended 31 December 2009**

	Notes	<b>Total</b> <b>2009</b> <b>£000</b>	2008 £000
<b>Net cash inflow/(outflow) from operating activities</b>	18	<u><b>2,766</b></u>	<u>(1,550)</u>
<b>Returns on investment and servicing of finance</b>			
Investment income		<b>1,234</b>	1,566
<b>Net cash inflow from returns on investment and servicing of finance</b>		<u><b>1,234</b></u>	<u>1,566</u>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		<b>(280)</b>	(408)
Purchase of fixed asset investments		<b>(397)</b>	-
Sale of fixed asset investments		<b>418</b>	
<b>Net cash outflow from capital expenditure and financial investment</b>		<u><b>(259)</b></u>	<u>(408)</u>
<b>Management of liquid resources</b>			
Increase in short term deposits	19	<b>(4,650)</b>	(195)
<b>Net cash outflow from management of liquid resources</b>		<u><b>(4,650)</b></u>	<u>(195)</u>
<b>Decrease in cash in the year</b>	20	<u><u><b>(909)</b></u></u>	<u><u>(587)</u></u>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **for the year ended 31 December 2009**

#### **1. BASIS OF PREPARATION AND CONSOLIDATION**

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

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

The Consolidated Statement of Financial Activities includes gross income of the Charity of £73,415,000 and net incoming resources of £153,000.

##### ***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 purpose of each restricted fund is disclosed in the Statement of Restricted Funds (note 16).

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

##### ***Expendable Endowment Funds***

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

##### ***Fund transfers***

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

#### **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.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 December 2009

### 2. PRINCIPAL ACCOUNTING POLICIES (continued)

#### (c) Grants payable

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

#### (d) Governance costs

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

#### (e) Support costs

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

#### (f) Fixed assets

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

*Properties:* stated at market value. Surpluses or deficits on the revaluation and disposal of properties are taken directly to the statement of financial activities. The realisation of a property is recognised when it is considered certain. Properties are revalued every five years and the Council 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%
Vehicles	25%

#### (g) Pension costs

The Council participates in three main pension funds and one other employee benefit scheme, as set out in Pensions (note 21). A new defined contribution scheme was set up in 2006 for employees commencing service after 30 June 2006. The three other main schemes are all defined benefit schemes. The defined benefit schemes are multi-employer schemes as defined in Financial Reporting Standard 17: Retirement Benefits. 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**  
**for the year ended 31 December 2009**

**3. OTHER INCOME**

	<b>2009</b>	2008
	<b>£000</b>	£000
Legacies	<b>477</b>	663
Donations	<b>138</b>	237
Other	<b>176</b>	215
	<b>791</b>	1,115

**4. INCOME FROM ACTIVITIES FOR GENERATING FUNDS**

	<b>2009</b>	2008
	<b>£000</b>	£000
Church House Publishing	<b>964</b>	980
Shared Services and Accommodation	<b>1,920</b>	1,412
Other	<b>220</b>	13
	<b>3,104</b>	2,405

With effect from 1 July 2009 The Archbishops' Council signed an agreement with Hymns Ancient & Modern to publish liturgy, key reference titles and other resources for the Church.

Under the agreement, the Council will continue to publish a range of titles to support the ministry and mission of the Church under its Church House Publishing imprint, with Hymns Ancient and Modern (HA&M) acting as its production and marketing arm.

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2009

**5. INVESTMENT INCOME**

	<b>2009</b>	2008
	<b>£000</b>	£000
Dividends & Interest from CBF Church of England investment funds	<b>1,046</b>	1,005
Interest from loans to Church colleges of education	<b>55</b>	-
Other Interest	<b>133</b>	561
	<b>1,234</b>	1,566

**6. CHARITABLE ACTIVITIES**

	Notes	Enhancing mission £000	Advancing education & lay discipleship £000	Selecting & resourcing for public ministry £000	Development of Church buildings for worship & service £000	<b>2009</b>	2008
		£000	£000	£000	£000	<b>Total £000</b>	Total £000
Grants payable	8	7,710	-	51,303	272	<b>59,285</b>	59,739
<i>Direct Costs</i>		<i>1,452</i>	<i>1,038</i>	<i>1,996</i>	<i>1,291</i>	<i><b>5,777</b></i>	<i>5,243</i>
<i>Support Costs</i>							
Management		854	569	976	610	<b>3,009</b>	2,987
Finance		302	202	345	216	<b>1,065</b>	936
Information Technology		116	77	132	83	<b>408</b>	388
Human Resources		88	59	101	63	<b>311</b>	289
Accommodation		868	579	993	620	<b>3,060</b>	2,290
Total Charitable Activities		<u>11,390</u>	<u>2,524</u>	<u>55,846</u>	<u>3,155</u>	<u><b>72,915</b></u>	<u>71,872</u>
Total Charitable Activities 2008		<u>11,227</u>	<u>2,255</u>	<u>55,945</u>	<u>2,445</u>	<u>71,872</u>	<u>71,872</u>

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 December 2009

### 7. GOVERNANCE COSTS

	2009	2008
	£000	£000
Internal and external audits	138	154
Legal and support costs	84	84
Membership and committees	9	8
	<b>231</b>	<b>246</b>

The fee for audit services for the year was £66,000 (2008: £36,000). The amount for 2009 includes £29,000 (2008: £nil) in respect of an additional fee for the 2008 audit. Fees for non-audit services due to the external auditors were £nil (2008: £ nil).

### 8. GRANTS PAYABLE

#### (a) Grants payable to dioceses

The Council applied £40,821,000 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.

	Total	
	2009	2008
	£000	£000
Ministry support for low income dioceses	25,878	24,739
Mission development funding	5,012	4,795
Stipend allocations	4,056	3,998
Extra mission and ministry support	5,700	8,000
Other	175	100
	<b>40,821</b>	<b>41,632</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **for the year ended 31 December 2009**

#### **8. GRANTS PAYABLE (continued)**

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

Vote 1 provides funds towards training for ordained ministry. Colleges, courses and schemes receive funding towards the cost of training the number of ordinands at the institution. Ordinands in residential training receive standard allowances towards the cost of maintenance, and their travel expenses. Ordinands training non-residentially are eligible for grants towards the cost of books and travel expenses. Ordinands training on local ministry schemes are funded in partnership with the sponsoring diocese. Total grants paid in 2009 were £11,852,000 (2008: £11,366,000).

##### **(c) Grants payable through Grants (Vote 3)**

Vote 3 provides funds towards the work of the Anglican Communion office, the national and international ecumenical agencies, legal aid and the administrative costs of the Church Urban Fund. Total grants paid in 2009 were £1,068,000 (2008: £1,516,000).

##### **(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 £740,000 in 2009 (2008: £756,000). The contribution was made in respect of an average number of clergy of 94 in 2009 (2008: 98).

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

Vote 5 provides funds towards the repair, maintenance and other costs associated with housing provided for clergy retiring from stipendiary ministry, under the CHARM scheme administered by the Church of England Pensions Board. It meets the cost of the subsidy provided within the rental arm of the scheme to limit to 30% (25% in the case of older loans) the proportion of a pensioner's income required to pay the rent set by the Pensions Board, together with the administrative costs of the scheme. The costs were £3,074,000 (2008: £3,127,000).

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 December 2009

### 8. GRANTS PAYABLE (continued)

#### (f) Other grants payable

	Unrestricted Funds	Restricted Funds	Total	
			<b>2009</b>	2008
			<b>£000</b>	£000
Church & Community Fund	-	782	<b>782</b>	580
Training for the Ministry	-	149	<b>149</b>	198
Other	-	799	<b>799</b>	564
	-	1,730	<b>1,730</b>	1,342

### 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:

	<b>2009</b>	2008
	<b>£000</b>	£000
Salaries	<b>5,679</b>	8,326
National Insurance contributions	<b>486</b>	703
Pension costs (note 21)	<b>1,137</b>	1,891
	<b>7,302</b>	10,920
Recharge to other NCIs	<b>(852)</b>	(3,092)
Net cost incurred by The Archbishops' Council	<b>6,450</b>	7,828

The average number of staff employed during the year was:

	<b>2009</b>	2008
	<b>Number</b>	Number
Mission & Public Affairs	<b>21</b>	21
Education	<b>14</b>	15
Ministry	<b>24</b>	25
Cathedrals & Church Buildings	<b>15</b>	14
Fundraising	<b>8</b>	11
Support	<b>61</b>	149
	<b>143</b>	235

With effect from 1<sup>st</sup> January 2009 the managing employer for 80 support staff transferred from The Archbishops' Council to the Church Commissioners (73) and the Church of England Pensions Board (7).

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

	<b>2009</b>	2008
	<b>Number</b>	Number
£ 60,001 to £ 70,000	<b>3</b>	3
£ 70,001 to £ 80,000	<b>8</b>	8
£ 80,001 to £ 90,000	<b>-</b>	1
£100,001 to £110,000	<b>1</b>	1
£140,001 to £150,000	<b>1</b>	1
	<b>13</b>	14

All staff whose emoluments were more than £60,000 are accruing retirement benefits 10 under defined benefit schemes and 3 under the defined contribution scheme. The Council's contribution in respect of these employees was £211,969.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 December 2009

### 9. STAFF NUMBERS AND COSTS (continued)

#### Members of the Council

Expenses incurred in attending Council and committee meetings and on other business of the Council were reimbursed to members of the Council. There were claims from 15 members (2008: 15) amounting to £8,670 (2008: £8,101). The members of the Council have no entitlement to salary or pension arising from their services to the Council.

During the year, £470 (2008: £1,149) was paid to the husband of one of the Council members (Christina Rees) in respect of communication training services.

### 10. INVESTMENTS

	Charity		Group	
	2009	2008	2009	2008
	£000	£000	£000	£000
FIXED ASSETS				
At 1 January	7,651	10,245	22,513	30,135
Additions	247	-	397	-
Transfers to current asset investments	-	-	-	-
Disposals	(418)	-	(418)	-
Net (deficit)/surplus on revaluation	738	(2,594)	1,963	(7,622)
At 31 December	<u>8,218</u>	<u>7,651</u>	<u>24,455</u>	<u>22,513</u>

£556,000 of the investments are managed by M&G Securities Ltd.

£212,000 of the investments are managed by L&G.

£23,000 of the investments are held in various shareholdings.

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

The structure of the CCLA portfolio under the control of the Council at 31 December 2009 was:

	2009 %
CBF Church of England Investment Fund	94.55
CBF Church of England Property Fund	5.39
CBF Church of England Fixed Interest Securities Fund	0.06
	<u>100</u>

At 31 December 2009, the CBF Church of England Investment Fund comprised 42.4% UK equities, 36.9% overseas equities, 5.1% property, 1.6% fixed interest, 8.7% infrastructure, and 5.3% cash.

The CBF Church of England Property Fund comprised 94.9% invested in commercial property in the UK, and 5.1% in cash.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 December 2009

### 11. PROPERTIES

#### Group and Charity

	Unrestricted Funds	
	2009	2008
	£000	£000
At 1 January	3,225	3,250
Net deficit on disposals and revaluation	-	(25)
At 31 December	3,225	3,225

At 31 December 2009, properties comprised:

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

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

b) 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.

### 12. OTHER FIXED ASSETS

	Capital under construction	Office equipment	Leasehold improvements	Total
	£000	£000	£000	£000
<b>Cost</b>				
At 1 January	361	574	2,439	3,374
Additions	(361)	641	-	280
At 31 December	-	1,215	2,439	3,654
<b>Depreciation</b>				
At 1 January	-	479	1,954	2,433
Charge for the year	-	167	246	413
At 31 December	-	646	2,200	2,846
<b>Net book value</b>				
At 31 December 2009	-	569	239	808
At 31 December 2008	361	95	485	941

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2009**

**13. DEBTORS**

	<b>2009</b>	2008
	<b>£000</b>	£000
<b>Amounts due within one year</b>		
Trade debtors	<b>405</b>	351
Prepayments	<b>43</b>	748
Amounts due from NCIs for other costs	<b>2,008</b>	3,374
Amounts due from Colleges and Schools	<b>124</b>	178
Other debtors	<b>364</b>	1,056
	<b>2,944</b>	5,707
<b>Amounts due after more than one year</b>		
Amounts due from Colleges and Schools	<b>963</b>	1,110

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

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2009

**14. CREDITORS**

	<b>Charity</b>		<b>Group Total</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>£000</b>	£000	<b>£000</b>	£000
<b>Amounts due within one year</b>				
Trade creditors	<b>1,789</b>	895	<b>1,827</b>	895
PAYE, NIC & pension contributions	<b>29</b>	402	<b>29</b>	402
Grants payable	<b>377</b>	428	<b>1,010</b>	1,023
Other creditors	<b>381</b>	376	<b>391</b>	415
Accruals and deferred income	<b>752</b>	789	<b>756</b>	792
	<b>3,328</b>	2,890	<b>4,013</b>	3,527

**15. STATEMENT OF UNRESTRICTED FUNDS**

	At 1 January 2009	Income	Other movements	At 31 December 2009
	£000	£000	£000	£000
<b>GENERAL FUNDS</b>	<b>5,767</b>	<b>13,301</b>	<b>(13,378)</b>	<b>5,690</b>
<b>DESIGNATED FUNDS</b>				
Aerials Project Fund	71	-	(71)	-
CBF Lump Sum Pension Fund (note 21d)	82	-	(3)	<b>79</b>
Church Schools Fund	785	1	-	<b>786</b>
Five Yearly Planned Maintenance	775	109	91	<b>975</b>
Flowers legacy	425	254	(104)	<b>575</b>
Weddings project	99	-	(99)	-
Weddings II project	0	25	264	<b>289</b>
Relocation Fund	140	-	(140)	-
Staff Retirement Fund	233	-	(203)	<b>30</b>
Other legacies	226	-	(226)	-
Clergy Retirement Housing Fund	-	-	111	<b>111</b>
Other	62	73	(72)	<b>63</b>
	<b>2,898</b>	<b>462</b>	<b>(452)</b>	<b>2,908</b>
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>8,665</b>	<b>13,763</b>	<b>(13,830)</b>	<b>8,598</b>

**(a) General funds**

These funds represent the Unrestricted Funds of the Council for general use in meeting national Church responsibilities, which are not designated for particular purposes. However, £3,225,000 of the general funds represent the valuation of the Parkstead and St Katherine's freeholds, which are subject to long leases (note 11).

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2009

### 15. STATEMENT OF UNRESTRICTED FUNDS (continued)

#### (b) Designated funds

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

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

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

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

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

The Relocation Fund comprises funds from dioceses and NCIs to be used to offset depreciation charges relating to the office improvement costs incurred by the Council in 1998-9. 2009 being the final year when such charges applied.

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

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.

#### (c) Transfers

The major transfers during the year were:

##### *General Funds to Designated Funds*

£91,000 was transferred to the Five Yearly Planned Maintenance Fund.

£111,000 was transferred to the Clergy Retirement Housing Fund.

£148,000 was transferred to the Staff Retirement Fund.

##### *Designated Funds to General Funds*

£70,000 was transferred from the Aerials Project.

£140,000 was transferred from the Relocation Fund.

##### *Between Designated Funds*

£226,000 was transferred from Other legacies to the Weddings II Project.

£86,000 was transferred from the Flowers Legacy to the Weddings II Project.

##### *Expendable Endowment Funds (CCF) to General Funds*

£320,000 was transferred from the Church and Community Fund.

##### *General Funds to Restricted Funds*

£39,000 was transferred to CHARM (Vote 5) to meet expenditure during the year.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 December 2009

### 16. STATEMENT OF RESTRICTED FUNDS

	At 1 January 2009 £000	Income £000	Other movements £000	At 31 December 2009 £000
The Archbishops' Council Ministerial Training Trust Fund (ACMTTF)	1,931	315	(321)	1,925
CHARM (Vote 5)	83	2,935	(3,018)	-
Church Colleges of Education Fund	2,816	55	-	2,871
Clergy Support Funds	3,327	71	(1,818)	1,580
Dioceses Fund	274	40,823	(40,820)	277
Grants and Provisions Fund (Vote 3)	173	1,824	(1,824)	173
Inter-Diocesan Support Fund (Vote 4)	192	803	(740)	255
Training for Ministry Fund (Vote 1)	1,849	12,055	(11,731)	2,173
Jenkinson Legacy	-	35	713	748
CCB Sundry Funds	-	16	209	225
Legal Aid Funds	-	8	758	766
Sundry funds	1,728	611	(436)	1,903
	<u>12,373</u>	<u>59,551</u>	<u>(59,028)</u>	<u>12,896</u>
Other funds controlled				
Church of England Special Purposes Fund	1,618	-	241	1,859
Women's Continuing Ministerial Trust	1,169	77	60	1,306
Other	1,089	24	56	1,169
Total other funds controlled	<u>3,876</u>	<u>101</u>	<u>357</u>	<u>4,334</u>
<b>TOTAL RESTRICTED AND ENDOWMENT FUNDS EXCLUDING THE CCF</b>	<b>16,249</b>	<b>59,652</b>	<b>(58,671)</b>	<b>17,230</b>
<b>Expendable endowment funds: CCF</b>				
Church and Community Fund	15,063	838	358	16,259
<b>TOTAL RESTRICTED AND EXPENDABLE ENDOWMENT FUNDS</b>	<b><u>31,312</u></b>	<b><u>60,490</u></b>	<b><u>(58,313)</u></b>	<b><u>33,489</u></b>

<b>Analysis of transfers:</b>	<b>2009 £000</b>
Transfers to Unrestricted Funds	(320)
Transfers from Unrestricted Funds	39
Total transfers	<u>(281)</u>

#### Transfers:

The major transfers during the year were:

#### *Between Restricted Funds*

£394,000 was transferred from Vote 3 to Legal Aid Fund.

CCB Sundry Funds and Legal Aid Fund were previously held within Sundry Funds.

Jenkinson Legacy was previously held within Clergy Support Funds.

#### *Unrestricted Funds to Restricted Funds*

£39,000 was transferred from Vote 2 General Funds to CHARM (Vote 5) to meet expenditure during the year (as referred to in note 15c).

#### *Expendable Endowment Funds (CCF) to General Funds*

£320,000 was transferred from the Church and Community Funds (As referred to in note 15c).

# NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2009

## 16. STATEMENT OF RESTRICTED FUNDS (continued)

	Fixed assets	Cash and short term deposits	Debtors	Creditors	Net assets
Restricted funds	7,972	9,139	1,495	(1,376)	<b>17,230</b>
Expendable endowment funds: CCF	16,236	707	-	(684)	<b>16,259</b>
<b>TOTAL RESTRICTED FUNDS</b>	<b>24,208</b>	<b>9,846</b>	<b>1,495</b>	<b>(2,060)</b>	<b>33,489</b>

The other funds contained in the financial statements of £4,334,000 (2008: £3,876,000) are those where the Council is the custodian and has control. The purpose of each fund is as follows:

<b>Fund</b>	<b>Purpose</b>
Church of England Special Purposes Fund	For the advancement of religion in accordance with the doctrine of the Church of England
Women's Continuing Ministerial Trust	To assist ordained women

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

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

## 17. STATEMENT OF OTHER FUNDS

### *Other funds with separate and independent trustees*

The Council acts as custodian trustee for a number of funds which have trustees separate and independent from the Council but where the Council holds the trusts' investments on their behalf. During 2009 two funds became wholly independent following transfer of their funds to their independent trustees. The remaining funds had a combined income of £214,000 (2008: £58,000) and expenditure of £64,000 (2008: £360,000) and, at 31 December 2009, net assets of £2,467,000 (2008: £2,316,000).

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2009**

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

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Net incoming/(outgoing) resources during the year	<b>124</b>	319
Depreciation	<b>413</b>	310
Investment income	<b>(1,234)</b>	(1,566)
Decrease in stocks	<b>67</b>	(5)
Decrease/(increase) in debtors	<b>2,910</b>	(808)
Increase / (decrease) in creditors	<b>486</b>	200
<b>Net cash inflow/(outflow) from operating activities</b>	<b><u>2,766</u></b>	<b><u>(1,550)</u></b>

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

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Decrease in cash in the year	<b>(909)</b>	(587)
Increase in short term deposits	<b><u>4,650</u></b>	<u>195</u>
	<b>3,741</b>	(392)
Net funds at 1 January	<b><u>9,492</u></b>	<u>9,884</u>
Net funds at 31 December	<b><u>13,233</u></b>	<b><u>9,492</u></b>

**20. ANALYSIS OF CHANGE IN NET FUNDS**

	<b>At 1 January 2009</b>	<b>Cash flows</b>	<b>At 31 December 2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	3,741	(909)	<b>2,832</b>
Short term deposits	<u>5,751</u>	<u>4,650</u>	<b><u>10,401</u></b>
	<b><u>9,492</u></b>	<b><u>3,741</u></b>	<b><u>13,233</u></b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **for the year ended 31 December 2009**

#### **21. PENSIONS**

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

##### **(a) The Church Workers Pension Fund**

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

A valuation of the Fund was carried out as at 31 December 2007 and the Council's contribution rate was revised with effect from 1 January 2009. The contribution rate for future service from 1 January 2009 was 24.9%. The Council paid contributions of £5,800 in 2009 (2008: nil, due to a pension contribution holiday). There is one employee in the Fund (2008: one).

##### **(b) The Church Administrators Pension Fund**

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

The Council paid contributions (exclusive of the additional contributions) to the Fund totalling £909,000 (2008: £1,393,000) in respect of 84 employees (2008: 158). This represented a contribution rate of 23.4% of pensionable salaries.

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 and in consultation with the other NCIs, the Council paid an additional contribution of £184,000 in 2009 (2008: £175,000). These additional contributions, which are expected to be paid until 31 December 2016, are expected to increase by 3% per annum.

Following the review as at 31 December 2005, further additional contributions starting at £250,000 per annum were being made by the participating employers for fifteen years from 1 January 2007 to 31 December 2021, increasing annually in line with general salary inflation, of which the Council's share in 2009 was £132,000 (2008: £126,000).

The last 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 increased deficit revealed by the 31 December 2008 valuation, the level of additional contributions to be made by the employers has been increased to £2,050,000 per annum from 1 July 2010 to 30 June 2025, increasing annually in line with general salary inflation, and the rate at which members accrue benefits prospectively has been reduced. The exact share of this deficit contribution between the NCI's is yet to be decided. In addition, the employers will be responsible for making contributions towards the administration costs of the scheme, estimated at £200,000 per annum and the cost of Pension Protection Fund levies.

###### **ii. Defined Contribution Section**

A new defined contribution section of the Fund has been set up for those commencing service after 30 June 2006. The Council paid contributions of £137,000 (2008: £187,000) for 41 employees (2008: 57).

##### **(c) The Church of England Funded Pensions Scheme**

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

A valuation of the scheme was carried out as at 31 December 2006 and the Council's contribution rate decreased from 39.8% to 39.7% of pensionable stipends with effect from 1 April 2008. The Council paid contributions to the Fund totalling £91,000 (2008: £57,000) in respect of 9 employees (2008: 7). Following an interim valuation as at 31 December 2009, the contribution rate will increase to 45.0% of pensionable stipends with effect from 1 January 2010.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **for the year ended 31 December 2009**

#### **(d) Central Board of Finance Lump Sum Scheme**

A sum of £79,000 (2008: £82,000) (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 36 (2008: 40) former CBF employees upon reaching retirement age. The Scheme has Inland Revenue approval under section 20 of the Finance Act 1970.

#### **22. 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 £1,171,380 (2008: £1,256,000). The cost is shared with the other National Church Institutions.

#### **23. COMMITMENTS AND CONTINGENCIES**

##### **a) Training for Ministry candidates**

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

At 31 December 2009 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 2010) 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.



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