



GS 2096

The Archbishops' Council

Annual Report and Financial Statements
for the year ended 31 December 2017





The Archbishops' Council

Annual Report and Financial Statements for the year ended 2017

Registered Charity Number 1074857

This report is printed on paper sourced from managed
forests and sustainable raw materials

Picture credits

With thanks to Keith Blundy, Gloucester Cathedral, Hereford
Cathedral, Lambeth Palace, Diocese of Liverpool, National
Society (for the promotion of education), Salisbury Cathedral,
Jonty Sexton, Adam Shaw, Winchester Cathedral and
The Office of the Archbishop of York.



This report features some QR (Quick Response) codes, as above, which can be used to access additional content. To scan these two-dimensional barcodes, ensure you have a QR code reader installed on your smartphone (they come as standard on new phones). Open the QR code reader on your phone. Hold your device over a QR code so that it is clearly visible within your smartphone's screen. The device will automatically scan the code. (On some readers, you may have to press a button to snap a picture, similar to the button on your smartphone camera.)



Contents

Page 4	Presidents' Foreword
Page 5	The Archbishops' Council
Page 6	From the Secretary General
Page 8	Renewal and Reform Summary
Page 9	Income and Expenditure Summary
Page 10	Evangelism
Page 12	Discipleship
Page 14	Ministry
Page 16	Common Good
Page 18	Education
Page 20	Resources for the Church
Page 22	Safeguarding
Page 24	Governance for the Church
Page 26	A Church for All People
Page 28	The Council's Plans for 2018
Page 30	Resources
Page 34	Structure and Accountability
Page 40	People and Organisation
Page 42	Administrative Information
Page 44	Independent Auditor's Report
Page 46	Financial Statements

Presidents' Foreword



Our annual report for 2017 conveys the central role played by the Archbishops' Council in supporting the mission and ministry of the Church of England through bringing more people to Christ, encouraging vocations to lay and ordained ministry and deepening the faith of Christian communities.

The Council's role in promoting the Church of England's vision for education and supporting dioceses overseeing schools across the country remained a key part of its work along with helping to ensure that the Church's 16,000 buildings remain an asset to their local communities.

We were especially pleased by the launch of the Clewer Initiative, the three-year programme to help the Church of England's 42 dioceses support the victims of modern slavery and identify signs of exploitation in communities. We welcomed the appointment in 2017 of a



national coordinator to promote the Community Sponsorship scheme for refugees amongst Church of England parishes.

The Council continued work to ensure that the Church of England becomes a growing church once more for all people and places. New and heartening developments included a 14% rise in 2017 of women and men entering training for ordination to the ministry, the highest for a decade. The Council oversaw the successful implementation of a new framework for financing ordination training and its work to support digital evangelism continued to take big strides forward.

2017 saw the publication of key national policy and guidance on safeguarding, and the conclusion of the programme of independent safeguarding audits for all dioceses. The Council continues its work to promote a safer church through a stronger national approach to

safeguarding in strengthening the consistency and quality of the Church's response to protecting children and vulnerable adults.

The Council supported bishops and dioceses responding to tragic events in 2017 – from the London and Manchester terror attacks to the Grenfell Tower disaster – through prayer and practical action for those affected. As voters took part in the second General Election in just over two years, our pastoral letter to the parishes and chaplaincies of the Church of England emphasised the need for cohesion and stability and highlighted Christian virtues of love, trust and hope.

This is the Archbishops' Council eighteenth annual report. We express our heartfelt thanks for the prayers and hard work of all those who have helped us to achieve so much over this year in the dioceses, parishes and National Church Institutions.

 **Justin Cantuar:**

 **Sentamu Ebor:**

The Archbishops' Council

at a glance

The Council was established under the National Institutions Measure 1998 to provide a focus for leadership and executive responsibility and a forum for strategic thinking and planning.

The Council's statutory object is to:

“

Coordinate, promote, aid and further the work and mission of the Church of England.”

The Council continues to set its strategic aims and objectives against the three priorities reaffirmed at the start of the current quinquennium:

- 1. Contributing to the common good**
- 2. Promoting the spiritual and numerical growth of the Church**
- 3. Seeking to re-imagine, reshape and re-energise lay and ordained ministry**

The Council seeks to do this by

- giving a clear strategic sense of direction to the national work of the Church of England, within an overall vision set by the House of Bishops and informed by an understanding of the Church's opportunities, needs and resources;
- overseeing delivery of the Renewal and Reform agenda;
- encouraging and resourcing the Church in parishes and dioceses;
- promoting close collaborative working between the Church's national bodies, including through the management of a number of common services;
- supporting the Archbishops with their diverse ministries and responsibilities; and
- engaging confidently with the Government and other national bodies.

The work of the Archbishops' Council is principally resourced by contributions from Church of England dioceses and funds made available to it by the Church Commissioners. Under the terms of the National Institutions Measure, the Council distributes each year money made available by the Church Commissioners to support ministry and mission in the dioceses. In 2017 this amounted to some £92.6 million. (See page 9 for details.)

From the Secretary General



2017 has been a year of significant change for the Archbishops' Council. Last year I reported that the Council had committed itself to the work of Renewal and Reform, and begun to implement much of the work flowing from it. That continued in 2017. The theme of Renewal and Reform flows through very much of this report too.

But the structure of this report is different. At the beginning of the year, the Council agreed a new set of charitable objectives for its work. These are reflected in the structure of the annual report, and of course in the financial statements. There are nine objectives in total. In short form they are: Evangelism; Discipleship; Ministry the Common Good; Education; Resources for the Church; Safeguarding; Governance for the Church and a Church for All People. Our work is now driven by these objectives, and our resources allocated accordingly.

The second major change in 2017 is the implementation, as part of Renewal and Reform,

of the *Resourcing the Future* proposals, as agreed with the Church Commissioners and the General Synod. The Council now makes much more deliberate use of the resources provided to it by the Church Commissioners, with large grants available on application from dioceses for projects for evangelism and church growth; and significant sums made available to dioceses for ministry in lowest income communities. The Commissioners have also made available additional time-limited funding to enable dioceses to adapt to these changes.

The grants for mission and growth – Strategic Development Fund (SDF) grants – are allocated by a new sub-committee of the Council, the Strategic Investment Board, which began its work in January 2017. It makes grants that can cover a number of years ahead. These grants are commitments by the Council which, thanks to agreement with the Commissioners, are covered by equivalent commitments to future payments from the Commissioners. In cash terms the Strategic Investment Board can allocate up to £24 million annually for projects. But taking account of commitments to future years, the Board awarded over £44 million of SDF funding to 27 dioceses in 2017. These are accounted for in 2017. As a consequence of this, and the associated transitional funding from the Commissioners, the Council's recorded expenditure in 2017 rose to £137 million

compared to £85 million in 2016. We report on some of the projects supported by this SDF funding elsewhere in this report.

Note 5 to the financial statements shows how this expenditure supported the nine new objectives. The largest element is Ministry, which includes £24 million of Lowest Income Communities funding, plus transitional and restructuring funding, and grants for ministry training. The second-largest element is Evangelism, which includes the £45 million of Strategic Development Funding. The third largest element, Resources for the Church, included £10.6 million of grants to cathedrals funded by the Government's First World War Centenary Cathedrals Repair Fund.

In future we can expect to see some of these trends continue. Though the Government's Cathedrals Repair Fund will come to an end, as will in time the transitional and restructuring funding, the Council's commitment to evangelism and ministry will certainly persist. There will also be an enhanced focus on discipleship, as we continue implementation of *Setting God's People Free*, and on objective nine: a Church for All People.

One of the most exciting developments reported in this report is the 14% increase in the number of people entering training for the ordained ministry. The Church has set itself an

aspiration to increase vocations to the ordained ministry by 50% in order to halt and then reverse the decline in numbers of stipendiary clergy. 2017 saw a very healthy start in this process.

I would like to highlight some other significant aspects of Renewal and Reform under way in 2017:

- The Council's commitment to digital evangelism and discipleship was expressed in a number of ways: through extensive research shaping a new Church of England website, with page views up 20% on the old site; overhauling the A Church Near You website, with traffic up 50% in December 2017 from December 2016; and a successful Advent and Christmas campaign, #GodWithUs, which had a reach of 6.8 million on social media.
- The simplification workstream saw the passage through the General Synod of the Legislative Reform Measure and other legislation to simplify aspects of ecclesiastical law to help dioceses and parishes with their mission.
- The first year of full implementation of the *Resourcing Ministerial Education* reforms, which give dioceses more control over the money spent on training candidates for the ordained ministry.

- The implementation of *Setting God's People Free*, a challenging programme to create a seven-day-a-week culture of discipleship for all Christian people.
- A programme of peer review of dioceses, enabling a spirit of mutual learning between dioceses about their strategies or vision, and their plans for giving them reality.

The spirit of mutual learning and accountability embodied by the diocesan peer review programme was also reflected in a parallel programme of audits of diocesan safeguarding activity carried out by the Social Care Institute for Excellence on behalf of the Council's National Safeguarding Team. Safeguarding was another very important area of the Council's activity in 2017. We are still in the process of catching up with some of the infrastructure and best practice needed for safeguarding in today's Church, with intensive activity to improve policies, practices and training for safeguarding across the Church. There is much still to do, but significant improvements are being made.

2017 also saw a period of intensive cooperation with the Independent Inquiry into Child Sexual Abuse (IICSA), and preparations for the hearings that IICSA will hold on Anglican Church issues during 2018. The Archbishops' Council is a core participant in the Inquiry, and has provided over 25,000 documents with disclosures ongoing, and

numerous witness statements to the Inquiry at the time of writing.

I would like to finish with some personal notes. Staff in the Council were shocked and saddened by two sudden deaths of colleagues towards the end of the year. Bernadette Kenny, the Chief Executive of the Church of England Pensions Board, and one of the chief officers of the National Church Institutions (NCIs) based at Church House, died suddenly in October, and Francis Bassett, the Assistant Secretary of the Council for Christian Unity, and an NCIs' employee of almost 40 years' standing, also died suddenly in November. They both contributed enormously to the work and the spirit of Church House, and they are much missed.

Also in 2017 we said farewell to two directors, Arun Arora who returned to parish ministry after serving as Director of Communications, and Mike Eastwood who completed two years' secondment as part-time director of Renewal and Reform. My colleagues and I have all benefited greatly from their service here, and wish them well in their continuing roles in the Church. I would also like to thank Lorna Ashworth, who left the Council in November, for her service to its work, and to welcome Adrian Greenwood, elected as her successor.



William Nye LVO, Secretary General

Renewal and Reform

Summary

Renewal and Reform is an ambitious body of work that seeks to provide a narrative of hope to the Church of England in the 21st century.

It is rooted in a sense of Biblical hope and an understanding of Christ's call to us to pray that the Lord of the harvest will send out workers into the harvest field [Luke 10:2] to become a growing church, in every region and for every generation; a church open to and for everyone in England, building up the Body of Christ and working for the common good; a confident church, equipping new generations of leaders, ordained and lay. It builds on the three goals articulated by the Council and embraced by the General Synod in 2010, to:

- Contribute as the national Church to the common good;
- Facilitate the growth of the Church in numbers and depth of discipleship; and
- Re-imagine the Church's ministry.

Set against these three priorities, and following a period of reflection in early 2017, the Archbishops' Council agreed a new set of nine objectives, for the period 2017 to 2020, to enable it to better align and focus its resources on taking forward Renewal and Reform. The Archbishops' Council's new objectives (which will be explored in more detail in the pages that follow) may be summarised as follows:

- | | | |
|-----------------|-----------------------------|------------------------------|
| 1. Evangelism | 4. Common Good | 7. Safeguarding |
| 2. Discipleship | 5. Education | 8. Governance for the Church |
| 3. Ministry | 6. Resources for the Church | 9. A Church for All People |

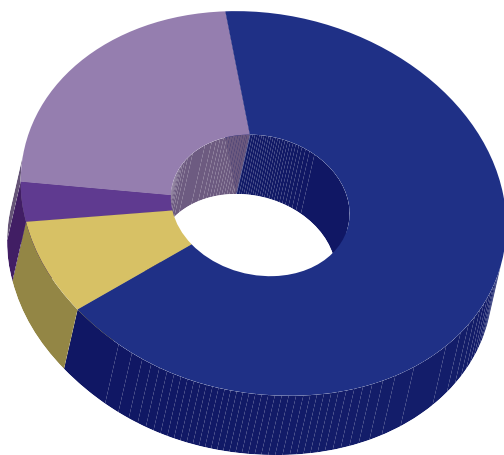
As part of the Renewal and Reform programme, particular highlights of 2017 have included:

- The introduction of major changes to the Council's grants to support mission and ministry in dioceses, from funding made available by the Church Commissioners. To oversee the new grant arrangements the Council also established a new committee, the Strategic Investment Board (SIB), which is responsible for distributing the funding for dioceses and evaluating its impact.
- The appointment of two new directors: Debbie Clinton, who will oversee and ensure the implementation of the national workstreams relating to Renewal and Reform and Dave Male, who will establish and lead the work of a newly formed directorate whose task is to oversee and strengthen the work of the national Church in Evangelism and Discipleship as it contributes to the objectives of the Archbishops' Council.
- A 14% increase in numbers training for the priesthood (with a particular increase of 17% in women coming forward for ordination).
- The production of new Renewal and Reform discipleship resources, *The Pilgrim Way* (Catechism).

Income and Expenditure

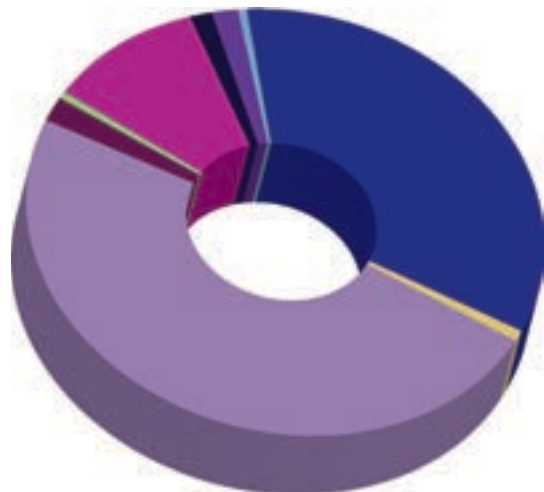
Summary

The graphs below show the breakdown 2017 income and expenditure for the Archbishops' Council, both of which increased by over £50 million compared to 2016 levels. The driver for this increase was the additional grant funding awarded to and by the Council (see Resources section on page 30 for further details). Resources expended are shown analysed by the nine objectives set by the Council in early 2017.



Analysis of 2017 incoming resources of £139.0m

- Church Commissioners (£92.5m)
- First World War Centenary Cathedrals Repair Fund (£10.6m)
- Other (£4.9m)
- Diocesan apportionment (£31.0m)



2017 resources expended (£137.3m) by activity

- Evangelism (£46.6m)
- Discipleship (£1.1m)
- Ministry (£66.8m)
- Common Good (£2.7m)
- Education (£0.8m)
- Resources for the Church (£14.7m)
- Safeguarding (£1.6m)
- Governance for the Church (£2.6m)
- A Church for All People (£0.4m)

Evangelism

Objective: to bring more of the people of England to the faith of Christ through the Church of England.

A new team was set up by the Council in 2017, which comes into effect in 2018, to help support the work of bringing people to faith and deepening their Christian life in all the dioceses, parishes and other ministries of the Church of England. Dave Male, formerly National Adviser for Pioneer Development, was appointed to head this work, as Director of Evangelism and Discipleship. Also part of the team is Nick Shepherd, as Director of the Setting God's People Free programme of inspiring and sustaining Christian faith in everyday life.

Changes to the grants distribution system to make it more suited to the aims of advancing the Church's mission, first set out as part of Renewal and Reform, became fully operational in 2017.

Mission projects supported by £45 million in Strategic Development Funding were announced on behalf of the Archbishops' Council, underlining its commitment to renewing the Church across England.

Grants were allocated to dioceses for work ranging from a six-year programme in deprived outer urban estates of Blackpool, to rural ministry and mission in Salisbury Diocese, and mission and ministry to children, young people and families in Sheffield. Grant recipients also included:

the Diocese of Birmingham, for work with young people and proclaiming the Christian faith in diverse multi-cultural contexts; Leicester, for developing leadership and vocations amongst Black, Asian and other Minority Ethnic Christians; and Chelmsford, to support the planting of churches in vast new housing areas. The Bishop of Chelmsford, the Rt Revd Stephen Cottrell, said:

“

I am proud to be serving an expanding diocese that continues to support new communities as much as established ones.”

On baptisms, weddings and funerals, work continued throughout 2017 to promote the missional opportunities presented by these 'life events'. Conferences were held in 15 dioceses on sharing the Good News of the Gospel with families and individuals who seek the Church at these key life moments. 2017 also marked the second Godparents' Sunday, aimed at encouraging and inspiring the estimated 350,000 people who take on this role across the country each

year. On wedding projects, a major piece of research into the views of 18 to 35 year olds on marriage was commissioned and undertaken in 2017, and is due for publication in 2018. Meanwhile, the Church of England funerals conference was held for the second time, attracting more than 150 delegates and international keynote speakers.

CASE STUDY:

Thy Kingdom Come

In 2017, hundreds of thousands of people across the world in 85 countries took part in the second *Thy Kingdom Come* event (10 days of prayer between Ascension and Pentecost) inspired by the Archbishops of Canterbury and York, culminating in a special Pentecost Service broadcast live on BBC One. To watch the Archbishop of Canterbury reflecting on *Thy Kingdom Come* in 2017, scan the QR code below:



#GodWithUs



Discipleship

Objective: to strengthen the Christian faith and life of all who worship God in the Church of England.

One of the key aims of the Renewal and Reform programme is to help deepen the faith of Christians and inspire people who are not ordained to spread the Gospel and to live out their faith in the workplace and every day life.

Setting God's People Free, a report commissioned by the Archbishops' Council and published in 2017, called on Christians to be equipped to live out their faith in every sphere, including the workplace. The report, given overwhelming backing by the General Synod, seeks to affirm the complementary roles of clergy and lay people for the flourishing of the Church. Advocating for the empowerment of the estimated one million church attenders who are not ordained, *Setting God's People Free* mandates a shift in culture and proposes steps to nourish what is already working in parishes. Following publication of the report, a programme director for Setting God's People Free was appointed, to facilitate the implementation of the report's recommendations. This included beginning focused work with 27 pilot dioceses on inspiring Christians who are not actively involved in church leadership.

Further work was also commissioned on the religious and spiritual lives of young

people, with the publication of research by ComRes, *Talking Jesus*, looking at perceptions of Jesus, Christians and evangelism among 11 to 18 year olds. The report, launched by Hope Revolution and supported by the Council, has inspired Mission Academy Live, 10 new video-based sessions aimed at helping young people share their faith with non-Christian friends. Launched in October 2017, Mission Academy Live has more than 500 churches taking part so far and is growing. Deepening faith and strengthening discipleship is also a key strand in projects promoting mission and growth in dioceses across the country funded by the Strategic Development Fund. St Nicholas Church in central Bristol, closed for 65 years, was due to reopen in 2018, after receiving funding from the SDF, with one of its aims to deepen discipleship through prayer, Bible reading, service and leadership.

“

For me it's being set free to be His Church. To be the people who draw our identity from our faith; who are developing and growing as Christians, but who are also seeking to be ambassadors for Christ wherever we are – in our homes; in our schools; in our workplaces; in our coffee shops. And if we do that then we're all engaged in Renewal and Reform; we're all engaged in the task of being a Church that's Good News for our nation.”

Programme Director for Setting God's People Free

Evangelism and Discipleship

CASE STUDIES

#GodWithUs campaign

The #GodWithUs Advent and Christmas campaign in 2017, supported by the Council, aimed to reach the public online with the Christian message and increase the number of people attending their local church for a service or event. Thanks to collaboration across churches, dioceses and national Church bodies, the campaign had a national reach of 6.8 million. Three videos were produced that shared the joy of going to a local church at Christmas, along with films for the #GodWithUs reflections that received two million views across Facebook, Twitter, Instagram and YouTube. The #GodWithUs series of reflections were seen 844,000 times across social media, email and by text message. Church House Publishing sold 80,000 copies of the #GodWithUs booklet accompanying the campaign – making it CHP's best-selling title of 2017 – and 18,000 were distributed free to clergy. Working alongside #GodWithUs, the relaunched A Church Near You mobile-friendly website listed 56,000 Christmas services ahead of Christmas 2017, 22,000 more than the year before. To watch the first video, scan the QR code below:



Fresh Expressions

In 2017 St Albans Diocese was awarded a £1.75 million grant, as part of the Archbishops' Council Strategic Development Funding stream. The funding is a core element of Renewal and Reform – the Church's initiative to promote growth in every community. The grant, which will be received over the next five years, will be used by St Albans to support their plans to create 8,000 disciples of Christ, primarily through new Fresh Expressions groups. Fresh Expressions groups serve those outside the Church, or those new to the Christian faith. During the summer of 2017, BBC Three Counties Radio travelled to different Fresh Expressions churches in St Albans Diocese highlighting the work already going on. To listen to the broadcast on BBC Three Counties Radio *Sunday Breakfast*, scan QR code below:



The Pilgrim Way

Following a call from the General Synod for more resources to support discipleship, the authors of the Pilgrim course (designed originally for those exploring the Christian faith) developed a catechism for Pilgrim, to support Christians in their new journey of faith.

The Pilgrim Way was published as a pocket-sized, full-colour booklet by Church House Publishing in December 2017. It was also placed at the heart of a new *Our Faith* section of the relaunched Church of England website, drawing extensively on the content of Pilgrim and accompanied by free online video and audio resources – including video interviews with ordinary Christians discussing their experiences of faith and discipleship. To view video content, images and further resources, scan the QR code below:





Ministry

Objective: to ensure there are sufficient ordained and lay ministers of the required gifts and qualities, who are effectively deployed to enable the Church of England to fulfil its mission, and to support those ministers in their calling, development, ministry and retirement.

Work on achieving a key Renewal and Reform aim of a 50% increase in candidates for ordination by 2020 received a boost with the news that the number of men and women entering training to become priests in the autumn of 2017 rose to 544, the highest level for a decade. The number of women entering training rose by 19% to 274 compared to 2016 and the biggest intake of female ordinands for more than a decade, while the number of younger ordinands, in the under 32 years age group, rose by nearly two-fifths to 151, accounting for 28% of the total. The Council remains committed

to working towards sustaining this increase. Key projects aiming to deliver this increase made progress in 2017. The national Minority Ethnic Vocations Conference held its fourth successful conference in October, addressed by the Bishop of Woolwich, Dr Karowei Dorgu. The conference is set to expand in 2018 to cater for rising demand. The Ministry Experience Scheme, which offers a year's placement in churches around the country for young adults, aged 18 to 30 years old, grew from 63 participants in academic year 2016/17 to 81 in 2017/18.

Latest research shows 40% of participants pursuing a path to ordination and a further 30% exploring lay ministry roles.

Two large-scale research projects examining the well-being and flourishing of ordained ministers, and supported by the Council, published findings in 2017. The Living Ministry study, following four cohorts of ordained ministers and ordinands over a decade, released its first tranche of research. The long-running Experiences of Ministry Project, exploring the views of 6,000 Church of England clergy, and aimed at informing national strategies for supporting ministry,



also published research at a conference at King's College London Business School. The membership of the panel drawing up the Covenant for Clergy Well-Being was also announced following a debate on clergy well-being held at the General Synod, with the aim of bringing proposals for the Covenant back to the General Synod by July 2019. 2017 also saw the launch of the Serving Together consultation, inviting contributions on the theology of lay ministries, strategy for growth and how best to support dioceses in following good practice from those who excel in lay ministry.

“

The increase in numbers of those called to serve as clergy reflects a great deal of hard work, especially in the dioceses and local churches, but also the persistent and dedicated prayers of many in the churches

both during the post-Easter prayer campaign for vocations and throughout the year. We are thankful for God's generosity and goodness shown in the gifts we have been given.”

Julian Hubbard,
Director of the Church of
England's Ministry Division

Common Good

Objective: to contribute to transforming our society and communities more closely to reflect the Kingdom of God through loving acts of neighbourliness and service to all.

The bishops in the House of Lords were supported in making interventions on a range of issues throughout 2017, from responses to the Grenfell Tower disaster and the Westminster terror attack, to campaigns on internet safety, refugees, gender equality, and the impact of Fixed Odds Betting Terminals (FOBTs) on local communities.

The Council continued to promote the Community Sponsorship scheme for refugees, appointing a national coordinator in 2017 to carry forward work with Church of England parishes.

The General Synod gave overwhelming backing to a motion calling for the maximum stake for FOBTs to be reduced from £100 to £2 in an effort to reduce the damaging effect of the machines on communities.

Later in the year, Church of England members were encouraged to make their views known following the publication of a Government consultation on FOBTs. Other major areas of work included the launch – with the backing of the Prime Minister – of the Clewer Initiative, a three-year programme to help the Church of England's 42 dioceses work to support victims of modern slavery and identify the signs of exploitation in their local communities.

Ahead of the General Election in June, a pastoral letter from the Archbishops of Canterbury and York was issued to the parishes and chaplaincies of the Church of England urging people to set aside "apathy and cynicism" and draw new inspiration from the Christian virtues of love, trust and hope. Following the result, the General Synod gave overwhelming backing to a motion calling for a values based politics based on the common good.

The Church of England continued to participate in the public debate over ethics, science and faith. The Bishop of Oxford was appointed as a member of the House of Lords Select Committee on Artificial Intelligence, which is due to report in early 2018. Council staff assisted the Templeton World Charity Foundation in making its second and third rounds of grants to churches participating in the Scientists in Congregations scheme. The Foundation and the Council are partners in this scheme, which is part of Equipping Christian Leadership in an Age of Science, a three-year Durham University project aimed at helping churchgoers engage with science and change the debate on this issue in churches and communities.

“

Opportunities to renew and re-imagine our shared values as a country ... only come around every few generations.

We are in such a time.

Our Christian heritage, our current choices and our obligations to future generations and to God's world will all play a shaping role. If our shared British values are to carry the weight of where we now stand and the challenges ahead of us, they must have at their core cohesion, courage and stability.”

Excerpt from the pastoral letter issued by the Archbishops of Canterbury and York to the parishes and chaplaincies of the Church of England

Common Good

CASE STUDIES

Urban estates ministry

An ambitious programme aimed at deprived urban estates in Lancashire was singled out for funding in 2017 as part of the drive to renew the Church of England.

A total of £1.54 million was allocated for the programme in Blackburn Diocese to fund work in outer urban estates and parishes over six years. (It will focus on training new leaders, both lay and ordained, with a view to providing a model for other dioceses, while also strengthening mission in the areas where the work is located.) Working with the churches of St Mark's, Layton and St Luke's, Staining a lead evangelist and a pioneer evangelist, based at Grange Park Church Army Centre of Mission in Blackpool, will be funded to continue work already under way by clergy and congregation on the estate. A network will also be set up across Blackpool to help parishes support each other in mission and evangelism.

The award will also fund 20 young adults to take part in the Blackpool Ministry Experience over the next six years. They will live on the Mereside Estate in Blackpool and work with Freedom Church on the Mereside Estate alongside local residents, as well as in nearby deprived urban parishes in Blackpool.

A 'leadership hub' in outer estates ministry for both lay and ordained training will be created in the parishes of Lower/Over Darwen near Blackburn, led by St James' Church.

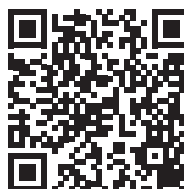
“

I am delighted to hear the news of the success of our application for funding. I believe passionately that if we are serious about the renewal of the Church we must commit ourselves afresh to proclaiming the Good News to the poor. This project will share the Good News with people living on our urban estates by planting a number of new congregations.”

Bishop of Burnley, the Rt Rev Philip North

Clewer Initiative

The Prime Minister and the Archbishop of Canterbury gave their backing to the launch of the Clewer Initiative in 2017, aimed at mobilising the Church of England's 12,000 parishes in the battle to eradicate modern slavery. The three-year programme supported by the Archbishops' Council is helping the Church of England's 42 dioceses to support victims of modern slavery and identify the signs of exploitation in their local communities. Work was already under way in dioceses, with training and information sessions on how to provide support and identify victims. A total of 38 dioceses joined the Clewer network in 2017, with 17 appointing project leaders to coordinate anti-slavery work. The project is set to expand in 2018. Scan the QR code below to view the launch video:



Education

Objective: to promote high-quality Christian education in Church of England schools and voluntary education settings, and through our Church contribution to other schools, colleges, further and higher education institutions.

The Church of England is the largest single provider of education in England, with one million students attending 4,700 Church of England schools. The Education Office supports the Archbishops' Council and the National Society, the original Church of England charity responsible for education, to advance the breadth of work – across 12,600 parishes, diocesan boards of education, schools, colleges and 11 Anglican foundation universities – and equip a new generation of young people to shape society and contribute meaningfully to today's increasingly complex and globalised world.

In 2017 the Department for Education awarded National Professional Qualification (NPQ) status to the Church of England Professional Qualification for Headship (CoEPQH), coming into effect from 2018. This flagship national programme for developing school leaders will be rolled out to 300 school leaders over a three-year period, with 61 participants already enrolled in 2017 and recruitment already under way for the next cohort.

2017 also saw the launch of a new leadership programme, designed for Multi-Academy Trust (MAT) Chief Executives, with 70 trained in 2017. The leadership programme,

delivered in partnership with the UCL Institute of Education and Deloitte, draws on academic rigour and practical business knowledge – enriching the Church's 200 years of expertise across the education system. The programme is distinctly rooted in the Church's *Vision for Education*, shaping sessions on strategic leadership, finance, marketing and school improvement – and equipping leaders to make wise and authentic decisions – strategically and in the everyday.

“Church of England Schools play a critical role in educating young people from all walks of life across the country. Great leadership teams within these schools increasingly need to balance operational and financial management alongside great educational outcomes.”

Julie Mercer, lead partner for education at Deloitte

The Church of England Foundation for Educational Leadership was established to enable a national focus on the development of leaders in education who are called, connected and committed to the Church of England's vision for education. Sharing wisdom and expertise across the Church's education network (another key element of the Foundation's work) continued in 2017. Six

conferences were hosted and attended by 670 educational leaders and 67 schools pledged to the Peer Support Networks, which continued in sharing leadership priorities and encouraging engagement with the *Vision for Education*. The Diocesan Leadership Programme, designed for Diocesan Directors of Education and other senior leaders in diocesan education teams, was commissioned in 2017, to be launched in 2018. With nearly a quarter of all primary aged children attending a Church school and with more than 200 secondary schools, the work of diocesan education teams and their respective boards of education is critical to ensuring the Church offers a vision of human flourishing that embraces the spiritual, physical, intellectual, emotional, moral and social development of children and young people.

We have continued to work in close partnership with Parliament to ensure the Church's voice is considered in developments and that the Church of England has a proportionate share of new free schools and academies. In 2017 we achieved commitment for 31 new free schools (either opening or in pre-opening stage) with dioceses ready to bid for 48 in the next wave.



Resources for the Church

Objective: to help dioceses and cathedrals to be most effective in their mission, by providing cost-effective national and specialist services and advice.

The new churchofengland.org website launched in November 2017, the first major refresh of the Church's national website in more than seven years.

Highlights on the new website include: a transformed *Our faith* section, 20 new *Faith in action* videos sharing the work of local churches, a streamlined prayer and worship section, a new *Life events* area, new photography, a simpler menu structure, a better search engine, improved accessibility and a mobile-first design. The websites of the Archbishops of Canterbury and York will be relaunched in early 2018. Furthermore, 2017 saw the launch of desktop versions of the Lectionary app, with more than one-third of a million app downloads across the range.

The Pathways Programme (Church of England Central Services initiative using funding provided by the Archbishops' Council) was also launched in 2017 to increase the number of people coming forward to ministry and lay vocations across the country, and to find candidates for existing open roles in today's increasingly digital world. Established and developed in consultation with representatives from various stakeholder groups, Pathways allows Church of England organisations the ability to connect with audiences previously out of reach. In 2017, since its launch in August, 273

vacancies were promoted online, receiving applications from almost 5,000 candidates.

A Church Near You – the church finding tool that allows people to search for Church of England services, events and churches in their area – was relaunched in November 2017. Receiving more than 13 million page views annually, it is one of the Church's most popular online resources – and in December 2017 the site received 1.5 million visits. The site now uses geo-location technology to show users the location of their nearest church service. Meanwhile, the Church Heritage Record (CHR), an online searchable database of all England's Anglican churches, continued to grow in 2017 and now provides the background data for A Church Near You, providing a wealth of accurate information to anyone looking to visit our churches.

A new online toolkit for churches undertaking major projects was also developed as part of an increased provision of electronic resources in 2017. *Crossing the Threshold* – which was developed by the Diocese of Hereford and the Historic Religious Buildings Alliance, with support from Council staff – provides a valuable resource of advice for any parish wanting to extend the use of their building and places missional outreach at the heart of church.

The Council also continued to share best practice advice to those caring for England's 16,000 churches and 42 cathedrals via several training events in 2017, including conferences for Diocesan Advisory Committee members and for Cathedral Fabric Advisory Committee members, as well as taking part in the Association of English Cathedral's training for new Chapter members.

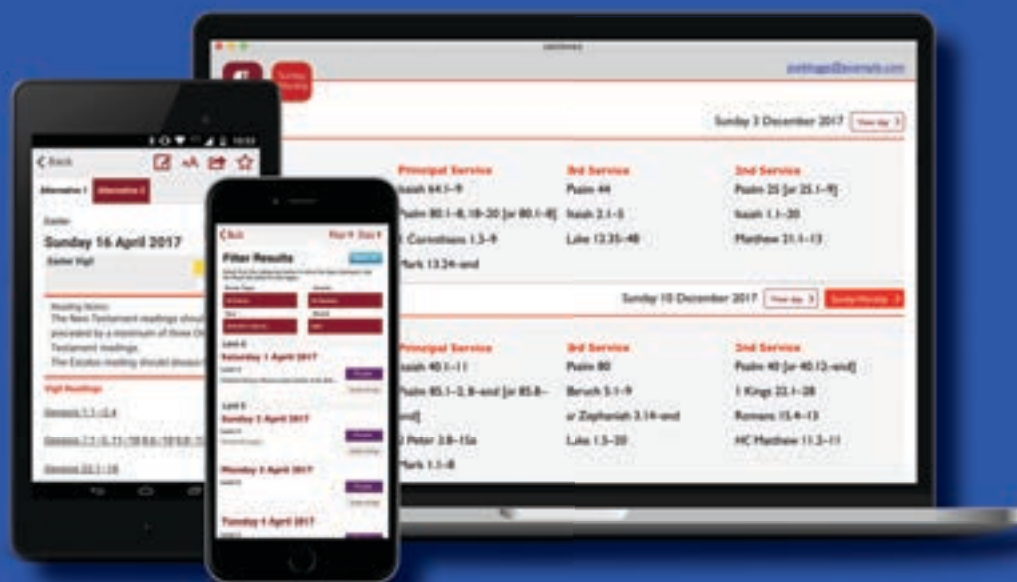
After the General Election the Council worked with the Government to secure continued commitment to the Listed Places of Worship Grants Scheme until 2020. In 2017 the Council's fundraising efforts and funding partners also enabled it to award £600,000 of grants to churches (for everything from conservation reports to building repairs). Its specialist conservation committees have provided churches with expert advice on conserving treasures in their care – and using them as part of worship and outreach.

The Archbishops' Council Communications Office continued to deliver training across the country, equipping parishes and dioceses with the necessary skills – in broadcast, print and social media – to share the Church's message more effectively in today's changing communications landscape.



Lectionary

The official Common Worship calendar app from the Church of England is now available for mobile, tablet, PC and Mac devices.



Safeguarding

Objective: to ensure all children and vulnerable adults are safe in the Church.

The Council continued work in 2017 to promote a safer Church through training, policy and guidance, independent diocesan audits and engagement with the Independent Inquiry into Child Sexual Abuse (IICSA). Major areas of work included efforts to improve the consistency and quality of safeguarding arrangements across the whole Church.

Some of the key achievements and developments of 2017 included:

A new safeguarding policy statement, *Promoting a Safer Church* was issued by the House of Bishops, with commitments to better protecting all those involved in safeguarding concerns and allegations as well as promoting a safer environment and culture.

Revised guidance, *Responding Well to Domestic Abuse* was published as well as practice guidance on how to respond well to concerns or allegations against church officers, along with a document on the safeguarding roles and responsibilities of a wide range of church officers and bodies.

Regulations came into force on independent risk assessments in respect of clergy and the appointment and functions of Diocesan Safeguarding Advisers.

By the end of the year, all 42 Church of England dioceses had been independently audited by the Social Care Institute for Excellence with a final overview report due to be published in the Spring of 2018. The programme will be extended to cathedrals and the Archbishops' Offices during 2018/19 with all reports made available on the Church of England website.

Lessons learnt in relation to the Church of England's handling of the Peter Ball case were published in June following an independent review conducted by Dame Moira Gibb. Her report, *An Abuse of Faith*, made 11 recommendations to the national Church about ways to improve safeguarding arrangements and practices within and between dioceses, cathedrals and religious communities and the role of the National Safeguarding Team (NST).

The NST continues to implement recommendations from other independent reviews such as the Elliot Review, including the roll-out of handling disclosure training for senior staff within dioceses.

Forgiveness and Reconciliation in the Aftermath of Abuse by the Faith and Order Commission was published in September, dealing with forgiveness, justice and healing and how the Church

should respond to this in the context of working with survivors of abuse.

The Council has continued to engage with IICSA, supplying a range of information and witness statements as part of its investigation into the Anglican Church in England and Wales. The first public hearing began in March 2018 with a focus on the Diocese of Chichester.

“

2017 was another important year for the Church as it seeks to develop a stronger national approach to safeguarding and strengthen the consistency and quality of its responses to protecting the vulnerable. The publication of the independent Peter Ball review marked a significant milestone in this journey as we seek to shed a light on areas of past failures and strive to learn about how we can improve practices in the future. The NST will continue to play a key role in working collaboratively with those in and outside the Church to promote good safeguarding practice as integral to the mission and life of the whole Church.”

Graham Tilby,
National Safeguarding Adviser



RI CAL
EL QUID
ATIS AS
MENTES
CHIELE
IESUS
ASSUM
S EST A

VOI
COE
VEN
MAD
VID
EUM
IN

Governance for the Church

Objective: to operate the national governance arrangements of the Church of England as cost-effectively as possible in pursuit of the Church's mission.

Much of the Church's work at national level is conducted through its national governance bodies, including the General Synod, the House of Bishops, the Church Commissioners and the Archbishops' Council itself, as well as the various boards and committees of these groups.

In 2017 the General Synod met for four days in London and four days in York (from Monday 13 February to Thursday 16 February and Friday 7 July to Monday 10 July, respectively) and debated a number of items related to the Renewal and Reform agenda, including simplifying legislative barriers to mission. In February, members of the Synod:

- unanimously backed calls for the Government to bring forward proposals to lower the maximum stake on Fixed Odds Betting Terminals for a single game from £100 to £2;
- backed a motion supporting further reconciliation between Roman Catholic and Reformed Churches as Christians around the world commemorated the 500th anniversary of the beginning of the Reformation;

- approved a motion moved by the Bishop of Leicester to request HM The Queen to create a new Suffragan See of Loughborough and
- welcomed the report from the Archbishops' Council, *Setting God's People Free*, which calls for a shift in culture, looking beyond the institutional Church to help increase numbers of Christians and their influence in all areas of life.

In July, the General Synod engaged in discussions on subjects ranging from the Church's work in areas where many people follow other faiths, to concerns over the cost of applying for British citizenship. The motion, *After the General Election, a still small voice of calm*, was carried overwhelmingly, calling on Christians everywhere to maintain pressure on politicians of all parties to put the cohesion of the nation and its communities at the heart of their programmes.

In addition, a series of workshops on national support for local churches was held for members of the General Synod in July 2017, to explore different aspects and key insights of evangelism initiatives, with

sessions including: *Thy Kingdom Come* (the power of global prayer); *Digital Evangelism*; *Inclusion and Outreach*; *Crossing the Generations*; and *Life Events* – as well as the chance to explore the resources and tools that enable discussion and action at diocesan, deanery and parish levels to enable engagement with *national events as opportunities for community witness*.

On Renewal and Reform, a substantial amount of progress has been made by the Simplification Task Group since its establishment four years ago: the first of three phases of Simplification (on pastoral reorganisation) has completed the Parliamentary process and is now due to be implemented in the dioceses. With the Simplification Task Group having concluded its work in 2017, the future work of Simplification continues, now embedded into the work of the National Church Institutions. For 2018, the Council approved the proposals submitted for further phases of Simplification, and staff are currently working with the Legal Office on preparing this legislation to go through the General Synod in 2018. (This will include significant changes to the

Patronage (Benefices) Measure, adaptations to the Canons to allow churches to use electronic service registers and proposed changes on Parish Notices, Church Property and Religious Communities.)

In 2017 the Archbishops of Canterbury and York set up a Cathedrals Working Group, CWG, on behalf of the Archbishops' Council, to review Cathedral governance – not only how the current legislation governing cathedrals is operating, but also whether any improvements could be made – with a draft report created and delivered to the December Archbishops' Council for consultation in January 2018. The draft Cathedrals Working Group report reviews and provides recommendations on six themes: Mission and Ecclesiology; Governance; Leadership and Management; Finance; Buildings; and Safeguarding.

In 2017 a new cross-disciplinary post of Cathedrals Liaison Officer was created, to offer more coordinated support at national level for this vital mission and ministry in recognition of the growing national profile of cathedrals and their success in

attracting increasing numbers of worshippers and visitors and the need better to assist them in key areas of finance, heritage management, human resources and safeguarding. The Cathedrals Liaison Officer, working with colleagues at national level and in cathedrals and dioceses, will play a key role in coordinating and helping with the implementation of any recommendations arising out of the Cathedrals Working Group.

“

Cathedrals are spectacular and wonderful expressions of the mission of God in His world. There is much to celebrate, guard and nurture in the life of cathedrals – congregations are growing, people continue to visit in vast numbers, and demand for the contribution of cathedrals in civil society and the public square

defies expectations in a secular age. All of this attests to their increasing popularity and cultural importance – cathedrals bring something unique and wonderful to Church and nation. Our vision in preparing this report has been to seek to preserve these extraordinary places so that they may carry on flourishing into the future.”

Bishop Adrian Stepney,
Chair of the Cathedrals Working Group

A Church for All People

Objective: to be a Church that can provide a welcoming home for all people in England.

In 2017 the Council continued to develop and implement their strategy in support of dioceses and churches for evangelism and discipleship, for Black, Asian and Minority Ethnic (BAME), economically excluded and disabled people and in advancing the Renewal and Reform work on evangelism in outer estates.

The annual meeting of the College of Bishops in 2017, focused on 'Telling the Gospel of Salvation in Every Place', explored how the Church ministers to every community in the country. During the first two days of the meeting, approximately 25 BAME clergy were invited to join members of the College to help bring additional perspectives on how the Church of England can reach more effectively into every community. A wide-ranging agenda was discussed, including Renewal and Reform, Simplification, Mission and Theology, Church Planting, and Minority Ethnic Inclusion. Renewed commitments were made by the House of Bishops to continue to strengthen the inclusion and representation of BAME clergy at all levels of leadership within the Church. 2017 also saw the appointment of the first Bishop of Loughborough (Reverend Canon Gulnar Eleanor Francis-Dehqani). As well as taking a full role in the work of the

Church across Leicester and Leicestershire, the role focuses on supporting BAME clergy, lay workers and congregations in the county and supporting the diocese to grow new churches, specifically those that reflect the cultural and ethnic diversity of the area, as part of the national programme of Renewal and Reform, which offers a hopeful future for the Church.

“

While being a bishop for the whole diocese, it will be a particular joy and a privilege to learn from and draw out the rich resources of Christians from Minority Ethnic communities.”

Bishop of Loughborough

Estates ministry received a significant boost in 2017 with the relaunch of the National Estate Churches Network and significant growth in the number of local groups made up of estate church leaders in dioceses. Around 25 Christian organisations gathered in 2017 to take part in a conference on estates evangelism, including representatives from Church Army, Church Urban Fund, Theological Education Institutions and ecumenical partners.

During 2017 the foundation for a comprehensive approach to ensuring the Church is also a place of welcome for people

with disabilities was established by the Council. Through the work of the Mission and Public Affairs team, strong links with several disability charities and representatives' groups were created and the Committee for (the Church's) Ministry of and among Deaf and Disabled People (chaired by the Bishop of Salisbury) designed and organised a conference on the role of disabled people in church life, which will take place at Lambeth Palace in 2018.

Following the February 2017 General Synod, the Archbishops of Canterbury and York issued a letter outlining proposals for continuing to address, as a Church, questions concerning marriage and human sexuality. The Archbishops committed themselves and the House of Bishops to the creation of a Pastoral Advisory Group and development of a substantial teaching document on the subject as an integral part of this. In 2017 the Pastoral Advisory Group and the Coordinating Group on the Episcopal Teaching Document (including four thematic working groups) were formed and started work. The groups have begun to articulate an emerging vision for teaching material on marriage and human sexuality that is useful for a wide audience, embodies a gospel apologetic and has a unifying impact on the Church.



The Council's Plans

for 2018

Evangelism

Objective: to bring more of the people of England to the faith of Christ through the Church of England. Our focus in this area in 2018 is: to publish a strategy for the NCIs' role in supporting Evangelism (and Discipleship) with an emphasis on *pr* uth; to serve two-thirds of dioceses through strategic development or capital funding; to champion 50% of all dioceses and churches to carry out practical evangelism through nationally supported programmes; and to continue digital evangelism campaigns and the development of targeted resources and tools.

Discipleship

Objective: to strengthen the Christian faith and life of all who worship God in the Church of England. In 2018 we aim to do this: by supporting 25 dioceses through 'Discipleship Learning Communities'; by publishing a range of resources in support of Setting God's People Free (including *7 Steps for Monday to Saturday Living*) and by undertaking research on how engagement in digital discipleship leads to a change in people's faith and life.

Ministry

Objective: to ensure there are sufficient ordained and lay ministers of the required gifts and qualities who are effectively deployed to enable the Church of England to fulfil its mission, and to support those ministers in their calling, development, ministry and retirement. Our priority in this area in 2018 is: to achieve a further 5% increase in the number of ordinands; to implement the renewed selection process in support of the increase in quality and diversity of candidates; to develop in partnership with TEIs and dioceses the agenda for improving ministerial education, learning and teaching; and to develop a national framework for licensed and authorised lay ministries.

Common Good

Objective: to contribute to transforming our society and communities more closely to reflect the Kingdom of God through loving acts of neighbourliness and service to all. Our priority in this area in 2018 is: increasing support to dioceses to embed social action work into mission plans alongside church growth; to develop training and resources for churches to increase help for people affected by problems in implementing Universal Credit; to expand our work on resettling refugee families and combating human trafficking; and to begin scoping new work on housing and homelessness.

Education

Objective: to promote high-quality Christian education in Church of England schools and voluntary education settings, and through our Church contribution to other schools, colleges, further and higher education institutions. In 2018 our aim is: to enrol 80 participants on the Church of England Professional Qualification for Headship, 20 on the Diocesan Education Leaders Programme and to establish an active network leadership programme for 75 Multi-Academy Trusts (MATs). Continuing to work with the Government and dioceses on applications for Church of England free schools remains a priority in 2018 and we seek to have successfully piloted, introduced and trained inspectors on the new Statutory Inspection of Anglican and Methodist Schools (SIAMS) framework.

Resources for the Church

Objective: to help dioceses and cathedrals to be most effective in their mission, by providing cost-effective national and specialist services and advice. Our priority in this area in 2018 is: to complete Pathways implementation across the Church; to develop 'Do Something You Believe In' for the whole faith sector; to continue supporting cathedrals to develop the best possible governance and financial management; to work with dioceses to develop strategic and mission-focused plans for church buildings; to support dioceses in the work around GDPR; and to continue the revitalisation of the A Church Near You website.

Safeguarding

Objective: to ensure all children and vulnerable adults are safe in the Church. In 2018 we will do this by continuing to embed new processes and policies; continual learning and improving from audits and case reviews; as well as maintaining transparent and constructive engagement with the Independent Inquiry into Child Sexual Abuse (IICSA).

Governance for the Church

Objective: to operate the national governance arrangements of the Church of England as cost-effectively as possible in pursuit of the Church's mission. In 2018 our priority will be on: continuing to advance strategic communication and coordination of bishops' meetings; publishing and implementing the recommendations from the Cathedrals Working Group; and giving support to the Pastoral Advisory and Episcopal Teaching Document groups.

A Church for All People

Objective: to be a Church that can provide a welcoming home for all people in England. Our 2018 aim is: to ensure that our strategies for Evangelism and Discipleship reach out positively to BAME people, disabled people, and people from working-class communities whom the church has often failed to welcome sufficiently in the past; to ensure that 25% of dioceses have built estates ministry into their strategic mission plans and/or SDF bids; and to deliver stronger strategic thinking and action on work with BAME people and communities in the light of the 2017 College of Bishops engagement with BAME clergy.

Resources

Use of resources

In 2017 resources expended by the Council totalled £137.3 million (2016: £85.4 million). Net incoming resources were £1.7 million in 2017 (2016: net outgoing resources: £0.3 million).

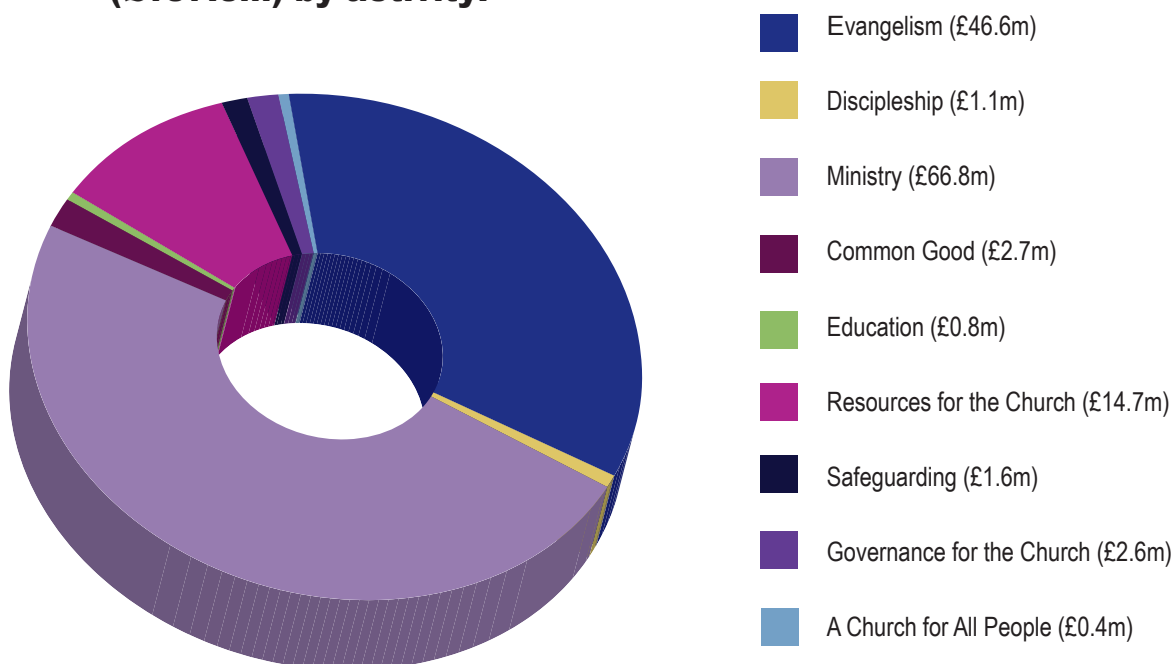
The main reason for the significant increase in resources expended was the increase in grants payable following the introduction from the start of 2017 of new arrangements for grants made by the national Church to dioceses. For many years until 2016 the Council made grants for ministry support for low-income dioceses, often referred to as 'Darlow funding' (£35.5 million in 2016) and

mission funding (£6.1 million in 2016). These were replaced by two new funding streams in 2017. Firstly the Strategic Development Fund (£44.6 million of grants awarded to dioceses in 2017, which will be paid out over periods of up to six years) expanded a scheme run from the start of 2014 that was accounted for solely by the Church Commissioners from 2014 to 2016. Secondly Lowest Income Communities funding (grants totalling £24.0 million that are calculated by formula) were paid to 26 dioceses in 2017. As some dioceses received less in Lowest Income Communities funding than Darlow funding,

with the support of the Church Commissioners, transitional and restructuring grants were also paid (£20.8 million in 2017).

The greatest proportion of the Council's expenditure in 2017 was in relation to Ministry, Evangelism and Resources for the Church. These represented 48.6% (2016: 66.5%), 34.0% (2016: 8.8%) and 10.7% (2016: 14.6%), respectively, of the total resources expended by the Council.

2017 resources expended (£137.3m) by activity:



Grants

Ministry grants include Lowest Income Communities funding, the transitional grants outlined above and Training for Ministry grants.

In 2017, 27 dioceses received a Lowest Income Communities grant. Considering such grants together with transitional grants, 17 dioceses received grants of over £1 million.

Training for Ministry grants totalled £13.7 million in 2017 (2016: £13.3 million) and funded training, maintenance and university fees for those undertaking pre-ordination training.

Evangelism grants include Strategic Development Funding. In 2017, 27 dioceses were awarded Strategic Development Fund grants totalling £44.6 million. The grant awards are made by the Strategic Investment Board, a new committee of the Council formed in 2017, the membership of which includes Council members and Church Commissioners.

A full list of grants made by the Council can be obtained from the Chief Finance and Operations Officer. Other grant expenditure funded by the apportionment paid by dioceses included:

- grants towards the work of the Anglican Communion Office, national and international ecumenical agencies (including Churches Together in England, the Conference of European Churches and the World Council of Churches), the Church Urban Fund and Fresh Expressions;
- grants for pension contributions for clergy employed by qualifying mission agencies;
- grants towards the subsidy required for the Clergy Retirement Housing scheme administered by the Church of England Pensions Board.

Use of legacies

The Council is fortunate to receive unrestricted legacies from time to time. Its policy is to add such legacies to its unrestricted legacies designated fund to be spent on priorities decided by the Council from time to time. Recent unrestricted legacies are being used to help fund the Baptisms and Funerals projects.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes". The Council does not undertake fundraising from the general public but from time to time does apply for grant funding from grant-awarding charities. Any such amounts receivable are presented in the financial statements as 'voluntary income' and includes legacies and grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers, or third parties. The day to-day management of all income generation is delegated to the executive team, who are accountable to the trustees. The Council is not bound by any undertaking to be bound by any regulatory scheme. The Council has received no complaints in relation to fundraising activities. Its terms of employment require staff to behave reasonably at all times; as the Council does not approach individuals for funds contracts of employment do not particularise this requirement for fundraising activities nor does the Council consider it necessary to design specific procedures to monitor such activities.

Resources (Continued)

Comment by the trustees about going concern

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 requested from them, its reserves policy for each area of expenditure, and the level of each of those reserves and the existence of certain restricted funds. The Council also took account of the Statement of Funding Principles agreed with the Church Commissioners in 2017 by which the Commissioners have agreed that, once a Strategic Development Fund grant has been awarded by the Council's Strategic Investment Board, provided that all conditions and milestones are met, they will provide the funding to meet future drawdowns of the grant. Furthermore, since the year-end, the Church Commissioners have confirmed that, in 2018, the expected monies will be made available for distribution. The Council has 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

The Council holds reserve funds for each of the five areas of expenditure voted on separately by the General Synod to enable it to meet its obligations and commitments that span more than one accounting period, to assist in cash flow management and to help reduce the risk of needing to ask dioceses for a substantial increase in apportionment funding in any one year. In 2017 the Council agreed to continue to hold between one and three months' monthly expenditure as reserves for each of these five areas of expenditure, including its unrestricted funds (excluding designated funds), and set a target reserve level of two months' expenditure.

At the end of 2017 unrestricted general fund reserves (i.e. excluding designated funds and the pension reserve) were £0.2 million above the target level. In aggregate the reserves for the other

expenditure categories were £0.2 million above the target levels. The Council is content with the current level of reserves and will bear actual and forecast levels in mind when setting its budgets for 2019 and beyond.

As a result of implementing the new accounting standards introduced in 2015 the Council, in common with all organisations making deficit recovery contributions to a defined benefit pension scheme, is required to account in full for the net present value of those contributions, even though they will be paid over many years. This resulted in pension reserve liability at the end of 2017 of £5.6 million (end 2016: £6.3 million) which will be met from future years' income as the agreed deficit contributions are paid. As a result total unrestricted funds were £3.7 million at the end of 2017 (end 2016: £2.7 million). Recognising that it is intended that the pension reserve will be reduced towards zero by planned deficit recovery contributions to be met from the general fund over the next eight years, the Council plans to continue to state its reserves policy for unrestricted funds in terms of its general fund balance.

Investment policy and use of restricted funds

The Council's investment policy for its restricted funds – based on the planned distribution strategies for each – is summarised as follows:

- For settlements planned to be retained beyond five years, the Council's investment managers have been set an annualised long-term target to achieve a total return of at least 3% above RPI after all costs. The investments for such funds are held in two Common Investment Funds diversified between and within asset classes.
- For funds that are planned to be spent out within five years, the focus is on capital preservation with a target return of at least bank deposit rates. The ability to withdraw funds at relatively short notice is also imperative.

The Council's Investment Committee reviews and oversees the management of the Council's investments and reports twice a year to the Council and its Finance Committee. In 2017 the Committee had two formal meetings with its two main investment managers and an additional meeting to begin planning for a review of investment management arrangements in 2018. The aggregate total return from its long-term investments (with a time horizon of at least five years) was 7.0% in 2017 (2016: 10.6%) compared with the long-term target of 7.1% (2016: 4.5%). Over the past five years the return averaged 8.1% p.a. compared with the long-term target of 5.4% per annum.

Historically the Council's cash resources have been held in its current account or in the Central Board of Finance Church of England Deposit Fund. In 2016 the Council began to supplement this with selective term deposits in line with its Treasury Management Policy, which is reviewed annually. The Council's average return on its cash holdings in 2017 was 0.5% (2016: 0.3%).

The Council also acts as custodian trustee for several funds. At the end of 2017 the assets of these funds, which are held in investments and cash separately from those of the Council, were valued at £3.4 million (end 2016: £3.3 million).

Ethical investment

The Council participates in the work of the Church's Ethical Investment Advisory Group (EIAG), which develops and coordinates ethical investment policy on behalf of the three main national Church investing bodies. Its membership includes members of the Council and its Mission and Public Affairs Council. The EIAG makes policy recommendations based on thorough research, but responsibility for whether and how these are implemented rests with each investing body. The EIAG publishes an annual report of its work which is available, together with other related publications including its sector-based policies, on the Church of England website. The Council also belongs to the ecumenical Church Investors Group.

The Common Investment Funds in which the Council invests have ethical investment policies. The Council complies with the EIAG's guidance on pooled funds, which was updated in 2014, and the Council and its Investment Committee regularly monitor compliance with this policy.

Public benefit

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

- The Church of England is a focus for community activity in 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 people through clubs, social gatherings and outreach activities.
- The Church of England provides education in the Christian faith and encourages personal and spiritual growth and well-being.
- Through its engagement in local communities, its chaplains in many sectors of life, and its participation in public debate the Church of England promotes values that it believes are beneficial to society as a whole.
- Through its network of schools and academies, the Church of England provides an education for around 20% of children of primary school age and 6% of young people of secondary school age that is rooted in Christian values and available to families of all faiths and none.

The Council has had regard to the requirements of the Charities Act 2011 and published advice issued by the Charity Commission in relation to public benefit.

Structure & Accountability

Compliance

The work of the Council and its supporting bodies is underpinned by openness to God, worship, service and a desire to promote growth, partnership, unity, integrity and transparency. The Council carries out its work in compliance with relevant legislation and best practice. In carrying out its work, the Council aims to maintain and support a skilled and motivated staff and to ensure effective systems of organisation and governance.

Governance

In 2017 the Council met four times, including one 24-hour residential meeting. In addition a joint meeting between the Council and the Church Commissioners was held.

The Council reviews the constitutions of its committees once every five years. Following the 2009 – 2010 review a significant reduction was made in the size of these bodies and reporting arrangements were tightened. The 2015 review was of a more limited nature and consisted primarily of some small adjustments made after consultation with committee chairs in light of experience. The revised constitutions agreed by the Council will took effect from 1 June 2016.

Boards, Councils and Committees of the Archbishops' Council

The following bodies undertake work as committees of the Archbishops' Council:

- *Audit Committee of the Archbishops' Council (chair: Mary Chapman)
- Committee for Ministry of and among Deaf and Disabled People (chair: Rt Revd Nicholas Holtam)
- Committee for Minority Ethnic Anglican Concerns (chair: the Venerable d hn Perumbalath)
- Council for Christian Unity (chair: the Rt Revd Donald Allister)
- Remuneration and Conditions of Service Committee (chair: the Rt Revd Christopher Foster)
- *Finance Committee (chair: Canon d hn Spence)
- *Ministry Council (chair: Rt Revd Martin Seeley)
- *Mission and Public Affairs Council (chair: Mark Sheard)
- Strategic Investment Board (chair: Canon d hn Spence)

*The chair of the bodies marked with an asterisk must be a member of the Archbishops' Council

Key Working Relationships

The Archbishops' Council works in close partnership with the other National Church Institutions (NCIs): the Church Commissioners, the Church of England Pensions Board, Church of England Central Services, the Offices of the Archbishops of Canterbury and York, the National Society and Lambeth Palace Library. Key working relationships with Church bodies include:

General Synod

The Council is not a body of the General Synod, but a statutory body established under the National Church Institutions Measure 1998. All of its members are either drawn from the General Synod or become members of the General Synod through their appointment to the Archbishops' Council.

This helps to ensure that there is a close relationship between the Council and the Synod, not least because the Council and its committees undertake work on behalf of the Synod and report to the Synod on that and other work as it progresses and on completion.

Members of the General Synod may ask questions of the Council and its committees when the General Synod meets and the General Synod approves the Council's annual budget and receives the Council's annual report.

House of Bishops

The Council and the House of Bishops work together to provide leadership and to develop and resource policy, particularly on issues around lay and ordained ministry, education, social engagement, engagement with Government and framing Church legislation.

Church Commissioners

Under the terms of the National Institutions Measure 1998, the Council and the Commissioners work closely to develop spending plans reflecting the Council's priorities for the coming period. The Council receives reports annually on the uses to which that funding has been put to enable it to confirm to the Church Commissioners that the money has been used for the purposes for which it was given.

Church of England Central Services (ChECS)

ChECS facilitates the provision of cost-effective shared financial, legal and other services to the NCIs and provides pay roll and other services to dioceses and other charities with a Church ethos. It is jointly owned by the Council, Church Commissioners and Church of England Pensions Board and its directors are the Chair of the Council's Finance Committee, the First Church Estates Commissioner and the Chair of the Pensions Board. The Archbishops' Council and the General Synod have a number of other committees, commissions and similar bodies that report to them. Details are available on request.

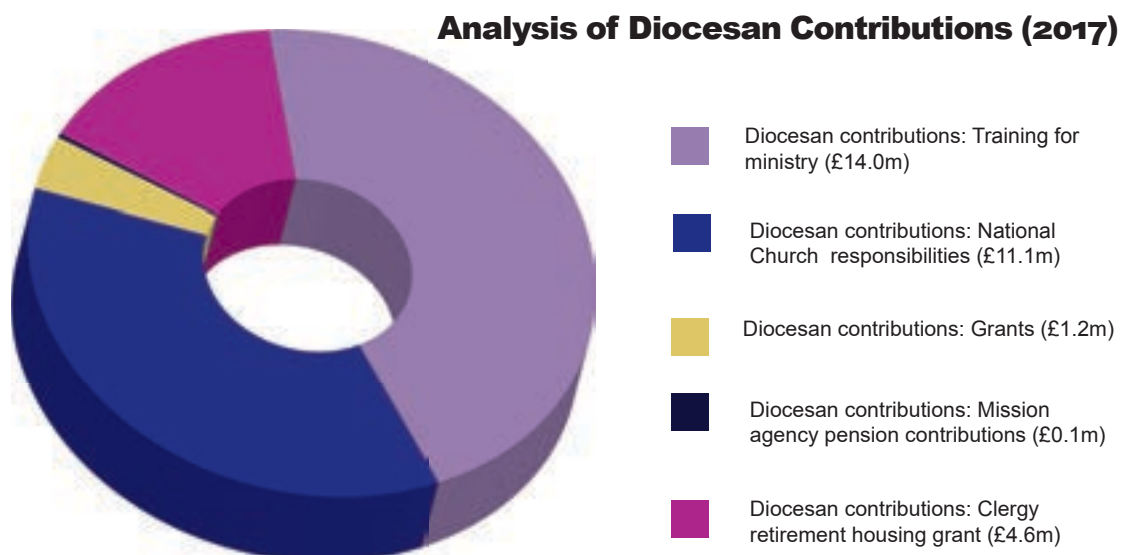
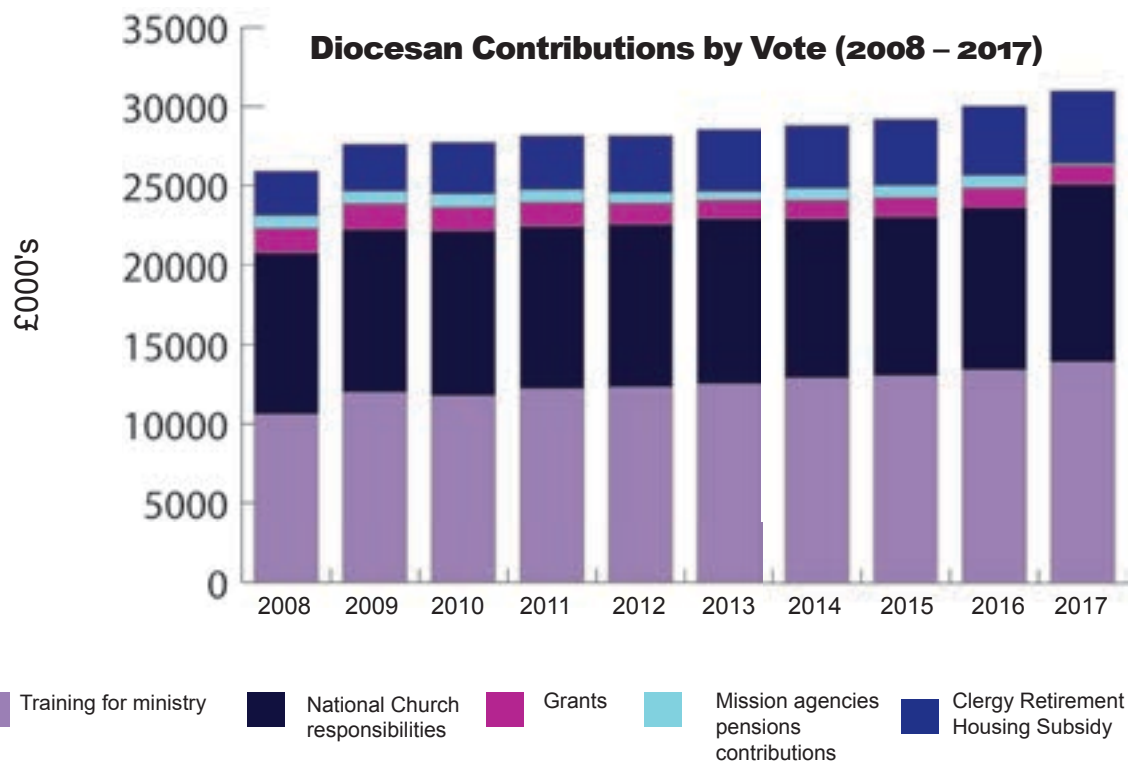
Dioceses

Some of the Council's work is funded by the dioceses of the Church of England. This gives the Council a responsibility to demonstrate that the money it receives is spent effectively and to work on behalf of the dioceses to provide a central source of advice, a resource for the development of policy and legislation, and a focus of engagement with the Government and other agencies on behalf of the Church.

The Council also distributes grants from the Church Commissioners to dioceses under the terms of the National Institutions Measure 1998 to support their mission and ministry.

Structure & Accountability

(Continued)



Appointments made by the Council to other charities

The Council has the right to make appointments to certain other Church charities. It appoints two of the 12 trustees of the Church Urban Fund and the Council's Finance Committee also appoints one trustee. The Council appoints six of the 13 trustees of Near Neighbours.

Trustee recruitment, appointment and induction

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

Tailored induction, covering such areas as key relationships, financial information and forward strategy, is offered to all new trustees. New and existing trustees also have the opportunity to meet Directors and other staff for briefing on particular areas of work. Members also have the opportunity to learn about the Council and contribute to its development as members of committees and working parties for specific areas of its work and operation.

Trustee responsibilities in relation to the financial statements

As trustees, Council members are responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards. The law applicable to charities in England and Wales requires the Council to prepare financial statements each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for the period. In preparing the financial statements, the trustees are required to:

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

They are responsible for keeping accounting records that disclose with reasonable accuracy the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the National Institutions Measure 1998. They are also responsible for safeguarding the assets of the Archbishops' Council and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Structure & Accountability

(Continued)

Risk management

The Archbishops' Council's risk management policy defines its approach to risk management and outlines the roles and responsibilities of members, management and staff. The Council reviews the principal and operational risk registers and risk management arrangements of the Archbishops' Council at least annually. The Council is supported by the Audit Committee, which regularly reviews the content of the risk registers and seeks assurance over the adequacy of arrangements in place to manage the risks.

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

The principal areas of risk for the Archbishops' Council, as agreed by the trustees, are:

Principal risk	Summary of actions and plans to mitigate the risks
Ministry Education and recruitment – Failure to secure sufficient number and quality of ministers, clergy and lay to enable dioceses to deliver their mission aims.	<p>Development of programmes in consultation with dioceses and theological training institutions in light of <i>Resourcing Ministerial Education</i> report.</p> <p>Training, guidance and advice for dioceses to encourage innovation and good practice in the identification and selection of potential candidates.</p> <p>Development of proposals and plans on discipleship and lay leadership.</p> <p>Develop the programme to encourage increase and greater diversity in candidates for ordained ministry.</p>
Achieving growth – New proposals and initiatives to facilitate growth are not effective in the longer term.	<p>Development of plans for national-level support for mission growth.</p> <p>Implementation of new funding arrangements for dioceses.</p> <p>Improved governance arrangements and processes to award, monitor and review the impact of local projects and initiatives.</p> <p>Advice and consulting services for dioceses to enable effective use of new funding.</p>
Safeguarding issues – Failure to secure the effective implementation of robust and appropriate safeguarding processes.	<p>Increased resourcing and development of the national safeguarding capability.</p> <p>Roll-out of good practice and training to dioceses and other Church institutions.</p> <p>Legislative change to improve accountability and facilitate action.</p> <p>Implementation of processes to review the adequacy of arrangements in place across dioceses.</p> <p>Implementation of a national safeguarding framework.</p>

Principal risk	Summary of actions and plans to mitigate the risks
Renewal and Reform – Failure to get adequate support from key stakeholders for the proposals under this agenda.	Regular communication, discussion and engagement with stakeholders to build consensus. Development of clear proposals and business plans, outlining objectives, approach and funding proposals.
Funding – Inability to sustain key Council objectives as a result of resourcing difficulties.	Trustee and senior management oversight of budget setting and monitoring, to control expenditure and target resources. Development and management of detailed proposals for the roll-out of the Renewal and Reform agenda.
Capacity and capability – Ensuring adequate infrastructure and staff capacity/ capability to deliver new initiatives, e.g. IT security, data management, culture change, Renewal and Reform.	Improvements to IT infrastructure and IT security have been undertaken and further developments are planned. Implementation of an IT Governance Group to review the robustness of processes. How We Work programme started and being rolled out. Active monitoring of cultural indicators in the annual staff survey. Renewal and Reform Programme Board in place to oversee work, progression and capacity/ capability management.
Adverse reputational impact – As a result of debates in or concerning the Church of England around contentious and divisive issues.	Archbishops have set out a way ahead for a wide group to produce teaching document on marriage and relationships, and a parallel pastoral and policy group. Media training for key staff. Ensure a good cross-section of Church opinion on ad-hoc reference groups. Maintaining effective relationships with Parliament, presenting clear and accurate view of our active position on issues arising.

As a body whose object is to “coordinate, promote, aid and further the work and mission of the Church of England” the Council also devotes time at least twice a year to consider and assess wider challenges and risks facing the Church of England generally.

People and Organisation

The Archbishops' Council has a responsibility to work with the other National Church Institutions (NCIs) to serve the wider Church and ensure effective use of the Church's money.

The ambitious programme of work under Renewal and Reform seeks to provide a narrative of hope to the Church of England in the 21st century. A strand of this programme, *How We Work*, is focusing on enabling the delivery of Renewal and Reform through improving how the NCIs serve and support the mission of the Church of England.

The Council, in partnership with the other NCIs, work to a common purpose statement to support the mission and ministries of the Church that places an emphasis on the importance of how we work together within the NCIs and our stakeholders. Our values of excellence, respect and integrity underpin our approach.

Our purpose: "We in the National Church Institutions support the mission and ministries of the Church locally and throughout England. We work together in our teams, with those who serve in parishes, dioceses, schools and other ministries, and with our partners at a national and international level."

Results from the 2017 staff survey demonstrated a strong sense of shared purpose and values, and understanding of where the NCIs fit in the wider world context.

Our people

2017 saw continued growth across the NCIs with a 5.4% increase to the overall figure of 511 staff, of which 22% had the Archbishops' Council as their managing employer (end 2016: 24%). There has been an increasing use of staff on fixed-term contracts, with 62 staff contracted under this arrangement in 2017. Our current voluntary turnover is 7.8%, which is 9% below the average in the not-for-profit sector.

At the end of 2017 senior managers (bands 0 – 2) accounted for 123 (24%) of the total workforce of the NCIs. In 2017, 45% of senior managers recruited were female, which led to a slight increase in representation at this level to 39%. The percentage of people who classed themselves as having a disability was 5%, compared with 6% in 2016. Since 2013 the average age of staff has dropped from 46 to 43 years old.

At the end of 2017 (excluding vacant posts) there were 113 staff for which the Archbishops' Council was the managing employer, one less than at the end of 2016. The percentage of people who classed themselves as Black or Minority Ethnic (BAME) comprised 24% of new

starters in 2017, which helped to lift the percentage of BAME staff to 9.7%, up from 7.0% in 2016. In September BAME staff launched a new network to support individuals and act as a catalyst to further improve diversity and inclusion.

During the year we made changes to our recruitment strategy to attract a greater diversity of candidates to reflect the communities in which we operate. This included placing a greater emphasis on the use of social media sites to advertise vacancies within the NCIs.

Culture change

Fundamental to our ability to meet the increase in demand for services from dioceses and some cathedrals is the development of leadership and management capacity across the NCIs. A key landmark on this journey was the launch of our new management framework. Based on our values of excellence, integrity and respect, the framework brings clarity and consistency to the expectations we have of our managers, how they work, and what their teams should expect of them, as well as a tool to develop our managers, and to help us recruit high-quality managers in the future.

Gender pay

The Church and the NCIs are committed to equal pay and transparency in remuneration matters. We reported our gender pay gap during 2017 in line with new government legislation, aiming to present this information in an open and transparent way. This analysis covered 452 staff being paid under our common pay policy, including all staff of the Archbishops' Council.

Our data shows that for half of all staff there is no gap in pay between men and women, and for nearly three-quarters of our staff the pay difference is less than 1%. However, with nearly twice as many men as women in the most senior roles, and with three times as many female staff as male in the most junior roles, we know that we have work to do. When comparing the midpoint in salary for men and the midpoint in salary for women against the midpoint for all staff, the differential in pay shows a disparity of 41% in favour of men over women. We are taking steps to address these issues. We are reviewing both our job evaluation system and our pay methodology, and we have appointed a Reward Manager. And in August we launched our new careers service, Pathways, which is helping us to attract a greater diversity of candidates to roles at the NCIs.

All of these people-focused activities are designed to help the Archbishops' Council and the NCIs collectively become more efficient and effective, to provide a high-quality and value-for-money service for the wider Church, and to distribute funding as effectively as possible to support the mission and ministry of the Church of England and the work of Renewal and Reform.

Staff remuneration and executive pay

All the staff of the Archbishops' Council are covered by a unified pay policy that operates across all the NCIs. The policy is designed to ensure the same level of pay for all staff in posts with work of equal value based on eight 'bands'. For certain staff with specialist skills, typically those whose role requires them to hold a professional qualification, a market adjustment may be applied, the value of which is determined by reference to the lower quartile and median of market-related salaries and is subject to annual review. The NCIs retain the services of Aon Hewitt to advise on market rates.

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

committed to being a Living Wage employer and, for those roles based in London, a London Living Wage employer for directly employed staff. Apprenticeships, interns and those on training schemes are paid the National Minimum Wage.

A number of senior roles, including those of the Chief Executives, sit outside the banding system, as the skill sets required to fulfil the roles are not readily measured within the NCIs' standard job evaluation system. Salaries for these roles are set individually with reference to the wider marketplace, typically making comparisons with the charity and public sector market. This process is overseen by the Remuneration Committee, comprising senior trustees from each of the main NCIs. In general, these staff can expect the same percentage annual uplift for cost of living.

The amount paid to the highest member of staff in the Archbishops' Council is 9.1 (2016: 8) times the salary earned by the lowest paid member of staff and 3.6 (2016: 4) times the median salary.

Administrative Information

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

Membership of the Archbishops' Council from 1 January 2017 and up to the date of this report was as follows:

Joint Presidents

The Most Revd and Rt Hon Justin Welby, Archbishop of Canterbury (4/4)

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

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

The Ven Cherry Vann (York) (2/4)

The Revd Canon Simon Butler (Canterbury) (4/4)

Officers of the House of Laity (ex officio)

Canon Dr James Harrison (Chair, House of Laity) (4/4)

Canon Elizabeth Paver (Vice-Chair, House of Laity) (3/4)

Elected by the House of Bishops

The Rt Revd Stephen Conway (3/4)

The Rt Revd Martin Seeley (from March 2017) (4/4)

Elected by the House of Clergy

The Revd Dr Ian Paul (4/4)

The Revd Prebendary Sarah Schofield (4/4)

Elected by the House of Laity

Lorna Ashworth (to November 2017) (1/3)

Adrian Greenwood (from November 2017) (1/1)

Canon Mark Russell (3/4)

Appointed by the Archbishops with the approval of the General Synod

Mary Chapman (4/4)

Matthew Frost (3/4)

The Revd Dr Rosalyn Murphy (2/4)

Rebecca Salter (4/4)

Canon John Spence (4/4)

Mark Sheard (from February 2017) (4/4)

A Church Estates Commissioner

Loretta Minghella, First Church Estates Commissioner (from November 2017) (1/1)

Sir Andreas Whittam Smith, First Church Estates Commissioner (to June 2017) (2/2)

(The figures in brackets indicate (i) the number of meetings each member attended in 2017 (ii) the number of meetings each member was eligible to attend.)

Senior Management Group of the Archbishops' Council

William Ng, Secretary General to the Council and the General Synod
 The Revd Arun Arora, Director of Communications (until April 2017)
 The Revd Canon Dr Malcolm Brown, Director of Mission and Public Affairs
 Becky Clark, Director of Cathedral and Church Buildings
 Debbie Clinton, Director of Renewal and Reform (from February 2018)
 Hannah Foster, Director of Human Resources (to February 2018)
 The Revd Nigel Genders, Chief Education Officer
 Carole Harden, Director of People and Change (from January 2018)
 The Ven Julian Hubbard, Director of Ministry
 Tashi Lassalle, Director of Communications (from November 2017)
 Revd Canon David Male, Director of Evangelism and Discipleship (from January 2018)
 Dr Rachel Philips, Clerk to the Synod and Director, Central Secretariat
 Stephen Slack, Head of the Legal Office and Chief Legal Adviser to the Archbishops' Council
 David White, Head of Financial Policy and Planning

Senior staff of Shared Services managed by other NCIs

Philip James, Director of the Strategy and Development Unit
 Aneil Kumar, Director of Risk Management and Internal Audit
 Declan Kelly, Director of Libraries, Archives and Information Services
 Gareth Mostyn, Chief Finance and Operations Officer (from February 2018)
 Ian Theodoreson, Chief Finance Officer (until October 2017)

Website

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

Offices and advisers

The Archbishops' Council advisers are listed below. All professional adviser appointments are regularly reviewed.

Registered office:	Church House, Great Smith Street, London SW1P3AZ Tel: 020 7898 1000
Investment managers:	CCLA Investment Management Limited, Senator House, 85 Queen Victoria Street, London EC2V 4ET Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London EC4M 8BU Ruffer LLP, 80 Victoria Street, London SW1E 5JL
Bankers:	National Westminster Bank plc, Princes Street, London EC2R 8BP Lloyds Bank plc, 25 Gresham Street, London EC2V 7HN
Solicitors:	The Legal Office of the National Church Institutions of the Church of England, Church House, Great Smith Street, London SW1P3AZ
Auditors:	BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

Independent Auditor's Report

to the trustees of the Archbishops' Council

Opinion

We have audited the financial statements of The Archbishops' Council ("the charity") for the year ended 31 December 2017 which comprise the statement of financial activities, the balance sheet, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2017 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

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

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

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The other information comprises: the Presidents' foreword, From the Secretary General and the Trustees Report. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

BDO LLP

Don Bawtree (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom
Date: 1 July 2018

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

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

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2017

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2017	Total 2016**
	Notes	£'000	£'000	£'000	£'000	£'000
Income from:						
Grants, donations and legacies	2	12,790	123,703	11	136,504	82,593
Charitable activities	3	2,393	-	-	2,393	2,359
Investment income	4	23	37	86	146	125
Total income		15,206	123,740	97	139,043	85,077
Expenditure on:						
Charitable activities	5	(15,381)	(121,649)	(242)	(137,272)	(85,392)
Total expenditure		(15,381)	(121,649)	(242)	(137,272)	(85,392)
Total income less expenditure before gain on investments		(175)	2,091	(145)	1,771	(315)
Gains on investments	10	80	7	2,243	2,330	3,325
Net (expenditure)/income		(95)	2,098	2,098	4,101	3,010
Transfers between funds	14	1,148	(253)	(895)	-	-
Net movement in funds		1,053	1,845	1,203	4,101	3,010
Total funds at 1 January	14	2,679	6,488	33,790	42,957	39,947
Total funds at 31 December	14	3,732	8,333	34,993	47,058	42,957

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

** See following page for full breakdown of the prior year's Statement of Financial Activities.

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2016

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2016 £'000
Income from:					
Grants, donations and legacies	2	11,310	71,282	1	82,593
Charitable activities	3	2,359	-	-	2,359
Investment income	4	13	34	78	125
Total income		13,682	71,316	79	85,077
Expenditure on:					
Charitable activities	5	(14,071)	(70,787)	(534)	(85,392)
Total expenditure		(14,071)	(70,787)	(534)	(85,392)
Total income less expenditure before gain on investments		(389)	529	(455)	(315)
Gains on investments	10	-	16	3,309	3,325
Net (expenditure)/income		(389)	545	2,854	3,010
Transfers between funds	14	2,066	255	(2,321)	-
Net movement in funds		1,677	800	533	3,010
Total funds at 1 January	14	1,002	5,688	33,257	39,947
Total funds at 31 December	14	2,679	6,488	33,790	42,957

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

	Notes	2017 £'000	2016 £'000
Fixed assets			
Investments	10	38,416	37,373
Tangible assets	11	-	82
Total fixed assets		38,416	37,455
Current assets			
Debtors: amounts due within one year	12	21,432	1,998
Short-term deposits		2,500	5,000
Cash equivalents		2,191	3,691
Cash at bank and in hand		8,030	3,259
Total current assets		34,153	13,948
Non-current assets			
Debtors: amounts due after one year	12	33,263	-
Current liabilities			
Creditors: amounts falling due within one year	13	(20,924)	(2,196)
Net current assets		46,492	11,752
Total assets less current liabilities		84,908	49,207
Non-current liabilities			
Creditors: amounts falling due after one year	13	(32,279)	-
Provision for pension deficit recovery liability	15	(5,571)	(6,250)
Total net assets		47,058	42,957
Funds of the charity			
Unrestricted funds:			
General fund	14	3,230	3,145
Designated funds	14	6,073	5,784
Pension reserve	14	(5,571)	(6,250)
Total unrestricted funds		3,732	2,679
Restricted funds	14	8,333	6,488
Endowment funds	14	34,993	33,790
Total funds of the charity		47,058	42,957

The financial statements were approved by The Archbishops' Council on 22 March 2018 and signed on its behalf by:

The Most Reverend and Rt Hon Justin Welby, Archbishop of Canterbury

Chairman of the Finance Committee, Canon John Spence

	Total	
	2017	2016
	£'000	£'000
<i>Reconciliation of net income to net cash flow from operating activities:</i>		
Net income for the year (as per the statement of financial activities)	4,101	3,010
Depreciation	82	126
Gains on investments	(2,329)	(3,325)
Investment income	(146)	(125)
(Increase)/decrease in debtors	(52,697)	264
Increase/(decrease) in creditors	51,007	234
Increase/(decrease) in pension liability	(679)	(629)
Net cash flow provided by / (used in) operating activities	(661)	(445)
<i>Statement of cash flows:</i>		
Cash flows from investing activities		
Investment income	146	125
Sale of fixed asset investments	1,286	1,597
Disposal/(acquisition) of short-term deposits	2,500	(5,000)
Net cash flow provided by / (used in) investing activities	3,932	(3,278)
Change in cash and cash equivalents in the year	3,271	(3,723)
Cash and cash equivalents at the start of the year	6,950	10,673
Cash and cash equivalents at the end of the year	10,221	6,950
<i>Analysis of cash and cash equivalents:</i>		
Cash equivalents	2,191	3,691
Cash at bank and in hand	8,030	3,259
	10,221	6,950

1. Accounting policies

(a) Legal status

The Archbishops' Council is a statutory body established by the National Institutions Measure 1998 and was registered as a charity on 25 March 1999.

(b) Basis of preparation

The charity's financial information has been prepared in accordance with:

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

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

The financial information has been prepared on the historical cost basis (except for the revaluation of investments) and on the accruals basis.

A summary of the accounting policies is set out below.

(c) Going concern

The trustees have reasonable expectation that the Council has adequate resources and cash flows to meet spending commitments for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and accounts. The most significant assumptions that affect items in the accounts are to do with estimating the pension deficit liability (see Notes 1(h) and 15 for more details).

With respect to the next reporting period, the most significant areas of uncertainty that affect the carrying value of assets held by the Charity are the level of investment return and the performance of investment markets (see the "Investment Policy and use of Restricted Funds" and "Risk Management" sections of the trustees' annual report for more information).

(d) Funds structure

Unrestricted funds

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.

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 re-designate these funds should this be appropriate. The purpose of each designated fund is disclosed in the statement of funds (note 14).

Restricted funds

Restricted Funds are subject to specific conditions imposed by the donor, these conditions being legally binding upon the Council.

Endowment funds

Expendable endowment restricted funds are sums of money which may be spent in their entirety on the specified purposes, but do not have to be spent on those purposes within a reasonable period. One such expendable endowment fund is the Church and Community Fund (note 14), for which there is absolute discretionary power to expend in accordance with its trust deed.

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

Further details of each fund are shown in note 14.

(e) Income recognition

All income is recognised when the Council is legally entitled to the income and the amount can be quantified with reasonable accuracy. Pecuniary legacies are recognised as receivable once probate has been granted and notification has been received. Residuary legacies are recognised as receivable once probate has been granted where sufficient information has been received, on an estimated basis as follows: cash elements are recognised at monetary value, with property and other assets, including investments, valued at probate or net realisable value. Values are reviewed and adjusted up to the point of accounts approval.

Gifts in kind are valued at an amount equivalent to the value of the gift to the charity at the time of the receipt and recognised in the Statement of Financial Activities (the SOFA).

(f) Expenditure recognition

Expenditure and liabilities are recognised when a legal or constructive obligation exists to make payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis.

The Council's expenditure on charitable activities is described in note 5. Grants awarded are allocated directly to activities. Direct (note 7) and support costs (note 8) are apportioned according to an activity-based time split.

(g) Grant recognition

An agreement is in place whereby the Church Commissioners provide funding to match the (SDF, LiNC, Transition and Restructuring) grant payments made to dioceses. As a result, income is accrued at the year-end (note 12) to match the Council's grant commitment to the dioceses (note 13).

Grants awarded are recognised when a firm commitment to provide funding is made and there is evidence of a constructive obligation to the beneficiary. Details of the Council's grant making activities are outlined in note 6. Any ministry training maintenance grants for the Lent term of the following year, paid in the current year, are accounted for as prepayments.

(h) Fixed assets***Tangible assets***

Costs incurred on acquiring, improving or adding to assets are capitalised. Repair and maintenance costs are charged to the SOFA in the period they are incurred.

Gains (or losses) resulting from the sale of fixed assets are recognised in income (or expenditure for losses).

Depreciation is charged on a straight-line basis over the estimated useful life of the asset, calculated on the opening balance sheet value, on the following fixed assets:

Fixed asset	Estimated useful life
Leasehold office improvements	10 years
Office equipment	5 years

Investments: Investment funds

Investments funds are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Net gains and losses arising on revaluation and disposals throughout the year are recognised in the SOFA. The Council does not acquire put options, derivatives or other complex financial instruments.

All investments held with Ruffer and Sarasin are invested on an accumulation basis (except for investments held within permanent endowment funds).

Investments: Social investments

The charity has taken advantage of exemptions under FRS 102 which allow it to opt out of revaluation of properties on the basis of a lack of comparative properties from which to conduct an accurate comparison and valuation.

(i) Pensions

Staff pensions are described in note 15. Defined benefit schemes are considered to be multi-employer schemes as described in FRS 102 paragraph 28.11 and consequently are accounted for as if they were defined contribution schemes, where employer contributions payable in the year are charged to expenditure. The National Church Institutions' pension scheme liability is calculated by actuaries Lane, Clark and Peacock (LCP) LLP. The Church of England Pensions Board took advice from LCP and have determined the method and assumptions to use for this valuation in consultation with the employers. The valuation adopts the "projected unit method", under which the technical provisions are calculated as the amount of assets required as at the valuation date to meet the projected benefit cash flows, based on benefits accrued to the valuation date and the various assumptions made.

The Fund faces a number of risks. In particular, the actual returns on the Fund's assets may prove to be higher or lower than those anticipated in the calculation of the technical provisions. The greater the returns anticipated, the greater is the chance that actual returns will be lower, leading to the need for additional employer contributions in the future. Similarly, there is the risk that the other assumptions adopted are not borne out by future experience.

(j) Leases

Rent paid in relation to operating leases is charged to the SOFA in equal amounts over the period of the lease.

(k) Taxation

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

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

(l) Related parties

The Church of England is governed by a large number of legally independent bodies in its parishes, cathedrals and dioceses as well as at national level. These bodies, with the exceptions of those set out below, are not related parties as defined in the Charities SORP or Section 9 of FRS 102. Transactions and balances with these bodies are accounted for in the same way as other transactions and, where material, are separately identified in the notes to the financial statements.

The Council, together with the Church Commissioners and the Church of England Pensions Board are equal partners in Church of England Central Services (ChECS), a joint venture (jointly controlled entity). The Council's interest in ChECS is not consolidated as the Council is not a group. Any balances owing to or from ChECS are recorded in debtors/creditors. Further detail is provided in note 18.

The Council is also related to the following pension funds, operated by the Church of England Pensions Board: Clergy Funded Pension Scheme; Church Administrators Pension Fund, Church Workers Pension Fund. Details about the pension funds, including contributions paid, are given in note 15.

(m) Cash at bank and in hand

Cash at bank and in hand includes deposits which can be withdrawn within 24 hours without penalty and deposits which have a maturity period of 3 months or less and are not subject to significant risk of changes in value. The prior year figures have been re-categorised in the Balance Sheet and Cash Flow Statement to correctly capture £5m of short-term deposit funds with a maturity in-excess of 3 months at 31 December 2016.

2. Income from grants, donations and legacies

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2017	Total 2016
	£'000	£'000	£'000	£'000	£'000
Grants received from:					
Church Commissioners	518	92,048	-	92,566	42,111
Pilgrim Trust	-	185	-	185	150
First World War Centenary					
Cathedrals Repair Fund	-	10,584	-	10,584	8,787
Others	77	380	-	457	508
Total grants received	595	103,197	-	103,792	51,556
Gift of rent-free accommodation	640	-	-	640	627
Contributions from dioceses	11,091	19,901	-	30,992	30,023
Legacies	407	360	10	777	86
Other donations	57	245	1	303	301
Total income from donations and legacies	12,790	123,703	11	136,504	82,593

Grant income from the Church Commissioners

Restricted grant income from the Church Commissioners is used by the Council to support investment in the spiritual and numerical growth of the Church, with funds earmarked for the support and development of mission in the lowest income communities, and for new growth opportunities in the Church.

The Corporation of the Church House again waived the rent chargeable to the Council in 2017. In turn the Council did not charge rent to the Church Commissioners. The Commissioners again decided to make an unrestricted grant to the Council of a sum equivalent to its rent saving which the Council has primarily used to help fund work on Safeguarding.

First World War Centenary Cathedrals Repair Fund

A grant of up to £20 million was awarded by the Department for Culture, Media and Sport, for the purpose of the Church of England First World War Centenary Cathedrals Repair Fund for spending by the end of March 2016. A further £20 million was awarded to be spent between April 2016 and March 2018.

For related grant expenditure, see Notes 5 and 6(d) for further information.

Gift of rent-free accommodation

The Corporation of the Church House, which exists to provide accommodation to the National Church Institutions, has granted a rent-free period to the Council for its lease of office space at Church House in 2017.

Income of £640,000 (2016: £627,000) consists of the total gift of rent-free accommodation from the Corporation of the Church House £1,328,000 (2016: £1,299,000) less the proportion of rent that would have been recovered from the other NCI tenants.

3. Income from charitable activities

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2017	Total 2016
	£'000	£'000	£'000	£'000	£'000
Accommodation – income from sub-tenants	1,405	-	-	1,405	1,364
Church House Publishing	401	-	-	401	408
Conferences and courses	465	-	-	465	495
Other income	122	-	-	122	92
Total income from charitable activities	2,393	-	-	2,393	2,359

4. Income from investments

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2017	Total 2016
	£'000	£'000	£'000	£'000	£'000
Dividends	-	-	82	82	84
Interest on cash and deposit funds	23	37	4	64	41
Total income from investments	23	37	86	146	125

5. Expenditure on charitable activities

	Grants awarded	Direct costs	Support costs	Total 2017	Total 2016
Charitable objective	£'000	£'000	£'000	£'000	£'000
	Note 6	Note 7	Note 8		
Evangelism	45,570	600	457	46,627	7,527
Discipleship	-	600	457	1,057	459
Ministry	63,473	1,878	1,431	66,782	56,808
Common good	-	1,555	1,185	2,740	2,672
Education	136	380	290	806	995
Resources for the Church	12,245	1,372	1,045	14,662	12,444
Safeguarding	-	914	697	1,611	1,572
Governance for the Church	-	1,449	1,104	2,553	2,491
A Church for all people	-	246	188	434	424
Total charitable expenditure	121,424	8,994	6,854	137,272	85,392

6. Grant making

A full list of grants awarded to institutions can be obtained by sending a written request to the Chief Finance and Operations Officer at the Archbishops' Council's registered office.

a) Evangelism

	2017 £'000	2016 £'000
Strategic development funding to 27 dioceses (from 2017)	44,621	-
Total mission funding to 42 dioceses (to 2016)	-	6,073
Other Evangelism grants awarded:		
- Grants awarded from the Mission Agencies Pension Contributions Fund	730	778
- Grants awarded to Church Urban Fund	203	203
- Other institutions	16	13
Total grants awarded for Evangelism	45,570	7,067

In 2017 grants for Evangelism were distributed to dioceses under the Strategic Development Funding stream. This funding for new growth opportunities aims to support major change projects which fit with dioceses' strategic plans. Dioceses are accountable to the Council in respect of these grants, and provided details of how they have spent the grants.

In 2016 grants were distributed to dioceses under the mission funding stream. Dioceses were accountable to the Council in respect of these grants, and provided details of how they had spent the grants.

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 £730,000 (2016: £778,000). The contribution was made in respect of an average number of clergy of 79 in 2017 (2016: 84).

b) Ministry

	2017 £'000	2016 £'000
Lowest income communities (LiNC) funding (to 26 dioceses (2016: N/A))	24,000	-
Grants for ministry support for low-income dioceses (to 25 dioceses)	-	35,478
Transitional funding (2017-2026) (to 21 dioceses (2016: N/A))	12,153	-
Restructuring funding (to 14 dioceses (2016: N/A))	8,640	-
Grants for ministry training (to 536 individuals and 70 institutions (2016: 739 individuals and 46 institutions))	13,723	13,333
Grants for clergy retirement housing (to the Church of England Pensions Board)	4,577	4,359
Other grants	380	410
Total grants awarded for Ministry	63,473	53,580

LiNC funding provides funding for mission in communities with the lowest incomes. The distribution of funds is formula-based - the allocation method begins by assessing the average income of the residents of each diocese. The funding goes to dioceses whose residents have an income below the national average.

Transition funding is distributed (at a declining rate over ten years) to dioceses whose funding for the support of the lowest income communities is less than under the previous grant funding method.

6. Grant making (continued)**b) Ministry (continued)**

In addition, dioceses receiving Transition Funding will be allocated a one-off sum of Restructuring Funding in the first three years of the transition period. This will be proportionate to their reduction in funding under the new allocation method. It can be used for any purpose which helps the dioceses develop mission and growth.

The Archbishops' Council provides funding to the Church of England Pensions Board to enable it to offer subsidised housing to retired clergy. The grant helps funds the repair, maintenance and other costs associated with properties available for retired clergy to rent or occupy under licence.

c) Education

	2017	2016
	£'000	£'000
Church Colleges of Education Fund	81	86
Strategic Development Funding (to the National Society)	40	-
Other	15	15
Total grants awarded for Education	136	101

The Church Colleges of Education Fund provides funds to advance education by promoting the effectiveness of Church of England Colleges of Higher Education and Universities.

d) Resources for the Church

	2017	2016
	£'000	£'000
<i>Grants awarded from the Grants and Provisions Fund:</i>		
Anglican Communion Office	539	526
Churches Together in England	150	230
Other institutions	256	268
Total grants awarded from the Grants and Provisions Fund	945	1,024
<i>Grants awarded for development of Church buildings for worship and service:</i>		
Grants funded by the Pilgrim Trust (to 88 institutions (2016: 73 institutions))	178	129
Grants funded by the First World War Centenary Cathedrals Repair Fund (to 44 cathedrals/institutions (2016: 46 cathedrals/institutions))	10,584	8,787
Other cathedral grants	26	78
Total grants awarded for development of Church buildings for worship and service	10,788	8,994
<i>Other grants awarded:</i>		
Strategic Development Funding (Pathways and Clergy Data projects)	435	-
Other grants	77	214
Total grants awarded for Resources for the Church	12,245	10,232

7. Direct costs

Charitable objective	Administration and central office costs	Department running costs	2017 Total	2016 Total
	£'000	£'000	£'000	£'000
Evangelism	121	479	600	253
Discipleship	121	479	600	253
Ministry	380	1,498	1,878	1,776
Common good	315	1,240	1,555	1,470
Education	77	303	380	492
Resources for the Church	279	1,093	1,372	1,217
Safeguarding	185	729	914	864
Governance for the Church	294	1,155	1,449	1,370
A Church for all people	50	196	246	233
Total direct costs 2017	1,822	7,172	8,994	7,928
Total direct costs 2016	1,398	6,530	7,928	

Direct costs are costs incurred by the Council to directly fund its charitable activities. Central costs are apportioned according to an activity-based time split.

Administration and Central Office costs include costs associated with holding conferences and courses, costs associated with Church House Publishing, and other costs such as non-staff expenses.

Department running costs include staff remuneration costs (per note 9), departmental legal and professional fees, plus other departmental expenses. Total legal fees incurred by Archbishops' Council departments during 2017 were £1,373,000 (2016: £1,062,000).

8. Support costs

Note	Evangelism	Discipleship	Ministry	Common good	Education	Resources for the Church	Safeguarding	Governance for the Church	A Church for all people	2017 Total	2016 Total	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Support costs												
Accommodation	167	167	522	432	106	381	254	403	68	2,500	2,441	
Shared service costs	281	281	881	729	178	643	429	680	115	4,217	3,623	
Other	2	2	6	5	2	5	3	5	1	31	53	
Total support costs	450	450	1,409	1,166	286	1,029	686	1,088	184	6,748	6,117	
Governance costs												
Audit fees	2	2	7	6	1	6	4	5	1	34	32	
Internal audit and risk management	4	4	12	10	2	8	5	9	2	56	58	
Membership and committees	-	-	1	1	-	1	1	1	1	6	8	
Total governance costs	6	6	20	17	3	15	10	15	4	96	98	
Movement on pension deficit provision												
Interest on provision	15	6	6	18	15	4	13	9	13	2	86	159
Re-measurement of provision	15	(5)	(5)	(16)	(13)	(3)	(12)	(8)	(12)	(2)	(76)	110
Total support and governance costs 2017	457	457	1,431	1,185	290	1,045	697	1,104	188	6,854	6,484	
Total support and governance costs 2016	206	206	1,453	1,202	403	996	707	1,121	190		6,484	

8. Support costs (continued)

Support costs are costs incurred by the Council for administering its charitable activities. These costs include salaries, other running costs and a share of overheads. Overheads are apportioned according to an activity-based time split.

Shared services include the Council's share of the costs incurred by Church of England Central Services (ChECS), a charitable joint venture between the Council, Church Commissioners and the Church of England Pensions Board established to facilitate the provision of cost-effective shared financial, legal and other services.

Governance costs relate to the general running of the Council including supporting the work of its committees and audit costs.

Expenses incurred by members in attending Council and committee meetings and on other business of the Council were reimbursed to 19 members (2016: 18) totalling to £6,000 (2016: £7,000). The members of the Council have no entitlement to salary or pension arising from their services to the Council.

9. Staff numbers and remuneration

The Council is joint employer, together with the other National Church Institutions (the NCIs), of most of the staff of the NCIs. The Chief Executive is employed directly by the Council.

In addition to staff employed directly, the work of the Council is supported by staff in shared service departments provided by Church of England Central Services (ChECS) (see note 19) which provides finance, HR, communications, legal, IT and internal audit services to the NCIs. The SORP requirements are that the costs of staff employed by third parties who operate on behalf of the Charity should be disclosed in the accounts. In order to comply with the spirit of the SORP, the costs of all ChECS staff are shown in aggregate in the tables - the Council's share of which was £3,052,000 (2016: £2,626,000).

The cost of staff for which the Council are the managing employer and for ChECS (in total) was:

	Archbishops' Council		ChECS	
	2017	2016	2017	2016
	Number	Number	Number	Number
Average Number Employed	109	106	153	144
	£'000	£'000	£'000	£'000
Salaries	4,418	4,267	6,483	5,599
National Insurance Costs	492	461	717	616
Pension Contributions	620	584	1,545	1,437
Total cost of staff	5,530	5,312	8,745	7,652

Included in the Council's own staff costs is £14,000 (2016: £19,000) paid by way of redundancy costs to 2 (2016: 1) individuals, the costs of which are accounted for in full in the year in which the restructure is announced.

For ChECS, included in staff costs is £25,000 (2016: £0) paid by way of redundancy costs to 3 (2016: zero) individuals following a restructuring, the costs of which are accounted for by ChECS in full in the year in which the restructure is announced. Of this £9,000 (2016: £0) was recharged to the Archbishops' Council.

9. Staff numbers and remuneration (continued)

The number of staff whose emoluments for the year fell in the following bands were:

	Archbishops' Council		ChECS	
	2017	2016	2017	2016
	Number	Number	Number	Number
£60,001 to £70,000	4	4	9	4
£70,001 to £80,000	3	3	4	5
£80,001 to £90,000	3	1	5	7
£90,001 to £100,000	-	-	3	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	-	-	2	1
£130,001 to £140,000	-	-	-	-
£140,001 to £150,000	-	-	-	1
£150,001 to £160,000	-	-	-	-
£160,001 to £170,000	-	1	-	-
£170,001 to £180,000	1	-	-	-

The Chief Executive is employed directly by the Council but all other staff are employed jointly by the seven National Church Institutions, one of which is specified as their managing employer. Of the staff above managed by the Council, 7 (2016: 5) accrue benefits under the CAPF defined contribution scheme for which contributions for the year were £69,000 (2016: £51,000). The remaining staff accrue benefits under defined benefit schemes, with 1 (2016: 1) in the CAPF and 2 (2016: 2) in the CEFPS. Defined benefit contributions for the year were £33,000 (2016: £33,000). Of those managed by ChECS, 15 (2016: 9) staff members accrue benefits under the CAPF defined contribution scheme for which contributions for the year were £164,000 (2016: £104,000). The remaining 8 staff members (2016: 9) accrue benefits under a defined benefit scheme. Defined benefit contributions for the year for these staff were £125,000 (2016: £139,000).

The highest paid member of staff was the Chief Executive who earned £170,239 (2016: £167,475). Further details of the Council's remuneration policy are included in the Staff section of the annual report.

The Council's senior executive leadership team comprises 10 individuals, for whom the Archbishops' Council was the managing employer of 6 individuals and ChECS was the managing employer of 4. Their aggregate remuneration, including pension contributions, is £994,000 (2016: £984,000).

Staff loans

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

10. Investments

	Investment funds	Programme Related Social investments	Total
	£'000	£'000	£'000
At 1 January	34,148	3,225	37,373
Additions	-	-	-
Disposals	(1,286)	-	(1,286)
Revaluations	2,329	-	2,329
At 31 December 2017	35,191	3,225	38,416
At 31 December 2016	34,148	3,225	37,373

10. Investments (continued)**Investment funds**

Funds were principally managed by Sarasin & Partners LLP, Ruffer LLP and CCLA Management Limited. Investments were held as follows:

	2017	2016
	£'000	£'000
Sarasin	18,214	17,462
Ruffer	16,929	16,476
CCLA	40	203
Other	8	7
At 31 December	35,191	34,148

The investment funds consisted of the following underlying assets:

	2017	2016
	£'000	£'000
Equities	19,330	17,875
Property	1,859	1,632
Index linked / Fixed interest securities	9,910	10,413
Infrastructure / Alternative	2,875	2,342
Cash and cash equivalents	1,217	1,886
At 31 December	35,191	34,148

Programme Related Social investments

Two properties are held by the Council and meet the definition of 'social investments' as set out in the SORP. The properties are deemed to meet the educational objects of the charity as they are both obliged to maintain an Anglican ethos.

The freehold at Parkstead, Roehampton is leased to the Whitelands College Foundation on two long leases.

The freehold interest in St Katherine's College, Childwall, Wavertree, Liverpool is leased to Liverpool Hope University on a long lease.

Properties were last valued as at 31 December 2013 by DTZ.

11. Tangible fixed assets	Office equipment £'000	Leasehold improvements £'000	Total £'000
Cost			
At 1 January 2017	1,641	2,439	4,080
Additions	-	-	-
Disposals	-	-	-
Revaluations	-	-	-
At 31 December 2017	1,641	2,439	4,080
Depreciation			
At 1 January 2017	(1,564)	(2,434)	(3,998)
Charge for the year	(77)	(5)	(82)
Disposals	-	-	-
At 31 December 2017	(1,641)	(2,439)	(4,080)
Net book value at 31 December 2017	-	-	-
Net book value at 31 December 2016	77	5	82

12. Debtors	2017	2016
	£'000	£'000
Amounts due within one year		
Trade debtors	185	324
Prepayments	662	404
Amounts due from NCIs	759	411
Amounts due from colleges and schools	51	41
VAT and social security	277	226
Other debtors	450	183
Grants receivable - SDF diocesan and restructuring grants	17,876	-
Grants receivable – SDF non-diocesan grants	677	-
Grants receivable – other grants	495	200
Total debtors due within one year	21,432	1,789
Amounts due after more than one year		
Amounts due from colleges and schools	203	209
Grants receivable - SDF diocesan and restructuring grants	32,279	-
Grants receivable – SDF non-diocesan grants	781	-
Total debtors due after one year	33,263	209
Total debtors	54,695	1,998

13. Creditors	2017	2016
	£'000	£'000
Amounts due within one year		
Trade creditors	1,485	482
Grants payable - SDF diocesan and restructuring grants	17,876	-
Grants payable - SDF non-diocesan grants	177	-
Grants payable - other grants	825	1,556
Accruals and deferred income	487	108
Amounts due to NCIs	16	-
Other creditors	58	50
Total creditors due within one year	20,924	2,196
Amounts due after more than one year		
Grants payable - SDF diocesan and restructuring grants	32,279	-
Total creditors due after more than one year	32,279	-
Total creditors	53,203	2,196

For grants payable due in more than one year, the grant funding is due to be settled in the following periods:

Grant stream	2019	2020	2021	2022	2023	2024	2025	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
SDF								
Diocesan	10,690	9,395	5,468	3,100	1,205	4	4	29,866
Restructuring	1,878	535	-	-	-	-	-	2,413
Total	12,568	9,930	5,468	3,100	1,205	4	4	32,279

14. Statement of funds

The table below shows details of 2017 movements on funds material to the Council in terms of fund value or in-year movement (more than £500,000) or those funded by diocesan apportionment (*).

Fund	Fund balance brought forward	Income	Expenditure	Transfers	Gains and losses	Fund balances carried forward
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds						
General Fund	3,145	14,792	(15,755)	970	78	3,230
<i>Designated funds</i>						
Church Schools Fund	543	-	-	-	-	543
Church House planned maintenance	960	-	(169)	11	-	802
Social investments: properties	3,225	-	-	-	-	3,225
CHARM (*)	411	-	-	-	-	411
Other designated funds	645	414	(136)	167	2	1,092
Total designated funds	5,784	414	(305)	178	2	6,073
Total unrestricted funds before pension reserve	8,929	15,206	(16,060)	1,148	80	9,303
Pension deficit reserve	(6,250)	-	679	-	-	(5,571)
Total unrestricted funds	2,679	15,206	(15,381)	1,148	80	3,732
Restricted funds						
Training for ministry fund (*)	2,673	13,987	(14,074)	106	-	2,692
Grants & provisions fund (*)	188	1,221	(1,151)	(20)	-	238
Mission agencies pension contributions (*)	150	796	(730)	-	-	216
CHARM (*)	392	4,579	(4,577)	-	-	394
Dioceses Fund	1,037	56	(90)	-	-	1,003
DCMS Cathedral Fund	4	10,584	(10,584)	-	-	4
Legal costs	1,411	7	(135)	20	-	1,303
Strategic Development Funding (Diocesan)	-	44,621	(44,621)	-	-	-
Strategic Development Funding (Non-Diocesan)	-	1,917	(638)	-	-	1,279
Lowest Income Communities Funding (LiNC)	-	24,000	(24,000)	-	-	-
Transition Funding	-	12,153	(12,153)	-	-	-
Restructuring Funding	-	8,640	(8,640)	-	-	-
Other restricted funds	633	1,178	(256)	(359)	8	1,204
Total restricted funds	6,488	123,739	(121,649)	(253)	8	8,333
Endowment funds						
<i>Expendable endowment funds</i>						
The Archbishops' Council Ministerial Training Trust Fund	1,506	37	(80)	(123)	102	1,442
Church Colleges of Education Fund	3,325	5	(81)	88	249	3,586
Church and Community Fund	20,758	-	9	(685)	1,452	21,534
Church of England Special Purposes Fund	1,654	(2)	-	(10)	126	1,768
Women's Continuing Ministerial Education Trust	1,656	1	(65)	(1)	115	1,706
MPA Sundry Funds	588	-	(14)	2	41	617
Other expendable endowment funds	1,236	16	-	(71)	25	1,206
Total expendable endowment funds	30,723	57	(231)	(800)	2,110	31,859
<i>Permanent endowment funds</i>						
The Archbishops' Council Ministerial Training Trust Fund	1,564	7	-	(7)	71	1,635
Church Colleges of Education Fund	759	14	-	(88)	29	714
Other permanent endowment funds	744	20	(11)	-	32	785
Total permanent endowment funds	3,067	41	(11)	(95)	132	3,134
Total endowment funds	33,790	98	(242)	(895)	2,242	34,993
Total funds of the charity	42,957	139,043	(137,272)	-	2,330	47,058

14. Statement of funds (continued)

Fund	Fixed Assets	Cash & Short Term Deposits	Debtors	Creditors	Provision for Pension Liability	NET ASSETS
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	4,511	4,453	1,293	(954)	(5,571)	3,732
Restricted Funds	-	7,166	53,275	(52,108)	-	8,333
Endowment Funds	33,905	1,102	127	(141)	-	34,993
Total	38,416	12,721	54,695	(53,203)	(5,571)	47,058

Unrestricted funds: General Fund

This fund is for general use in meeting national Church responsibilities, and is not designated for particular purposes.

Unrestricted funds: designated funds

These funds comprise unrestricted funds which the Council has designated to be set aside for stated purposes:

Church Schools Fund is used to meet the cost of short term loans to schools and grants to the Church Schools of the Future project.

Church House Planned Maintenance Fund comprises accumulated amounts set aside to meet maintenance costs related to the occupation of Church House.

Social investments: properties fund represents the carrying value of the Council's properties (see note 10 for further details).

Restricted funds

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

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

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

The Church's Housing Assistance for the Retired Ministry (CHARM Vote 5) fund provides grants to subsidise the scheme, which is administered by the Church of England Pensions Board to provide housing for those retiring from stipendiary ordained & lay ministry.

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

The DCMS Cathedral Fund is the vehicle by which grant funding received from the DCMS towards Cathedral repairs is distributed to Cathedrals.

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

Strategic Development Funding (Diocesan) is the vehicle by which grant funding from the Church Commissioners is distributed to dioceses to aid new growth opportunities.

Strategic Development Funding (Non-Diocesan) represents SDF funding made directly to the Archbishops' Council to support Renewal and Reform, and Research, Evaluation and Dissemination projects.

14. Statement of funds (continued)

Restricted funds (continued)

Lowest Income Communities Funding provides funding for mission in communities with the lowest incomes.

Transition Funding represents grant to dioceses whose funding for the support of the lowest income communities is less than under the previous grant funding method.

Restructuring Funding represents additional transitional funding to dioceses made in the first three years of the transition period (2017-2019).

Endowment funds

Archbishops' Council Ministerial Training Trust Fund supports the training and maintenance of persons undergoing training for ordained ministry in the Church of England. This fund has an element that is expendable and an element that is permanent.

The Church Colleges of Education Fund provides funds to advance education by promoting the effectiveness of Church of England Colleges of Higher Education and Universities. This fund has an element that is expendable and an element that is permanent.

Church and Community Fund promotes the charitable work of the Church of England, by making grants towards the work of the Council generally and for church and community projects.

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

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

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. Transfers are made from expendable endowment funds to income funds to fund deficits arising in the income funds applied in accordance with the purpose of the underlying endowment.

The most significant transfers during the year were:

- £685,000 was transferred from the Church and Community Fund (transfer between endowment funds and general funds) to meet both safeguarding and general operating activities.
- £171,000 was transferred from the Church of England Ministerial Scheme (transfer between restricted to general funds) to provide grants from and administration of the Ministry Experience Scheme.
- £147,000 was transferred to the Digital Church designated fund from the AC general fund (transfer between designated funds and general funds) representing the surplus of funds received from the Church Commissioners to enable expenditure on digital church projects.
- £126,000 was transferred from the Clewer Initiative fund to the general fund to support administration of the Clewer Initiative which aims to enable dioceses and wider Church networks to develop strategies for detecting modern slavery in their communities.

14. Statement of funds (continued)

For comparative purposes, the table below shows details of 2016 movements on funds material to the Council in terms of value (more than £500,000) or those funded by diocesan apportionment (*).

Fund	Fund balances at 1 Jan 2016	Income	Expenditure	Transfers	Gains and losses	Fund balances at 31 Dec 2016
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds						
General Fund	2,000	13,564	(14,618)	2,199	-	3,145
<i>Designated funds</i>						
Church Schools Fund	543	-	-	-	-	543
Church House planned maintenance	947	-	31	(18)	-	960
Social investments: properties	3,225	-	-	-	-	3,225
CHARM (*)	411	-	-	-	-	411
Other designated funds	754	118	(112)	(115)	-	645
Total designated funds	5,880	118	(81)	(133)	-	5,784
Total unrestricted funds before pension reserve	7,880	13,682	(14,699)	2,066	-	8,929
Pension deficit reserve	(6,878)	-	628	-	-	(6,250)
Total unrestricted funds	1,002	13,682	(14,071)	2,066	-	2,679
Restricted funds						
Training for Ministry Fund (*)	2,485	13,470	(13,664)	382	-	2,673
Grants & Provisions Fund (*)	230	1,275	(1,297)	(20)	-	188
Mission agencies pension contributions (*)	138	790	(778)	-	-	150
CHARM (*)	382	4,369	(4,359)	-	-	392
Dioceses Fund	889	41,699	(41,551)	-	-	1,037
Legal costs	1,463	5	(77)	20	-	1,411
Other restricted funds	101	9,708	(9,061)	(127)	16	637
Total restricted funds	5,688	71,316	(70,787)	255	16	6,488
Endowment funds						
The Archbishops' Council Ministerial Training Trust Fund	1,722	39	(185)	(244)	174	1,506
Church Colleges of Education Fund	3,083	-	(86)	(1)	329	3,325
Church and Community Fund	19,502	2	(117)	(685)	2,056	20,758
Church of England Special Purposes Fund	2,647	-	(28)	(1,240)	275	1,654
Women's Continuing Ministerial Education Trust	1,556	-	(63)	(1)	164	1,656
MPA sundry funds	585	-	(20)	(35)	58	588
Other expendable endowment funds	1,326	3	(14)	(115)	36	1,236
Total expendable endowment funds	30,421	44	(513)	(2,321)	3,092	30,723
<i>Permanent endowment funds</i>						
The Archbishops' Council Ministerial Training Trust Fund	1,451	-	-	-	113	1,564
Church Colleges of Education Fund	694	17	(2)	-	50	759
Other permanent endowment funds	691	18	(19)	-	54	744
Total permanent endowment funds	2,836	35	(21)	-	217	3,067
Total endowment funds	33,257	79	(534)	(2,321)	3,309	33,790
Total funds of the charity	39,947	85,077	(85,392)	-	3,325	42,957

15. Pensions

Most staff of the Council are members of the Church Administrators Pension Schemes (CAPF) and a small number of ordained staff are members of the Church of England Funded Pension Scheme (CEFPS). Both schemes are administered by the Church of England Pensions Board who publishes the schemes' financial statements.

In addition, the closed Central Board of Finance Lump Sum Scheme provides benefits for former staff of the CBF.

The average number of the Council's staff within each scheme was:

	CAPF: defined benefit scheme	CAPF: defined contribution scheme	CEFPS	Total
2017	20	81	8	109
2016	23	75	8	106

Church Administrators Pension Fund (CAPF)

Defined benefit scheme: Staff who commenced service before 1 July 2006 are entitled to pension benefits based on final pensionable pay for service up to 30 June 2010 and career average for service from 1 July 2010. Increases of pension in payment and preserved pensions are linked to the consumer and retail price index. There are no other post-retirement benefits.

The contributions to the scheme are assessed by an independent qualified actuary using the projected unit method of valuation. A valuation of this section is carried out every three years, the most recent having been at 31 December 2014. This revealed a deficit of £25.1m. Following the valuation, the employers have collectively entered into an agreement with CAPF to revise their total contribution rate to 19.1% of Pensionable Salaries and make deficit payments of £2.5m per year for the next 8.5 years in respect of the shortfall in the Defined Benefit Section (increasing by 3.3% per annum). These deficit contributions are made by each employer in proportion to Pensionable Salaries of those in the Defined Benefit Section.

The table below shows the movement on the provision:

	Provision brought forward	Contributions paid	Interest charged on provision	Adjustment to net present value of provision	Provision carried forward
	£'000	£'000	£'000	£'000	£'000
Council staff	4,056	(450)	57	15	3,678
Share of ChECS staff	1,990	(218)	27	(37)	1,762
Total provision	6,046	(668)	84	(22)	5,440

In addition, the employers are responsible for making contributions towards the administration costs of the scheme of £210,000 (2016: £210,000) and the Pension Protection Fund levies of £66,000 (2016: £57,000). In 2017, the Council's share of these costs was £36,000 (2016: £39,000).

Defined contribution scheme: Staff who commenced service after 30 June 2006 are entitled to pensions earned from the contributions paid into a personal pension schemes by the Council and themselves. The contribution rate payable by the Council is between 8% and 18%.

Church of England Funded Pension Scheme (CEFPS)

A small number of staff are members of the Church of England Funded Pension Scheme (CEFPS), also administered by the Church of England Pensions Board.

Each responsible body in the CEFPS, including dioceses, pays a common contribution rate. The contributions to the scheme are assessed by an independent qualified actuary using the projected unit method of valuation.

The last full valuation of the scheme, as at 31 December 2015, showed an overall deficit of £236m. As a result of this, the Church of England Pensions Board was content with a remaining recovery period of 8 years (from 1 January 2018) with the contribution rates set at 39.9% (11.9% deficit funding) from 1 January 2018.

15. Pensions (continued)

The table below shows the movement on the provision:

	Provision brought forward	Contributions Paid	Interest charged on provision	Adjustment to net present value of provision	Provision carried forward
	£'000	£'000	£'000	£'000	£'000
Council staff	204	(21)	2	(54)	131
Total provision	204	(21)	2	(54)	131

Central Board of Finance Lump Sum Scheme

The Central Board of Finance Lump Sum Scheme provides retirement benefits to former staff of the Central Board of Finance (CBF). Due to the preserved nature of the CBF lump sum pension liability, provision for the fixed cash payments has been made in a designated fund. At 31 December 2017 there were 16 (2016: 22) former CBF employees entitled to receive lump sums upon reaching retirement age. The Scheme has HMRC approval under section 20 of the Finance Act 1970. The table below shows the sum set aside in a designated fund to provide for these in future.

	Fund brought forward	Contributions Paid	Fund carried forward
	£'000	£'000	£'000
Former CBF staff	69	(38)	31
Total fund	69	(38)	31

16. Operating leases

The amount due for land and buildings within the next 12 months, on a lease with the Corporation of the Church House, is £nil (12 months from 31 December 2016: £nil). The cost is shared with the other National Church Institutions.

The amount of rent that would have been charged in 2017 is £1,328,000 (had the Corporation of the Church House not waived the rental charge for the period). The current rental lease ends in 2020 and any rental charge between now and 2020 is expected to be in line with that 2017 figure (adjusted for RPI).

17. Funds held on behalf of others

The Council is custodian trustee for a number of funds which have trustees separate and independent from the Council but where the Council holds the trusts' investments on their behalf. The funds had a combined income of £176,000 (2016: £523,000), expenditure of £149,000 (2016: £175,000) and net assets of £3,429,000 (2016: £3,253,000).

18. Related parties

The following amounts were paid to related parties in respect of grant funding from the Archbishops' Council:

- £203,000 (2016: £203,000) paid to Church Urban Fund.
- £92,000 (2016: £92,000) paid to Fresh Expressions.

Church Urban Fund and Fresh Expressions are classified as related parties to the Archbishops' Council as the Archbishops' Council appoints some of the trustees of Church Urban Fund and Fresh Expressions.

The following amounts were received from related parties in respect of accommodation charges from the Archbishops' Council:

- £109,000 (2016: £109,000) paid by Church Urban Fund.

The following amounts were paid to related parties in respect of conference room hire:

- £7,356 (2016: £5,730) paid to Church Army.

Church Army are classified as a related party to the Archbishops' Council as the Chief Executive of the Church Army is an elected trustee of the Archbishops' Council.

Pension Schemes

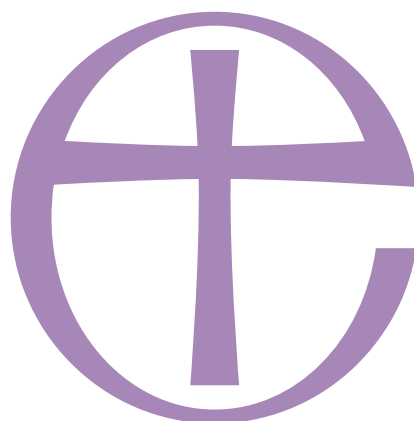
Details of amounts paid to the pension schemes are disclosed in note 15.

Jointly Controlled Entity

ChECS is a charitable jointly controlled entity between the Archbishops' Council, the Church Commissioners, and the Church of England Pensions Board for which the three partners hold equal shares. The purpose of ChECS is to enhance the efficiency and effectiveness of the charitable national and diocesan institutions of the Church of England and of other charities with a church ethos, by facilitating the provision of cost-effective shared financial, legal and other services.

The charity was registered with the Charity Commission on 31 December 2013 and started operating from 1 April 2014. Prior to this, shared services were provided by each of the NCIs. Management of these services, provided by The Archbishops' Council, Church Commissioners and the Church of England Pensions Board, remained unchanged.

At the balance sheet date, the Council's share of net assets of ChECS was £nil (2016: £nil) and £75,000 (2016: £25,000) was owed to the Council by ChECS. During the year, the Council contributed to the costs of ChECS, as set out in note 9 of these accounts. In addition, during the year the Council approved a grant to Church of England Central Services Trading (a 100% subsidiary of ChECS) of £400,000 (2016: £nil).



THE CHURCH
OF ENGLAND