

# Introduction

On behalf of the Trustees, I am pleased to present this, the fourth annual report of the Archbishops' Council.

In what proved to be another year of change, the Archbishops' Council saw the largest renewal in its membership since it was established in 1999. We have been blessed since our establishment with people who are committed to serving God through their engagement with the Council and we give thanks for them. We are deeply grateful for the contributions of those members who have left and we are delighted to welcome the three new appointed members amongst our number. We are already benefiting from sharing our common task with them and learning from their experiences and insights.

2002 also saw the appointment of Rowan Williams as Archbishop of Canterbury following the retirement of Archbishop George Carey. Archbishop George's commitment to the idea and aims of the Council was deep and he was instrumental in helping it to take shape. We thank God for his ministry and offer our prayers for a long, happy and active retirement. We look forward to sharing in Rowan's ministry in this new stage of the Council's life.

In October, following Philip Mawer's departure to take up his new post as Parliamentary Commissioner for Standards, the Council was also pleased to welcome William Fittall as new Secretary General. In expressing our thanks to Philip for his indefatigable work with the Council from the beginning, we wish to assure William of our continued prayers and support in his task of helping us to shape the future of the Archbishops' Council.

In July, Synod endorsed the recommendations of the Guildford Review. The Church and World Division has now been remodelled into the Mission and Public Affairs Division under the chairmanship of Philip Giddings. Two new Divisions – Education and Cathedrals & Church Buildings – have also been formed. These structural changes, delivered in the context of a significant reduction in the number of posts in Church House, inevitably created a degree of upheaval and uncertainty as they were being implemented. But we believe that we now have a more focused organisation which is better equipped to meet the challenges facing the Church of England.

We are conscious that the staff of the Council have had to bear the brunt of these changes. It is a tribute to their dedication and professionalism that, despite the difficulties, so much work of such high quality has been done.

I am happy to commend this report and continue to pray that together we may be able to build upon the work done so far and to meet with confidence the challenges that lie ahead.

✠ DAVID EBOR:  
Joint President

Church House, Westminster  
28 May, 2002



# The Archbishops' Council in 2002

The Archbishops' Council, its Boards, Councils and Divisions seek through their engagement in a wide range of issues to further the life and mission of the Church of England, both at home and abroad. Their work is prioritised and organised under the headings of its four themes:

Theme One: *Engaging with social issues*

Theme Two: *Equipping to Evangelise*

Theme Three: *Welcoming and encouraging children and young people*

Theme Four: *Developing the ministry of all*

These in turn are underpinned by two fundamentals which reflect the way in which the work under the Themes is pursued:

*Worship and the quest for full visible unity.*

Significant work was undertaken in all of these areas during 2002.

## Theme One

In its final year, the Board for Social Responsibility focussed on important work in a number of areas including prisons, mental health and genetically modified food. Major debates, resourced by staff of the BSR, were held in Synod in July on Israel/Palestine and in November on Iraq, both of which attracted significant media interest.

## Themes Two and Three

The Boards of Mission and Education worked jointly to prepare the Archbishops' Council's National Youth Strategy, warmly endorsed by Synod in November, and the Children's Strategy, which Synod is to consider in 2003.

One of the challenges of the Dearing report on Church schools – *The Way Ahead* (GS1406, published in June 2001) – was for the Church of England to expand its secondary school provision by the equivalent of 100 additional schools over the following seven to eight years. To date, thirteen new secondary schools have opened, definite plans or proposals have been made for another twelve and we are aware of at least a further twelve discussions about enhanced provision, giving many more secondary school pupils the chance to be educated in Church of England schools and giving the Church of England a significant opportunity to engage with young people in society.

## Theme Four

A major piece of continuing work during 2002, now nearing completion, was the Hind Report on the structure and funding of ordination training. The work has been staffed by the Ministry Division and has involved input from many other areas including the House of Bishops, Finance, Education and the training institutions themselves. The proposals will include recommendations for the future shape of training for both ordained and lay ministry. If approved by Synod, their impact on the

Church of England will be significant as it attempts to adapt to new modes of training and new forms of ministry.

Partly in response to a DTI discussion document on employment status in relation to statutory employment rights and partly in response to growing internal pressure, the Council established in December a review group under the chairmanship of Professor David McClean to look into employment status issues in relation to the clergy in the Church of England.

## Unity

In July, the General Synod took a significant step in the ongoing discussions between the Church of England and the Methodist Church of Great Britain. Important work had been undertaken on behalf of the Church of England by the Council for Christian Unity, resulting in the proposed Anglican-Methodist Covenant. General Synod approved a motion that all diocesan synods should now be asked to study the Covenant and decide whether to approve it. Many other ecumenical partners are also being consulted and the outcome of these consultations is due to be reported to the General Synod for final decision in July 2003.

## Using resources wisely

The Archbishops' Council seeks to be both forward and outward looking. In order to do this most effectively and to best serve the Church of England, the Council has looked carefully at its own internal structures. The Guildford Review was approved by the General Synod in July. Its wide ranging recommendations, now implemented, were designed to deliver more focused, coordinated and cost effective arrangements. The most far-reaching change has involved the winding up of the former Board of Mission and the Board for Social Responsibility and the establishment of the new Mission and Public Affairs Division accountable to the Mission and Public Affairs Council.

The transition to the new structures, alongside working out the consequences of the Council's decision to freeze its administration costs in 2002-2004 (*Discerning the Future* – GS Misc 617), has inevitably been challenging. Staff have shown great commitment and resilience during a difficult period of change and uncertainty.

As in all modern organisations, the process of change and evolution is never over. During 2002 agreement was reached to establish a common accounting services function for the Archbishops' Council, the Church Commissioners and the Church of England Pensions Board. In addition, a review continued of office space utilisation with the aim of rationalising accommodation for the NCIs in Central London.

Recognising the financial realities facing the Church of England as a whole, the Council considered vital and far reaching work during the year on a range of financial issues. This culminated at General Synod in November in a substantial debate on matters which included clergy remuneration. Methods of further targeting scarce resources to those parishes most in need of assistance were also considered in conjunction with the Church Commissioners.

The Council continues to work hard to realise the vision of *Working as One Body*. Much work is taken forward in collaboration with the Church Commissioners, the Church of England Pensions Board and the House of Bishops. The Council looks

forward to ever closer collaboration with each of these bodies in the future and to this end has worked further with the 'Shapes of the Church to Come' process, which Synod considered in July.

## People

The Council bade farewell to three of its appointed members in 2002: David Lammy MP, who stepped down on being appointed to the Government, and Elizabeth Paver and Stephen Bampfylde, who had completed their term of appointment. The Council greatly values their contribution to its work during the pioneering stage of its existence. It was delighted to welcome three new appointed members at the end of 2002 – Katherine McPherson, Anne Sloman and the Rt Revd Dr Kenneth Stevenson, Bishop of Portsmouth. Their arrival, coming almost at the same time as that of the Most Revd Dr Rowan Williams, Archbishop of Canterbury (and of the new Secretary General, William Fittall), amounts to the most substantial change in the Council's membership since its creation.

# Church and World

As in many other areas within the structure of the Archbishops' Council, 2002 was a year of great change for the Church and World Division as time was given to the restructuring of the Boards and Councils. In July, General Synod voted to establish a Mission and Public Affairs Division. It came into existence on 1 January 2003 under the chairmanship of Dr Philip Giddings and accountable, from 1 April, to a Mission and Public Affairs Council. The work of the MPA Council and Division will cover the work of the former Boards of Mission and Social Responsibility, the Hospital Chaplaincies Council and the Committee for Minority Ethnic Anglican Concerns. The Council for Christian Unity transferred to the Central Secretariat from the beginning of 2003. The Board of Education now constitutes its own Division, and the Council for the Care of Churches and the Cathedrals Fabric Commission for England have been brought together into the new Cathedrals and Church Buildings Division, also from the beginning of 2003.

The reports below reflect the Church and World Division's work in its final year.

## Mission

Through its staff the Board has formed the Church of England's national mission department in those aspects of mission to do with evangelism, mission theology, parish development and outreach, rural concerns, world mission (through the Church of England's world mission agencies and diocesan companion links), inter faith relations and connections with the Anglican Communion. The work of the staff touches on all the Archbishops' Council's Themes and Priorities, but particularly Theme Two: *Equipping to Evangelise*.

The Board itself ceased to exist in March 2003 (eleven years after its formation) and its responsibilities passed to the new Mission and Public Affairs Council. Its staff have formed the Mission Team from 1 January 2003 within the new Mission and Public Affairs Division.

During the year the Board's staff continued as the national points of contact for and assistance with numerous networks within dioceses and voluntary movements and with other Churches in this country and overseas. A number took part in teaching, seminars and workshops around the country.

The Board met four times in 2002, with a final meeting in January 2003. Its Committees also met regularly. They will continue to provide advice, expertise and accountability for staff in the new Division.

During the year the Board Secretary chaired a Conference for provincial mission and evangelism co-ordinators in Nairobi, at which the National Evangelism Adviser represented the Church of England and the General Secretary of the United Society for the Propagation of the Gospel (USPG), Bishop Mano Rumlshah, led the Bible Studies. The Conference report, *Encounters on the Road*, has been commended by the Anglican Consultative Council and widely circulated in the Anglican Communion.

In June, Canon Tim Dakin, General Secretary of the Church Mission Society (CMS) and the Board Secretary took part in the second meeting of the Anglican

Communion's Standing Commission on Mission and Evangelism in St Andrews, Scotland.

## Mission Theology

Much of the work is carried out through the Mission Theological Advisory Group (a joint Group of the Church of England and the Churches' Commission on Mission – CCOM). A new group began work in 2002 under the chairmanship of the Rt Rev David Atkinson, Bishop of Thetford and Professor John Drane of Aberdeen University. Their work focuses on apologetics in contemporary society with a particular concern to address contemporary spirituality.

The main event of the year was the launch of *Presence and Prophecy: a heart for mission in theological education* and two associated publications *A Study Guide* and *Transparencies*, examples of mission thinking through prayer and reflection. The report was commended for study and reflection by the General Synod in November. A programme of day consultations to follow up the debate is in preparation.

In addition, *The Grass is Greener*, a series of case studies and biblical reflection on rural life, was published early in the year and has been widely used.

Enquiries about New Religious Movements (NRMs) are a feature of the Mission Theological Adviser's work and guidance on NRM use of church halls has been produced and circulated. Further work on NRMs continues.

## General Evangelism

Significant work is handled ecumenically through the Group for Evangelisation, which draws together representatives of Churches and voluntary organisations. The National Evangelism Adviser chairs the Standing Committee. Work also continued through the Mission in England Committee, which brings together representatives of a number of Church of England agencies including the Church Pastoral Aid Society (CPAS), Alpha, Springboard, Church Army and CMS and is a valuable network for sharing ideas and challenges.

Features of 2002 included:

- the development and launch of the evangelistic website [www.rejesus.co.uk](http://www.rejesus.co.uk);
- contributing to the Evangelical Alliance's *FaceValues 2002 UK* initiative;
- development of the ecumenical Christian Enquiry Agency as a point of reference for those enquiring about the Christian faith. The number of men enquiring has been a notable feature of the year;
- ongoing support for networks of evangelists, missionaries and mission agencies.

## Evangelism among Children

The Archbishop's Officer for Evangelism among Children concentrated work in the areas of training, resources and research.

She led seminars and workshops on children's evangelism for ten dioceses, one Continuing Ministerial Education (CME) and one ordination course. Time was also given to consultancy encouraging collaboration between diocesan Missioners and advisers in children's evangelism, including setting up one regional group.

Resources on evangelism among children remain very limited. In response to this, she established a quarterly mailing, *REACH (Resourcing Evangelism among Children)*, which has a circulation of 1,500 and is also published on the *evangelism.uk* website. Her handbook on outreach to children through mid-week activities, *Not just Sunday*, was published by Church House Publishing in April 2002.

She set up a survey and reported on diocesan training in children's work for clergy, Readers and parish children's workers. She also did the groundwork for *Project Reach*, a three-year in-depth consultancy to take place in five contrasting dioceses starting in March 2003. The project will cover the fields of parish development, mid-week activities, children under 5 and their parents, local schools and worship. Training for clergy and lay children's workers and the production of suitable resources will form an integral part of the project.

The Archbishops' Council's draft strategy for children, *Sharing the Good News with Children*, was produced jointly with the National Children's Officer.

## Rural concerns

The National Rural Officer (NRO) is based at the Arthur Rank Centre on the Royal Agricultural Society of England site in Warwickshire. He forms part of an ecumenical team providing support to the rural churches of England and engaging with regional and national government. He is involved in a wide range of projects and programmes assisting rural churches and those ministering in and through them.

In 2002 three achievements are notable which put the local church back in the centre of village life:

- the inclusion of so many Harvest Thanksgiving events in British Food Fortnight has effected the move of British Food Fortnight in 2003 to cover the normal Harvest Thanksgiving period – September 20 - October 5<sup>th</sup>;
- Church involvement in the Government's Market Towns Initiative is firmer following steps by the NRO and his colleagues and following the first regional church conference on market towns held in Bury St Edmunds;
- Church-led, community-owned local tourism initiatives can now come under the umbrella of Hidden Britain Centres, the creation of the NRO being piloted in Cumbria and funded by the DTI.

Another project led by the NRO and supported by a volunteer now means that low cost surplus re-cycled Government computers are available throughout rural areas via the partnership between Government and the Arthur Rank Centre .

NRO-led research with the University of Wales benchmarks rural churches by the size of the community in *Rural Mission*, the latest workbook from ACORA. It was part funded by the Board of Mission and launched at General Synod in November.

## World Mission

A feature of the year was the February conference exploring the Church of England and its relations with the Anglican Communion. This proved a useful consultation exercise exploring the variety and inter-connected nature of these relationships. It also aided the process of reviewing the future shape of Partnership for World Mission (PWM) culminating in proposals for a new constitution, which is to be considered by the Board in January 2003. The aim is to provide lighter structures, enabling PWM to



become more task orientated and to support the Mission Agencies in taking greater responsibility for collaborative action.

*Voices from Africa* was jointly published by CMS, USPG, Church House Publishing (CHP) and PWM in October to resource a February 2003 General Synod debate. Using contributions from Africans themselves, it challenges the Church in this country to see how listening to the experience of other parts of the world Church can strengthen our mission in England. The network of those involved in Diocesan Companion Links, with the help of the Mission Agencies, will seek to identify, encourage and share good practice.

2002 saw the largest number of participants in the Companion Links Conference (90 people from dioceses in England, Wales and Scotland with representatives from the Mission Agencies). The Conference covered areas such as a revised constitution for CCOM; considerable change in the structures of a number of the mission agencies; the launch of a PWM web-site and Companion Links e-group (an electronic information sharing initiative); and the co-ordinating of prayer resources for the *invitationtoprayer* website, encouraging a prayerful response to the situation in Iraq.

## Inter faith relations

2002 was marked by the following:

- the initiation of a network on inter faith issues between Anglican and Lutheran churches in the Porvoo communion;
- the development of an exercise to listen to the experience of Muslims and Christians in majority Muslim communities. This is the first phase of an initiative by former Archbishop George Carey which will be carried into 2004. The programme is administered by a government secondee;
- the distribution of guidance for dioceses in responding to the inter faith dimensions of international situations (especially the War on Terrorism and the situation in Iraq);
- the Inter Faith Relations Adviser was in wide demand to speak and advise both in England and internationally on aspects of inter faith relations.

## Social Responsibility

From its formation in 1958 the Board for Social Responsibility had the mandate to co-ordinate the thought and action of the Church of England in the life of all in society. In its final year as a separate Board it continued to deliver work relating to the Archbishops' Council's Theme One: *Engaging with Social Issues* – 'to assist the Church to speak and act prophetically, particularly alongside those who are marginalized'.

The Board's staff provided, and will continue to provide, high quality resources to enable the Archbishops' Council, the General Synod and Bishops (through their work in the House of Lords and elsewhere) to make a Christian contribution to public life particularly at national and international levels.

The Board sought to ensure that the Church of England's voice was heard through responses to Government and other public consultations through, for example, General Synod debates and a wide range of diocesan events.

The following examples of staff activity provide some indication of the work done during the year and which will continue and develop within the new Mission and Public Affairs Division.

## Science, medicine, technology and environmental issues

- Responses to consultations on issues in genetics, GM foods and organ donation;
- Paper for Green Ministers on sustainable development commissioned through membership of the Government's Sustainable Development Education Panel;
- Training for bishops on issues in genetics;
- Work with a regeneration project at St James's Cemetery in Liverpool;
- Organisation of the Anglican Congress on the stewardship of creation preceding the UN's World Summit on Sustainable Development;
- A series of diocesan Parish Pump workshops on the environment launched in London/Southwark and Lincoln. These workshops will, among other things, bring the messages and lessons from the UN Summit to people around the country at local level.

## Marriage, Sexuality and Family Policy

Marriage support work continued. This included contributions to the Church of England's policy and practice on further marriages in church after divorce and the development of ways of making the Church of England more welcoming for those wanting to get married, particularly in the light of changes to the civil registration system. The possibility of a Church of England presence at some national wedding shows is being explored.

Support also continued for a research project funded by the Lord Chancellor's Department on the Churches' work in supporting adult relationships. The report is due in 2003.

## Home Affairs

- Response to the draft Mental Health Bill;
- Support for a new parish workbook on mental health produced in collaboration with the NHS and Mentality, to be written in 2003;
- Responses to the Auld Report on the future of the Courts and to the House of Lords Committee on Religious Offences and the Future of Blasphemy;
- Churches Criminal Justice Forum (CCJF) conference on women prisoners held in HMP Askham Grange, York in July with the new Prisons Minister Hilary Benn MP. The event was attended by 70 people;
- Work with CCJF on the resettlement of prisoners, staffed by two Salvation Army officers in Swansea, Preston and Gloucester, which helped 130 prisoners in 2002. The Forum, chaired by a BSR staff member, also employs an officer to promote Church involvement in criminal justice issues.

## International and Development Affairs

The situation in the Middle East and particularly the growing crisis over Iraq occupied a very significant amount of the International Policy Adviser's time and expertise both in the preparation of public statements and position papers and in private briefings. Work during the year has included:

- participation in a Christian Aid delegation to Israel/Palestine in October;
- General Synod debate on Israel/Palestine in July;
- organisation of workshops on Israel/Palestine;
- General Synod debate on Iraq in November;
- co-ordination of the Church of England's response to the crisis in Iraq;
- participation in a World Faith Development Dialogue in Canterbury in November;
- preparation for the Faith Leaders' participation in the World Economic Forum in January 2003;
- submission to the House of Commons Defence Committee on National Missile Defence;
- submission to the House of Commons Foreign Affairs Committee's Enquiry on the War on Terrorism.

## Community and Urban Affairs

Work during 2002 included:

- Faith in the City Conference
- resourcing the General Synod debate on *The Urban Renaissance*;
- first issue of the Anglican Urban Network newsletter;
- hosting of a fringe meeting on Faith in the Urban Renaissance at the Urban Summit in Birmingham.

## Ecumenical and Europe

Staff have continued to work closely with ecumenical partners in the UK and other parts of Europe on a wide range of public issues. Examples have included: the co-ordination of work on the implications for the Churches of changes in the legal status of transsexual people following the judgement of the European Court of Human Rights in the *Goodwin* case; the implementation of the EU Directive on Equality in Employment; and the work of the Convention on the Future of Europe.

## Hospital Chaplaincies

Under the Chairmanship of the Bishop of St Albans, the Hospital Chaplaincies Council (HCC) has specific responsibility for Anglican chaplaincy at hospitals within England. It is also a consultative and advisory body for other Provinces. In its relationships with the Department of Health and the NHS Executive most of the work is undertaken ecumenically, with the Roman Catholic and Free Churches supporting training needs with an annual grant.

During 2002 the Joint National Training and Development Officer's post was half funded by the College of Health Care Chaplains, the chaplains' professional body.

As some of the sharpest and most complex ethical issues are located within healthcare, HCC has to take note of the resulting tensions as they affect chaplains and healthcare.

Under the structural arrangements agreed following the Guildford Review, HCC retains its own Council, but within the framework of the Mission and Public Affairs Division.

The main areas of activity in 2002 included:

- leading negotiations concerning chaplaincy provision in the NHS in co-operation with ecumenical and other faith partners;
- establishing stronger links with Ministers and officials at the Department of Health;
- HCC staff and members of the Department of Health Assessors Panel negotiated with 70 Trusts over new/replacement whole-time chaplaincy appointments;
- acting as a panel of reference and advice to the Bishop of St Albans when he is speaking on ethical and related chaplaincy issues in the House of Lords;
- all training courses, funded by the NHS, were fully subscribed;
- development work included a secondment for the Training and Development Officer with the South Yorkshire Workforce Development Corporation, which is the national leader in chaplaincy;
- co-ordinating the work of the Multi-Faith Joint Working Party (MFJWP), which was wound up during 2002. The guidance formed by this group will be adopted by the Department of Health for dissemination in 2003;
- as the work of the MFJWP came to an end so the Multi-Faith Group for Healthcare Chaplaincy was established. This group (for which HCC provides the secretariat) will become a panel of reference concerning chaplaincy/spiritual care. Its membership will include spokespersons from the faith communities, working chaplains, and chaplaincy groups;
- the Secretary attended the 7<sup>th</sup> European consultation on Healthcare Chaplaincy in Finland (June 2002);
- HCC endorsed a collective statement of Standards for Healthcare Chaplaincy.

## Looking Ahead

In addition to its day-to-day work of supporting chaplains, trusts and bishops' advisers and relating to a major Department of State, further development of a database to enable communication with chaplains via email is planned. It currently covers 92% of chaplains. The HCC website [www.nhs-chaplaincy-spiritualcare.org.uk](http://www.nhs-chaplaincy-spiritualcare.org.uk) continues to be a useful tool for communicating with chaplains, and further expansion is planned for 2003.

## Christian Unity

During 2002, the Council for Christian Unity continued the process of implementing the agreements and developing the relationships which the Church of England has entered into with partner Churches in the UK and internationally, in fulfilment of the Archbishops' Council's Fundamental of seeking the visible unity of the Church. It continued to service the Church of England's involvement in the four ecumenical instruments (Churches Together in England, Churches Together in Britain and Ireland, the Conference of European Churches and the World Council of Churches) and supported ecumenism in the dioceses, especially by providing advice to bishops and diocesan staff. The CCU and its staff also continued to have significant involvement in the Anglican Communion's ecumenical work and to provide resources for theological reflection to the House of Bishops, the Archbishops' Council and the General Synod.

Large amounts of time and energy were required by the *Discerning the Future* cuts and restructuring exercise. For the CCU, the process resulted in the loss of a part time Administrator (HEO) and the equivalent of half a secretarial post. Following the Guildford Review, it has been agreed that the CCU is to transfer from the former Church and World Division at the end of 2002 to take up a new position within the Central Secretariat.

After five and a half years as CCU Local Unity Secretary, Flora Winfield was appointed Residentiary Canon Pastor at Winchester Cathedral and took up her post in September. The Revd John Cole, the author of the Anglican–Methodist Covenant resource, *A Church Shaped for Mission*, was appointed to the redesigned post of National Adviser (Unity in Mission).

Comment [.1]:

## Ecumenical Dialogue

The report of the Formal Conversations between the Church of England and the Methodist Church, *An Anglican–Methodist Covenant* (published in December 2001), was debated by the General Synod in July. Like the Methodist Conference, the Synod voted overwhelmingly to request the dioceses to study the proposed covenant and to decide whether to endorse it. The Anglican Churches of Britain and Ireland, ecumenical partner Churches and the Home Ecumenical Instruments were also requested to comment on the report before it returns to Synod in July 2003 for decision.

Staff and members of CCU and the Faith and Order Advisory Group (FOAG) have been much involved in the initial process of study and evaluation. The Theological Secretary of CCU, Dr Martin Davie, has written a substantial theological study guide to the report.

Informal conversations between the CCU and the Baptist Union of Great Britain began working on a report to be published for the two sponsoring bodies. This will focus particularly on the role of Christian initiation in the mutual recognition of Churches.

The agenda of English ARC (the Anglican–Roman Catholic Committee) included study of the House of Bishops' statement (drafted by FOAG) titled *The Eucharist: Sacrament of Unity* – a response to the Roman Catholic Bishops' *One Bread One Body* – and of the papal encyclical *Fides et Ratio*. The Committee made a visitation of

Anglican, Roman Catholic and other Churches in Cricklade. An observer from the Church in Wales joined the November meeting as the first step in an initiative to involve Anglicans and Roman Catholics in Wales.

The latest bi-annual across-the-board consultation with the Church of Scotland was held in Sheffield, with the Archbishop of York as the Anglican co-chair. The Chairman of the CCU, the Bishop of Peterborough, represented the Church of England at the Church of Scotland's 2002 General Assembly.

The staff of the CCU held their third annual 'Equip to Unite' residential conference for potential ecumenical leaders sponsored by their bishops.

The General Secretary continued to be involved in Anglican Communion ecumenical issues, in particular as a member of the Inter-Anglican Standing Commission on Ecumenical Relations (IASCER) and of the International Forum between the Anglican Communion and the Baptist World Alliance, which is currently engaged in a series of regional consultations around the world.

## European developments

- The Meissen English Committee, chaired by the Bishop of Wolverhampton, mapped out its plans for the next five years, including delegation visits, and the quinquennial report of the Meissen Commission, *Making Unity More Visible*, was published.
- The Porvoo Church Leaders meeting took place in Tallin, the Church of England's delegation being led by the Archbishop of York (Chairman of the Porvoo Panel).

A group including the General Secretary and the European Secretary of CCU and led by the Bishop of Portsmouth (Vice-Chairman of the Porvoo Panel) met with bishops of the Church of Denmark in Copenhagen.

Thanks particularly to the efforts of the Revd Dr Charles Hill, arrangements for diocesan links, exchanges and ministerial appointments under Porvoo were strengthened.

- The Church of England's delegation to the 2003 Assembly of the Conference of European Churches (CEC) was appointed, with the Bishop of London (member of the CEC Central Committee and Praesidium) as its leader. The Vice-Chairman of CCU, Mrs Elizabeth Fisher, continued to be much involved in CEC on behalf of the Church of England.
- The first meeting of the Reuilly Contact Group (Anglican co-chair: the Bishop of Stafford) set the agenda for the first phase of work with the French Lutheran and Reformed Churches.

## Local Unity

- The Local Unity Panel held its annual overnight meeting, focusing particularly on issues concerning Local Ecumenical Partnerships (LEPs) and on the CCU's submission to the Review of the Dioceses and Pastoral Measures. The Bishop of Repton was appointed Chairman from January 2003, succeeding the Bishop of Swindon.
- The Church of England–Moravian Church Contact Group moved into a new phase emphasising local initiatives.

## Faith and Order

The Faith and Order Advisory Group (FOAG), chaired by the Bishop of Chichester, carried forward work on eucharistic presidency, the Virginia Report, continuing 'Anglican' Churches, ministry issues and ecumenical method, on which a volume of essays is forthcoming.

A volume of essays, *Unpacking the Gift*, by members of FOAG and edited by Canon Peter Fisher on the Anglican-Roman Catholic International Commission's (ARCIC) report *The Gift of Authority* – was published at the end of the year. This will be used to resource a future General Synod debate.

The Theological Secretary worked on joint confirmation in LEPs and on Christian initiation. He began work on an introduction to the Church of England requested by ecumenical partners.

## Education

The Church of England's commitment to education – both in its own and other institutions – and in parish-based lifelong learning, and its interest in the quality of the educational experience for all learners is focussed at national level through the Board of Education. The Board of Education develops the Church of England's educational policy in relation to Government and its agencies and in relation to its ecumenical and other partners; the Board of Education's advisers and officers support the implementation of policy at diocesan and other levels.

At the beginning of 2002, the Board's staff were organised into three new teams: Lifelong Learning; Schools Strategy; and Training and Development. This coincided with the abolition of the formal standing committees of the Board. In the wake of the Guildford Review, it was agreed that Education should be moved from the Church and World Division and should form its own Division from 1 January 2003.

The new Education Division will continue to participate in public debate on behalf of the Church of England, promote high quality Christian education and give critical support to all those actively involved in education.

## Lifelong Learning

The Lifelong Learning team works with higher and further education institutions and other agencies promoting lifelong learning to raise issues of spiritual development, values and chaplaincy in further education colleges; to promote discussions of purpose and support for chaplaincy; and to promote the distinctive character and mission of Church colleges of higher education and universities.

Following the loss of the post of National Learning Adviser, significant work had to be dropped. But two important projects are being sustained by their steering groups: Investors in People and Cathedrals as Places of Adult Learning. Both are undertaking significant work, supported administratively within the Board of Education.

The Revd Paul Brice, Secretary for Higher Education and Chaplaincy has been succeeded from February 2003 by the Revd Hugh Shilson-Thomas. Amongst Hugh's first tasks at Church House will be drafting the Church of England's response to the recent Government White Paper on Higher Education.

Anthea Turner, the Churches' Further Education (FE) Adviser, has continued to work closely with the Learning and Skills Council to promote effective Church-community-FE partnerships, and has liaised closely with dioceses and ecumenical partners. She has led seminars on FE chaplaincy and partnerships at the annual Association of College Principals Conference, and at the national Learning and Skills Research Network annual conference. A booklet on the Churches' FE Beacon Award for Sustainable Community Development, including case studies and materials for local churches, was published in the summer and was well received by the sector. The Churches ecumenically agreed to sponsor a Helena Kennedy bursary for teacher education. The National Adviser continues to work with a group of FE colleges across the country on the Churches' Post-16 Citizenship project, prior to publication of a good practice guide in 2003. The University for Industry/learnirect and the Association of Colleges jointly sponsored the one-day National Ecumenical Agency for FE conference held in October on the theme of Partnerships.

## Schools Strategy

The Schools Strategy team works to strengthen the place of religious education and collective worship; to promote the spiritual and moral development of pupils in all schools; and to preserve and develop the place of the Church of England's own schools in the esteem of central and local government, the wider community and the Church of England itself.

The Church of England's policy on schools, as proposed in the Dearing report *The Way Ahead* and approved by General Synod, continued to be a driving force for the work of the team on distinctive and inclusive Church of England schools, on the strategic development of secondary school provision, and on supporting the vocation to teach. The Board of Education approved national guidance to Diocesan Boards of Education on admissions to voluntary aided Church of England schools, which emphasised and illustrated the means of establishing through admissions a character and ethos that is both distinctive and inclusive.

The team has worked on the establishment of a major national PFI scheme for the replacement of time-expired Church of England Voluntary Aided schools. The DfES and the National Society agreed to establish with Partnerships UK (a private/public partnership vehicle partly owned by HM Treasury) a wholly-owned company, Partnerships for Church of England Schools (PfCS), to support national procurement models and the grouping of projects into clusters of dioceses of a size attractive to private sector partners. The scheme should unlock £250 million of capital funding over the first three years following the establishment of the company during the spring term of 2003. A great deal of work has been undertaken with dioceses to prepare the ground and to secure enthusiasm and commitment from schools.

Lord Dearing's report proposed the development of a fundraising strategy for new Church of England schools. This was in preparation, linked to plans for a Youth Evangelism Fund, by the end of the year. Despite the absence of central funding, 2002 saw substantial development towards the target of 100 additional secondary schools. By the end of the year 13 additional secondary schools had opened with an additional 11 schools fully planned and proposals under development for 10 more. This strong diocesan response to a national initiative, depending as it has entirely on diocesan leadership and local community support, suggests that the proposal was timely.



Other proposals in *The Way Ahead* have seen development, especially with regard to supporting the vocation to teach. Plans were made for the ecumenical Education Sunday (16 February 2003) to have as its theme *The Vocation to Teach*, which will emphasise the vocation of the baptised as well as particular lay and ordained ministries.

Dr David Lankshear of the Education Division wrote *Pocket Prayers for Teachers*, (CHP) and it was well received. He also produced a second edition of his *Churches Serving Schools* (CHP) and with Canon John Hall a much revised second edition of *Governing and Managing Church Schools*.

## Training and Development

The Training and Development team supports the Church of England's educational work with and among children, young people and adults, promoting effective Christian nurture and Christian outreach. Much of the work at national level involves developing effective partnerships with national voluntary and governmental agencies and with others working in the same field and resourcing the diocesan networks as they support the work in parishes and local communities.

The team continued to raise the profile of children's work throughout the Church of England, encouraging training and best practice. The Review of the Practice of Admitting Children to Holy Communion before Confirmation continued, the results of which are to be submitted to the General Synod in 2005.

The National Children's Officer worked collaboratively with the Archbishop's Officer for Evangelism among Children to prepare a Strategy for Children for adoption by the Archbishops' Council in early 2003. It will be considered later in the year by the Bishops' Meeting and the General Synod.

The National Children's Officer undertook a programme of diocesan visits, consultations and training, including in Zurich at the request of the Diocese in Europe, and the US.

The National Youth Officer worked on framing *Good News for Young People: The Church of England's National Youth Strategy*, which was approved by General Synod in November. The strategy has four elements: Young People and Worship; Young People as Leaders; Resourcing Youth Workers; and Young People and Mission. These elements will focus the National Youth Officer's work in 2003.

The management of substantial grants from the DfES and the development and delivery of the Continuing Professional Development Scheme for Diocesan Youth Officers are major areas of work, as is support for young adult participation initiatives at all levels of the Church of England. As part of this, twenty young adults attended the July sessions of General Synod as observers. Engagement with government departments and contributing to voluntary sector initiatives are also vitally important as key strategies and policies for the informal education of young people to continue to take shape.

Joanna Cox joined the team as National Adviser for Lay Discipleship and Shared Ministry with a brief which includes partnership working with the Ministry Division, for example over appropriate training for shared ministry, especially in theological education. She worked closely with the Ministry Division's vocations adviser in planning Vocations Sunday (11 May 2003) to encourage the vocation of all, including lay discipleship.

The House of Bishops' *On the Way* project (managed in the Board of Education), an exercise in Anglican catechetics from which might be developed teaching materials for various age groups in the Church of England, moved forward with the appointment of Dr Kenneth Stevenson, Bishop of Portsmouth, to write the core work.

Diocesan networking has been encouraged and advanced, especially in the areas of adult education resources and the development of lay ministries in the church.

Work on the Structure and Funding of Ordination Training (the 'Hind Review') has highlighted the importance of training for lay and shared ministry being included within considerations of appropriate training for ordained ministry. This and the need constantly to raise the profile of training for adult lay discipleship will help focus the work in and beyond 2003.

## Cathedrals and Church Buildings

The establishment of the new Cathedrals and Church Buildings Division, comprising the staff of the Council for the Care of Churches and the Cathedrals Fabric Commission, was agreed during 2002 as part of the *Discerning the Future* exercise. It came formally into existence on 1 January 2003, although the Division functioned in its new form throughout the second half of the year. The two individual bodies retain their separate identities and functions, but the creation of the Division has enabled a strengthening of the existing collaboration between staff, greater synergies between the issues common to both bodies, and a stronger policy focus. The Head of the new Division, Paula Griffiths, joined the staff in July. She is Secretary to both the Council and the Commission as well as being lead officer for the Church Heritage Forum.

The two bodies are also being brought together by the establishment of the Cathedral and Church Buildings Divisional Group, chaired by the Bishop of London, and operational from early 2003.

The value of being able to combine the span of work in this way became very evident during the second half of 2002, particularly in relation to:

- work to articulate a policy on the use, opportunities and funding of church buildings, as a preliminary to making an approach to Government and other funding partners. The Church Heritage Forum discussed the context for the project and a proposed way forward, in November 2002. This is being actively taken forward in 2003;
- continuing negotiations on the future of VAT for listed churches. Staff of the Division, with Finance and Communications colleagues, joined the Churches' Main Committee's discussions with Government departments to ensure that the operation of the Listed Places of Worship Grant Scheme was as smooth as possible, and discussions with MPs and MEPs to support the case for a permanent reduction in the context of the revision of the 6<sup>th</sup> VAT Directive in Brussels;
- the Licensing Bill, which was introduced into Parliament in November 2002. As drafted the Bill required places of worship to seek public entertainment licences for concerts, plays and similar events, except where they clearly took place in the context of a religious meeting or service, with consequential fees for the necessary licences or notifications. The Division, with the support of the Legal Office and the Archbishop's Secretary for Public Affairs, was able successfully to reflect to the Department of Culture, Media and Sport the strong concerns felt by many

parish churches and cathedrals about the impact this additional bureaucracy and expense (estimated as a possible £2.6 million for the Church of England alone in the first year of operation) would have upon the ability of churches to contribute to the cultural life of the country and to put on such events as part of their wider outreach to the community.

## Council for the Care of Churches

The CCC and its specialist committees continued throughout the year to advise parishes, dioceses, Chancellors and others on a whole range of issues involving church buildings, their contents and churchyards. While much of the work relates to individual applications, whether for faculties or for grants, the CCC continued to encourage best practice and promote educational initiatives in the widest sense. Its mission remains to enable parishes to fulfil the potential of their buildings for worship while also acting as responsible stewards of their care and conservation.

Policy matters of particular relevance to the CCC included:

- the signing of a national framework agreement with Quintel to facilitate the provision of aerials in church buildings under standard terms and conditions;
- representation on a Home Office Working Party on cemeteries and churchyards, which is likely to lead to a Government consultation paper on reform of burial law;
- the CCC initiated, in partnership with the Cathedrals Fabric Commission and English Heritage, a Working Group on Church Archaeology and Human Remains, to formulate guidelines on best practice and to feed into the proposed new legislation described above;
- the CCC contributed to the consultation on the review of the Dioceses and Pastoral Measures. The issues raised by the CCC in this process were subsequently reflected by the Review Group in its second consultation paper;
- agreement on a policy on the sale of treasures under the faculty jurisdiction, which will be issued as a guidance paper to Diocesan Advisory Committees (DACs) following discussion with the Ecclesiastical Judges Association.

## Advisory Work

The CCC considered 151 faculty referrals in 2002, virtually the same number as in 2001. These covered a wide range of proposals including 19 extensions, 22 reordering projects, 14 conservation projects and 20 stained glass windows. Other items included repairs (6), sale of items (17) and works to bells, organs, new works of art and the rebuilding of All Saints', West Dulwich, following a fire.

The CCC considered 52 reports on churches considered for redundancy under the Pastoral Measure; this included a strategic review of eleven churches following a request by the diocese of York. Again, this level of activity was very similar to that in 2001.

## Grant-making

In 2002, the CCC approved grants for conservation of contents totalling £270,597, of which £65,428 was for churchyard furnishings and churches in Scotland and Wales.

These grants are administered from monies originating with charitable grant-making bodies. In addition, the Wolfson Foundation awarded grants for fabric repairs totalling £224,000 on the advice of the CCC.

Discussions with the Heritage Lottery Fund about the scope for providing them with advice on applications for conservation of contents within churches under their *Your Heritage* scheme continued. Agreement was reached on a pilot scheme to assess the implications of this in more detail in 2003.

## Education and Outreach

Two new titles were published in 2002: *Sounds Good - a guide to church organs for incumbents, Churchwardens and PCCs* and *A Fragile Inheritance - the care of stained glass and historic glazing*. We reprinted *The Conservation and Repair of Bells and Bellframes* and *Church Extensions and Adaptations*. New editions of *A Guide to Church Inspection and Repair* and *Fundraising for Your Church Building* are currently in preparation as is a handbook on Church Archaeology.

The Annual Conference for DACs in the diocese of Bradford on the theme 'A Place of Meeting' looked particularly at the experience of churches which had, or wished to, adapt their church buildings for wider use. The Joint Conservation Forum (with English Heritage and the Heritage Lottery Fund) was held on stained glass, coinciding with the publication of *A Fragile Inheritance*.

The *Churchcare* website, sponsored by the Ecclesiastical Insurance Group (EIG), continued to develop. Informal feedback suggests that this is proving a valuable and well used resource for churchwardens and others.

## Cathedrals Fabric Commission for England

The CFCE continued to exercise its statutory role of advising cathedral chapters on the care, conservation and development of cathedrals and determining those applications relating to cathedrals and their precincts which fall to it under the Care of Cathedrals Measure 1990. During 2002 the General Synod continued to discuss the Care of Cathedrals (Amendment) Measure, which is intended to bring into effect a number of amendments which, although generally comparatively minor in themselves, will give greater force to what have already been matters of good practice. The Commission intends to produce guidance on the amended Measure when it comes into force.

In July the Commission said goodbye to Dr Richard Gem, who joined the Department in 1981 and helped steer through the Care of Cathedrals Measure. He became the Secretary to the newly formed Cathedrals Fabric Commission in 1990. His influence, together with his wide and scholarly knowledge of the cathedrals themselves, was crucial in developing the policy and practice of the CFCE and in ensuring that the twin objectives of the Measure – the care and conservation of cathedrals and their part in enabling worship and mission – are fulfilled in equal measure in its operation. The CFCE was delighted to see the recognition of his contribution through the award of an OBE in the Birthday Honours List.

Paula Griffiths succeeded Richard Gem as Secretary, and the CFCE's staff was also strengthened through the promotion of the Cathedrals Officer, Dr Linda Monckton, to Assistant Secretary and the appointment of Ms Allie Nickell as Cathedrals Assistant.

The CFCE met 10 times in 2002 and during the year welcomed the appointment of a new member, Mr Tom Sutcliffe.

Well over 60 proposals were considered by the CFCE during 2002, for approval or advice covering a wide range of projects.

More general advisory work continued. In August the CFCE issued jointly with the Association of English Cathedrals an advice note on the preparation of Conservation Plans for Cathedrals seeking to help chapters through the valuable but often initially daunting task of preparing such plans and to deepen the understanding of the building and its surroundings. The CFCE continued to promote discussion on major liturgical issues and this year ran a seminar on the architectural setting of rites of initiation at Southwark Cathedral in October. Also in October, in Peterborough, what it is hoped will be the first in a series of regional seminars for cathedral clergy, Fabric Advisory Committees (FACs), administrators and professional advisers, to share good practice and discuss the operation of the Care of Cathedrals (Amendment) Measure.

Meanwhile, guidance on the operation of the Disability Discrimination Act is at an advanced stage, and the CFCE agreed the recommendations of the Working Party with English Heritage on the way forward for the Church Heritage Record project. This should be taken forward during 2003.

## Ministry

### Vocation, Selection and Pre-Theological Education

41 National Selection Conferences were held (41 in 2001 and 46 in 2000) and 5 Ordained Local Ministry (OLM) Conferences. A total of 628 candidates were sponsored (652 in 2001, 639 in 2000), of whom 441 were recommended (434 in 2001, 472 in 2000). The overall recommendation rate was 75.6% (71.0% in 2001, 71.8% in 2000). 42 candidates attended 5 OLM Conferences, of which 35 were recommended. The Durham OLM Scheme was approved by the House of Bishops in June, bringing the total number of such schemes to 20.

The number of candidates sponsored for ordained and accredited lay ministry continued to fall in 2002. This has been largely due to the fall in the numbers of stipendiary/non-stipendiary male candidates and the low take up for the lay ministry category.

The Vocation, Recruitment and Selection Committee, under its new chairman the Bishop of Tewkesbury, met twice and considered the recommendations of the Review of Selection Procedures chaired by the Bishop of Grantham, and the parallel review by the Internal Audit Unit of the Archbishops' Council. The Review Group concluded that the present national system of selection should continue, but that further work needed to be done to review the selection criteria, sponsorship categories, the caseload of the Candidates' Panel, medical assessments, and the five assessment tools to see if they are appropriate and effective. The Committee commissioned small working groups to look at these aspects in detail.

Pre-selection procedures were devolved to dioceses so that Diocesan Directors of Ordinands (DDOs) now raise almost all the necessary paperwork for candidates before they come to conference.

Some cross-body work between the Ministry Division and the Church of England Pensions Board addressed the issue of the increasing number of early retirements among relatively young clergy due to ill health. The Committee's recommendations were approved by the House of Bishops and these included careful scrutiny of candidates at the pre-selection stage and during training, and the setting up of a second independent opinion for bishops who might query a medical decision.

The Vocations Panel, chaired by the Venerable David Lowman, has maintained supportive links with the growing network of over 300 Vocations Advisers working in dioceses. This has been achieved through bi-annual consultations, an occasional newsletter as well as more individual contact. Liaison with the dioceses and other agencies has involved the Vocations Officer participating in their vocational events.

A major focus for the work of the Panel this year has been preparation for the national Vocations Sunday, which is scheduled for 11 May 2003. To this end a leaflet promoting Vocations Sunday has been produced and circulated to all clergy, Readers, and Church Army Officers. A designated website has also been set up offering sermon outlines and a range of other resources for those leading worship on Vocations Sunday.

The Vocations Forum, an informal network of agencies involved in vocations work, continued to prove an effective vehicle for the exchange of ideas, opinions, news and good practice. The Forum was able to meet only once this year.

The Pre-Theological Education Panel, chaired by the Venerable Bob Metcalf, had two meetings. The Panel shared concerns and good practice with moderators with regard to their work of moderating candidates' portfolios and when sharing their likely advice to the bishop with the candidate.

18 candidates were presented for moderation during the year. All candidates were considered by the moderators to have fulfilled the condition set by selectors and have entered theological education. There are a further 10 candidates presently undertaking Pre-Theological Education.

The Panel continued to undertake its usual tasks of monitoring the work of the National Adviser, looking at the adequacy of condition paragraphs, monitoring moderation reports and ensuring that the programmes developed for candidates are appropriate.

## Theological Education and Training

The main focus of the year's work was again the working party on the structure and funding of ordination training. This major review of the Church of England's provision for ordination and other forms of training, chaired by Bishop John Hind, was set up in 1999 by the Archbishops' Council. In 2002 it published both an interim report (February) and a draft final report (November) and conducted two major rounds of consultation on these reports. The final report is expected to come to Synod in July 2003.

In January the House of Bishops endorsed the report *Preparing for Ordained Ministry: good practice in assessment and in reporting on candidates within initial*

*training*. Following the publication of the report, two very well-attended training days were held for the staff of colleges, courses and OLM schemes. This initiative should enable a more consistently high standard of reporting on candidates in training.

The Committee commissioned a review of mixed-mode training focusing on the two main schemes offered by St John's, Nottingham and the East Anglian Ministerial Training Course's Peterborough Project. The working group, chaired by Canon Leslie Morley, gave a positive report on both schemes while offering recommendations for their further development. The report is available on request from the Ministry Division.

The Committee particularly wishes to place on record its gratitude to the Revd Dr John Muddiman who stepped down during the year, having served as its first Chairman, and having also given many years' service to the Ministry Division's predecessors as an examiner, in validation work, a number of reviews of training and latterly as Chairman.

The Educational Validation Panel, chaired by the Revd Dr Richard Burrige, continued its work on the validation of the educational programmes of institutions training candidates for ordination. Particular issues included adequate grounding in the Bible and Christian theological tradition; the value of written work within the range of styles of learning and assessment; and the importance of the full inclusion of Pastoral Studies within validated awards (e.g. degrees or diplomas).

The total spent on Vote 1 (the Central Fund for Ministry Training) was £8,783,527 against the approved budget of £9,138,175.

The Reader Training Panel oversees the moderation of initial and continuing Reader training in 43 dioceses and in the Armed Forces. It met twice in 2002 and received moderation reports from 20 dioceses. It has also discussed a range of topics including issues of Reader formation, a response to the report on the Structure and Funding of Ordination Training and how to moderate Reader training in the Diocese in Europe.

After extensive review, the Archbishops' Diploma for Readers closed to new entries in 2000. Candidates still in the system were asked to complete their dissertations by 31 August 2002. During 2002, 5 Readers were awarded diplomas.

## Ministry Of and Among Deaf and Disabled People

Early 2002 saw the retirement of Canon James Clarke, who had given many years of significant service as Secretary to the Committee, and for most of the year the Director of Ministry acted on a temporary basis as staff officer/secretary for the Committee. Towards the end of the year the Revd Philip Maddock, senior chaplain with deaf people in the diocese of Lichfield, was appointed as Advisor for the Ministry of and among Deaf and Disabled People to start work at the beginning of 2003.

During 2002 the Committee, chaired by the Bishop of Chelmsford, continued to monitor and encourage the ministry of and among deaf people in the dioceses – particularly through the chaplains. A significant development was the formation and implementation of a new training programme designed to assist in the continuing ministerial development of chaplains. The annual ministerial development conference

for chaplains was held at the University of Kent at Canterbury in June and proved to be a particular success with over 55 chaplains attending.

The Committee also continued to build up its knowledge and expertise concerning ministry of and among people with general disabilities. The implications of the Disability Discrimination Act (1995) were of particular importance in this respect.

## Deployment, Remuneration and Conditions of Service

### Deployment

The Committee, chaired by the Bishop of Gloucester, continued to advise the House of Bishops on trends in the numbers of licensed ministers; to work with dioceses and theological colleges and courses on the placement of candidates in stipendiary title posts; and to monitor the numbers of priests leaving the Church of England's ministry in connection with the ordination of women.

### Remuneration

The Committee recommended to the Archbishops' Council that the National Stipend Benchmark should be increased by 3% in 2003/4. It also recommended that parochial fees should be increased by 4% in 2003. This was agreed by the General Synod in July.

The Committee continued work on the recommendations of the Clergy Stipends Review Group.

### Conditions of Service

The Committee continued work on a grievance procedure for clergy and issued guidelines on the deployment of two-clergy couples. It made detailed comments on the draft Code of Professional Conduct for Clergy drawn up by a working party of the Convocations of Canterbury and York, and on the proposals of the first draft report from the Structure and Funding of Ordination Training working party, particularly as they related to Continuing Ministerial Education (CME). The Committee discussed the questions posed for the Church of England by the Department of Trade and Industry's discussion document *Employment Status in Relation to Statutory Employment Rights*.

## Central Readers' Council

The Central Readers' Council said its farewells to the Rt Rev Christopher Mayfield, Bishop of Manchester, on his retirement as Chair of the Council at the end of June 2002. It also welcomed the Rt Rev Graham Dow, Bishop of Carlisle, as the new Chair from July 2002.

During the year the Executive Committee discussed:

- the arrangements for the national conference in September on collaborative ministry;
- the interim reports of the working party on CME;



- proposals for the moderation of Reader training in the Diocese in Europe;
- the report on the Structure and Funding of Ordination Training;
- arrangements for future conferences and annual meetings.

Other events in 2002 included the publication of the book *Bridging the Gap – Reader Ministry Today* (edited by Gordon Kuhrt and Pat Nappin); the extension of the database and the acceptance of the revised constitution and regulations.

*The Reader* magazine celebrates its centenary in 2003 with a special issue. Subscriptions are now being taken out by Readers in the Diocese in Europe and in the Diocese of Trinidad and Tobago.

## Finance

The Finance Division is committed to assisting the Archbishops' Council and the wider Church by the provision of high standards of financial administration, together with advice on wider policy matters. Under the chairmanship of Mr Michael Chamberlain, the Finance Committee, which functions as the financial executive of the Archbishops' Council, oversees the work of the Division. It met on six occasions during the year.

A crucial responsibility assigned to the Archbishops' Council under the National Institutions Measure 1998 and handled by the Finance Division is to determine the allocation of monies provided by the Church Commissioners for parish ministry support according to where it is most needed. Certain adjustments to the allocations and apportionment formulae were agreed in the autumn, particularly to smooth the effect on dioceses of significant variations in data. These changes are now being implemented.

In May 2001 the Archbishops' Council established a Financial Issues Working Group in response to the substantial increase in the cost of the Clergy Pension Scheme. The work of the Group, chaired by the Financial Secretary from March 2002, continued throughout the year as it sought to identify the most appropriate arrangements for the remuneration of the clergy. This involved a major consultation exercise with dioceses. In a substantial debate in November, the General Synod decided that certain stipend increases should be implemented (following up some of the recommendations in *Generosity and Sacrifice*, the Report of the Clergy Stipends Review Group, published in 2001). The Synod decided to maintain the defined benefit clergy pension scheme (albeit with the possibility of some adjustment to benefits in due course). It also agreed to proposals which would increase by around £9 million per year the amount that was available for distribution through the selective allocations formula, to be phased in from 2004 onwards. The Group has now completed its work.

As part of their desire to maximise the efficiency and cost-effectiveness of their work, the NCIs set up a review of their finance departments in 2001. The Accounting Services Review recommended in late 2002 that a common accounting services department should be formed to provide the necessary accounting services to the Archbishops' Council, Church Commissioners and the Church of England Pensions Board. This is now being implemented. In the meantime, the Archbishops' Council's accounts team continues to deal with the complex financial and management

accounting needs of the Council's departments, including all the common services which the Council administers on behalf of the NCIs.

This was an active year on the budgetary front:

- The budget for ordination training (Vote 1) is primarily managed by the Ministry Division Finance Panel, on which the Finance Division is represented. The Finance Committee contributed to the wider strategic review of the structure and funding of ordination training;
- Following the Archbishops' Council's decision in 2001 to freeze its net administrative costs (Vote 2) over the period 2002-04, the difficult exercise of identifying sufficient savings to achieve this target continued through a Budget Group serviced by the Finance Division. Nearly 50 posts were identified either where external funding was necessary for the posts to continue, or where posts had to be cut. The reduction in posts is taking place over the three-year period taking advantage of natural wastage where possible;
- The Archbishops' Council reluctantly agreed that it would be necessary to freeze the Church of England's financial contributions to the work of the Home and International Ecumenical Instruments and the work of the Anglican Communion (Vote 3) in 2003 and 2004;
- Discussions between members of the Finance Committee and representatives of the Mission Agencies continued with a view to making some adjustments to the current arrangements under which the Archbishops' Council finances (through Vote 4) the cost of pensions for ordained staff employed by certain mission agencies.

It thus proved possible to hold the increase in net apportionment on dioceses in the 2002 budget to just 0.8%.

The Finance Committee is also the Executive Committee of the Central Board of Finance (membership of the Central Board of Finance being coterminous with that of the Archbishops' Council) and the Finance Division carries out much of the administrative work required in respect of the CBF's responsibilities. Aside from its investment responsibilities and the Central Church Fund, the CBF has responsibilities relating to the Church Colleges of Higher Education, which were kept under review during the year. In particular, the relocation of Whitelands College, Putney to its new site close to the University of Surrey, Roehampton moved on to a new phase with the exchange of contracts for the sale of the existing site and the formation of a Client Group (on which the CBF is represented at staff level) to oversee this complex project on a day-to-day level.

The Financial Secretary (who also became Director of Central Services from August 2002) was substantially involved in attempts to establish new VAT arrangements in respect of repair work to churches (ongoing) and the establishment of a national telecommunication aerials agreement (which was effective from June 2002).

Quarterly meetings of the Consultative Group of Chairmen of Diocesan Boards of Finance and Diocesan Secretaries also facilitate discussion of financial initiatives and policy. The Inter-diocesan Finance Forum (which met in October) and the Finance Co-ordinating Group provided important opportunities, in the first case, for representatives of every diocese to gather together to consider important issues of common interest with a clear financial focus and, in the second case for

representatives of the Archbishops' Council, the Church Commissioners and the Church of England Pensions Board to consider overlapping interests in a spirit of working together as one body.

## Central Church Fund

The Central Church Fund Committee met four times to disburse the Fund's annual unrestricted income of approximately £500,000: around half as a direct grant to the Archbishops' Council in support of its work and in accordance with the Fund's Trust Deed, which commits the Fund 'to promote aid and further the objects and the work of the Church of England'; the other half in grants to dioceses and parishes in support of innovative community projects.

The Committee employs certain criteria in considering parochial and diocesan applications for grants: projects should manifest a sense of vision and should benefit both the local community and the Church of England as a whole. Particular regard is given to applications from parishes in the most deprived areas, rural as well as urban. The DETR Index of Multiple Deprivation is used to assess relative need.

Examples of projects assisted in 2002 include:

- Refurbishment of churches and halls for increased community use: for example, by schools, mother & baby groups, single parent groups, youth groups, IT/adult education services, library services, counselling services, and as a venue for concerts, drama productions and drop-in centres;
- Installation in churches and church/community halls of kitchens and disabled facilities (including ramps and toilets) to improve community access;
- Youth worker posts; set-up or expansion costs for youth groups, advocacy services, local charities for the homeless, the disadvantaged etc.

A Fringe meeting was held at the York Synod to raise awareness of the Fund. This was part of a larger and ongoing profile-raising initiative which has included the production of promotional leaflets distributed to clergy, visits to projects which have benefited from the Fund and the establishment of the Central Church Fund's own website ([www.centralchurchfund.org.uk](http://www.centralchurchfund.org.uk)).

## Christian Stewardship

The Committee met three times during the year to support the work of stewardship advisers in the dioceses. To assist them it arranged:

- a national conference for advisers in January;
- a training course for new advisers in September;
- a national ecumenical conference to be held in Durham in 2003 with a Celtic theme;
- the publication of a leaflet and poster to encourage legacies to the Church of England. 300,000 copies were printed. Alan Titchmarsh kindly agreed to be associated with the message.

*Churchgoers and Financial Giving* was a report by Churches Information for Mission using the responses to the Church Life Profile 2001. Some of the findings were very

encouraging (for example, 40% of those who responded to the survey gave over 5% of their income to the Church), but others showed there was still work to be done (70% felt that tithing was unrealistic). The Committee felt its key challenge was highlighted in a sentence from the report: 'It seems ... that there could be a challenge to face in persuading both those who are ungenerous and those who are irregular that their giving might be re-considered as part of their responsibility for the church they attend.'

The National Officer attended The Episcopal Network for Stewardship (TENS) Conference in Washington DC in the summer. The ethos was centred on the need for conversion before the message of Christian stewardship could be preached and so the development and nurturing of discipleship was important.

The Committee identified the three major sources of funding for the Church of England as Christian giving, fund raising and the appeal for grants, which it termed fund releasing. As a part of its ongoing work it is investigating how best it can provide a national resource for this work.

There is a perceived need to equip clergy to preach and teach about Christian stewardship and a group under the Bishop of Ripon and Leeds is seeking to identify the best way forward within the educational structures of the Church of England.

## Investment

The CBF Investment Committee exercises the powers and duties given to the CBF under the Church Funds Investment Measure 1958 (as amended) in the oversight of the investment management of the CBF Church of England Funds. It is chaired by Mr Miles Roberts and met on 5 occasions during 2002.

The Funds are under the management of CCLA Investment Management Limited, a specialist investment management company which is 60% owned by the CBF Church of England Investment Fund. The total funds under the management of CCLA, including funds managed on behalf of other charities and local authorities, fell in 2002 from £5,811m at 1 January to £4,884m at 31 December. This was principally due to the fall in equity markets over the year. Although they received a net inflow of £35m, the total value of the Church of England Funds under management fell by £134m to £1,485m. The performance of the individual funds was as follows:

### Investment Fund

The Income Share value fell by 17.4% and the total return was -14.2% for the year to 30 November. For the calendar year 2002, the total return was -17.7% (which compares with the estimated WM Co Charity Fund Universe return – an independent measure of the overall investment performance of charity portfolios – of -16.9%). Despite the continuing difficulties of generating growth in investment income from equity investments, the Fund's dividend for the year was maintained at 35.5p per share. Whether it will be possible to maintain the dividend again in 2003 remains to be seen.

### Fixed Interest Securities Fund

The Accumulation Share value rose by 5.1% over the year to 30 November, better than the total return on the FTSE UK Government All Stocks Index of 4.6%. It should

be emphasised that, with bond yields so low, many of the securities in the portfolio stand well above their redemption prices. These securities will decline in value as they approach repayment at par in future years and this will be reflected in the value of the CBF Church of England Fixed Interest Securities Fund Shares.

## Property Fund

The CBF Church of England Property Fund has continued to receive a steady inflow of new money from investors attracted by its high yield. Over the year to 30 November, the size of the Fund rose to £91.2m and the total return achieved over the same period was 10.6%.

## Deposit Fund

Although UK base rate remained at 4% for the whole of 2002, the lowest level for nearly 40 years, the CBF Church of England Deposit Fund continued to attract new money and total deposits increased by £24m during the year. The interest rate it paid over the year averaged 3.70% (3.76% Annual Equivalent Rate). This compares with an average of 1.45% paid in clearing bank high interest accounts.

## Shareholder voting

During the year, the CBF Church of England Funds adopted a formal corporate governance policy and commenced informed shareholder voting across the CBF Church of England Investment Fund's UK equity portfolio in the belief that shareholders have a vital role to play in encouraging high standards of corporate governance in their capacity as long-term investors. The CBF Investment Committee now has adopted a policy of supporting management, except where proposals are either not in shareholders' interests or reflect poor corporate governance practice. Between 1 February 2002, when voting began, and the end of the year, the CBF voted at 108 company meetings; 94% of votes were in support of management, 2% against and 4% cast in abstention.

## Ethical investment

The CBF Church of England Funds continue to support the work of the Ethical Investment Advisory Group (EIAG), along with the Church Commissioners and the Church of England Pensions Board. The Advisory Group co-ordinates and develops ethical investment policy on behalf of the Church of England's three central investment bodies and communicates this to the wider Church through an Annual Report of its work. Responsibility for accepting and implementing any recommendation made by the EIAG rests with the CBF, the Church Commissioners and the Church of England Pensions Board in relation to their respective funds. The Group's Annual Report and other publications associated with the ethical investment process are available on request from the Socially Responsible Investment Unit at CCLA, to whom any enquires on ethical investment should be addressed.

# Central Secretariat

The Central Secretariat supports the work of the General Synod and its Houses, the Archbishops' Council, the Business and Appointments Committees, the Liturgical Commission and a number of other committees and commissions. From August 2002, the Research and Statistics Department became part of the Central Secretariat, as part of the re-organisation which followed from the Guildford Review, with the Council for Christian Unity becoming part of the Central Secretariat from the beginning of 2003. In August 2002 David Williams became Head of the Central Secretariat in addition to his responsibilities as Clerk to the Synod; his responsibilities for Central Services passed to the Financial Secretary, Shaun Farrell. He retains oversight of the Records Centre.

## House of Bishops

The House met jointly with the Archbishops' Council for the first time in January when its discussions centred on the Bishop of Rochester's paper 'Shapes of the Church to Come'. These discussions fed into further consideration of the paper by the General Synod later in the year. January also saw the second meeting between the House and the Methodist District Chairmen, and in June the annual meeting of all the bishops included a seminar on genetics, which included contributions from a number of experts in the field.

At the July Synod, the House promoted a report on marriage in church after divorce. The House subsequently agreed the terms of its advice to the clergy on further marriage in church after divorce contingent upon the Synod's final approval of the rescission of the Marriage Resolutions of the Convocations of Canterbury and York, which followed in November.

In October, the House heard from Sir Michael Quinlan on the situation regarding Iraq, and shortly afterwards issued a statement warning that a preventative war against Iraq at that juncture would unacceptably lower the threshold for war.

## Liturgical Commission

The Liturgical Commission completed its work on *New Patterns for Worship*, which was published in November 2002, and on the Additional Collects requested by the Synod. It began work on the *Common Worship* Ordinal, and continued its work on

- a new Weekday Lectionary (to replace the present temporary provision),
- a *Times and Seasons* volume (to replace *Lent, Holy Week and Easter* and *The Promise of His Glory*), and
- the remaining material for the full *Initiation Services* volume.

David Hebblethwaite OBE retired as Secretary of the Commission and was succeeded by Dr Colin Podmore.

## Dioceses Commission

The Review of the Dioceses and Pastoral Measures, which was well advanced by the end of 2002, is jointly serviced by the Central Secretariat and the Church Commissioners' Pastoral and Redundant Churches Department. An interim report will be made to the Archbishops' Council in 2003, and the work should be completed by the end of the year.

## Child Protection

The newly appointed Child Protection Adviser, Mrs Janet Hind, started work in August 2002. The initial period involved establishing contacts with those whose work involves some consideration of child protection matters, both in Church House and beyond and with ecumenical partners, in particular in discussions about the Criminal Records Bureau. A successful day conference for Diocesan Child Protection Advisers was followed up with regular newsletters and information sharing. The main task during the year was the revision of the House of Bishops' Policy Document on Child Protection.

## Minority Ethnic Anglican Concerns

The Committee for Minority Ethnic Anglican Concerns was without a Secretary for most of 2002 following the retirement of Glynne Gordon-Carter. Simon Bell, the new Adviser, was appointed in October 2002. Despite some reduction in activity during the interregnum, CMEAC continued to focus on its three main areas of concern: young people, vocations, and education and training. In addition, CMEAC undertook one diocesan visit, to the diocese of Liverpool.

Much of CMEAC's effort was invested in working through the implications of the Guildford Review and CMEAC's inclusion from 2003 in the new Mission and Public Affairs Division.

2003 should prove a very busy year for CMEAC: integration into MPA; two vocations consultation days in May; the launch of an ongoing initiative in youth ministry (Joint Hope); preparation of the Stephen Lawrence Follow-Up Report and the launch of Glynne Gordon-Carter's history of CMEAC, *An Amazing Journey*.

## Research and Statistics

During 2002, new Statistics for Mission were published. These indicated a larger and more diverse Church of England than had hitherto been quantifiable. These were the first fruits of major changes implemented in 2000 to the annual collection of parish membership and attendance figures. Increased co-ordination between the Archbishops' Council and the dioceses resulted in the release of provisional figures within a year of their collection, so that annual statistics for both 2000 and 2001 were processed and made public during the year.

In order to enhance the research conducted by the department and to fund increasing resource costs, a medium term commitment to analyse national Methodist membership and attendance statistics was taken on. The department participated in a number of external consultations related to the mission of the Church of England and published a local church mission audit pack, *Vital Statistics*, in conjunction with

Springboard. In addition, the final stages of the historic membership and attendance database were completed.

Continuing projects during 2002 included support for the development of a digitised geographical information system for parish mapping and related databases; support for the 2002 national collection of statistics on ethnic origin; co-ordination of the Church of England's use of the 2001 government census results and government deprivation indices; and planning for the future of the ecumenical Church Life Profile survey. The department was consulted regularly by colleagues across the NCIs, particularly the Ministry Division in its production of clergy statistics and forecasts of clergy numbers.

## Central Services

As a result of the changes following the Guildford Review, the Central Services Division, with the addition of Internal Audit, came within the management responsibilities of the Financial Secretary, Shaun Farrell, in August 2002, while the Research and Statistics Department became part of the Central Secretariat. The Records Centre remains within the management responsibilities of the Head of Central Secretariat, David Williams, though not as part of the Central Secretariat.

### Electronic Mapping

The first phase of the project to digitise each individual parish map – a collaborative project involving the Archbishops' Council, Church Commissioners and dioceses – was completed in 2002 with all the parishes now digitised and held on computer databases.

Each diocese holds a copy of its own parishes and is able to produce parish maps for diocesan use. The next stage is to add socio-economic data, such as that provided by the 2001 census. This will enable the Church of England, both at national and local level, to use modern technology in innovative ways to plan its mission, educational responsibilities and other resources.

### Systems Development

Significant progress was made in developing and improving the cost attribution systems introduced in 2001. New reporting systems and more accurate time recording methods were introduced. Work started on implementing 'thin client' technology to reduce overall IT costs and allow remote access over the internet to the central servers for the increasing number of staff working away from the office.

### Office Services

Following the Church Commissioners' return to Millbank in December 2001 the NCIs' main restaurant was reopened in January 2002. The hot-lunch facility at Church House closed at the end of December 2001.



A number of cost savings were made by the amalgamation of individual insurance policies at NCI level. Levels of cover have generally been raised to recommended sums and brought into line throughout the NCIs.

## Accommodation

The exercise to examine office space utilisation across the National Church Institutions was refined to concentrate initially on Church House and No 1 Millbank only. It was enlarged to take account of the restructuring of the Council's functions recommended in the Guildford Review and in the later Accounting Services Review, which recommended the creation of a single accounts function for the three main NCIs.

The review group had originally been asked to report at the end of September, but the extra work meant that the report was not ready for submission to the Chief Executive Officers of the Archbishops' Council, the Church Commissioners and the Church of England Pensions Board until early 2003. The scheme, if supported by the CEOs, is expected to be fully implemented by the autumn of 2003 and will result in a reduction in the Archbishops' Council's accommodation costs.

## Environmental Policy Group

The Archbishops' Council, along with the other NCIs, is fully committed to an active environmentally aware policy. In addition to an environmental policy embraced by all the NCIs (see p.40), individual departments were encouraged to produce their own policies for their specific areas of work. Office Services and IT departments – the central purchasing departments for the NCIs – in particular have environmentally aware purchasing policies in place, as well as similar policies for disposal of waste.

## Church House Publishing

A new Archbishops' Council Publishing Board was established in 2002 to bring coherent policy and financial planning to the Council's publishing and retailing functions. The chair is the Revd Canon Hugh Wilcox, a member of the Archbishops' Council.

A number of CHP publications attracted critical acclaim in the year. *Hope for the Church* rapidly became a bestseller and the author, Bob Jackson, is now working with many dioceses in developing strategies for church growth. *New Patterns for Worship* was published in November, with a wealth of complementary and seasonal material for use alongside *Common Worship*. A new and successful venture was the launch of an official Church of England Christmas card collection in association with a specialist card manufacturing company. Since *Common Worship* was introduced in 2000, demand has been high for material to help parishes involve children in services. *Come and Join the Celebration*, *My Communion Book* and a *Communion Cube* all help children to engage actively with worship both at church and at home.

One of the main successes in the year was the expansion of CHP's income generation work, selling publishing services to other Church organisations, including CTBI and Roots for Churches Ltd. The end of 2002 saw the end of an eighteen-year co-publication relationship between CHP and the National Society. In future a more restricted series of educational publications will be published directly by CHP itself.

## Church House Bookshop

Church House Bookshop, like most of the Christian retail and publishing sector, faced a tough year in 2002, particularly with sales of *Common Worship* no longer a significant factor. Nevertheless, costs were carefully controlled and the gross profit percentage was the highest achieved for many years. The internet bookshop was an area of significant growth, and it is hoped to build on this, together with investment in target marketing software in order to develop our niche market in the coming year.

## Records Centre

The Church of England Record Centre (CERC) continued to undertake a variety of developments to enable it to serve the National Church Institutions and the wider Church more effectively.

Two projects focused on rationalising the archive holdings at CERC. Firstly, a project to consolidate the archives of the National Society including the transfer of holdings of local school records in Dorset, Somerset and the dioceses of London and Southwark to local Record Offices. The second project was directly managed by the Corporation of the Church House and employed an external consultant who consolidated the Corporation's holdings at the Records Centre. A preliminary identification of archive material held at CERC requiring immediate conservation work was carried out. Work on these items is scheduled for 2003.

The retro-conversion of the deeds registers by the contractors Newcastle Database continued. Once completed in 2003, this will enable CERC more effectively to undertake title research on behalf of the Church Commissioners and Diocesan Boards of Finance.

# Communications

The Communications Unit serves the Archbishops' Council, the General Synod, the House of Bishops, the Church Commissioners and the Church of England Pensions Board. It provides press and public relations functions, a national enquiry office, internal communications and web-based communications. The Unit also provides professional communications training, often in association with other Churches, to the NCIs, dioceses and parishes.

Following the departure of the Director in March 2002, a consultant was engaged to review the structure and role of Communications. The Head of Media Relations became acting Head of Communications and has employed, on a limited, part-time contract from August, a former national daily newspaper journalist, PJ Bonthron, to bolster the Unit's ability to research and place articles.

## Press Office

The Press Office is the hub of the Unit, providing a press cuttings service and daily briefing to senior staff and clergy across the NCIs and dioceses. The Unit issued 122 press releases in 2002 (2001: 119), placed more than 20 stories and hosted seven press conferences (2001: 10) in support of the work of the Archbishops' Council and the

Church Commissioners. It provided media facilities at General Synod and supported trial broadcasts of Synod sessions on the internet.

Enquiries to the Press Office continued at a high level, increased by the Church of England's involvement in and the announcement of the next Archbishop of Canterbury and other national events. Media coverage highlighted the Church of England's role in supporting people in times of sadness, such as the funeral of Her Majesty The Queen Mother and the murder of two schoolgirls in Soham; in times of celebration, such as the Golden Jubilee; and in times of national and international tension, such as the threat of terrorism, the anniversary of the attacks on New York and Washington and public debate about Iraq.

The Unit advised many drama, documentary, educational and quiz broadcasts, placing particular emphasis on working with *Common Worship* where appropriate. *A Year in Review*, published jointly on behalf of the Archbishops' Council, the Church Commissioners and the Church of England Pensions Board appeared for the second time and was distributed to dioceses, parishes and church schools.

## Broadcasting

The Unit co-ordinated and supported the Church of England's engagement with broadcasters, regulators and government on matters of policy. A major focus of this work was input to the Communications Bill, the subject of two consultations in 2002.

The Unit engages with broadcasters directly as well as through the Religion in Broadcasting Group. This was set up under the Bishop of Wakefield in response to a resolution of General Synod to evaluate qualitatively and quantitatively programmes with religious content on the main terrestrial channels. It published its first report to the General Synod (GS Misc 688) in 2002.

The Church continued to benefit from the ecumenical focus of the Churches Advisory Council for Local Broadcasting (CACLB), a relationship serviced through the Unit.

## Enquiry Centre

The Centre continues to answer enquiries on a wide range of subjects with increasing numbers arriving by e-mail from all over the world. The Centre now also compiles the weekly lists of clergy appointments, which are sent out to the National and Church Press.

## Communications Training

Communications Training continued to develop in 2002, with 330 participants trained in-house, 18 bishops trained externally and 255 people trained in dioceses, theological colleges, parishes and leadership schools.

2002 was a challenging year with the sudden closure of the Catholic Communications Centre, an ecumenical partner, along with the institution of an in-house training review, which is still in progress.

The Unit produced a 16-page course brochure for 2003 with the valued support of partner denominations, including the new Catholic Communications Service. New courses include *Dealing with Challenging Interviews*, *Advanced Web Page Design* and *Working with Digital Images*. Full details of all courses and tutors can be found at [www.commstraining.cofe.anglican.org](http://www.commstraining.cofe.anglican.org) where there is also an online booking facility.

## Internal Communications

*All Staff*, the weekly intranet magazine for staff of the NCIs, was maintained. Regular talks arranged for diocesan and parish audiences allowed members of the Archbishops' Council and senior staff to explain the structure and work programme of the Council.

The Unit communicated to parishes the Church of England's response to a number of Government and other initiatives and contributed to dialogue with the Department for Culture, Media & Sport and HM Treasury about the operation of the Listed Places of Worship Grant Scheme. Work continued to lobby for VAT changes at a European level and the Unit handled press and media enquiries following the launch of the Council's National Aerials Agreement in June 2002. Information in answer to Parliamentary and General Synod questions on these and other topics has been delivered as required.

Planning began to overhaul the operation and presentation of the Church of England website run by the Unit. A number of improvements and modifications were implemented during the year, including enhancement of the links page and expansion of the feedback facility. The Institute for Learning and Research Technology, based at the University of Bristol, was selected to help deliver the overhaul of the main site. Feedback to the website continues to grow and the Unit now handles an increasing volume of enquiries via the web.

## Human Resources

2002 saw the main part of the HR Department's restructuring finished with the last redundancy in April and the completion of the implementation of the new HR and Payroll IT system (Rebus). The NCIs also agreed a new part-time Health and Safety Adviser post during the year, although this will not be filled until February 2003.

The department has lost 6 posts in the last four years and has refocused its work away from the day-to-day administration of personnel paperwork to concentrate on more strategic matters in support of the development of the NCIs. It has also streamlined its processes with a new IT system and outsourced recruitment and some operational HR advisory services. This was supported by the review and development of common templates and standardised procedures culminating in the full development of the recruitment module of Rebus encompassing the recording and monitoring of equal opportunities data.

In 2002, the work of the HR Department was dominated by supporting structural change across all of the NCIs (as a result of *Discerning the Future*, the Guildford Review and some departmental restructuring). This did not, however, stop progress on employment policy or pay strategy. Day-to-day casework was also managed, some of it complex and sensitive.

At 31 December 2002 the Archbishops' Council employed 260 staff. There were 280.07 posts. This is 9 fewer staff and 8.67 fewer posts than at the same time last year. The annual turnover was 12%, (2001: 15%). During the year 20 staff resigned or left (of which 9 were made redundant as a result of *Discerning the Future*); 6 left at

the end of their fixed-term contracts; 7 staff retired; and 4 transferred to other NCIs. There were 28 new starters.

At 31 December there were 100.76 full time equivalent Common Services posts for which the Archbishops' Council is the managing employer. The cost of these posts is shared between the NCIs.

## **Creating a diverse workforce**

Two Fair Selection Training courses and five Equal Opportunities Awareness courses ran. The Equality For All Group continued to meet in its new form and ran training for its members on re-engaging the group and developing strategies for dismantling barriers to progress. A questionnaire was designed and piloted to discover employees' perceptions and attitudes to equality in the workplace

Minority ethnic staff presented their concerns to senior managers. This resulted in exploring with staff from the Home Office Network the variety of practices which have impacted on their culture in the civil service.

Personal data from staff was collected and input into Rebus. This now allows management to properly monitor the workforce profile.

The Department also participated in the Government consultation on the EU Directive on Equality in Employment.

## **Performance development**

Policies on the appeals procedure, absence management and data protection relating to personal files (including a review of all personal files to ensure compliance) were drafted and consulted upon. Policies on health and safety and a HR environmental policy were agreed.

Training was run in fire, First Aid, manual handling, induction, Fair Selection Interviewing and pre-retirement. A development residential was also held for the Directors.

## **Partnerships at work**

Work continued through the Remuneration Committee and the Joint Staff Council on the harmonised pay strategy. A new job evaluation system was reviewed and implemented.

## **Organisational development**

The senior management team agreed value statements and six core areas of management practice – leadership, communication, personal effectiveness, valuing people, delivering results and stewardship. These core capabilities are being incorporated into job descriptions and will be further used in recruitment and selection, training, development and performance management.

## Preview of 2003

Subjects to be addressed include misuse of the internet policy, the implementation of family friendly policies (updating of maternity, paternity, parental and adoption leave policies and introduction of part-time working and job share arrangements), improving the capability procedure and developing new pay structures.

# Legal

The role of the Legal Office is:

- to provide high quality legal services to the NCIs; and
- within the resources available, to provide such services on request to associated Church bodies, registrars and other Church entities to which it is appropriate for the NCIs to provide such services.

2002 brought increased demand for legal support from across the NCIs. Despite this, the Legal Office maintained downward pressure on costs, with those actually incurred by the Archbishops' Council, the Church Commissioners and the Church of England Pensions Board being less than budgeted for.

One of the principal functions of the Legal Office is to take responsibility for the legislative programme of the General Synod. In 2002 new work in that area was concentrated on progressing the Care of Cathedrals (Amendment) Measure in General Synod and supporting the work of the drafting group established to prepare legislation altering the Synod's size and composition. The Clergy Discipline Measure was put to the Ecclesiastical Committee of Parliament and Parliamentary approval obtained for both the Church of England (Pensions) Measure and the Synodical Government (Amendment) Measure.

The Legal Office continued to provide a wide range of legal and procedural advice to Synodical committees and to the Archbishops' Council and the various bodies that report through it to the Synod. It also continued to give advice to a number of working groups addressing particular issues, including the Marriage Law Working Group and the Clergy Discipline (Doctrine) Group.

A significant feature of the year was the substantial commitment required to enable the Archbishops' Council to respond effectively to Government legislation and consultations. Significant support was required particularly in connection with the Licensing Bill and to the Government consultations on implementing the EU Employment Directive and the possible exercise of its powers under the Employment Rights Act 1999.

The Official Solicitor to the Church Commissioners continued to advise the Church Commissioners' Board of Governors and Committees on a wide range of matters. These included the impact on the Church Commissioners of civil legislation and the proposals in the Strategy Unit Report referred to above. She also continued to provide a significant amount of advice to the Archbishops' Council's review of the Dioceses and Pastoral Measures.

The church team of the Legal Office continued to undertake transactional conveyancing work (with related advice) for the Church of England Pensions Board,

and for the Church Commissioners in relation to disposals of former churches, acquisitions and disposals of church property and releases or variations of covenants imposed on earlier disposals.

Finally, the corporate property team continued successfully to discharge its important role of dealing with a large volume of transactional work arising from the acquisition, disposal and management of property comprised in the Church Commissioners' commercial, residential and rural estates and to give advice to the Church Commissioners' Property Investment Department in connection with those estates. By cost, approximately fifty percent of the total resources of the Legal Office are dedicated to this work. It is therefore welcome that, by recovering more than £300,000 in costs paid by third parties in relation to this work, the Legal Office ensured that the Church Commissioners only had to meet less than half its cost.

## Statement on Risk Management

The Charity Commission in 2000 issued a revised Statement of Recommended Practice in respect of Accounting and Reporting by Charities. The Statement requires the trustees to include in its Annual Report a statement on the management of the major risks to which the charity is exposed.

The Archbishops' Council identified the major risks to which it is exposed in 2001. During 2002 the Council's senior managers took steps to mitigate those risks and the Finance Committee reviewed their actions. The Audit Committee received a report from the Internal Audit department that confirmed the operation of mitigation measures declared by managers in their units' risk registers. The Archbishops' Council continues to keep the management of risk under review and has identified further major risks for ongoing attention.

On behalf of the Trustees

✘ DAVID EBOR:  
Joint President

Church House, Westminster  
28 May, 2002

## Environmental Policy of the National Church Institutions of the Church of England

The whole creation belongs to God. As human beings we are part of the whole and have a responsibility to love and care for what God has entrusted to us as temporary tenants of the planet. We are called to conserve its complex and fragile ecology, while recognising the need for responsible and sustainable development and the pursuit of social justice.

Therefore we, the National Church Institutions, with our wide-ranging involvement in issues that have an environmental and ethical dimension, accept an obligation to set an example in the way we conduct our business.

We commit ourselves to assessing the environmental impact of all our activities and to considering, within our trusteeship obligations, ways in which to minimise and mitigate any environmental damage they may cause.

We request the Environmental Working Group to assist with proposals to help us deliver this commitment.



# The Archbishops' Council, its associated bodies and advisers

## Archbishops' Council

The Archbishop's Council was established under the National Institutions Measure 1998 to 'co-ordinate, promote, aid and further the work and mission of the Church of England'. It oversees the activity of the national Boards, Councils and Divisions. The Council works closely with the General Synod, the House of Bishops, the other National Church Institutions and the wider Church. Members are the Trustees of the Archbishops' Council and Trustees and Directors of the Central Board of Finance of the Church of England. Membership from 1 January 2002 and up to the date of this report was as follows:

### Ex officio Joint Presidents

The Most Revd and Rt Hon Dr George Carey, Archbishop of Canterbury (until October)	(3)
The Most Revd and Rt Hon Dr Rowan Williams, Archbishop of Canterbury (from December)	(-)
The Most Revd and Rt Hon Dr David Hope, Archbishop of York	(6)

### Elected by the House of Bishops

The Rt Revd John Gladwin, Bishop of Guildford	(6)
The Rt Revd Michael Nazir-Ali, Bishop of Rochester	(6)

### Prolocutors of the Lower Houses of the Convocations

The Revd Canon Bob Baker (Canterbury)	(6)
The Revd Canon Glyn Webster (York)	(5)

### Elected by the House of Clergy

The Very Revd Michael Perham	(6)
The Revd Canon Hugh Wilcox	(5)

### Elected by the House of Laity

Canon Dr Christina Baxter (Chairman) (ex officio)	(6)
Mr Brian McHenry (Vice-Chairman) (ex officio)	(6)
Dr Philip Giddings	(6)
Mr Ian Garden	(5)

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

Mr Stephen Bampfylde (until 31 December)	(4)
Mr Michael Chamberlain	(6)
Mr David Lammy (until 26 June)	(2)
Mrs Katherine MacPherson (from 1 January 2003)	(-)
Ms Jayne Ozanne	(5)
Mrs Elizabeth Paver (until 31 December)	(5)

Mrs Anne Sloman (from 1 January 2003)	(-)
The Rt Revd Kenneth Stephenson, Bishop of Portsmouth (from 1 January 2003)	(-)
Professor Peter Toyne	(5)

### **A Church Estates Commissioner**

Viscountess Brentford, Third Church Estates Commissioner (until 30 June)	(3)
Mr Andreas Whittam Smith, First Church Estates Commissioner (from 1 July)	(3)

The Council met six times in 2002; the figures in brackets indicate the number of meetings each member attended in 2002.

The membership of the Archbishops' Council is the same as that of the Central Board of Finance of the Church of England. The Archbishops' Council met as the CBF 3 times during 2002.

The CBF is a Trustee body with ultimate responsibility for the CBF Church of England Investment, Fixed Interest Securities, Property and Deposit Funds, for the Central Church Fund and a number of smaller trusts. In practice, this responsibility is discharged through the Finance Committee, acting as the CBF Executive Committee.

## **Finance Committee**

The Finance Committee is the financial executive of the Archbishops' Council. It is the focus for work formerly undertaken by the Central Board of Finance of the Church of England (CBF) as the financial executive of the General Synod and in relation to Christian Stewardship and for work formerly undertaken by the Church Commissioners concerning financial provision for the clergy, including the allocation of monies made available by the Church Commissioners to support the needier dioceses.

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

It comprises a chairman and up to fourteen other members, including up to three members appointed by the Archbishops' Council on the recommendation of the Appointments Committee with expertise in particular areas of the work of the Finance Committee and its sub-committees. Its membership during 2002 and up to the date of this report was as follows:

### **Chairman**

Mr Michael Chamberlain

### **Elected by the Inter-diocesan Finance Forum**

Mr Alan Cooper (Vice-Chairman)

Mr Philip Hamlyn Williams

Mr Alan King

Mr Peter Lowater

## Representative of the Archbishops' Council appointed by the Council

Canon Dr Christina Baxter

## Elected by the General Synod

The Ven. Richard Blackburn

Mr John Booth

Mr Gavin Oldham

The Revd Dr Richard Turnbull

## Ex officio

Mr Allan Bridgewater, Chairman of the Church of England Pensions Board

Viscountess Brentford, Third Church Estates Commissioner (until 30 June)

Mr Andreas Whittam Smith, First Church Estates Commissioner (from 1 July)

## Appointed by the Archbishops' Council on the recommendation of the Appointments Committee to provide relevant expertise:

Mrs Janet Atkinson

The Ven. Christine Hardman

The Rt Revd John Packer, Bishop of Ripon and Leeds

## Audit Committee

The Audit Committee is a committee of the Archbishops' Council, constituted in accordance with the Standing Orders of the General Synod. It is answerable to the Synod through the Archbishops' Council. Its principal duties are:

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

Each year a report on the discharge of the Committee's functions is put before the Archbishops' Council and the General Synod.

## Membership

The Committee's membership in 2002 and up to the date of this report was as follows:

Mr I McNeil	Chairman	}	Appointed by the Archbishops' Council
Mr T Hesselwood	Vice Chairman		
Mr I Garden			
Mr H Marsh		}	Elected by the General Synod
Mr Mike Tyrell	until July		
Rev. S Stokes	from November		

Shaun Farrell, the Council's Financial Secretary, acts as the Committee's secretary.

## Bodies answerable to the General Synod through the Archbishops' Council

Audit Committee of the Archbishops' Council  
Board for Social Responsibility  
Board of Education  
Board of Mission  
Committee for Minority Ethnic Anglican Concerns  
Council for Christian Unity  
Council for the Care of Churches  
Finance Committee  
Hospital Chaplaincies Council  
Ministry Division:  
    Committee for Ministry among Deaf People  
    Deployment, Recruitment and Conditions of Service Committee  
    Theological Education and Training Committee  
    Vocation, Recruitment and Selection Committee

The Cathedrals Fabric Commission for England is an autonomous body, established by statute, but similar in many ways to those listed above (it is, for example, staffed and funded by the Archbishops' Council).

## Other bodies

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

## National Church Institutions

The Archbishops' Council works in close partnership with the other National Church Institutions, *inter alia*: the Church Commissioners, the Church of England Pensions Board and the offices of the Archbishops of Canterbury and York.

## Staff Directors of the Archbishops' Council

Mr Philip Mawer, Secretary General (until June)

Mr William Fittall, Secretary General (from October)

The Revd Dr Bill Beaver, Director of Communications (until 9 March)

Mr Shaun Farrell, Financial Secretary and Company Secretary

Ms Paula Griffiths (from August)

Mr Richard Hopgood, Deputy Secretary General and Director of Policy (until 31 August)

The Ven. Dr Gordon Kuhrt, Director of Ministry

Mrs Su Morgan, Director of Human Resources

Mr Stephen Slack, Director of Legal Services

Mr David Williams, Clerk to the Synod and Director of Central Services

## Offices and advisers

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

Investment office: St Alphage House, 2 Fore Street, London EC2Y 5AQ  
Tel: 020 7588 1815 Fax: 020 7588 6291 Telex: 8954509

Bankers: Barclays Bank PLC, 50 Pall Mall, PO Box 15162, London SW1A 1QB

Solicitors: The Legal Director of the Archbishops' Council

Auditors: Deloitte & Touche, 180 Strand, London WC2R 1BL

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

The CBF is a charity registered under no. 248711 and a company registered under no. 136413. Its registered office is the same as that of the Archbishops' Council.

## Statement of responsibilities of the members of the Archbishops' Council

Charity law requires the members of the Archbishops' Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Archbishops' Council and of the net incoming or outgoing resources for that period. In preparing those financial statements, the members of the Archbishops' Council are required to:

- select suitable accounting policies and then apply them consistently;
- make adjustments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the ongoing concern basis unless it is inappropriate to presume that the charity will continue its activities.

The members of the Archbishops' Council are responsible for keeping the proper accounting records which disclose with reasonable accuracy at any time the financial position of the Archbishops' Council and enable them to ensure that the financial statements comply with the Charities Act 1993. They are responsible for safeguarding the assets of the Archbishops' Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

William Fittall  
Secretary General

**Financial Statements**  
year ended 31 December 2002





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

**Year ended 31 December 2002**

We have audited the consolidated financial statements of The Archbishops' Council ('the Council') for the year ended 31 December 2002 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Consolidated Cash Flow Statement and related notes numbered 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members of the Council, as a body, in accordance with Regulation 6 of The Charities (Accounts and Reports) Regulations 1995. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditors' 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 Council and the members of the Council as a body, for our audit work, for this report, or for the opinions we have formed.

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

The members of the Council are responsible for preparing the annual report and the financial statements as described in the Statement of the Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the provisions of the guidelines as specified by the Charities Act 1993 and Regulation 3 of the Charities (Accounts and Reports) Regulations 2000. We also report to you if, in our opinion, the annual report of the trustees is not consistent with the financial statements, if the Council has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

### **Basis of opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by Council in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Council, consistently applied and adequately disclosed.

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the Council's state of affairs as at 31 December 2002 and of its incoming resources and application of resources for the year then ended and have been properly prepared in accordance with the Charities Act 1993 and Regulation 3 of the Charities (Accounts and Reports) Regulation 2000.

**Deloitte & Touche**  
**Chartered Accountants and Registered Auditors**  
London

28 May 2003



**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**For the year ended 31 December 2002**

	Notes	Unrestricted Funds (notes 9,10 & 17) £'000	Restricted Funds (note 18) £'000	<b>Total 2002 £'000</b>	<b>Total 2001 (as restated – note 25) £'000</b>
<b>INCOMING RESOURCES</b>					
Church Commissioners	3	-	20,688	<b>20,688</b>	17,107
Diocesan contributions:					
- Training for Ministry (Vote 1)	4	-	9,037	<b>9,037</b>	8,806
- National Church Responsibilities (Vote 2)	4	9,619	-	<b>9,619</b>	9,109
- Grants and Provisions (Vote 3)	4	-	1,269	<b>1,269</b>	1,222
- Inter-Diocesan Support – Mission Contribution (Vote 4)	4	-	464	<b>464</b>	299
National Church Institutions contributions to costs	5	3,452	-	<b>3,452</b>	3,153
Grants receivable		321	267	<b>588</b>	599
Investment income	6	97	803	<b>900</b>	965
Other income	7	791	1,006	<b>1,797</b>	478
Income from activities for generating funds	8	2,820	59	<b>2,879</b>	2,873
<b>Total incoming resources</b>		<b>17,100</b>	<b>33,593</b>	<b>50,693</b>	<b>44,611</b>
<b>RESOURCES USED</b>					
Grants payable:					
- Dioceses	11a	-	20,644	<b>20,644</b>	17,084
- Training for Ministry (Vote 1)	11b	-	8,796	<b>8,796</b>	8,667
- Grants and Provisions (Vote 3)	11c	-	947	<b>947</b>	1,224
- Inter-Diocesan Support – Mission Contribution (Vote 4)	11d	-	425	<b>425</b>	234
- Other	11e	-	394	<b>394</b>	348
Cost of activities in furtherance of the Council's objects		9,686	637	<b>10,323</b>	10,277
Support costs		2,849	-	<b>2,849</b>	3,036
Cost of managing and administering the Council		137	54	<b>191</b>	215
Costs of generating funds		2,924	11	<b>2,935</b>	2,989
<b>Total resources used</b>		<b>15,596</b>	<b>31,908</b>	<b>47,504</b>	<b>44,074</b>
<b>Net incoming resources before transfers</b>		<b>1,504</b>	<b>1,685</b>	<b>3,189</b>	<b>537</b>
Transfers between funds	17,18	149	(149)	<b>-</b>	<b>-</b>
<b>Net incoming resources</b>		<b>1,653</b>	<b>1,536</b>	<b>3,189</b>	<b>537</b>
Unrealised losses on investments	14	-	(3,601)	<b>(3,601)</b>	(2,872)
<b>NET MOVEMENTS IN FUNDS FOR THE YEAR</b>		<b>1,653</b>	<b>(2,065)</b>	<b>(412)</b>	<b>(2,335)</b>
<b>Total funds brought forward at 1 January</b>	17,18	<b>2,774</b>	<b>23,957</b>	<b>26,731</b>	<b>29,066</b>
<b>Total funds carried forward at 31 December</b>	17,18	<b>4,427</b>	<b>21,892</b>	<b>26,319</b>	<b>26,731</b>
<b>Analysis of total funds at 31 December:</b>					
- Unrestricted – General for National Church Responsibilities		1,309	-	<b>1,309</b>	1,156
- Unrestricted - Designated		3,118	-	<b>3,118</b>	1,618
- Restricted		-	21,892	<b>21,892</b>	23,957
		<b>4,427</b>	<b>21,892</b>	<b>26,319</b>	<b>26,731</b>

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

**CONSOLIDATED BALANCE SHEET**  
**31 December 2002**

	Notes	Unrestricted Funds £'000	Restricted Funds (note 18) £'000	<b>Total 2002 £'000</b>	<b>Total 2001 (as restated – note 25) £'000</b>
<b>FIXED ASSETS</b>					
Tangible assets	13	1,572	-	<b>1,572</b>	1,121
Investments	14	-	14,732	<b>14,732</b>	18,032
		<u>1,572</u>	<u>14,732</u>	<u><b>16,304</b></u>	<u>19,153</u>
<b>CURRENT ASSETS</b>					
Stocks		401	-	<b>401</b>	534
Debtors: amounts falling due within one year	15	2,436	1,155	<b>3,591</b>	2,352
Debtors: amounts falling due after more than one year	15	-	1,512	<b>1,512</b>	1,691
Short term deposits		2,586	2,361	<b>4,947</b>	3,798
Cash at bank and in hand		110	2,899	<b>3,009</b>	3,298
		<u>5,533</u>	<u>7,927</u>	<u><b>13,460</b></u>	<u>11,673</u>
<b>CREDITORS: amounts falling due within one year</b>	16	<u>(2,678)</u>	<u>(767)</u>	<u><b>(3,445)</b></u>	<u>(3,333)</u>
<b>NET CURRENT ASSETS</b>		<u>2,855</u>	<u>7,160</u>	<u><b>10,015</b></u>	<u>8,340</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,427</u>	<u>21,892</u>	<u><b>26,319</b></u>	<u>27,493</u>
<b>CREDITORS: amounts falling due after more than one year</b>	16	<u>-</u>	<u>-</u>	<u>-</u>	<u>(762)</u>
<b>NET ASSETS</b>		<u><u>4,427</u></u>	<u><u>21,892</u></u>	<u><u><b>26,319</b></u></u>	<u><u>26,731</u></u>
<b>ACCUMULATED FUNDS</b>					
Unrestricted Funds					
- General for National Church Responsibilities	17	1,309	-	<b>1,309</b>	1,156
- Designated	17	3,118	-	<b>3,118</b>	1,618
		<u>4,427</u>	<u>-</u>	<u><b>4,427</b></u>	<u>2,774</u>
Restricted Funds					
	18	<u>-</u>	<u>21,892</u>	<u><b>21,892</b></u>	<u>23,957</u>
		<u><u>4,427</u></u>	<u><u>21,892</u></u>	<u><u><b>26,319</b></u></u>	<u><u>26,731</u></u>

Approved by the Archbishops' Council on 28 May 2003 and signed on its behalf by:

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

**The Most Revd and Rt Hon Dr David Hope, Archbishop of York**

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 December 2002**

	Total 2002	Total 2001 (as restated- note 25)
Note	£'000	£'000
<b>Net cash inflow from operating activities</b>	19 <b>1,223</b>	846
<b>Returns on investment and servicing of finance</b>		
Investment income	<b>898</b>	965
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>898</b>	965
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	<b>(960)</b>	(190)
Purchase of fixed asset investments	<b>(301)</b>	-
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(1,261)</b>	(190)
<b>Management of liquid resources</b>		
Increase in short term deposits	20 <b>(1,149)</b>	(1,131)
<b>Net cash outflow from management of liquid resources</b>	<b>(1,149)</b>	(1,131)
<b>(Decrease) increase in cash in the year</b>	20 <b>(289)</b>	490

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2002****1. BASIS OF PREPARATION AND CONSOLIDATION**

The Archbishops' Council of the Church of England ('the Council') was established as a body corporate under the National Institutions Measure 1998. Its objects are to co-ordinate, promote, aid and further the work and mission of the Church of England. It is a registered charity, number 1074857. The Council came into existence on 1 January 1999 on which date it took over responsibility from the Central Board of Finance of the Church of England (the CBF) for the funds provided by the dioceses pursuant to certain votes of the General Synod.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain investments, and in accordance with the recommendations set out in the Statement of Recommended Practice 'Accounting and Reporting by Charities' (October 2000) ('SORP'), applicable United Kingdom accounting standards and the Charities Act 1993.

These financial statements consolidate the financial statements of the Council (including all of the Council's designated and restricted funds), the CBF and the Central Church Fund, drawn up to 31 December each year. The separate balance sheet of the Council is set out in note 26, and the separate financial statements of the CBF are available from the Council's Financial Secretary. Details of the CBF's financial position are set out in note 1a below. A summary of the results and balance sheet of the Central Church Fund is included in note 18.

**a. Central Board of Finance of the Church of England (CBF)**

The members of the Council are also members and directors of the CBF. The membership of the Council is thus co-terminus with that of the CBF. Whilst the CBF remains a separate legal entity to fulfil certain activities (particularly related to its trustee responsibilities for the CBF Church of England Investment Funds and certain trusts, including the Central Church Fund), all decisions relating to the CBF are taken by the members of the Council (in their capacity as the directors of the CBF), and hence the assets and liabilities held in the name of the CBF are included in the Council's financial statements. Since 1 January 1999, the CBF has recorded no income or expenditure nor reported any assets or liabilities in its financial statements.

**b. Funds**

The Council receives and applies funds voted to it by the General Synod and provided by the dioceses. These funds are set out in the financial statements by reference to the following General Synod votes:

- The National Church Responsibilities funds (Vote 2) are shown within unrestricted funds. Funds for National Church Responsibilities' work that have been set aside for future use are shown as unrestricted but designated funds;
- Training for Ministry funds (Vote 1) are shown within restricted funds;
- Grants and Provisions for ecumenical work (Vote 3) are shown within restricted funds; and
- Inter-Diocesan Support Mission Contribution (Vote 4) are shown within restricted funds.

The Council and the CBF also have responsibility for a number of other funds which are also included within restricted funds (see note 18). Where the Council and the CBF act as custodian trustee for trust funds which have trustees separate and independent from the Council, those funds are not included in these financial statements and are disclosed in note 18. Where the Council acts as custodian trustee and also has control over the trust funds, including with regard to the application of income from those funds to support the activities of the Council, those funds are also not included in these financial statements, pending consultation with the Charity Commission, as disclosed in note 18.

***Unrestricted Funds – General***

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

***Unrestricted Funds – Designated***

Designated Funds are funds which the Council has earmarked for a particular purpose. There are no legally binding restrictions and the Council is free to redesignate these funds should this be appropriate. The aim and use of each designated fund is set out in note 17.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2002

### 1. BASIS OF PREPARATION AND CONSOLIDATION (continued)

#### b. Funds (continued)

##### *Restricted Funds*

Restricted Funds are subject to specific conditions imposed by the donor, these conditions being legally binding upon the Council. The purpose for which restricted funds are held is analysed in note 18.

##### *Fund transfers*

The Council makes transfers of surpluses arising within Unrestricted Funds – General to specific Designated Funds. In addition, the Council makes transfers amongst its Designated Funds to establish, reallocate or redesignate such funds as the Council determines.

The Council makes transfers from Restricted Funds to Unrestricted Funds only where such restricted funds are being applied in accordance with the object, purpose and restrictions of the underlying fund or charity. Such transfers primarily relate to donations from the Central Church Fund, as set out in note 24c.

### 2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies are set out below. Except as set out in note 25 concerning certain prior year adjustments, the accounting policies have been applied consistently throughout the year and with the preceding year.

#### a. Incoming resources

Income from the Church Commissioners, diocesan contributions, National Church Institutions' contributions to costs, grants, legacies and trading income are included in the consolidated statement of financial activities when the Council is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the Council being notified of an impending distribution or the legacy being received.

Donations are recognised in accordance with the SORP on a cash basis. Dividends and interest are also credited to the consolidated statement of financial activities on a cash received basis as the Council is satisfied that there is no material difference between the use of the cash rather than the accruals basis.

#### b. Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each category. Support costs have been allocated to activities on a basis consistent with the use of the resources.

The cost of activities in furtherance of the Council's objects includes the Church and World Division and a number of key common service departments and Central Secretariat, which benefit the Church nationally. Support costs include the cost of the human resources and IT departments and a portion of the costs of the finance division. The cost of generating funds primarily represents the expenditure of Church House Bookshop and Church House Publishing and investment management fees. Each expense category bears a proportion of the costs of office services and accommodation.

#### c. Grants payable

Grants are recognised as a liability of the Council when a firm commitment to pay the grant is made. A firm commitment is deemed to be made when the grant is discussed and accepted within a formal meeting of the division making the grant.

#### d. Tangible fixed assets

Tangible fixed assets costing more than £2,500 are capitalised at cost including any direct costs of acquisition.

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

Bookshop fixtures and fittings	25%
Office equipment	25%
Leasehold improvements	10%

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2002****2. PRINCIPAL ACCOUNTING POLICIES (continued)****e. Fixed asset investments**

Investments are stated at market value at the balance sheet date. The consolidated statement of financial activities includes those unrealised gains and losses arising from the revaluation of the investment portfolio. The difference between the historic cost and sales proceeds of any investments sold during the year is set out in note 14. Realised and unrealised gains and losses are calculated in relation to either the market value at the end of the previous year or, where the purchase of the investments has been made in the same year as the sale, to cost.

Investments and properties held by the Council and the CBF solely as custodian trustee are not included in the balance sheet.

**f. Stocks**

Stocks consist of books and other printed material held for resale. Stock is valued at the lower of cost and net realisable value.

**g. Pension costs**

The Council participates in three principal pension funds and one other employee benefit scheme, as set out in note 22. As the defined benefit schemes are multi-employer schemes as defined in Financial Reporting Standard 17, the pension charge for each scheme represents the contributions payable in the year.

**h. Operating leases**

Rentals applicable to operating leases are charged to the consolidated statement of financial activities in equal amounts over the period in which the cost is incurred.

**i. Taxation**

The Council is a registered charity and as such is exempt from taxation on its income and gains to the extent that they are applied to its charitable purposes.

**j. Reserves policy**

The Council has a policy of holding funds within the General Fund for National Church Responsibilities to enable it to meet its continuing obligations and commitments which span more than one accounting period. Generally these funds are no greater than the equivalent of two months expenditure. The Council generally maintains the net assets of the General Fund at a level no greater than £1,500,000. The Finance Committee of the Council reviews this policy each year.

**3. CHURCH COMMISSIONERS**

Under the National Institutions Measure 1998, the Council receive monies from the Church Commissioners in order to support the payment of clergy stipends and parish ministry costs. This income has been received for the following purposes:

	<b>Restricted Funds (note 18)</b>	
	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Selective stipend and housing support	<b>15,013</b>	14,904
Non-selective support in respect of additional allocations	<b>2,543</b>	1,982
Parish ministry and mission funding	<b>2,900</b>	-
Other benefits	<b>232</b>	221
	<b>20,688</b>	17,107

An analysis of expenditure by diocese of these funds received from the Church Commissioners is provided in note 11a.



## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2002

#### 4. DIOCESAN CONTRIBUTIONS

	Training for Ministry Vote 1 (Restricted) £'000	National Church Responsibilities Vote 2 (Unrestricted) £'000	Grants & Provisions Vote 3 (Restricted) £'000	Inter- Diocesan Support – Mission Contribution Vote 4 (Restricted) £'000	Transferred costs (incl relocation) Vote 2 (Unrestricted) £'000	<b>Total 2002 £'000</b>	<b>Total 2001 £'000</b>
Bath & Wells	212	202	28	13	70	<b>525</b>	494
Birmingham	135	124	17	8	43	<b>327</b>	322
Blackburn	218	179	24	11	62	<b>494</b>	465
Bradford	76	79	11	5	27	<b>198</b>	198
Bristol	152	118	16	7	41	<b>334</b>	318
Canterbury	160	130	18	8	45	<b>361</b>	380
Carlisle	143	105	15	7	37	<b>307</b>	301
Chelmsford	350	299	41	19	104	<b>813</b>	758
Chester	260	240	33	15	83	<b>631</b>	597
Chichester	398	317	43	20	110	<b>888</b>	796
Coventry	102	115	16	7	40	<b>280</b>	261
Derby	144	123	17	8	43	<b>335</b>	300
Durham	129	130	18	8	45	<b>330</b>	315
Ely	129	119	16	8	41	<b>313</b>	304
Exeter	266	183	25	12	64	<b>550</b>	491
Gloucester	188	144	20	9	50	<b>411</b>	372
Guildford	274	221	30	14	77	<b>616</b>	582
Hereford	131	87	12	6	30	<b>266</b>	257
Leicester	149	110	15	7	38	<b>319</b>	295
Lichfield	291	248	34	16	86	<b>675</b>	671
Lincoln	231	152	21	10	53	<b>467</b>	422
Liverpool	232	168	23	11	58	<b>492</b>	487
London	566	485	66	30	168	<b>1,315</b>	1,107
Manchester	281	195	27	12	67	<b>582</b>	551
Newcastle	136	88	12	6	30	<b>272</b>	280
Norwich	213	144	20	9	50	<b>436</b>	422
Oxford	527	425	58	27	147	<b>1,184</b>	1,073
Peterborough	170	126	17	8	44	<b>365</b>	338
Portsmouth	141	96	13	6	33	<b>289</b>	285
Ripon & Leeds	142	102	14	6	35	<b>299</b>	288
Rochester	243	201	27	13	70	<b>554</b>	521
St. Albans	328	260	36	16	90	<b>730</b>	697
St. Edmundsbury & Ipswich	192	133	18	8	46	<b>397</b>	387
Salisbury	327	215	29	14	75	<b>660</b>	558
Sheffield	139	115	16	7	40	<b>317</b>	314
Sodor & Man	25	15	2	1	5	<b>48</b>	43
Southwark	346	316	43	20	110	<b>835</b>	849
Southwell	78	116	16	7	40	<b>257</b>	304
Truro	135	82	11	5	28	<b>261</b>	238
Wakefield	130	114	16	7	39	<b>306</b>	306
Winchester	235	215	29	14	74	<b>567</b>	610
Worcester	166	115	16	7	40	<b>344</b>	320
York	181	189	26	12	65	<b>473</b>	516
Europe	(16)	-	-	-	-	<b>(16)</b>	43
	<u>9,055</u>	<u>7,340</u>	<u>1,005</u>	<u>464</u>	<u>2,543</u>	<b><u>20,407</u></b>	<u>19,436</u>
Pooling adjustment	(18)	-	-	-	-	<b>(18)</b>	-
Additional allocations	-	2,279	264	-	(2,543)	-	-
	<u>9,037</u>	<u>9,619</u>	<u>1,269</u>	<u>464</u>	<u>-</u>	<b><u>20,389</u></b>	<u>19,436</u>

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2002

#### 5. NATIONAL CHURCH INSTITUTIONS CONTRIBUTIONS TO COSTS

The Council administers the common service departments of the National Church Institutions (NCIs). The full cost of these departments is recorded within the Council's accounting records. On a monthly basis, the NCIs are invoiced for their share of the common service costs. The apportionment of costs varies according to department, but is mainly based on a timesheet system. The contributions received were as follows:

	Unrestricted Funds (note 9)	
	2002 £'000	2001 £'000
Church Commissioners	2,755	2,608
Church of England Pension Board	617	450
National Society	57	50
Other Church bodies	23	45
	<u>3,452</u>	<u>3,153</u>

#### 6. INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds (note 18) £'000	Total 2002 £'000	Total 2001 £'000
Interest	97	19	116	123
Dividends from CCLA managed investments	-	784	784	842
	<u>97</u>	<u>803</u>	<u>900</u>	<u>965</u>

#### 7. OTHER INCOME

	Unrestricted Funds £'000	Restricted Funds (note 18) £'000	Total 2002 £'000	Total 2001 £'000
Legacies	-	362	362	265
Donations	-	410	410	199
Income donated by trusts for which the Council acts as custodian trustee (note 18)	-	88	88	84
Gain (loss) on redemption of long term housing loans	-	146	146	(78)
Release of deferred income – see notes 17 b and c	791	-	791	8
	<u>791</u>	<u>1,006</u>	<u>1,797</u>	<u>478</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2002**

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

	Unrestricted Funds (note 9) £'000	Restricted Funds (note 18) £'000	<b>Total 2002 £'000</b>	<b>Total 2001 £'000</b>
Common Services external income	166	-	<b>166</b>	97
Establishment costs	-	-	-	84
Trading income				
- Bookshop	841	-	<b>841</b>	914
- Publishing	667	-	<b>667</b>	509
Church and World Division external income	27	-	<b>27</b>	36
Ministry Division external income	-	59	<b>59</b>	4
<i>Income within designated funds (note 17):</i>				
Common Worship (Church House Publishing)	423	-	<b>423</b>	1,102
Digital mapping	196	-	<b>196</b>	127
Aerial project	500	-	<b>500</b>	-
	<u>2,820</u>	<u>59</u>	<u><b>2,879</b></u>	<u>2,873</u>

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2002

#### 9. UNRESTRICTED FUNDS – ANALYSIS OF INCOMING RESOURCES BY FUNCTION

	National Church Institutions contributions (note 5) £'000	Grants £'000	Income from activities for generating funds (note 8) £'000	<b>Total 2002 £'000</b>	<b>Total 2001 £'000</b>
Central Secretariat	-	-	-	-	22
Legal Department	912	-	13	<b>925</b>	904
Communications Unit	118	2	17	<b>137</b>	119
Finance Division	92	-	90	<b>182</b>	223
Human Resources	287	-	-	<b>287</b>	342
Statistics	-	-	11	<b>11</b>	-
Information Technology	597	-	7	<b>604</b>	554
Records Department	375	-	28	<b>403</b>	442
<i>Establishment costs</i>					
Office Services	397	-	-	<b>397</b>	474
Accommodation	515	-	-	<b>515</b>	265
<i>Trading</i>					
Church House Publishing	-	-	667	<b>667</b>	509
Church House Bookshop	-	-	841	<b>841</b>	914
<i>Ministry Division</i>	-	-	-	-	5
<i>Church and World Division</i>					
Board of Education	-	139	-	<b>139</b>	110
Board of Mission	-	119	-	<b>119</b>	94
Council for Christian Unity	-	11	-	<b>11</b>	1
Board of Social Responsibility	-	-	-	-	10
Hospital Chaplaincies	-	23	27	<b>50</b>	60
Council for Care of Churches & Cathedrals Fabric Commission	-	27	-	<b>27</b>	35
<i>Other</i>	65	-	-	<b>65</b>	-
<i>Income within designated funds (note 17)</i>					
Staff retirement	94	-	-	<b>94</b>	-
Common Worship (Church House Publishing)	-	-	423	<b>423</b>	1,102
Digital mapping project	-	-	196	<b>196</b>	126
Aerial project	-	-	500	<b>500</b>	-
	<u>3,452</u>	<u>321</u>	<u>2,820</u>	<b><u>6,593</u></b>	<u>6,311</u>
Diocesan contributions (note 4)				<b>9,619</b>	9,109
Investment income (note 6)				<b>97</b>	142
Other income (note 7)				<b>791</b>	14
<b>Total incoming resources (unrestricted)</b>				<b><u>17,100</u></b>	<u>15,576</u>

Investment income includes £35,000 that was generated by deposits held within the designated funds. Diocesan contributions include £456,000 in respect of relocation costs that are recorded within designated funds in note 17.

Grants include £101,000 from the National Society for the work of the Board of Education. Grants were also received from the DfES, Ecclesiastical Insurance Group, All Churches Trust and from other churches and church organisations.

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2002

#### 10. UNRESTRICTED FUNDS – ANALYSIS OF RESOURCES USED BY FUNCTION

	Activities in furtherance of the Council's objects £'000	Support costs £'000	Managing and administering the charity £'000	Cost of generating funds £'000	<b>Total 2002 £'000</b>	<b>Total 2001 £'000</b>
Central Secretariat	1,024	-	-	-	<b>1,024</b>	1,192
Legal Department	1,220	-	-	-	<b>1,220</b>	1,305
Communications Unit	431	-	-	-	<b>431</b>	510
Finance Division	-	795	110	-	<b>905</b>	998
Human Resources	-	489	-	-	<b>489</b>	573
Statistics	205	-	-	-	<b>205</b>	217
Information Technology	-	933	-	-	<b>933</b>	993
Records Department	482	-	-	-	<b>482</b>	568
<b>Establishment costs</b>						
Office Services	422	152	8	88	<b>670</b>	831
Accommodation	1,293	480	20	277	<b>2,070</b>	1,919
<b>Trading</b>						
Church House Publishing	-	-	-	672	<b>672</b>	541
Church House Bookshop	-	-	-	885	<b>885</b>	982
<b>Ministry Division</b>	<b>1,086</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,086</b>	<b>1,174</b>
<b>Church and World Division</b>						
Board of Education	708	-	-	-	<b>708</b>	732
Board of Mission	539	-	-	-	<b>539</b>	547
Council for Christian Unity	277	-	-	-	<b>277</b>	320
Board of Social Responsibility	359	-	-	-	<b>359</b>	391
Hospital Chaplaincies	172	-	-	-	<b>172</b>	195
Council for Care of Churches & Cathedrals Fabric Commission	507	-	-	-	<b>507</b>	556
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66</b>
<b>Inter fund transfer</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(200)</b>
<b>Expenditure against designated funds (note 17)</b>						
Staff retirement	536	-	-	-	<b>536</b>	169
Legal Aid	2	-	-	-	<b>2</b>	1
Common Worship (Church House Publishing)	-	-	-	649	<b>649</b>	897
Digital mapping project	135	-	-	-	<b>135</b>	202
Relocation	287	-	-	-	<b>287</b>	-
Aerial project	-	-	-	353	<b>353</b>	-
Sundry	-	-	-	-	<b>-</b>	15
<b>Total resources used (unrestricted)</b>	<b>9,685</b>	<b>2,849</b>	<b>138</b>	<b>2,924</b>	<b>15,596</b>	<b>15,694</b>

Audit fees incurred in 2002 were £29,000 (2001 - £23,000). The previous auditors received a further £8,000 for VAT advice in 2002.

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2002

#### 11. GRANTS PAYABLE

	Dioceses (note 11a) £'000	Training for Ministry Vote 1 (note 11b) £'000	Grants & Provisions Vote 3 (note 11c) £'000	Inter- Diocesan Support – Mission Contribution Vote 4 (note 11d) £'000	Other (note 11e) £'000	<b>Total 2002 £'000</b>	<b>Total 2001 £'000</b>
Selective stipend and housing support	15,013	-	-	-	-	<b>15,013</b>	14,904
Non-selective support	2,543	-	-	-	-	<b>2,543</b>	1,982
Parish ministry and mission funding	2,900	-	-	-	394	<b>3,294</b>	348
Other grants and benefits for clergy	188	-	-	-	-	<b>188</b>	198
Theological colleges and courses	-	8,796	-	-	-	<b>8,796</b>	8,667
Anglican, ecumenical and other bodies	-	-	947	-	-	<b>947</b>	1,224
Mission agencies' clergy - pension contributions	-	-	-	425	-	<b>425</b>	234
	<u>20,644</u>	<u>8,796</u>	<u>947</u>	<u>425</u>	<u>394</u>	<b><u>31,206</u></b>	<b><u>27,557</u></b>

##### a. Grants payable to dioceses

The Council applies the funds provided by the Church Commissioners (note 3) in respect of clergy stipends and housing in accordance with Section 2 of the National Institutions Measure 1998.

Selective stipend and housing support is allocated to dioceses in line with the current Selective Allocations formula, and in accordance with direction from the dioceses for the division of the sum allocated between stipend support and housing allocations. The additional allocations are distributed to dioceses on the basis of the current Archbishops' Council Apportionment Formula. These allocations cover (i) functions transferred to the Council from the Commissioners (ii) refurbishment costs and (iii) the costs of a number of individual posts.

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2002

#### 11. GRANTS PAYABLE (continued)

##### a. Grants payable to dioceses (continued)

The allocation of selective stipend and housing support, additional allocations and parish ministry and mission funding to the dioceses was as follows:

	Selective stipend & housing support £'000	Additional allocations £'000	Parish ministry & mission funding £'000	Total 2002 £'000	Total 2001 £'000
Bath & Wells	-	70	25	95	53
Birmingham	875	43	113	1,031	786
Blackburn	559	62	79	700	718
Bradford	688	27	46	761	790
Bristol	-	41	55	96	32
Canterbury	325	45	51	421	382
Carlisle	181	37	19	237	118
Chelmsford	518	104	193	815	327
Chester	103	83	90	276	290
Chichester	-	110	55	165	81
Coventry	-	40	-	40	37
Derby	414	43	66	523	371
Durham	1,571	45	117	1,733	1,531
Ely	-	41	31	72	32
Exeter	227	64	57	348	235
Gloucester	-	50	17	67	37
Guildford	-	77	31	108	58
Hereford	28	30	6	64	84
Leicester	305	38	61	404	206
Lichfield	1,053	86	134	1,273	1,108
Lincoln	49	53	48	150	39
Liverpool	1,157	58	116	1,331	1,312
London	639	168	212	1,019	872
Manchester	843	67	144	1,054	766
Newcastle	860	30	55	945	910
Norwich	122	50	43	215	61
Oxford	-	147	91	238	112
Peterborough	-	44	44	88	33
Portsmouth	-	33	46	79	58
Ripon & Leeds	253	35	49	337	269
Rochester	-	70	65	135	55
St. Albans	-	90	91	181	124
St. Edmundsbury & Ipswich	330	46	20	396	447
Salisbury	-	75	-	75	56
Sheffield	800	40	90	930	768
Sodor & Man	-	5	2	7	4
Southwark	438	110	156	704	734
Southwell	780	40	75	895	835
Truro	289	28	28	345	233
Wakefield	833	39	79	951	961
Winchester	-	74	67	141	59
Worcester	-	40	48	88	85
York	773	65	85	923	817
	<u>15,013</u>	<u>2,543</u>	<u>2,900</u>	<u>20,456</u>	<u>16,886</u>
Grants paid to clergy				18	28
Other benefits for clergy				170	170
				<u>20,644</u>	<u>17,084</u>

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2002****11. GRANTS PAYABLE (continued)****b. Grants payable through Training for Ministry (Vote 1)**

Through this Vote, funding is provided by the national Church of England for training for the ordained ministry. Ordinands, training on a full-time basis at a theological college, receive grants to cover college tuition fees and maintenance. Ordinands training on one of the part-time regional courses are eligible for grants to cover course fee, book and travel expenses. Training of ordination candidates under the Ordained Local Ministry Schemes is funded in partnership with the local sponsoring dioceses.

	<b>Total 2002 £'000</b>	<b>Total 2001 £'000</b>
College costs and allowances	5,692	5,645
Course costs and allowances	2,565	2,481
University fees	252	265
Ordained Local Ministry	260	250
Mixed mode training	22	18
Pre-Theological training	5	8
	<u>8,796</u>	<u>8,667</u>

**c. Grants payable through Grants and Provisions (Vote 3)**

This Vote encompasses national Church of England contributions to the work of the Anglican Communion office and to the national and international ecumenical instruments. It also makes an annual grant towards the administrative costs of the Church Urban Fund.

	<b>Total 2002 £'000</b>	<b>Total 2001 £'000</b>
Inter Anglican grant	360	346
Church Urban Fund	249	219
Churches together in England	173	168
Churches together in Britain and Ireland	157	152
World Council of Churches	113	110
Conference of European Churches/European Ecumenical Commission for Church and Society	102	116
Church Commissions – mission and justice	63	62
Simon of Cyrene Theological Institute	-	46
Other	17	5
	<u>1,234</u>	<u>1,224</u>
Release of provisions established in previous years	<u>(287)</u>	<u>-</u>
	<u>947</u>	<u>1,224</u>



**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2002****11. GRANTS PAYABLE (continued)****d. Grants payable through Inter-Diocesan Support – Mission Contribution (Vote 4)**

The Church Commissioners are statutorily required under the Pensions Measure 1997 to meet the pension costs of clergy who are employed by Church of England members of the Partnership for World Mission. It was agreed with the Commissioners and dioceses that responsibility for funding this liability would, over a six year period (culminating in 2004), transfer to the Council to be met through this vote. Accordingly, as this was the fourth year of the progressive transfer, the Council met two-thirds of the cost for 2002 in the sum of £425,000 (2001: £234,000). The contribution was made in respect of an average number of clergy of 143 (2001: 152).

**e. Other grants payable**

Grants of £272,000, ranging from £2,000 to £10,000, are funded by the Central Church Fund and the recipients are parishes and dioceses for the purposes of community development. In addition, various other grants are provided as shown below:

	<b>Total 2002 £'000</b>	<b>Total 2001 £'000</b>
Small grants scheme – parishes & dioceses	272	245
Training for the Ministry	64	64
Augmentation of clergy stipends	31	20
Augmentation of clergy pensions	11	6
Board of Mission	7	7
Other	9	6
	<u>394</u>	<u>348</u>

**12. EMOLUMENTS**

The average monthly number of persons employed by the Council during the year was:

	<b>2002 No.</b>	<b>2001 No.</b>
<b>By activity</b>		
Common Services	103	110
Establishment	45	48
Trading	25	24
Ministry Division	26	28
Church and World Division	66	68
	<u>265</u>	<u>278</u>

In 2002, as a member of the Joint Employer Scheme covering the National Church Institutions, the Council acted as the managing employer of an average of 265 (2001 - 278) staff including 21 part time staff (2001 - 22).

	<b>2002 £'000</b>	<b>2001 £'000</b>
<b>Staff costs for the above persons</b>		
Salaries	7,552	7,887
National Insurance contributions	568	617
Pension costs (note 22)	1,254	1,288
	<u>9,374</u>	<u>9,792</u>

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2002

#### 12. EMOLUMENTS (continued)

	2002	2001 (revised)
	No.	No.
<b>Employees earning more than £50,000</b>		
£110,000 - £120,000	1	1
£100,000 - £110,000	-	-
£90,000 - £100,000	1	-
£80,000 - £90,000	1	2
£70,000 - £80,000	-	1
£60,000 - £70,000	6	7
£50,000 - £60,000	12	7
	<u>21</u>	<u>18</u>

For those staff earning more than £50,000 there are 21 (2001: 18) to whom retirement benefits are accruing under a defined benefit scheme.

#### Members of the Council

Payments made to 15 members of the Council during 2002, being the reimbursement of expenses, amounted to £17,575 (2001 - £14,662). Expense payments made to 10 members of the Finance Committee who are not members of the Council, amounted to £5,440 (2001 - £9,798). No remuneration or pension benefits accrue to any members of the Council as a result of their services to the Council.

#### 13. TANGIBLE FIXED ASSETS – UNRESTRICTED FUNDS

	Bookshop fixtures and fittings £'000	Office equipment £'000	Leasehold improvements £'000	Total £'000
<b>Fixed assets</b>				
At 1 January 2002	60	753	1,141	1,954
Additions	4	-	956	960
Disposals	-	(119)	-	(119)
	<u>64</u>	<u>634</u>	<u>2,097</u>	<u>2,795</u>
<b>Depreciation</b>				
At 1 January 2002	42	573	218	833
Charge for the year	7	102	401	510
Disposals	-	(120)	-	(120)
	<u>49</u>	<u>555</u>	<u>619</u>	<u>1,223</u>
<b>Net book value</b>				
At 31 December 2002	<u>15</u>	<u>78</u>	<u>1,479</u>	<u>1,572</u>
At 31 December 2001	<u>18</u>	<u>180</u>	<u>923</u>	<u>1,121</u>

In addition to the fixed assets disclosed above, the Council and the CBF own the freeholds to a number of properties, including the sites of Whitelands College in London SW15 and St Katharine's College in Liverpool. The colleges' use of these sites is conditional upon the colleges continuing to be Church colleges of education. Further details concerning development plans for the Whitelands College site are detailed in note 23c.

The Council's and the CBF's freehold interests have been valued at £1.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2002**

**14. FIXED ASSET INVESTMENTS – RESTRICTED FUNDS**

	<b>Total 2002 £'000</b>	<b>Total 2001 £'000</b>
<b>Valuation</b>		
At 1 January	<b>18,032</b>	20,904
Additions	<b>301</b>	-
Net loss on revaluation	<b>(3,601)</b>	(2,872)
At 31 December	<b><u>14,732</u></b>	<u>18,032</u>
Historic cost	<b>3,246</b>	3,246
Market value gain on historic cost	<b>11,486</b>	14,786
At 31 December	<b><u>14,732</u></b>	<u>18,032</u>

All the investments are held within the CBF Church of England funds managed by CCLA Investment Management Ltd (see note 24b).

The structure of the total portfolio under the control of the Council at 31 December 2002 was as follows:

	<b>2002 %</b>
CBF Church of England Investment Fund - Income Shares	92.6
CBF Church of England Property Fund	7.3
CBF Church of England Fixed Interest Securities Fund	0.1
	<u>100.0</u>

At 31 December 2002, the CBF Church of England Investment Fund comprised 63.5% UK equities, 14% overseas equities, 8.2% property, 7.9% UK bonds, 4.4% overseas bonds and 2% cash.

The CBF Property Fund is fully invested in commercial property in the UK.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2002**
**15. DEBTORS**

	Unrestricted Funds	Restricted Funds (note 18)	<b>Total 2002</b>	<b>Total 2001 (as restated – note 25)</b>
	£'000	£'000	£'000	£'000
<b>Amounts due within one year</b>				
Trade debtors	484	285	<b>769</b>	1,326
Prepayments	945	778	<b>1,723</b>	351
Publishing debtors	202	-	<b>202</b>	255
Diocesan contributions receivable	21	19	<b>40</b>	203
VAT recoverable	50	-	<b>50</b>	73
Staff season ticket loans	120	-	<b>120</b>	141
Staff car loans	14	-	<b>14</b>	3
Theological colleges	-	73	<b>73</b>	-
Amounts due from NCIs for other costs	600	-	<b>600</b>	-
	<u>2,436</u>	<u>1,155</u>	<u><b>3,591</b></u>	<u>2,352</u>
<b>Amounts due after more than one year</b>				
Church colleges of education	-	930	<b>930</b>	870
Theological colleges	-	36	<b>36</b>	83
Church schools	-	395	<b>395</b>	443
Central Church Fund – clergy staff house loans	-	151	<b>151</b>	295
	<u>-</u>	<u>1,512</u>	<u><b>1,512</b></u>	<u>1,691</u>
	<u>2,436</u>	<u>2,667</u>	<u><b>5,103</b></u>	<u>4,043</u>

**16. CREDITORS**

	Unrestricted Funds	Restricted Funds (note 18)	<b>Total 2002</b>	<b>Total 2001</b>
	£'000	£'000	£'000	£'000
<b>Amounts due within one year</b>				
Trade creditors	264	-	<b>264</b>	1,578
Publishing creditors	154	-	<b>154</b>	291
PAYE, NIC & pension contributions	584	-	<b>584</b>	380
World Council of Churches	-	15	<b>15</b>	10
The Corporation of the Church House	902	-	<b>902</b>	40
Grants payable	-	752	<b>752</b>	802
Other creditors	93	-	<b>93</b>	70
Accruals and deferred income	681	-	<b>681</b>	162
	<u>2,678</u>	<u>767</u>	<u><b>3,445</b></u>	<u>3,333</u>
<b>Amounts due after more than one year</b>				
The Corporation of the Church House	-	-	-	31
Simon of Cyrene Theological Institute	-	-	-	197
Deferred income	-	-	-	534
	<u>-</u>	<u>-</u>	<u>-</u>	<u>762</u>

The amount disclosed in 2001 as payable in respect of the Simon of Cyrene Theological Institute approved by the General Synod has been reclassified as a restricted fund in 2002 by the Council as set out in note 18.

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2002

#### 17. STATEMENT OF UNRESTRICTED FUNDS

	At 1 January 2002 £'000	Income £'000	Expenditure £'000	Transfers £'000	At 31 December 2002 £'000
<b>GENERAL FUNDS for National Church Responsibilities</b>	<b>1,156</b>	<b>15,394</b>	<b>(13,634)</b>	<b>(1,607)</b>	<b>1,309</b>
<b>DESIGNATED FUNDS</b>					
Lambeth Conference fund	27	-	-	-	27
WCC assembly fund	11	-	-	-	11
Staff retirement fund	685	122	(536)	474	745
Legal Aid fund	19	-	(2)	-	17
Representative expenses fund	11	-	-	-	11
Ecclesiastical expenses fund	16	-	-	(3)	13
Legal office system upgrade fund	14	-	-	-	14
Software platform upgrade fund	12	-	-	23	35
Inter-Church relations fund	32	-	-	(10)	22
Inauguration of Synod fund	2	-	-	3	5
Common Worship fund	627	423	(649)	-	401
Church urban review fund	2	-	-	-	2
Youth evangelism fund	-	-	-	-	-
Digital mapping project fund	(69)	196	(135)	8	-
Church House (exterior) fund	229	9	-	110	348
Church House (interior) fund	-	-	-	40	40
Archdeacons' training fund	-	-	-	5	5
Relocation fund	-	456	(287)	856	1,025
Council pay restructuring fund	-	-	-	86	86
Accounting services review fund	-	-	-	100	100
Chancel repairs fund	-	-	-	70	70
Aerial project fund	-	500	(353)	(6)	141
	<b>1,618</b>	<b>1,706</b>	<b>(1,962)</b>	<b>1,756</b>	<b>3,118</b>
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>2,774</b>	<b>17,100</b>	<b>(15,596)</b>	<b>149</b>	<b>4,427</b>

#### a. General funds

These funds represent the unrestricted funds of the Council for general use in meeting National Church Responsibilities which are not designated for particular purposes.

#### b. Designated funds

These funds comprise unrestricted funds of the Council which have been set aside for the stated purposes and a brief description of the principal funds is given below:

The Relocation Fund comprises funds previously treated as deferred income (from dioceses and NCIs – see note 7) and now held in a designated fund to be used to offset future depreciation charges relating to office improvement costs incurred by the Council.

The Staff Retirement Fund is the amount set aside to meet payments to personnel relating to future restructuring of the Council.

The Common Worship Fund is the surplus on the sale of Common Worship and associated publications set aside for future use.

The Church House Exterior and Interior Funds are the accumulated amounts set aside to meet periodic maintenance costs as required under the lease.

The Aerials Project Fund is the balance of the funds received from the Approved Operator set aside to meet direct project costs.

The Accounting Services Review Fund has been set aside to meet the Council's share of the costs of setting up a common accounting services unit for the National Church Institutions (NCIs).

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2002

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

##### c. Transfers

In 2002, the following significant transfers between the Council's funds were made.

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

The major transfers in the year were as follows:

Relocation Fund: £856,000 being £65,000 received in the year from the Pensions Board and £791,000 transferred from deferred income (see notes 7 and 17b).

Staff Retirement Fund: £474,000 being additional contributions transferred to this fund.

Church House (Exterior): £110,000 was transferred in the year from the surplus on Vote 2 accommodation budget.

Accounting Services Fund: £100,000 was transferred from the surplus on Vote 2.

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

The principal transfer is the annual grant of £230,000 made to the Council by the Central Church Fund as detailed in note 24c.

#### 18. STATEMENT OF RESTRICTED FUNDS

	At 1 January 2002 (as restated – note 25) £'000	Income £'000	Expenditure £'000	Investment Losses £'000	Transfers £'000	At 31 December 2002 £'000
Training for Ministry fund (Vote 1)	1,705	9,126	(8,796)	-	-	2,035
Grants and Provisions fund (Vote 3)	(2)	1,269	(947)	-	(193)	127
Inter-Diocesan Support fund (Vote 4)	65	464	(425)	-	-	104
Grants payable to dioceses fund	23	20,688	(20,644)	-	-	67
Central Church Fund	18,695	1,009	(446)	(3,471)	(230)	15,557
CBF Lump Sum Pension fund (note 22)	100	3	(1)	-	-	102
Church conservation fund	(116)	277	(286)	-	-	(125)
Board of Mission special fund	166	12	(7)	(33)	-	138
Board of Social Responsibility special fund	181	6	(12)	(31)	-	144
Church colleges of education capital fund	1,035	75	(21)	-	-	1,089
Theological colleges and training houses fund	384	21	(6)	-	-	399
Simon of Cyrene Theological Institute fund	-	-	-	-	196	196
Church schools fund	693	7	-	-	-	700
Training for Ministry special fund	641	423	(162)	(14)	-	888
<b>Sundry funds</b>						
General Synod sundry funds	186	-	(4)	(42)	25	165
Central Secretariat sundry funds	-	-	-	-	21	21
Board of Education sundry funds	2	153	(98)	-	(9)	48
Hospital Chaplaincies sundry funds	3	-	-	-	-	3
Communications Unit sundry funds	13	-	(1)	-	4	16
Ministry Division sundry funds	40	38	-	-	-	78
Board for Social Responsibility sundry funds	21	1	(6)	-	-	16
Council for Deaf sundry funds	10	-	(3)	(1)	-	6
Council for Care of Churches sundry funds	81	5	(1)	(6)	-	79
Other sundry funds	31	16	(45)	-	37	39
<b>TOTAL RESTRICTED FUNDS</b>	<b>23,957</b>	<b>33,593</b>	<b>(31,908)</b>	<b>(3,601)</b>	<b>(149)</b>	<b>21,892</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2002

#### 18. STATEMENT OF RESTRICTED FUNDS (continued)

The restricted funds are represented by:

	Investments (note 14) £'000	Cash and short term deposits £'000	Debtors (note 15) £'000	Creditors (note 16) £'000	Net assets £'000
Training for Ministry fund (Vote 1)	-	1,138	897	-	2,035
Grants and Provisions fund (Vote 3)	-	134	8	(15)	127
Inter-Diocesan Support fund (Vote 4)	-	103	1	-	104
Clergy stipends and housing fund	-	80	-	(13)	67
Central Church Fund	14,248	1,442	151	(284)	15,557
CBF Lump Sum Pension fund (note 22)	-	102	-	-	102
Church conservation fund	-	74	256	(455)	(125)
Board of Mission special fund	124	14	-	-	138
Board of Social Responsibility special fund	114	30	-	-	144
Church colleges of education capital fund	-	159	930	-	1,089
Theological colleges and training houses fund	-	399	-	-	399
Simon of Cyrene Theological Institute fund	-	196	-	-	196
Church schools fund	-	305	395	-	700
Training for Ministry special fund	49	810	29	-	888
<b>Sundry funds</b>					
General Synod sundry funds	159	6	-	-	165
Central Secretariat sundry funds	-	21	-	-	21
Board of Education sundry funds	-	48	-	-	48
Hospital Chaplaincies sundry funds	-	3	-	-	3
Communications Unit sundry funds	-	16	-	-	16
Ministry Division sundry funds	-	78	-	-	78
Board for Social Responsibility sundry funds	-	16	-	-	16
Council for Deaf sundry funds	3	3	-	-	6
Council for Care of Churches sundry funds	35	44	-	-	79
Other sundry funds	-	39	-	-	39
<b>TOTAL RESTRICTED FUNDS</b>	<u>14,732</u>	<u>5,260</u>	<u>2,667</u>	<u>(767)</u>	<u>21,892</u>

All restricted funds are for specific educational, mission, ecumenical, charitable and maintenance purposes. Explanations of the application of the main funds in the year are given in note 11.

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2002****18. STATEMENT OF RESTRICTED FUNDS (continued)***Other restricted funds controlled by the Council but not included above*

The CBF acts as the custodian trustee for a number of trusts over which the Council has control, including with regard to the application of income from these funds to support the Council activities (see note 7). These trusts have not been included within the Council's financial statements pending consultation with the Charity Commission as to the future treatment and status of the trusts. In 2002, these trusts have combined income of £62,995 and expenditure of £49,655 and, at 31 December 2002, net assets of £2,554,005. The objects and activities of these trusts are set out below.

<u>Trust or fund</u>	<u>Object and activity</u>
*Charlesworth Trust	To make provision for assisting in or towards the training and maintenance for holy orders in the Church of England
*General Ordination Exam Trust	To assist in providing training for suitable candidates desirous of becoming clergymen
*Clergy Elocution Fund	To meet the cost of a scheme of training in voice production, elocution and singing to be given to ordinands or clergy
*Hawarden Fund for Ordinands	Towards defraying the cost of training ordination candidates for the Church of England and the Church in Wales
Davidson Portrait Fund	For the insurance and other expenses of the portrait of Archbishop Davidson in Church House
*St Stephen's Scholarship Trust	For the training of students for the Ministry in the Church of England
Miss MA Caver Trust	To be disbursed by the Board of Mission Special Funds
The Rev DS Guy Trust	To be used for the general purposes of the Board of Mission
*The Rev Henry Dann Trust	Assisting in or towards the training and maintenance of candidates for holy orders in the Church of England
Miss GC Anson Trust	To be held in trust for the CBF to be applied in or towards carrying out the objects of the Missionary Council of the Church Assembly
Margaret Ann Clark Trust	For the maintenance of the fabric of the tower of Barnack parish church
*Philip Usher Memorial Fund	To establish a scholarship to enable a student to spend a period in a country in which part the population practises the Christian religion
*Home Bishopric Endowment Fund	For, or towards, the endowment of a new Diocese of the Church of England or Wales
JH Jackson Trust	For the purposes of Anglo Catholic Churches and Missionary Work Overseas
*Truro Training College Fund	For the benefit of Church of England Colleges for the training of Women Teachers in Devon and Cornwall
*Musical Training Ordination Candidates Fund	The musical training of ordination candidates of the Church of England or any Church in Communion with the appropriate body of the Church Assembly
*William Temple House Fund	Maintenance and upkeep of the William Temple House as a hostel for students studying in the UK who have a need for Christian surroundings.
*White Cross Fund	The promotion of moral welfare work among men and boys and in assisting the moral strengthening or rehabilitation of men or boys
JC Parker Trust	Ornamenting the Parish Church of High Wycombe
*Stanley Fund	Training of candidates for ordination in the Church of England
*Constance Goffe Trust	The training of elderly ordination candidates or the maintenance of families or dependents of men under training
*Rupert Gunnis Memorial Trust Fund	Discharging the cost of repairing, cleansing and preserving monuments, tombs and tablets erected between 1660 and 1860 in English Cathedrals and Churches
Lord Barnard trust Fund	For the repair and maintenance of the Chancel of the Parish Church of Staindrop and towards repair and maintenance of monuments in that Church
*Ordination Candidates Exhibition Trust Fund	To assist in providing training for suitable candidates desirous of becoming clergymen but lacking pecuniary means
Cryer Memorial Fund	Training of candidates for ordination in the Church of England
*Eeles Bequest Trust	For the repair and maintenance of such Churches and Chapels belonging to the Church of England
G&V Chippington Memorial Trust	
The Sarah Wilson Exhibition	
* <i>Separate registered charity</i>	



**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2002****18. STATEMENT OF RESTRICTED FUNDS (continued)***Other restricted funds controlled by the Council but not included above (continued)*

In addition to the above, there are a further 43 trusts for which the CBF acts as custodian trustee. A number of these trusts have other external trustees and the CBF manages the trusts' investments on their behalf. In 2002, these trusts have combined income of £177,771 and expenditure of £139,360 and, at 31 December 2002, net assets of £4,958,380. These additional trusts are listed below.

York House of Laymen Trust	*Montgomery Lectureship Fund
*Alfred Henry Hobhouse Memorial Trust	Chute Trust Fund
The Wakefield Trust	William Temple Memorial Fund
Eleanor Brougham Trust	Mary Ann Lander Bequest Fund
*Central Deaconesses' House Trust	*HD Ackland Divinity Prize Fund
Chaplaincy at the Hague Fund	Fellowship of St Michaels & All Angels Fund
St Anselm's Endowment Trust	The Society of the Treasure of God Fund
Alison Ley Benefaction	*Archbishops' Appeal Fund for the Church in China
Edward Bathurst Cotton Trust	Commander HR Munro Trust Fund
*St Mary's Church, Hitchin Trust	Isabella Gilmore Trust Fund
Champneys Trust (London)	*Anglican & East Church Association Trust Fund
Champneys Trust (Chichester)	*Canon WH Elliott Memorial Trust Fund
Badcock Trust	*Church of England Deaconess Trust Fund
*Tindall Trust	Community of the Resurrection of Our Lord Trust
Jerusalem Bishopric Fund	*St Andrews House Trust Fund
Miss B A Jewell Trust	BP Payne Deceased Trust Fund
Council on Foreign Relations Fund	Stephen Furness Trust Fund
Diocese of Yukon (Miss Stevens) Trust	Turvey Legacy Fund
William Thomas Oliver Trust	Cathedral Amenities Trust Fund
Harriet McKenzie Trust	English Cathedral Repairs Fund Baddeley Trust
Miss A R B Speckman Fund	*Church Funeral Services Fund
Miss Bessie Hacker Trust	Women's Continuing Ministerial Trust
* <i>Separate registered charity</i>	

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

The CBF is also the trustee of the CBF Church of England Funds as detailed in note 24 a.

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

	<b>Total 2002 £'000</b>	<b>Total 2001 £'000</b>
Net incoming resources during the year	<b>3,189</b>	537
Depreciation	<b>510</b>	234
Investment income	<b>(900)</b>	(965)
Decrease in stocks	<b>133</b>	288
(Increase) decrease in debtors	<b>(1,061)</b>	645
Decrease (increase) in creditors	<b>(648)</b>	107
<b>Net cash inflow from operating activities</b>	<b>1,223</b>	846

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2002****20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	<b>Total 2002</b>	<b>Total 2001</b>
	<b>£'000</b>	<b>(as restated) £'000</b>
(Decrease) increase in cash in the year	(289)	490
Increase in short term deposits	<b>1,149</b>	1,131
	<b>860</b>	1,621
Net funds at 1 January	<b>7,096</b>	5,475
<b>Net funds at 31 December</b>	<b>7,956</b>	7,096

**21. ANALYSIS OF CHANGES IN NET FUNDS**

	<b>At 1 January 2002</b>	<b>Cash flows</b>	<b>At 31 December 2002</b>
	<b>(as restated) £'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	3,298	(289)	<b>3,009</b>
Short term deposits	3,798	1,149	<b>4,947</b>
	<b>7,096</b>	<b>860</b>	<b>7,956</b>

**22. PENSIONS**

There are three main pension schemes, and one other employee benefit scheme, in which the Council participates. The Church Workers Pensions Fund, the Church Administrators Fund and the Church of England Funded Pension Scheme are multi-employer pension schemes as defined paragraph 9(b) of Financial Reporting Standard 17 - Retirement Benefits (FRS 17). FRS 17 provides for such schemes to be accounted for as defined contribution schemes where there are multi-employers and one employer is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. The Council has followed this guidance and full disclosure of the three schemes is provided in the financial statements of the Church of England Pensions Board.

The costs of contributions to each scheme, disclosed below, are included in total pension costs disclosed in note 12.

**a. The Church Workers Pension Fund**

The Council participates in the Church of England Defined Benefits Scheme, part of the Church Workers Pension Fund. During the year to 31 December 2002, the Council made contributions of £nil, (2001 - £nil), in respect of 2 members (2001 - 2).

**b. The Church Administrators Pension Fund**

The Council participates in the Church Administrators Pension Fund. The pension cost for the year for this scheme of £773,000 (2001 - £909,000) in respect of 244 employees (2001 - 256).

**c. The Church of England Funded Pensions Scheme**

The Council participates in the Church of England Funded Pensions Scheme. Pension costs payable to the scheme in 2002 amounted to £75,000 (2001 - £58,000) in respect of 15 employees (2001 - 15).

**d. Central Board of Finance Lump Sum Scheme**

The sum of £100,000 (see note 18) has been set aside within restricted funds to meet the Council's liabilities of deferred benefits under the former Central Board of Finance Lump Sum Scheme. The scheme provides for a lump sum payments to 64 former CBF employees upon reaching retirement age. The scheme has Inland Revenue approval under section 20 of the Finance Act 1970.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2002

### 23. COMMITMENTS AND CONTINGENCIES

#### a. Training for Ministry candidates

There is a commitment in respect of those candidates who at 31 December 2002 had either started their training or had been selected for training. As such training usually involves courses lasting up to 3 years, at each year end the Council effectively has a commitment to fund candidates for the remaining one or two years of their courses. This commitment will continue to be met from Training for Ministry Funds (Vote 1) when such funds are provided by the dioceses in the future.

#### b. Common Employer Scheme

The Council is a member of the Common Employer Scheme covering the National Church Institutions and, as such, has a contingent liability for salaries and other employment costs in the event of a default by any of the other member bodies.

#### c. Whitelands College

As reported in the prior year financial statements, the CBF owns the freehold to the site at Whitelands College, West Hill, London, SW15. The Whitelands College Foundation ("the Foundation") holds a long leasehold over this site, along with a sub-leasehold granted to the University of Surrey, Roehampton.

In 2002, with the agreement of the three parties above, contracts were exchanged for the sale of the site to a property developer with the intention of using the proceeds to relocate Whitelands College closer to the site of the University of Surrey, Roehampton to which it is affiliated. A new site, Parkstead, has been identified, the freehold of which has been purchased by the Foundation.

Completion of the sale is not expected until September 2004 and is contingent partly on planning permission for housing being obtained. The unconditional sales offer of £40 million (CBF share independently valued at £13.3 million) will be augmented by additional payments dependent on further planning approvals. These funds, under a memorandum of understanding signed by the Foundation and the CBF, have been committed to help fund the development of Parkstead to the extent that they are required for this purpose. Upon completion of the transaction the freehold of Parkstead will pass to the CBF at which time a 99 year lease will be granted to the Foundation.

The purchase and development of Parkstead is funded, in part, by bank loans to the Foundation. The loans are secured by a charge on the Parkstead site. In addition, the CBF is guaranteeing the drawdown on these loans up to a maximum of the sales proceeds it receives for the Whitelands site. Should the structure of the transaction change and the Foundation remain at Whitelands, the CBF have a secondary charge over Parkstead to recover any monies paid over under the guarantee detailed above.

The gain on the sale of the Whitelands site and the provision of funds for the development of Parkstead will be recognised in the financial statements upon the completion of the transaction. The freehold of Parkstead, will also be recognised in the financial statements of the Council upon transfer to it of the freehold at completion and after the granting of the new long leasehold to the Foundation.

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2002****23. COMMITMENTS AND CONTINGENCIES (continued)****d. Contingent assets***Repayment of grants provided to Theological Colleges and Church Colleges of Education*

Over many decades, the CBF has provided grants to various theological colleges and church colleges of education. These grants enabled the colleges to provide a Christian based education and courses for their students. The grants are conditional upon the colleges continuing to fulfil certain criteria.

Any grant given by the CBF from the Theological Colleges and Training Houses Capital Fund to a theological college may be retained by that college as long as the college, or a regional course based at the college, continues to be recognised for ordination training by the House of Bishops.

Any grant originally given by the CBF on behalf of the Church Assembly to a college upon condition that the property acquired thereby "shall be used for the purpose of a Church Training College" or any subsequent grant or loan from the Church Colleges of Higher Education Capital Fund, may be retained by that college as long as:

- a majority of the members of the Governing Body (or of the Trustees, where this is a separate body) continues to be appointed by an Anglican foundation or to be required to be communicant members of the Church of England;
- all other requirements of the Trust Deed (or other Governing instrument) pertaining to the Anglican nature of the college (including the appointment of an Anglican Chaplain) continue to be fulfilled;
- the college continues to provide or to have a responsibility for the provision of higher education with government financial support.

If the colleges fail to meet these criteria, the grants are repayable in full to the Council. The conditional grants outstanding at 31 December 2002 were as follows:

<b>Church college</b>	<b>Conditional Grants to Church colleges</b>
	<b>£</b>
Christ Church, Canterbury	249,485
Whitelands College, Putney	202,799
St Martin's College, Lancaster	275,472
St Katharine's College, Liverpool	129,999
University of Gloucestershire	291,647
College of York St John	373,100
University College, Chichester	176,052
Chester College	204,032
St Mark & St John, Plymouth	128,912
King Alfred's, Winchester	164,547
Bishop Grosseteste, Lincoln	126,499
<b>Total outstanding at 31 December 2002</b>	<b><u><u>2,322,544</u></u></b>

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2002****23. COMMITMENTS AND CONTINGENCIES (continued)****d. Contingent assets (continued)**

<b>Theological college</b>	<b>Conditional grants to theological colleges and training houses</b>
	<b>£</b>
Birmingham – Queen’s College	150,400
Bristol – Trinity	56,700
Cambridge – Ridley Hall	20,522
Cambridge – Westcott House	16,270
Ripon – Cuddesdon	36,295
Durham – St Chad	45,000
Durham – St John	46,378
Lincoln	23,400
London – Oakhill	37,000
Nottingham – St John	53,061
Oxford – St Stephen House	32,300
Oxford – Wycliffe Hall	22,243
Salisbury & Wells	33,411
<b>Total outstanding at 31 December 2002</b>	<b>572,980</b>

*Interest receivable on loans provided to Theological Colleges and Church Colleges of Education*

In addition to the grants noted above, loans have also been provided to theological colleges and church colleges of education. The loans to theological colleges are interest free. The loans to church colleges are interest bearing but payment of the interest accrued over the life of the loan does not fall due until the final repayment date. The receipt of this interest is not certain as the Council may waive certain interest payments or roll the loans into additional financing to the colleges. The total amount of interest accrued at 31 December 2002 is £1,014,706 (2001: £922,365).

**24. RELATED PARTIES****a. CBF Church of England Funds**

The CBF is the trustee of the CBF Church of England Funds (the Funds), which had a value of £1,485m as at 31 December 2002. The Council and in the Funds (Investment, Fixed Interest Securities, Deposit and Property). The Council’s share of total investments in the Funds is less than 1% and is disclosed in note 14.

**b. CCLA Investment Management Limited**

All members of the Council are also directors of the CBF. The membership of the Council is thus co-terminus with the CBF. The CBF can appoint two non-executive directors to the board of CCLA Investment Management Limited (CCLA). The board of CCLA comprises 4 executive and 4 non-executive directors.

The CBF Church of England Investment Fund owns 60% of CCLA’s share capital and the CBF, as trustee of the Fund, has the voting rights, amounting to 67%, in respect of these shares in CCLA. The responsibility for administering and managing this shareholding is that of the Investment Committee of the CBF.

Under CCLA’s Articles of Association, decisions relating to the operation of the business including the declaration of dividends and the variation of the structure, require the agreement of all shareholders, i.e. COIF Charities Investment Fund and the Local Authorities’ Mutual Investment Trust, as well as the CBF Church of England Investment Fund.

Accordingly, in the opinion of the Council, CCLA does not constitute either a subsidiary or an associated undertaking and the results of CCLA are not included in these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2002

### 24. RELATED PARTIES (continued)

#### c. Central Church Fund

The CBF is the custodian trustee of the Central Church Fund (CCF). Under a charitable trust deed of 12 March 1998, the CCF was established as a formal trust to be run by a CCF Committee acting as administrative trustees. The Committee consists of not less than five members, each appointed by the CBF. Two further members may be co-opted by the CCF Committee, one of whom may be appointed Chairman. The CBF has the power to fix the terms of reference of the CCF Committee having regard to the prevailing needs of the Church. Consequently, the Council is of the opinion that, as the Council exercises a considerable degree of control over this fund, it should be recognised and aggregated into its financial statements within restricted funds.

During 2002, a grant of £230,000 (2001 - £230,000) was paid to the Council and has been credited in these accounts to the Council's unrestricted funds (see note 17) as a transfer of funds. Further grants of £272,165 (2001 - £245,500) were agreed for Church projects throughout England. The audited accounts of the CCF are available from the Financial Secretary of the Council.

#### d. Church Commissioners, Church of England Pensions Board and other NCIs

Under the National Institutions Measure 1998, the Church Commissioners provide funds to the Council for distribution to the dioceses of the Church of England. The income is disclosed in the consolidated statement of financial activities.

The Council provides a number of services, such as human resources, information technology support and the Church of England Records Centre, to the other NCIs. The costs of these services are recharged to the NCIs based on the level of usage of these services. The amounts payable to the Council for these common services are disclosed in note 5.

The Church of England Pensions Board is responsible for several pension schemes of which employees of the Council are members. The contributions paid by the Council to the Church of England Pensions Board are set out in note 22.

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2002****25. PRIOR YEAR ADJUSTMENTS****a. Reclassification of endowment funds as restricted funds**

A prior year adjustment has been raised to reclassify those funds previously recognised as endowment funds as restricted funds. The funds previously treated as endowment funds are the Training for Ministry Fund; Church Colleges of Education Capital Fund; the Theological Colleges and Training Houses Capital Fund and the Church Schools Funds. These funds are not represented by any capital other than grants and loans made to theological colleges and church colleges of education. The fundraising activities that established these funds in the early twentieth century restricted the use of the funds but did not endow the capital for the purpose of establishing and promoting theological and church colleges.

The impact of the adjustment on the prior year financial statements is disclosed below.

**b. Restatement of grants made to Theological Colleges and Church Colleges of Education**

In the prior year, grants made to theological colleges and church colleges of education were included in debtors greater than one year. As discussed in note 23d, the repayment of the balances is contingent on the continuing activities of the recipients of these grants and is therefore outside of the control of the Council. These balances have therefore been restated as contingent assets and removed from debtors greater than one year.

The impact of the adjustment on the prior year financial statements is disclosed below.

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Endowment funds</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Funds as previously reported at 31 December 2001	2,774	23,284	3,733	29,791
Reclassification of endowment funds as restricted funds (note a. above)	-	3,733	(3,733)	-
Restatement of grants made to theological colleges and church colleges of education (note b. above)	-	(3,060)	-	(3,060)
<b>Funds as restated at 31 December 2001</b>	<b><u>2,774</u></b>	<b><u>23,957</u></b>	<b><u>-</u></b>	<b><u>26,731</u></b>

In addition to the above, several reclassifications of prior year comparative balances have been made, on a basis consistent with the current year presentation.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2002

## 26. SEPARATE BALANCE SHEET OF THE COUNCIL EXCLUDING THE CBF AND THE CENTRAL CHURCH FUND

	Unrestricted Funds	Restricted Funds (note 18)	Total 2002	Total 2001
	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>				
Tangible assets	1,572	-	<b>1,572</b>	1,121
Investments	-	484	<b>484</b>	607
	<u>1,572</u>	<u>484</u>	<u><b>2,056</b></u>	<u>1,728</u>
<b>CURRENT ASSETS</b>				
Stocks	401	-	<b>401</b>	534
Debtors: amounts falling due within one year	2,436	1,004	<b>3,440</b>	2,055
Debtors: amounts falling due after more than one year	-	1,512	<b>1,512</b>	1,691
Short term deposits	2,586	2,361	<b>4,947</b>	3,038
Cash at bank and in hand	110	1,457	<b>1,567</b>	2,823
	<u>5,533</u>	<u>6,334</u>	<u><b>11,867</b></u>	<u>10,141</u>
<b>CREDITORS: amounts falling due within one year</b>	<u>(2,678)</u>	<u>(483)</u>	<u><b>(3,161)</b></u>	<u>(3,071)</u>
<b>NET CURRENT ASSETS</b>	<u>2,855</u>	<u>5,851</u>	<u><b>8,706</b></u>	<u>7,070</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>4,427</u>	<u>6,335</u>	<u><b>10,762</b></u>	<u>8,798</u>
<b>CREDITORS: amounts falling due after more than one year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(762)</u>
<b>NET ASSETS</b>	<u>4,427</u>	<u>6,335</u>	<u><b>10,762</b></u>	<u>8,036</u>
<b>ACCUMULATED FUNDS</b>				
Unrestricted Funds				
- General for National Church Responsibilities	1,309	-	<b>1,309</b>	1,156
- Designated	3,118	-	<b>3,118</b>	1,618
	<u>4,427</u>	<u>-</u>	<u><b>4,427</b></u>	<u>2,774</u>
Restricted Funds				
	<u>-</u>	<u>6,335</u>	<u><b>6,335</b></u>	<u>5,262</u>
	<u>4,427</u>	<u>6,335</u>	<u><b>10,762</b></u>	<u>8,036</u>