

Administrative information

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 function as Trustees of the Archbishops' Council and are Trustees and Directors of the Central Board of Finance of the Church of England. Membership from 1 January 2004 and up to the date of this report was as follows:

Ex officio Joint Presidents

The Most Revd and Rt Hon Dr Rowan Williams, Archbishop of Canterbury (6)
The Most Revd and Rt Hon Dr David Hope, Archbishop of York (until February 2005) (4)

Elected by the House of Bishops

The Rt Revd John Gladwin, Bishop of Chelmsford (5)
The Rt Revd Michael Nazir-Ali, Bishop of Rochester (6)

Prolocutors of the Lower Houses of the Convocations

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

Elected by the House of Clergy

The Revd Dr Richard Turnbull (5)
The Very Revd Michael Perham (until March 2004) (2)
The Revd Prebendary David Houlding (from March 2004) (4)

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 Michael Chamberlain (6)
Mrs Katherine McPherson (5)
Ms Jayne Ozanne (until 31 December 2004) (5)
Mr Mark Russell (from February 2005) (-)
Mrs Anne Sloman (5)
The Rt Revd Kenneth Stevenson, Bishop of Portsmouth (3)
Professor Peter Toyne (5)

A Church Estates Commissioner

Mr Andreas Whittam Smith, First Church Estates Commissioner (6)

The Council met six times in 2004; the figures in brackets indicate the number of meetings each member attended in 2004.

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

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 three times as the CBF during 2004.

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.

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.

Staff Directors of the Archbishops' Council

Mr William Fittall, Secretary General to the Council and the General Synod

Mr John Clark, Director of Mission & Public Affairs

Mr Peter Crumpler, Director of Communications (from May 2004)

Mr Shaun Farrell, Financial Secretary/Director of Central Services and CBF Company Secretary (until October 2004)

Mrs Paula Griffiths, Head of Cathedral and Church Buildings Division

The Revd Canon John Hall, Chief Education Officer and General Secretary, National Society

The Ven. Dr Gordon Kuhrt, Director of Ministry

Mrs Gill Laver, Director of Finance and Central Services and CBF Company Secretary (from January 2005)

Mrs Su Morgan, Director of Human Resources

Mr Stephen Slack, Head of Legal Office and Chief Legal Adviser to the General Synod

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

Bodies answerable to the General Synod through the Archbishops' Council

Audit Committee of the Archbishops' Council

Board of Education

Committee for Minority Ethnic Anglican Concerns

Council for Christian Unity

Council for the Care of Churches

Finance Committee

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

Mission and Public Affairs Council

The Cathedrals Fabric Commission for England is an autonomous body, established by statute (Care of Cathedrals Measure 1990), but similar in many ways to those listed above. It is, for example, funded by the Archbishops' Council and staffed by the Cathedral & Church Buildings Division.

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.

Offices and advisers

Registered office:	Church House, Great Smith Street, London SW1P 3NZ Tel: 020 7898 1000 Fax: 020 7898 1558
Investment managers:	CCLA Investment Management Limited, 80 Cheapside, London EC2V 6DZ Tel: 020 7489 6000 Fax: 020 7489 6126
Bankers:	Barclays Bank PLC, 50 Pall Mall, PO Box 15162, London SW1A 1QB
Solicitors:	The Head of the Legal Office of the Archbishops' Council
Auditors:	Deloitte & Touche LLP, Hill House, 1 Little New Street, London EC4A 3TR

Introduction by the Archbishop of Canterbury

I am pleased to present the sixth annual report of the Archbishops' Council.

Much of the Council's focus in 2004 was on the Church of England's mission and ministry. The publication of *Mission-shaped Church* marked what may prove to be an exciting watershed as the Church of England considers how best to meet the pastoral and mission challenges of the new century. The Toyne review of the Pastoral and Dioceses Measures – *A Measure for Measures* – recommended revisions of the various strands of legislation which govern ministry and mission so as to provide a flexible and enabling framework to support both existing structures and new expressions of Church. Work continued on implementing the recommendations of the Hind review, which considered the structure and funding of training for ministry. The first part of the McClean review of clergy terms of service, beginning the involved task of considering the conditions of appointment of our clergy, was completed. The Rochester report, *Women Bishops in the Church of England?*, was published towards the end of the year and marks another important milestone in the Church of England's consideration of women's ministry.

In the summer, David Hope announced his decision to step down from his position as Archbishop of York and to return to parish ministry. The Council will miss his sound good sense and gentle robustness. We record our warm thanks to him for his contribution to the Council and our best wishes for his return to parish life. His move marks an unmistakable and strong vote of confidence in grassroots parochial ministry.

An exciting year on many fronts. It remains to be seen how the Church will take up the challenges ahead of it, but to judge by the reception of *Mission-shaped Church*, it will be with energy and excitement.

I am happy to commend this report and I continue to pray that together we may meet with confidence the challenges that lie ahead.

✠ ROWAN CANTUAR:

Church House, Westminster
2 June 2005

Governance

1. The Archbishops' Council is established under the National Institutions Measure 1998. Its purpose is to 'co-ordinate, promote and further the work and mission of the Church of England'.

Organisation

2. The Council's work is prioritised under the headings of its four Themes:

Engaging with social issues
Equipping to evangelise
Welcoming and encouraging children and young people
Developing the ministry of all

3. The Themes are underpinned by two Fundamentals:

Worship
The quest for full visible unity

4. Supported by its Boards, Councils and Divisions, the Archbishops' Council aims to hold together issues of policy and resources by co-ordinating and taking an overview of the work already being done on its own behalf and on behalf of the wider Church, by planning a forward programme of work and by responding to impulses from within and outside the Church.

5. During 2004 the Council undertook a review of the constitutions of the Boards, Councils and Committees which are answerable through it to the General Synod and the outcome of this review is expected to be implemented from the beginning of the next Synodical quinquennium 2005-2010.

6. A table of the Council's organisation and key working relationships is included at p.44.

Staff

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

8. The Joint Employment and Common Services Board (JECBS) was established specifically to take operational responsibility for the joint employment relationship between the NCIs and to manage common services. Membership is made up from the Chief Executives of the four main NCIs (Archbishops' Council, Church Commissioners, Pensions Board and Lambeth Palace), the First Church Estates Commissioner, the chair of the Pensions Board and the chair of the Council's Finance Committee.

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

Pay restructuring

10. A new pay structure was agreed in 2004 to address anomalies in which people doing jobs of equal value were paid very differently. A job evaluation exercise was carried out to allow jobs to be 'banded' into groups with the same level of responsibility. There is now one pay spine consisting of nine bands, each with a standard point (which is the agreed rate for the job) attached to it and associated training, probationary and extra responsibility points with rates and guidelines for their use.

11. Special arrangements have been put in place for certain groups. These include:
- those on fixed contracts
 - retirees (defined as those aged between 55-60 on 1 July 2004, based on a current retirement age of 60)
 - those in posts which currently attract an additional market rate because their posts have a competitive external recruitment market
 - Directors, whose pay and conditions are determined by the Remuneration Committee

Equal opportunities

12. The National Church Institutions (which include the Archbishops' Council) endeavour to be an equal opportunities employer. A review of the current policy, which has been in place since 1999, was carried out in 2004. It aims to ensure that present and potential employees are offered the same opportunities regardless of their race, creed or religion (except where it is necessary to employ people who are Christian/Anglican or who are in Holy Orders), nationality, ethnic origin, age, gender, sexual orientation, marital status, domestic circumstances, disability or any other characteristic unrelated to the performance of the job, and that no one suffers as a result of discrimination, either directly or indirectly.

13. The NCIs are also in the process of agreeing diversity targets (to ensure that the NCIs comply with the recommendations of the Stephen Lawrence follow-up report – *Called to Act Justly*). The Equality for All Group monitors progress and is involved in designing proactive initiatives. Equal Opportunities advisers are in post to support staff who may feel harassed or bullied and there is an established complaints procedure for dealing with claims of discrimination. All staff are required to undergo training in Equal Opportunities awareness and all appointing managers must undertake Fair Selection training before being permitted to interview for staff.

Environment

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

Health and safety

15. Together with the other National Church Institutions, with whom the Archbishops' Council is a common employer, the Council has duties under the Health and Safety at Work etc Act 1974 and associated legislation to protect the wellbeing of its staff and others affected by its work. During 2004, the NCIs began to develop and implement a comprehensive occupational health and safety management system to reduce the risks of accidents and work related ill health.

Member training

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

Members' responsibilities

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

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

Internal control

18. The members of the Archbishops' Council have overall responsibility for ensuring that appropriate systems of control, financial and otherwise, exist. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Archbishops' Council and for ensuring that the financial statements comply with the Charities Act 1993 and applicable accounting standards and requirements.

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

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

20. The systems of internal financial control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

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

Risk Management

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

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

Internal Audit

22. The Internal Audit department carries out a programme of risk-based reviews. Regular reports are given to the Audit Committee and the Joint Employment and Common Services Board. Management action on audit recommendations is regularly monitored.

Audit Committee

23. 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. Each year a report on the discharge of the Committee's functions is put before the Archbishops' Council and the General Synod. Its principal duties are:

- External audit: to consider all matters relating to the appointment and removal of the external auditors, to discuss with them the nature and the scope of their audit, and to review their management letter to the Council and its response;
- Annual accounts: to review the annual accounts, looking in particular at changes in accounting policies and practices, compliance with legal requirements and accounting standards, adjustments arising from the audit and significant areas of judgement;
- Internal controls: to 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.

Finance Committee

24. The Finance Committee is the financial executive of the Archbishops' Council. It is the focus for work formerly undertaken by the CBF as the financial executive of the General Synod 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.

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

Investment: the CBF Church of England Funds

26. The Archbishops' Council has the same membership as the CBF.

27. Under the provisions of the Church Funds' Investment Measure 1958 (as amended), the CBF is the Trustee of the CBF Church of England Funds. There are five separate Funds with a combined total value at 31 December 2004 of £1,722 million invested in cash, equities, bonds and direct property.

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

29. As Trustee, the CBF is ultimately responsible for the CBF Church of England Funds and, through its Executive Committee (whose membership is the same as the Archbishops' Council's

Finance Committee), has appointed an Investment Committee to act on its behalf, to exercise its powers and duties under the Measure and to advise and report on all matters relating to the Measure.

30. Detailed reports on the CBF Church of England Funds are available from CCLA and may be accessed from the company's website, www.ccla.co.uk.

Ethical investment

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

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

Review of the consolidated statement of financial activities for 2004

33. The Consolidated Statement of Financial Activities is shown on page 48. The overall results were largely in line with expectations, and the Council is satisfied that they reflect accurately the performance of activities in pursuance of its purpose to co-ordinate, promote, aid and further the work and mission of the Church of England.

34. Income of £21.9 million from the Church Commissioners under the National Institutions Measure 1998 was used largely to pay selective allocations to dioceses, with a small balance remaining.

35. The Vote 1 spend of £8.9 million was higher than 2003 largely due to the return to dioceses of £196,000 of unspent income from previous years. Underlying costs were slightly lower than 2003 due to a higher proportion of ordinands attending courses rather than residential college training.

36. Vote 3 income of £1.2 million was fully dispersed in payments of grants and provisions towards the work of the Anglican Communion office, the national and international ecumenical initiatives, legal aid and the administrative costs of the Church Urban Fund.

37. Vote 4 Inter-Diocesan Support – Mission Contribution expenditure of £893,000, relates to the pension costs of clergy who are employed by Church of England members of the Partnership for World Mission. This was higher in 2004 partly because of a return to dioceses of £100,000 of income from previous years, and partly due to the fact that this was the first year in which the Archbishops' Council was required to meet the full costs, responsibility for which transferred from the Commissioners over the preceding five years.

38. Unrestricted Income includes diocesan contributions, National Church Institutions' contributions to costs of the common services departments, grants receivable, including those from the National Society for the work of the Education division and from Quintel towards the aeriels work of the Cathedral and Church Buildings Division, investment income, and trading income from publishing and the bookshop.

39. Unrestricted expenditure is largely the Vote 2 budget, the main component of which is the cost of activities in furtherance of the Council's objectives through the divisions of the Council, and a number of common service departments which serve all the NCIs. Details of income and related expenditure for each department are shown in note 10 to the accounts.

40. Support costs are mainly those relating to the Human Resources, Accounts and Information Technology departments. In 2004 they include, for the first time, the staff transferred into the new, combined accounts department.

41. The cost of managing and administering the Council includes the cost of company administration and audit fees.

42. The costs of generating funds are primarily those relating to the publishing and bookshop trading activities. These were lower in 2004 due to a lower level of publishing activity.

43. There was a small reduction in Unrestricted Funds in 2004. Approximately half of the £5.4 million Unrestricted Funds have been designated by the Council for specific purposes, details of which can be found in note 19 to the accounts.

44. Restricted Funds, that can be used only for the purpose for which they were given, increased in 2004 to £27.4 million. The main fund is the Central Church Fund that contributes to the activities of the Archbishops' Council and also makes grants to parish and diocesan projects, particularly where community needs can be addressed. Full details of Restricted Funds can be found in note 20 to the accounts.

Reserves policy

45. The Archbishops' Council holds funds within the General Fund for the National Church Responsibilities to enable it to meet its continuing obligations and commitments which span more than one accounting period. For Votes 1 and 2 the reserves policy levels are a minimum of 1.5 and a maximum of 3 times net monthly expenditure (excluding designated funds and the Vote 1 rolling reserve), and for Votes 3 and 4 a maximum of £300,000 and £200,000 respectively. The balances at 31 December 2004 were within these ranges.

Professional advisers

46. The Council's advisers are listed page 3. Their performance is critical to the effective operation of the Archbishops' Council as a charity and the Council has a policy of regularly reviewing all professional adviser appointments.

The Archbishops' Council in 2004

Review of activities

47. A review of the pages which follow will demonstrate that 2004 was another active and, at times, pressured year for the Archbishops' Council and its staff. The amount and quality of the work which is done through the Boards, Councils and Committees which report to the Archbishops' Council bear witness to the efforts that are made on behalf of the Council to 'co-ordinate, promote, aid and further the work and mission of the Church of England'.

48. The co-ordinating role of the Archbishops' Council aims to hold together issues of policy and resources, taking an overview of the work already being done on its behalf, planning a forward programme of work and responding to impulses from within and outside the Church. Increasingly, these impulses include consultations and legislation emanating from various Government Departments, all of which make heavy demands on staff, particularly in the Legal Office. We are grateful for all the efforts made on the Council's behalf.

Stewardship of resources

49. Responsible stewardship of the resources, both human and financial, which are available to the Church is high on the Council's agenda.

50. Within Church House, 2004 saw the introduction of the new pay structure and consideration of a new system for appraising staff performance and development. The new appraisal system will be rolled out in 2005 as will a new policy on diversity monitoring, both within the NCIs and across the Church. More details can be found on pp.30-32.

51. Of great interest through the year have been the plans for the refurbishment of Church House in preparation for the eventual accommodation of the three largest NCIs within Church House for the first time. This is an exciting development which will provide opportunities not only for financial savings, but also for new ways of working as one body. Staff will begin to relocate to temporary accommodation in Elizabeth House (which previously housed the Church Commissioners while Millbank was being refurbished) following the inauguration of the new Synod in November 2005. Church House will be available for the February 2006 Group of Sessions, but will then be closed until the refurbishment has been completed in time for the February 2007 Group of Sessions.

52. 2004 marked the third year of the Council's three-year freeze in the cost of its administrative functions (Vote 2). At the end of 2004, the Council judged that the time was right to review the full range of services it offers to the Church at all levels. The review of one third of the Council's activities began in January 2005. At the same time, work continued during the year on following up areas of particular concern highlighted by the strategic spending review.

53. The Council continues to work closely with the Church Commissioners on the provision of funding to the most needy dioceses and to provide funding for mission initiatives in all dioceses through the Parish Mission and Ministry Fund. A review was undertaken of the allocations and apportionment formulae with a view to implementing any agreed changes for 2006.

54. The Council also completed a review of the constitutions of the bodies which answer to the General Synod through the Archbishops' Council. It is hoped that the changes will provide a leaner structure which is better able to meet the challenges which undoubtedly lie ahead.

Major reports

55. At the end of 2002, as part of its response to the DTI's discussion document Employment Status in relation to Statutory Employment Rights, the Archbishops' Council established a working group to review the terms under which clergy hold office. The first part of this review

was completed during 2003 and received overwhelming support from the General Synod when it debated the report's recommendations in February 2004. The group completed the second phase of its work at the end of 2004 for debate in February 2005. The two parts of the report combined, if Synod agrees the legislation brought before it in due course, will mean fundamental changes for the terms of service for clergy.

56. The runaway sales success of the year, *Mission-shaped Church*, a report produced under the chairmanship of Bishop Graham Cray by the Mission and Public Affairs Division, was debated by Synod in February 2004. The report considers new and alternative ways of being church alongside the more traditional structures and has fired the imagination of many.

57. *A Measure for Measures*, the review of the Dioceses, Pastoral and related Measures, chaired by Peter Toyne, an appointed member of the Council, was presented to Synod at the same Group of Sessions and again received overwhelming support for its recommendations. Work continued through 2004 to put legislative flesh on the recommendations which are intended to provide a flexible framework to support existing structures and those new expressions of church which the Cray report explored.

Government consultations and legislation

58. A growing amount of the Council's time is spent in considering how to respond to Government consultations and draft legislation. During 2004, the Council has considered issues arising from proposals in respect of the Gender Recognition Bill, the Civil Partnerships Bill, the Equal Treatment Directive, the Charities Bill, the proposed abolition of the office of Lord Chancellor and a number of other pieces of legislation.

People

59. 2004 also saw its share of comings and goings amongst the membership of the Council and the senior staff.

60. In early spring, the Council received the news of the appointment of Michael Perham, formerly Dean of Derby, as Bishop of Gloucester. This left a vacancy amongst the elected clergy membership of the Council. The Council welcomed in his place the Revd Prebendary David Houlding, who had recently been appointed as Chair of the Appointments Committee. The Council is grateful for the work Michael did on its behalf and on behalf of the Synod (not least as Chair of the Business Committee) and wishes him every success in Gloucester.

61. The end of 2004 saw Jayne Ozanne's departure from the Council. Jayne was a founding appointed member of the Council and worked hard and long on its behalf. We wish her well in her new post as International Director of the Humanitarian Aid Relief Trust. The Council welcomed the appointment of Mark Russell, a youth minister in Hertfordshire, in February 2005.

62. In the autumn, David Hope announced that he would be stepping down as Archbishop of York and returning to parish ministry. He formally stepped down at the end of February 2005. David did much to shape the Council, particularly in the more recent past, and he will be missed amongst the Council's membership. We thank him for all he has done for the Council and for the Church and wish him well in the new phase of his ministry.

63. Amongst the senior staff, the Council bade farewell to Shaun Farrell, who had been its Financial Secretary since its establishment. He is now Secretary to the Church of England Pensions Board. We thank him for all he achieved during his appointment with the Council and wish him well in his new role.

64. In May 2004, the Council was delighted to be able to appoint Peter Crumpler to the post of Director of Communications and welcomed Gill Laver as the new Director of Finance and Central Services in January 2005. We wish Gill and Peter every success in their new posts.

Cathedral and Church Buildings

65. The Cathedral and Church Buildings Division was established in 2002 and comprises the staff of the Council for the Care of Churches and the Cathedrals Fabric Commission. Both bodies have statutory functions and give advice on the systems for overseeing and determining physical changes to church and cathedral buildings and on specific applications; the Cathedrals Fabric Commission is also charged under the legislation with determining certain categories of application.

66. The establishment of the Division has enabled a new focus on the way in which church and cathedral buildings are used and perceived within society, as well as by congregations, and the Division's main challenge over 2004 was to develop this strategic work on policy for church buildings. Following the Church Heritage Forum's report *A Future for Church Buildings* (GS1514) to the General Synod in July 2003, the Division organised a number of seminars and discussions with a wide range of bodies, from government departments to individual clergy, to bring forward achievable and realistic recommendations. The process was exciting in itself, liberated a great deal of energy, and indicated how much positive work is happening up and down the country based on church buildings: some of those case studies are reflected in the Church Heritage Forum's statement *Building Faith in our Future*, which was launched in Lambeth Palace in October by the Bishop of London, Chairman of the Division and the Forum itself, in the presence of HRH the Duke of Gloucester and several government ministers.

67. *Building Faith in our Future* aims to celebrate the great amount of positive work taking place in church buildings and the achievements of volunteers; to awaken greater understanding of how church buildings contribute to the community; and to seek partnership to sustain those achievements for the future. It includes 29 recommendations addressed to local, national and regional government and public agencies, with a number of pointers of good practice for the Church itself to consider at national, diocesan, and parish level. The statement has been well received: the task now is to translate those warm words into positive support and action. The statement has meanwhile set a firm agenda for the Division, which we shall be pursuing over the next few years.

68. On the public funding side, there was an unexpected and welcome development in April 2004 when the Chancellor announced the extension of the refund available on VAT for repairs of listed churches to the full 17.5% of VAT. At the time it was stated that this would be available until April 2006, but a message from the Chancellor of the Exchequer sent to support the launch of *Building Faith in our Future* stated that that money would be available until 'at least' April 2006, and extended it until 'at least 2008' in the Budget. This is good news for parishes and cathedrals. Nevertheless, the take-up figures continually suggest that not all eligible parishes are taking advantage of this important concession and the Division, with the help of the Communications Department and the Churches Main Committee, is doing all it can to ensure that the scheme is understood and taken up. We hope for further progress during 2005.

69. Unfortunately the good news on VAT was counterbalanced by the disappointing news at the end of 2004, that the Department for Culture, Media and Sport (DCMS) were reducing the budget available to English Heritage by £14 million in real terms over the next three years, providing only a very small cash uplift. At the time of drafting English Heritage are still considering the effects of this on their own programmes. We shall continue to make our concerns felt.

70. The review of the 'Ecclesiastical Exemption' by DCMS took a further step forward, with a consultation paper issued in February. The Division's response welcomed the proposal that the 'Exemption' was to continue, but expressed considerable concern about the suggestion that English Heritage should become the statutory monitors and validators of the Church's system. We have, however, welcomed the general proposals in the wider heritage protection review to move towards more holistic and proactive operation of controls. This approach could well have positive parallels within the church's own systems, and we are exploring pilot schemes with two

cathedrals and in two dioceses to see how this might work in practice. Such an approach fits well with the General Synod's own wish to simplify the faculty system, and the policies set out in *Building Faith in our Future*.

71. Discussions on guidance on the sensitive subject of the treatment of human remains in archaeological contexts continued, with the Working Group's report published for consultation. The Division also responded to a consultation from the Home Office on Burial Law and continued to work with the Association of Diocesan and Cathedral Archaeologists.

72. The Division's Library Working Group, with representation from both CCC and CFCE, was reconstituted in January 2004 and contributed to the Church Commissioners' Documentary Heritage Review. This group has helped steer the management of the CCC/CFCE Library in a positive way, despite continuing difficulties caused by the lack of a full-time librarian.

Council for the Care of Churches

73. The Council for the Care of Churches (CCC) aims to enable parishes to release, through careful stewardship, the mission and worship potential of church buildings. It seeks to encourage and assist parishes in the use, care and development of the Church's built heritage.

74. Casework continued to rise in 2004, with 283 faculty referrals (2003: 175). The trend for early referrals continued, and it was also encouraging that many of the applications which come to the CCC are for new work and new facilities to support parishes' expanded mission. There was a sharp rise in faculty applications relating to church contents.

75. The CCC also considered 47 cases referred to it under the Pastoral Measure for reports on the architectural and historic interest of churches considered for redundancy (2003: 42). It is hoped that the Pastoral (Amendment) Measure currently going through its final legislative stages will reduce these numbers, as it will enable leases of church buildings to take place without the need for a partial redundancy scheme.

76. The Annual Conference for Diocesan Advisory Committees (DACs) was held in Wells, concentrating on technical issues such as light and sound in churches.

77. During the year the CCC also consulted on possible new criteria for its (advisory) lists of bells of historic importance. These stimulated lively discussion with bell ringers and the bell trade, but meetings will be held in 2005 to seek to come to a consensus on how the terms suggested in the criteria might be operated before they are finalised.

78. Guidelines for Diocesan Archaeological Advisors have now been issued under the aegis of the Association of Diocesan and Cathedral Archaeologists, while a new handbook on church archaeology (*Revealing the Past, Informing the Future*) was issued.

79. The CCC's conservation committees met 8 times during the year, and contributed fully to the discussion about the role of DAC advisors and the listing of bells. A number of faculty cases concerning specialist fixtures and furnishings including bells, organs, clocks, stained glass, wall-paintings and monuments continued to rise over the year and accounted for 109 of the total number of cases referred to the CCC.

Grants

80. The Section continued to administer grants with the funds generously provided by other Trusts. These amounted to £362,500 for grants to historic furnishings and works of art in churches and historic structures in churchyards (2003: £270,000) and a further £252,000 from the Wolfson Foundation for fabric repairs (2003: £290,000). The liaison with the Heritage Lottery Fund (HLF) on advice under the 'Your Heritage' scheme was further developed, with staff taking part in a seminar with HLF to discuss how their own criteria on access and education could be fulfilled by parishes. This scheme represents an exciting opportunity for parishes, and a means of outreach to the community. A number of such grants have now been awarded, and staff are discussing clearer guidelines on how the scheme should operate.

Cathedrals Fabric Commission

81. The Cathedrals Fabric Commission for England (CFCE) is a statutory body, established under the Care of Cathedrals Measure 1990 in which 'any body on which functions of care and conservation are conferred by [the] Measure shall in exercising those functions have due regard to the fact that the cathedral church is the seat of the bishop and a centre of worship and mission'.

82. The CFCE's caseload remained very varied in 2004. The number of new formal applications considered during the year was somewhat down (2004: 39, 2003:56). Of the cases considered, 36 were determined (2003: 48). Of these 8 were approved unconditionally and 27 conditionally (2003: 14 and 33 respectively): only one was refused (2003: 1). The range of issues dealt with remained significant, ranging from the relocation of the font at St Paul's Cathedral in London, to new lighting schemes for Carlisle and Southwell Cathedrals, and a new lift from the retro quire to the shrine at St Albans. A number of complex applications made before the beginning of the year also involved considerable discussion.

83. New requests for advice about forthcoming or proposed projects increased to 27 (2003: 20). Again these included some major new proposals, from possible office development at Liverpool, to a range of developments in the precinct at Hereford, and initial discussions about the repair of the stonework and window at the East Front of York Minster. The CFCE also considered and commented on several Conservation Plans.

84. At the end of 2004 the Care of Cathedrals (Amendment) Measure passed through the Ecclesiastical Committee and was declared 'expedient' by them; it is hoped that approval by both Houses of Parliament and Royal Assent will be achieved in 2005. Meanwhile, work on the necessary Rules and Guidance Notes will proceed.

85. The three-yearly conference for Fabric Advisory Committees took place in York in July, including visits to both York Minster and to Sheffield Cathedral. Discussions provided very good opportunities to assess how the Measure, and particularly the partnership between chapters, FACs and the CFCE was working, and identified various areas of good practice.

86. The secretariat continued its series of regional seminars for cathedral clergy and administrators, their professional advisors and FACs to discuss the operation of the Measure in an informal way. In 2004, these took place at Southwark (dealing with some of the cathedrals nearest to London) and at Leicester for the East Midlands area. The CFCE has set itself a target of holding two such seminars a year: one has already been organised for April 2005.

87. A meeting took place with the national amenity societies to clarify their own statutory role in the Care of Cathedrals Measure. This resulted in improved feedback on applications and smoother operation of the consultation procedures.

88. During 2004 English Heritage announced its intention to disband its central Cathedrals team and regionalise its cathedrals casework. The CFCE will be looking to assess how this change of practice works, but has offered its help in training seminars for English Heritage regional staff.

Grants

89. The CFCE administers two trust funds, the Cathedral Amenities Fund and English Cathedral Repairs Fund. These funds are being included as part of a Charity Commission scheme to rationalise the operation of certain small trust funds for which the Archbishops' Council is responsible. As a result, only one grant offer was made this year, but liaison with applicants continued, as did preparation of updated guidance for potential applicants.

Central Secretariat

90. The Central Secretariat aims to provide resources for servicing the Archbishops' Council, the General Synod, its three Houses, and the Business and Appointments Committees. The staff serve as secretaries of a number of the Synod's permanent committees and commissions, as well as a number of ad hoc committees and groups (such as the Marriage Law Working Group).

91. The Council for Christian Unity and the Research and Statistics department have formed part of the Central Secretariat since 2002.

House of Bishops

92. Following the publication of *Mission-shaped Church*, 2004 saw renewed emphasis on the role of the bishop in mission: it was the focus of discussion at the Bishops' Meeting in June, and members of the House played a key role later in the year in work flowing from the Strategic Spending Review .

93. The report *Women Bishops in the Church of England?*, the report of a working party of the House chaired by the Bishop of Rochester, was published in November. It comprehensively surveys the theological issues that the Church of England needs to consider prior to deciding whether or not to proceed with the ordination of women bishops. Towards the end of the year the House worked on a draft Church of England response to the *Windsor Report 2004* (the Lambeth Commission on Communion), published in October. Both the Women Bishops report and the Church of England response to the *Windsor Report* were considered by the General Synod in February 2005.

Business Committee

94. The Business Committee reports separately on its activities at each Group of Sessions of the General Synod.

Appointments Committee

95. The Appointments Committee advises on or makes appointments on behalf of the General Synod and the Archbishops' Council. In July, the Synod approved the appointment of Prebendary David Houlding as Chair of the Committee in succession to the Revd Canon Hugh Wilcox.

Liturgical Commission

96. The Liturgical Commission finalised the texts of the remaining Initiation Services and the *Times and Seasons* texts for consideration by the House of Bishops and the General Synod. It also finalised the text of the definitive edition of *Daily Prayer*. The Commission's staff serviced the Revision process for the Weekday Lectionary and the Ordinal and oversaw the publication of the annual lectionary booklet and no less than six liturgical books or booklets, including new editions of *Pastoral Services* and the Collects and Post Communion Prayers.

Dioceses Commission

97. The Chairman and Secretary of the Dioceses Commission served respectively as a member of and an assessor to the Group charged with implementing the recommendations of the Review of the Dioceses, Pastoral and related Measures.

Marriage Law Working Group

98. The Marriage Law Working Group, established in 2002 to take forward the recommendations in *The Challenge to Change* (GS 1448), continued its work and brought to the

Synod in July a report on its progress. Future work by the Group now awaits the outworking of the Government's proposals for the revision of the arrangements for civil registration.

Child Protection

99. The House of Bishops' child protection policy, *Protecting all God's Children*, was published in February and was well received in the dioceses. Following this, the Central Liaison Group started looking at good practice guidelines which will inform diocesan advice to parishes.

100. During the year a new faith communities sub-group was formed by the Criminal Records Bureau. This group of representatives from (at present) Christian Churches, met representatives from the Criminal Records Bureau and the Home Office to discuss the working of the Bureau and changes in practice.

101. Another significant development was the formation of an ecumenical group – the Churches Forum for Safeguarding. This group is in its infancy but will provide a place for all the Churches to work together in the area of Child Protection, and the Forum has already started to provide training for those who have to assess blemished CRB disclosures.

102. Work also continues with the Mission and Public Affairs Division on the implementation of the recommendations of the CTBI report, *Time for Action*, in relation to the mistreatment of adults in the Church.

Christian Unity

103. The Council for Christian Unity (CCU) is a body answerable to the General Synod through the Archbishops' Council. It works on behalf of the Church of England for the full visible unity of the Christian Church.

Unity in Mission: England

104. The Council was engaged in resourcing and guiding the implementation of the Anglican-Methodist Covenant at local and national level, and the preparation of a first report on the implementation process to Synod in July 2005. It was also engaged in supporting the network of Diocesan Ecumenical Officers through a joint conference with Methodist counterparts. It also advised dioceses through the Local Unity Panel, and was involved in ecumenical discussions about the Church's presence in new housing developments. Other major work in England included the final phase of conversations with the Baptist Union, involvement with the Evangelical Alliance commission on Faith and Nation, work on spiritual and eucharistic communion with the Roman Catholics through English ARC, the start of an initiative with Lutherans in England, as well as fresh thinking on the future of the home ecumenical instruments.

Europe

105. The Council continued to support parishes, dioceses and the national Church in fulfilling and developing our commitments through the Meissen, Porvoo and Reuilly agreements and our involvement in the Conference of European Churches. Particular initiatives included a new monthly email information bulletin; new local links with Europe (with local partnerships focusing on practical areas of mission in the new Europe), and a Theological Dialogue with the Church of Denmark. In the July Synod debate on the Church of England's engagement with European ecumenical and constitutional issues, Synod backed a broad programme of action which CCU and others are co-ordinating.

Faith and Order Advisory Group

106. The Group worked on a range of ecclesiological and ecumenical issues for the House of Bishops and the Council for Christian Unity, including eucharistic presidency, Christian initiation,

and the *Windsor Report*. It also resourced a major General Synod debate on *The Gift of Authority* in February 2004. Particular items of work included Liebfrauenberg consultation between the British and Irish Anglican churches and the Community of Protestant Churches in Europe; the work being undertaken by the Ministerial Issues Working Party on ordained and lay ministry; further work on continuing 'Anglican' churches; a study of and response to reports on homosexuality and ecclesiology from the Church of Sweden and the United Reformed Church respectively; the publication of *Paths to Unity*, a collection of essays from a Church of England perspective on the theory and practice of ecumenism; and involvement in the Inter-Anglican Standing Commission on Ecumenical Relations, and the Anglican Communion/Baptist World Alliance conversations.

Research & Statistics

107. The Research and Statistics department provides a central statistics and research resource to the Archbishops' Council and the other NCIs.

108. Significant staff movements during 2004 resulted in a year largely focussed on providing the core research and statistics function to the NCIs, although opportunities were positively developed to disseminate appropriate research findings and the role of research across the Church.

109. Plans were made to enhance and develop the department's electronic databases and to develop the use of web based information collection and dissemination. Particular analyses of parochially based church attendance statistics were carried out utilising digitised parish maps, and consideration is being given to how the use and application of geographic information systems can be encouraged throughout the Church.

110. A range of new government social deprivation indices released by the Office of the Deputy Prime Minister were mapped onto digitised parish boundaries and distributed to dioceses and other interested parties. This resulted in an enhanced role for the department supporting their application across the Church.

111. Ecumenical work continued through Churches Together in England and through the ongoing statistical consultancy for the Methodist Church. The Department actively supported the Allocations and Apportionment Review Group, and the Association of English Cathedrals, in their use of research findings.

112. Following General Synod's request for ongoing diversity monitoring across the Church, mechanisms were designed in consultation with colleagues in the dioceses and the national church institutions. These exercises among both clergy and laity will be initiated in 2005 and continue over 2006 and 2007.

Church of England Record Centre

113. The Church of England Record Centre (CERC) is a Common Service, but is managed by the Head of the Central Secretariat.

114. The restructuring of CERC was completed in 2004. The premises were also substantially refurbished between March and July 2004, and despite the intrusion of the building work disruption to services was kept to a minimum. CERC now enjoys more appropriate office facilities as well as improved storage conditions for the records.

115. Record holdings were further rationalised and the completion of the survey of CERC's undocumented holdings in the summer of 2004 enabled archival cataloguing to be systematically managed. Progress was made in cataloguing the core archives of the Ecclesiastical Commissioners and the Queen Anne's Bounty and an appraisal report was prepared for the National Society to examine the various options for the future management and development of this major archive. In the autumn, Archbishops' Council departments began an

appraisal programme in conjunction with CERC, which has led to further reductions of their records holdings.

116. Much preparatory work was undertaken during the year in preparation for the replacement of CERC's main IT data applications. The new databases went live in January 2005. The CERC Advisory Group contributed to the Church Commissioners Documentary Heritage Review and developed new ways of co-operating with Lambeth Palace Library, for example through access to CERC's archives through the Lambeth Palace Library Reading Room and the sharing of the costs of one of the Library's conservator posts.

117. The Archbishops' Working Party also appointed a Working Party on Diocesan Devolution, whose report to the Advisory Group recommended that CERC should seek diocesan partners to run a pilot project to establish the costs and benefits of transferring glebe and parsonage deeds to the custody of the dioceses. Discussions are accordingly taking place with a view to a pilot project being run in 2005.

Communications

118. The aim of the Archbishops' Council's communications strategy is to '... seek to promote a united, confident and outward-looking Church demonstrating God's love in action' (GS 1375, Feb 2000).

119. The role of the Communications Unit in that context is to:

- Provide a professional and proactive communications service to the National Church Institutions (NCIs)
- Advise the NCIs on the external and internal communications opportunities and implications of their work.
- Maintain close co-operation with the dioceses on their communications.
- Train people in the NCIs and wider Church to communicate effectively in a range of media
- Monitor and contribute to the development of broadcasting policy.

120. To this end, in addition to serving the Archbishops' Council, the Communications Unit also serves the General Synod, the House of Bishops, the Church Commissioners and the Pensions Board. It provides media relations, internal communications and website communications. It also provides communications training, leads the Church's representations on broadcasting policy and runs a public enquiry service.

121. Peter Crumpler took up the post of Director of Communications in May, following a Communications Review carried out by PR consultant David Kenning.

122. Kenning recommended 'a strategic positioning for the Church of England' to express 'the Church's unique role in national life and a distinctly Christian perspective'. As the first stage of this, the Unit has adopted a concept of 'Mission-shaped Communications' identifying the Unit's key relationships and roles, and seeking to make each activity mission-orientated, professional, proactive and integrated. This strategy was endorsed by the Archbishops' Council in October 2004, and the Board of Governors of the Church Commissioners in September 2004.

Media relations

123. The Unit takes a proactive approach to media communications, combining close co-ordination with the work of the diocesan communicators and seeking coverage for the Church's national role and influence in society. This includes raising the profile of the Church's engagement with government on a range of issues – for example, euthanasia, prostitution and counter-terrorism – and promoting the work of the bishops in the House of Lords. Close co-

operation is also maintained with Church House Publishing in supporting the launch of their publications.

124. A press cuttings service and daily briefing to senior staff and clergy across the NCIs and dioceses is provided. Press monitoring has been outsourced and is now produced overnight to enable greater speed of analysis and response, and to release staff time for proactive work.

125. Media enquiries continued at a high level, with the Unit operating a 24-hour media response service throughout the year, in co-operation with the Lambeth Palace press office.

126. *Year in Review*, an annual publication produced in recent years was relaunched in December 2004 as *In Review*, a twice-yearly four-page insert in the church press, with the material also being offered via e-mail and the Church of England website. This allows for more topicality of content, and for more forward-looking articles about the work of the Archbishops' Council and the NCIs generally.

127. *Work in Progress*, a regular weekly feature about the Church of England was developed with Premier Christian Radio for launch early in 2005. This will also be available via the web and on the 'Freeview' TV service.

128. In addition, the Unit advised many drama, documentary, educational and quiz broadcasts on issues relating to the Church's activities.

Internal communications

129. *Communications Update*, a monthly e-mail bulletin carrying news of national Church activities and events was launched. It is issued to all recipients of the e-mailed daily press summary, General Synod members, NCI Staff via the 'All Staff' bulletin, and to diocesan communicators for onward distribution. It is also accessible to more than 3,000 parish magazine editors via a web-based syndication service.

130. The weekly intranet staff magazine, *All Staff*, continues and forms part of an enhanced intranet service to NCI staff. Communications and IT have worked to develop the usefulness of the intranet, especially as a source of advice for staff using the web.

Website

131. The new Church of England website (www.cofe.anglican.org) was launched in November 2004. Much hard work went into the successful completion of the project and, in the months since launch, the feedback has been very positive. The major operational change brought in with the new site was the content management system (CMS), which currently enables over 20 NCI staff to monitor and refresh their web pages as necessary.

Broadcasting policy

132. The work on influencing broadcasting policy has been strengthened, supporting the role of Bishops involved in the area, and co-ordinating the activities of groups such as the General Synod 'Religion in Broadcasting' group, and the ecumenical Churches Media Council. This work is proving particularly important during the BBC Charter Review and Ofcom's review of public service broadcasting.

Communications training

133. Communications Training had another busy year, with 259 participants trained on advertised in-house training courses and a further 56 on bespoke courses. Some 15 bishops were trained externally and 315 people trained in dioceses, theological colleges and parishes.

134. The 2005 brochure was again produced with the valued support of partner denominations. A review is being carried out of the Unit's training services to ensure they deliver optimum support for the Church's communications needs.

135. Full details of courses and tutors can be found at www.commstraining.cofe.anglican.org where there is also an online booking facility.

Diocesan liaison

136. The Unit works closely with the dioceses on their communications, liaising with them on national initiatives and planned announcements and providing advice. Network days are organised for diocesan communicators as a means of sharing best practice. Consultation and support is also provided in selecting and training diocesan communicators.

Enquiry office

137. The Enquiry Office answers enquiries from all over the world on a wide range of subjects, by letter, by telephone and fax, and increasingly by e-mail. The office also compiles the weekly lists of clergy appointments which are sent out to the national and church press.

Public affairs

138. The important Government Listed Places of Worship Grant Scheme, which has done much to return money direct to parishes in the form of VAT reimbursement, is scheduled to continue until 'at least' 2008. The Unit contributes to the work of the NCI/diocesan VAT Group and expects to be involved in lobbying in Whitehall and Brussels to ensure the continuation of the Scheme or replacement by a permanent reduction in the VAT rate. This work has been co-ordinated with the Cathedral and Church Buildings Division.

Education

139. The aim of the Education Division is to promote education and learning that:

- nurture people within the Church and the community;
- encourage the faith, vocation and participation of all;
- equip those engaged in all forms of ministry and service; and
- provide opportunities of the highest quality.

Legislation and government initiatives

140. In 2004, two major Government Bills were debated and eventually passed into law as the Higher Education Act 2004 and the Children Act 2004. The former Bill took a good deal of commitment from the chair of the Board of Education, the Rt Revd Dr Kenneth Stevenson, Bishop of Portsmouth. By the end of the year, another Education Bill, introducing a new school inspection regime, to be introduced in the House of Lords at the beginning of 2005, was in the final stages of preparation.

141. The Bishop of Portsmouth was also involved personally in several meetings with the Secretary of State and supported his drive for the improvement of Religious Education. The Chief Education Officer, together with Dr John Gay, the Board's RE consultant, was a member of the steering group for the work on developing a new framework for RE and also chaired a group of diocesan directors and advisers preparing fresh advice on RE for Church of England schools in the light of the new framework.

142. Staff of the Division worked closely with colleagues in the Mission and Public Affairs Division on the Children Bill and other aspects of the Division's work and with the Ministry Division on lay discipleship and vocations.

The Board

143. The Board met twice residentially in the year, on each occasion breaking for part of the meeting into panels, for which members were joined by representatives of diocesan networks and others experienced in the relevant fields. There were major discussions on children's spirituality, on current legislation and government initiatives and on the implementation of the various Board strategies. Strategies for Higher Education and Further Education emerged through the year, as did some elements of a strategy for lay discipleship and ministry. The Board considered carefully what steps to take on children and Holy Communion and established a representative working group, chaired by the Bishop of Dover, vice-chairman of the Board, to report in 2005 on mutual expectations between the Church of England and the Church Colleges of Higher Education and Universities.

144. The staff of the Education Division, who support the representative and deliberative role of the Board of Education, work in three teams: lifelong learning, schools strategy, and training and development.

Lifelong Learning

145. The Lifelong Learning team works with higher and further education institutions, the DfES, LSC, HEFCE, QCA, and other agencies promoting lifelong learning, to raise issues of spiritual development and of values and purpose in further and higher education institutions; to promote the development of chaplaincy as a resource for students of all faiths and none; to support the work of chaplains in further and higher education institutions through training, conferences and other resources; and to promote the distinctive character and mission of Church Colleges of Higher Education and Universities.

146. The National Adviser for Higher Education and Chaplaincy continued to engage across the sector during the passage of the Higher Education Bill through Parliament in the first half of 2004.

147. A future Synod debate will focus on the appropriate resourcing of higher education chaplains, the other matter which has occupied a good deal of the team's efforts this year.

148. A comprehensive review of the higher education chaplaincy database has enabled the imminent production of a new directory of chaplains to facilitate closer co-operation between chaplains across the country.

149. The Churches' Further Education (FE) Adviser (an ecumenical post half-funded by the Methodist Church) continued to work closely with the Learning and Skills Council (LSC) to promote FE chaplaincy and local partnerships. A report was published in January on effective Church/fairth community/college chaplaincy partnerships and, in September, LSC recognised the value of this work by awarding a significant grant for the development of a Handbook on FE chaplaincy.

150. An audit of FE chaplaincy was carried out which established that there were chaplaincies in nearly 200 colleges. Of these chaplaincies, over 30 had some form of multi-fairth structure. A report and directory will be published in 2005.

151. In July, the Board of Education approved an action programme for work in FE which gave priority to developing new chaplaincies in the 50% of colleges which do not have them, and to strengthening existing chaplaincies through creating ecumenical and multi-fairth teams.

Schools Strategy

152. The Schools Strategy team has moved strongly forward in respect of both the provision and the improvement of schools during 2004. Church of England schools now educate 25.2% of all Primary school pupils and 5.8% of those in Secondary schools. In 2004, the Church of England had almost 14,000 more secondary school pupils than in 2000. Of the Dearing target of 100 extra Secondary schools, 29 are now operative; 14 more are agreed with definite dates to

come into effect; 44 further conversations are active. Within this overall total of 87, 19 are Academies.

153. In addition the team has continued to encourage independent schools known to be affiliated to the Church of England to seek designation as schools with an Anglican character. Designation means that the school can continue to appoint a Head and teaching staff who will identify with and uphold the ethos of the school. So far, some 350 independent schools have been designated as Church of England, Anglican or Christian (many of the latter being in fact Church of England schools).

154. Supported by the team's contacts with the Department, there is a high and growing level of interest in Academies around the Church of England dioceses. This is part of a noticeable bias towards areas of high deprivation and low achievement. 67% of the agreed new school projects address these circumstances.

155. The team has also renegotiated some significant areas of interaction with the DfES and Ofsted. A programme of pilot inspections has radically refined the approach to the denominational inspection of schools in both England and Wales. This will issue in a new national framework during 2005, very closely linked to latest Ofsted / Estyn practice, and to the latest self evaluation techniques which they will require schools to use.

156. This has been underpinned by commissioning research. The National Institute of Christian Education Research (NICER) based at Canterbury Christ Church University College is undertaking a statistical survey that evaluates the performance and achievement of learners in all Church of England schools. This will give the first complete in depth analysis to inform our school improvement strategies and provide accurate statistical information against which both positive and negative perceptions of our schools can be evaluated.

157. The year also saw close working relationships further developed with other Christian school providers and with those of other faiths. Serious conversations continue about explicitly multi-faith schools and we participated in the creation of a DfES website to tell the good stories of faith schools – where distinctiveness and inclusion can be not only compatible but mutually enabling.

Training and Development

158. The Training and Development team supports the Church of England's educational work with and among children, young people and adults. It aims to promote effective Christian nurture and outreach, and to encourage training and best practice. 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.

159. Resourcing the diocesan networks as they support the work in parishes and local communities continues to be a major part of the work. Regular electronic mailings now target specific officers to share information. These have been developed to replace the AYCE magazine which had become no longer viable, in order to facilitate a more immediate flow of information.

160. The National Children's Officer worked collaboratively with the Archbishop's Officer for Evangelism among Children and the network of Diocesan Children's Work Advisers to continue implementation of *Sharing the Good News with Children – a Strategy for the Church of England*.

161. During the year the National Youth Advisers have continued to implement the National Youth Strategy. One aspect of this which has made a major impact in the year was the inaugural meeting of the Church of England Youth Council. This brought together young people from many of the dioceses. As well as debating such issues as trade justice and women bishops, the members also elected three representatives to attend General Synod as non-voting members.

162. Other areas of development, within the National Youth Strategy, have been those concerned with young people and worship and the development of draft core competencies for the training of voluntary youth workers and leaders.

163. The National Adviser for Lay Discipleship and Shared Ministry has worked closely with the Ministry Division on issues relating to collaborative ministry and appropriate training for this. Both Divisions also co-operated on work for Vocations Sunday (1 May 2004) and the website has been further developed.

164. There has been some development of diocesan networking involving those with varied adult education responsibilities in dioceses. Work has been encouraged, especially in the areas of adult education resources and the development of lay ministries in the church. Dioceses have been offered regular information on good practice, for example in relation to the work of volunteers.

165. Under the 'Education for Discipleship' initiative promoted by the Hind Review, draft proposals have been developed for lay theological education.

Finance and Central Services

Financial Policy

166. The Financial Policy Unit assists the Archbishops' Council and the wider Church by the provision of financial administration, together with advice on wider policy matters.

167. Under the National Institutions Measure 1998, the Archbishops' Council determines the allocation of monies provided by the Church Commissioners in parish ministry support. This is administered by the Financial Policy Unit. £17.5 million were provided in allocations in 2004 to those dioceses judged to be in greatest need. A further £4.2m were distributed as the Parish Mission and Ministry Support Fund.

168. The Finance Division advises on financial policy and on the financial implications of initiatives being undertaken within the Archbishops' Council or, where appropriate, elsewhere within the Church. It therefore works in close collaboration with all the other departments and Divisions of the Council. It is also involved whenever staff changes, restructuring or other developments arise which have budgetary implications.

169. The Unit prepares a Financial Memorandum to advise General Synod on the estimated resource implications of items of business being considered so that these can be fully taken into account before decisions are taken.

170. 2004 marked the third year of the Council's three-year freeze in the cost of its administrative functions (Vote 2). By careful budgetary control, the Council was able to hold the overall increase in the level of apportionment (covering Votes 1-4) for 2004 to 0.4%. The Vote 2 budget is monitored carefully and quarterly meetings take place with each department, to ensure that resources are properly managed and directed to where they are most needed.

171. The staff of the Financial Policy Unit, together with staff of the Church Commissioners, from July 2004 serviced review groups set up to review how mission should be resourced (chaired by the Bishop of Bath and Wells) and accountability and transparency within the Church (chaired by the Bishop of Liverpool). A limited review of the formulae by which allocations and national costs are funded began in September and is reporting early in 2005. The Division has also contributed to various other reviews and works closely with the Ministry Division on refinements to the Hind proposals and other ordination training matters.

172. There is close working with dioceses, both informally and formally, the latter primarily through the Inter-diocesan Finance Forum (which, exceptionally, met on three occasions in

2004) and quarterly meetings of the Consultative Group of DBF Chairmen and Diocesan Secretaries.

173. The Financial Policy Unit carries out most of the administrative work required in respect of the Finance Committee, which is also the Executive Committee of the Central Board of Finance (membership of the Central Board of Finance is co-terminous with the membership of the Archbishops' Council).

174. The CBF has a financial interest in all of the Church Colleges of Higher Education and owns the freehold to St Katherine's College, Liverpool and Whitelands College, Putney. The relocation of Whitelands College to its new site closer to the Roehampton University campus continued to prove demanding during 2004. New residences were completed in September and the new academic buildings will be completed early in 2005.

175. Good progress was also made during the year on rationalising the CBF's trusts portfolio.

Central Church Fund

176. Administration of the Central Church Fund (CCF) is located within the Financial Policy Unit.

177. The CCF was founded in 1918 to 'promote aid and further the objects and work of the Church of England'. It does this by making grants to parish-based (or occasionally diocesan) community projects. In 2004 the CCF awarded £413,100 in grants to 91 projects throughout the country (2003: £260,546 to 63 projects), as well as £240,000 to the Archbishops' Council in support of the national work of the Church.

178. Further details of how to apply or make a donation to the CCF are available from the Secretary.

Crockford

179. The Council compiles the *Crockford Clerical Directory* and publishes this biennially in printed form and provides an up-to-date Directory online as a subscription-based service at www.crockford.org.uk. Staff from the department collect and collate information from a variety of sources and work closely with the Clergy Pay Department, a department of the Church Commissioners which is managed by the Council.

Christian Stewardship

180. The Christian Stewardship Committee works with the National Stewardship Officer and the network of stewardship advisers to promote the principles and practice of Christian stewardship as part of discipleship within the Church.

181. The Committee's primary task is to support the work of stewardship advisers in the dioceses. While an understanding of stewardship involves the whole of life, the particular focus for much of the work is on the funding of the mission and ministry of the Church. A well-attended national conference for advisers was held in the summer of 2004 and a training course, attended by 12 recently-appointed advisers, was held in early December.

182. The Committee has investigated the crucial area of the development of young people in Christian stewardship. The evidence it gathered showed that this important work is undertaken at best in a patchy way. In October, the Archbishops' Council gave its support to a strategy of encouragement to those in the Church who are engaged in leading and teaching young people.

183. The Committee believes that dioceses should cover Christian stewardship as an aspect of discipleship in the early life of a newly ordained or newly licensed person when they could more readily combine the theology and the practice.

184. To that end, the Committee commissioned three training modules from a team of stewardship practitioners with the aim of assisting people in ministerial education to work through some of the issues involved in teaching stewardship. The modules are designed to help clergy and readers to enable people in their parishes get to grips with this particular aspect of Christian discipleship through three elements: theology; money and me; practicalities (including sample sermons).

185. The Committee also spent time considering how best to co-ordinate and support funding activities in the Church in general and in particular with seeking funds from outside sources.

Accounts

186. The Accounts department meets the accounting needs of the Archbishops' Council, the Church Commissioners and the Church of England Pensions Board. Although the majority of the staff are involved in work relating to the Commissioners, a small team provides accounting services to the Pensions Board, and another is currently responsible for the Council's accounting function, including its trusts and publishing activities.

187. The department also includes the Payroll Department, which is responsible for the payment of salaries to staff of the NCIs and Pensions Board Homes, and pensions to clergy widows and widowers.

188. Work continued in 2004 on the finance systems project, and selection of a software package for the Common Accounting System is close to conclusion. Development work will continue in 2005 and implementation will be completed in 2006. The resulting harmonisation of systems, procedures and staff will facilitate more efficient working across the NCIs as a whole.

IT

189. Staff of the department were heavily involved with the specification and evaluation of accounting packages in preparation for the introduction of the NCIs' Common Accounting System.

190. Upgrades to the network to implement current versions of Microsoft's operating system were undertaken in preparation for full implementation in 2005.

191. The Disaster Recovery 'warm site' at the Bermondsey Record Centre was commissioned in 2004 as planned and additional back-up storage of data outside the M25 was put in place. The recovery site was rigorously tested in late summer and proved to be successful.

Office Services

192. Staff of Office Services continued to provide support services for the Archbishops' Council and the Church of England Pensions Board at Church House and the Church Commissioners at No 1 Millbank.

193. The main areas of activity are central buying, telephone communications, mapping services, switchboard, messengers and reprographics.

Internal Audit

194. The Internal Audit Department provides internal audit services to the Church Commissioners and the Pensions Board as well as the Archbishops' Council. In 2005, it is likely that the department will be augmented to provide internal audit services to those dioceses which have expressed an interest in commissioning such services.

195. Within the Archbishops' Council in 2004, the Internal Auditing department completed a number of reviews of common service areas. An audit of procurement found that there was only

very limited scope to improve on the economical purchase of goods and services. An audit of recruitment and selection found that the procedures were adhered to when supported by human resources specialists but that further training was needed for recruiting managers. The audit of IT policy implementation found that the recommendations of the internal audit review in 2000 had been successfully embedded, but there was scope to extend good practice beyond network security to business systems.

196. The Internal Audit department continued to provide consultancy support to managers in respect of the identification and recording of risks that the Council is exposed to, on the accounting services project, and to the IT Steering Group. For further details of the Audit Committee see p.10.

Church House Publishing

197. Church House Publishing supports the mission of the Archbishops' Council through publications, both in traditional and new media. 2004 was a busy and, for the most part, successful year.

198. *Mission-shaped Church* was a runaway success. Originally conceived as a report to General Synod, over 15,000 copies were sold in the first nine months and its impact on the thinking and practice of strategic mission has been enormous. Related CHP books such as *Evangelism: Which Way now?* and *The Healthy Churches Handbook* also sold well.

199. Other publications that have influenced the agenda of the Church are *Women Bishops in the Church of England?* and *Trade Justice* – the latter an example of collaboration with Christian Aid. *Where Two or Three: help and advice for churches with few or no children*, although never likely to be a bestseller, is an example of the kind of material we produce which is vital to the health of the Church at grassroots level.

200. A new entrepreneurial initiative was the publication of CHP's first Lent course, *Life Attitudes*, which sold 20,000 copies and became the year's bestselling course in an already crowded market. A chapter from *Travelling Well* was selected for inclusion in an anthology of Christian writings published to celebrate World Book Day.

201. In November www.crockford.org.uk, a subscription website was launched as the first phase in the expansion of our electronic publishing programme of reference information. We are constantly trying to balance our role as a provider of information to the Church with the need to generate an income stream through our work.

202. Following the successful launch of version 4 of *Visual Liturgy* in 2003, Methodist and Church of Ireland editions were released. The CHP web site www.chpublishing.co.uk continues to attract interest and generate sales.

203. CHP's brand identity continues to grow and our presence at exhibitions such as the London Book Fair, the Christian Booksellers' Convention and Christian Resources Exhibitions has increased our profile.

204. In recent years CHP has undertaken work for external organisations such as CTBI, the National Society and Roots for Churches. It has been decided to cut back on this area of activity and to focus on our core business, although discrete projects, for example for *Fresh Expressions*, will still be done.

Church House Bookshop

205. Total sales for the year were up by 5% on 2003. Following the relaunch of www.chbookshop.co.uk in November 2003, online sales grew steadily showing a rise of 33% on the previous year. CHB's gross profit percentage also improved through careful control of purchases and a healthy stock turn, but overall, when the cost of CHP ('intercompany') publications are taken into account, the Bookshop reported a small financial loss.

206. A number of successful book launches were held, with authors such as the Archbishop of Canterbury and the Bishop of Liverpool, and the bookshop again ran a series of events during sessions of General Synod.

207. Minor improvements were made to the shop floor displays and a major refurbishment was undertaken of the mail-order department to meet current standards of health and safety and to improve the working conditions of the staff. A satellite bookshop was reopened at St Saviour's, Knightsbridge.

Human Resources

208. The Human Resources (HR) function guides, advises and supports the Archbishops' Council and the other NCIs in all strategic people management matters and provides operational HR support to all of the NCIs so as to aid them, proactively, in their work for the Church through:

- the development of a diverse workforce and a fair and just workplace
- the creation of a working environment where learning and development is actively pursued, staff have role clarity and career pathways are well defined
- the establishment of a 'partnership' culture between employers, staff and trade unions through effective consultation and negotiation mechanisms
- the promotion of joint employer initiatives and better cultural alignment between the NCIs
- the optimum deployment of staff through strategic resourcing, reward and HR information systems
- the introduction of occupational health and welfare services

209. The Archbishops' Council is the largest of the joint employers and manages some 254 staff. This includes the 108 staff in the common services functions (IT and Office Services, Legal Office, HR, Communications, Accounts, Audit and Records Centre).

210. The staff profile as at 31 December 2004 breaks down as follows:

Age & Length of Service

Service/ Age	0 - 4	5 - 9	10 - 14	15 -19	20 - 29	> 30	Total
< 20	0	0	0	0	0	0	0
20 – 29	25	1	0	0	0	0	26
30 – 39	12	16	7	6	1	0	42
40 – 49	18	11	11	14	18	3	75
50 – 59	35	14	11	8	17	17	102
60 +	5	3	1	0	0	0	9
Total	95	45	30	28	36	20	254

Disability

Disability	Nos
Hearing	1
Heart	1
Limb	1
RSI	1
Unspecified	1
Unknown	249
Total	254

Gender & Ethnicity

Ethnicity/ Gender	ASIAN	BLACK	MIXED	OTHER	UNKNOWN	WHITE	Total
F	3	9	2	0	26	84	124
M	3	4	0	1	17	105	130
Total	6	13	2	1	53	189	254

HR function

211. In 2004 the Department was restructured so it is better able to provide the services and advice needed in the substantially changed environment of the NCIs. The 2004 business plan asked for the equivalent of two additional short-term posts to be funded specifically to support the planning and implementation of the HR aspects of the Review of Clergy Terms of Service. These posts will be established during early 2005 and, assuming continued support for the McClean recommendations at the February Synod, will support dioceses through the development of local HR functions across the Church. Through a redistribution of work within the department, they will also allow for the provision of HR advice to diocesan Bishops.

212. The department remains small and compact with 9.1 whole time equivalent staff, two of whom provide recruitment services from an outsourced provider. This arrangement is to be reviewed in the first part of 2005 using a small, competitive tendering exercise.

Harmonised pay structure

213. This remained the most substantial piece of work undertaken by the HR function during the first half of 2004. Having completed the job evaluation exercise in January, the next months were dominated by pay design and modelling, financial projections and trade union negotiation and staff consultation. The final package comprising a new, simplified pay and grading structure, transitional arrangements for existing staff migrating from the old to the new systems, some protection arrangements for certain groups (e.g. those retiring) and local pay bargaining was presented to staff in June when a vote amongst trade union members was taken. The new arrangements were accepted and implemented on 1st July. This does not mean that all staff are now paid under the same arrangements. It will take a few years for this to work through, but we are moving towards this objective. However, all new staff are now appointed on the same pay structure. This exercise also allowed the NCIs to complete an equal value audit ensuring that staff undertaking work of equal value will be remunerated consistently.

214. A similar exercise was carried out by the Remuneration Committee for senior staff (those staff previously remunerated under the old Senior Civil Service pay structure).

215. 2005 will be the first year that local pay bargaining takes place.

Performance review and development

216. In the second half of the year attention turned to harmonising the existing performance appraisal systems and a new, simplified system has been agreed and is ready to be introduced for the review year starting in 2005. This will include trialing a 360-degree review method where staff will receive feedback from subordinate and peer group colleagues and clients (where these exist) as well as by their senior managers. Training for staff and managers is being piloted and will be available to all staff in the spring of 2005.

217. In the autumn the organisations ran a management development programme for those staff with managerial responsibility. It was run in-house by an external training provider with whom we designed the programme to meet the specific needs of our staff and these organisations and covered leadership skills, personal effectiveness, valuing people, delivering results, stewardship and effective communication. 48 Archbishops' Council staff attended at least two modules during November and December. The programme will continue into 2005.

Equality for all

218. In *Called to Act Justly: A challenge to include minority ethnic people in the life of the Church of England* (GS 1512) recommendations were accepted by the General Synod which included the following:

The National Church Institutions [should] become an example of best practice in providing racial awareness/cultural diversity training, mentoring and support for minority ethnic staff and by the end of 2004 set targets for the proportion of NCI staff in London drawn from minority ethnic backgrounds.

219. The Equality For All group has been continuing its work in relation to diversity management and equality of access to opportunity for all groups within the NCIs and has produced a paper with proposed targets to comply with GS 1512. The paper has been agreed by each of the management groups of the main employers, by the Joint Staff Council and by the major NCI employers. The action plan to improve staff diversity will be actively pursued from the beginning of 2005.

Occupational health, safety and welfare

220. Policy work during 2004 created the framework for an efficient occupational health and safety management system delivered through the organisation's line management structure and a network of health and safety officers.

221. A simple health and safety management system has been devised to enable bishops to meet their duties as employers. Diocesan Secretaries are being consulted on this before it is circulated early in 2005.

222. Regular training has been provided for health and safety officers and an awareness course run for senior staff.

Legal

223. The aim of the Legal Office is to:

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

224. The year saw the completion of a number of pieces of Synodical legislation, with final approval being given to the Stipends (Cessation of Special Payments) Measure, the Care of Cathedrals (Amendment) Measure and the Church of England (Miscellaneous Provisions)

Measure, as well as the various instruments which will alter the size and composition of General Synod as the last step in the process of reform initiated by the Bridge Report.

225. Other legislation taken forward included the Pastoral (Amendment) Measure and a further Miscellaneous Provisions Measure. Considerable further work was also undertaken to implement the Clergy Discipline Measure 2003, including the drafting by the Clergy Discipline Commission of a Code of Practice and by the Rule Committee of detailed procedural Rules under the Measure.

226. Staff continued to be involved in supporting several significant working groups, including those relating to the Review of Clergy Terms of Service, the follow-up to the review of the Dioceses, Pastoral and other Measures and the Review of Marriage Law. A wide range of advice continued to be given to Synodical bodies, divisions of the Council and the Commissioners' Board and Committees (including, in the case of the Commissioners, advice to the review of See Houses and on the proposed introduction of fair and open procedures for consideration of representations under the Pastoral Measure).

227. In particular, as in previous years, much advice was given on the implications of Government legislation for the Church, significant pieces of work being required, for example, in connection with the Government's proposals in relation to charity law reform, civil partnerships, discrimination on grounds of religion or belief, incitement to religious hatred and gender recognition.

228. Last, but by no means least, the usual wide variety of property transactions and advice work was undertaken by the Church and Corporate Property Teams for the Commissioners, as well as for the Pensions Board in relation to the 'CHARM' scheme.

Ministry

229. The provision of a properly trained and supported ministry is critical to the Church's mission. The Division brings together policy on the selection, training, deployment and remuneration of the Church of England's ministry. The Ministry Division Coordinating Group oversees the work of the Division.

230. The Ministry Division aims to provide the Archbishops' Council and the House of Bishops with an effective service of advice and action with respect to the ordained, accredited lay and Reader ministries, especially in the areas of:

- Vocation and Selection
- Ministerial Education and Formation and its Financing
- Deployment, Remuneration and Conditions of Service
- Ministry of and Among Deaf and Disabled People

Vocation, Recruitment and Selection

231. The Vocation, Recruitment and Selection Committee (VRSC) advises the Archbishops' Council and the House of Bishops on a strategy for the development of vocation to ministry and encourages those in education and careers work throughout the Church in the provision of sustained programmes of vocational development and recruitment for accredited ministry, ordained and lay.

232. It advises the House of Bishops on policy for the selection of candidates for accredited ministry, ordained and lay; oversees and advise on the work of staff in the arrangement of and participation in selection conferences; and oversees the training of bishops' selectors.

233. The VRSC met twice in 2004 and the bulk of its work was devoted to the revision of selection procedures. These were considered by the Bishops' Committee for Ministry and agreed by the House of Bishops in June. The package of proposals included nomenclature, new sponsorship categories, revised criteria (including a new criterion on Mission and Evangelism), and two additional tools of assessment comprising a written reflection and presentation leading into a group discussion. The revised procedures will come into use in September 2005.

234. The work of the Committee is supported through its Panels.

Vocation

235. The Vocations Panel continued to maintain supportive links with the growing network of over 300 Vocations Advisers working in dioceses.

236. The Vocations Forum, an informal network of agencies involved in vocations work, continued to prove an effective vehicle for the exchanging of ideas, opinions, news and good practice.

237. The Panel continues to promote Vocations Sunday, working in close collaboration with the Education Division, as a way of encouraging the wider Church to reflect on vocation, both lay and ordained.

238. Through the Vocations Officer, the Panel has continued to work closely with the Vocations sub-committee of the Committee for Minority Ethnic Anglican Concerns, reflecting the Panel's commitment to encouraging minority ethnic vocations.

Selection

239. The number of candidates sponsored for ordained and accredited lay ministry in 2004 rose and was the highest for any year since 1998.

240. The Ministry Division responded creatively to the sudden surge in the number of sponsored candidates by running two large conferences, each of which encompassed three of the standard conferences. A total of 90 candidates took part in these two conferences, 82% of whom were recommended to enter training, a figure which compares favourably with the overall recommendation rate of 77.8%.

241. Including the large conferences mentioned above, 49 national selection conferences and two Ordained Local Ministry (OLM) conferences were held. Altogether, 727 candidates were sponsored, of whom 566 were recommended – an overall recommendation rate of 77.8% (2003:79.3%).

Pre-Theological Education

242. The bulk of the Pre-Theological Education Panel's work involved seeking to refine the moderation process and to encourage good practice in the dioceses. Other matters included the implications of the Hind Report, the introduction of a new criterion on Mission and Evangelism, and the two additional tools of assessment to see how these might impinge on the work of the Panel.

243. 14 candidates successfully completed their PTE programmes and entered training this year (2003:6).

Candidates' Panel

244. The Candidates' Panel met five times in 2004 and much of its work centred on advising bishops on a range of matters concerning variations in training and other requests outside Bishops' Regulations for training.

245. The Panel considered 68 cases, the majority of cases concerning training proposals and change of category of ministry.

Ordained Local Ministry Schemes

246. There were 2 locally organised Bishops' Selection Conferences held within dioceses in 2004. 16 candidates attended and of these 14 were recommended.

247. The Ministry Division agreed that locally organized OLM conferences should cease and that all candidates would in future be invited to attend national conferences. It was agreed that this was an efficient way of using the Church's limited resources and in line with the two sponsorship categories agreed by the House of Bishops: *Ordained Ministry* and *Accredited Lay Ministry*.

Theological Education and Training

248. The Theological Education and Training Committee (TETC) advises the Archbishops' Council and the House of Bishops on a strategy for theological education and training; on policy concerning theological colleges, courses and OLM Schemes; and on the financial aspects of theological education and training. It scrutinises and validates programmes for those training under Bishops' Regulations and keeps under review all forms of training for authorised ministry, ordained and lay, including Reader training.

249. The year has been dominated by first stages of the implementation of the Hind report, *Formation for Ministry within a Learning Church*. The main features have included:

- The publication the Mawer report which made proposals about the boundaries of nine regions in England and gave advice on the setting up of Regional Training Partnerships (RTPs);
- Preparatory work in the regions themselves for the establishment of RTP structures. This work involves a number of dioceses in each region working together, with ecumenical partners and with the training and higher education institutions in order to establish a common vision, identify needs and work towards practical plans for delivering training for lay and ordained;
- With the Finance Division, producing further proposals for the funding of the additional costs of the Hind proposals in relation to the higher standard of post-ordination training in the early years of ministry;
- The circulation in December of draft reports by the Hind task groups on a range of implementation issues: education for discipleship, reader/preacher training, learning outcomes for ordinands (the curriculum), the post-ordination phase of training, the governance and funding of RTPs. This work, along with all the Hind work, has been overseen by the Hind Steering Group, in which we are working with Methodist, URC, Roman Catholic and Baptist colleagues.

250. Other issues in ordination training included:

- continuing to work with the five theological colleges with less than fifty ordinands on their future strategy (working with the Hind agenda; finance; education and formation);
- ensuring that training institutions have adequate grievance procedures; and
- the continuing work of the Educational Validation Panel and the Moderators in ensuring high standards of training during a period of sustained debate about the future of training.

Finance

251. TETC's Finance Panel met nine times during the year. Its main task involves scrutinising and approving the College and Course annual fee applications.

252. The Panel faced a particularly difficult year as it sought to match the available resources to the needs of the different training institutions.

253. It continued its work of providing guidance for the financial aspects of the implementation of the proposals in the Hind report.

254. Total expenditure on training grants from the Central Fund for Ministerial Training during 2004 was £8,756,471 (2003: £8,795,578) against the approved budget of £9,139,000 (2003: £8,783,527).

Deployment, Remuneration and Conditions of Service

255. The Deployment, Remuneration and Conditions of Service Committee (DRACSC) advises the Archbishops' Council and the House of Bishops on a strategy for ministry, with particular reference to the deployment, remuneration and conditions of service of those in authorised ministry, working in collaboration with dioceses, the Church Commissioners and the Church of England Pensions Board and with ecumenical partners.

256. Working with dioceses, it produces a framework of national policy for stipends and other related matters, and advises dioceses on such matters; and a framework of national policy for the deployment of all ministerial resources, ordained and lay, available to the Church.

257. It monitors and advises in consultation with interested parties on sector and chaplaincy ministries within the total ministry of the Church.

Deployment

258. The Committee continued to advise the House of Bishops on trends in the numbers of licensed ministers, and to work with dioceses and theological colleges and courses on the placement of candidates in stipendiary title posts. Preparations were made for a diversity audit of clergy to take place early in 2005.

Remuneration

259. The Stipends Review Group recommended in 2001 that the National Stipend Benchmark should be raised from 1.054 of the National Minimum Stipend to 1.1 of the National Minimum Stipend. The General Synod agreed in November 2002 that this should be done in two stages in the stipends years 2005/6 and 2006/7. After consultation with dioceses, the Committee recommended to the Archbishops' Council, in its role as Central Stipends Authority, that it should increase the National Minimum Stipend by 3% for the stipends year 2005/6. In 2004 all but two dioceses agreed to implement the first stage of the increase in 2005/6 by raising the National Stipend Benchmark to 1.075 of the National Minimum Stipend.

260. The Committee recommended to the Archbishops' Council that parochial fees should be increased by 5% in 2005 with the exception of the fee for a marriage service, which it recommended should be increased by 10%. These recommendations were approved by the General Synod in July.

Conditions of Service

261. The second report of the review of clergy terms of service group was considered by the Archbishops' Council in December. It made recommendations about the extension of 'common tenure' to clergy who have the freehold and developed the recommendations in the first report relating to the establishment of a professional HR function for clergy, ministerial review and the capability procedure that might lead to the termination of an appointment.

262. The Committee set up a small group to make recommendations about the calculation of severance payments that might be made to clergy following the completion of capability reviews.

263. The Committee also considered a paper prepared in collaboration with the Clergy Appointments Adviser on good practice in making appointments, new administrative procedures to be followed by the Church Commissioners' Clergy Payments section when clergy become ill, and water charges.

Continuing Ministerial Education

264. The Continuing Ministerial Education and Development Panel met twice in 2004. The Panel was kept informed and made comments on the work of the Hind Implementation task group concerned with Post-Ordination Initial Ministerial Education.

265. A questionnaire was circulated to all dioceses, seeking information about current policies and practice in the provision of CME, in the hope that examples of good practice may be shared among the dioceses.

Ministry of and among Deaf and Disabled People

266. The role of the Committee for Ministry of and among Deaf and Disabled People (CMDDP) is to encourage and strengthen the participation of deaf people in the life and witness of the Church; to represent the views of deaf people to the Church and of the Church to deaf people; and to support the work of chaplains to deaf people. It advises the central bodies on general disability issues, especially implementation of the relevant legislation as it applies to the Church.

267. 2004 was a year of stability and consolidation. Main items on the Committee's agenda in 2004 included: the representation of Deaf people in General Synod and improved access to General Synod for Disabled people; the new ministerial training scheme for Deaf people which will be delivered in British Sign language (BSL); consideration of a project to translate the Bible into BSL; support for dioceses in implementing the requirements of the Disability Discrimination Act and in the provision of appropriate ministry among Deaf people; and monitoring the progress of the Working Party on Evangelism among Deaf people.

Central Readers' Council

268. The Central Readers' Council (CRC) works to enhance the contribution of Readers to the overall ministry of the Church. Its work is fully integrated into the work of the Ministry Division's committees.

269. In 2004 the Executive Committee of the CRC discussed the implications raised in the Hind Report concerning Reader ministry and training, recommendations made by the Implementation Group on Reader Training and arrangements for future conferences and annual general meetings. The CRC set up working groups to progress preparations for a National Conference of Readers and Trainees at Swanwick in 2005 and the young Readers Conference at London Colney in 2006. It also considered the future of Readership and other Lay Ministries in the light of an address given by the Bishop of Carlisle, Chairman of CRC, at the AGM and later published in The Reader Magazine.

Mission and Public Affairs

270. The Division's role is to take forward the Church of England's national work in the fields of social and public affairs; mission and evangelism and hospital chaplaincy.

271. 2004 was a very full year on all fronts – with numerous government consultations requiring response and bills needing attention as they went through Parliament; support for a range of national initiatives carried out through diocesan networks; implementation of a new healthcare chaplaincy strategy and a major conference on world mission.

272. The MPA Council met three times – twice residentially. Part of its spectrum of concerns is evident in the Synod debates it sponsored: Mission-shaped Church; HIV/AIDS; Restorative Justice; Asylum; World Mission; Trade Justice and The Church of England and Europe (jointly with CCU), each of which involved widely distributed reports (the record held by *Mission-shaped Church* with over 14,000 sold) and follow up programmes. Additionally the MPA Council either helped resource or follow up debates on community relationships, cohabitation, domestic violence and drug misuse.

273. This list does not take account of the range of support for diocesan work through visits, resources and many networks, connections with voluntary movements, close liaison with colleagues in other denominations and the day to day response to enquiries in which staff are involved.

274. A feature of the year has been increased collaboration with the Communications Unit to publicise the Church's national work in these areas including press releases on responses to government consultations and briefings on bills as well as circulation of bishops speeches in the Lords.

Marriage and family life

275. 2004 was the 10th Anniversary of the International Year of the Family. Staff worked with our ecumenical partners to provide worship material on different aspects of family life throughout the year culminating in a very successful ecumenical conference on church projects to support families.

276. The Church of England marriage display continued to be used at wedding shows both at national and local level. In anticipation of the review of marriage law from Government and Church and using the research funded by the Lord Chancellor's Department, a training package was developed and a team of trainers prepared to assist clergy and parishes. The training was piloted and a number of dioceses have requested the course as part of their CME for 2006. Guidelines for interfaith marriages have been updated and a website launched to support those marrying people of a different faith.

277. Major legislation such as the Children Act and the Civil Partnership Act have been carefully monitored and briefing provided for Bishops in the Lords during the progress of the Bills. We have also helped with the 'Keep Time for Children' campaign, the 'End Child Poverty' campaign and the 'Good Childhood' project being developed by the Children's Society.

278. Following the General Synod debate in July on domestic violence, a group has begun work to develop guidelines on domestic abuse for those with pastoral responsibilities. It will report to General Synod in early 2006.

Environment, medical ethics, science and technology

279. We continued to engage with issues in medical ethics, including responses to government consultations on mental capacity; assisted dying; the Human Fertilisation and Embryology Authority and the future of genetics. Assistance was given to the Royal College of Paediatrics' second edition of *Withholding and withdrawing treatment from sick children*.

280. Work on increasing awareness and understanding of environmental issues continued, with more workshops in dioceses around the country, an event at Liverpool Cathedral as part of its environment week, and a three-day intensive course at St Paul's Institute called 'Perceiving Aright' on theology and ethics of the environment. A response was made to the government's sustainable development consultation, with the assistance of diocesan environment officers.

Home affairs

281. The parish resource pack *Promoting Mental Health* was piloted during the spring and launched in October. During 2005 it will be disseminated by means of presentations to diocesan synods. A submission was made with the assistance of the Mental Health Interest Group to the parliamentary scrutiny committee on the draft Mental Health Bill.

282. Events in the criminal justice field were dominated by proposals to create a National Offender Management Service, on which a response was made to a Home Office consultation. The ecumenical Churches' Criminal Justice Forum continued to flourish and lent support to new community chaplaincy projects in Staffordshire and Leeds.

283. Conversations with government officials and briefing for bishops were undertaken on the Mental Capacity Bill and the proposal for a new law on incitement to religious hatred. Written and oral evidence on terrorism and community relations were submitted to the Commons Home Affairs Committee and a response was offered to a Home Office consultation on prostitution. Ecumenical representations were made to government on the Gambling Bill.

284. Support was provided to bishops in debates over the Gender Recognition Bill which is due to come into force in April 2005. Government proposals for a Commission for Equality and Human Rights have been addressed through an inter-faith reference group supporting those representing 'religion and belief' in the detailed background work for the new Commission.

Community and urban affairs

285. Following the debate at the February Group of Sessions of the General Synod, Bishops in the House of Lords were briefed during the passage of the Asylum and Immigration Bill. The Synod resolution asked the MPA Council to consider arguments about the contributions of asylum-seekers to life in Britain. Our researcher on economic affairs from the William Temple Foundation in Manchester produced a substantial report on this issue which will be published by CHP in 2005 with the title *A Place of Refuge*.

286. We have continued support for the ecumenical Urban Bulletin and the Anglican Communion Urban Network.

287. Staff have provided primary support and advice for the Commission on Urban Life and Faith, organising and contributing to its seminars on new urban research, theological education and other aspects of the Church's engagement in urban areas. The Commission is due to publish its report early in 2006.

Rural

288. A strategy for encouraging and developing the capacity of rural churches to engage effectively with their surrounding rural communities is being developed. It will be published during 2005.

289. The Department of Environment, Food and Rural Affairs published a new Rural Strategy for the delivery of rural policy and services in July 2004, leading to major changes from April 2005. Rural service delivery responsibilities will be devolved to regional bodies, a major change from current delivery mechanisms. The implications for rural communities and churches are difficult to assess but are likely to be significant.

290. As part of the ecumenical team forming the churches' rural resources unit for community and ministry issues based at the Arthur Rank Centre in Warwickshire, the National Rural Officer (NRO) plays a significant role in providing training in rural mission and ministry. In 2004

commitments included workshops on the multi-parish benefice; training days for senior diocesan staff; new Rural Officers; the annual Rural Officers Conference and numerous regional, diocesan and deanery training days on a wide range of topics.

International and development affairs

291. A considerable amount of time and resources were devoted to preparing and taking forward resolutions flowing from two General Synod debates on Europe and trade justice. The House of Bishops Standing Committee has subsequently agreed to set up a House of Bishops Panel on Europe to help direct the Church's deliberations on a wide range of issues such as the Constitutional Treaty for Europe and the UK Presidency of the EU.

292. The trade justice debate resulted in the Archbishops' Council becoming a full and active member of the Trade Justice Movement and the Make Poverty History Coalition, both of which will assist the Church in encouraging the Government to take advantage of the unique opportunities provided by 2005.

293. The deteriorating post war situation in Iraq and its regional repercussions required continual attention and briefing. The International Affairs Advisor continued preparations for the transatlantic symposium on the ethics of war and peace in the twenty first century to be held in London in May 2005.

Minority Ethnic Anglican Concerns

294. The Archbishops' Council is represented through CMEAC on the Churches Commission for Racial Justice (and its Executive Committee) of CTBI, and the Minority Ethnic Concerns Group of CTE.

295. CMEAC sustained and developed its three main priority areas – youth, vocations and education and training – throughout 2004.

296. The first phase of the Joynt Hope Project was completed within the year by youth ministry research and development officer, Dorn Henry. This entailed a consultative process with four dioceses – Birmingham, Manchester, Ripon and Leeds, and Sheffield – culminating in a residential meeting in September with key youth ministry professionals and youth officers from the participating dioceses. It is hoped that this year-long consultation will provide CMEAC with an informed context from which to launch a three-year project prioritising youth ministry with Black and Minority Ethnic young people within a broad range of dioceses.

297. The Vocations Working Group facilitated a consultation for a number of northern dioceses at the Church Army College in Sheffield. It was modelled on the very successful pattern used in Birmingham in 2003 and aimed to encourage and equip clergy and laity to serve as 'gatekeepers' to vocations so that they can facilitate the calling of those from Black and Minority Ethnic backgrounds.

298. The Education and Training Working Group has continued to invest time and energy in the theme of mentoring and is working with the Education Division to look at existing models of good practice in Church of England schools. The group also began a project to produce a resource pack on racism and inclusion for parishes. In addition to a range of consultative meetings, the Education and Training Working Group facilitated three diocesan visits in 2004 to Bradford, Worcester and Rochester.

299. New projects included CMEAC Link Members in the Northern Province engaging in a consultation with the Archbishop of York and the production of display for Racial Justice Sunday and Black History Month for the Diocese of Ripon and Leeds.

Hospital and Health Care Chaplaincy

300. The Hospital Chaplaincy Council (HCC) reviewed its strategy in the light of new policy from the Department of Health, new strategy for the NHS chaplaincy workforce and new structures within the chaplaincy bodies (e.g the Multi Faith Group for Hospital Chaplaincy). It

agreed to continue supporting NHS and other chaplaincy bodies while re-emphasising its role in support of Anglican chaplains working in healthcare, as well as the dioceses' and Bishops' Advisers in Healthcare. The ecumenical approach with the Roman Catholic and Free Churches continued. These Churches also support the joint training programme

301. As part of the programme of modernisation which HCC has recently undertaken, new emphasis is being given to training and development in partnership with the NHS lead body (South Yorkshire Workforce Development Confederation) and Universities. The emerging framework for education in spiritual healthcare will seek to complement the work of the Hind Review as it is taken forward in 2005. In addition, HCC will seek to ensure that the emerging chaplaincy competences in healthcare and in palliative care complement those being developed within the mainstream of the Church.

302. The daily interaction with chaplains, Trusts and dioceses continued, as did the Chair's visits to Trusts across the country. All this assists towards forwarding the mission of the Church in supporting the sick and those who look after them.

Mission and evangelism

303. The main focus this year has been on following up the recommendations of the report *Mission-shaped Church*.

304. The report has given real impetus to the development of a 'mixed economy Church' in which mission-shaped traditional forms and mission-shaped fresh expressions co-exist to nurture and challenge one another. Visits were made to 35 dioceses to link up with their missionaries and senior staff contacts, developing a detailed picture of the way dioceses are making sense of the report in their own contexts and sharing this around the Church. The National Mission and Evangelism Adviser worked closely with Steven Croft, the Archbishops' Missioner, and with the *Fresh Expressions* initiative, the mission agencies and ecumenical partners.

305. Other work in 2004 included the launch of the Youth Evangelism Fund pilot in four dioceses, and the development there of a process which makes it easy for young people themselves to apply for funding for evangelistic initiatives that make sense to them and their generation. The Archbishops' Council will receive a report on this pilot in the autumn of 2005.

306. The new Church of England website includes pages on becoming a Christian and on getting involved in the Christian community. These new pages are generating a steady stream of queries and pastoral requests, and the Mission and Evangelism staff handle these, referring seekers to their local dioceses and parishes.

307. A weekly electronic bulletin of news and ideas to diocesan missionaries is particularly appreciated as is the annual missionaries conference administered from the Division.

Evangelism among children

308. The most significant event in 2004 was the establishment of a forum of all interested parties to discuss the opportunities and development of evangelism among children. Participants came from Christian organisations, Higher Education, resource providers and ecumenical partners.

309. In response to the Synod's endorsement of the Strategy for Children in July 2003, two working groups have been established to explore development of training in a ministry among children for clergy, authorised ministers and children's workers. This includes a survey into present practice and eventual establishment of a degree course. Findings and recommendations will be published in summer 2005.

310. An in-depth consultancy on outreach among children, Project Reach, is operating in five dioceses: Blackburn, Exeter, Guildford, Liverpool and Peterborough. It has raised the profile of evangelism among children and produced a number of exciting initiatives.

311. In September, CHP published *Where two or three ...* - designed to provide advice and practical help for churches with few or no children. Information and training into ways in which children are being Church is beginning to be provided. This evangelistic work complements *Mission-shaped Church* and the Archbishop's Initiative *Fresh Expressions*.

Mission theology



312. This image dominates the latest material from the Mission Theological Advisory Group (MTAG). In working on how contemporary Christian apologetics relates to the spiritualities of modern society, MTAG's publication (due 2005) *Sense Making Faith*, sees a spiral journey of Christian faith, witness, scripture and tradition, moving out and intersecting with other spiral journeys of faith exploration. Where these spirals cross or intersect, there is the evangelistic opportunity. The material contains ideas for individual exploration and group work to enable more creative and effective faith sharing and discovery, and there will be an accompanying website.

313. The demand for a greater understanding of Christian faith in relation to diverse spiritualities has been met across a number of areas, with the Mission Theology Adviser in demand for theological reflection in publications, theological education, inter-faith concerns, rural issues, as well as assisting with the resourcing and delivery of *Mission-shaped Church*.

314. The work on New Religious Movements also continues to be very important, with considerable emphasis in 2004 on what constitutes proper relationship between Christians and Pagans.

Inter faith relations

315. The Presence & Engagement research project sent out over 500 questionnaires to parishes in various parts of England that exist alongside a significant 'other faith' community and a report is nearing completion. A national steering group was convened and subsequently six regional steering groups have met. The report and recommendations will be ready for discussion at Synod in 2005.

316. National and international work, often alongside the Churches Commission on Inter Faith Relations, has included meetings in Qum, Iran with Muslim scholars leading to a series of seminars in 2005; production of a short guideline from the 2003 Porvoo Consultation; the Building Bridges seminar in Georgetown, the papers from which are currently in the process of being put into book form.

317. A Reference Group has been formed to look at proposed Government legislation on Equality and Human Rights, with particular reference to Faith and Belief.

Partnership for World Mission

318. Partnership for World Mission (PWM) is the forum that links and co-ordinates the work of the World Mission Agencies and Diocesan Companion Links within the NCIs.

319. 'Justice and celebration belong together, in the prophets and the Gospels.' 'God's plan is one in which all human beings are called to be both givers and receivers.' Two brief examples of remarks made by Archbishop Rowan Williams as he addressed the World Mission Conference held in November 2004 at Swanwick in Derbyshire. There were just under 200 participants from

mission agencies, dioceses and for the first time this year, parish representatives. The conference addressed the issue of how the global and local dimensions of mission could and should inform and strengthen each other.

320. In July the General Synod debated our motivation for mission using the experience of the mission agencies as their starting point. A CD Rom entitled *Enabling a World of Difference*, with resources encouraging dioceses and parishes to review their involvement in global mission, accompanied the debate and was widely circulated afterwards.

321. October 2004 saw the publication of the much-awaited Windsor Report. The outcomes of discussions on its recommendations, that will begin to emerge in 2005, will be against the background of the many well-established relationships that the Church of England has with other parts of the Anglican Communion. These relationships facilitated by the mission agencies, dioceses and parishes will play an important role in these explorations.

On behalf of the Archbishops' Council

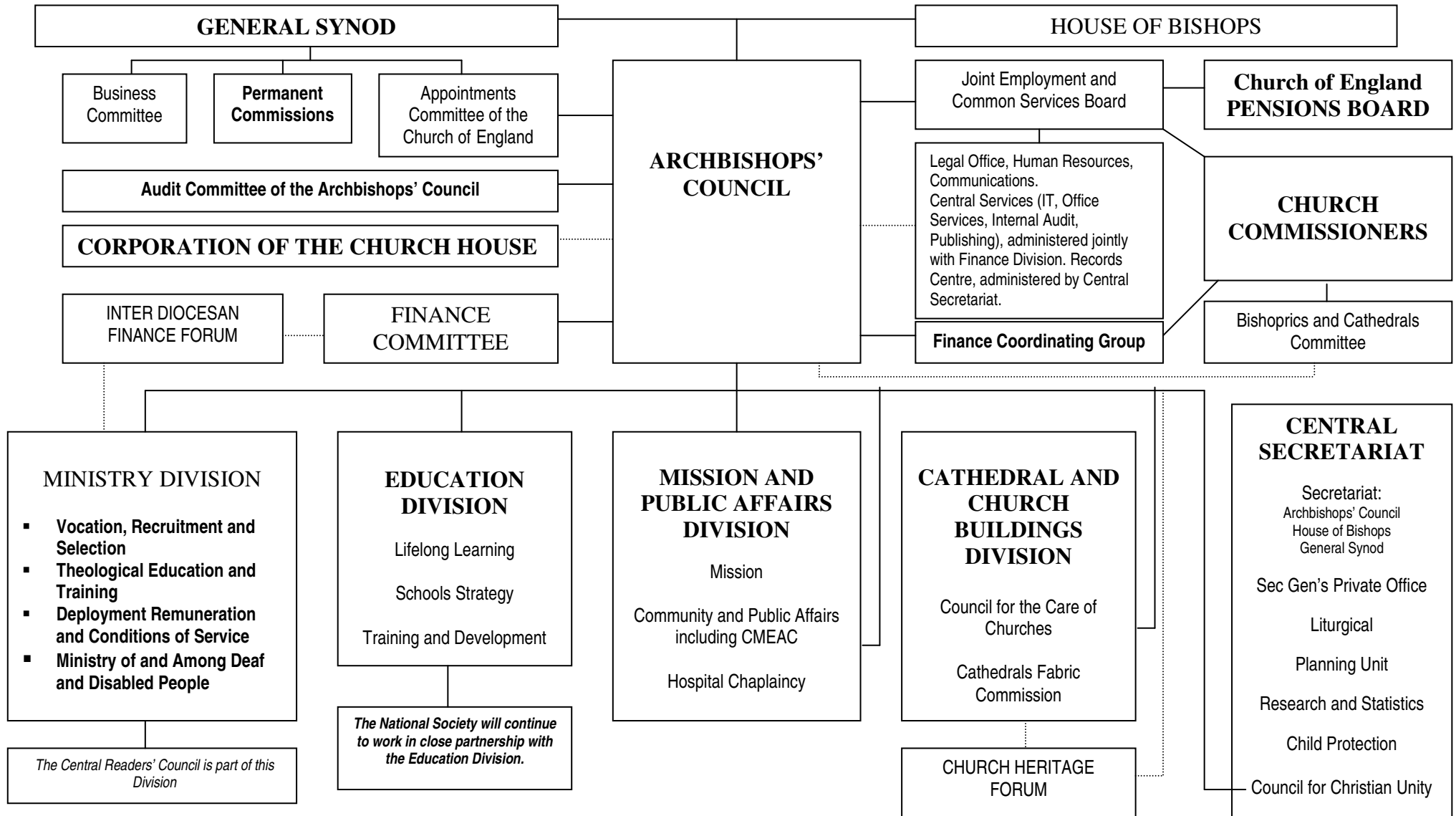
✠ ROWAN CANTUAR:

Joint President

Church House, Westminster

2 June 2005

ARCHBISHOPS' COUNCIL: KEY WORKING RELATIONSHIPS



Financial Statements
year ended 31 December 2004

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

for the year ended 31 December 2004

We have audited the consolidated financial statements of the Archbishops' Council for the year ended 31 December 2004 which comprise the consolidated statement of financial activities, consolidated balance sheet, consolidated cash flow statement and related notes numbered 1 to 28. 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 2004 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 LLP

Chartered Accountants and Registered Auditors

London

2 June 2005

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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

for the year ended Error! Reference source not found.4

	Notes	Unrestricted Funds (notes 10 & 19) £000	Restricted Funds (note 20) £000	Total 2004 £000	2003 £000
INCOMING RESOURCES					
Church Commissioners	3	-	21,926	21,926	20,810
Diocesan contributions:					
- Training for Ministry (Vote 1)	4	-	9,050	9,050	9,089
- National Church Responsibilities (Vote 2)	4	9,228	-	9,228	9,228
- Grants and Provisions (Vote 3)	4	-	1,194	1,194	1,194
- Inter-Diocesan Support - Mission Contribution (Vote 4)	4	-	675	675	550
National Church Institutions contributions to costs	5	4,090	-	4,090	3,656
Grants receivable	6	336	665	1,001	972
Investment income	7	146	1,280	1,426	887
Other income	8	96	510	606	1,186
Income from activities for generating funds	9	2,196	-	2,196	2,486
Total incoming resources		<u>16,092</u>	<u>35,300</u>	<u>51,392</u>	<u>50,058</u>
RESOURCES EXPENDED					
Grants payable:					
- Dioceses	11a	-	21,914	21,914	20,774
- Training for Ministry (Vote 1)	11b	-	8,938	8,938	8,796
- Grants and Provisions (Vote 3)	11c	-	1,194	1,194	1,194
- Inter-Diocesan Support - Mission Contribution (Vote 4)	11d	-	893	893	412
- Other	11e	-	1,076	1,076	450
Cost of activities in furtherance of the Council's objects		10,779	448	11,227	10,398
Support costs		3,424	-	3,424	3,193
Cost of managing and administering the Council		226	-	226	158
Costs of generating funds		1,841	45	1,886	2,538
Total resources expended		<u>16,270</u>	<u>34,508</u>	<u>50,778</u>	<u>47,913</u>
Net incoming/(outgoing) resources before transfers		(178)	792	614	2,145
Exceptional grant payable	11f	-	-	-	(13,200)
Net transfers between funds	19,20	(132)	132	-	-
Net incoming/(outgoing) resources		<u>(310)</u>	<u>924</u>	<u>614</u>	<u>(11,055)</u>
Surpluses on revaluation and realisation of assets					
Investments	13	16	1,255	1,271	1,674
Properties	14	-	-	-	13,750
Equity sharing loans	15	-	35	35	202
NET MOVEMENTS IN FUNDS FOR THE YEAR		<u>(294)</u>	<u>2,214</u>	<u>1,920</u>	<u>4,571</u>
Total funds at 1 January	19,20	5,719	25,171	30,890	26,319
Total funds at 31 December	19,20	<u>5,425</u>	<u>27,385</u>	<u>32,810</u>	<u>30,890</u>

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

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CONSOLIDATED BALANCE SHEET
as at Error! Reference source not found.4

	Notes	Unrestricted Funds £000	Restricted Funds (note 20) £000	Total	
				2004 £000	2003 £000
FIXED ASSETS					
Investments	13	-	18,771	18,771	17,016
Properties	14	250	-	250	550
Equity sharing loans	15	-	457	457	352
Other fixed assets	16	1,148	-	1,148	1,347
		<u>1,398</u>	<u>19,228</u>	<u>20,626</u>	<u>19,265</u>
CURRENT ASSETS					
Investments	13	255	-	255	-
Stocks		456	-	456	384
Debtors: amounts falling due within one year	17	6,411	478	6,889	16,432
Debtors: amounts falling due after more than	17	-	1,547	1,547	1,338
Short term deposits		-	4,904	4,904	4,406
Cash at bank and in hand		1,490	2,173	3,663	4,080
		<u>8,612</u>	<u>9,102</u>	<u>17,714</u>	<u>26,640</u>
CREDITORS: amounts falling due within	18	(4,585)	(945)	(5,530)	(15,015)
NET CURRENT ASSETS		<u>4,027</u>	<u>8,157</u>	<u>12,184</u>	<u>11,625</u>
NET ASSETS		<u>5,425</u>	<u>27,385</u>	<u>32,810</u>	<u>30,890</u>
ACCUMULATED FUNDS					
Unrestricted Funds					
- General	19	2,752	-	2,752	3,124
- Designated	19	2,673	-	2,673	2,595
		<u>5,425</u>	-	<u>5,425</u>	<u>5,719</u>
Restricted Funds					
	20	-	27,385	27,385	25,171
		<u>5,425</u>	<u>27,385</u>	<u>32,810</u>	<u>30,890</u>

The financial statements were approved by the Archbishops' Council on 2 June 2005 and signed on its behalf by:

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

Chairman of the Finance Committee, Michael Chamberlain

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CONSOLIDATED CASH FLOW STATEMENT

for the year ended Error! Reference source not found.4

		Total	
	Notes	2004	2003
		£000	£000
Net cash (outflow)/inflow from operating activities	22	<u>(465)</u>	<u>334</u>
Returns on investment and servicing of finance			
Investment income		1,120	887
Net cash inflow from returns on investment and servicing of finance		<u>1,120</u>	<u>887</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(65)	(81)
Purchase of fixed asset investments		(500)	(610)
Purchase of current asset investments		(239)	-
Increase in equity sharing loan		(70)	-
Sale of property		300	-
Net cash outflow from capital expenditure and financial investment		<u>(574)</u>	<u>(691)</u>
Management of liquid resources			
(Increase)/decrease in short term deposits	23	(498)	541
Net cash (outflow)/inflow from management of liquid resources		<u>(498)</u>	<u>541</u>
(Decrease)/increase in cash in the year	23	<u>(417)</u>	<u>1,071</u>

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004**

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 fixed assets, and in accordance with the recommendations set out in the Statement of Recommended Practice 'Accounting and Reporting by Charities' (October 2000) (the SORP), applicable United Kingdom accounting standards and the Charities Act 1993.

These financial statements consolidate the financial statements of the Council (comprising all of the Council's designated and restricted funds, including the Central Church Fund) and the CBF drawn up to 31 December each year. The separate balance sheet of the Council is set out in note 28. The separate financial statements of the CBF are available from the Council's Financial Secretary. Details of the Central Church Fund are disclosed in the Statement of Restricted Funds (note 20) and in Related Parties (note 27c).

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

Members of the Council are also members and directors 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 significant decisions relating to the CBF are taken by 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.

(b) Funds

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

- Training for Ministry (Vote 1) - shown within Restricted Funds;
- National Church Responsibilities (Vote 2) - shown within Unrestricted Funds. Funds for National Church Responsibilities work that have been set aside for future use are shown as Unrestricted Designated Funds;
- Grants and Provisions (Vote 3) - shown within Restricted Funds; and
- Inter-Diocesan Support Mission Contribution (Vote 4) - shown within Restricted Funds.

The Council and the CBF also have responsibility for a number of other funds which are disclosed in the Statement of Restricted Funds (note 20) and the Statement of Other Funds (note 21). Where the Council acts as custodian trustee and also has control over the funds, including with regard to the application of their income to support the activities of the Council, these funds are not included in the financial statements, pending approval by the Charity Commission to their reorganisation, but are disclosed in the Statement of Other Funds (note 21a). Where the Council and the CBF act as custodian trustee for funds which have trustees separate and independent from the Council, these funds are not included in the financial statements but are disclosed in the Statement of Other Funds (note 21b).

Unrestricted Funds – General

General Unrestricted Funds are 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 on them and the Council is free to redesignate these funds should this be appropriate. The purpose of each designated fund is disclosed in the Statement of Unrestricted Funds (note 19).

Restricted Funds

Restricted Funds are subject to specific conditions imposed by the donor, these conditions being legally binding upon the Council. The purpose of each restricted fund is disclosed in the Statement of Restricted Funds (note 20).

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004**

1. BASIS OF PREPARATION AND CONSOLIDATION (continued)

Fund transfers

The Council makes transfers of surpluses arising within General Unrestricted Funds to specific Designated Funds. The Council makes transfers from Restricted Funds to Unrestricted Funds only where such restricted funds are being applied in accordance with the object, purpose and restrictions of the underlying fund or charity. Such transfers primarily relate to grants from the Central Church Fund, as set out in Related Parties (note 27c).

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies are set out below. They have been applied consistently throughout the year and in the preceding year.

(a) Incoming resources

Income from the Church Commissioners, diocesan contributions, National Church Institutions' (NCIs) 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 or the CBF being notified of an impending distribution and 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.

(c) Grants payable

Grants are recognised as a liability when a firm commitment to pay the grant is made.

(d) Revaluation and realisation of fixed assets

Investments: stated at market value.

Properties: stated at market value.

Equity sharing loans: individually revalued in line with indices of second-hand house prices and then discounted by 12% to reflect expected realisation values.

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

Other fixed assets: other fixed assets are capitalised at cost including any direct costs of acquisition.

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

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

(e) Stocks

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

(f) Pension costs

The Council participates in three main pension funds and one other employee benefit scheme, as set out in Pensions (note 25). The three main schemes are all defined benefit schemes. The defined benefit schemes are multi-employer schemes as defined in Financial Reporting Standard 17: Retirement Benefits. The Council is unable to identify its share of the underlying assets and liabilities. Paragraph 9(b) of the Standard requires the Council to account for pension costs on the basis of contributions payable to the schemes in the year. The pension contributions for the year shown in Staff Numbers and Costs (note 12) are equal to the contributions payable to the schemes in the year.

(g) Operating leases

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

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004**

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(h) 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.

3. CHURCH COMMISSIONERS

Income received from the Church Commissioners, in accordance with the National Institutions Measure 1998, £21,926,000 (£20,810,000: 2003)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004
4. DIOCESAN CONTRIBUTIONS

	Training for	National Church	Grants and	Inter-	Total	
	Ministry	Responsibilities	Provisions	Diocesan	2004	2003
	Vote 1	Vote 2	Vote 3	Support -	£000	£000
	(Restricted)	(Unrestricted)	(Restricted)	Mission		
	£000	£000	£000	Contribution		
				Vote 4		
				(Restricted)		
				£000		
Bath & Wells	296	265	34	19	614	546
Birmingham	106	142	18	10	276	299
Blackburn	214	208	27	15	464	466
Bradford	72	81	11	6	170	188
Bristol	166	149	19	11	345	331
Canterbury	127	147	19	11	304	327
Carlisle	105	129	17	10	261	291
Chelmsford	357	349	45	25	776	802
Chester	288	317	41	23	669	647
Chichester	333	410	53	30	826	883
Coventry	165	161	21	12	359	312
Derby	166	145	19	11	341	335
Durham	103	137	18	10	268	302
Ely	147	161	21	12	341	343
Exeter	275	226	29	17	547	556
Gloucester	215	195	25	14	449	434
Guildford	267	297	38	22	624	611
Hereford	137	106	14	8	265	265
Leicester	124	133	17	10	284	303
Lichfield	297	286	37	21	641	666
Lincoln	271	210	27	15	523	492
Liverpool	213	189	24	14	440	444
London	581	680	88	50	1,399	1,366
Manchester	276	233	30	17	556	579
Newcastle	81	101	13	7	202	237
Norwich	215	178	23	13	429	411
Oxford	513	562	73	42	1,190	1,151
Peterborough	180	164	21	12	377	366
Portsmouth	104	120	16	9	249	254
Ripon & Leeds	161	132	17	10	320	315
Rochester	268	256	33	19	576	560
St Albans	370	346	45	25	786	737
St Edmundsbury & Ipswich	189	164	21	12	386	388
Salisbury	351	287	37	21	696	663
Sheffield	126	129	17	9	281	294
Sodor & Man	24	18	2	1	45	47
Southwark	330	400	52	29	811	832
Southwell	87	129	17	9	242	235
Truro	99	101	13	7	220	245
Wakefield	148	133	17	10	308	255
Winchester	198	279	36	20	533	504
Worcester	174	153	20	11	358	365
York	164	220	29	16	429	438
Europe	(33)	-	-	-	(33)	(24)
	9,050	9,228	1,194	675	20,147	20,061

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004
5. NATIONAL CHURCH INSTITUTIONS' CONTRIBUTIONS TO COSTS

The Council administers the common service departments on behalf of the NCIs. The full cost of the common services departments is disclosed in note 10. The contributions to their costs receivable by the Council were:

	Unrestricted Funds (note 10)	
	2004	2003
	£000	£000
Church Commissioners	3,236	3,050
Church of England Pensions Board	672	552
National Society	134	44
Other Church bodies	48	10
	4,090	3,656

6. GRANTS RECEIVABLE

Grants include £40,000 (2003: £91,000) from the National Society for the work of the Education division and £200,000 from Quintel towards the aeriels work of Cathedral and Church Buildings. Grants were also received from a number of government departments, Ecclesiastical Insurance Group and other church organisations.

7. INVESTMENT INCOME

	Unrestricted Funds	Restricted Funds	Total	
	(note 19)	(note 20)	2004	2003
	£000	£000	£000	£000
Dividends from CCLA managed investments	7	616	623	777
Interest	139	358	497	110
Church colleges of education	-	306	306	-
	146	1,280	1,426	887

Investment income includes interest of £53,000 (2003: £42,000) on deposits held within Designated Funds (note 19).

8. OTHER INCOME

	Unrestricted Funds	Restricted Funds	Total	
	(note 19)	(note 20)	2004	2003
	£000	£000	£000	£000
Legacies	95	7	102	755
Donations	1	2	3	3
Income received from other funds (note 21)	-	501	501	428
	96	510	606	1,186

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004

9. INCOME FROM ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds (note 10)	
	2004	2003
	£000	£000
<i>Divisions of the Council</i>		
Ministry	22	20
Mission & Public Affairs	19	49
Financial Policy	130	108
<i>Trading</i>		
Church House Publishing	823	1,151
Church House Bookshop	842	797
<i>Central Services</i>		
Research & Statistics	12	12
<i>Common Services</i>	148	110
<i>Designated Funds (note 19)</i>	200	239
	2,196	2,486

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004
10. STATEMENT OF UNRESTRICTED FUNDS - ANALYSIS BY FUNCTION

	Incoming resources 2004 £000	Incoming resources 2003 £000	Resources expended 2004 £000	Resources expended 2003 £000	Net cost to the Council	
					2004 £000	2003 £000
<i>Divisions of the Council</i>						
Cathedral & Church Buildings	18	31	(582)	(716)	(564)	(685)
Education	210	183	(733)	(698)	(523)	(515)
Ministry	22	20	(1,336)	(1,231)	(1,314)	(1,211)
Mission & Public Affairs	243	240	(1,215)	(1,187)	(972)	(947)
Financial Policy	176	370	(672)	(1,135)	(496)	(765)
<i>Trading</i>						
Church House Publishing	823	1,151	(1,111)	(1,292)	(288)	(141)
Church House Bookshop	842	797	(730)	(738)	112	59
<i>Central Services</i>						
Internal Audit	111	118	(178)	(166)	(67)	(48)
Central Secretariat	-	-	(987)	(988)	(987)	(988)
Council for Christian Unity	-	-	(313)	(300)	(313)	(300)
Research & Statistics	12	12	(220)	(218)	(208)	(206)
<i>Common Services</i>						
Communications	-	141	(411)	(495)	(411)	(354)
Human Resources	259	236	(484)	(426)	(225)	(190)
Legal	934	882	(1,449)	(1,322)	(515)	(440)
Accounts	892	-	(1,321)	-	(429)	-
Information Technology	579	643	(996)	(1,023)	(417)	(380)
Office Services	352	375	(696)	(715)	(344)	(340)
Records Centre	218	402	(303)	(505)	(85)	(103)
<i>Rent and service charge of administrative offices</i>	668	602	(2,082)	(2,041)	(1,414)	(1,439)
<i>Designated Funds (note 19)</i>	263	354	(451)	(558)	(188)	(204)
	6,622	6,557	(16,270)	(15,754)	(9,648)	(9,197)
Diocesan contributions (note 4)	9,228	9,228	-	-	9,228	9,228
Investment income (note 7)	146	94	-	-	146	94
Other income (note 8)	96	739	-	-	96	739
	16,092	16,618	(16,270)	(15,754)	(178)	864

In the Statement of Financial Activities:

- the cost of activities in furtherance of the Council's objects mainly comprises the cost of the divisions of the Council, Central Secretariat and a number of common service departments which benefit the Church nationally;
- support costs mainly comprise the cost of the Human Resources, Accounts and Information Technology departments; and
- the cost of generating funds mainly comprises the expenditure of trading activities and investment management fees.

Sales for the year of £158,000 (2003: £147,000) between Church House Publishing and Church House Bookshop have been eliminated from incoming resources and resources expended in the statement of financial activities.

In previous years, prior to the formation of the common services Accounts department, costs of the Council's accounting function were included in those for the Financial Policy division.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004
10. STATEMENT OF UNRESTRICTED FUNDS - ANALYSIS BY FUNCTION (continued)

The fee for audit services for the year was £73,500 (2003: £30,500). The amount for 2004 includes £24,500 in respect of an additional fee for the 2003 audit. Fees for non-audit services from the external auditors were £nil in both years.

11. GRANTS PAYABLE (Unrestricted and Restricted Funds)

	Dioceses (note 11a) £000	Training for Ministry Vote 1 (note 11b) £000	Grants and Provisions Vote 3 (note 11c) £000	Inter- Diocesan Support - Mission Contribution Vote 4 (note 11d) £000	Other (note 11e) £000	Total 2004 £000	2003 £000
Anglican, ecumenical and other bodies	-	-	1,194	-	-	1,194	1,194
Mission agencies' clergy - pension contributions	-	-	-	893	-	893	412
Non-selective support	-	-	-	-	660	660	2,520
Other grants and benefits for clergy	208	-	-	-	416	624	184
Parish mission and ministry support	4,200	-	-	-	-	4,200	3,500
Selective stipend and housing support	17,506	-	-	-	-	17,506	15,020
Theological colleges and courses	-	8,938	-	-	-	8,938	8,796
	<u>21,914</u>	<u>8,938</u>	<u>1,194</u>	<u>893</u>	<u>1,076</u>	<u>34,015</u>	<u>31,626</u>

Exceptional Grants Payable

	2004 £000	2003 £000
Whitelands College (note 11f)	-	13,200

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004
11. GRANTS PAYABLE (continued)
(a) Grants payable to dioceses

The Council applied the income received from the Church Commissioners (note 3) as shown below. Selective stipend and housing support is allocated in accordance with the current Selective Allocations formula.

	Selective stipend and housing support £000	Parish mission and ministry support £000	Total 2004 £000	2003 £000
Bath & Wells	-	36	36	88
Birmingham	1,002	166	1,168	1,110
Blackburn	420	124	544	569
Bradford	712	73	785	761
Bristol	-	83	83	101
Canterbury	345	76	421	409
Carlisle	330	28	358	244
Chelmsford	1,116	287	1,403	1,061
Chester	-	124	124	173
Chichester	-	87	87	165
Coventry	-	-	-	35
Derby	657	101	758	636
Durham	1,849	176	2,025	1,893
Ely	-	41	41	68
Exeter	494	85	579	383
Gloucester	-	20	20	60
Guildford	-	38	38	99
Hereford	132	9	141	74
Leicester	507	89	596	452
Lichfield	1,205	200	1,405	1,229
Lincoln	249	68	317	148
Liverpool	964	168	1,132	1,223
London	386	288	674	832
Manchester	999	216	1,215	1,182
Newcastle	956	81	1,037	910
Norwich	486	60	546	416
Oxford	-	117	117	225
Peterborough	-	58	58	85
Portsmouth	-	65	65	82
Ripon & Leeds	270	73	343	267
Rochester	-	88	88	132
St. Albans	-	130	130	184
St. Edmundsbury &	173	32	205	303
Salisbury	-	-	-	62
Sheffield	1,042	136	1,178	1,048
Sodor & Man	-	5	5	4
Southwark	83	221	304	494
Southwell	877	111	988	919
Truro	449	40	489	395
Wakefield	751	118	869	865
Winchester	-	84	84	131
Worcester	-	69	69	90
York	1,052	129	1,181	983
	<hr/> 17,506	<hr/> 4,200	<hr/> 21,706	<hr/> 20,590
Grants paid to clergy			38	14
Other benefits for clergy			170	170
			<hr/> 21,914	<hr/> 20,774

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004
11. GRANTS PAYABLE (continued)
(b) Grants payable through Training for Ministry (Vote 1)

Vote 1 provides funds towards 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 a part-time regional course are eligible for grants to cover course fees, books and travel expenses. Training of ordination candidates under the Ordained Local Ministry Scheme is funded in partnership with the local sponsoring diocese.

	2004	2003
	£000	£000
College costs and allowances	5,367	5,588
Course costs and allowances	2,819	2,644
Ordained Local Ministry Scheme	269	278
University fees	259	265
Other	28	21
Surplus returned to dioceses	196	-
	<u>8,938</u>	<u>8,796</u>

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

Vote 3 provides funds towards the work of the Anglican Communion office, the national and international ecumenical initiatives and the administrative costs of the Church Urban Fund.

	2004	2003
	£000	£000
Church Commission on mission	35	35
Churches Together in Britain and Ireland	381	206
Churches Together in England	-	173
Conference of European Churches	72	72
Grant towards administrative costs of the Church Urban Fund	175	181
Inter Anglican grant	360	360
World Council of Churches	108	108
Other	63	59
	<u>1,194</u>	<u>1,194</u>

From 2004, funding for Churches together in England has become part of the consolidated subscription paid to Churches together in Britain and Ireland.

(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 1998-2004, transfer to the Council to be met through this vote. Accordingly, in 2004, the Council met the full cost of this liability (2003: five-sixths) amounting to £793,000, with a surplus of £100,000 returned to dioceses (2003: £412,000). The contribution was made in respect of an average number of clergy of 129 (2003: 134).

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004**

11. GRANTS PAYABLE (continued)

(e) Other grants payable

	Restricted Funds	
	2004	2003
	£000	£000
Central Church Fund (note 27c)	404	255
Mission & Public Affairs activities	-	12
Training for the Ministry	251	154
Other	421	29
	<u>1,076</u>	<u>450</u>

(f) Exceptional Grant Payable

	2004	2003
	£000	£000
Whitelands College (notes 14 and 26c)	<u>-</u>	<u>13,200</u>

12. STAFF NUMBERS AND COSTS

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

	2004	2003
	£000	£000
Salaries	8,296	7,563
National Insurance contributions	693	616
Pension costs (note 25)	1,831	1,620
	<u>10,820</u>	<u>9,799</u>

The average number of staff employed during the year was:

	2004	2003
	Number	Number
<i>Divisions of the Council</i>		
Cathedral & Church Buildings	14	13
Education	16	15
Ministry	28	26
Mission & Public Affairs	24	27
Financial Policy	9	11
<i>Trading</i>	24	26
<i>Central Services</i>	42	47
<i>Common Services</i>	117	123
	<u>274</u>	<u>288</u>

The analysis has been reordered to provide greater clarity on the Council's organisational structure. The 2003 comparatives have been reclassified accordingly.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004
12. STAFF NUMBERS AND COSTS (continued)

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

	2004	2003
	Number	Number
£50,001 to £60,000	11	8
£60,001 to £70,000	8	6
£70,001 to £80,000	1	1
£80,001 to £90,000	-	1
£90,001 to £100,000	1	1
£110,001 to £120,000	1	1
	<u>22</u>	<u>18</u>

All staff earning more than £50,000 are accruing retirement benefits under a defined benefit scheme.

Members of the Council

Expenses incurred in attending Council and committee meetings and on other business of the Council were reimbursed to members of the Council. There were claims from 17 members (2003: 17) amounting to £4,840 (2003:£5,926). The members of the Council have no entitlement to salary nor pension arising from their services to the Council.

13. INVESTMENTS

	Restricted Funds £000	Total 2004 £000	2003 £000
FIXED ASSETS			
Valuation			
At 1 January	17,016	17,016	14,732
Additions	500	500	610
Net surplus on revaluation	1,255	1,255	1,674
At 31 December	<u>18,771</u>	<u>18,771</u>	<u>17,016</u>
Historic cost			
Market value surplus on historic cost	4,657	4,657	4,157
At 31 December	<u>14,114</u>	<u>14,114</u>	<u>12,859</u>
	<u>18,771</u>	<u>18,771</u>	<u>17,016</u>
	Unrestricted Funds £000	Total 2004 £000	2003 £000
CURRENT ASSETS			
Valuation			
At 1 January	-	-	-
Additions	239	239	-
Net surplus on revaluation	16	16	-
At 31 December	<u>255</u>	<u>255</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004
13. INVESTMENTS (continued)

All the investments are held within the CBF Church of England funds managed by CCLA Investment Management Ltd (note 27b). The Current Assets investments were passed to the CBF as part of a legacy. The structure of the total portfolio under the control of the Council at 31 December 2004 was:

	2004 %
CBF Church of England Investment Fund - Income Shares	94.0
CBF Church of England Property Fund	5.9
CBF Church of England Fixed Interest Securities Fund	0.1
	<u>100.0</u>

At 31 December 2004, the CBF Church of England Investment Fund comprised 66.9% UK equities, 15.5% overseas equities, 8.0% property, 5.6% UK bonds, 2.5% overseas bonds and 1.5% cash. The CBF Church of England Property Fund is fully invested in commercial property in the UK.

14. PROPERTIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2004 £000	2003 £000
At 1 January	250	300	550	-
Additions	-	-	-	8,000
Disposals	-	(300)	(300)	(8,000)
Net surplus on disposals and revaluation	-	-	-	550
At 31 December	<u>250</u>	<u>-</u>	<u>250</u>	<u>550</u>

At 31 December 2004, property comprises solely the freehold interest in St Katharine's College, Childwall, Wavertree, Liverpool. Liverpool Hope University holds a long leasehold interest in the college. At 31 December 2003, the property was valued by DTZ Debenham Tie Leung.

Whitelands College, West Hill, London SW15

In addition the council has an interest in Whitelands College, West Hill, London, through the CBF. Following an agreement with the Whitelands College Foundation (the Foundation) which held a long leasehold over the site, and the University of Surrey, Roehampton which held a sub leasehold interest, contracts for the sale of the site to a property developer were exchanged in 2003. The CBF's share (approximately one third) of the unconditional sale proceeds of £40 million amounted to £13.2 million. As the CBF's interest in Whitelands College was in previous years stated at depreciated cost of £nil, the sale of its interest has not given rise to any fixed asset accounting entries. Amounts receivable in respect of the sale are disclosed in debtors (note 17). The CBF has committed to use its share of the sale proceeds to the extent that they are required, subject to certain conditions, to develop a new site, the Parkstead site so Whitelands College can be relocated closer to the site of the University of Surrey, Roehampton to which it is affiliated. This commitment is disclosed in creditors (note 18).

The Parkstead site freehold was purchased by the Foundation in 2002. During 2003 the freehold of the residential part of Parkstead was acquired by the CBF for £8 million. It was subsequently leased back to the Foundation for a term of 99 years on the payment of £7.5 million. The shortfall of £0.5 million between the purchase and leaseback considerations has been offset against the sale proceeds of the West Hill site. An agreement with the Whitelands College Foundation was also entered into in 2003 under which the CBF has a contractual right to receive from the Foundation, at nil cost, the freehold of the remaining (academic) part of Parkstead on completion of the sale of the West Hill site, subject to the Foundation's auditors issuing a solvency certificate and the CBF granting to the Foundation a 99 year lease in an agreed form.

Further details in respect of commitments and contingencies in respect of Whitelands College are disclosed in Commitments and Contingencies (note 26c).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004
15. EQUITY SHARING LOANS

	Restricted Funds	
	2004 £000	2003 £000
At 1 January	352	-
Reclassification from debtors due after more than one year	-	150
Additions	70	-
Net surplus on revaluation	35	202
At 31 December	<u>457</u>	<u>352</u>

Equity sharing loans are granted to support clergy housing. On disposal of a property the Central Church Fund is entitled to a share of the proceeds corresponding to the proportion of the original purchase price which was financed by the loan. Interest is chargeable at 5% per annum and classified as investment income.

16. OTHER FIXED ASSETS

	Bookshop fixtures and fittings £000	Office equipment £000	Leasehold improvements £000	Total £000
Fixed assets				
At 1 January 2004	62	486	2,097	2,645
Additions	4	61	-	65
At 31 December 2004	<u>66</u>	<u>547</u>	<u>2,097</u>	<u>2,710</u>
Depreciation				
At 1 January 2004	35	435	828	1,298
Charge for the year	10	44	210	264
At 31 December 2004	<u>45</u>	<u>479</u>	<u>1,038</u>	<u>1,562</u>
Net book value				
At 31 December 2004	<u>21</u>	<u>68</u>	<u>1,059</u>	<u>1,148</u>
At 31 December 2003	<u>27</u>	<u>51</u>	<u>1,269</u>	<u>1,347</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004
17. DEBTORS

	Unrestricted Funds £000	Restricted Funds (note 20) £000	Total 2004 £000	2003 £000
Amounts due within one year				
Trade debtors	752	-	752	225
Prepayments	525	-	525	485
Publishing debtors	337	-	337	260
Diocesan contributions receivable	-	2	2	95
VAT recoverable	82	-	82	70
Staff season ticket loans	200	-	200	110
Staff car loans	9	-	9	18
Amounts due from NCIs for other costs	723	-	723	557
Amounts due in respect of Whitelands College (note 14)	3,300	-	3,300	13,200
Other debtors	483	476	959	1,412
	<u>6,411</u>	<u>478</u>	<u>6,889</u>	<u>16,432</u>
Amounts due after more than one year				
Church colleges of education (interest bearing – note 26d)	-	1,198	1,198	925
Theological colleges (interest free)	-	36	36	66
Church schools (interest free)	-	313	313	347
	<u>-</u>	<u>1,547</u>	<u>1,547</u>	<u>1,338</u>
	<u>6,411</u>	<u>2,025</u>	<u>8,436</u>	<u>17,770</u>

18. CREDITORS

	Unrestricted Funds £000	Restricted Funds (note 20) £000	Total 2004 £000	2003 £000
Amounts due within one year				
Trade creditors	337	-	337	-
PAYE, NIC & pension contributions	453	-	453	609
Grants payable	3,300	407	3,707	13,549
Other creditors	483	140	623	797
Accruals and deferred income	12	398	410	60
	<u>4,585</u>	<u>945</u>	<u>5,530</u>	<u>15,015</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004
19. STATEMENT OF UNRESTRICTED FUNDS

	At 1 January 2004 £000	Income £000	Expenditure £000	Fixed asset surpluses £000	Transfers £000	At 31 December 2004 £000
GENERAL FUNDS	<u>3,124</u>	<u>15,776</u>	<u>(15,819)</u>	<u>16</u>	<u>(345)</u>	<u>2,752</u>
DESIGNATED FUNDS						
Accounting Services Review Fund	188	-	(29)	-	60	219
Aerials Project Fund	194	200	(69)	-	-	325
Church House (Exterior) Fund	471	36	-	-	128	635
Church House (Interior) Fund	41	12	-	-	26	79
Pay Restructuring Fund	130	-	(130)	-	-	-
Relocation Fund	879	-	(147)	-	-	732
Staff Retirement Fund	666	68	(65)	-	-	669
Other	26	-	(11)	-	(1)	14
	<u>2,595</u>	<u>316</u>	<u>(451)</u>	<u>-</u>	<u>213</u>	<u>2,673</u>
TOTAL UNRESTRICTED FUNDS	<u>5,719</u>	<u>16,092</u>	<u>(16,270)</u>	<u>16</u>	<u>(132)</u>	<u>5,425</u>

(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 stated purposes: The Accounting Services Review Fund comprise funds to meet the Council's share of the costs of setting up the common services Accounts department.

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

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

The Pay Restructuring Fund comprises funds for the harmonisation of NCI pay structures.

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

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

(c) Transfers

The major transfers during the year were:

General Funds to Designated Funds

£154,000 was transferred to the interior and exterior sinking funds to meet the Council's share of redecoration and refurbishment commitments under their lease of Church House. An additional £60,000 was also transferred to the Accounting Services Review fund following an updating of the project forecast.

Restricted Funds to General Funds

The principle transfer was the annual grant of £240,000 made to the council by the Central Church Fund as detailed in Related Parties (note 27c).

General Funds to Restricted Funds

The principle transfer consisted of a £283,470 donation of legacies made by the Central Board of Finance to the Central Church Fund as detailed in Related Parties (note 27c).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004
20. STATEMENT OF RESTRICTED FUNDS

	At 1 January 2004 £000	Income £000	Expenditure £000	Fixed asset surpluses £000	Transfers £000	At 31 December 2004 £000
CBF Lump Sum Pension Fund (note 25d)	106	4	(29)	-	-	81
Central Church Fund (note 27c)	14,964	587	(456)	1,064	44	16,203
Church Colleges of Education Fund	1,088	376	-	-	-	1,464
Church Conservation Fund	33	360	(410)	-	45	28
Church Schools Fund	711	17	-	-	-	728
Clergy Support Funds	2,824	98	(46)	190	-	3,066
Dioceses Fund	103	21,926	(21,914)	-	-	115
Grants and Provisions Fund (Vote 3)	165	1,194	(1,194)	-	-	165
Inter-Diocesan Support Fund (Vote 4)	242	675	(893)	-	-	24
Mission & Public Affairs Division Special Funds	309	6	(5)	18	13	341
Simon of Cyrene Theological Institute Fund	195	-	-	-	-	195
Theological Colleges and Training Houses Fund	415	18	-	-	-	433
Training for Ministry Fund (Vote 1)	2,456	9,190	(8,938)	-	-	2,708
Training for Ministry Special Fund	968	325	(252)	4	-	1,045
Sundry funds						
Council for Care of Churches sundry funds	135	61	(25)	-	-	171
Education Division sundry funds	73	258	(175)	-	-	156
General Synod sundry funds	183	-	-	14	-	197
Ministry Division sundry funds	78	7	(5)	-	-	80
Communication sundry funds	-	46	(14)	-	-	32
Legal Aid funds	25	-	(3)	-	57	79
Other	98	152	(149)	-	(27)	74
TOTAL RESTRICTED FUNDS	25,171	35,300	(34,508)	1,290	132	27,385

Income for Training for Ministry Fund (Vote 1) includes diocesan contributions of £9,050,000 (2003: £9,089,000) and other income of £141,000 (2003: £128,000).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004
20. STATEMENT OF RESTRICTED FUNDS (continued)

The restricted funds are represented by:

	Fixed assets (notes 13,14 and 15) £000	Cash and short term deposits £000	Debtors (note 17) £000	Creditors (note 18) £000	Net assets £000
CBF Lump Sum Pension Fund (note 25d)	-	123	-	(42)	81
Central Church Fund	15,724	853	40	(414)	16,203
Church Colleges of Education Fund	-	235	1,229	-	1,464
Church Conservation Fund	-	39	405	(416)	28
Church Schools Fund	-	415	313	-	728
Clergy Support Funds (note 28)	2,931	135	-	-	3,066
Dioceses Fund	-	169	-	(54)	115
Grants and Provisions Fund (Vote 3)	-	165	-	-	165
Inter-Diocesan Support Fund (Vote 4)	-	24	-	-	24
Mission & Public Affairs Division Special Funds	282	67	-	(8)	341
Simon of Cyrene Theological Institute Fund	-	195	-	-	195
Theological Colleges and Training Houses Fund	-	433	-	-	433
Training for Ministry Fund (Vote 1)	-	2,670	38	-	2,708
Training for Ministry Special Fund	59	986	-	-	1,045
Sundry funds					
Council for Care of Churches sundry funds	39	132	-	-	171
Education Division sundry funds	-	167	-	(11)	156
General Synod sundry funds	189	8	-	-	197
Ministry Division sundry funds	-	80	-	-	80
Communications sundry funds	-	32	-	-	32
Legal Aid funds	-	79	-	-	79
Other	4	70	-	-	74
TOTAL RESTRICTED FUNDS	19,228	7,077	2,025	(945)	27,385

[All Restricted Funds are for specific educational, mission, ecumenical, charitable and maintenance purposes. Explanations of the application of the main funds in the year are given in Grants Payable (note 11).]

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004**
21. STATEMENT OF OTHER FUNDS
(a) Other funds controlled by the Council

The CBF acts as the custodian trustee for a number of funds over which the Council has control, including with regard to the application of their income to support the Council's activities (note 8). These funds have not been included within the Council's financial statements pending approval by the Charity Commission to their reorganisation. These funds have a combined income of £153,684 (2003: £86,266) and expenditure of £108,627 (2003: £91,329) and, at 31 December 2004, net assets of £5,328,874 (2003: £5,109,734).

The purpose of each fund is:

Fund	Purpose
*Alison Ley Benefaction	Sponsorship of ordinands
<i>Badcock Trust</i>	Upkeep of churchyard and graves
<i>BP Payne Deceased Trust Fund</i>	For various church bodies connected with moral welfare
<i>Champneys Trust (Chichester)</i>	For preventative and rescue work in the diocese of Chichester
<i>Champneys Trust (London)</i>	For preventative and rescue work in the diocese of London
* <i>Chaplaincy at the Hague Fund</i>	For stipend of chaplain and care of distressed British subjects
*Charlesworth Trust	To make provision for the training and maintenance of ordinands
* <i>Chute Trust Fund</i>	For charitable purposes in the diocese of Winchester
*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
* <i>Commander HR Munro Trust Fund</i>	For the endowment of the benefice of Edmondsham
*Constance Goffe Trust	The training of elderly ordination candidates or the maintenance of families or dependents of men under training
<i>Council on Foreign Relations Fund</i>	General Fund of former Council on Foreign Relations
Cryer Memorial Fund	Training of candidates for ordination in the Church of England
Davidson Portrait Fund	For the insurance and other expenses of the portrait of Archbishop Davidson in Church House
<i>Diocese of Yukon (Miss Stevens) Trust</i>	For the benefit of clergy and bishops
* <i>Edward Bathurst Cotton Trust</i>	For missionary work in Madras (Church of South India)
<i>Eleanor Brougham Trust</i>	For purposes of General Synod in diocese of Carlisle
* <i>Eleanor Elizabeth Perkins Trust</i>	For Hitchin St Mary's Sunday School
*General Ordination Exam Trust	To assist in providing training for suitable candidates desirous of becoming clergymen
* <i>Harriet McKenzie Trust</i>	Maintenance of St Michael & All Angels church, Woolwich
*Hawarden Fund for Ordinands	Towards defraying the cost of training ordination candidates for the Church of England and the Church in Wales
* <i>HD Ackland Divinity Prize Fund</i>	Fund for Divinity Prize at any C of E College of Higher Education
*Home Bishopric Endowment Fund	For, or towards, the endowment of a new Diocese of the Church of England or Wales
* <i>Isabella Gilmore Trust Fund</i>	For stipends of deaconesses in dioceses of Chelmsford and Southwark
*JC Parker Trust	Ornamenting the Parish Church of High Wycombe
JH Jackson Trust	For the purposes of Anglo Catholic Churches and Missionary Work Overseas
Lord Barnard Trust Fund	For the administration expenses of the CBF
*Margaret Ann Clark Trust	For the maintenance of the fabric of the tower of Barnack parish church
* <i>Mary Ann Lander Bequest Fund</i>	For assistance of needy girls at C of E Training Colleges in Devon
<i>Miss A R B Speckman Fund</i>	For the work of the C of E diocese of Manitoba or other dioceses in Western Canada
* <i>Miss Bessie Hacker Trust</i>	Maintenance of churchyard at Stratton St Andrew
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
Miss MA Carver Trust	To be disbursed by the Board of Mission Special Funds

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004**

21. STATEMENT OF OTHER FUNDS (continued)

*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
*Ordination Candidates Exhibition Trust Fund	To assist in providing training for suitable candidates desirous of becoming clergymen but lacking pecuniary means
*Philip Usher Memorial Fund	To establish a scholarship to enable a student to spend a period in a country in which part of the population practises the Christian religion
* <i>St Anselm's Endowment Trust</i>	Endowment of St Anselm's Hostel for Ordinands at University of Manchester
*St Stephen's Scholarship Trust	For the training of students for the Ministry in the Church of England
*Stanley Fund	Training of candidates for ordination in the Church of England
<i>Stephen Furness Trust Fund</i>	Repair and maintenance of six specified churches
*The Rev Henry Dann Trust	Assisting in or towards the training and maintenance of candidates for holy orders in the Church of England
The Rev DS Guy Trust	To be used for the general purposes of the Board of Mission
* <i>The Society of the Treasury of God Fund</i>	To encourage giving
<i>The Wakefield Trust</i>	For the benefit of the diocese of Birmingham
*Truro Training College Fund	For the benefit of Church of England Colleges for the training of Women Teachers in Devon and Cornwall
* <i>Turvey Legacy Fund</i>	For ordination candidates, with preference for males in the Catholic tradition
*William Temple House Fund	For mission purposes
* <i>William Thomas Oliver Trust</i>	Upkeep of churchyard and graves at St Michael's Bude
*Women's Continuing Ministerial Trust	To assist ordained women
* <i>York House of Laymen Trust</i>	For travelling expenses of lay members of General Synod in diocese of York

The funds in italics have been reclassified from *Other funds with separate and independent trustees* during the year

* Separate registered charity

(b) *Other funds with separate and independent trustees*

In addition to the funds disclosed in 21(a), there are further funds for which the CBF acts as custodian trustee which have trustees separate and independent from the Council but where the CBF manages the trusts' investments on their behalf. These funds have a combined income of £118,513 (2003: £75,763) and expenditure of £80,318 (2003: £71,484) and, at 31 December 2004, net assets of £3,555,604 (2003: £3,108,418). These additional funds are:

*Alfred Henry Hobhouse Memorial Trust	*Jerusalem Bishopric Fund
*Anglican & Eastern Churches Association Trust Fund	*Montgomery Lectureship Fund
*Canon WH Elliott Memorial Trust Fund	*Sandford St Martin Church of England Trust
*Cathedral Amenities Trust Fund	*Tindall Trust
*Community of the Resurrection of Our Lord Trust	*William Temple Memorial Fund
English Cathedral Repairs Fund Baddeley Trust	

* Separate registered charity

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004

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

	2004	2003
	£000	£000
Net incoming/(outgoing) resources during the year	614	(11,055)
Depreciation	264	305
Investment income	(1,426)	(887)
Surplus on realisation of fixed asset	-	13,200
(Increase)/decrease in stocks	(72)	17
Increase/(decrease) in debtors	9,640	(12,516)
(Decrease)/increase in creditors	(9,485)	11,270
Net cash (outflow)/inflow from operating activities	<u>(465)</u>	<u>334</u>

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

	2004	2003
	£000	£000
(Decrease)/increase in cash in the year	(417)	1,071
Increase/(decrease) in short term deposits	498	(541)
	81	530
Net funds at 1 January	8,486	7,956
Net funds at 31 December	<u>8,567</u>	<u>8,486</u>

24. ANALYSIS OF CHANGES IN NET FUNDS

	At 1	Cash	At 31
	January	flows	December
	2004	£000	2004
	£000	£000	£000
Cash at bank and in hand	4,080	(417)	3,663
Short term deposits	4,406	498	4,904
	8,486	81	<u>8,567</u>

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004**

25. PENSIONS

Pension benefits are provided through the three main defined benefit pension schemes - the Church Workers Pensions Fund, the Church Administrators Fund and the Church of England Funded Pension Scheme - all of which are administered by the Church of England Pensions Board. The contributions to these three main schemes have been assessed by an independent qualified actuary using the projected unit method of valuation and are detailed in notes (a), (b) and (c) below. Each of the schemes is a multi-employer scheme as defined in Financial Reporting Standard 17 : Retirement Benefits. The Council is unable to identify its share of the underlying assets and liabilities. As permitted by paragraph 9 (b) of the Standard, the Council accounts for pension costs relating to these schemes on the basis of contributions payable in the year.

Fuller details of these schemes will be disclosed in the financial statements of the Church of England Pensions Board.

(a) The Church Workers Pension Fund

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

A valuation of the Fund was carried out as at 31 December 2001 and the Council's contribution rate was revised with effect from 1 January 2003. The next valuation of the scheme is being carried out as at 31 December 2004. The Council paid nil contributions in 2004 and 2003 due to a pension contribution holiday. There is one employee in the Fund (2003: one).

(b) The Church Administrators Pension Fund

A full valuation of the Fund was carried out as at 31 December 2002. Based on the valuation, there was a shortfall of the market value of the assets compared to the amount required to cover the benefits that had accrued to members after allowing for expected future increases in salaries. In the light of these results and in consultation with the other NCIs, the Council paid an additional contribution of £154,000 in 2004. With effect from 1 January 2004, the Council increased its contribution rate from 22% to 25% of salaries. The Council paid contributions to the Fund totalling £1,621,000 (2003: £1,550,000) in respect of 187 employees (2003: 254).

(c) The Church of England Funded Pensions Scheme

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

The latest valuation of the scheme was carried out as at 31 December 2003 and the Council's contribution rate increased from 29.5% to 33.8% of pensionable stipends with effect from 1 April 2005. The Council paid contributions to the Fund totalling £56,000 (2003: £72,000) in respect of eight employees (2003: 13).

(d) Central Board of Finance Lump Sum Scheme

The sum of £81,000 (note 20) has been set aside within Restricted Funds to meet the Council's liabilities for 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
for the year ended 31 December 2004**

26. COMMITMENTS AND CONTINGENCIES

(a) Training for Ministry candidates

There is a commitment in respect of those candidates who at 31 December 2004 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) Joint Employer Scheme

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

(c) Whitelands College

Completion of the sale of the West Hill site will take place in stages in 2004 and 2005. The CBF's share (approximately one third) of the unconditional sales proceeds of £40 million will, in due course, be augmented by additional payments relating to overages, which could amount to some £10 million. The additional payments are in part dependent on levels of planning approval. These funds, under a Memorandum of Understanding signed by the Foundation and the CBF, have been committed to help finance the development of Parkstead to the extent that they are required, subject to certain conditions. Upon completion of the transaction, the CBF will own all of the freehold of Parkstead subject to a 99 year lease to the Foundation. The CBF's share of the total unconditional sale proceeds of £40 million is committed to finance the purchase and ongoing redevelopment of Parkstead and is disclosed in creditors (note 18).

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 West Hill 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.

(d) Contingent assets

Repayment of grants provided to theological colleges and Church colleges of education

Over many decades, the CBF has provided conditional 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 not repayable provided the colleges continue to fulfil certain criteria and are therefore not included in the consolidated balance sheet.

Any grant given by the CBF from the Theological Colleges and Training Houses 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 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; and
- the college continues to provide or to have a responsibility for the provision of higher education with government financial support.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004
26. COMMITMENTS AND CONTINGENCIES (continued)
(d) Contingent assets (continued)

If a college fails to meet these criteria, its grant is repayable in full to the Council. The conditional grants outstanding were:

	Conditional grants to Church colleges £
Christ Church, Canterbury	249,485
Chester College	204,032
University College, Chichester	176,052
University of Gloucestershire	291,647
St Martin's College, Lancaster	275,472
Bishop Grosseteste, Lincoln	126,499
St Katharine's College, Liverpool	129,999
St Mark & St John, Plymouth	128,912
Whitelands College, Putney	202,799
King Alfred's, Winchester	164,547
College of York St John	373,100
Total outstanding at 31 December 2004 & 2003	<u><u>2,322,544</u></u>

	Conditional grants to theological colleges and training houses £
Queen's College, Birmingham	150,400
Trinity, Bristol	56,700
Ridley Hall, Cambridge	20,522
Westcott House, Cambridge	16,270
St Chad, Durham	45,000
St John, Durham	46,378
Lincoln	23,400
Oakhill, London	37,000
St John, Nottingham	53,061
St Stephen House, Oxford	32,300
Wycliffe Hall, Oxford	22,243
Cuddesdon, Ripon	36,295
Salisbury & Wells	33,411
Total outstanding at 31 December 2004 & 2003	<u><u>572,980</u></u>

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 (see Note 17). 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 and not recognised in the financial statements at 31 December 2004 was £901,860 (2003: £1,111,665).

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004**

27. 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 £1,722 million as at 31 December 2004 (2003: £1,617 million). The Funds comprise the Investment Fund, the Property Fund, the Fixed Interest Securities Fund and the Deposit Fund. The Council's share of total investments in the Funds is less than 1% and is disclosed in note 13.

(b) CCLA Investment Management Limited

Members of the Council are also members and directors of the CBF. The CBF appoints 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 Investment Committee of the CBF is responsible for administering and managing this shareholding.

Under CCLA's Articles of Association, operational decisions including the declaration of dividends and the variation of the funds' structure, require the agreement of all shareholders. The shareholders are the COIF Charities Investment Fund, the Local Authorities' Mutual Investment Trust and 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.

(c) Central Church Fund

The CBF is the sole trustee of the Central Church Fund (CCF). Under a trust deed of 12 March 1998, the CCF was established as a formal trust to be run by a Committee acting as Administrative Trustee. The Committee consists of not less than five members, each appointed by the Executive Committee of the CBF, one of whom is appointed Chairman. Two further members may be co-opted by the Committee. The Executive Committee of the CBF has the power to fix the terms of reference of the Committee having regard to the prevailing needs of the Church.

In 2004 a grant of £240,000 (2003: £230,000) was paid to the Council and has been credited in these financial statements to the Council's unrestricted funds (note 19) as a transfer of funds. Further grants of £404,100 (2003: £255,296) were agreed for Church projects throughout England. In addition, during 2004, an amount of £283,470 was donated by the CBF to the CCF from legacies received by the CBF. This amount has been debited in these financial statements to the Council's unrestricted funds (note 19) as a transfer funds. The separate audited financial statements 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 manages common services in respect of accounting, communications, human resources, information technology support, legal services, office services and the Church of England Records Centre, for the other NCIs. The contributions to their costs receivable by the Council are disclosed in National Church Institutions' Contributions to Costs (note 5).

The Church of England Pensions Board is responsible for a number of pension schemes of which employees of the Council are members. The contributions paid by the Council to the Church of England Pensions Board are disclosed in Pensions (note 25).

28. POST BALANCE SHEET EVENT

On 23 March 2005, the Archbishops' Council announced that it is to enter into discussions with potential purchasers with a view to selling the Church House Bookshop as a going concern.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004

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

	Unrestricted Funds £000	Restricted Funds £000	Total	
			2004 £000	2003 £000
FIXED ASSETS				
Investments	-	3,504	3,504	3,728
Other assets	1,148	-	1,148	1,347
	<u>1,148</u>	<u>3,504</u>	<u>4,652</u>	<u>5,075</u>
CURRENT ASSETS				
Stocks	456	-	456	384
Debtors: amounts falling due within one year	3,063	439	3,502	2,846
Debtors: amounts falling due after more than one year	-	1,547	1,547	1,338
Short term deposits	-	4,312	4,312	3,920
Cash at bank and in hand	1,205	1,913	3,118	3,349
	<u>4,724</u>	<u>8,211</u>	<u>12,935</u>	<u>11,837</u>
CREDITORS: amounts falling due within one year	(1,281)	(536)	(1,817)	(1,505)
NET CURRENT ASSETS	<u>3,443</u>	<u>7,675</u>	<u>11,118</u>	<u>10,332</u>
NET ASSETS	<u>4,591</u>	<u>11,179</u>	<u>15,770</u>	<u>15,407</u>
ACCUMULATED FUNDS				
Unrestricted Funds				
- General	1,918	-	1,918	2,155
- Designated	2,673	-	2,673	2,595
	<u>4,591</u>	<u>-</u>	<u>4,591</u>	<u>4,750</u>
Restricted Funds				
	-	11,179	11,179	10,657
	<u>4,591</u>	<u>11,179</u>	<u>15,770</u>	<u>15,407</u>