



The Archbishops' Council

Annual Report and Financial Statements
for the year ended 31 December 2018





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for the year ended 2018

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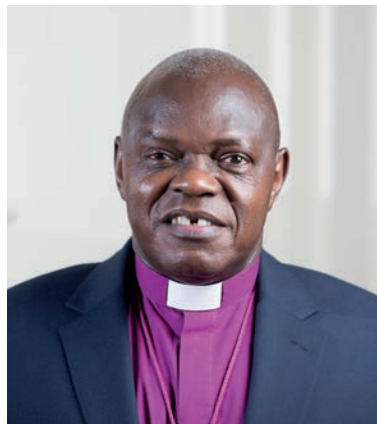
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Contents

Page 04	Presidents' Foreword
Page 06	The Archbishops' Council
Page 07	The Council's Objectives
Page 08	Financial Summary
Page 10	From the Secretary General
Page 12	Objective 1: Evangelism
Page 14	Objective 2: Discipleship
Page 16	Objective 3: Ministry
Page 18	Objective 4: Common Good
Page 22	Objective 5: Education
Page 26	Objective 6: Resources for the Church
Page 28	Objective 7: Safeguarding
Page 30	Objective 8: Governance for the Church
Page 34	Objective 9: A Church for All People
Page 38	The Council's Plans for 2019
Page 40	Financial Review
Page 44	Governance
Page 48	People and Organisation
Page 50	Risk Management
Page 52	Independent Auditor's Report
Page 54	Statement of Financial Activities
Page 56	Balance Sheet
Page 57	Cash Flow Statement
Page 58	Notes to the Financial Statements

Presidents' Foreword



Our annual report for 2018 focuses on the central role played by the Archbishops' Council in supporting the mission and ministry of the Church of England.

Through its Renewal and Reform programme, the Council continued its work of bringing more people to Jesus Christ; enabling every church to be equipped to make and sustain disciples; encouraging vocations to lay and ordained ministry – all aimed at ensuring the Church continues to be a growing church for all people, in all places, fit to serve the common good.

We are delighted to see another rise in the number of vocations to ordained ministry for the second year running. The overall number of people recommended for ordination training increased 7% following a 14% increase the year before, a welcome step towards achieving the target of recruiting 50% more candidates for ordination

by 2020. In particular, the number of people aged under 32 years old starting training for ordination has risen to 159, compared to 151 in 2017 and 109 in 2016. The Council is determined to build on this progress, and to encourage a renewed sense of confidence in the parishes of the Church of England and the communities they serve, to bring the Good News of Jesus Christ to every community across the country.

Alongside this good news, the Council has been active in ensuring that every church may focus greater energy on God's mission and have the ministry and leadership it needs. A total of £64 million of strategic development funding grants was allocated in 2018, as part of an ambitious programme to create new worshipping communities of more than a hundred churches across the country – from coastal to market towns and rural areas to urban housing estates and city centres.

We are particularly heartened by plans for a loving, worshipping, serving Christian community on every significant social housing estate in England. In an age where a quarter of UK households own a smart device, the work of extending the faith of Christian communities in the digital sphere also gathered pace with the launch of Alexa Skills, enabling those exploring faith to ask the Church of England for prayers, explanations of the Christian faith and where to find their nearest church.

2018 marked the centenary of the end of the First World War. Each year the season of remembrance sees our churches and cathedrals come to the fore, as communities are invited to join with us to remember those who were lost and affected in conflicts, to give thanks for the sacrifices of our armed forces, and to pray for peace. To mark the 100th anniversary of the end of the First World

In 2018 Cathedrals and churches functioned as focal points of the nation's centenary commemorations of WW1



War, Remembrance Services in Church of England churches and cathedrals across the country took on additional significance¹ and new worship and prayer remembrance resources were made available.²

This year the Church's support for reconciliation and community building was highlighted by the ongoing national debate on Brexit. We continue to pray for national

unity; for our country to recover a shared vision and identity, and for courage, integrity and clarity for our politicians, to help us find a way through the immediate challenges. Through the work of every part of the Church, we are called to respond by living out the love of Jesus Christ towards our neighbour, a command at the heart of the Christian message.

The Church of England, at the heart of local communities, will continue to strive for the common good, educating one million children, providing 33,000 social action projects, supporting the most vulnerable, running 16,000 church buildings across the country and sharing Christ's love with all.

This is the Archbishops' Council nineteenth annual report. We give our heartfelt thanks for the prayers and the hard work of all those who we work alongside in the dioceses, parishes and National Church

Institutions in helping to achieve so much. We pray that God will continue to bless and guide us all to continue to build a growing Church, as we work together to support the Church of England's mission to see the Gospel lived and proclaimed in word and deed. We look ahead with conviction, hope and prayer – encouraged and inspired by the life, death and resurrection of Jesus Christ.

✠ **Justin Cantuar:**

✠ **Sentamu Ebor:**

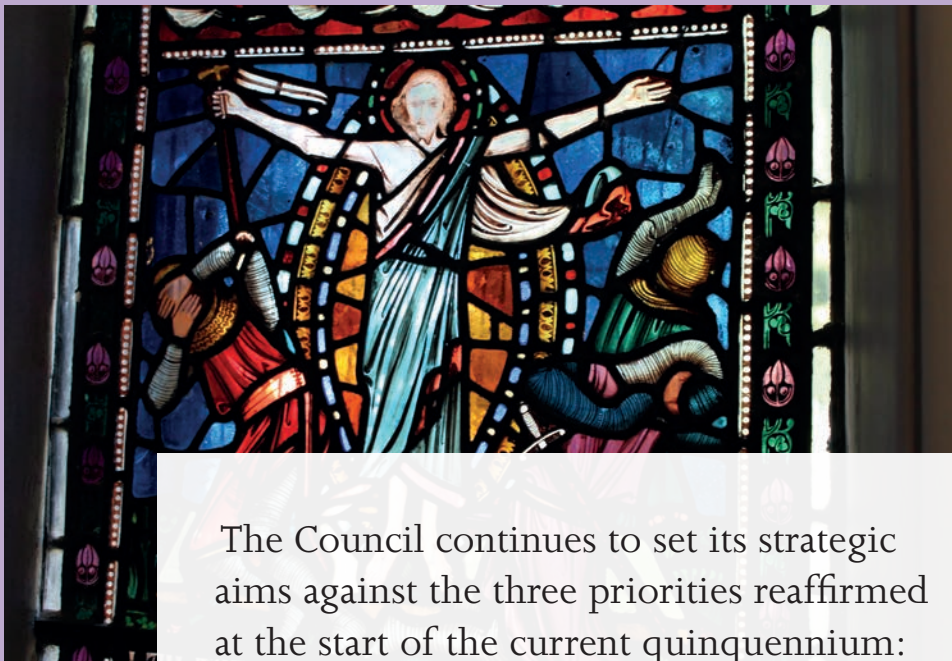
1 Pictured above: *Tumbling Poppies* projection on Salisbury Cathedral by the Royal British Legion to commemorate the Armistice anniversary. Photo by Ash Mills.

2 The resources created by the Liturgical Commission included a prayer for families to say while visiting a war grave or memorial in addition to other prayers; an Act of Commitment to work together for peace, a Vigil Service to mark the centenary, and a monologue interspersed with suggested words and music, entitled *Steps towards Reconciliation*.

The Archbishops' Council

The Council was established under the National Institutions Measure 1998

to provide focus for leadership and executive responsibility and a forum for strategic thinking and planning.



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

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

The Council's Objectives

The Council's statutory object is to:

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

Set against its three priorities (see opposite page) the Council seeks to do this through its nine objectives, explored in more detail in the pages that follow:

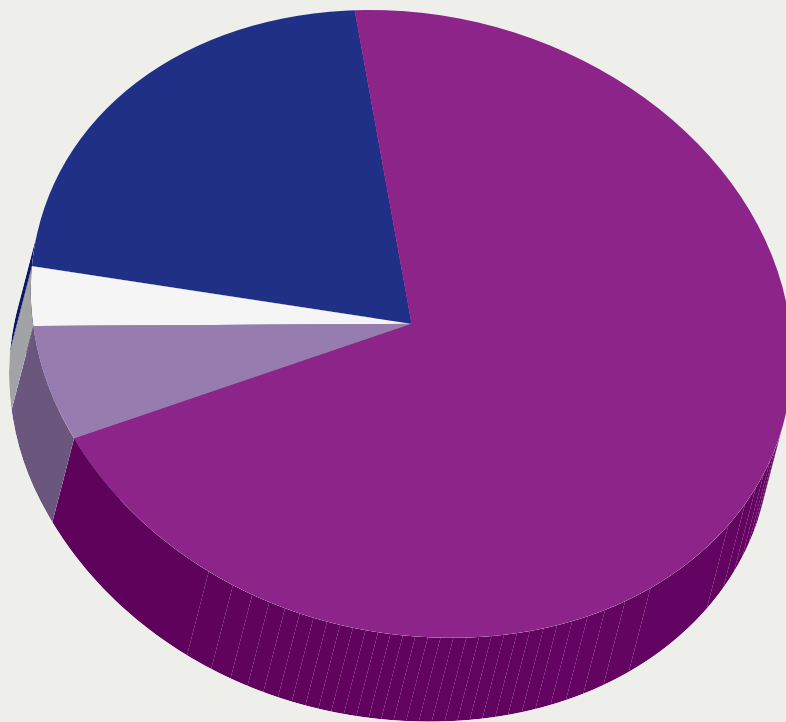
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|-----------------|------------------------------|
| 1. Evangelism | 5. Education |
| 2. Discipleship | 6. Resources for the Church |
| 3. Ministry | 7. Safeguarding |
| 4. Common good | 8. Governance for the Church |
| | 9. A Church for All People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



Financial Summary

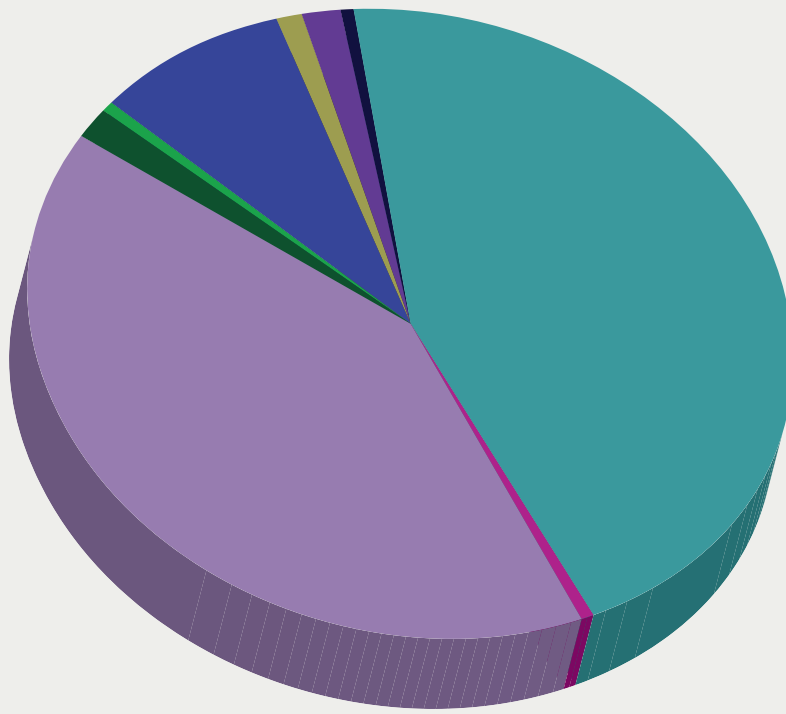
These graphs show the breakdown of 2018 income and expenditure for the Archbishops' Council. The work of the Archbishops' Council is principally resourced by contributions from Church of England dioceses and funds made available to it by the Church Commissioners. Under the terms of the National Institutions Measure, the Council distributes money made available by the Church Commissioners each year to support ministry and mission in the dioceses. Resources expended are shown analysed by the nine objectives set by the Council in early 2017.

Analysis of 2018 incoming resources of £149.9m



2018 Resources expended (£149.1m) by activity:

(For more information, please see Financial Review on page 40.)



- Evangelism (£66.4m)
- Discipleship (£0.9m)
- Ministry (£60.8m)
- Common good (£2.4m)
- Education (£0.9m)
- Resources for the Church (£12.8m)
- Safeguarding (£1.9m)
- Governance for the Church (£2.4m)
- A Church for All People (0.6m)

From the Secretary General



The principal focus of the Archbishops' Council's work in 2018 was on continuing the programme of Renewal and Reform. This is the body of work designed to support the Church of England in becoming once again a growing church for all people, in all places.

This was the third full year of implementation for some elements of Renewal and Reform, and significant progress has been made, although much remains to be done.

The Council's work was guided by its nine objectives set in 2017, and this is once again reflected in the annual report, both the narrative sections and the financial statements.

The first two of the nine objectives of the Council are Evangelism and Discipleship. In support of those, the Council established a new department for Evangelism and Discipleship during 2018, bringing together existing strands of work scattered across the Council's units, and reinforcing them. The new Evangelism and Discipleship team work closely with others in the Council's staff – notably in Renewal and Reform, Mission and Public Affairs, Communications, Education and Strategy and Development – to provide the best national support for the work of dioceses, parishes,

Fresh Expressions and chaplaincies in bringing people to faith and strengthening people's faith.

The new arrangements for national Church grants, approved in 2015 and introduced in 2017, are now embedded. The Council awarded, through its sub-committee the Strategic Investment Board, £64 million of grants to dioceses in support of projects intended to deliver church growth. This year's financial accounts show the full liability for payment of these grants over future years, matched by a promise of payment to the Council from the distributions of the Church Commissioners. Grants were awarded to 20 dioceses in 2018. Though the projects supported are disparate in type, one particular theme stands out: the investment of resources in places where the Church has been weak, often places where few other parts of civil society are investing. Projects supported include churches in Preston, Blackpool, Stockton-on-Tees, Grimsby, Swindon, Dudley,

Southend-on-Sea, Ipswich and Portsmouth. At the same time, the Council is continuing its distribution of grants calculated by formula to dioceses for ministry in the lowest income communities.

A very welcome feature of 2018 was a sustained increase in vocations to ordained ministry. More than 580 candidates started training for ordained ministry in the autumn of 2018, which is an 8% increase on 2017 (23% increase since 2016) and nearly halfway to the Church's national aspiration of a 50% increase in vocations to the ordained ministry. This has posed a pleasing problem of success: how can we ensure that training and support costs for these ordinands, and subsequently the costs of their curacies, can be met? The Council is working closely with the House of Bishops and the Church Commissioners on plans to sustain this for the 2020s.

Evangelism and Discipleship are very deliberately joined together

in our structure. The Council recognises that each supports the other. In particular the development of a stronger and more confident Christian faith among our laity provides the basis for a greater willingness to share that faith and to invite others to join it. A successful manifestation of this has been through the Council's digital work. This embraces campaigns aimed primarily at strengthening discipleship among our worshipping communities (for example, at Lent and Easter), and also a major outreach campaign – combining digital, print, TV and radio broadcast media – at Advent and Christmas. The campaign for 2018, #FollowTheStar, is estimated to have reached 7.4 million people.

The main vehicle for the Council's work on discipleship is the 'Setting God's People Free' programme. New discipleship 'learning communities' have been set up in 24 dioceses, to promote a more lively understanding of the Christian faith lived from Monday to Saturday as well as on Sunday.

The Council's staff, particularly in the Education office and Evangelism and Discipleship team, have supported the House of Bishops in their work to develop 'Growing Faith', a major new emphasis on the importance of developing and sustaining the faith of children and young people, bringing together the contributions of churches, schools and families, each supporting the other.

The Council has supported the Church's work on the common good in numerous ways. For the first time in 2018 we were able to establish the scale of the Church of England's contribution to the common good through social

action: our parishes support almost 33,000 social action projects across the country. 16,700 are led by, or hosted in, Church of England churches. Some specific areas of focus in 2018 included:

- Supporting the campaign against fixed odds betting terminals led by the Bishop of St Albans, which resulted in the government reducing the maximum stake on these machines from £100 to £2;
- The campaign against modern slavery. The Clewer Initiative's safe car wash app attracted considerable notice, greatly increasing understanding of modern slavery and how to tackle it, both within and beyond the Church.

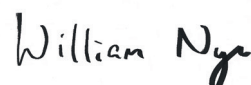
As well as its contribution to 'Growing Faith' and continuing work in support of Church of England schools, the Education office strengthened the Church of England Foundation for Educational Leadership, with increasing numbers signed up to its development programme.

Another important area of work has been safeguarding. The Council's main focus in this area has been to continue its programme of improvement to strengthen policies, training and practice in support of a safe church. This included the publication of the parish safeguarding handbook, a new policy on Permission to Officiate, and new liturgical resources. In addition, the Council has led the Church of England's engagement with the Independent Inquiry into Child Sexual Abuse. There were two sets of public hearings in the Inquiry's sub-inquiry into the Anglican Church in March 2018 into the Diocese of Chichester and July 2018 into the case of Bishop Peter Ball. This work will continue as the Inquiry pursues its investigations

in 2019. We completed our programme of independent audits of diocesan safeguarding activities, and the summary results will be published in 2019.

Council staff also continued to support the work of the General Synod and the House of Bishops. This comprised many areas of activity. A particularly important stream of work has been support for the House's 'Living in Love and Faith' work on relationships, marriage, sexuality and identity. There have been regular progress reports to the General Synod on this work, which is due to conclude in 2020.

Finally, I would like to thank the Reverend Rosalyn Murphy, who resigned from the Council in April, for her service on the Council, and the Venerable Julian Hubbard who retired as Director of the Ministry Division in September. During 2018 we also welcomed three new permanent directors, Tashi Lassalle as Director of Communications, Debbie Clinton as Director of Renewal and Reform, and the Reverend Canon Dave Male as Director of Evangelism and Discipleship, together with the Reverend Canon Dr Mandy Ford as interim Director of Ministry. I am grateful to them all, and to all the staff of the Council for their contributions to a significant year of achievement.



William Nye, LVO
Secretary General

1 | Evangelism

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

A newly formed Discipleship and Evangelism team began work towards this goal with the theme of *Motivating the Million*, the million or so regular worshippers in the Church of England, to grow more confident in articulating and living out their faith in every aspect of their lives. This work has included the *Culture of Invitation* project to increase the number of regular church attenders who feel able to invite someone to a church event, with this scheme due to get under way in 2019 in pilot dioceses of Chester and Bristol. Working in partnership with other groups, plans were also drawn up to identify and equip 1,000 new evangelists of all ages and traditions in the Church of England by 2025.

The team received an award of Strategic Development Funding (SDF) to develop work on creating new fresh expressions of church across 10 dioceses with the leader of the project due to be appointed in 2019. A church planting paper was published providing a tool to assist dioceses, deaneries and parishes in establishing new church plants, offering practical suggestions and theological grounding for this work.

The *Motivating the Million* campaign worked alongside major mission projects supported by SDF, a key element of the Renewal and Reform programme, to ensure that the Church of England once more

becomes a growing church for all people in all places.

In 2018, £64 million of SDF funding was awarded to 23 dioceses. This comprised £62 million in major grants to 20 dioceses to help promote an ambitious programme of work in city centres, coastal areas, market towns, housing estates and rural areas across the country, plus a further £2 million of SDF was awarded to 12 dioceses to help develop their strategic capacity to improve their missional and financial strength. The plans include a weekday church in Leeds, a new city centre church in Bradford, café-style church gatherings in the Diocese of Canterbury and the transformation of a former railway works building into a church in Swindon. Funds were also allocated to help the Church reach young people and to boost its mission in areas with large student populations.

Ministry on housing estates gathered momentum with the publication of a new strategy highlighting the Church of England's vision of a loving, worshipping and serving Christian community on every significant social housing estate of 500 or more housing units.

The #FollowTheStar campaign, aimed at encouraging people to attend church services over Advent and at Christmas, was launched

towards the end of the year. The campaign, which was our biggest to date, was boosted by an expanded *A Church Near You* website, which gives details of services and events and is now mobile-friendly. The Council continued to support innovation on social media to spread the Christian faith with the Digital Labs conference bringing together Christian coders, website builders and designers. Two solutions put forward at the 2018 conference were chosen by a panel of industry experts and both have subsequently been developed with the Church Resources Hub due to go live in 2019.

New resources and practical and theological support for churches in mission work were published, including *Life Events*, *Mission and Ministry at Baptisms, Weddings and Funerals*. The *Mission Academy Live* course, aimed at encouraging young people to evangelise, grew further with 1,400 young people from the Church of England taking part.

Clergy across the country continued to be helped to explore the missional opportunities of baptisms, weddings and funerals through training days and national conferences. A new piece of research was published on the views of young adults about marriage and weddings, encouraging the Church to be more confident in telling a new generation about church weddings.



2 | Discipleship

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

Evangelism and discipleship are deeply interconnected with work to strengthen the faith of those in existing congregations leading in turn to more confident Christians able to live out their faith in everyday life. The formation of the Evangelism and Discipleship team recognises this inter-dependence with the *Setting God's People Free* (SGPF) programme aimed at seeking effective ways to build up the whole people of God to live out their faith in homes, schools, communities and places of work. During 2018, 25 new diocesan discipleship learning communities were created to help dioceses examine how they implement the *Setting God's People Free* aims of mobilising lay people to spread the gospel in their everyday lives. The Council also stepped up its work to resource churches seeking to deepen the faith of existing Christians with the booklet *Setting God's People Free for Monday to Saturday (as well as Sunday!)* published and distributed through dioceses and online. The booklet offers parishes clear steps to support a culture of everyday faith. Research in collaboration with the Saltley Trust was commissioned to seek out indicators of how the Church can deepen the faith of existing communities. In 2018, the Everyday Faith digital campaign of prayers, reflections, animations and stories was launched. This will continue into 2019.

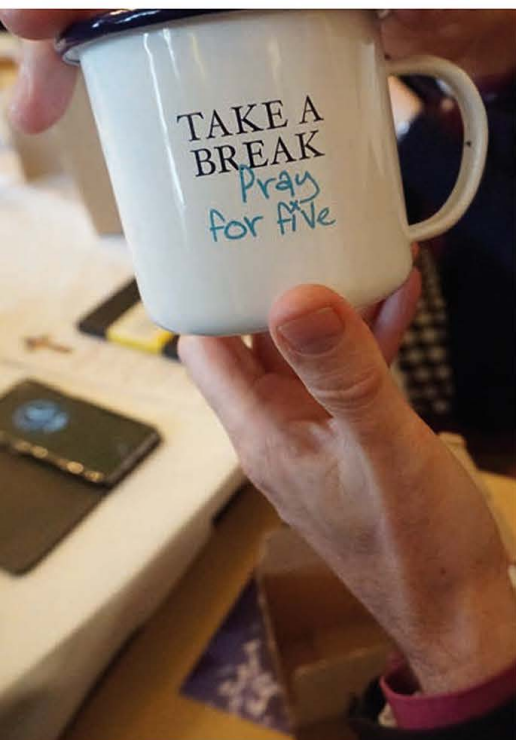
Growing Faith: for churches, schools and households, was endorsed by the House of Bishops towards the end of 2018, with a vision to achieve a significant culture change within the Church so that every aspect of mission and ministry is seen through the lens of what it means for ministry with children, young people and households. It envisages children, young people and households coming to faith, growing in discipleship and contributing confidently to the Kingdom of God through the community of faith.

The Council resourced and promoted the biggest Easter and Christmas campaigns to date – #LiveLent, let your light shine and #FollowTheStar – to deepen the faith of existing churchgoers and attract non-churchgoers to services. For the first time, the Advent and Christmas campaign included a specially created app with reflections from Christmas Eve to Epiphany while a booklet of #FollowTheStar reflections sold more than 120,000 copies, a 50% rise on the #GodWithUs campaign of the year before. The #LiveLent let your light shine campaign, a six-week discipleship journey through the Gospel of St John, had a reach of 3.54 million across the Church of England's social media channels with more than 35,000 copies of a booklet of reflections sold and more than 11,000 downloads of a #LiveLent Android and iOS app.

The Church of England's Alexa skill (pictured: right) was also launched in 2018, enabling millions of Alexa users to ask the Church of England for prayers, explanations of the Christian faith and where to find their nearest church for local events and services based on their location.

The *Talking Jesus* course was launched in 2018 with the aim of inspiring people to share their faith and give practical suggestions to help people talk about Jesus with the people around them.

The Council's focus on prayer as part of the work of evangelism and discipleship continued throughout 2018. *Thy Kingdom Come*, the global wave of prayer for more people to come to know Jesus Christ, grew again to cover 110 countries with events in every diocese and in 35 cathedrals. The Archbishop of Canterbury Justin Welby joined the finale of the campaign on the eve of Pentecost Sunday at St Albans Cathedral (pictured: right). Other contributors included Bishop Michael Curry, the US Episcopal Church Presiding Bishop who preached at the wedding of the Duke and Duchess of Sussex (pictured: right) and Archbishop Angaelos, Coptic Orthodox Archbishop of London.



3 | Ministry

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

Work towards achieving a key aim of the Renewal and Reform programme – a 50% increase in the number of candidates for ordination by 2020 – received another heartening boost in 2018. The number of women and men starting training for the ordained ministry grew by 8% from 544 to 587 between 2017 and 2018 with women making up the majority for the second year running. The number aged under 32 years also grew, while the proportion of ordinands starting training who are Black, Asian and Minority Ethnic (BAME) rose to 7.7%.

The Council redoubled efforts to foster a culture of vocation throughout the Church with resources, campaigns and conferences. The Great Vocations Conversation campaign was launched to encourage serving ministers, both lay and ordained, to talk about vocation at least once a month with other people. Two short books were published by Church House Publishing, the publishing arm of the Church of England, with prayers, studies and reflections for use by lay and ordained ministers and resources for distribution to people exploring a vocation.

The Ministry Experience Scheme (MES) supported by Allchurches

Trust, which offers year-long placements in churches to people aged between 18 and 30 years, grew by 17% to 95 participants by the end of the year across 20 dioceses. The schemes have recruited participants to work in urban and rural areas with placements spanning the wide diversity of traditions that make up the Church of England. A survey of the 2017/18 cohort at the end of their year showed that 61% had a very clear sense of calling to ordained ministry as a priest and a further 16% had a very clear sense of calling to another area of ministry such as being a lay reader or a youth worker.

A new directory of mentors was launched to support people from black, Asian and ethnic minority communities and other under-represented groups considering vocations to ordained ministry. The fifth Minority Ethnic Vocations Conference was also held for Christians of black Asian and minority ethnic heritage who are either exploring or on the journey to ordination.

The Council meanwhile continued to support research into the well-being and flourishing of clergy with the publication of the second tranche of the Living Ministry

research, a major piece of work on how clergy can flourish in ministry, part of a 10-year research programme. This research is helping to inform the draft Covenant for Clergy Care and Well Being, a new deal to coordinate and improve clergy care and well-being within the Church which was published for consultation towards the end of 2018.

Meanwhile, work on establishing a long-term vision for the future of ministerial education to help ensure the Church of England remains equipped to fulfil its mission in the future got under way in 2018. The Principals of theological education colleges, Diocesan Directors of Ordinands, Directors of Ministry and bishops met at a range of regional conferences to discuss a collaborative working culture and a shared vision for ministry that is relational, missional, diverse and adaptive.



4 | Common Good

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

Supported by Council staff, the Church of England bishops addressed a range of issues from child poverty and the scourge of modern slavery to reducing the destructive impact of gambling addiction. Furthermore, in 2018, our churches continued to run or support more than 33,000 social action projects across the country, ranging from food banks to debt counselling and bereavement support to language tuition.

Child Poverty

Sixty bishops signed a letter alongside representatives from other churches and faith organisations calling for a rethink on the Government's "two-child limit policy" which restricted financial support (tax credit and universal credit) given to households with more than two children, arguing that the policy is trapping families in poverty. The letter, which was published in *The Times* coincided with the publication of the report, *Unhappy Birthday: the two-child limit at one year*, from the End Child Poverty coalition, which also assessed the impact of the limit.



It is a grave concern that there are likely to be mothers who will face an invidious choice between poverty and terminating an unplanned pregnancy." – **Excerpt from letter.**

Modern Slavery

The Clewer Initiative, a programme aimed at mobilising the Church of England's 12,000 parishes in the battle to eradicate modern slavery, support the victims, and identify the signs of exploitation in communities continued to grow in 2018, and is now active in 23 dioceses, with the website being visited 20,441 times. Following its launch last year, backed by the Prime Minister and the Archbishop of Canterbury, the scheme was further strengthened by the launch of the Clewer Initiative Safe Car Wash app, designed to help raise awareness of and eradicate modern slavery in hand car washes. The app has helped identify 69 potential victims of trafficking via the Helpline. In 2018, the app was downloaded by 8,981 people, with a total of 2,183 reports of modern slavery being made.

"The Government cannot tackle modern slavery alone, and collaboration with law enforcement agencies and local communities through faith groups such as the Clewer Initiative is vital in helping us to crack down on those who seek to exploit vulnerable people."

– **Victoria Atkins, Minister for Crime, Safeguarding, Vulnerability and Women.**

Anti-Semitism

In 2018, the International Holocaust Remembrance Alliance (IHRA) definition of antisemitism was

formally adopted by the College of Bishops, including all examples, without qualification or exemption. "We urge anyone involved in our political, spiritual and national life to reject all language and activity that leads to prejudice, stigma or hatred towards people on the grounds of their religion, culture, origins, identity or beliefs."

– **College of Bishops.**

Women's Rights

The Registration of Marriage Bill [HL], a Private Member's Bill introduced by the Bishop of St Albans to end the historic inequality of excluding mothers' names from marriage certificates, passed its final stage (Third Reading) in the House of Lords on 24 July 2018.

"This injustice dates to 1837 when children were viewed as a father's property and little consideration was given to women. In this centenary year of women's suffrage, it is time to make this long overdue change."

– **Bishop of St Albans, Dr Alan Smith.**

The Bill, allowing for the important and symbolic change of putting mothers' names on marriage certificates, now moves to the House of Commons to be considered by MPs – marking the first time a Bishop's Private Member's Bill has proceeded to the House of Commons in more than 20 years.



Gambling

In 2018, the Council continued work to lobby the Government following a General Synod motion in 2017, calling for a reduction in the maximum stake on fixed odds betting terminals (FOBTs) from £100 to £2 in the light of widespread concern over the destructive impact on the lives of individuals and communities. The Bishop of St Albans, Alan Smith, was the leading campaigner for measures to limit the harm done by FOBTs. In 2018 the £2 limit was adopted by the Government, for implantation to be implemented from April 2019. Later in the year, the campaign was

further expanded with improved protections around online gambling (including stronger age verification rules) introduced by the Gambling Commission, and the Industry Group for Responsible Gambling (IGRG) amending its code to ensure that a responsible gambling message appears for the duration of all TV adverts.

Social Action

More than two-thirds of our parishes are in rural areas. In 2018, consistent with the long-standing role played by church buildings as a focus of community cohesion, a joint accord was signed with HM Government's Department for Digital, Culture, Media and Sport (DCMS) and the Department for the Environment, Food and Rural Affairs (Defra) to set out plans on how our churches could host new digital infrastructure, to bring broadband and mobile access to Wi-Fi blackspots in rural areas across the country.

"Churches are central features and valued assets for local communities and [...] can help make Britain fit for the future improving people's lives by boosting connectivity in some of our hardest-to-reach areas."

– DCMS Secretary of State, Matt Hancock.

The accord recognises not only that a modern telecommunications infrastructure is vital for a vibrant economy and brings about important practical benefits to congregations, local businesses and communities, but also that our church locations, at the heart of the communities they serve, are well placed to address connectivity and coverage problems for a truly inclusive society.

"Our parish churches are a truly national network, and to use them creatively to create new forms of connectivity enhances their value for the communities they serve."

– The Bishop of Norwich, Rt Revd Graham James.

Common Good | Case Study

The Church and the Environment

Through our Environmental Programme operating across 16,000 churches, 10,000 churchyards and 4,700 schools, the Council continued to take seriously our responsibility to address environmental challenges facing us today.

2018 has seen more than 2,000 Church of England churches now running on green energy tariffs and more than 700 registered as Eco Churches. Paving the way, the Diocese of Salisbury was the first Church of England diocese to secure a bronze 'Eco Diocese' award. Salisbury Cathedral (a silver Eco Church) Spire was lit up green (pictured: right) to celebrate. Since then, support for the Eco-Church award scheme has seen 17 dioceses registered and 4 awards attained nationally.

Furthermore, in 2018, building on the 10-year anniversary of the Climate Change Act, we welcomed the Government's initiatives towards a ban on single-use plastic. The Church of England plastic-less Lent campaign received widespread parish support and global media coverage including by the BBC, Canadian Global Network and *New York Times*, with one single tweet engaging 34,704 people.



Climate change is one of the great moral challenges of our times, while our addiction to cheap plastic is simply indefensible when more sustainable alternatives are available.” – **Church of England Environmental Working Group.**

Furthermore, responding to the warning from international scientists concerning the necessity for rapid and unprecedented change to avoid the catastrophic impact of a warming level above 1.5C, lead Church of England environmental bishops urged the Government to commit to a target of net zero emissions by 2050. (This also followed the publication of the Intergovernmental Panel on Climate Change report, which revealed a 'critical' risk level for global communities.)

“The world needs you now. The actions that we take in the next five years are crucial to stop us from reaching the tipping point where climate change becomes unstoppable. Look into the eyes of your children and grandchildren and do what you need to do to preserve the world for their future.”
– **Most Revd Dr Thabo Makgoba, Archbishop of Cape Town.**



“

For Christians, striving to safeguard the integrity of creation, and sustaining and renewing the life of the earth is at the heart of what we believe. We have a narrow window now to act if we are to protect God’s creation for generations to come – as individuals, communities and as a global family.”

**Bishop of Salisbury, Nicholas Holtam,
Chair of the Church of England’s Environmental Working Group.**

5 | Education

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

“

We want to develop new schools so more families can access this excellent education and our commitment when we do so remains to serve the local community, with the majority of places being allocated irrespective of faith background.”

Nigel Genders,
Chief Education Officer.

As the largest single provider of education in England and in line with the Church of England's role as the established Church, our vision continues to be for the common good of the whole of society, expressed through our key values, of wisdom, hope, community and dignity.

With one million students attending 4,700 schools, the Education Office supports the Archbishops' Council and the National Society, the original Church of England charity responsible for education, to advance the breadth of work – across 12,600 parishes, Diocesan Boards of Education, schools, colleges and 11 Anglican foundation universities. Our vision is to equip a new generation of young people to shape society and contribute meaningfully to an increasingly complex and globalised world. In 2018, we continued to adapt to significant changes in society to ensure we can continue to play a vital role at the heart of communities, as we have accomplished for the past 200 years.

Focused on equipping the whole Church to think intergenerationally, in 2018 the House of Bishops developed *Growing Faith*: a vision of actively building strong relationships between church, schools and

household, to ensure children leaving a Church of England primary school can continue to engage with core concepts about Christianity through secondary school – and beyond.

Church of England Rural Schools

While most of our students attend larger urban schools, we also provide over 70% of England's very small schools in rural communities. To explore ways of safeguarding the future of education in rural communities through cross-Government strategy, a Rural Schools summit was held at Lambeth Palace. The summit was attended by the Parliamentary Under Secretary of State for the School System, representatives from Ofsted, the NFU and the Prince's Countryside Fund, together with Council and Education leaders from across England. The Summit re-examined the data we use to measure the quality of outstanding education in small schools and isolated rural villages, following the publication of the 2018 report *Embracing Change: Rural and Small Schools*, which highlighted the context and constraints for small rural schools in delivering an excellent 21st-century education. Drawing together data to help us understand the challenge, including



Today approximately 1 million children attend 4,700 Church of England schools

- A quarter of primary schools and more than 200 secondary schools are Church of England.
- The Church is the biggest sponsor of academies in England with 250 sponsored and more than 650 converter academies.
- There are 22,500 Foundation Governors in Church schools recruited, trained and supported by dioceses.
- Each diocese runs a Diocesan Board of Education supporting Church schools, which represents an annual investment of over £15 million.



poor infrastructure such as a lack of public transport and limited internet connectivity, a range of pointers were presented, to help schools and dioceses support their provision of quality education and to equip children in rural communities to flourish.

Church of England Educational Leadership

2018 also saw the development of the Diocesan Education Leaders' Programme (the first cohort of which is now full); and the establishment of a leadership network for our Multi Academy Trust (MAT) leaders. The 2018 Church of England Foundation for Educational Leadership National Conference was attended by 400 school leaders, including head teachers and Chief Executives of MATs, and uptake for our Church of England Professional Qualification for Headship (CofEPQH) has continued to increase and provide leadership development through programmes, peer support networks and pioneering research. The Statutory Inspection of Anglican and Methodist Schools (SIAMS) inspection schedule was also successfully revised and piloted, and the new framework successfully launched in September.

As well as embracing the opportunities of academies and free schools, we have a strong track record of providing around 1,700 voluntary aided schools and welcome the opportunity to consider developing more of them.

Implementing our vision for education as a tool to promote human flourishing in 2018, new innovative curriculum materials, designed to tackle modern slavery, were produced for use in Church

of England schools. Created in collaboration with the Clewer Initiative and Just Enough UK (an educational charity, which teaches children about difficult subjects like human trafficking, terrorism, violent crime, environment, inclusion and hate crime) the interactive resources were developed to raise awareness of modern slavery among our young people and to help protect students from becoming victims themselves. The resources that were released have given our teachers the confidence to equip children with the knowledge and tools to combat modern slavery in the world around them, recognising that young people are also an integral part of the catalyst for change.

6 | Resources for the Church

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

The Council provided specialist services and support to churches and dioceses over a range of areas from the launch of contactless card readers to training and support for churches to help them use their social media and websites for digital evangelism and discipleship.

2018 was the final year of the £40 million First World War Centenary Cathedral Repairs Fund, administered by the Council on behalf of the Department for Digital, Culture, Media and Sport. An independent review of this work praised the Council for cost efficiency and excellent communication. The review examined 130 awards that were made to 57 Anglican and Catholic cathedrals and found that the fund had been successful in achieving its aims and met a need that could not be addressed elsewhere. A pilot scheme was set up following publication of the Taylor Review, which had called for measures to promote the upkeep and community use of buildings. The £1.8 million project, with a fund for minor repairs and help to promote churches for wider community use, got under way in Suffolk and Manchester.

Contactless card readers and donation units were launched by

the Parish Buying service in 2018 (pictured: opposite), with around 650 churches so far opting to offer cashless payment for events, including weddings, christenings, church fetes and concerts. A separate trial of a contactless collection plate and donations app was also launched in 20 churches.

The *A Church Near You* (ACNY) website, providing mobile-friendly access to information about church services, expanded and entered a new phase allowing churches to use their ACNY pages as their main church website, free of charge.

The Pathways service, set up with funding provided by the Council in 2017 to enable and support recruitment, grew again with 33 subscribers, of which 30 were dioceses. During 2018, 983 posts were advertised, 551 of which were clergy posts, and more than 16,000 people joined the system. The Clergy Transitions Service, a new feature of Pathways, has helped more than 60 clergy already with free confidential and personal support for those at a vocational crossroads or looking for a fresh opportunity.

The Online Faculty System, which helps simplify the process of applying for a faculty, had attracted

34 dioceses by the end of the year. Templates, guidance and training were made available to parishes and dioceses to help meet the requirements of the new GDPR legislation which came into force in May.

The Council continued to deliver training across the country, equipping parishes and dioceses with the necessary skills in broadcast, print and social media to share the Church's message more effectively in today's changing communications landscape. During 2018, 1,000 churches were trained to use their social media and websites for digital evangelism and discipleship. A Church Digital Champion was appointed to ensure that the Council is able to train a further 1,000 churches in 2019.



7 | Safeguarding

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

During 2018 the Council's National Safeguarding Team (NST) continued its safeguarding work with a particular focus on its engagement with victims and survivors of Church abuse with a range of commitments including co-producing a survivor engagement framework; a Victims and Survivors Charter; developing an independent national helpline through the Safe Spaces project; and an Ombudsperson's service for use when complaints procedures have been exhausted. There was also a focus on updated training, policy and guidance, ongoing quality assurance activity and continuing engagement with the Independent Inquiry into Child Sexual Abuse (IICSA). As part of this work the NST supported an event for survivors and Synod members in July leading to a debate on key themes arising from the evidence given to IICSA during the Church's first hearing in March. The Council also agreed, following a review, to appoint a director of safeguarding to report directly to the Secretary General.

Some of the key outcomes for 2018 included:

– Policies and guidance to resource the Church at parish, diocesan and national level:

Publication of the *Parish Safeguarding Handbook* and practice guidance to improve responses to safeguarding concerns or allegations against non-Church officers; new policy on Permission to Officiate (PTO); and liturgical resources on safeguarding including prayers and outlines of services.

– National Safeguarding Panel (NSP):

Appointment of Meg Munn, former MP and Government minister, as its first independent chair. The Panel provides a level of independent scrutiny and challenge to the Church.

– Audits and Review:

National Safeguarding Steering Group (NSSG) responses to independent reviews in respect of Bishops Peter Ball (Gibb Review) and George Bell (Carlile Review) published; publication of independent report into the adequacy of the Church's 2007/8 Past Cases Review; commenced programme of independent audits of cathedrals and piloting of diocesan safeguarding progress reviews;

– Independent Inquiry into Child Sexual Abuse (IICSA):

Serviced two public hearings in respect of the Chichester and Peter Ball case studies and secured the mandate of General Synod in July to implement a range of improvements linked to three emerging IICSA themes. These are support for, and engagement with, victims and survivors of abuse; clergy selection, suitability and discipline; and structure, independence, oversight and enforcement.

– Support for, and engagement with, victims and survivors of abuse:

A paper to July's General Synod outlined the NST's commitment to publish the survivor research being undertaken by the Social Care Institute for Excellence (SCIE) alongside a formal Church of England response and action plan; to work with the Roman Catholic Church to develop and commission a central hub and community spoke model of support to survivors ('Safe Spaces'); and to work with survivors to establish an independently chaired Survivors' Panel to support the work of the NSSG and NST nationally and consider how this model might be developed regionally to support developments at a diocesan level.

– Selection: All candidates coming to Bishops Advisory Panels (BAPs) from autumn 2018 must confirm in their paperwork their "understanding of and adherence to the Church of England's policy on Promoting a Safer Church." This embeds safeguarding in the current selection criteria.

– Legislation: July 2018 saw the first consideration by General Synod of a new Canon on Religious Communities, which among other things will ensure safeguarding responsibilities can more effectively be observed and overseen; and of legislation to establish a national register of all authorised clergy.

– Training and Development:

Completed programme of senior staff training (C4 module) across all dioceses; completed an independent review of the Training and Development framework.

The NST will continue to play a key role in working collaboratively with those in and outside the Church to promote good safeguarding practice as integral to the mission and life of the whole Church.

8 | Governance for the Church

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

Much of the Church's policy-making at national level is conducted through its national governance bodies, including the General Synod, the House of Bishops, the Church Commissioners and the Archbishops' Council itself, as well as various boards and committees of these groups. In 2018, the General Synod met for three days in London in February and five days in York in July.

Governance to further the Church's mission

In 2018, the General Synod approved plans to overhaul rules underpinning ecumenical relations, opening the way to share mission and ministry with churches without an equivalent national structure (most notably Pentecostal and Charismatic denominations, including many black-led churches). This significant move formed part of the Church's drive to simplify ecclesiastical law. Dr Joe Aldred of Churches Together in England, who serves as an Ecumenical Representative for Pentecostals on General Synod said: "This is a great moment for relations...The shape and style of the Church in England has changed considerably over the years and this legislation reflects the new reality on the ground."

The General Synod also welcomed the Mission and Ministry in Covenant report, with its proposals

to bring the Church of England and the Methodist Church into communion with each other. The Bishop of Coventry, Chair of the Church of England's Faith and Order Commission, the Rt Revd Christopher Cocksworth, referred to proposals as a step towards "healing a tragic division in the Church of England" when the two churches separated almost 200 years ago. The report built on the theological convergence established by 'An Anglican-Methodist Covenant', signed in 2003, and the subsequent work of the Covenant's Joint Implementation Commission.

Governance to modernise the Church

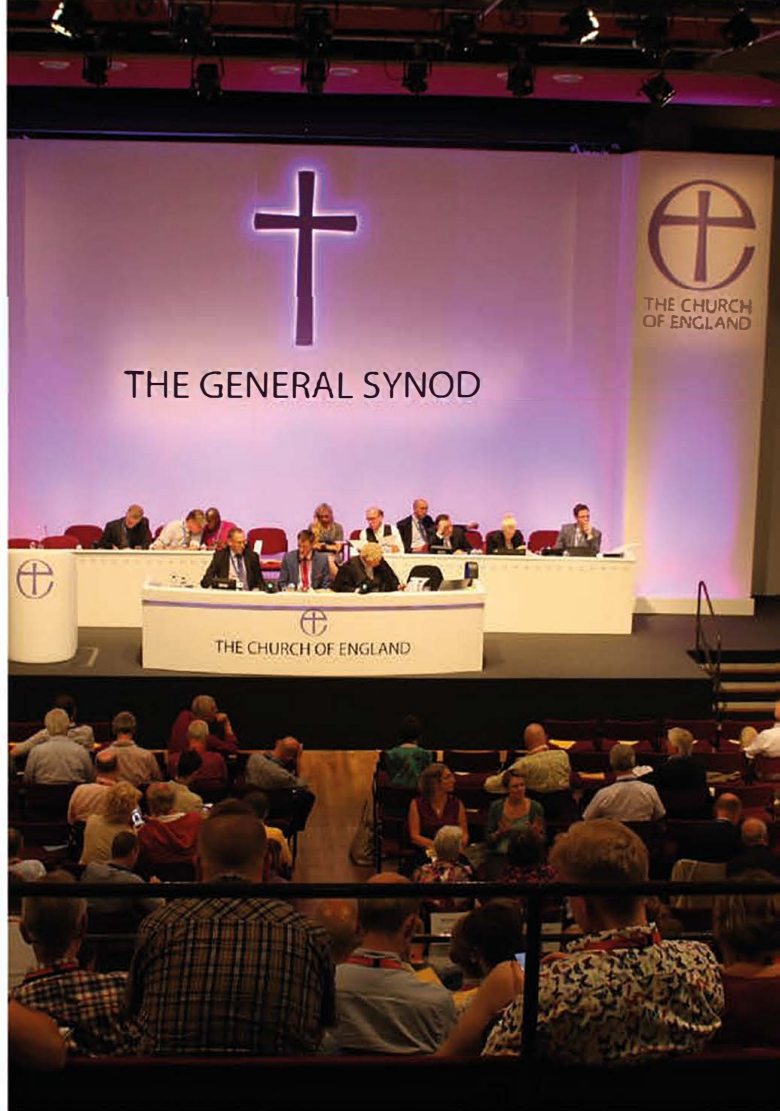
In 2018 further work on Church governmental simplification continued with additional legislative changes formulated to 'break barriers' to mission and ministry:

– The Council's Cathedral and Church Buildings Division carried out a consultation on simplifying Faculty jurisdiction rules to extend the range of works that can be carried out to churches without the need to obtain a full Faculty permission from the consistory court. The result of this consultation will now inform the work of the Rule Committee, which will bring proposals to the General Synod in July 2019.

– The Church Buildings Council (CBC) produced a Template and Guidance on the production of diocesan strategic buildings reviews, following a year-long consultation. The new guidance supports dioceses to manage and develop their church buildings by grouping into bespoke roles (such as Festival Churches, Major Churches, Resource Churches) within the context of Deanery Plans and the diocese's overall mission strategy. The guidance includes advice on issues such as insurance, governance and maintenance.

– The Council established a Legislative Reform Committee to exercise its functions under the Legislative Reform Measure 2018 and issued a consultation on a proposal to overhaul the procedures in the Patronage (Benefices) Measure 1986 for appointing incumbents.

– A number of Measures received Parliamentary approval and Royal Assent in 2018: the Mission and Pastoral (Amendment) Measure 2018 (making pastoral reorganisation more straightforward); the Legislative Reform Measure 2018 (enabling legislative burdens to be removed or reduced by subordinate legislation); plus the Church Property Measure 2018 and the Church of England Pensions Measure 2018 (consolidating in a single Measure





42 Church of England Cathedrals across England:

- Generate £220 million for the national economy
- Employ 7,380 people
- 11.3 million adults go to a Cathedral annually
- 320,000 school children visit each year

In 2018, Cathedrals continued to be centres of civic life, with 1.2 million people reported at 6,000 civic services and events.

“

They are inspirational in their impact on our national life and on the lives of millions of worshippers and visitors each year.”

**Bishop of Stepney, Adrian Newman,
Chair of the Cathedrals Working Group**

provisions that were previously spread across a large number of different pieces of legislation).

Governance to streamline the Church's operational efficiency

England's historic cathedrals are one of the real success stories of the Church in the 21st century.

In June 2018, following extensive consultation, the Cathedrals Working Group launched its report on Cathedral governance and funding recommendations setting out comprehensive proposals, recognising and seeking to enhance the vital role that cathedrals play in communities across the country.

The report presented new ideas to help cathedrals build a robust framework for the future and continue to thrive, while ensuring that they do not face unnecessary red tape and can retain their entrepreneurial flair and freedom to be creative in their characteristic engagement with contemporary culture.

Noting the recent failures of governance and management within a small number of cathedrals (which highlighted vulnerabilities across the sector), the report made a series of recommendations in key areas of leadership, financial control, safeguarding and oversight of building projects.

"With cathedrals increasing in popularity, cultural importance and defying the expectations of a secular age, the vision behind [the] report is to ensure that they can continue to grow and flourish."

– Bishop of Worcester, Dr John Inge.



England's cathedrals are an immense gift to Church and nation, and we hope that our report can help to form a better understanding of how this gift can be nurtured and protected, celebrated and safeguarded long into the future."

– Bishop of Stepney, Adrian Newman.

"England has no finer treasure than its cathedrals. Architectural beacons at the heart of our cities and regions, these are spectacular expressions of the mission of God in His world, as well as the faith, skill, and dedication of the generations who have built and maintained them."

– Bishop of Worcester, Dr John Inge.

The report was endorsed by vote in Synod in July. Since then, a Cathedrals Support Group has been established, chaired by the Third Church Estates Commissioner, with planning for the delivery phase now firmly under way, in partnership with the Association of English Cathedrals.

In addition, the report underlined the urgency of opening a dialogue with Government about state fabric funding for cathedrals, in line with the Taylor Review into the Sustainability of Churches and Cathedrals (published in 2017). Most of the changes are expected to be implemented over the next three years, with legislative changes to the Cathedrals Measure (1999) to be introduced in 2019.

9 | A Church for All People

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

The Archbishops' Council is committed to diversity and welcome in the Church of England as one of its major goals – and the Church's historic vocation to use its place at the heart of every community to work for reconciliation, justice and the flourishing of all people.

On Race and Ethnicity

Through its Committee for Minority Ethnic Anglican Concerns (CMEAC), the Council continued to identify and take forward BAME Anglicans' concerns and making recommendations for change.

In 2018, CMEAC was a member of the planning group for the high-profile national Windrush 70th anniversary service, which was held at Westminster Abbey. A ceremonial Windrush cope, worn for the first time by the Dean of Westminster at the service, was specially commissioned by CMEAC. Created by internationally renowned artist Terry Duffy, the cope served to tell the story of life in Britain for the Windrush generation and their descendants. The vestment featured a photo montage illustrating aspects of black history in Britain since the arrival of the MV Empire Windrush on 22 June 1948. The Windrush service of remembrance and thanksgiving was attended by more than 2,000 people from across the country and received extensive media coverage. As well as marking the impact of

the 'Windrushers' to British life and culture, the unique cope is a legacy piece to the church, serving as a catalyst to advancing thought, dialogue, debate and action in the wider Church on racial justice.

As a result of the CMEAC Unconscious Bias (UB) Train the Trainer programme, in 2018 more than 240 people across 10 dioceses attended a UB training session. The training is aimed at growing understanding of both positive and negative effects of personal bias.

The Council's CMEAC also continued its work of advising, encouraging and supporting the Church around the country to take positive action in increasing inclusion, participation and representation of BAME people across the life of the Church.

“ The powerful images on this Windrush cope (pictured: below) provide testimony of both achievements made and discrimination experienced by those who made their home in this country; it is a vivid expression of the resilience and integrity of Windrush generations.

We hope that this day will not only mark this significant time in British history but that Windrush Day will become synonymous with values of acceptance, respect and recognition for the positive contributions of successive generations who have made Britain their home.”

Dr Elizabeth Henry, Advisor for Minority Ethnic Anglican Concerns, Archbishops' Council





The Council's Minority Ethnic Vocations Conference, which ran for its fifth year in 2018, continued to encourage young BAME Anglicans to pursue ordained vocations. In Autumn 2018, 7.7% of ordinands beginning training reported a Black, Asian or Minority Ethnic (BAME) background, compared with 6.2% of those beginning training in Autumn 2017, suggesting this proportion may continue to increase in the future. At the end of 2017 (the most recent figure available) 3.8% of the stipendiary clergy on the national Church payroll who reported an ethnic group (excluding those in the Diocese in Europe, Sodor and Man, the Channel Islands, and Bishops' Chaplains), described themselves as being from a BAME background. This is an increase from 3.1% at the end of 2012.

Furthermore, in partnership with the Home Office through the Refugee Sponsorship scheme, 24 families were sponsored by Church of England parishes in 2018, which has also served to advance the work of building networks of migrant and other-language congregations within the Church.

On Disability

In February 2018 General Synod gave unanimous backing to a motion affirming the dignity and full humanity of people with Down's Syndrome. The motion came as a new form of prenatal screening, Non-Invasive Prenatal Testing (NIPT), was set to be rolled out in the NHS to women deemed to be at 'high-risk' of having a child with Down's syndrome.

Welcoming medical advances, the General Synod debated and passed the motion, calling for the Government and health professionals to ensure that women informed that their unborn child has Down's Syndrome be given comprehensive, unbiased information on the condition.



“

People with Down's Syndrome are complete human beings, made in the image of God, deserving full inclusion in both Church and society. It is imperative that every step is taken to ensure that they are welcomed, celebrated and treated with dignity and respect.”

The Church of England's Bishop on healthcare, James Newcome.

As part of the Archbishops' Council strategic goal for the Church of England to increase the welcome and participation of disabled people, Archbishop Justin Welby hosted a major conference at Lambeth Palace, in partnership with the national disability charity, Livability, examining disabled people's participation in the life of the Church and in celebration of the places and individuals that have enabled increased involvement.

By focusing on the voices of those with lived experiences of disability, the event explored the barriers faced and considered the steps necessary to ensure full participation and belonging. A support resource 'More Than Welcome' was launched to this end, providing inspiration and guidance – designed to help churches go through three

important stages, based on the concept of a journey moving from a place of welcome, to inclusion, to full participation and belonging for disabled people.

The Bishop of Bedford, Richard Atkinson, was appointed to take forward important work in this area, highlighting that accessibility is not just about buildings, but also about attitudes of the church congregation and how communities perceive the Church's message and the priority given to disabled people.

CASE STUDIES

Canterbury Diocese

was awarded £0.89m for the development of nine new worshipping communities offering 'unconditional welcome' in areas of deprivation. The church gathering initiative developed, is based on model of 'Ignite', which aims to reach marginalised communities by offering hospitality alongside an interactive magazine-style service exploring a Christian theme.

Exeter Diocese

was awarded £1.68m, to undertake plants in three deprived estates on the outskirts of Plymouth. As well as bringing renewed spiritual life to their communities, the churches are closely linked with Christians Against Poverty (CAP) and will work with families, children and young people, with a view that the new communities will result in up to nine new churches in and around the city.

Manchester Diocese

was awarded £2.14m for two projects. One of these – the Small to Small Community Church Plants project – will engage with estates and communities of deprivation, seeking to roll out proven models of church planting. The ambition is to plant 16 churches on estates and underprivileged communities across the diocese.

On Human Identity, Sexuality and Marriage

In 2018, the Church's work on next steps in relation to human identity, sexuality and marriage, continued through the Living in Love and Faith project (the Church of England's teaching resource on human identity, relationships, marriage and sexuality, currently under development by more than 40 theologians and academics) and the work of the Pastoral Advisory Group. Due to be launched in 2020, Living in Love and Faith aims to bring clarity to the Church's understanding of human sexuality and theological ethics for relationships.

On Social Deprivation

"The Church of England's vision is 'A Christian presence in every community'. That means no forgotten people; no forgotten places". – **The Revd Helen Shannon, vicar of church@five on the Strawberry Estate in East Finchley, London.**

By the end of 2018, around £36 million (£15.7 million at end 2017) of Strategic Development Funding (SDF) had been awarded to support mission in deprived areas, representing around 30% of the overall funding (26% at end 2017) – stimulating fresh energy, vision and resources, reversing the trend of neglect and withdrawal, and training future church leaders to revive the Christian faith. See case studies (above) for three examples of SDF.

“

These projects ... signal a growing determination in the Church to share the good news of Jesus Christ in ways that make sense for those in our most deprived communities.”

Archbishop of Canterbury, Justin Welby.





The Council's Plans for 2019

1. Evangelism

Objective: to bring more of the people of England to the faith of Christ through the Church of England. Our focus in this area in 2019 is to have developed focused implementation plans for the six operating priorities of the Evangelism and Discipleship team in order to 'motivate the million' and to have worked with one-third of dioceses on these priorities; to have equipped three-quarters of dioceses through national programmes such as Thy Kingdom Come; to have supported three-quarters of dioceses deliver mission and growth through the award of Strategic Development Funding; and to have developed and run compelling LentPilgrim, EasterPilgrim and #FollowTheStar Advent and Christmas campaigns to help people on their faith journeys and encourage local church attendance.

2. Discipleship

Objective: to strengthen the Christian faith and life of all who worship God in the Church of England. In 2019 we aim to do this by: completing the first phase of Discipleship Learning Communities (with 25 dioceses engaging with up to 300 churches) and reporting on the practical learning; seeking to engage 500 congregations (or up to 10,000 people) with Setting God's People Free (SGPF) resources and 20,000 people with the #EverydayFaith campaign; producing initial material on the practical theological vision for the vocation and witness of lay Anglican Christians in the home, workplace and community and developing appropriate measures for assessing aggregate progress.

3. Ministry

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

their calling, development, ministry and retirement. Our priority in this area in 2019 is to: achieve a further 10% increase in vocations to ministry compared to 2018 (to a total of 635); complete the discernment framework and changes in selection processes for ministry; and begin to map a pattern for lifelong learning among lay and ordained ministers through formational criteria, Ministry Development Review (MDR) and Continuing Ministerial Development (CMD) in partnership with Theological Education Institutions (TEIs) and dioceses.

4. Common Good

Objective: to contribute to transforming our society and communities more closely to reflect the Kingdom of God through loving acts of neighbourliness and service to all. Our priority in this area in 2019 is to complete the action programme of the Clewer Initiative on Modern Slavery with engagement with every diocese in place, 24 dioceses actively promoting work at local levels and engagement with dioceses to assess parish-level impact; to resettle at least 50 refugee families with local and national Church of England input; to launch the Archbishop of Canterbury's Commission on Housing and Community; to establish effective measures of carbon consumption used by a majority of parishes nationally, to continue to shrink the Church of England's carbon footprint and to increase awareness of the Church's common good vocation through generating increased traffic on the new social action web pages.

5. Education

Objective: to promote high-quality Christian education in Church of England schools and voluntary education settings, and through our Church contribution to other schools, colleges, further and higher education institutions. In 2019 our aim is: to prioritise the Church's mission with children and young people through Growing



Faith; to scale up the Foundation's facilitated leadership networks to enrol 500 schools, to continue to support dioceses bidding for new Free schools and other new provisions; and to launch our vision for education in the Higher Education (HE) and Further Education (FE) spheres, alongside increasing the Church's engagement in the Further Education sphere.

6. Resources for the Church

Objective: to help dioceses and cathedrals to be most effective in their mission, by providing cost-effective national and specialist services and advice. Our priority in this area in 2019: to grow the number of subscribers to Pathways (an online recruitment service promoting vacancies for clergy, employed, and volunteer positions across the Church of England) by 20%; to develop a new plan for income generation, including broadening the adoption of the Parish Giving Scheme to 30 dioceses; to train 1,000 people in web and social media; to provide quality resources for major Church of England campaigns; and to develop and implement our vision of buildings actively serving mission.

7. Safeguarding

Objective: to ensure all children and vulnerable adults are safe in the Church. In 2019 we will do this by continuing to build and implement a national safeguarding framework, learning from audit, case reviews and the experiences of victims and survivors of abuse to achieve greater consistency in the quality and outcomes of safeguarding practice across the whole church; engaging openly, well and effectively in the Independent Inquiry into Child Sexual Abuse (IICSA); identifying and implementing improvements including the Safe Spaces project and a new leadership structure for the National Safeguarding Team.

8. Governance for the Church

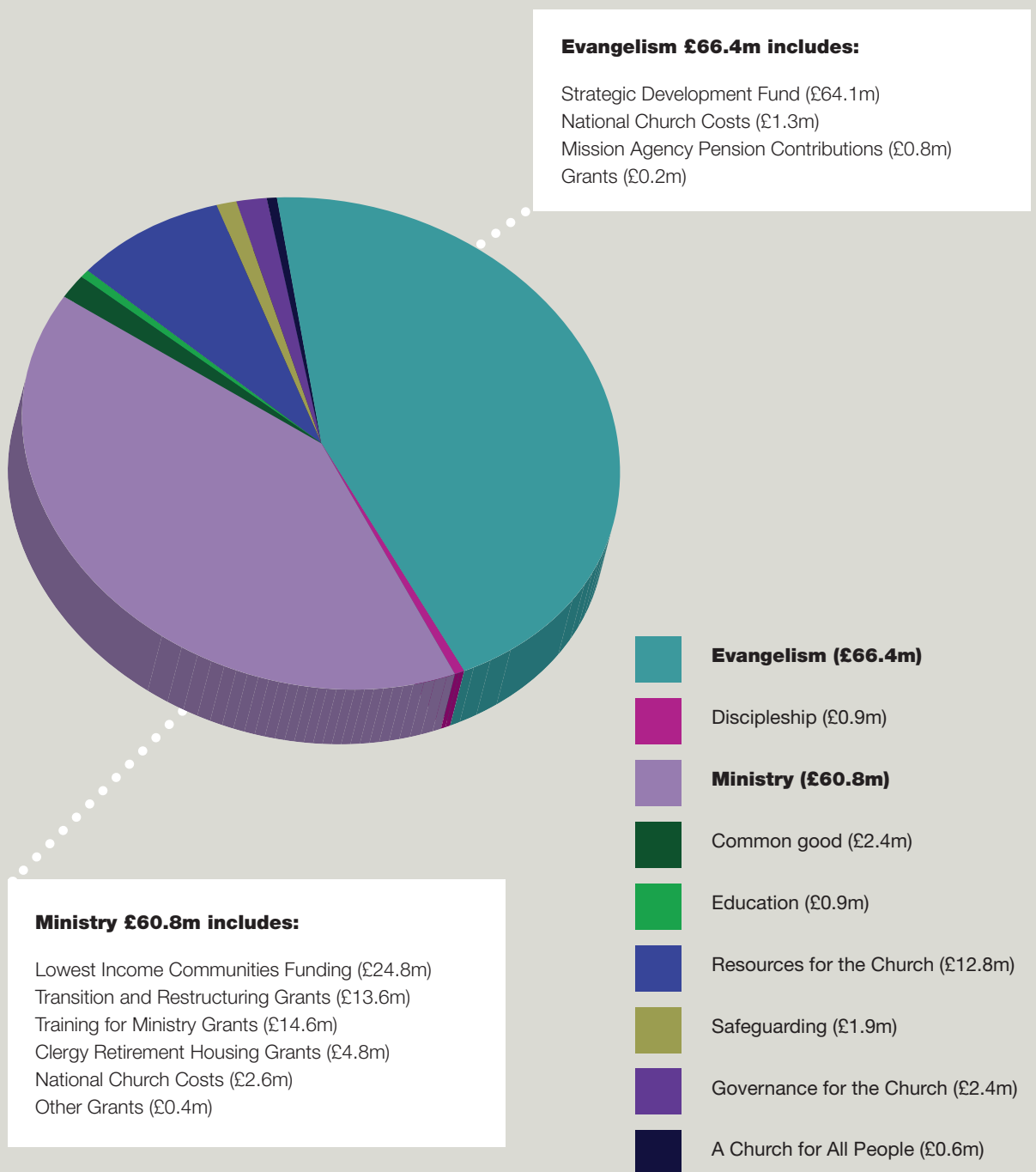
Objective: to operate the national governance arrangements of the Church of England as cost-effectively as possible in pursuit of the Church's mission. In 2019 our priority will be on: improving the working relationships across all governance bodies in preparation for the elections to those bodies in 2020; continued work on improvements to episcopal meetings, the Archbishops' Council Board Effectiveness initiative and the Synod modernisation workstream; and providing policy support and coordination for the Legislative Reform and Simplification workstream under Renewal and Reform.

9. Church for All People

Objective: to be a Church that can provide a home for all people in England. Our 2019 aim is to: work with the Committee for Ministry of and among Deaf and Disabled People (CMDDP) to improve the effectiveness of the Church's ministry and mission among disabled people, including guidance and standards on accessibility of church buildings; continue to promote mission and evangelism on estates through the Estates Evangelism Strategy; extend work on inclusion to Gypsy, Roma and Traveller communities; continue the work of the Pastoral Advisory Group and Living in Love and Faith and to deliver stronger strategic thinking and action on work with BAME people and communities in the light of the College of Bishops' engagement with BAME clergy.

Financial Review

Expenditure (£149.1m) by activity:



Overview: use of resources

In 2018 resources expended by the Council totalled £149.1 million (2017: £137.3 million). Net expenditure was £0.8 million in 2018 (2017: net income £4.1 million).

The main reason for the significant increase in expenditure was the increase in grants payable, in particular the increase in Strategic Development Fund grants awarded (accounted for under the Council's Evangelism objective) from £44.6 million in 2017 to £64.1 million in 2018.

The greatest proportion of the Council's expenditure in 2018 was in relation to its objectives for Ministry, Evangelism and Resources for the Church. These represented 40.8% (2017: 48.6%), 44.5% (2017: 34.0%) and 8.6% (2017: 10.7%) respectively, of the total expenditure by the Council.

Grants

The Council makes grants to dioceses under three main schemes, the first two of which are funded by the Church Commissioners:

- Evangelism grants include £64.1 million Strategic Development Funding awarded to 23 dioceses. The Council has delegated decisions on grant awards to its Strategic Investment Board (SIB), the membership of which includes Council members and Church Commissioners. The SIB also agreed Resources for the Church funding of (i) £0.2m for the national clergy data project and (ii) £0.3m for Renewal and Reform work which is accounted for under transfers.
- Ministry grants include Lowest Income Communities funding (£24.8 million in 2018) which is supplemented by time-limited transitional grants to smooth the transition to the grant funding arrangements introduced in 2017. In 2018, 26 dioceses received such grants, 10 of which received grants of over £1 million.
- Training for Ministry grants totalled £14.6 million in 2018 (2017: £13.7 million) and funded training, maintenance and university fees for those undertaking pre-ordination training.

Further details of the grants made to dioceses by the Council will be published in the SIB's annual report made available as a General Synod paper. Other grant expenditure funded by the apportionment paid by dioceses included:

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

Use of legacies

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

Fundraising

Section 1 62a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes". The Council does not undertake fundraising from the general public but from time to time does apply for grant funding from grant-awarding charities. Any such amounts receivable are presented in the financial statements as 'voluntary income' and includes legacies and grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the trustees. The Council is not bound by any undertaking to be bound by any regulatory scheme.

The Council has received no complaints in relation to fundraising activities. Its terms of employment require staff to behave reasonably at all times as the Council does not approach individuals for funds. Contracts of employment do not particularise this requirement for fundraising activities nor does the Council consider it necessary to design specific procedures to monitor such activities.

Comment by the Trustees about going concern

The Council has identified no material uncertainties that cast significant doubt on its ability to continue as a going concern. In reaching this conclusion, it considered its role in funding the Church's mission and ministry, the record of dioceses in meeting the requested apportionment, its reserves policy for each area of expenditure, and the level of each of those reserves and the existence of certain restricted funds. The Council also took account of the Statement of Funding Principles agreed with the Church Commissioners in 2017. The Commissioners have agreed that, once a Strategic Development Fund grant has been awarded by the Council's Strategic Investment Board, provided that all conditions and milestones are met, they will provide the funding to meet future drawdowns of the grant.

Reserves policy

The Council holds reserve funds for each of the five areas of expenditure voted on separately by the General Synod. These reserves enable the Council to meet its obligations and commitments that span more than one accounting period, to assist in cash-flow management and to help reduce the risk of needing to ask dioceses for a substantial increase in apportionment funding in any one year. In 2018 the Council agreed to continue to hold between one and three months' expenditure as reserves for each of these five areas of expenditure, one of which is its unrestricted funds (excluding designated funds), and to set a target reserve level of two months' expenditure.

At the end of 2018 unrestricted general fund reserves (i.e. excluding designated funds and the pension reserve) were £2.6 million. The Council is content with the current level of reserves and will bear actual and forecast levels in mind when setting its budgets for 2020 and beyond.

As a result of implementing the new accounting standards introduced in 2015 the Council, in common with all organisations making deficit recovery contributions to a defined benefit pension scheme, is required to account in full for the net present value of those contributions, even though they will be paid over many years. This resulted in pension reserve liability at the end of 2018 of £2.8 million (end 2017: £5.6 million) which will be met from future years' income as the agreed deficit contributions are paid. As a result, total unrestricted funds were £5.8 million at the end of 2018 (end 2017: £3.7 million). Recognising that it is intended that the pension reserve will be reduced towards zero by planned deficit recovery contributions to be met from the general fund over the next five years, the Council plans to continue to state its reserves policy for unrestricted funds in terms of its general fund balance.

Investment policy and use of restricted funds

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

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

The Council's Investment Committee reviews and oversees the management of the Council's investments and reports twice a year to the Council and its Finance Committee. In 2018 the Committee had two formal meetings with its two main investment managers and additional meetings to plan for a review of investment management arrangements in 2019. The aggregate total return from its long-term investments (with a time horizon of at least five years) was -4.4% in 2018 (2017: 7.0%) compared with the long-term target of 5.7% (2017: 7.1%). Over the past five years the return averaged 4.2% p.a. compared with the long-term target of 5.4% per annum.

The Council's cash resources are held in its current account, in the Central Board of Finance Church of England Deposit Fund or term deposits in line with its Treasury Management Policy, which is reviewed annually. The Council's average return on its cash holdings in 2018 was 0.7% (2017: 0.5%).

The Council also acts as custodian trustee for several funds. At the end of 2018 the assets of these funds, which are held in investments and cash separately from those of the Council, were valued at £3.4 million (end 2017: £3.4 million).

Ethical investment

The Council participates in the work of the Church's Ethical Investment Advisory Group (EIAG), which develops ethical investment advice to inform the ethical investment policies of the three main national Church investing bodies. Its membership includes members of the Council and its Mission and Public Affairs Council. The EIAG publishes an annual report of its work which is available, together with other related publications including its sector-based policies, on the Church of England website. The Council also belongs to the ecumenical Church Investors Group.

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

Public benefit

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

- The Church of England is a focus for community activity in 13,000 parishes and 16,000 church buildings and, through the resources at its disposal, provides activities that support community development and social cohesion. Typically, this includes projects that support children, families and the elderly people through clubs, social gatherings and outreach activities.
- The Church of England provides education in the Christian faith and encourages personal and

spiritual growth and well-being.

- Through its engagement in local communities, its chaplains in many sectors of life and its participation in public debate, the Church of England promotes values that it believes are beneficial to society as a whole.
- Through its network of schools and academies, the Church of England provides an education for around 20% of children of primary school age and 6% of young people of secondary school age that is rooted in Christian values and available to families of all faiths and none.

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

Governance

Introduction

The work of the Council and its supporting bodies is underpinned by openness to God, worship, service and a desire to promote growth, partnership, unity, integrity and transparency. The Council carries out its work in compliance with relevant legislation and best practice. The Council undertook an effectiveness review in 2018, using the Charity Governance Code as the basis for its analysis and work on this will continue in 2019. In carrying out its work, the Council aims to maintain and support a skilled and motivated staff and to ensure effective systems of organisation and governance.

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

Trustee recruitment, appointment and induction

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

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

Trustees, senior staff and advisors to the Archbishops' Council

In 2018 the Council met four times, including one 24-hour residential meeting. In addition, a joint meeting between the Council and the Church Commissioners was held. Membership of the Archbishops' Council from 1 January 2018 and up to the date of this report is detailed on pages 46–47.

Committees of the Archbishops' Council

The Council reviews the constitutions of its committees once every five years. The most recent revision resulted in the revised constitutions agreed by the Council taking effect from 1 June 2016.

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

- *Audit Committee of the Archbishops' Council (chair: Mary Chapman)
- *Finance Committee (chair: Canon John Spence)
- *Ministry Council (chair: the Rt Revd Martin Seeley)
- *Mission and Public Affairs Council (chair: Mark Sheard)
- Committee for Ministry of and among Deaf and Disabled People (chair: Rt Revd Nicholas Holtam to November 2018, currently vacant)
- Committee for Minority Ethnic Anglican Concerns (chair: the Venerable John Perumbalath)
- Council for Christian Unity (chair: the Rt Revd Donald Allister)
- Remuneration and Conditions of Service Committee (chair: the Rt Revd Christopher Foster)
- Strategic Investment Board (chair: Canon John Spence)

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

Key Working Relationships

The Archbishops' Council works in close partnership with the other National Church Institutions (NCIs): the Church Commissioners, the Church of England Pensions Board, Church of England Central Services, the Offices of the

Archbishops of Canterbury and York, the National Society and Lambeth Palace Library. Key working relationships with Church bodies include:

General Synod

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

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

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

House of Bishops

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

Church Commissioners

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

Dioceses

Some of the Council's work is funded by the dioceses of the Church of England. This gives the Council a responsibility to demonstrate that the money it receives is spent effectively and to work on behalf of the dioceses to provide a central source of advice, a resource for the development of policy and legislation, and a focus of engagement with the Government and other agencies on behalf of the Church. The Council also distributes grants from the Church Commissioners to dioceses under the terms of the National Institutions Measure 1998 to support their mission and ministry.

Church of England Central Services (ChECS)

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

Appointments made by the Council to other charities

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

Governance | trustees, senior staff and advisors

Membership of the Archbishops' Council from 1 January 2018 and up to the date of this report was as follows:

Joint Presidents

The Most Revd and Rt Hon Justin Welby, Archbishop of Canterbury	(3/4)
The Most Revd and Rt Hon Dr John Sentamu, Archbishop of York	(4/4)

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

The Ven Cherry Vann (York)	(2/4)
The Revd Canon Simon Butler (Canterbury)	(4/4)

Officers of the House of Laity (ex officio)

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

Elected by the House of Bishops

The Rt Revd Stephen Conway	(4/4)
The Rt Revd Martin Seeley	(4/4)

Elected by the House of Clergy

The Revd Dr Ian Paul	(4/4)
The Revd Prebendary Sarah Schofield	(3/4)

Elected by the House of Laity

Adrian Greenwood	(4/4)
Canon Mark Russell	(3/4)

Appointed by the Archbishops with the approval of the General Synod

Mary Chapman	(4/4)
Matthew Frost	(4/4)
The Revd Dr Rosalyn Murphy (to May 2018)	(0/1)
Rebecca Salter (to February 2019)	(2/4)
Canon John Spence	(4/4)
Mark Sheard	(4/4)

A Church Estates Commissioner

Loretta Minghella, First Church Estates Commissioner	(4/4)
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(The figures in brackets indicate (i) the number of meetings each member attended in 2018 (ii) the number of meetings each member was eligible to attend.)

Senior Management Group of the Archbishops' Council

William Nye, Secretary General to the Council and the General Synod
Revd Canon Dr Malcolm Brown, Director of Mission and Public Affairs
Becky Clark, Director of Cathedral and Church Buildings
Debbie Clinton, Director of Renewal and Reform (from February 2018)
Revd Canon Mandy Ford, Interim Director of Ministry (from September 2018)
Christine Hewitt-Dyer, Director of People (from January 2019)
Revd Nigel Genders, Chief Education Officer
The Ven Julian Hubbard, Director of Ministry (to September 2018)
Tashi Lassalle, Director of Communications
Revd Canon David Male, Director of Evangelism and Discipleship
Dr Jacqui Philips, Clerk to the Synod and Director, Central Secretariat
Sir Roger Singleton, Interim Director of Safeguarding (from January 2019)
Stephen Slack, Head of the Legal Office and Chief Legal Advisor to the Archbishops' Council
Graham Tilby, National Safeguarding Advisor (from September 2018 to December 2018)
David White, Head of Financial Policy and Planning

Senior staff of Shared Services managed by other NCIs

Philip James, Director of the Strategy and Development Unit
Aneil Jhumat, Director of Risk Management and Internal Audit
Declan Kelly, Director of Libraries, Archives and Information Services
Gareth Mostyn, Chief Finance and Operations Officer (from February 2018)
Carole Harden, Interim Director of People and Change (to December 2018)

Offices and advisors

The Archbishops' Council advisors are listed below. All professional advisor appointments are regularly reviewed.

Registered office:	Church House, Great Smith Street, London SW1P 3AZ. Tel: 020 7898 1000
Investment managers:	CCLA Investment Management Limited, Senator House, 85 Queen Victoria Street, London EC2V 4ET Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London EC4M 8BU Ruffer LLP, 80 Victoria Street, London SW1E 5JL
Bankers:	National Westminster Bank plc, Princes Street, London EC2R 8BP Lloyds Bank plc, 25 Gresham Street, London EC2V 7HN
Solicitors:	The Legal Office of the National Church Institutions of the Church of England, Church House, Great Smith Street, London SW1P 3AZ
Auditors:	BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

People and Organisation

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

The Council, in partnership with the other NCIs, work to a common purpose statement which places an emphasis on collaboration – both within the NCIs and with colleagues in dioceses and cathedrals: 'We in the National Church Institutions support the mission and ministries of the Church of England. We work together with those who serve in parishes, dioceses, cathedrals, schools and other ministries, and with our partners at a national and international level.'

In 2018, the focus on improving services to dioceses and cathedrals was further sharpened with the formation of a new workstream dedicated to improving those services, and in doing so help enable the work of dioceses as they seek to deliver Renewal and Reform. This work includes improving the coordination of stakeholder communications across the NCIs.

Recent examples include the data protection policies, templates and guidance shared with the wider Church ahead of the May 2018 deadline to comply with the new General Data Protection Regulation, and Pathways – the Church of England's recruitment platform which promotes vacancies for clergy, employed, and volunteer positions.

Results from the latest NCI staff survey held at the end of 2017 show that the strong sense of a shared purpose among staff continues to deepen, with 78% of people stating that they understand how their role supports our stated purpose, 22 percentage points above the UK not-for-profit benchmark. Throughout 2018 initiatives were launched in response to staff feedback through the annual survey.

Inspired by the Church of England's Lent Plastic Challenge, re-usable coffee cups were handed out to staff at Church House and Lambeth Palace in April, and in June glasses and crockery replaced single-use plastic versions in meeting rooms at Church House.

Health and well-being was a main area of focus during 2018. A new Employee Assistance Programme was launched in May – a 24/7 confidential online and telephone service to help staff deal with personal and professional problems. This service also enabled staff to access up to six sessions of face-to-face counselling. By October over 20 staff had received accredited mental health first aid training. This enabled the NCIs to establish an internal network of colleagues who are a point of contact for those experiencing issues which may impact on their mental health or lead to emotional

distress. A new online tool for recording accidents and health and safety training went live in November.

Our management framework was supplemented by the rollout of bite-sized training sessions covering practical issues from how to handle difficult conversations to making the most of performance reviews. A new project management framework and toolkit was launched in October. These were supported by a range of training courses attended by more than 150 staff in November and December, helping to build capacity, capability and consistency in this importance area.

Improvements to digital communication channels and face-to-face events, including the introduction of weekly 'from the floor' question-and-answer sessions with the Secretary General at Church House, have led to increased levels of engagement with internal communications across the NCIs. 2018 saw continued growth across the NCIs with a 1.6% increase to the overall figure of 520 staff, of which 117 had the Archbishops' Council as their managing employer (end 2017: 113). Our current voluntary turnover is 16% which is 3% below the UK average for all sectors.

At the end of 2018 senior managers (bands 0–2) accounted for 131

(25%) of the total workforce of the NCIs, up from 123 / 24% in 2017. 37% of these senior positions were held by females, a slight decrease from 2017 (39%). In 2018, 50% of senior managers recruited were female compared with 45% in 2017. The percentage of people who classed themselves as having a disability was 4.9%, compared with 4.5% in 2017. Since 2013 the average age of staff has dropped from 46 to 44 years old.

The percentage of people who classed themselves as black or minority ethnic (BAME) comprised 23.8% of new starters across the NCIs in 2018 and 14% of new starters within the Archbishops' Council, contributing to overall BAME representation of 15.2% (NCIs) and 8.7% Archbishops' Council.

Gender pay

Our second annual gender pay report covered 491 staff being paid under our common pay policy which includes all staff of the Archbishops' Council. We also restated and republished our gender pay data from the previous year (2017) as we had originally overstated the figures.

The 2018 NCI data shows a drop of four percentage points in the median pay gap to 24% compared with the restated 2017 figure, while our mean pay gap remained the

same at 21%. For Archbishops' Council, the median pay gap is 28%, slightly higher than the NCI average (24%) while the mean gap is 19%, two percentage points lower than the NCIs (21%).

The 2018 results are encouraging as we continue to review pay structures, addressing any imbalances and barriers to women and opportunities for advancement within the NCIs. We are committed to improving this further as we focus on reducing the difference in pay between men and women in more highly paid roles and improving the ratio of men to women in the most senior and most junior roles.

Staff remuneration and executive pay

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

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

The NCIs are committed to being a Living Wage employer, and for those roles based in London, a London Living Wage employer for all staff including apprenticeships, interns and those on training schemes.

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

The amount paid to the highest member of staff in the Archbishops' Council is 9.1 (2017: 9.1) times the salary earned by the lowest paid member of staff and 3.6 (2017: 3.6) times the median salary.

Risk Management

The Council reviews the principal and operational risk registers and risk management arrangements of the Archbishops' Council at least annually.

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

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

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

Principal risk	Summary of actions and plans to mitigate the risks
<p>Maintaining numbers of those in lay and ordained ministry.</p>	<p>Working with dioceses identifying, selecting, supporting and training new ordinands, including increasing diversity.</p> <p>Development of proposals and plans on discipleship and lay leadership.</p>
<p>Achieving and sustaining growth.</p>	<p>Supporting initiatives with Strategic Development Funding and monitoring and reviewing the impact of projects.</p> <p>Advice and consulting services for dioceses to enable effective use of new funding.</p> <p>Working with dioceses to encourage progression with Renewal and Reform.</p> <p>Prioritised the Growing Faith programme and development of work through the Youth Evangelism Task Group to achieve growth in Children and Young People.</p>
<p>Safeguarding.</p>	<p>Implementation of a National Safeguarding Framework and improving national safeguarding capability.</p> <p>Reviewing dioceses and other Church institutions' practices and rolling out of good practice and training.</p>

Principal risk	Summary of actions and plans to mitigate the risks
Funding, capacity and capability.	Renewal and Reform Programme Board in place to oversee work, progression and capacity/capability management to help deliver new initiatives. Budget setting and monitoring, to control expenditure and target resources.
Reputational impact around contentious and divisive issues.	Production of a teaching document on marriage and relationships, and a parallel pastoral advisory group. Ensuring a good cross-section of church opinion on ad-hoc reference groups.
Keeping Church Buildings open for communities.	The Government's Taylor Review pilot – alternative models of supporting church buildings. Convening group of church funders.

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

Trustee responsibilities in relation to the financial statements

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

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

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

Independent Auditor's Report

to the Trustees of the Archbishops' Council

Opinion

We have audited the financial statements of the Archbishops' Council ("the charity") for the year ended 31 December 2018 which comprise the statement of financial activities, the balance sheet, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2018 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions related to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

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

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

Use of our report

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

BDO LLP

Fiona Condron (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom
Date: 24 April 2019

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

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

Statement of Financial Activities

for the year ended December 2018

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2018 £'000	Total 2017 ** £'000
Income from:						
Grants, donations and legacies	2	12,996	133,997	10	147,003	136,504
Charitable activities	3	2,730	-	-	2,730	2,393
Investment income	4	27	41	84	152	146
Total income		15,753	134,038	94	149,885	139,043
Expenditure on:						
Charitable activities	5	(15,243)	(133,397)	(410)	(149,050)	(137,272)
Total expenditure		(15,243)	(133,397)	(410)	(149,050)	(137,272)
Total income less expenditure before (losses)/gains on investments		510	641	(316)	835	1,771
(Losses)/gains on investments	10	(58)	-	(1,561)	(1,619)	2,330
Net (expenditure)/income		452	641	(1,877)	(784)	4,101
Transfers between funds	13	1,613	(615)	(998)	-	-
Net movement in funds		2,065	26	(2,875)	(784)	4,101
Total funds at 1 January	13	3,732	8,333	34,993	47,058	42,957
Total funds at 31 December	13	5,797	8,359	32,118	46,274	47,058

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

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

Statement of Financial Activities

for the year ended December 2017

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2017
	Notes	£'000	£'000	£'000	£'000
Income from:					
Grants, donations and legacies	2	12,790	123,703	11	136,504
Charitable activities	3	2,393	-	-	2,393
Investment income	4	23	37	86	146
Total income		15,206	123,740	97	139,043
Expenditure on:					
Charitable activities	5	(15,381)	(121,649)	(242)	(137,272)
Total expenditure		(15,381)	(121,649)	(242)	(137,272)
Total income less expenditure before gain on investments		(175)	2,091	(145)	1,771
Gains on investments	10	80	7	2,243	2,330
Net (expenditure)/income		(95)	2,098	2,098	4,101
Transfers between funds	13	1,148	(253)	(895)	-
Net movement in funds		1,053	1,845	1,203	4,101
Total funds at 1 January	13	2,679	6,488	33,790	42,957
Total funds at 31 December	13	3,732	8,333	34,993	47,058

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

Balance Sheet

As at 31 December 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Investments	10	35,749	38,416
Total fixed assets		35,749	38,416
Current assets			
Debtors: amounts due within one year	11	39,698	21,432
Short-term deposits		-	2,500
Cash equivalents		3,191	2,191
Cash at bank and in hand		8,659	8,030
Total current assets		51,548	34,153
Non-current assets			
Debtors: amounts due after one year	11	68,299	33,263
Current liabilities			
Creditors: amounts falling due within one year	12	(39,150)	(20,924)
Net current assets		80,697	46,492
Total assets less current liabilities		116,446	84,908
Non-current liabilities			
Creditors: amounts falling due after one year	12	(67,401)	(32,279)
Net asset excluding pension deficit recovery liability		49,045	52,629
Defined benefit pension scheme liability	14	(2,771)	(5,571)
Total net assets		46,274	47,058
Funds of the charity			
Unrestricted funds:			
General fund	13	2,617	3,230
Designated funds	13	5,951	6,073
Pension reserve	13	(2,771)	(5,571)
Total unrestricted funds		5,797	3,732
Restricted funds	13	8,359	8,333
Endowment funds	13	32,118	34,993
Total funds of the charity		46,274	47,058

The financial statements were approved by The Archbishops' Council on 21 March 2019 and signed on its behalf by:

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

Chair of the Finance Committee, Canon John Spence

Cash Flow Statement

As at 31 December 2018

	2018	2017
	£'000	£'000
<i>Reconciliation of net income to net cash flow from operating activities:</i>		
Net (expenditure)/income for the year (as per the statement of financial activities)	(784)	4,101
Depreciation of tangible fixed assets	-	82
Losses/(gains) on investments	1,619	(2,330)
Investment income	(152)	(146)
(Increase) in debtors	(53,302)	(52,696)
Increase in creditors	53,348	51,007
(Decrease) in pension liability	(2,800)	(679)
Net cash flow provided by / (used in) operating activities	(2,071)	(661)
<i>Statement of cash flows:</i>		
Cash flows from investing activities		
Investment income	152	146
Purchase of fixed asset investments	(5,065)	-
Sale of fixed asset investments	6,113	1,286
Disposal of short-term deposits	2,500	2,500
Net cash flow provided by investing activities	3,700	3,932
Change in cash and cash equivalents in the year	1,629	3,271
Cash and cash equivalents at the start of the year	10,221	6,950
Cash and cash equivalents at the end of the year	11,850	10,221
<i>Analysis of cash and cash equivalents:</i>		
Cash equivalents	3,191	2,191
Cash at bank and in hand	8,659	8,030
	11,850	10,221

Notes to the Financial Statements

For the year ended 31 December 2018

1. Accounting policies

(a) Legal status

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

(b) Basis of preparation

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

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

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

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

(c) Significant judgements and estimates

The Council's key judgements and estimates, which have a significant effect on the amounts recognised in the financial statements, are described in the accounting policies and are summarised below:

- Pension deficit liabilities - estimations surrounding the recognition of the Charity's defined benefit pension deficit liabilities. Further details are disclosed in notes 1(j) and 14.
- Carrying value of investment assets including programme-related social investments – judgements in respect of appropriate valuation methods used for the assets of the Charity. Further details are disclosed in note 10.
- Value of debtors and creditors due after more than one year – judgement in respect of whether the long-term debtor and creditor needs to be discounted to present value. Further details are disclosed in Note 1(h).

(d) Going concern

The trustees have reasonable expectation that the Council has adequate resources and cash flows to meet spending commitments for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and accounts.

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

(e) Funds structure

Unrestricted funds

General Funds are funds of the Council which can be used for its general charitable objects to coordinate, promote, aid and further the work and mission of the Church of England.

Designated Funds are funds which the Council has earmarked for a particular purpose. There are no legally binding restrictions on them and the Council is free to re-designate these funds should this be appropriate. The purpose of each designated fund is disclosed in the statement of funds (note 13).

Restricted funds

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

Endowment funds

Expendable endowment restricted funds are sums of money which may be spent in their entirety on the specified purposes, but do not have to be spent on those purposes within a reasonable period. One such expendable endowment fund is the Church and Community Fund (note 13), for which there is absolute discretionary power to expend in accordance with its trust deed.

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

Further details of each fund are shown in note 13.

(f) Income recognition

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

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

(g) Expenditure recognition

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

The Council's expenditure on charitable activities is described in note 5. Grants awarded (note 6) are allocated directly to activities. Direct (note 7) and support costs (note 8) are apportioned according to an activity-based time split.

Investment managers' fees are not disclosed within expenditure. The Council's investments are principally held in collective investment schemes. Fees levied on the schemes are allocated by the schemes to income and capital prior to distribution to fund holders, therefore investment income and realised gains are shown net of applicable fees.

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

(h) Grant recognition

An agreement is in place whereby the Church Commissioners provide funding to match the grant payments made to dioceses. As a result, income is accrued at the year-end (note 11) to match the Council's grant commitment to the dioceses (note 12).

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

The long-term debtor and creditor balances are not discounted to present value. This is because any adjustment would be immaterial based on the expected timing of long-term grant receipts and payments.

(i) Fixed assets

Investments: Investment funds

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

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

Investments: Social investments

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

(j) Pensions

Staff pensions are described in note 14. Defined benefit schemes are considered to be multi-employer schemes as described in FRS 102 paragraph 28.11 and consequently are accounted for as if they were defined contribution schemes, where employer contributions payable in the year are charged to expenditure. The National Church Institutions' (NCIs) pension scheme liability is calculated by actuaries Lane, Clark and Peacock (LCP) LLP. The Church of England Pensions Board took advice from LCP and have determined the method and assumptions to use for this valuation in consultation with the employers. The valuation adopts the "projected unit method", under which the technical provisions are calculated as the amount of assets required as at the valuation date to meet the projected benefit cash flows, based on benefits accrued to the valuation date and the various assumptions made.

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

(k) Leases

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

(l) Taxation

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

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

(m) Related parties

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

The Council, together with the Church Commissioners and the Church of England Pensions Board are equal partners in Church of England Central Services (ChECS), a joint venture (jointly controlled entity). The Council's interest in ChECS is not consolidated as the Council is not a group. Any balances owing to or from ChECS are recorded in debtors/creditors. Further detail is provided in note 17.

The Council is also a related party to the following pension funds, operated by the Church of England Pensions Board: Church of England Funded Pension Scheme; Church Administrators Pension Fund, Church Workers Pension Fund. Details about the pension funds, including contributions paid, are given in note 14.

(n) Cash at bank and in hand

Cash at bank and in hand includes deposits which can be withdrawn within 24 hours without penalty and deposits which have a maturity period of 3 months or less and are not subject to significant risk of changes in value.

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

2. Income from grants, donations and legacies

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2018	Total 2017
	£'000	£'000	£'000	£'000	£'000
Grants received from:					
Church Commissioners	635	103,954	-	104,589	92,566
Pilgrim Trust	-	185	-	185	185
Cathedrals Repair Fund	-	8,737	-	8,737	10,584
Others	67	170	-	237	457
Total grants received	702	113,046	-	113,748	103,792
Gift of rent-free accommodation	664	-	-	664	640
Contributions from dioceses	11,396	20,581	-	31,977	30,992
Legacies	184	52	10	246	777
Other donations	50	318	-	368	303
Total income from donations and legacies	12,996	133,997	10	147,003	136,504

Grant income from the Church Commissioners

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

The Corporation of the Church House again waived the rent chargeable to the Council in 2018. In turn the Council did not charge rent to the Church Commissioners. The Commissioners again decided to make an unrestricted grant to the Council of a sum equivalent to its rent saving which the Council has primarily used to help fund work on Safeguarding. The Corporation of the Church House has informed the Council that rent will begin to be charged in accordance with the terms of the lease from 1 January 2019.

First World War Centenary Cathedrals Repair Fund

Grant funding totalling £40 million was awarded to the Archbishops' Council by the Department of Culture, Media and Sport, in relation to the Church of England First World War Centenary Cathedrals Repair Fund, to be spent between October 2014 and December 2018.

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

Gift of rent-free accommodation

The Corporation of the Church House, which exists to provide accommodation to the NCIs, granted a rent-free period to the Council for its lease of office space at Church House in 2018.

Income of £664,000 (2017: £640,000) consists of the total gift of rent-free accommodation from the Corporation of the Church House £1,377,000 (2017: £1,328,000) less the proportion of rent that would have been recovered from the other NCI tenants.

3. Income from charitable activities

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total	Total
				2018	2017
	£'000	£'000	£'000	£'000	£'000
Accommodation – income from sub-tenants	1,529	-	-	1,529	1,405
Church House Publishing	358	-	-	358	401
Conferences and courses	443	-	-	443	465
Other income	400	-	-	400	122
Total income from charitable activities	2,730	-	-	2,730	2,393

4. Income from investments

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total	Total
				2018	2017
	£'000	£'000	£'000	£'000	£'000
Dividends	-	3	77	80	82
Interest on cash and deposit funds	27	38	7	72	64
Total income from investments	27	41	84	152	146

5. Expenditure on charitable activities

	Grants awarded	Direct costs	Support costs	Total	Total
				2018	2017
	Note 6	Note 7	Note 8	£'000	£'000
Charitable objective	£'000	£'000	£'000	£'000	£'000
Evangelism	65,098	851	406	66,355	46,627
Discipleship	-	455	400	855	1,057
Ministry	58,147	1,992	677	60,816	66,782
Common good	-	1,741	686	2,427	2,740
Education	146	593	178	917	806
Resources for the Church	10,200	966	1,597	12,763	14,662
Safeguarding	-	1,590	342	1,932	1,611
Governance for the Church	-	1,436	914	2,350	2,553
A Church for all people	-	469	166	635	434
Total charitable expenditure	133,591	10,093	5,366	149,050	137,272

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

6. Grant making

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

a) Evangelism

	2018	2017
	£'000	£'000
Strategic development funding to 23 dioceses (2017: 27)	64,125	44,621
<i>Other Evangelism grants awarded:</i>		
- Grants awarded from the Mission Agencies Pension Contributions Fund	753	730
- Grants awarded to Church Urban Fund	203	203
- Other institutions	17	16
Total grants awarded for Evangelism	65,098	45,570

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

The Church Commissioners are statutorily required under the Pensions Measure 1997 to meet the pension costs of clergy who are employed by those mission agencies which were Church of England members of the Partnership for World Mission at the time the Measure was passed. By agreement, the Council met the full cost of this liability, which was £753,000 (2017: £730,000). The contribution was made in respect of an average number of clergy of 81 in 2018 (2017: 79).

b) Ministry

	2018	2017
	£'000	£'000
Lowest Income Communities (LInC) funding (to 26 dioceses (2017: 26))	24,770	24,000
Transitional funding (2017-2026) (to 20 dioceses (2017: 21))	10,919	12,153
Restructuring funding (to 6 dioceses (2017: 14))	2,635	8,640
Grants for ministry training (to 286 individuals and 75 institutions (2017: 536 individuals and 70 institutions))	14,573	13,723
Grants for clergy retirement housing (to the Church of England Pensions Board)	4,806	4,577
Other grants	444	380
Total grants awarded for Ministry	58,147	63,473

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

Transition funding is distributed (at a declining rate over ten years from 2017) to dioceses whose funding for the support of the lowest income communities is less than under the previous 'Darlow' grant funding method which ended in 2016.

6. Grant making continued

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

Grants awarded for ministry training have been paid to Dioceses since September 2017. Ordinands entering training now have their tuition fees and some allowances paid for by a block grant, given to dioceses according to the number and ages of their ordinands, irrespective of their pathway choice. Ministry Division still pays grants direct to those ordinands who started training before September 2017.

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

c) Education

	2018	2017
	£'000	£'000
Church Colleges of Education Fund	130	81
Strategic Development Funding (to the National Society)	-	40
Other	16	15
Total grants awarded for Education	146	136

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

d) Resources for the Church	2018	2017
	£'000	£'000

Grants awarded from the Grants and Provisions Fund:

Anglican Communion Office	571	539
Churches Together in England	150	150
Other institutions	256	256
Total grants awarded from the Grants and Provisions Fund	977	945

Grants awarded for development of Church buildings for worship and service:

Grants funded by the Pilgrim Trust (to 92 institutions (2017: 88 institutions))	192	178
Grants funded by the First World War Centenary Cathedrals Repair Fund (to 43 cathedrals/institutions (2017: 44 cathedrals/institutions))	8,737	10,584
Other cathedral grants	77	26
Total grants awarded for development of Church buildings for worship and service	9,006	10,788

Other grants awarded:

Strategic Development Funding (Clergy Data and Pathways projects)	186	435
Other grants	31	77
Total grants awarded for Resources for the Church	10,200	12,245

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

7. Direct costs

Charitable objective	Administration and central office costs	Department running costs	2018 Total	2017 Total
	£'000	£'000	£'000	£'000
Evangelism	201	650	851	600
Discipleship	101	354	455	600
Ministry	459	1,533	1,992	1,878
Common good	403	1,338	1,741	1,555
Education	141	452	593	380
Resources for the Church	211	755	966	1,372
Safeguarding	252	1,338	1,590	914
Governance for the Church	328	1,108	1,436	1,449
A Church for all people	113	356	469	246
Total direct costs 2018	2,209	7,884	10,093	8,994
Total direct costs 2017	1,822	7,172		8,994

Direct costs are costs incurred by the Council to directly fund its charitable activities. Central costs are apportioned according to an activity-based time split. Administration and Central Office costs include costs associated with holding conferences and courses, costs associated with Church House Publishing, and other costs such as non-staff expenses. Department running costs include staff remuneration costs (per note 9), departmental legal and professional fees, plus other departmental expenses. Total legal and professional fees incurred by Archbishops' Council departments during 2018 were £1,396,000 (2017: £1,373,000).

8. Support costs

Note	Evangelism	Discipleship	Ministry	Common good	Education	Resources for the Church	Safeguarding	Governance for the Church	A Church for all people	2018 Total	2017 Total	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Support costs												
Accommodation	249	124	569	500	175	261	312	407	140	2,737	2,500	
Shared service costs	349	372	547	571	137	1,537	270	725	135	4,643	4,217	
Other	4	2	10	9	3	5	5	7	2	47	31	
Total support costs	602	498	1,126	1,080	315	1,803	587	1,139	277	7,427	6,748	
Governance costs												
Audit fees	3	2	7	6	2	3	4	5	2	34	34	
Internal audit and risk management	-	-	-	-	-	-	-	96	-	96	56	
Membership and committees	1	-	1	1	1	1	1	1	-	7	6	
Total governance costs	4	2	8	7	3	4	5	102	2	137	96	
Total support and governance costs (before movement on pension deficit provision)												
	606	500	1,134	1,087	318	1,807	592	1,241	279	7,564	6,844	
Movement on pension deficit provision												
Interest on provision	14	7	3	15	13	5	7	8	11	4	73	86
Re-measurement of provision	14	(207)	(103)	(472)	(414)	(145)	(217)	(258)	(338)	(117)	(2,271)	(76)
Total support and governance costs 2018	406	400	677	686	178	1,597	342	914	166	5,366	6,854	
Total support and governance costs 2017	457	457	1,431	1,185	290	1,045	697	1,104	188		6,854	

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

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

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

Expenses incurred by members in attending Council and committee meetings and on other business of the Council were reimbursed to 16 members (2017: 19) totalling to £7,000 (2017: £6,000). The members of the Council have no entitlement to salary or pension arising from their services to the Council.

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

9. Staff numbers and remuneration

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

In addition to staff employed directly, the work of the Council is supported by staff in shared service departments provided by Church of England Central Services (ChECS) (see note 17) which provides finance, HR, communications, legal, IT and internal audit services to the NCIs. The SORP requirements are that the costs of staff employed by third parties who operate on behalf of the Charity should be disclosed in the accounts. In order to comply with the spirit of the SORP, the total costs of all ChECS staff are shown in the tables. The Council's share of their costs was £3,456,000 (2017: £3,052,000).

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

	Archbishops' Council		ChECS	
	2018	2017	2018	2017
	Number	Number	Number	Number
Average Number Employed	117	109	161	153
	£'000	£'000	£'000	£'000
Salaries	4,796	4,418	7,099	6,483
National Insurance Costs	538	492	784	717
Pension Contributions	699	620	1,673	1,545
Total cost of staff	6,033	5,530	9,556	8,745

Included in the Council's own staff costs is £0 (2017: £14,000) paid by way of redundancy costs to zero (2017: 2) individuals, the costs of which are accounted for in full in the year in which the restructure is announced.

9. Staff numbers and remuneration continued

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

	Archbishops' Council		ChECS	
	2018 Number	2017 Number	2018 Number	2017 Number
£60,001 to £70,000	8	4	13	9
£70,001 to £80,000	1	3	5	4
£80,001 to £90,000	4	3	5	5
£90,001 to £100,000	-	-	3	3
£120,001 to £130,000	-	-	-	2
£140,001 to £150,000	-	-	2	-
£170,001 to £180,000	1	1	-	-

The Chief Executive is employed directly by the Council but all other staff are employed jointly by the seven NCIs, one of which is specified as their managing employer. Of the staff above managed by the Council, 9 (2017: 7) accrue benefits under the CAPF defined contribution scheme for which contributions for the year were £110,000 (2017: £69,000). A further 4 staff (2017: 3) accrue benefits under defined benefit schemes, with 2 (2017: 1) in the CAPF and 2 (2017: 2) in the CEFPS. Defined benefit contributions for the year were £43,000 (2017: £33,000).

Of those managed by ChECS, 22 (2017: 15) staff members accrue benefits under the CAPF defined contribution scheme for which contributions for the year were £217,000 (2017: £164,000). The remaining 6 staff members (2017: 8) accrue benefits under a defined benefit scheme. Defined benefit contributions for the year for these staff were £102,000 (2017: £125,000).

The highest paid member of staff was the Chief Executive who earned £174,555 (2017: £170,239). Further details of the Council's remuneration policy are included in the Staff section of this annual report.

The Council's senior executive leadership team comprises 12 individuals, for whom the Archbishops' Council was the managing employer of 8 individuals and ChECS was the managing employer of 4. Their aggregate remuneration, including pension contributions, is £1,111,000 (2017: £994,000).

Staff loans

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

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

10. Investments

	Investment funds	Programme Related Social investments	2018	2017
	£'000	£'000	£'000	£'000
At 1 January	35,191	3,225	38,416	37,372
Additions	5,065	-	5,065	-
Disposals	(6,113)	-	(6,113)	(1,286)
Revaluations	(1,619)	-	(1,619)	2,330
At 31 December 2018	32,524	3,225	35,749	38,416

At 31 December 2017	35,191	3,225	38,416
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Investment funds

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

	2018	2017
	£'000	£'000
Sarasin	21,649	18,214
Ruffer	10,829	16,929
CCLA	39	40
Other	7	8
At 31 December	32,524	35,191

The investment funds consisted of the following underlying assets:

	2018	2017
	£'000	£'000
Equities	18,239	19,330
Property	1,972	1,859
Index linked / Fixed interest securities	8,212	9,910
Infrastructure / Alternative	2,734	2,875
Cash and cash equivalents	1,367	1,217
At 31 December	32,524	35,191

Programme Related Social investments

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

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

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

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

11. Debtors	2018	2017
	£'000	£'000
Amounts due within one year		
Trade debtors	371	185
Prepayments	317	662
Amounts due from NCIs	379	759
Amounts due from colleges and schools	59	51
VAT and social security	168	277
Other debtors	49	450
Grants receivable – SDF diocesan and restructuring grants	37,003	17,876
Grants receivable – SDF non-diocesan grants	862	677
Grants receivable – other grants	490	495
Total debtors due within one year	39,698	21,432
Amounts due after more than one year		
Amounts due from colleges and schools	154	203
Grants receivable – SDF diocesan and restructuring grants	67,401	32,279
Grants receivable – SDF non-diocesan grants	744	781
Total debtors due after one year	68,299	33,263
Total debtors	107,997	54,695

12. Creditors	2018	2017
	£'000	£'000
Amounts due within one year		
Trade creditors	723	1,485
Grants payable - SDF diocesan and restructuring grants	37,003	17,876
Grants payable - SDF non-diocesan grants	136	177
Grants payable - other grants	850	825
Accruals and deferred income	298	487
Amounts due to NCIs	49	16
Other creditors	91	58
Total creditors due within one year	39,150	20,924
Amounts due after more than one year		
Grants payable - SDF diocesan and restructuring grants	67,401	32,279
Total creditors due after more than one year	67,401	32,279
Total creditors	106,551	53,203

13. Statement of funds

The table below shows details of 2018 movements on funds material to the Council in terms of fund value or in-year movement (more than £500,000) or those funded by diocesan apportionment (*).

Fund	Fund balance brought forward	Income	Expenditure	Transfers	Gains and losses	Fund balances carried forward
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds						
General Fund	3,230	15,565	(17,621)	1,500	(57)	2,617
<i>Designated funds</i>						
Church Schools Fund	543	-	(2)	-	-	541
Church House planned maintenance	802	-	(265)	-	-	537
Social investments: properties	3,225	-	-	-	-	3,225
CHARM (*)	411	-	-	-	-	411
Other designated funds	1,092	188	(155)	113	(1)	1,237
Total designated funds	6,073	188	(422)	113	(1)	5,951
Total unrestricted funds before pension reserve	9,303	15,753	(18,043)	1,613	(58)	8,568
Pension deficit reserve	(5,571)	-	2,800	-	-	(2,771)
Total unrestricted funds	3,732	15,753	(15,243)	1,613	(58)	5,797
Restricted funds						
Training for ministry fund (*)	2,692	14,406	(14,724)	198	-	2,572
Grants & provisions fund (*)	238	1,245	(1,190)	(20)	-	273
Mission agencies pension contributions (*)	216	808	(753)	-	-	271
CHARM (*)	394	4,809	(4,806)	-	-	397
Dioceses Fund	1,003	57	(50)	-	-	1,010
First World War Centenary Cathedrals Repair Fund	4	8,737	(8,739)	-	-	2
Legal costs	1,303	9	(100)	20	-	1,232
Strategic Development Funding (Diocesan)	-	64,125	(64,125)	-	-	-
Strategic Development Funding (Non-Diocesan)	1,279	789	(291)	(302)	-	1,475
Lowest Income Communities Funding (LInC)	-	24,770	(24,770)	-	-	-
Transition Funding	-	10,919	(10,919)	-	-	-
Restructuring Funding	-	2,635	(2,635)	-	-	-
Other restricted funds	1,204	729	(295)	(511)	-	1,127
Total restricted funds	8,333	134,038	(133,397)	(615)	-	8,359
Endowment funds						
<i>Expendable endowment funds</i>						
The Archbishops' Council Ministerial Training Trust Fund	1,442	51	(196)	(224)	(56)	1,017
Church Colleges of Education Fund	3,586	(1)	(130)	16	(157)	3,314
Church and Community Fund	21,534	-	-	(685)	(938)	19,911
Church of England Special Purposes Fund	1,768	-	-	-	(79)	1,689
Women's Continuing Ministerial Education Trust	1,706	-	(57)	(1)	(75)	1,573
MPA Sundry Funds	617	-	-	(36)	(27)	554
Other expendable endowment funds	1,206	6	(8)	(52)	(15)	1,137
Total expendable endowment funds	31,859	56	(391)	(982)	(1,347)	29,195
<i>Permanent endowment funds</i>						
The Archbishops' Council Ministerial Training Trust Fund	1,635	-	-	-	(115)	1,520
Church Colleges of Education Fund	714	19	(3)	(16)	(50)	664
Other permanent endowment funds	785	19	(16)	-	(49)	739
Total permanent endowment funds	3,134	38	(19)	(16)	(214)	2,923
Total endowment funds	34,993	94	(410)	(998)	(1,561)	32,118
Total funds of the charity	47,058	149,885	(149,050)	-	(1,619)	46,274

13. Statement of funds continued

Fund	Fixed Assets	Cash & Short Term Deposits	Debtors	Creditors	Provision for Pension Liability	NET ASSETS
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	4,453	3,778	889	(552)	(2,771)	5,797
Restricted Funds	-	7,295	107,007	(105,943)	-	8,359
Endowment Funds	31,296	777	101	(56)	-	32,118
Total	35,749	11,850	107,997	(106,551)	(2,771)	46,274

Unrestricted funds: General Fund

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

Unrestricted funds: designated funds

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

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

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

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

Restricted funds

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

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

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

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

The Dioceses Fund holds other grants received from the Church Commissioners for distribution to the dioceses.

The First World War Centenary Cathedrals Repair Fund is the vehicle by which grant funding received from the DCMS towards Cathedral repairs is distributed to Cathedrals.

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

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

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

13. Statement of funds continued

Restricted funds (continued)

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

Transition Funding represents grant to dioceses whose funding for the support of the lowest income communities is less than under the previous grant funding method used until the end of 2016.

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

Endowment funds

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

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

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

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

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

Transfers

The Council makes transfers of surpluses arising within general unrestricted funds to specific designated funds. The Council makes transfers from restricted funds to unrestricted funds only where such restricted funds are being applied in accordance with the object, purpose and restrictions of the underlying fund or charity. Transfers are made from expendable endowment funds to income funds to spend in accordance with the purpose of the underlying endowment.

The most significant transfers during the year were:

- £685,000 was transferred from the Church and Community Fund (transfer between endowment funds and general funds) to meet both safeguarding and general operating activities.
- £209,000 was transferred from the Church of England Ministerial Scheme (transfer between other restricted funds and general funds) to provide grants from and administration of the Ministry Experience Scheme.
- £216,000 was transferred from the Clewer Initiative fund (transfer between other restricted funds and general funds) to support administration of the Clewer Initiative which aims to enable dioceses and wider Church networks to develop strategies for detecting modern slavery in their communities.
- £302,000 was transferred from the SDF Non-Diocesan Fund to the general fund in respect of Renewal & Reform activities.
- £161,000 was transferred from the general fund to a designated fund established for the new Safe Spaces project.

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

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

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

14. Pensions

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

The table below shows the value of the pension provision for each scheme:

	2018	2017
	£'000	£'000
CAPF	2,665	5,440
CEFPS	106	131
Total	2,771	5,571

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

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

	CAPF: defined benefit scheme	CAPF: defined contribution scheme	CEFPS	Total
2018	15	96	6	117
2017	20	81	8	109

Church Administrators Pension Fund (CAPF)

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

The contributions to the scheme are assessed by an independent qualified actuary using the projected unit method of valuation. A valuation of this section is carried out every three years, the most recent having been at 31 December 2017. This revealed a deficit of £13.3m. Following the valuation, the employers have collectively entered into an agreement with CAPF to continue to pay contributions of 19.1% of Pensionable Salaries (increasing to 23.5% of Pensionable Salaries with effect from 1 May 2023). The employers have also agreed to make deficit payments of £2,667,723 per annum as at 1 January 2018, payable monthly until 30 April 2023, in respect of the shortfall in the Defined Benefit Section (increasing each 1 January by 3.3% per annum). These deficit contributions are made by each employer in proportion to Pensionable Salaries of those in the Defined Benefit Section.

For comparison, the deficit recovery plan in force at the previous accounting date (31 December 2017) was for the deficit payments of £2,667,723 per annum as at 1 January 2018 to be payable monthly until 30 June 2025 (increasing each 1 January by 3.3% per annum).

14. Pensions continued

The table below shows the movement on the provision:

	Provision brought forward	Contributions paid	Interest charged on provision	Adjustment to net present value of provision	Provision carried forward
	£'000	£'000	£'000	£'000	£'000
Council staff	3,678	(352)	49	(1,772)	1,603
Share of ChECS staff	1,762	(234)	23	(489)	1,062
Total provision	5,440	(586)	72	(2,261)	2,665

This liability represents the present value of the deficit contributions agreed as at the accounting date. The discount rate applied to calculate the present value is 1.8% (2017: 1.4%).

In addition, the employers are responsible for making contributions towards the administration costs of the scheme of £210,000 (2017: £210,000) and the Pension Protection Fund levies of £65,000 (2017: £66,000). In 2018, the Council's share of these costs was £37,000 (2017: £36,000).

Defined contribution scheme: Staff who commenced service after 30 June 2006 are entitled to pensions earned from the contributions paid into a personal pension schemes by the Council and themselves. The Archbishops' Council paid contributions of £515,000 in 2018 (2017: £411,000).

Church of England Funded Pension Scheme (CEFPS)

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

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

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

The table below shows the movement on the provision:

	Provision brought forward	Contributions Paid	Interest charged on provision	Adjustment to net present value of provision	Provision carried forward
	£'000	£'000	£'000	£'000	£'000
Council staff	131	(16)	1	(10)	106
Total provision	131	(16)	1	(10)	106

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

14. Pensions *continued*

Central Board of Finance Lump Sum Scheme

The Central Board of Finance Lump Sum Scheme provides retirement benefits to former staff of the Central Board of Finance (CBF). Due to the preserved nature of the CBF lump sum pension liability, provision for the fixed cash payments has been made in a designated fund. At 31 December 2018 there were 14 (2017: 16) former CBF employees entitled to receive lump sums upon reaching retirement age. The Scheme has HMRC approval under section 20 of the Finance Act 1970. The table below shows the sum set aside in a designated fund to provide for these in future.

	Fund brought forward	Lump sums paid	Fund carried forward
	£'000	£'000	£'000
Former CBF staff	31	(1)	30
Total fund	31	(1)	30

15. Operating leases

The amount due for land and buildings within the next 12 months, on a lease with the Corporation of the Church House, is £1,416,000 (12 months from 31 December 2017: £nil). The cost is shared with the other NCIs.

The amount of rent that would have been charged in 2018 is £1,377,000 (2017: £1,328,000) had the Corporation of the Church House not waived the rental charge for the period. The current rental lease ends in 2020 and any rental charge between now and 2020 is expected to be in line with that 2018 figure (adjusted for RPI).

16. Funds held on behalf of others

The Council is custodian trustee for a number of funds which have trustees separate and independent from the Council but where the Council holds the trusts' investments on their behalf. The funds had a combined income of £103,000 (2017: £176,000), expenditure of £83,000 (2017: £149,000) and net assets of £3,410,000 (2017: £3,429,000).

17. Related parties

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

- £203,000 (2017: £203,000) paid to Church Urban Fund.
- £92,000 (2017: £92,000) paid to Fresh Expressions.
- £11,000 (2017: £0) paid to Church Army.

Church Urban Fund and Fresh Expressions are classified as related parties to the Archbishops' Council as the Archbishops' Council appoints some of the trustees of Church Urban Fund and Fresh Expressions. Church Army are classified as a related party to the Archbishops' Council as the Chief Executive of the Church Army is an elected trustee of the Archbishops' Council.

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

- £119,000 (2017: £109,000) paid by Church Urban Fund.
- £2,000 (2017: £0) paid by Church Army.

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

- £5,000 (2017: £7,356) paid to Church Army.

Pension Schemes

Details of amounts paid to the pension schemes are disclosed in note 14.

Jointly Controlled Entity

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

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

At the balance sheet date, the Council's share of net assets of ChECS was £nil (2017: £nil) and £62,000 (2017: £75,000) was owed to the Council by ChECS. During the year, the Council contributed to the costs of ChECS, as set out in note 9 of these accounts. During the prior year the Council approved a grant to Church of England Central Services Trading (a 100% subsidiary of ChECS) of £400,000, with no further grant funding approved in 2018.



Notes



THE CHURCH
OF ENGLAND