

CHURCH OF ENGLAND CENTRAL SERVICES

England & Wales · Charity number 1155158

Details

Status	Registered
Legal form	Charitable company
Company number	08776679
Registered	2013-12-31
Register	View on the Charity Commission register

Contact

Address	Church House Great Smith Street London SW1P 3AZ
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Website	www.churchofengland.org

Activities

Objects: (1) TO ENHANCE THE EFFICIENCY AND EFFECTIVENESS OF THE CHARITABLE NATIONAL AND DIOCESAN INSTITUTIONS OF THE CHURCH OF ENGLAND (THE 'CHURCH') AND OF OTHER CHARITIES WITH A CHURCH ETHOS (WHETHER ESTABLISHED FOR THE ADVANCEMENT OF RELIGION OR FOR ANOTHER CHARITABLE PURPOSE), BY:-(A) FACILITATING THE PROVISION OF COST-EFFECTIVE SHARED FINANCIAL, LEGAL AND OTHER SERVICES TO THE CHARITABLE NATIONAL INSTITUTIONS OF THE CHURCH BY PROVIDING SUCH SERVICES AND ACTING AS THE MANAGING EMPLOYER OF THE STAFF PROVIDING THOSE SERVICES; AND(B) PROVIDING PAYROLL AND OTHER SERVICES TO THE CHARITABLE DIOCESEAN INSTITUTIONS OF THE CHURCH, AND TO OTHER CHARITIES WITH A CHURCH ETHOS, WHICH ARE DESIGNED TO SUIT THE PARTICULAR NEEDS OF THOSE INSTITUTIONS. (2) TO PROMOTE THE CHARITABLE PURPOSES OF THE ARCHBISHOPS' COUNCIL, THE CHURCH COMMISSIONERS FOR ENGLAND AND THE CHURCH OF ENGLAND PENSIONS BOARD.

Activities: The Charity's objects are to enhance the efficiency and effectiveness of the National Church Institutions (NCIs), dioceses and other charities with a Church ethos by providing cost-effective shared financial, legal and other support services including payroll and also to promote the charitable purposes of the NCIs.

Classification

- **How:** Provides Other Finance, Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information
- **What:** Religious Activities, Economic/community Development/employment
- **Who:** Other Charities Or Voluntary Bodies, Other Defined Groups

Geography

- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£129,595,205	£127,724,856	£2,971,507	211
2023-12-31	£23,414,824	£23,414,824	£0	178
2022-12-31	£18,516,639	£18,516,639	£100	157
2021-12-31	£16,941,877	£16,941,877	£0	177
2020-12-31	£16,994,880	£16,996,476	£-1,584	178

Trustees

Name	Role	Appointed
Alan Nigel Smith		2021-10-01
Carl David Hughes		2023-10-01
HAROLD CLIVE MATHER		2019-05-01
Margaret Alexandra Rodger		2022-10-17
Robert David Zampetti		2024-11-28
The Venerable Samantha Jayne Rushton		2020-02-13

Accounts

Charity Registration No. 1155158

Company Registration No. 08776679 (England and Wales)

CHURCH OF ENGLAND CENTRAL SERVICES

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

(A COMPANY LIMITED BY GUARANTEE)

Church of England Central Services

Reference and administrative information

Trustees

Clive Mather (Chair)
Carl Hughes
Robert Zampetti (from 28 November 2024)
Samantha Rushton
Alan Nigel Smith
Maggie Rodger

Charity Number

1155158

Company Number

08776679

Principal Address & Registered Office

Church House
Great Smith Street
London
SW1P 3AZ

Auditor

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Bankers

Lloyds Bank plc
1 Legg Street
Essex
CM1 1JS

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Trustees' Report (incorporating a Strategic Report) (continued)

The trustees present their trustees' report (which is a directors' report and strategic report for company law purposes) together with the Independent Auditor's report, for the year ended 31 December 2024.

The Charity

Church of England Central Services (ChECS) is a company limited by guarantee, incorporated on 15 November 2013 and registered with the Charity Commission on 31 December 2013. The Charity's governing document is its Memorandum and Articles of Association.

The Charity is a jointly controlled entity between the Archbishops' Council (AC), the Church Commissioners for England (CC), and the Church of England Pensions Board (PB) each of which is a member and guarantor. It is one of seven National Church Institutions (NCIs) and started operating shared services on behalf of the NCIs on 1 April 2014.

Governance and structure

The three members of the jointly controlled entity each have the right to appoint two trustees. The trustees (who are also the company directors) who held office during the year were:

- AC: Samantha Rushton
- AC: Carl Hughes (Chair of Archbishops' Council Finance Committee)
- CC: Alan Smith (First Church Estates Commissioner)
- CC: Robert Zampetti
- PB: Clive Mather (Chair of the Pensions Board)
- PB: Maggie Rodger

The trustees meet regularly with the chief executives in a joint NCIs forum called the Joint Employment and Common Services Board (JECsB), and on the same day the directors also meet together as a ChECS Board to consider the business of ChECS.

In the event of the Charity being wound up, the liability in respect of the guarantee is limited to a sum not exceeding £10 per member of the Charity.

Recruitment and appointment of trustees

The trustees all hold positions in the other NCIs, either as trustees or committee members. Their appointment and training is dependent on the processes in the member NCI. Each member NCI has the power to appoint two trustees to the Board.

Church of England Central Services Trading Limited & Parish Giving Scheme (PGS)

The Charity has two subsidiary companies:

1. A wholly owned trading subsidiary company, Church of England Central Services Trading Limited (ChECS Trading), which carries out activities that are deemed, for tax purposes, to be trading activities. The company was incorporated on 14 March 2014 and donates any taxable profits to the Archbishops' Council, under a deed of covenant, and
2. The Parish Giving Scheme, a solely controlled charitable company limited by guarantee. (company registration no. 08824540 and charity no. 1156606). The mission of the charity is to enhance the generosity that enriches the life of the Church and its ministry in each community. The principal activity of PGS is the provision of a professional and cost-effective scheme to enable givers to support their local church. PGS became a subsidiary from 1 January 2024

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

Staff Remuneration and Executive Pay

The staff working for ChECS 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 which is based on a comprehensive job evaluation scheme, with staff being placed in one of 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 regular review.

The NCIs use a range of appropriate external data tools and internal dedicated resources to advise on market rates. Staff pay is reviewed annually and any increases as a result of the annual pay negotiations are awarded with effect from 1 January each year. 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.

Certain senior roles sit outside the banding system, as the skill set required to fulfil the role is not readily measured within the NCIs' standard job evaluation system. Salaries for these roles are set individually with reference to the wider employment market, typically comparing to the charity and public sector, and 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 other staff.

The "key management personnel" for ChECS are the three chief executives of the other NCIs (as well as the six trustees, who are appointed by the other NCIs), therefore none are paid by ChECS. The "key management personnel" for ChECS Trading Limited are directors employed and paid by ChECS. "Key management personnel" for PGS comprises of the chief executive and management who are directly employed and paid by PGS.

Pensions

All ChECS staff members are eligible to join the Church Administrators Pension Fund – those whose employment commenced before July 2006 accrue pension on a defined benefit basis, and those employed subsequently are part of the defined contribution section with employer contribution rates ranging from 8% to 18% depending on the age of the employee and any personal contribution that they make. ChECS staff who have joined from 1 January 2024, are eligible to join the Church Workers Pension Fund – Pension Builder 2014 scheme, which is a cash balance classified scheme both in respect of tax and pensions legislation.

PGS staff members are eligible to join PGS' own separate defined contribution pension scheme it operates.

Safeguarding

The trustees recognise the vital role they play in ensuring that ChECS operates effectively and safely. By collaborating closely with management, they ensure regular reviews and the implementation of appropriate safeguarding standards. This provides assurance that all activities and services provided by ChECS are safe for beneficiaries, staff, and volunteers, and comply with legal, ethical, and national safeguarding requirements. Trustees are committed to prioritising safeguarding in their meetings, demonstrating their unwavering commitment to protecting the well-being of everyone involved with ChECS and its subsidiaries.

STRATEGIC REPORT

PUBLIC BENEFIT

In exercising their responsibilities, the trustees have had regard to the Charity Commission's published advice on public benefit, in accordance with the requirements of s17(5) of the Charities Act 2011. ChECS' activities provide public benefit by reducing the support costs of the NCIs, dioceses and other charities with a Church ethos which allows them to better provide their charitable services.

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

ACTIVITIES AND BUSINESS REVIEW

Activities

The Charity's objects are to enhance the efficiency and effectiveness of the NCIs, dioceses and other charities with a Church ethos by providing cost-effective shared financial, legal and other support services including payroll, and to promote the charitable purposes of the NCIs.

The day-to-day management of the Charity's departments has been delegated to the three chief executives of the NCIs. Management is shared across the NCIs as follows:

Archbishops' Council managed

- Communications & Digital
- Legal

Church Commissioners managed

- Technology
- Office Services
- Data Services
- Finance, Procurement & Project Management
- Human Resources
- Giving & Stewardship
- Assurance, Internal audit and Risk Management

The NCIs are managed respectively by:

- William Nye (AC – Secretary General)
- Gareth Mostyn (CC – Secretary and Chief Executive)
- John Ball (PB – Chief Executive)

The costs of operating these functions are recovered from those receiving the services according to their proportionate usage of the shared services. The ChECS senior leadership team has met regularly during 2024 and reports quarterly progress to the ChECS Board.

The ChECS Group comprises ChECS (the parent) and its subsidiaries, ChECS Trading (ChECST) and the Parish Giving Scheme (PGS). Below is a summary of the subsidiaries:

ChECS Trading (ChECST) operates two key business activities: the Parish Buying Scheme and the Pathways recruitment portal. Any surplus profit generated, after covering administrative, audit, and tax costs, is donated to the Archbishops' Council, effectively reducing taxable profit to zero.

Parish Giving Scheme (PGS) supports the Church of England and other Christian charities by promoting their work and raising funds. It also enhances the efficiency of charity administration. Trustees regularly review the charity's public benefit in line with Charity Commission guidelines. In 2024, PGS helped over 5,500 Church of England parishes access funds from more than 88,000 donors, improving donation efficiency. The service also provided crucial support during the cost-of-living crisis by maintaining or increasing regular giving, bolstering the Church's local mission.

Business Review

In 2024, ChECS continued to drive a dynamic programme of change aligned with the Church of England's Vision & Strategy for the 2020s. Focused on key priorities like Net Zero, Safeguarding, and church estate modernisation, ChECS successfully supported dioceses and cathedrals, making significant strides despite a challenging geopolitical and economic environment. This year marked substantial progress in enhancing the organisation's resilience, enabling it to be more modern and fit for the future.

In terms of technology, 2024 saw major improvements in governance, incident response, and disaster recovery under the leadership of a new Director of Technology. With a renewed focus on Cyber Security, key areas that had previously scored poorly in audits are now on track for significant improvements.

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

Looking ahead to 2025, ChECS is committed to strengthening the foundations of its systems for a more secure future.

The Data Services team achieved several milestones, including launching a pilot for Centralised Mapping Services, developing an Automated Salary Payment System, and beginning the Diversity Data Collection Project. Their efforts also included GDPR training, decommissioning outdated systems, and creating resources like new census dashboards and updated Data Retention Schedules.

The Finance Transformation Programme made significant progress, with key projects entering the implementation phase in 2025. These projects, including Pension Finance Automation and Grants Management, align closely with the Governance Programme, which will help redefine the future of the NCIs. Additionally, full recruitment of the Finance function in 2024 strengthened the team, leading to more flexible and reliable delivery of services, enhanced performance, and improved year-end statutory account closures.

With regard to internal controls, the ChECS Risk & Assurance team made notable contributions by delivering risk-based audit plans and facilitating risk management across multiple NCIs, providing regular updates to key governance meetings, managed the annual insurance renewals and claims processing, and developed comprehensive counter-fraud arrangements throughout the pan-NCI network. These efforts have helped ensure that ChECS continues to operate with transparency and accountability.

HR has led on significant achievements included the successful Pay award, Gender Pay report publication, and the completion of the 2024 Engagement Survey. Recruitment efforts were strengthened with the launch of new careers webpages, while the HR team restructured to better meet the NCIs' evolving needs. Notable initiatives included a diocesan pilot on Bullying and an expanded HR Diocesan Network, including cathedrals, with plans for external service provision beyond 2025.

ChECS trading has broken even in 2024, with Parish Buying showing a £14.9k deficit and Pathways a £9.4k surplus. The company has strong prospects for the future due to a more cost-efficient operating model and new energy broker Mitie Energy.

While the core business activities remained unchanged in 2024, significant changes were made to the operational model for the Parish Buying scheme. These adjustments have been designed to reduce energy broker fees and other operating costs, thereby boosting potential surpluses.

The most significant development this year has been ChECS becoming sole member, with full control, of Parish Giving Scheme (PGS) as at 1 January 2024. PGS's main activity is managing a regular giving scheme that collects donations via Direct Debit, with funds allocated to specified churches within 10 days. Gift Aid is claimed monthly and forwarded to churches promptly. The administrative costs are covered by Diocesan Boards of Finance, and by the end of 2024, the scheme was supporting 38 dioceses.

PGS's objective is to support the Church of England and other Christian charities, promoting their work and raising funds. It also works to enhance the efficiency of charity administration that supports these purposes. Trustees review the charity's public benefit regularly, following the Charity Commission's guidelines. In 2024, the charity's PGS service helped over 5,500 Church of England parishes access funds from 88,000+ donors, making contributions more efficient. This service also supported churches during the cost-of-living crisis by maintaining or increasing regular giving to help the Church's mission locally.

Parish Giving had a standout year, with our ChECS PGS subsidiary generating £99.9m through the Parish Giving Scheme, with an additional £19.7m donated through the ChECS online and contactless giving. Generosity Week saw 7.5k downloads of resources, and the Parish Resources website attracted 35k new visitors. The success of over 400 new energy accounts opened via Parish Buying further contributed to cost savings and sustainability, as electricity was sourced from the Hornsea 1 wind farm. These achievements highlight a year of growth in supporting parishes to fund a sustainable ministry, to the benefit of all the communities they serve.

Finally, the Digital Communications team provided robust support across several initiatives, including securing fair media coverage on the Rwanda Bill, managing the LLF debate, launching the #PrayYourPart

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

campaign, and introducing the Everyday Faith App. They also organized a successful Diocesan Communicators conference and coordinated responses to the UK riots and new anti-bullying guidance.

These combined efforts reflect a year of transformation, progress, and strengthening the NCIs to better support the mission of the Church of England.

FINANCIAL PERFORMANCE

This financial year is the first year of the inclusion of PGS within the consolidated financial results of the Charity. With the inclusion of PGS, the Charity Group recorded an annual income of £130.7m (2023: £23.4m) and annual expenditure of £127.7m (2023: £23.4m). Majority of the annual income and expenditure comprise of restricted PGS' received donations and related restricted expenditure. For further details, see Note 2 (page 24).

Excluding PGS, ChECS generated an unrestricted annual expenditure amounting to £26.6m (2023: £23.4m) which was fully recovered from the primary recipients of the services from the Charity.

The Charity's results are set out in the Consolidated Statement of Financial Activities (page 17), the Balance Sheets (page 18) and the Consolidated Cash Flow Statement (page 19).

Financial results of subsidiaries, ChECS Trading Limited and PGS, are set out in Notes to the Financial Statements - Note 9 (page 32).

Funds

As all the Charity's resources are spent in pursuit of its primary charitable objects, ChECS' resources are categorised under Unrestricted Funds.

The subsidiary, PGS, has resources that are categorised under Restricted Funds, as well as Unrestricted Funds. Restricted Funds are in relation to the amounts collected from givers to the PGS and returned in full to the relevant parish.

Total reserves at the year end were £2.97m (2023: nil), comprising of designated reserves of £2,843k and free reserves of £129k, with nil restricted reserves. Whole of free reserves represent PGS free reserves at the year end. ChECS, as a single charity, together with its trading subsidiary ChECS Trading Limited, does not hold any reserves.

PGS free reserves of £129k are available for PGS' day-to-day requirements and are held with the aim to cover the costs of unforeseen contingencies. This level of free reserves is below PGS' agreed policy outlined below, however PGS' trustees will look to take steps in future budgeting to address this, as well as looking to enhance other income and funding sources where possible.

Reserves

ChECS, as a single entity charity, does not hold reserves as all of its expenditure is recoverable from those receiving its services in the period in which the service was provided. As such, there is no need for reserves to be held.

PGS has separate unrestricted funds, one which represents carrying value of PGS's intangible fixed assets on the basis that these intangible assets are essential to the day-to-day operations of PGS, and for that reason not available, therefore it is kept separate to the free unrestricted fund reserves. Trustees of PGS have agreed that free unrestricted fund reserves should be maintained to meet unforeseen operational costs equivalent to a minimum of 3 months of operating costs (£200k).

Measures of performance

As a provider of shared services to the NCIs and wider church, the main performance indicators for ChECS are an increased use of shared services plus the ability of the charity to recoup its costs. Both objectives were satisfactorily met during 2024.

Funding sources and Going concern

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

The majority of the Charity's income is received from the three main National Church Institutions in the form of recharged expenditure and from fund raising activities through the PGS subsidiary which is included in the consolidated group position A small proportion of its income comes from other bodies to which it provides services (such as IT services and payroll). The Charity prepares annual budgets and regular re-forecasts, and in addition, in formulating its strategy for future development, considers a longer-term period beyond that for which formal budgets and forecasts are prepared.

The trustees have assessed the key risks and uncertainties which impact upon immediate liquidity and longer-term solvency for both ChECS and the ChECS Group (which includes ChECS trading and PGS). The trustees have specifically considered the effect of the geo-political turbulence, the energy and continued cost of living crises on the Charity, and the Charity Group's primary income streams and have reviewed the material cash flows, and the availability of mitigating actions which could be taken to reduce expenditure. The trustees have assessed the continued demand for the Charity and the Charity Group's services from the three main NCIs, which depend upon the Charity and Charity Group to provide key support services to enable them to deliver their charitable activities. They have considered the relative financial strength of the three main NCIs, including cash reserves and the availability of liquid resources, and consider that planned expenditure remains recoverable from them. The trustees have also considered how activities could be reprioritised if mitigating action becomes necessary to reduce expenditure.

Having due regard to the above, the trustees have a reasonable expectation that ChECS and its subsidiaries have adequate resources and cash flows to meet spending commitments for a period in excess of twelve months from the date of signing the financial statements, and do not consider there to be material uncertainty over the Charity's ability to meet its future obligations and commitments. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

Plans for future periods

The Charity's plans for 2025 are described below. The aims of the Charity are to continue to provide, and to expand, cost-effective shared-services in the form of products, services and advice to the National Church Institutions and both directly and indirectly to dioceses, parishes and the wider Church. Future objectives for ChECS include:

- To support the delivery of commitments made in the Business Plans of each of the NCIs, notably this includes:
 - supporting a range of objectives aligned to enabling the Church of England Vision & Strategy for the 2020s, including supporting new triennium funding streams and development of digital resources
 - continuing to support the work undertaken through the Safeguarding programme to improve Safeguarding arrangements in the Church of England, with key projects including Independence, Redress and Casework Management
 - supporting the Church of England Pensions Board in developing its Housing service to meet the needs of retiring clergy within a complex financial and regulatory context
 - supporting the expansion of the work of the National Society, particularly in relation to the NPQ Developing Leaders programme and the Archbishops' Young Leaders Award
- To provide stronger financial management and a robust control environment; and to improve the quality of financial analysis and insight to support decision-making; this objective includes the delivery of new Finance, Pensions payments and Grant Management systems for the NCIs.
- To develop and embed an ongoing and continuous efficiency programme to ensure limited resources are spent wisely to support the NCIs purpose and strategic objectives.
- To facilitate effective people leadership and staff engagement, leading to high performance levels, whilst embedding NCI values and behaviours, promoting belonging and inclusion, and enabling effective ways of working; thereby providing "cultural glue" across the NCI and wider Church.
- To deliver stronger and more joined up Data, Technology and Digital services, with a particular focus on cyber security and data protection, and the delivery of a range of key technology projects to enhance security and reliability of transactional processing.
- To improve and join up customer support across a range of key services.
- To plan and implement the recommendations of the Governance Review Group Report which focuses on the governance of the National church bodies

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

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- To deliver key areas of Transforming Effectiveness and to develop opportunities for more effective services to the wider Church (including through Parish Buying)
 - To equip dioceses and parishes with the tools and knowledge to create the best environment for encouraging giving and generosity in their churches
 - To improve the NCIs' maturity in Project Management and the effectiveness of strategy execution

ChECS Trading

ChECS Trading's objective moving forward remains to expand and enhance its procurement and recruitment services on behalf of the Church of England. Despite the turbulence and uncertainty in the energy market in recent years, the Parish Buying energy basket has continued to provide significant value to Church customers and is expected to do so moving forward. Additionally, Pathways recruitment activity has seen positive growth, approaching pre-pandemic levels, and this trend is expected to continue into 2025 and beyond.

The activities of ChECS Trading remain strategically important to ChECS as a whole. The long-term business model for Parish Buying is being further developed to support the expansion of services. It is viewed as a sustainable and viable model for the future.

Parish Giving Scheme (PGS)

The PGS subsidiary anticipates significant income growth in 2025, that will be driven by:

- Central funding supporting all Church of England parishes.
- Close collaboration with the National Giving Team to maximize PGS launches in dioceses and parishes.
- Ongoing attraction of new givers by existing parishes.
- Continued use of regular, one-off, and contactless giving methods.

These combined with the completion of the PGS digital platform (currently under development) is expected to greatly enhance the digital giving experience for parishes and dioceses. This platform will expand PGS's reach and significantly improve service delivery. Amortisation of this asset will begin once the platform is live, with the anticipated go-live date of summer 2025. PGS expects continued growth beyond 2026 as adoption of the PGS service expands.

FUNDRAISING

ChECS itself does not undertake any fundraising from the general public, and neither does it employ any person on its behalf to do so. The PGS subsidiary itself is a fundraising enabling body providing a means for donations for the benefit of Parishes and dioceses, it is included within the ChECS Group and it is as part of the consolidated Group position. Grants may be awarded occasionally from the other NCIs in order to further the effectiveness of ChECS' shared activities.

With a clear separation of responsibilities between ChECS and its subsidiaries, ChECS is pleased to report that no complaints have been received by ChECS, its subsidiaries, or any person acting on its behalf in relation to its activities. Regarding fundraising plans, ChECS maintains close engagement with the National Safeguarding Team to ensure that best practices are consistently followed such that the protection and fair consideration of vulnerable individuals remain a top priority in all actions and decision-making processes.

PRINCIPAL RISKS AND UNCERTAINTIES

2024 has provided a number of challenges contributing to the increase in geopolitical instability and the continuing cost of living pressures in the UK, despite inflation subsiding to more manageable levels. These issues contribute to ongoing global uncertainty, which is also keenly felt within the UK. Cybersecurity also remains a major concern, with efforts to bolster systems resilience actively underway. Given the evolving landscape, these efforts will require sustained attention. ChECS is committed to

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

addressing this challenge by prioritising extensive training, education, and the implementation of robust system controls to mitigate the risk of harm or loss.

The ChECS risk management process supports effective management by enabling the identification and assessment of significant risks that could impact the achievement of objectives for ChECS and for each of its subsidiaries (ChECS trading and PGS). This support ensures that resources are utilised efficiently, threats and dangers are identified early, and communication is streamlined between staff, management, and the Board of Trustees. The roles and responsibilities of directors, trustees, management, and staff are clearly outlined in the NCIs' risk management policies, which also include the overall risk management process.

Each strategic (principal) risk identified has an assigned risk owner responsible for ensuring that the risk assessment accurately reflects the current risk environment. Risk scoring is reviewed regularly using the methodology recommended by the Charity Commission. The Risk & Assurance Department facilitates and monitors the NCIs' risk management process, employing the Rhiza risk management tool for ongoing monitoring and updates.

The strategic risk register and risk management arrangements are reviewed by the ChECS Board at least annually. These reviews, conducted in collaboration with risk owners, are supported by the Risk & Assurance Department, ensuring an accurate reflection of existing risks and providing ongoing assurance about the effectiveness of current risk management strategies. Independent reviews are carried out through Internal Audit processes and reported to the three Audit & Risk Committees of the NCIs. This allows ChECS to continue supporting the vision and strategy of the Church of England.

The ChECS Board has identified the strategic (principal) inherent risks outlined below as the primary obstacles to achieving ChECS and its subsidiaries key objectives. These risks are subject to ongoing mitigation and management actions to reduce residual risk to a tolerable level.

Principal Risk Area	Key Management Actions and Plans
Operational Challenges The significant increase in workload coupled with a reduction in budget in real terms along with significant major change programmes may lead to mistakes or errors or compliance issues.	• Regular communications with staff in relation to the Transforming Effectiveness Programme, which focuses on increasing effectiveness and efficiency across ChECS and the wider Church. • Processes and controls developed for pan-NCI approach to project management • Emerging Church Steering Group in place to co-ordinate and prioritise workstreams. • Regular Governance Review update meetings • ChECS Project Board meeting monthly. • Robust application of Procurement Policy • Governance Project Director in place and timeline established for Governance Review
People Inability to attract/recruit and/or retain high quality staff with the requisite skills.	• Pay & Reward package implemented • Mediacash Healthcare Plan introduced • Internal Mobility Project • Recruitment policy refresh • Succession Planning for key posts

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

Loss of institutional knowledge, leading to a significant disparity between employee skills and the skills demanded by a given position Central Services under resourced, undervalued or underutilised, leading to an undermining of service delivery.	• Portfolio management process • Transforming Effectiveness to provide a clear vision of the value of ChECS and its services • Career development and learning schemes • 2025 Pay award agreed
Culture Risk that organisational staff profile does not reflect wider society and is not welcoming. Inability to lead and handle change results in lack of resilience and inability to adapt to changing demands.	• Health & Wellbeing Strategy agreed • Internal Mobility Project • Recruitment policy refresh • NCI Staff Survey completed with corporate action plan launched in response.
Cyber/Data-Security The information security management system is not robust/ of a sufficient standard to prevent NCIs being the target of a cyber attack and impact on staff morale Unauthorised third-party software use by staff. Staff neglecting cyber security training.	• A 'Zero trust' continuous authentication and monitoring network utilised. • Mandatory IT Security Awareness staff training. • Penetration testing scheduled. • Regular random phishing testing. • Quarterly Cyber Security Steering group meetings. • Dedicated Cyber Security Analyst in post • External 24/7 Security Operations Centre (SOC) • Cyber Insurance Policy • Cyber Security retainer with AON • 2 year Cyber Security strengthening programme initiated • Phishing email reporting tool
Provisions of Service to wider Church Insufficient capacity within ChECS Trading Limited to serve and support the wider Church.	• Well established vehicle to deliver change via ChECS Trading Limited. • Internal Mobility Project

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Trustees' Report (incorporating a Strategic Report) (continued)

Finance Transformation Programme Introduction of new finance system is delayed, over budget and does not meet service user needs.	• Experienced Programme Lead. • Established Programme Board. • External advisor to the Board from Gartner • Regular updates to ChECS Board. • Appropriate Project Scoping. • Utilisation of NCI Programme methodology. • Lessons learned from historic projects. • Key project team members recruited • Director of Finance Transformation in post
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Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

Statement of trustees' responsibilities

The trustees are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements are prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Charity and of incoming resources and application of resources of the Group and Charity for that period.

In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that show and explain the Group and Charity's transactions, disclose with reasonable accuracy at any time the financial position of the Group and Charity, and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and Charity and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditor

All of the current trustees (who are also the directors of the company) have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group and Charity's auditor for the purposes of their audit and to establish that the auditors are aware of that information. The trustees are not aware of any relevant audit information of which the auditors are unaware.

Approval

20 May 2025

This report was approved by the board of trustees on and signed on its behalf by:

Signed by:

 89AB7E50447646D...

Clive Mather, Chairman

Church of England Central Services

Independent Auditor's Report to the members of Church of England Central Services

Opinion

We have audited the financial statements of Church of England Central Services ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity only Balance Sheets, the Consolidated statement of Cash Flows and notes to the financial statements, including 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 group's and the charitable company's affairs as at 31 December 2024 and the group's income and expenditure, 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 Companies Act 2006.

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 charitable company / group in accordance with the ethical requirements that are 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 relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Church of England Central Services

Independent Auditor's Report to the members of Church of England Central Services

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; 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 set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 determine 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

Church of England Central Services

Independent Auditor's Report to the members of Church of England Central Services

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were taxation and employment legislation.

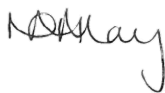
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nicola May
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

Date 20 May 2025...

Church of England Central Services

*Consolidated Statement of Financial Activities
(including consolidated income and expenditure account)
For the year ended 31 December 2024*

		Restricted	Unrestricted	All	All
	Note	Funds	Funds	Funds	Funds
		2024	2024	2024	2023
		£'000	£'000	£'000	£'000
Income from:					
Charitable activities	2	-	26,624	26,624	23,415
		-	26,624	26,624	23,415
Voluntary Income:					
Grant income	2	2,107	900	3,007	-
Donations income	2	99,926	-	99,926	-
		102,033	900	102,933	-
Other:					
Other income	2	-	38	38	-
Transfer of funds from Parish Giving Scheme	13	-	1,102	1,102	-
		-	1,140	1,140	-
Total income		102,033	28,664	130,697	23,415
Expenditure on:					
Charitable activities	3	(99,926)	(27,799)	(127,725)	(23,415)
Total expenditure		(99,926)	(27,799)	(127,725)	(23,415)
Transfer between funds	12	(2,107)	2,107	-	-
Net movement in funds		-	2,972	2,972	-
Total funds at 1 January		-	-	-	-
Total funds at 31 December		-	2,972	2,972	-

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

All activities in prior year 2023 were classified as unrestricted fund as PGS was not part of consolidation group.

Movement in funds are disclosed in note 12 to the financial statements

Church of England Central Services

Consolidated and Charity only Balance Sheets As at 31 December 2024

	Notes	Consolidated 31-Dec-24 £'000	Consolidated 31-Dec-23 £'000	Charity Only 31-Dec-24 £'000	Charity Only 31-Dec-23 £'000
Fixed assets					
Intangible assets	6	5,668	3,673	3,011	3,673
Total fixed assets		5,668	3,673	3,011	3,673
Non-Current asset					
Amounts due from subsidiary undertaking	7	-	-	212	212
Total Non-Current assets		-	-	212	212
Current assets					
Stock		1	-	-	-
Debtors	7	1,709	2,171	1,504	1,848
Cash at bank and in hand		2,996	4,272	1,717	4,147
Total current assets		4,706	6,443	3,221	5,995
Current liabilities					
Creditors: amounts falling due within one year	8	(5,534)	(7,487)	(4,576)	(7,251)
Net current liabilities		(828)	(1,044)	(1,355)	(1,256)
Total assets less current liabilities		4,840	2,629	1,868	2,629
Creditors: amounts falling due after one year	8	(1,868)	(2,629)	(1,868)	(2,629)
Net assets / (liabilities)		2,972	-	-	-
Funds of the Charity					
Restricted Funds	12	-	-	-	-
Unrestricted Funds	12				
Designated funds - Intangible fixed assets		2,657	-	-	-
Designated funds - IT fund		186	-	-	-
Designated funds - Development fund		-	-	-	-
General fund		129	-	-	-
Total funds		2,972	-	-	-

Prior year consolidated figures do not include PGS given it was not part of consolidation group. Parent charity, ChECS, recorded a Nil (2023: Nil) net surplus/deficit.

The Financial Statements of Church of England Central Services (Company No. 08776679) were approved and authorised for issue by the Board on and signed on its behalf by:

Signed by:

 Clive Mather, Chair

20 May 2025

Church of England Central Services

Consolidated statement of cash flows for the year ended 31 December 2024

		2024 £'000	2023 £'000
Cash generated from operating activities	A	1,973	2,750
Cash flows from investment activities			
Purchase of intangible asset		(3,249)	(515)
Change in cash, cash equivalents and net debt in the year		(1,276)	2,235
Cash, cash equivalents and net debt at 1 January		4,272	2,037
Cash, cash equivalents and net debt at 31 December	B	2,996	4,272

A. Net cash generated by operating activities

	2024 £'000	2023 £'000
Net (expenditure)/income for the year (as per the statement of financial activities)	2,972	-
Amortisation	1,254	978
Decrease/(increase) in stock	(1)	-
Decrease/(increase) in debtors	462	(780)
(Decrease)/increase in creditors	(2,714)	2,552
Net cash generated by operating activities	1,973	2,750

B. Analysis of cash, cash equivalents and net debt

	2024 £'000	2023 £'000
Cash at bank and in hand	2,996	4,272
Total cash, cash equivalents and net debt	2,996	4,272

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

1. ACCOUNTING POLICIES

Church of England Central Services (ChECS) is a company limited by guarantee, incorporated on 15 November 2013 and registered with the Charity Commission on 31 December 2013. The Charity's governing document is its Memorandum and Articles of Association.

a) Basis of Preparation of Accounts

ChECS' 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 Companies Act 2006.

ChECS 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 and on the accruals basis.

b) Consolidation

The consolidated statement of financial activities ('SOFA') and balance sheet include the financial activities of ChECS and its subsidiaries ChECS Trading Ltd and Parish Giving Scheme (PGS) made up to 31 December 2024. PGS became a subsidiary of ChECS from 1 January 2024. The subsidiaries have been consolidated on a line-by-line basis. Intra-group balances and transactions are eliminated on consolidation. The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of Financial Activities in these financial statements. The parent company's profit for the year was £nil (2023: £nil).

c) Going concern

The trustees have a reasonable expectation that ChECS and the ChECS Group have adequate resources and cash flows to meet its spending commitments for a period of twelve months from date of signing the financial statements. In making this assessment, they have assessed the key risks and uncertainties which impact upon immediate liquidity and longer-term solvency for both ChECS and ChECS Group (which includes ChECS Trading and PGS). The trustees have specifically considered the effect of the geo-political turbulence, the energy and cost of living crises on the Charity, and Charity Group's primary income streams and have reviewed the material cash flows, and the availability of mitigating actions which could be taken to reduce expenditure. The trustees have assessed the continued demand for the Charity and the Charity Group's services from the three main NCIs, which depend upon the Charity and Charity Group to provide key support services to enable them to deliver their charitable activities. They have considered the relative financial strength of the three main NCIs, including cash reserves and the availability of liquid resources, and consider that planned expenditure remains recoverable from them. The trustees have also considered how activities could be reprioritised if mitigating action becomes necessary to reduce expenditure.

Having due regard to the above, the trustees have a reasonable expectation that ChECS and its subsidiaries have adequate resources and cash flows to meet spending commitments for a period of twelve months from date of signing the financial statements, and do not consider there to be material uncertainty over the Charity's ability to meet its future obligations and commitments. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and accounts.

d) Income

All income is recognised on the accruals basis. It is recognised when ChECS is entitled to the income, it is probable that the income will be received and the amount of income can be measured reliably.

Income from Charitable Activities predominantly represents recharged expenditure from the shared service departments and income generated by ChECS-run courses and conferences.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

1. ACCOUNTING POLICIES (CONTINUED)

d) Income (continued)

It also includes income generated from procurement and recruitment services via ChECS Trading, as well as including voluntary income and revenue grants via Parish Giving Scheme (PGS).

Voluntary income received as contributions from member dioceses represent the initial amounts received from members when they join PGS. These amounts are included in full in the statement of financial activities when receivable. The main income for PGS is gifts received for parishes, with the gift aid being claimed on such gifts as appropriate.

Revenue grants are credited to the statement of financial activities when received or receivable whichever is earlier.

Where unconditional entitlement to grants receivable is dependent upon fulfilment of conditions within the charity's control, the income is recognised when there is sufficient evidence that conditions will be met.

e) Expenditure

All expenditure is accounted for on an accruals basis.

Charitable activity costs are the cost of operating the shared service departments, including staff costs and accommodation costs.

Restricted fund expenditure are the costs incurred for specific purposes as laid down by the giver.

Governance costs include costs associated with the governance arrangements of the Charity including external audit.

f) Taxation

ChECS is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, it is exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Charity is registered for VAT and recovers all that it incurs.

One of the Charity's subsidiary, ChECS Trading Ltd is a non-charitable subsidiary and is subject to taxation, but does not generally pay UK Corporation tax because its policy is to pay any taxable profits to the Archbishops' Council.

The Charity's other subsidiary, PGS, is a charity and therefore, for the same reasons that apply to parent charity ChECS, it is also exempt from taxation.

g) Pension Costs

As set out in Note 5, pension benefits to staff employed by ChECS are provided through the Church Administrators Pensions Fund (CAPF) defined benefit pension scheme, CAPF defined contribution scheme, or through the Church Workers Pension Fund - Pension Builder 2014 (CWPF-PB14) scheme.

The defined benefit scheme is considered to be a multi-employer scheme and consequently is accounted for as if it were a defined contribution scheme, where employer contributions payable in the year are charged to expenditure. The NCIs' pension scheme liability is calculated by actuaries Lane, Clark and Peacock LLP (LCP). 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 cashflows, based on benefits accrued to the valuation date and the various assumptions made.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

1. ACCOUNTING POLICIES (CONTINUED)

g) Pension Costs (continued)

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

PGS charity operates its own separate defined contribution scheme for its own staff. The assets of scheme are held separately from those of the charity in an independent fund. The employer pension contributions represent contributions payable under the scheme. PGS has no liability under the scheme other than for the payments of those contributions.

Contributions are shown in Note 4.

h) Related Parties

The three members are related to ChECS. Details are given in Note 11.

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 are not related parties as defined in the Charities SORP or 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.

i) Funds

As all the Charity's resources are spent in pursuit of its primary charitable objects, ChECS' and ChECS Trading Ltd 's resources are categorised under Unrestricted Funds.

Parish Giving Scheme's resources are categorised as either Restricted Funds, Unrestricted Funds – General Funds or Unrestricted Funds – Designated Funds.

Restricted funds are to be used for specific purposes as laid down by the giver. Expenditure which meets these criteria is charged to the fund together with a fair allocation of management and support costs.

Unrestricted funds are gifts and other income receivable or generated for the objects of the charity.

Designated funds are those earmarked by the Board of Trustees for particular purposes. Whilst such funds are kept separate for administrative purposes, they do not constitute legally separate funds.

j) Stock

Stock is held at the lower of cost and net realisable value.

k) Amortisation & Impairment

ChECS costs incurred on acquiring or enhancing intangible assets for the specific benefit of ChECS are capitalised. ChECS incurred staff costs that relate to the development of those intangible assets are capitalised, including related tax and social security payments.

PGS intangibles assets relate to the development of the PGS specific website and the Digital Platform and are essential to the day-to-day operations of PGS and specifically provide future benefits to PGS, and therefore have been disclosed separately to ChECS intangible assets.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

1. ACCOUNTING POLICIES (CONTINUED)

k) Amortisation & Impairment (continued)

Amortisation is charged on a straight line basis over the estimated useful life of the asset, as set out below:

Software	20%
PGS Software	25%

At each reporting date, management assess whether there is any indication that an intangible asset may be impaired. If there is an indication of impairment, the recoverable amount of the asset is estimated, and an impairment loss is recognised, if the recoverable amount is less than its carrying amount.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

2. INCOME FROM CHARITABLE ACTIVITIES & VOLUNTARY INCOME

	2024	2024	2024	2023
	Restricted	Unrestricted	Total	Total
Charitable Activities by Department	£'000	£'000	£'000	£'000
Comms & Digital	-	3,240	3,240	2,887
Data Services	-	3,722	3,722	3,674
Finance & Project Management Office	-	7,362	7,362	5,628
Giving & Stewardship	-	1,537	1,537	1,475
HR & Office Services	-	2,291	2,291	2,267
Internal Audit	-	1,015	1,015	784
Legal	-	1,592	1,592	1,521
Strategic Development Unit	-	-	-	3
Technology	-	4,115	4,115	3,770
ChECS Trading Limited	-	1,750	1,750	1,406
	-	26,624	26,624	23,415
Voluntary Income				
PGS Grant Income	2,107	900	3,007	-
PGS Donation Income	99,926	-	99,926	-
	102,033	900	102,933	-
Other				
PGS Other Income	-	38	38	-
	-	38	38	-
TOTAL	102,033	27,562	129,595	23,415

All income charitable activities in prior year 2023 were classified as unrestricted given PGS was not part of the consolidation group.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

3. CHARITABLE EXPENDITURE

	2024 Restricted	2024 Unrestricted	2024 Total	2023 Total
Department	£'000	£'000	£'000	£'000
Comms & Digital	-	3,240	3,240	2,887
Data Services	-	3,722	3,722	3,674
Finance & Project Management Office	-	7,362	7,362	5,628
Giving & Stewardship	-	1,537	1,537	1,475
HR & Office Services	-	2,291	2,291	2,267
Internal Audit	-	1,015	1,015	784
Legal	-	1,592	1,592	1,521
Strategic Development Unit	-	-	-	3
Technology	-	4,115	4,115	3,770
ChECS Trading Limited	-	1,750	1,750	1,406
Parish Giving Scheme	99,926	1,175	101,101	-
TOTAL	99,926	27,799	127,725	23,415

All charitable expenditure in prior year 2023 were classified as unrestricted given the fact PGS was not part of the consolidation group.

Governance costs - auditor's remuneration:

Included within charitable expenditure are governance costs related to audit costs:

	2024 £'000	2023 £'000
Audit of ChECS	8	8
Audit of ChECS Trading Ltd	3	3
Audit of Parish Giving Scheme (PGS)	34	-
Taxation services provided by auditor	-	5
TOTAL	45	16

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

3. STAFF NUMBERS AND COSTS

The cost of staff for which ChECS was the managing employer and costs of staff for which PGS was the managing employer during the year ended 31 December 2024 was:

	Comms & Digital	Data Services	Finance & PMO	Giving & Stewardship	HR & Office Services	Internal Audit	Legal	Technology	PGS staff	2024 Total	2023 Total
Average No. Employed	23	21	79	22	21	4	15	17	9	211	178
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	1,349	1,016	3,820	1,000	1,236	302	1,109	909	303	11,044	9,121
Social security	157	114	435	114	139	37	135	108	33	1,272	1,046
Pension contributions	169	140	517	133	156	42	151	112	46	1,466	1,263
Total cost of staff	1,675	1,270	4,772	1,247	1,531	381	1,395	1,129	382	13,782	11,430

Total cost of staff includes termination costs of £97,760 (2023: £4,536) in respect of 4 (2023: 1) individuals. The average number of staff employed during the year has increased as a result of filling existing vacancies and team expansion to help support the finance and governance transformation programmes of work that required additional resources to deliver.

The cost of staff for which ChECS was the managing employer during the year ended 31 December 2023 was:

	Comms & Digital	Data Services	Finance & PMO	Giving & Stewardship	HR & Office Services	Internal Audit	Legal	Technology	2023 Total
Average No. Employed	22	20	58	17	26	3	14	18	178
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	1,180	887	2,923	777	1,167	229	1,022	936	9,121
Social security	135	100	335	87	130	28	124	107	1,046
Pension contributions	141	128	418	101	150	29	171	125	1,263
Total cost of staff	1,456	1,115	3,676	965	1,447	286	1,317	1,168	11,430

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

4. STAFF NUMBERS AND COSTS (CONTINUED)

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

	2024	2023
	Number	Number
£60,001 to £70,000	19	15
£70,001 to £80,000	14	9
£80,001 to £90,000	4	8
£90,001 to £100,000	7	1
£100,001 to £110,000	3	4
£110,001 to £120,000	5	2
£120,001 to £130,000	1	-
£130,001 to £140,000	1	1
£140,001 to £150,000	1	1
£150,001 to £160,000	1	-
Total	56	41

All of the staff above, except one, are ChECS employees and one staff is an PGS employee.

Of the ChECS staff within the bands, 46 (2023: 37) accrue benefits under the Church Administrators Pension Fund (Note 5) defined contribution scheme for which contributions for the year were £508,532 (2023: £428,246). 5 (2023: 4) ChECS staff members accrue benefits under the Church Administrators Pension Fund (Note 5) defined benefit scheme and 3 (2023: Nil) ChECS staff members accrued benefits under the Church Workers Pension Fund - Pension Builder 2014 (Note 5).

The highest paid member of staff was the Chief Operating Officer who earned £152,670 (2023: Chief Operating Officer £141,814). ChECS' remuneration policy is in line with that of the other NCIs.

None of the trustees were remunerated and one was reimbursed £223 (2023: £nil) expenses by ChECS during the year.

5. PENSIONS

Pension benefits for staff employed by ChECS are provided either through the Church Administrators Pensions Fund (CAPF) defined benefit pension scheme, CAPF defined contribution scheme or through the Church Workers Pension Fund - Pension Builder 2014 (CWPF-PB14).

The CAPF defined benefit and defined contribution schemes were established for employees commencing service after 30 June 2006.

The CWPF-PB14 scheme has been the default scheme for new employees who joined ChECS in 2024. It has been operating since February 2014, and is classified as a cash balance scheme both in respect of tax and pensions legislation.

All the schemes are administered by the Church of England Pensions Board, which publishes the schemes' financial statements. The contributions to the defined benefit schemes have been assessed by an independent qualified actuary using the projected unit method of valuation and are detailed below.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

5. PENSIONS (CONTINUED)

Pension benefits for staff employed by PGS' own separate defined contribution scheme.

The Church Administrators Pension Fund

- i) Defined Benefits Section (closed to new members from 30 June 2006)

Costs shared between the National Church Institutions

A valuation of this section is carried out every three years, the most recent having been at 31 December 2022. This revealed a deficit of £2.4m for the entire scheme. As agreed prior to the valuation, the employers collectively paid contributions of 27.6% of Pensionable Salaries each month and deficit payments of £2.4m until December 2023, in respect of the shortfall in the Defined Benefit Section. As at 31 December 2024, there is no deficit in relation to the Defined Benefit Section. Future contributions of Pensionable Salaries from 1 January 2024 onwards was agreed to be 16.5%.

The deficit contributions paid by ChECS in 2024 were £Nil (2023: £447,000). The level of additional contributions made by the participating employers as a whole in 2024 was £Nil (2023: £2.4m).

Contributions Paid

In 2024 ChECS paid contributions (exclusive of the additional contributions) to the Fund totalling £101,246 (2023: £153,259). The participating employers are also responsible for making contributions towards the administration costs of the scheme of £650,000 (2023: £499,000).

- ii) Defined Contribution Section

Following the closure of the defined benefit section of the Fund on 30 June 2006 a defined contribution section was set up for those commencing service after this date. ChECS paid contributions of £1,086,469 in 2024 (2023: £1,097,042).

The Church Workers Pension Fund – Pension Builder 2014

Costs shared between the National Church Institutions

A valuation of this section is carried out every three years, the most recent having been at 31 December 2022. This revealed a surplus of £8.5m for the entire scheme. As at 31 December 2024, there is no deficit in relation to the scheme.

Contributions Paid

In 2024 ChECS paid contributions (exclusive of the additional contributions) to the Fund totalling £212,816 (2023: Nil).

PGS Pension Scheme Fund

PGS operates a defined contribution pension scheme for PGS employed staff. The pension cost charge represents contributions made by PGS payable to the scheme fund. In 2024 PGS paid contributions to the scheme totalling £46,000. PGS has no liability under the scheme other than for the payment of contributions mentioned.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

5. PENSIONS (CONTINUED)

Membership

The average number of ChECS employees within each scheme was:

	CAPF		CWPF
	Defined Benefit	Defined Contribution	Pension Builder 2014
2024	10	154	31
2023	9	165	-

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

6. INTANGIBLE ASSETS

Cost	2024			2023			2024	2023
	Consolidated			Consolidated			Charity	Charity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	ChECS	PGS	Total	ChECS	PGS	Total		
At 1 January	5,534	-	5,534	5,019	-	5,019	5,534	5,019
Balance transferred	-	1,097	1,097	-	-	-	-	-
Additions	446	2,107	2,553	515	-	515	446	515
Disposals	-	-	-	-	-	-	-	-
At 31 December	5,980	3,204	9,184	5,534	-	5,534	5,980	5,534
Accumulated amortisation								
At 1 January	(1,861)	-	(1,861)	(883)	-	(883)	(1,861)	(883)
Balance transferred	-	(401)	(401)	-	-	-	-	-
Charged for the year	(1,108)	(146)	(1,254)	(978)	-	(978)	(1,108)	(978)
At 31 December	(2,969)	(547)	(3,516)	(1,861)	-	(1,861)	(2,969)	(1,861)
Net book values								
At 31 December 2024	3,011	2,657	5,668	3,673	-	3,673	3,011	3,673
At 31 December 2023	3,673	-	3,673	4,136	-	4,136	3,673	4,136

In 2024, as part of the Financial Transformation Project (FTP), work costs undertaken by ChECS regarding the Grant Management Programme (GMP) and Pensions Automation Programme (PEN) began to be capitalised in Oct 2024 as both project streams went into delivery phases. The purpose of GMP and PEN projects is to implement a new grant management system for the Archbishops Council and new treasury management system for pensions, respectively. It is GMP and PEN intangible assets that are assets under construction totalling £446,470 and are currently not being amortised as the assets have yet to go live and be used.

PGS has intangible assets which reflect the carrying value of the PGS website development and digital project costs which have been capitalised on the balance sheet. Assets under construction within PGS amount to £2,623,425 and are currently not being amortised.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

7. DEBTORS

	2024	2023	2024	2023
Current debtors	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Trade debtors	461	886	204	264
Other debtors	108	144	32	53
Prepayments and accrued income	1,140	1,141	858	939
Amounts due from subsidiary undertaking	-	-	410	592
	1,709	2,171	1,504	1,848

	2024	2023	2024	2023
Non-current debtors	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Amounts due from subsidiary undertaking	-	-	212	212
	-	-	212	212

During the year, the Board considered the status of the amounts loaned to the subsidiary undertaking, and determined that this funding had been provided for the long term benefit of ChECS Trading and is not expected to be repaid within twelve months. As a result, the substance of this debt is considered to be a long term debtor and is therefore presented as such in the financial statements.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

8. CREDITORS

	2024	2023	2024	2023
Current liabilities:	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Amounts due within 1 year				
Trade creditors	654	957	575	851
Other creditors	432	-	-	-
Related parties (see Note 11)	245	3,847	245	3,828
Taxation & social security	2,232	1,628	2,243	1,630
Accruals & deferred income	1,971	1,055	1,513	942
	5,534	7,487	4,576	7,251

	2024	2023	2024	2023
Non-current liabilities:	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Amounts due after 1 year				
Related parties (see Note 11)	1,868	2,629	1,868	2,629
	1,868	2,629	1,868	2,629

9. SUBSIDIARY RESULTS

ChECS has a trading subsidiary, ChECS Trading Ltd (company registration no. 08940330), which carries out any activities that are deemed, for tax purposes, to be trading activities. ChECS owns 100% of the share capital in ChECS Trading Ltd. ChECS Trading Ltd is registered at the same address as its parent.

A summary of the profit and loss account of ChECS Trading Ltd is shown below:

<u>ChECS Trading Ltd</u>	Year Ended 31/12/2024	Year Ended 31/12/2023
	£'000	£'000
Turnover	1,732	1,402
Cost of Sales	(1,678)	(1,387)
GROSS PROFIT	54	15
Administration expenses	(64)	(8)
Interest payable	10	(7)
Charitable donations	-	-
RESULT FOR THE FINANCIAL YEAR	-	-

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

9. SUBSIDIARY RESULTS (CONTINUED)

A summary of the net assets of ChECS Trading Ltd is shown below:

<u>ChECS Trading Ltd</u>	2024	2023
	£'000	£'000
Current assets		
Debtors	519	917
Cash at bank and in hand	252	124
	<u>771</u>	<u>1,041</u>
Creditors: amounts falling due within one year	(559)	(829)
Net current assets	<u>212</u>	<u>212</u>
Creditors: amounts falling due after one year	(212)	(212)
Total reserves	<u><u>-</u></u>	<u><u>-</u></u>

As at 1 January 2024, ChECS became the parent entity of Parish Giving Scheme, a charitable company limited by guarantee (company registration no. 08824540 and charity no. 1156606). The mission of the charity is to enhance the generosity that enriches the life of the Church and its ministry in each community. The principal activity of PGS is the provision of a professional and cost-effective scheme to enable givers to support their local church. The Parish Giving Schemes' registered address is 76 Kingsholm Road, Gloucester, England, GL1 3BD.

A summary of the income and expenditure account of Parish Giving Scheme is shown below:

<u>Parish Giving Scheme</u>	2024	2024	2024
	Restricted	Unrestricted	TOTAL
	£'000	£'000	£'000
Grant Income	2,107	900	3,007
Donations Income	99,926	-	99,926
Other Income	-	38	38
Expenditure from Charitable activities	(99,926)	(1,175)	(101,101)
Net Income/(Expenditure)	<u>2,107</u>	<u>(237)</u>	<u>1,870</u>
Net Movement in funds	2,107	(237)	1,870
Transfer between funds	(2,107)	2,107	-
Reconciliation of funds:			
Funds at the start of the year	-	1,102	1,102
Funds at the end of the year	<u><u>-</u></u>	<u><u>2,972</u></u>	<u><u>2,972</u></u>

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

9. SUBSIDIARY RESULTS (CONTINUED)

A summary of the net assets of Parish Giving Scheme is shown below:

<u>Parish Giving Scheme</u>	2024
	£'000
Fixed assets	
Intangible assets	2,657
Current assets	
Stock	1
Debtors	114
Cash at bank and in hand	1,028
	<u>1,143</u>
Creditors: amounts falling due within one year	(828)
Net current assets	<u>315</u>
Net assets	<u>2,972</u>
Reserves	
Restricted funds	-
Unrestricted funds	2,972
Total reserves	<u><u>2,972</u></u>

10. OPERATING LEASES

As at 31 December 2024 the charity group had commitments under non-cancellable operating leases, representing the total minimum future lease payments, as follows:

	Property	Office Equipment	2024 Total	2023 Total
Falling due:	£'000	£'000	£'000	£'000
Within One year	33	192	225	174
Two to Five years	33	177	210	70
	<u>66</u>	<u>369</u>	<u>435</u>	<u>244</u>

The annual lease payments were £435,000 (2023: £244,000). In the comparative year operating leases were that of office equipment only.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

11. RELATED PARTIES

ChECS is a jointly controlled entity between the Archbishops' Council, the Church Commissioners for England, and the Church of England Pensions Board in which the three members hold equal shares. Each member has the right to appoint and remove two of ChECS' trustees and holds equal guarantee rights in ChECS.

The amount charged to each related party during the year was as follows:

	2024	2023
	£'000	£'000
Church Commissioners for England	7,764	7,230
The Archbishops' Council	12,966	10,956
The Church of England Pensions Board	2,970	3,018
Total	23,700	21,204

As at 31 December the following amounts were owed to/(from) related parties:

	2024	2023
	£'000	£'000
Church Commissioners for England	1,544	2,686
The Archbishops' Council	1,456	1,913
The Church of England Pensions Board	(886)	1,877
Total	2,114	6,476

ChECS Trading was owed £140 from the above related parties (2023: £18,000 was owed to the above related parties).

ChECS Trading

The amount charged to ChECS by ChECS Trading during the year was as follows:

	2024	2023
	£'000	£'000
ChECS	27	38

As at 31 December the following amounts were due from ChECS Trading:

	2024	2023
	£'000	£'000
ChECS Trading	619	808

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

12. MOVEMENT IN FUNDS

Consolidated	Balance at 1 January 2024 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance at 31 December 2024 £'000
Unrestricted funds:					
General fund	-	27,782	(27,653)	-	129
Designated funds:					
- Intangible fixed assets fund	-	696	(146)	2,107	2,657
- IT fund	-	186	-	-	186
	-	28,664	(27,799)	2,107	2,972
Restricted funds:					
Parish gifts	-	99,926	(99,926)	-	-
Digital project grant	-	2,107	-	(2,107)	-
	-	102,033	(99,926)	(2,107)	-
Total	-	130,697	(127,725)	-	2,972

Charity	Balance at 1 January 2024 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance at 31 December 2024 £'000
Unrestricted funds:					
General fund	-	26,624	(26,624)	-	-
Designated funds:					
- Intangible fixed assets fund	-	-	-	-	-
- IT fund	-	-	-	-	-
	-	26,624	(26,624)	-	-
Restricted funds:					
Parish gifts	-	-	-	-	-
Digital project grant	-	-	-	-	-
	-	-	-	-	-
Total	-	-	-	-	-

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

12. MOVEMENT IN FUNDS (CONTINUED)

For comparative purposes, the table below shows the movement in funds for the year ending 31 December 2023:

Consolidated & charity	Balance at 1 January 2023 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance at 31 December 2023 £'000
Unrestricted funds:					
General fund	-	23,415	(23,415)	-	-
Designated funds:					
- Intangible fixed assets fund	-	-	-	-	-
- IT fund	-	-	-	-	-
	-	23,415	(23,415)	-	-
Restricted funds:					
Parish gifts	-	-	-	-	-
Digital project grant	-	-	-	-	-
	-	-	-	-	-
Total	-	-	-	-	-

Unrestricted funds

The unrestricted funds general represents the income and expenditure incurred by ChECS and PGS for the objects of each charity.

Designated IT fund is available to support PGS' future investments in IT outside of core operational costs. Designated Intangible fixed asset fund is specifically related to PGS charity and reflects the carrying value of the website development and digital project costs incurred by PGS, and which have been capitalized on the balance sheet. The annual amortization charge is allocated against this fund accordingly.

Restricted funds

Restricted funds are to be used for specific purposes as laid down by the giver and they relate specifically to PGS. These are comprised of:-

- Parish gifts received through a regular giving scheme which collects gifts through direct debit and makes the gift (including Gift Aid) available only to be spent in a specified church/parish.
- The digital project grant represents a grant from Archbishop' Council and contributes to digital project development phase in line with the giver's wishes (and therefore the restriction discharged), but the asset capitalized is not available for the charity's unrestricted application.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

12. MOVEMENT IN FUNDS (CONTINUED)

Below is a summary of the net assets/liabilities of each fund as at 31 December 2024:

Consolidated	Fixed Assets	Non-Current & Current Assets/(Liabilities)	Net Assets/(Liabilities) at 31 December 2024
	£'000	£'000	£'000
Unrestricted funds:-			
General fund	3,011	(2,882)	129
Designated funds	2,657	186	2,843
Restricted funds:-	-	-	-
Total	5,668	(2,696)	2,972

Charity	Fixed Assets	Non-Current & Current Assets/(Liabilities)	Net Assets/(Liabilities) at 31 December 2024
	£'000	£'000	£'000
Unrestricted funds:-			
General fund	3,011	(3,011)	-
Designated funds	-	-	-
Restricted funds:-	-	-	-
Total	3,011	(3,011)	-

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

12. MOVEMENT IN FUNDS (CONTINUED)

For comparatives purposes, the table below provides a summary of the net assets/liabilities of each fund as at 31 December 2023:

Consolidated and charity	Fixed Assets	Non-Current & Current Assets/(Liabilities)	Net Assets/(Liabilities) at 31 December 2023
	£'000	£'000	£'000
Unrestricted funds:-			
General fund	3,673	(3,673)	-
Designated funds	-	-	-
Restricted funds:-	-	-	-
Total	3,673	(3,673)	-

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2024

13. TRANSFER OF PGS NET ASSET FUNDS

Following ChECS becoming sole member of Parish Giving Scheme (PGS) on 1 January 2024, all the net assets of PGS have been recognised as transferred fund income. The net asset balances of PGS as at 1 January 2024 were as follows:

<u>Parish Giving Scheme</u>	1 Jan 2024
	£'000
Fixed assets	
Intangible assets	696
Current assets	
Stock	1
Debtors	88
Cash at bank and in hand	629
	<u>718</u>
Creditors: amounts falling due within one year	(312)
Net current assets	<u>406</u>
Net assets	<u>1,102</u>
Reserves	
Restricted funds	-
Unrestricted funds	1,102
Total reserves	<u><u>1,102</u></u>

14. CAPITAL COMMITMENTS

As at the year ending 31 December 2024, ChECS had capital commitments of £0.4m in relation to the Finance Transformation Project (FTP) noted as an asset under construction in Note 6. This is to be funded by the relevant NCIs associated with the project.

As at the year ending 31 December 2024, PGS had capital commitments of £0.4m in relation to the IT project. This is to be funded by cash held in PGS at the year end in relation to the restricted and designated funds associated with that project.

15. POST BALANCE SHEET EVENTS

PGS undertook an additional £0.5m of capital commitments post the balance sheet year end date in relation to the digital platform project.

Accounts

Charity Registration No. 1155158

Company Registration No. 08776679 (England and Wales)

CHURCH OF ENGLAND CENTRAL SERVICES

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

(A COMPANY LIMITED BY GUARANTEE)

Church of England Central Services

Reference and administrative information

Trustees	John Spence (Chair) (to 30 September 2023) Clive Mather (Chair) (from 1 October 2023) Carl Hughes (from 1 October 2023) Elizabeth Renshaw (to 31 December 2023) Samantha Rushton Alan Nigel Smith Maggie Rodger
Charity Number	1155158
Company Number	08776679
Principal Address & Registered Office	Church House Great Smith Street London SW1P 3AZ
Auditors	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Bankers	Lloyds Bank plc 1 Legg Street Essex CM1 1JS

Church of England Central Services

Trustees' report (incorporating a strategic report)

The trustees present their trustees' report (which is a directors' report and strategic report for company law purposes) together with the Independent Auditor's report, for the year ended 31 December 2023.

The Charity

Church of England Central Services (ChECS) is a company limited by guarantee, incorporated on 15 November 2013 and registered with the Charity Commission on 31 December 2013. The Charity's governing document is its Memorandum and Articles of Association.

The Charity is a jointly controlled entity between the Archbishops' Council (AC), the Church Commissioners for England (CC), and the Church of England Pensions Board (PB) each of which is a member and guarantor. It is one of seven National Church Institutions (NCIs) and started operating shared services on behalf of the NCIs on 1 April 2014.

Governance and structure

The three members of the jointly controlled entity each have the right to appoint two trustees. The trustees (who are also the company directors) who held office during the year were:

- AC: John Spence (Chair of Archbishops' Council Finance Committee, to 30 September 2023)
- AC: Samantha Rushton
- AC: Carl Hughes (Chair of Archbishops' Council Finance Committee from 1 October 2023)
- CC: Alan Smith (First Church Estates Commissioner)
- CC: Elizabeth Renshaw (to 31 December 2023)
- PB: Clive Mather (Chair of the Pensions Board)
- PB: Maggie Rodger

The trustees meet regularly with the chief executives in a joint NCIs forum called the Joint Employment and Common Services Board (JECSB), and on the same day the directors also meet together as a ChECS Board to consider the business of ChECS.

In the event of the Charity being wound up, the liability in respect of the guarantee is limited to a sum not exceeding £10 per member of the Charity.

Recruitment and appointment of trustees

The trustees all hold positions in the other NCIs, either as trustees or committee members. Their appointment and training is dependent on the processes in the member NCI. Each member NCI has the power to appoint two trustees to the Board.

Church of England Central Services Trading Limited

The Charity has a wholly owned trading subsidiary company, Church of England Central Services Trading Limited (ChECS Trading), which carries out activities that are deemed, for tax purposes, to be trading activities. The company was incorporated on 14 March 2014 and donates any taxable profits to the Archbishops' Council, under a deed of covenant.

Staff Remuneration and Executive Pay

The staff working for ChECS 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 which is based on a comprehensive job evaluation scheme, with staff being placed in one of 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 regular review.

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

Staff Remuneration and Executive Pay (continued)

The NCIs use a range of appropriate external data tools and internal dedicated resources to advise on market rates. Staff pay is reviewed annually and any increases as a result of the annual pay negotiations are awarded with effect from 1 January each year. 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.

Certain senior roles sit outside the banding system, as the skill set required to fulfil the role is not readily measured within the NCIs' standard job evaluation system. Salaries for these roles are set individually with reference to the wider employment market, typically comparing to the charity and public sector, and 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 other staff.

The "key management personnel" for ChECS are the three chief executives of the other NCIs (as well as the six trustees, who are appointed by the other NCIs), therefore none are paid by ChECS.

Pensions

All staff members are eligible to join the Church Administrators Pension Fund – those whose employment commenced before July 2006 accrue pension on a defined benefit basis, and those employed subsequently are part of the defined contribution section with employer contribution rates ranging from 8% to 18% depending on the age of the employee and any personal contribution that they make.

STRATEGIC REPORT

PUBLIC BENEFIT

In exercising their responsibilities, the trustees have had regard to the Charity Commission's published advice on public benefit, in accordance with the requirements of s17(5) of the Charities Act 2011. ChECS' activities provide public benefit by reducing the support costs of the NCIs, dioceses and other charities with a Church ethos which allows them to better provide their charitable services.

ACTIVITIES AND BUSINESS REVIEW

Activities

The Charity's objects are to enhance the efficiency and effectiveness of the NCIs, dioceses and other charities with a Church ethos by providing cost-effective shared financial, legal and other support services including payroll, and to promote the charitable purposes of the NCIs.

The day-to-day management of the Charity's departments has been delegated to the three chief executives of the NCIs. Management is shared across the NCIs as follows:

Archbishops' Council managed

- Communications & Digital
- Legal

Church Commissioners managed

- Technology
- Office Services
- Data Services
- Finance & Project Management
- Human Resources
- Giving & Stewardship
- Internal audit and Risk Management

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

The NCIs are managed respectively by:

- William Nye (AC – Secretary General)
- Gareth Mostyn (CC – Secretary and Chief Executive)
- John Ball (PB – Chief Executive)

The costs of operating these functions are recovered from those receiving the services according to their proportionate usage of the shared services. The ChECS senior leadership team has met regularly during 2023 and reports quarterly progress to the ChECS Board.

Business Review

In 2023 ChECS continued to provide a range of products, services and advice to the NCIs and the wider Church. A significant proportion of the activities carried out are 'core services' which enable the NCIs to continue to operate effectively, ensuring the operational processes are in place with appropriate controls and support. ChECS also enables strategic change and drives continuous improvement activities, both in terms of improving its own operations but also supporting the NCIs to deliver their strategic objectives.

During 2023 ChECS completed its first year of its approved triennium funding to support the NCIs in delivering an ambitious programme of change, aligned to the Church of England Vision & Strategy for the 2020s, including the key priorities of Net Zero, Safeguarding and other key initiatives on transformation, development of improved processes and services and supporting significant church estate modernisation. Allied to this, and throughout the year ChECS teams have continued to work closely with dioceses, cathedrals and other parts of the wider Church to ensure a good understanding of future needs, and the effect on the Church of the current on-going geopolitical instability and challenging economic conditions.

Following the completion of extensive prior year refurbishments to modernise and 'right size' our offices in Church House Westminster, and to enable the space for the new post-pandemic world of hybrid working, Church House was occupied for permanent use in December 2023, prior occupation had been temporary during modifications. This has enabled the NCIs to occupy a smaller overall footprint that is designed in a more suitable way to support our new and more flexible ways of working. Office services and Technology staff have played a key role in ensuring that all teams were able to continue to operate effectively and safely during the refurbishment, and in helping to evaluate the needs and design for the future.

A number of key and instrumental changes have also been delivered with some prioritised for further development to help deliver an organisation that is modern, 'fit for purpose' and more resilient for the future. The second phase of the Oracle People management system has been completed for Payroll, going live in March 2023 including enhanced data collection, new data reporting processes and automated linkages to our Pathways recruitment system to aid efficiency and improve customer experience. We also completed a pan-NCI audit needs analysis to ensure a comprehensive internal audit plan was developed for each NCI, including rolling out the new Rhiza risk management software to ensure that an effective, and well managed risk and controls system for process and control review was effectively embedded for the future.

2023 has also been pivotal in more comprehensively developing the Finance Transformation Programme which has gathered pace to enable further extensive benefits to be delivered as our existing finance system approaches the need for replacement. This work will continue working in close partnership with our wider Governance Programme to help redefine the future shape and design of ChECS and other NCIs. These Programmes will remain a key focus for a wider transformation of the church, Mission and Ministry into the 21st Century.

Ongoing HR support has continued to help our teams to adapt our working practices and to operate effectively into a new way of working that encompasses Homeworking for some, and a hybrid working arrangement for others. New guidance has been completed to support these developments which reflects new ways of working in a post pandemic world, whilst also delivering policies to protect and support

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

staff from harassment and bullying as well as a roll out of the confident manager training programme to support and develop our staff. HR are also developing a revised Pay and Reward framework and offer, in the context of the cost of living crisis, a challenging recruitment market and rising inflationary pressure, leading to the development of a reward plan that is now being refined.

The HR team has continued to support leaders, managers and staff across the NCIs across all aspects of recruitment, reward, development, engagement and performance, alongside new work to refresh our NCI Values and deliver our second Belonging and Inclusion Plan. The HR team also supported bishops' staff and continued to develop our HR External Service and HR Network for dioceses and cathedrals. We undertook significant senior recruitment and an external review of our end to end recruitment process to ensure best practice. We are especially proud in 2023 to have made progress on our learning, leadership and apprenticeship offers to our staff, building on previous years' intensive work on inclusion and wellbeing, where we recently won an award for our extensive support during Covid.

A range of high impact initiatives, activities and pilots have been undertaken through the 'Simpler services for dioceses and worshipping communities' workstream of Transforming Effectiveness, including the successful roll out of contactless giving across 15 Dioceses, with over 900 units already distributed, over £10m has been received through digital giving accounts that have been set up on Parish Buying. 50% of parishes now have a digital giving capability, this is a significant achievement as communities move towards a more cashless environment and the church embraces new technology. The PGS has continued with its strong growth in 2023, processing £80m of gifts to parishes in 2023, In addition ChECS has supported and completed all required Technology improvements within Church House, Bishopthorpe and Lambeth as progress is made to modernise, protect, and refurbish our valuable estate.

The Digital Communications team continued to provide a widespread range of services and media support with particular attention being given over King Charles III's Coronation in May 2023, and ensuring that this historic occasion would be a memorable celebration for all. The campaign was developed with the Daily Prayers for the Coronation of King Charles III, Building on the idea of 'Celebrating Community, Faith and Service' a 'crown' symbol was designed to convey a sense of community / people celebrating together. This was included on all of the resources, the Church of England logo, and official Coronation logo also appeared. An award-winning range of innovative tools and digital services has also been delivered including pre-recorded national online worship services, and training for parishes and dioceses to help those churches in need of support and advice on the practicalities of online worship, social media, and digital strategy as well as developing and delivering seasonal campaigns for Lent and Christmas digital services.

ChECS teams have continued to support a range of other major projects including Net Zero feasibility and the related proposals for fundraising, Delivering efficiencies and economies to enable more resources to be made available for Mission and Ministry, and safeguarding our valuable resources through improved Cybersecurity awareness, protection and mandated training for all staff with support from our Technology team and banking partners.

FINANCIAL PERFORMANCE

The Charity's results are set out in the Consolidated Statement of Financial Activities (page 15), the Balance Sheets (page 16) and the Consolidated Cash Flow Statement (page 17).

Funds

As all the Charity's resources are spent in pursuit of its primary charitable objects, ChECS' resources are categorised under Unrestricted Funds.

Reserves

ChECS does not hold reserves as all of its expenditure is recoverable from those receiving its services in the period in which the service was provided. As such, there is no need for reserves to be held.

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

Measures of performance

As a provider of shared services to the NCIs and wider church, the main performance indicators for ChECS are an increased use of shared services plus the ability of the charity to recoup its costs. Both objectives were satisfactorily met during 2023.

Funding sources

The majority of the Charity's income is received from the three main National Church Institutions in the form of recharged expenditure. A small proportion of its income comes from other bodies to which it provides services (such as IT services and payroll). The Charity prepares annual budgets and regular re-forecasts, and in addition, in formulating its strategy for future development, considers a longer-term period beyond that for which formal budgets and forecasts are prepared.

The trustees have assessed the key risks and uncertainties which impact upon immediate liquidity and longer-term solvency. The trustees have specifically considered the effect of the geo-political turbulence, the energy and cost of living crises and the post pandemic context on the charity's primary income streams and have reviewed the material cash flows, and the availability of mitigating actions which could be taken to reduce expenditure. The trustees have assessed the continued demand for the Charity's services from the three main NCIs, which depend upon the Charity to provide key support services to enable them to deliver their charitable activities. They have considered the relative financial strength of the three main NCIs, including cash reserves and the availability of liquid resources, and consider that planned expenditure remains recoverable from them. The trustees have also considered how activities could be reprioritised if mitigating action becomes necessary to reduce expenditure.

Having due regard to the above, the trustees have a reasonable expectation that ChECS 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 financial statements.

Plans for future periods

The Charity's plans for 2024 are described below. The aims of the Charity are to continue to provide, and to expand, cost-effective shared-services in the form of products, services and advice to the National Church Institutions and both directly and indirectly to dioceses, parishes and the wider Church. Future objectives for ChECS include:

- To support the delivery of commitments made in the Business Plans of each of the NCIs, notably this includes:
 - supporting a range of objectives aligned to enabling the Church of England Vision & Strategy for the 2020s, including supporting new triennium funding streams and development of digital resources
 - continuing to support the work undertaken through the Safeguarding programme to improve Safeguarding arrangements in the Church of England, with key projects including Independence, Redress and Casework Management
 - supporting the Church of England Pensions Board in developing its Housing service to meet the needs of retiring clergy within a complex financial and regulatory context
 - supporting the expansion of the work of the National Society, particularly in relation to the NPQ Developing Leaders programme and the Archbishops' Young Leaders Award
- To provide stronger financial management and a robust control environment; and to improve the quality of financial analysis and insight to support decision-making; this objective includes the delivery of new Finance and Grant Management systems for the NCIs
- To facilitate effective people leadership and staff engagement, leading to high performance levels, whilst embedding NCI values and behaviours, promoting belonging and inclusion, and enabling effective ways of working; thereby providing "cultural glue" across the NCI and wider Church.
- To deliver stronger and more joined up Data, Technology and Digital services, with a particular focus on cyber security and data protection, and the delivery of a range of key technology projects to enhance security and reliability of transactional processing.

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

-
- To improve and join up customer support across a range of key services.
 - To plan and implement the recommendations of the Governance Review Group Report which focuses on the governance of the National church bodies
 - To deliver key areas of Transforming Effectiveness and to develop opportunities for more effective services to the wider Church (including through Parish Buying)
 - To equip dioceses and parishes with the tools and knowledge to create the best environment for encouraging giving and generosity in their churches
 - To improve the NCIs' maturity in Project Management and the effectiveness of strategy execution

ChECS Trading

ChECS Trading's objective remains to provide (and grow the use of) procurement and recruitment activities on behalf of the Church of England. Whilst turbulence in the energy market created complexity and uncertainty in the year, the Parish Buying (energy basket) continued to provide value to Church customers. In addition, Pathways recruitment activity saw positive growth towards pre-pandemic levels. The activities of the Company remain of significant strategic importance to ChECS – the long term business model for Parish Buying is being further developed to support the expansion of services, but is considered to be sustainable.

FUNDRAISING

ChECS does not undertake any fundraising from the general public, and neither does it employ any person on its behalf to do so. Grants may be awarded occasionally from the other NCIs in order to further the effectiveness of ChECS' shared activities.

Neither ChECS nor any person acting on its behalf was subject to an undertaking to be bound by any voluntary standard of fundraising, and no complaints have been received by ChECS or a person acting on its behalf in respect of its activities.

PRINCIPAL RISKS AND UNCERTAINTIES

2023 has provided a separate set of challenges in addition to the ongoing Ukrainian conflict and the cost of living crisis. The emergence of conflicts in Israel, Gaza, and the ongoing tensions in Europe and the Middle East. All of these continue to play a part in creating worldwide uncertainty, including within the UK. These instabilities have been compounded by the continued political and economic volatility in the UK and the continuation of high levels of stubborn inflation that appear likely to remain for at least the medium term. Cyber security concerns have also increased over the course of the year with ChECS placing considerable effort into training and education together with system controls to minimise the potential for harm or loss.

The ChECS risk management process supports management by facilitating the identification and assessment of significant risks to the achievement of objectives. The support provided can help ChECS utilise resources effectively, identify threats and dangers early and facilitate communication between staff, management and the Board of trustees. The main roles and responsibilities of directors, trustees, management and staff are outlined in the NCIs' risk management policies along with the risk management process.

All strategic (principal) identified risks have an allocated risk owner who is responsible for ensuring the risk assessment is reflective of the prevailing risk environment. The risk scoring is reviewed by applying the methodology proposed by the Charity Commission. The Risk & Assurance Department help to facilitate and monitor the NCIs' risk management process.

The strategic risk register and risk management arrangements are reviewed by the ChECS Board on at least an annual basis. Reviews of the relevant risk registers with the risk owners are aided by the Risk & Assurance Department. This ensures an accurate reflection of the existing risks and offers ongoing assurance over the adequacy of current risk management arrangements. These processes are independently reviewed via Internal Audit processes and reported to the three Audit & Risk Committees of the NCIs, as ChECS continues to support the vision and strategy of the Church of England.

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

The ChECS Board has agreed that the strategic (principal) inherent risks below represent the main obstacles to the achievement of the key objectives of ChECS. The issues identified are subject to ongoing mitigation and management action to reduce the residual risk to a tolerable level.

Principal Risk Area	Key Management Actions and Plans
Operational Challenges Increasing workload combined with insufficient resources and real term budget reductions results in service delivery expectations/requirements not being met, leading to regulatory failure, financial and reputational damage and loss of staff morale. Governance Review recommendations result in significant changes to shared services arrangements.	- Regular communications with staff in relation to the Transforming Effectiveness Programme, which focuses on increasing effectiveness and efficiency across ChECS and the wider Church. - Processes and controls developed for pan-NCI approach to project management - Emerging Church Steering Group in place to co-ordinate and prioritise workstreams. - Regular Governance Review update meetings - ChECS Project Board meeting monthly.
People Inability to attract/recruit and/or retain high quality staff with the requisite skills. Central Services under resourced, undervalued or underutilised, leading to an undermining of service delivery.	- Pay & Reward package implemented and backdated from October 2022 - Refreshed values launched in June 2023 - Portfolio Management Process to review resourcing of major projects - Updated Hybrid Working Policy - Learning and Development strategy - Windsor Leadership Development programme – second cohort commenced in 2023.
Culture Risk that organisational staff profile does not reflect wider society and is not welcoming. Inability to lead and handle change results in lack of resilience and inability to adapt to changing demands.	- Inclusion Training rolled out for all staff - Confident Career programme launched June 2023 - New Wellbeing Strategy agreed July 2023 - Diversity and Inclusion Officer recruited - Review of Equality in Recruitment completed - NCI Staff Survey completed with corporate action plan launched in response.
Cyber/Data-Security The information security management system (ISMS) is not of a robust and sufficient standard to prevent NCIs being the target of a cyber-attack. Unauthorised third party software use by staff. Staff neglecting cyber security training.	- A 'Zero trust' continuous authentication and monitoring network utilised. - IT Security Awareness staff training. - Penetration testing scheduled. - Regular random phishing testing. - Quarterly Cyber Security Steering group meetings. - Dedicated Cyber Security Analyst in post - External 24/7 Security Operations Centre (SOC) - Cyber Insurance Policy
Provisions of Service to wider Church Insufficient capacity within ChECS Trading Limited to serve and support the wider Church.	- Well established vehicle to deliver change via ChECS Trading Limited. - Emerging Church review of ChECS Trading Limited
Finance Transformation Programme Introduction of new finance system is delayed, over budget and does not meet service user needs.	- Experienced Programme Lead appointed. - Established Programme Board. - External advisor to the Board from Gartner - Regular updates to ChECS Board. - Appropriate Project Scoping. - Utilisation of NCI Programme methodology. - Lessons learned from historic projects. - Key project team members recruited - Director of Finance Transformation appointed

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

People System Implementation Introduction of new HR & Payroll system is further delayed, further over budget and does not meet service user needs.	• ChECS Project Board in place overseeing the project. • External advisor to the Board from Gartner • Engagement with key stakeholders. • Weekly meeting with software provider. • Established new People System Support Team. • Regular updates to ChECS Board.
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Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

Statement of trustees' responsibilities

The trustees are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements are prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Charity and of incoming resources and application of resources of the Group and Charity for that period.

In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that show and explain the Group and Charity's transactions, disclose with reasonable accuracy at any time the financial position of the Group and Charity, and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and Charity and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

All of the current trustees (who are also the directors of the company) have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group and Charity's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The trustees are not aware of any relevant audit information of which the auditors are unaware.

Approval

This report was approved by the board of trustees on 21st May 2024 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Clive Mather', with a horizontal line underneath.

Clive Mather, Chairman

Church of England Central Services

Independent Auditor's Report to the members of Church of England Central Services (continued)

Opinion

We have audited the financial statements of Church of England Central Services ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity only Balance Sheets, the Consolidated statement of Cash Flows and notes to the financial statements, including 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 group's and the charitable company's affairs as at 31 December 2023 and of its / the group's income and expenditure, 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 Companies Act 2006.

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 charitable company / group in accordance with the ethical requirements that are 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 relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Church of England Central Services

Independent Auditor's Report to the members of Church of England Central Services (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; 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 set out on page 11, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 determine 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

Church of England Central Services

Independent Auditor's Report to the members of Church of England Central Services (continued)

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nicola May
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

Date: 5 June 2024

Church of England Central Services

*Consolidated Statement of Financial Activities
(including consolidated income and expenditure account)
For the year ended 31 December 2023*

		All	All
	Note	Funds	Funds
		2023	2022
		£'000	£'000
Income from:			
Charitable activities	2	23,415	18,517
Total income		23,415	18,517
Expenditure on:			
Charitable activities	3	(23,415)	(18,517)
Total expenditure		(23,415)	(18,517)
Net income / (loss) and net movement in funds		-	-
Total funds at 1 January		-	-
Total funds at 31 December		-	-

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

All funds were unrestricted.

Church of England Central Services

Consolidated and Charity only Balance Sheets As at 31 December 2023

	Notes	Consolidated	Consolidated	Charity Only	Charity Only
		31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	6	3,673	4,136	3,673	4,136
Total fixed assets		3,673	4,136	3,673	4,136
Non-Current asset					
Amounts due from subsidiary undertaking	7	-	-	212	212
Total Non-Current assets		-	-	212	212
Current assets					
Debtors	7	2,171	1,391	1,848	1,332
Cash at bank and in hand		4,272	2,037	4,147	1,731
Total current assets		6,443	3,428	5,995	3,063
Current liabilities					
Creditors: amounts falling due within one year	8	(7,487)	(4,329)	(7,251)	(4,176)
Net current liabilities		(1,044)	(901)	(1,256)	(1,113)
Total assets less current liabilities		2,629	3,235	2,629	3,235
Creditors: amounts falling due after one year	8	(2,629)	(3,235)	(2,629)	(3,235)
Net assets / (liabilities)		-	-	-	-
Funds of the Charity					
General fund		-	-	-	-
Total funds		-	-	-	-

The Financial Statements of Church of England Central Services (Company No. 08776679) were approved and authorised for issue by the Board on 21st May 2024 and signed on its behalf by:



Clive Mather, Chair

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

		2023 £'000	2022 £'000
Cash generated from operating activities	A	2,750	1,294
Cash flows from investment activities			
Purchase of intangible asset		(515)	(1,572)
Change in cash, cash equivalents and net debt in the year		2,235	(278)
Cash, cash equivalents and net debt at 1 January		2,037	2,315
Cash, cash equivalents and net debt at 31 December	B	4,272	2,037

A. Net cash generated by operating activities

	2023 £'000	2022 £'000
Net income for the year (as per the statement of financial activities)	-	-
Amortisation	978	589
Decrease/(increase) in debtors	(780)	184
Increase in creditors	2,552	521
Net cash generated by operating activities	2,750	1,294

B. Analysis of cash, cash equivalents and net debt

	2023 £'000	2022 £'000
Cash at bank and in hand	4,272	2,037
Total cash, cash equivalents and net debt	4,272	2,037

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

1. ACCOUNTING POLICIES

Church of England Central Services (ChECS) is a company limited by guarantee, incorporated on 15 November 2013 and registered with the Charity Commission on 31 December 2013. The Charity's governing document is its Memorandum and Articles of Association.

a) Basis of Preparation of Accounts

ChECS' 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 Companies Act 2006.

ChECS 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 and on the accruals basis.

b) Consolidation

The consolidated statement of financial activities ('SOFA') and balance sheet include the financial activities of ChECS and its subsidiary ChECS Trading Ltd made up to 31 December 2023. The subsidiary has been consolidated on a line by line basis. Intra-group balances and transactions are eliminated on consolidation. The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of Financial Activities in these financial statements. The parent company's profit for the year was £nil (2022: £nil).

c) Going concern

The trustees have a reasonable expectation that ChECS has adequate resources and cash flows to meet its spending commitments for the foreseeable future. In making this assessment, they have assessed the key risks and uncertainties which impact upon immediate liquidity and longer-term solvency. The trustees have specifically considered the effect of the geo-political turbulence, the energy and cost of living crises and the post pandemic context on the charity's primary income streams and have reviewed the material cash flows, and the availability of mitigating actions which could be taken to reduce expenditure. The trustees have assessed the continued demand for the Charity's services from the three main NCIs, which depend upon the Charity to provide key support services to enable them to deliver their charitable activities. They have considered the relative financial strength of the three main NCIs, including cash reserves and the availability of liquid resources, and consider that planned expenditure remains recoverable from them. The trustees have also considered how activities could be reprioritised if further mitigating action becomes necessary to reduce expenditure.

Having due regard to the above, the trustees have a reasonable expectation that ChECS has adequate resources and cash flows to meet spending commitments for the foreseeable future, and do not consider there to be material uncertainty over the Charity's ability to meet its future obligations and commitments. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and accounts.

d) Income

All income is recognised on the accruals basis. It is recognised when ChECS is entitled to the income, it is probable that the income will be received and the amount of income can be measured reliably.

Income from Charitable Activities predominantly represents recharged expenditure from the shared service departments and income generated by ChECS-run courses and conferences.

It also includes income generated from procurement and recruitment services via ChECS Trading.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

1. ACCOUNTING POLICIES (CONTINUED)

e) Expenditure

All expenditure is accounted for on an accruals basis.

Charitable activity costs are the cost of operating the shared service departments, including staff costs and accommodation costs.

Governance costs include costs associated with the governance arrangements of the Charity including external audit.

f) Taxation

ChECS is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly it is exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Charity is registered for VAT and recovers all that it incurs.

The Charity's subsidiary (ChECS Trading Ltd) is a non-charitable subsidiary and is subject to taxation, but does not generally pay UK Corporation tax because its policy is to pay any taxable profits to the Archbishops' Council.

g) Pension Costs

As set out in Note 5, pension benefits to staff employed by ChECS are provided either through the Church Administrators Pensions Fund (CAPF) defined benefit pension scheme or through the CAPF defined contribution scheme.

The defined benefit scheme is considered to be a multi-employer scheme and consequently is accounted for as if it were a defined contribution scheme, where employer contributions payable in the year are charged to expenditure. The NCIs' pension scheme liability is calculated by actuaries Lane, Clark and Peacock LLP (LCP). 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 cashflows, based on benefits accrued to the valuation date and the various assumptions made.

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

Contributions are shown in Note 4.

h) Related Parties

The three members are related to ChECS. Details are given in Note 11.

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 are not related parties as defined in the Charities SORP or 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.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

1. ACCOUNTING POLICIES (CONTINUED)

i) Funds

As all the Charity's resources are spent in pursuit of its primary charitable objects, ChECS' resources are categorised mainly under Unrestricted Funds.

j) Amortisation

Costs incurred on acquiring or enhancing intangible assets are capitalised. Staff costs that relate to the development of intangible assets are capitalised, including related tax and social security payments. Amortisation is charged on a straight line basis over the estimated useful life of the asset, as set out below:

Software 20%

2. INCOME FROM CHARITABLE ACTIVITIES

	2023	2022
Department	£'000	£'000
Comms & Digital	2,887	2,429
Data Services	3,674	2,893
Finance & Project Management Office	5,628	4,272
Giving & Stewardship	1,475	800
HR & Office Services	2,267	2,316
Internal Audit	784	381
Legal	1,521	1,415
Strategic Development Unit	3	9
Technology	3,770	3,317
ChECS Trading Limited	1,406	685
TOTAL	23,415	18,517

3. CHARITABLE EXPENDITURE

	2023	2022
Department	£'000	£'000
Comms & Digital	2,887	2,429
Data Services	3,674	2,893
Finance & Project Management Office	5,628	4,272
Giving & Stewardship	1,475	800
HR & Office Services	2,267	2,316
Internal Audit	784	381
Legal	1,521	1,415
Strategic Development Unit	3	9
Technology	3,770	3,317
ChECS Trading Limited	1,406	685
TOTAL	23,415	18,517

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

Governance costs - auditor's remuneration:

Included within charitable expenditure are governance costs related to audit costs:

	2023 £'000	2022 £'000
Audit of ChECS	8	8
Audit of ChECS Trading Ltd	3	3
Taxation services provided by auditor	5	3
TOTAL	16	14

4. STAFF NUMBERS AND COSTS

The cost of staff for which ChECS was the managing employer during the year ended 31 December 2023 was:

	Comms & Digital	Data Services	Finance & PMO	Giving & Stewardship	HR & Office Services	Internal Audit	Legal	Technology	2023 Total	2022 Total
Average No. Employed	22	20	58	17	26	3	14	18	178	157
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	1,180	887	2,923	777	1,167	229	1,022	936	9,121	7,565
Social security	135	100	335	87	130	28	124	107	1,046	947
Pension contributions	141	128	418	101	150	29	171	125	1,263	1,542
Total cost of staff	1,456	1,115	3,676	965	1,447	286	1,317	1,168	11,430	10,054

Total cost of staff includes termination costs of £4,536 (2022: £76,114) in respect of 1 (2022: 4) individuals. The average number of staff employed during the year has increased as a result of filling existing vacancies and team expansion to help support the finance and governance transformation programmes of work that require additional resources to deliver.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

4. STAFF NUMBERS AND COSTS (CONTINUED)

The cost of staff for which ChECS was the managing employer during the year ended 31 December 2022 was:

	Comms & Digital	Data Services	Finance & PMO	Giving & Steward ship	HR & Office Services	Internal Audit	Legal	Technol ogy	2022 Total
Average No. Employed	19	19	51	11	26	3	12	16	157
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	912	703	2,422	474	1,084	204	899	867	7,565
Social security	114	94	298	59	130	25	119	108	947
Pension contributions	110	155	777	65	137	26	159	113	1,542
Total cost of staff	1,136	952	3,497	598	1,351	255	1,177	1,088	10,054

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

	2023 Number	2022 Number
£60,001 to £70,000	15	13
£70,001 to £80,000	9	6
£80,001 to £90,000	8	3
£90,001 to £100,000	1	2
£100,001 to £110,000	4	5
£110,001 to £120,000	2	1
£120,001 to £130,000	-	2
£130,001 to £140,000	1	-
£140,001 to £150,000	1	-
Total	41	32

All of the staff above are members of the Church Administrators Pension Fund (Note 5). Of these, 37 (2022: 29) accrue benefits under a defined contribution scheme for which contributions for the year were £428,246 (2022: £327,627). The remaining 4 (2022: 3) staff members accrue benefits under a defined benefit scheme.

The highest paid member of staff was the Chief Operating Officer who earned £141,814 (2022: highest paid member of staff was the Chief Operating Officer who earned £130,000). ChECS' remuneration policy is in line with that of the other NCIs.

None of the trustees were remunerated and none were reimbursed (2022: £548) expenses by ChECS during the year.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

5. PENSIONS

Pension benefits for staff employed by ChECS are provided either through the Church Administrators Pensions Fund (CAPF) defined benefit pension scheme or through the CAPF defined contribution scheme which was established for employees commencing service after 30 June 2006. The schemes are administered by the Church of England Pensions Board, which publishes the schemes' financial statements. The contributions to the defined benefit schemes have been assessed by an independent qualified actuary using the projected unit method of valuation and are detailed below.

The Church Administrators Pension Fund

- i) Defined Benefits Section (closed to new members from 30 June 2006)

Costs shared between the National Church Institutions

A valuation of this section is carried out every three years, the most recent having been at 31 December 2022. This revealed a deficit of £2.4m for the entire scheme. As agreed prior to the valuation, the employers collectively paid contributions of 27.6% of Pensionable Salaries each month and deficit payments of £2.4m until December 2023, in respect of the shortfall in the Defined Benefit Section. Future contributions of Pensionable Salaries from 01 January 2024 onwards has been agreed to be 16.5%.

The deficit contributions paid by ChECS in 2023 were £447,000 (2022: £436,000). The level of additional contributions made by the participating employers as a whole was £2.4m in 2023 (2022: £2.4m).

FRS 102 requires this agreed deficit recovery plan to be provided for. The total provision of £2.4m (as at 31 December 2022) was measured at its net present value. However, this transaction had no impact on ChECS' financial statements as the amount is recharged in full to the three equal partners of which ChECS is a jointly controlled entity. As at 31 December 2023 no such provision was made.

Contributions Paid

In 2023 ChECS paid contributions (exclusive of the additional contributions) to the Fund totalling £153,259 (2022: £216,008). The participating employers are also responsible for making contributions towards the administration costs of the scheme of £499,000 (2022: £504,000).

- ii) Defined Contribution Section

Following the closure of the defined benefit section of the Fund on 30 June 2006 a defined contribution section was set up for those commencing service after this date. ChECS paid contributions of £1,097,042 in 2023 (2022: £915,073).

Membership

The average number of ChECS employees within each scheme was:

	CAPF	
	Defined Benefit	Defined Contribution
2023	9	165
2022	14	139

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

6. INTANGIBLE ASSETS

	2023	2022	2023	2022
	Consolidated	Consolidated	Charity only	Charity only
Cost	£'000	£'000	£'000	£'000
At 1 January	5,019	3,447	5,019	3,447
Additions	515	1,572	515	1,572
Disposals	-	-	-	-
At 31 December	<u>5,534</u>	<u>5,019</u>	<u>5,534</u>	<u>5,019</u>
Accumulated amortisation				
At 1 January	(883)	(294)	(883)	(294)
Charged for the year	(978)	(589)	(978)	(589)
At 31 December	<u>(1,861)</u>	<u>(883)</u>	<u>(1,861)</u>	<u>(883)</u>
Net book values				
At 31 December 2023	<u>3,673</u>	<u>4,136</u>	<u>3,673</u>	<u>4,136</u>
At 31 December 2022	<u>4,136</u>	<u>3,153</u>	<u>4,136</u>	<u>3,153</u>

During the year ChECS continued to undertake work on a new IT system, which incorporated Master Data Management and HR/Payroll functionality to enable the strategic management of people data across the Church, including but not limited to NCI staff and clergy. The system interfaces with other key business systems including recruitment, pensions and the diocesan contact management system. All associated feasibility costs were expensed, until formal approval was given by the JECSB and the ChECS Board in July 2019. Subsequent to approval being given the project was considered to have moved into its development phase and therefore costs incurred as a direct result of the work were capitalised.

The asset was partly brought into use in 2021, with amortisation incurred from the go-live date on the value capitalised up to that date. The new HR/Payroll system went live at the end of March 2023.

7. DEBTORS

	2023	2022	2023	2022
	Consolidated	Consolidated	Charity only	Charity only
Current debtors	£'000	£'000	£'000	£'000
Trade debtors	886	608	264	289
Other debtors	144	38	53	38
Prepayments and accrued income	1,141	745	939	616
Amounts due from subsidiary undertaking	-	-	592	389
	<u>2,171</u>	<u>1,391</u>	<u>1,848</u>	<u>1,332</u>

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

7. DEBTORS (continued)

	2023	2022	2023	2022
Non-current debtors	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Amounts due from subsidiary undertaking	-	-	212	212
	-	-	212	212

During the year, the Board considered the status of the amounts loaned to the subsidiary undertaking, and determined that this funding had been provided for the long term benefit of ChECS Trading and is not expected to be repaid within twelve months. As a result, the substance of this debt is considered to be a long term debtor and is therefore presented as such in the financial statements.

8. CREDITORS

	2023	2022	2023	2022
Current liabilities:	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Amounts due within 1 year				
Trade creditors	957	811	851	688
Related parties (see Note 11)	3,847	692	3,828	668
Taxation & social security	1,628	1,912	1,630	1,914
Accruals & deferred income	1,055	914	942	906
	7,487	4,329	7,251	4,176

	2023	2022	2023	2022
Non-current liabilities:	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Amounts due after 1 year				
Related parties (see Note 11)	2,629	3,235	2,629	3,235
	2,629	3,235	2,629	3,235

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

9. SUBSIDIARY RESULTS

ChECS has a trading subsidiary, ChECS Trading Ltd (company registration no. 08940330), which carries out any activities that are deemed, for tax purposes, to be trading activities. ChECS owns 100% of the share capital in ChECS Trading Ltd. The subsidiary is registered at the same address as its parent. A summary of the profit and loss account of ChECS Trading Ltd is shown below:

<u>ChECS Trading Ltd</u>	Year Ended 31/12/2023 £'000	Year Ended 31/12/2022 £'000
Turnover	1,402	685
Cost of Sales	(1,387)	(637)
GROSS PROFIT	15	48
Administration expenses	(8)	(6)
Interest payable	(7)	(5)
Charitable donations	-	(37)
RESULT FOR THE FINANCIAL YEAR	-	-

A summary of the net assets of ChECS Trading Ltd is shown below:

	2023 £'000	2022 £'000
Current assets		
Debtors	917	515
Cash at bank and in hand	124	305
	1,041	755
Creditors: amounts falling due within one year	(829)	(608)
Net current assets	212	212
Creditors: amounts falling due after one year	(212)	(212)
Total reserves	-	-

During the year the prior year allocation between accrued and deferred income was updated in respect of £64,000. The comparatives have been updated accordingly.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

10. OPERATING LEASES

As at 31 December 2023 the charity had commitments under non-cancellable operating leases, representing the total minimum future lease payments, as follows:

	Property	Office Equipment	2023 Total	2022 Total
Falling due:-	£'000	£'000	£'000	£'000
Within One year	-	174	174	220
Two to Five years	-	70	70	178
	-	244	244	398

The annual lease payments were £244,000 (2022: £398,000)

As at 31 December 2022 the charity had commitments under non-cancellable operating leases, representing the total minimum future lease payments, as follows:

	Property	Office Equipment	2022 Total
Falling due:-	£'000	£'000	£'000
Within One year	-	220	220
Two to Five years	-	178	178
	-	398	398

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

11. RELATED PARTIES

ChECS is a jointly controlled entity between the Archbishops' Council, the Church Commissioners for England, and the Church of England Pensions Board in which the three members hold equal shares. Each member has the right to appoint and remove two of ChECS' trustees and holds equal guarantee rights in ChECS.

The amount charged to each related party during the year was as follows:-

	2023	2022
	£'000	£'000
Church Commissioners for England	7,230	6,767
The Archbishops' Council	10,956	7,729
The Church of England Pensions Board	3,018	2,758
Total	21,204	17,254

As at 31 December the following amounts were owed to related parties:-

	2023	2022
	£'000	£'000
Church Commissioners for England	2,686	1,563
The Archbishops' Council	1,913	1,919
The Church of England Pensions Board	1,877	445
Total	6,476	3,927

ChECS Trading owed £18,000 to the above related parties (2022: £24,000 was owed to the above related parties).

ChECS Trading

The amount charged to ChECS by ChECS Trading during the year was as follows:-

	2023	2022
	£'000	£'000
ChECS	38	2

As at 31 December the following amounts were due from ChECS Trading:-

	2023	2022
	£'000	£'000
ChECS Trading	808	601

12. POST BALANCE SHEET EVENTS

As at 1 Jan 2024, ChECS has become the parent entity of Parish Giving Scheme (PGS, company registration no. 08824540), a charity with a mission to enhance the generosity that enriches the life of the Church and its ministry in each community. The principal activity of PGS is the provision of a professional and cost-effective scheme to enable givers to support their local church.

Accounts

Charity Registration No. 1155158

Company Registration No. 08776679 (England and Wales)

CHURCH OF ENGLAND CENTRAL SERVICES

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

(A COMPANY LIMITED BY GUARANTEE)

Church of England Central Services

Reference and administrative information

Trustees	John Spence (Chair) Clive Mather Nikesh Patel (resigned 17 October 2022) Elizabeth Renshaw Samantha Rushton Alan Nigel Smith Maggie Rodger (appointed 17 October 2022)
Charity Number	1155158
Company Number	08776679
Principal Address & Registered Office	Church House Great Smith Street London SW1P 3AZ
Auditors	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Bankers	Lloyds Bank plc 1 Legg Street Essex CM1 1JS

Church of England Central Services

Trustees' report (incorporating a strategic report)

The trustees present their trustees' report (which is a directors' report and strategic report for company law purposes) together with the Independent Auditor's report, for the year ended 31 December 2022.

The Charity

Church of England Central Services (ChECS) is a company limited by guarantee, incorporated on 15 November 2013 and registered with the Charity Commission on 31 December 2013. The Charity's governing document is its Memorandum and Articles of Association.

The Charity is a jointly controlled entity between the Archbishops' Council (AC), the Church Commissioners for England (CC), and the Church of England Pensions Board (PB) each of which is a member and guarantor. It is one of seven National Church Institutions (NCIs) and started operating shared services on behalf of the NCIs on 1 April 2014.

Governance and structure

The three members of the jointly controlled entity each have the right to appoint two trustees. The trustees (who are also the company directors) who held office during the year were:

- AC: John Spence (Chair of Archbishops' Council Finance Committee)
- AC: Samantha Rushton
- CC: Alan Smith (First Church Estates Commission)
- CC: Elizabeth Renshaw
- PB: Clive Mather (Chair of the Pensions Board)
- PB: Nikesh Patel (to 17 October 2022)
- PB: Maggie Rodger (from 17 October 2022)

The trustees meet together regularly with the chief executives in a joint NCIs forum called the Joint Employment and Common Services Board (JECSB), and on the same day the directors also meet together as a ChECS Board to consider the business of ChECS.

In the event of the Charity being wound up, the liability in respect of the guarantee is limited to a sum not exceeding £10 per member of the Charity.

Recruitment and appointment of trustees

The trustees all hold positions in the other NCIs, either as trustees or committee members. Their appointment and training is dependent on the processes in the member NCI. Each member NCI has the power to appoint two trustees to the Board.

Church of England Central Services Trading Limited

The Charity has a wholly owned trading subsidiary company, Church of England Central Services Trading Limited (ChECS Trading), which carries out activities that are deemed, for tax purposes, to be trading activities. The company was incorporated on 14 March 2014 and donates any taxable profits to the Archbishops' Council, under a deed of covenant.

Staff Remuneration and Executive Pay

The staff working for ChECS 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 which is based on a comprehensive job evaluation scheme, with staff being placed in one of 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 regular review.

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

Staff Remuneration and Executive Pay (continued)

The NCIs use a range of appropriate external data tools and internal dedicated resources to advise on market rates. Staff pay is reviewed annually and any increases as a result of the annual pay negotiations are awarded with effect from 1 January each year. 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.

Certain senior roles sit outside the banding system, as the skill set required to fulfil the role is not readily measured within the NCIs' standard job evaluation system. Salaries for these roles are set individually with reference to the wider market place, typically comparing to the charity and public sector market, and are 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 the rest of the staff enjoy.

The "key management personnel" for ChECS are the three chief executives of the other NCIs (as well as the six trustees, who are appointed by the other NCIs), therefore none are paid by ChECS.

Pensions

All staff members are eligible to join the Church Administrators Pension Fund – those whose employment commenced before July 2006 accrue pension on a defined benefit basis, and those employed subsequently are part of the defined contribution section with employer contribution rates ranging from 8% to 18% depending on the age of the employee and any personal contribution that they make.

STRATEGIC REPORT

PUBLIC BENEFIT

In exercising their responsibilities, the trustees have had regard to the Charity Commission's published advice on public benefit, in accordance with the requirements of s17(5) of the Charities Act 2011. ChECS' activities provide public benefit by reducing the support costs of the NCIs, dioceses and other charities with a Church ethos which allows them to better provide their charitable services.

ACTIVITIES AND BUSINESS REVIEW

Activities

The Charity's objects are to enhance the efficiency and effectiveness of the NCIs, dioceses and other charities with a Church ethos by providing cost-effective shared financial, legal and other support services including payroll and also to promote the charitable purposes of the NCIs.

The day to day management of the Charity's departments has been delegated to the three chief executives of the NCIs. Management is shared across the NCIs as follows:

Archbishops' Council managed

- Communications & Digital
- Legal

Church Commissioners managed

- Technology
- Office Services
- Data Services
- Finance & Project Management
- Human Resources
- Giving & Stewardship
- Internal audit and Risk Management (from August 2022, previously managed by Pensions Board)

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

The NCIs are managed respectively by:

- William Nye (AC – Secretary General)
- Gareth Mostyn (CC – Secretary and Chief Executive)
- John Ball (PB – Chief Executive)

The costs of operating these functions are recovered from those receiving the services according to their proportionate usage of the shared services. The ChECS senior leadership team has met regularly during 2022 and reports quarterly progress to the ChECS Board.

Business Review

In 2022 ChECS continued to provide a range of products, services and advice to the NCIs and the wider Church. A significant proportion of the activities carried out are 'core services' which enable the NCIs to continue to operate effectively, ensuring the operational processes are in place with appropriate controls and support. ChECS also enables strategic change and drives continuous improvement activities, both in terms of improving its own operations but also supporting the NCIs to deliver their strategic objectives.

During 2022 ChECS Finance and Communications teams supported the Archbishops' Council and the Church Commissioners to agree and communicate an ambitious programme of funding for the next nine years, aligned to the Church of England Vision & Strategy for the 2020s, as well as other key priorities including Net Zero and Safeguarding. Allied to this, throughout the year ChECS teams have also continued to work closely with dioceses, cathedrals and other parts of the wider Church to ensure a good understanding of the emerging post pandemic context, and the effect on the Church of the current geopolitical instability and challenging economic conditions. This has included collaborating effectively to provide data and financial information to support key decision-making, particularly in relation to funding support for the wider Church, including but not limited to helping establish a £15m energy fund, along with guidance and support for churches.

2022 saw the conclusion of the Transforming Effectiveness 'Simpler NCIs' workstream, through which NCI teams were restructured and re-aligned to ensure they were best placed to serve the Church's needs and able to operate as efficiently as possible. A number of ChECS teams were involved in supporting these changes to be made, including HR, Finance and Communications. In addition, some ChECS teams and individual roles were directly affected by this restructuring including the transfer of the Strategic Development Unit and clergy HR teams to the Archbishops' Council, and the creation of a new Data Services team, bringing together Information Management, People & Data systems and Research and Statistics. Work has continued throughout the year to embed new structures and support teams to adopt new ways of working both in ChECS and across the NCIs.

Work has also continued around 'Locations' including ensuring that Church House Westminster office space is the right size and fit-for-purpose in the post-pandemic world of hybrid working, and a focus on 'non-London centric' operating models. During the year NCI staff moved into temporary accommodation within Church House whilst the future office space is refurbished, enabling the NCIs to occupy a smaller footprint, designed in a more suitable way to support new ways of working. Office services and Technology staff have played a key role in ensuring that teams are able to continue to operate effectively and safely during the refurbishment, and in helping to evaluate needs and design future solutions.

Collaborative working, effectiveness and wellbeing have been a key area of focus across both of these strands of work, with HR leading on initiatives focused around delivery, leadership, learning, resilience and wellbeing, with a continued focus on belonging and inclusion. This encompassed the NCI response to the racial justice report "From Lament to Action". Extensive consultation was undertaken to refresh the NCI values, leading to two new values around Compassion and Collaboration being added to the existing Excellence, Respect and Integrity values already held. Support continued to help teams adopt and adapt working practices to operate effectively in a hybrid context. HR also developed a revised Pay and Reward framework and offer, in the context of the cost of living crisis, a challenging recruitment

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

market and rising inflationary pressure. A staff engagement survey was conducted and staff awareness of whistleblowing and safeguarding was improved via events, training and refreshed policies.

A range of initiatives, activities and pilots have been undertaken through the 'Simpler services for dioceses and worshipping communities' workstream of Transforming Effectiveness, including a deep dive review of the Parish Buying service, with opportunities identified to expand the services, and piloting of some technology and HR services to dioceses. Work has also been taken to set up the Governance project, implementing a Project Board and Project Team, and the first in a series of reports was shared with General Synod in July 2022. Teams from across ChECS have started to feed into this programme – notably Finance, Legal, HR, Communications etc. – and this area of work will grow significantly during 2023.

The Digital Communications team continued to provide an award-winning range of innovative tools and digital services including pre-recorded national online worship services, and training for parishes and dioceses to help those churches in need of support and advice on the practicalities of online worship, social media, and digital strategy as well as seasonal campaigns. Communications colleagues also gave extensive support during the funeral of Her Majesty the Queen and the once-in-a-decade Lambeth Conference, in addition to the two General Synod meetings. Similarly, the Giving Team continued to provide a range of online training webinars to support parishes and dioceses to help promote giving and generosity, and to progress the Church of England Giving Strategy, leading the operation of the Giving Adviser fund, and integrating online giving tools within the existing platform A Church Near You (ACNY). They also continued with an ambitious roll-out of contactless devices to churches across a number of dioceses, building on successful pilots, and leading to a significant increase in the value of the average donation to participating churches.

ChECS teams have also continued to support a range of other major projects across the NCIs. Significant progress was made on the second phase of the People System project, with the delivery of core HR and payroll functionality for clergy and NCI staff now expected to be delivered in early 2023. ChECS teams also supported the successful go-live of the Safeguarding Casework Management System for the first tranche of dioceses and are working on a number of other strategic projects including Safeguarding redress and independence.

As noted above, a review of Parish Buying was undertaken during the year, recognising the challenges posed by the energy crisis and seeking to ensure a sustainable model could be identified for the energy basket, as well as developing opportunities for expansion of the service to incorporate a range of additional products and services. During the year the active mailing list grew to 21,380 (2021: 19,195), with total registrations at 26,805 (2021: 23,670). The pricing secured by the energy basket through forward purchase of energy protected many churches from what would have been even greater price rises, and the service continues to adapt to changing needs, including supporting the Church's focus on the transition to net zero by 2030 through a range of products.

In addition, this was the fifth full year of ChECS Trading operating the Pathways Recruitment service (established 2017), which is designed to provide cost-effective recruitment support to both the NCIs and the wider Church. At the end of the financial year, the Pathways Service had 32 subscribing organisations (2021: 32 subscribers). Recruitment activity levels continued to improve after falling to depressed levels in the height of the pandemic in 2020. Pathways is a strategic component of the overall People System and will continue to play a key role in delivering services to the wider Church in 2023 and beyond. New reporting capability was rolled out during the year in response to feedback from customers, and the user-group has been relaunched.

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

FINANCIAL PERFORMANCE

The Charity's results are set out in the Consolidated Statement of Financial Activities (page 15), the Balance Sheets (page 16) and the Consolidated Cash Flow Statement (page 17).

Funds

As all the Charity's resources are spent in pursuit of its primary charitable objects, ChECS' resources are categorised under Unrestricted Funds.

Reserves

ChECS does not hold reserves as all of its expenditure is recoverable from those receiving its services in the period in which the service was provided. As such, there is no need for reserves to be held.

Measures of performance

As a provider of shared services to the NCIs and wider church, the main performance indicators for ChECS are an increased use of shared services plus the ability of the charity to recoup its costs. Both objectives were satisfactorily met during 2022.

Funding sources

The majority of the Charity's income is received from the three main National Church Institutions in the form of recharged expenditure. A small proportion of its income comes from other bodies to which it provides services (such as IT services and payroll). The Charity prepares annual budgets and regular re-forecasts, and in addition, in formulating its strategy for future development, considers a longer-term period beyond that for which formal budgets and forecasts are prepared.

The trustees have assessed the key risks and uncertainties which impact upon immediate liquidity and longer-term solvency. The trustees have specifically considered the effect of the geo-political turbulence, the energy and cost of living crises and the post pandemic context on the charity's primary income streams and have reviewed the material cash flows, and the availability of mitigating actions which could be taken to reduce expenditure. The trustees have assessed the continued demand for the Charity's services from the three main NCIs, which depend upon the Charity to provide key support services to enable them to deliver their charitable activities. They have considered the relative financial strength of the three main NCIs, including cash reserves and the availability of liquid resources, and consider that planned expenditure remains recoverable from them. The trustees have also considered how activities could be reprioritised if mitigating action becomes necessary to reduce expenditure.

Having due regard to the above, the trustees have a reasonable expectation that ChECS 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 financial statements.

Plans for future periods

The Charity's plans for 2023 are described below. The aims of the Charity are to continue to provide, and to expand, cost-effective shared-services in the form of products, services and advice to the National Church Institutions and both directly and indirectly to dioceses, parishes and the wider Church. Future objectives for ChECS include:

- To support the delivery of commitments made in the Business Plans of each of the NCIs, notably this includes:
 - supporting a range of objectives aligned to enabling the Church of England Vision & Strategy for the 2020s, including supporting new triennium funding streams and development of digital resources
 - continuing to support the work undertaken through the Safeguarding programme to improve Safeguarding arrangements in the Church of England, with key projects including Independence, Redress and Casework Management
 - supporting the Church of England Pensions Board in developing its Housing service to meet the needs of retiring clergy within a complex financial and regulatory context

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

-
- supporting the expansion of the work of the National Society, particularly in relation to the NPQ Developing Leaders programme and the Archbishops' Young Leaders Award
 - To provide stronger financial management and a robust control environment; and to improve the quality of financial analysis and insight to support decision-making; this objective includes the delivery of new Finance and Grant Management systems for the NCIs
 - To facilitate effective people leadership and staff engagement, leading to high performance levels, whilst embedding NCI values and behaviours, promoting belonging and inclusion, and enabling effective ways of working; thereby providing “cultural glue” across the NCI and wider Church.
 - To deliver stronger and more joined up Data, Technology and Digital services, with a particular focus on cyber security and data protection, and the delivery of a range of key technology projects including the People System (with go-live of HR/Payroll expected in early 2023), Sharepoint / working together tools, support for Safeguarding Casework Management, Contact management system implementation for Communications
 - To improve and join up customer support across a range of key services
 - To plan and implement the recommendations of the Governance Review Group Report which focuses on the governance of the National church bodies
 - To deliver key areas of Transforming Effectiveness including significant savings due to Location and to provide a quality new office space at Church House Westminster, and to develop opportunities for more effective services to the wider Church (including through Parish Buying)
 - To equip dioceses and parishes with the tools and knowledge to create the best environment for encouraging giving and generosity in their churches
 - To improve the NCIs' maturity in Project Management and the effectiveness of strategy execution

ChECS Trading

ChECS Trading's objective remains to provide (and grow the use of) procurement and recruitment activities on behalf of the Church of England. Whilst turbulence in the energy market created complexity and uncertainty in the year, the Parish Buying (energy basket) continued to provide value to Church customers. In addition, Pathways recruitment activity saw positive growth towards pre-pandemic levels. The activities of the Company remain of significant strategic importance to ChECS – the long term business model for Parish Buying is being further developed to support the expansion of services, but is considered to be sustainable.

FUNDRAISING

ChECS does not undertake any fundraising from the general public, and neither does it employ any person on its behalf to do so. Grants may be awarded occasionally from the other NCIs in order to further the effectiveness of ChECS' shared activities.

Neither ChECS nor any person acting on its behalf was subject to an undertaking to be bound by any voluntary standard of fundraising, and no complaints have been received by ChECS or a person acting on its behalf in respect of its activities.

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

2022 has provided a different set of challenges post the covid-19 pandemic. The Ukraine conflict has created a considerable ripple effect worldwide, including the UK, across a number of areas that have significantly impacted society. These instabilities have been compounded by the political and economic policy volatility in the UK. Cyber security concerns have also increased over the course of the year.

The ChECS risk management process supports management by facilitating the identification and assessment of significant risks to the achievement of objectives. The support provided can help ChECS utilise resources effectively, identify threats and dangers early and facilitate communication between staff, management and the Board of trustees. The main roles and responsibilities of directors, trustees, management and staff are outlined in the NCIs' risk management policies along with the risk management process.

All strategic (principal) identified risks have an allocated risk owner who is responsible for ensuring the risk assessment is reflective of the prevailing risk environment. The risk scoring is reviewed by applying the methodology proposed by the Charity Commission. The Risk & Assurance Department help to facilitate and monitor the NCIs' risk management process.

The strategic risk register and risk management arrangements are reviewed by the ChECS Board on at least an annual basis. Reviews of the relevant risk registers with the risk owners are aided by the Risk & Assurance Department. This ensures an accurate reflection of the existing risks and offers ongoing assurance over the adequacy of current risk management arrangements. These processes are independently reviewed via Internal Audit processes and reported to the three Audit & Risk Committees of the NCIs, as ChECS continues to support the vision and strategy of the Church of England.

The ChECS Board has agreed that the strategic (principal) inherent risks below represent the main obstacles to the achievement of the key objectives of ChECS. The issues identified are subject to ongoing mitigation and management action to reduce the residual risk to a tolerable level.

Principal Risk Area	Key Management Actions and Plans
Operational Challenges Increasing workload combined with insufficient resources results in service delivery expectations/requirements not being met, leading to regulatory failure, financial and reputational damage and loss of staff morale. Governance Review recommendations result in significant changes to shared services arrangements.	• Regular communications with staff in relation to the Transforming Effectiveness Programme, which focuses on increasing effectiveness and efficiency across ChECS and the wider Church. • All Managers given specific training and coaching in relation to managing organisational change and working in a hybrid environment. • Emerging Church Steering Group in place to co-ordinate and prioritise workstreams. • Regular Governance Review update meetings • ChECS Project Board meeting monthly.
People Inability to attract/recruit and/or retain high quality staff with the requisite skills. Central Services under resourced, undervalued or underutilised, leading to an undermining of service delivery.	• Pay & Reward package implemented December 2022. • New Head of Organisational Development in post October 2022. • Simpler NCIs process completed in 2022 - to understand how ChECS can support the wider Church. • Digital Communication strategy being developed to attract younger staff. • Windsor Leadership Development programme - first cohort commenced in 2022.

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

Principal Risk Area	Key Management Actions and Plans
Culture Risk that organisational staff profile does not reflect wider society and is not welcoming. Inability to lead and handle change results in lack of resilience and inability to adapt to changing demands.	• Inclusion & Belonging phase 2 action plan launched July 2022. • Inclusion training for leaders and managers started Nov 2022. • NCI Staff Engagement Survey completed in November 2022 - 80%+ engagement with staff survey. • Recruitment of Director of Racial Justice in November 2022.
Cyber/Data-Security The information security management system (ISMS) is not of a robust and sufficient standard to prevent NCIs being the target of a cyber-attack. Unauthorised third party software use by staff. Staff neglecting cyber security training.	• A 'Zero trust' continuous authentication and monitoring network implemented. • IT Security Awareness staff training. • Penetration testing scheduled. • Regular random phishing testing. • New remote login software implemented. • Cyber Security Steering group established.
Provisions of Service to wider Church Insufficient capacity within ChECS Trading Limited to serve and support the wider Church.	• Well established vehicle to deliver change via ChECS Trading Limited. • Head of Parish Buying recruited.
SAP Replacement Implementation Introduction of new finance system is delayed, over budget and does not meet service user needs.	• Experienced Programme Lead appointed. • Established Programme Board. • Regular updates to ChECS Board. • Appropriate Project Scoping. • Utilisation of NCI Programme methodology. • Lessons learned from historic projects.
People System Implementation Introduction of new HR & Payroll system is further delayed, further over budget and does not meet service user needs.	• ChECS Project Board in place overseeing the project. • Increased specialist resources to manage project to "go-live". • Engagement with key stakeholders. • Weekly meeting with software provider. • Established new People System Support Team. • Regular updates to ChECS Board.

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

Statement of trustees' responsibilities

The trustees are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements are prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Charity and of incoming resources and application of resources of the Group and Charity for that period.

In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that show and explain the Group and Charity's transactions, disclose with reasonable accuracy at any time the financial position of the Group and Charity, and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and Charity and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

All of the current trustees (who are also the directors of the company) have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group and Charity's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The trustees are not aware of any relevant audit information of which the auditors are unaware.

Approval

This report was approved by the board of trustees on 19th April 2023 and signed on its behalf by:



John Spence, Chairman

Church of England Central Services

Independent Auditor's Report to the members of Church of England Central Services (continued)

Opinion

We have audited the financial statements of Church of England Central Services ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity only Balance Sheets, the Consolidated statement of Cash Flows and notes to the financial statements, including 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 group's and the charitable company's affairs as at 31 December 2022 and of its / the group's income and expenditure, 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 Companies Act 2006.

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 charitable company / group in accordance with the ethical requirements that are 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 relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Church of England Central Services

Independent Auditor's Report to the members of Church of England Central Services (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; 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 set out on page 11, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 determine 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations

Church of England Central Services

Independent Auditor's Report to the members of Church of England Central Services (continued)

we considered in this context were the Companies Act 2006 and the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were taxation and employment legislation.

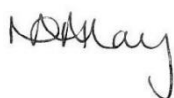
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nicola May
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

Date 21 April 2023

Church of England Central Services

*Consolidated Statement of Financial Activities
(including consolidated income and expenditure account)
For the year ended 31 December 2022*

		All Funds 2022 £'000	All Funds 2021 £'000
	Note		
Income from:			
Charitable activities	2	18,517	16,942
Total income		18,517	16,942
Expenditure on:			
Charitable activities	3	(18,517)	(16,941)
Total expenditure		(18,517)	(16,941)
Net income / (loss) and net movement in funds		-	1
Total funds at 1 January		-	(1)
Total funds at 31 December		-	-

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

All funds were unrestricted.

Church of England Central Services

Consolidated and Charity only Balance Sheets As at 31 December 2022

	Notes	Consolidated 31-Dec-22 £'000	Consolidated 31-Dec-21 £'000	Charity Only 31-Dec-22 £'000	Charity Only 31-Dec-21 £'000
Fixed assets					
Intangible assets	6	4,136	3,153	4,136	3,153
Total fixed assets		4,136	3,153	4,136	3,153
Non-Current asset					
Amounts due from subsidiary undertaking	7	-	-	212	212
Total Non-Current assets		-	-	212	212
Current assets					
Debtors	7	1,391	1,575	1,332	1,409
Cash at bank and in hand		2,037	2,315	1,731	2,213
Total current assets		3,428	3,890	3,063	3,622
Current liabilities					
Creditors: amounts falling due within one year	8	(4,329)	(4,551)	(4,176)	(4,495)
Net current liabilities		(901)	(661)	(1,113)	(873)
Total assets less current liabilities		3,235	2,492	3,235	2,492
Creditors: amounts falling due after one year	8	(3,235)	(2,492)	(3,235)	(2,492)
Net assets / (liabilities)		-	-	-	-
Funds of the Charity					
General fund		-	-	-	-
Total funds		-	-	-	-

The Financial Statements of Church of England Central Services (Company No. 08776679) were approved and authorised for issue by the Board on 19th April 2023 and signed on its behalf by:



John Spence, Chair

Church of England Central Services

Consolidated statement of cash flows for the year ended 31 December 2022

		2022 £'000	2021 £'000
Cash generated from operating activities	A	1,294	1,116
Cash flows from investment activities			
Purchase of intangible asset		(1,572)	(1,367)
Change in cash, cash equivalents and net debt in the year		(278)	(251)
Cash, cash equivalents and net debt at 1 January		2,315	2,566
Cash, cash equivalents and net debt at 31 December	B	2,037	2,315

A. Net cash generated by operating activities

	2022 £'000	2021 £'000
Net income for the year (as per the statement of financial activities)	-	1
Amortisation	589	294
Decrease/(increase) in debtors	184	(752)
Increase in creditors	521	1,573
Net cash generated by operating activities	1,294	1,116

B. Analysis of cash, cash equivalents and net debt

	2022 £'000	2021 £'000
Cash at bank and in hand	2,037	2,315
Total cash, cash equivalents and net debt	2,037	2,315

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1. ACCOUNTING POLICIES

Church of England Central Services (ChECS) is a company limited by guarantee, incorporated on 15 November 2013 and registered with the Charity Commission on 31 December 2013. The Charity's governing document is its Memorandum and Articles of Association.

a) Basis of Preparation of Accounts

ChECS' 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 Companies Act 2006.

ChECS 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 and on the accruals basis.

b) Consolidation

The consolidated statement of financial activities ('SOFA') and balance sheet include the financial activities of ChECS and its subsidiary ChECS Trading Ltd made up to 31 December 2022. The subsidiary has been consolidated on a line by line basis. Intra-group balances and transactions are eliminated on consolidation. The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of Financial Activities in these financial statements. The parent company's profit for the year was £nil (2021: £nil).

c) Going concern

The trustees have a reasonable expectation that ChECS has adequate resources and cash flows to meet its spending commitments for the foreseeable future. In making this assessment, they have assessed the key risks and uncertainties which impact upon immediate liquidity and longer-term solvency. The trustees have specifically considered the effect of the geo-political turbulence, the energy and cost of living crises and the post pandemic context on the charity's primary income streams and have reviewed the material cash flows, and the availability of mitigating actions which could be taken to reduce expenditure. The trustees have assessed the continued demand for the Charity's services from the three main NCIs, which depend upon the Charity to provide key support services to enable them to deliver their charitable activities. They have considered the relative financial strength of the three main NCIs, including cash reserves and the availability of liquid resources, and consider that planned expenditure remains recoverable from them. The trustees have also considered how activities could be reprioritised if further mitigating action becomes necessary to reduce expenditure.

Having due regard to the above, the trustees have a reasonable expectation that ChECS has adequate resources and cash flows to meet spending commitments for the foreseeable future, and do not consider there to be material uncertainty over the Charity's ability to meet its future obligations and commitments. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and accounts.

d) Income

All income is recognised on the accruals basis. It is recognised when ChECS is entitled to the income, it is probable that the income will be received and the amount of income can be measured reliably.

Income from Charitable Activities predominantly represents recharged expenditure from the shared service departments and income generated by ChECS-run courses and conferences.

It also includes income generated from procurement and recruitment services via ChECS Trading.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1. ACCOUNTING POLICIES (CONTINUED)

e) Expenditure

All expenditure is accounted for on an accruals basis.

Charitable activity costs are the cost of operating the shared service departments, including staff costs and accommodation costs.

Governance costs include costs associated with the governance arrangements of the Charity including external audit.

f) Taxation

ChECS is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly it is exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Charity is registered for VAT and recovers all that it incurs.

The Charity's subsidiary (ChECS Trading Ltd) is a non-charitable subsidiary and is subject to taxation, but does not generally pay UK Corporation tax because its policy is to pay any taxable profits to the Archbishops' Council.

g) Pension Costs

As set out in Note 5, pension benefits to staff employed by ChECS are provided either through the Church Administrators Pensions Fund (CAPF) defined benefit pension scheme or through the CAPF defined contribution scheme.

The defined benefit scheme is considered to be a multi-employer scheme and consequently is accounted for as if it were a defined contribution scheme, where employer contributions payable in the year are charged to expenditure. The NCIs' pension scheme liability is calculated by actuaries Lane, Clark and Peacock LLP (LCP). 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 cashflows, based on benefits accrued to the valuation date and the various assumptions made.

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

Contributions are shown in Note 4.

h) Related Parties

The three members are related to ChECS. Details are given in Note 11.

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 are not related parties as defined in the Charities SORP or 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.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1. ACCOUNTING POLICIES (CONTINUED)

i) Funds

As all the Charity's resources are spent in pursuit of its primary charitable objects, ChECS' resources are categorised mainly under Unrestricted Funds.

j) Amortisation

Costs incurred on acquiring or enhancing intangible assets are capitalised. Staff costs that relate to the development of intangible assets are capitalised, including related tax and social security payments. Amortisation is charged on a straight line basis over the estimated useful life of the asset, as set out below:

Software 20%

2. INCOME FROM CHARITABLE ACTIVITIES

	2022	2021
Department	£'000	£'000
Comms & Digital	2,429	2,442
Data Services	2,893	1,619
Finance & Project Management Office	4,272	5,119
Giving & Stewardship	800	645
HR & Office Services	2,316	3,013
Internal Audit	381	362
Legal	1,415	1,330
Strategic Development Unit	9	922
Technology	3,317	2,507
ChECS Trading Limited	685	600
TOTAL	18,517	16,942

3. CHARITABLE EXPENDITURE

	2022	2021
Department	£'000	£'000
Comms & Digital	2,429	2,442
Data Services	2,893	1,619
Finance & Project Management Office	4,272	5,119
Giving & Stewardship	800	645
HR & Office Services	2,316	3,013
Internal Audit	381	362
Legal	1,415	1,330
Strategic Development Unit	9	922
Technology	3,317	2,507
ChECS Trading Limited	685	600
TOTAL	18,517	16,942

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

Governance costs - auditor's remuneration:

Included within charitable expenditure are governance costs related to audit costs:

	2022 £'000	2021 £'000
Audit of ChECS	8	7
Audit of ChECS Trading Ltd	3	3
Taxation services provided by auditor	3	4
TOTAL	14	14

4. STAFF NUMBERS AND COSTS

The cost of staff for which ChECS was the managing employer during the year ended 31 December 2022 was:

	Comms & Digital	Data Services	Finance & PMO	Giving & Stewardship	HR & Office Services	Internal Audit	Legal	Technology	2022 Total	2021 Total
Average No. Employed	19	19	51	11	26	3	12	16	157	177
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	912	703	2,422	474	1,084	204	899	867	7,565	8,504
Social security	114	94	298	59	130	25	119	108	947	949
Pension contributions	110	155	777	65	137	26	159	113	1,542	1,853
Total cost of staff	1,136	952	3,497	598	1,351	255	1,177	1088	10,054	11,306

Total cost of staff includes termination costs of £76,114 (2021: £240,247) in respect of 4 (2021: 7) individuals.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

4. STAFF NUMBERS AND COSTS (CONTINUED)

The cost of staff for which ChECS was the managing employer during the year ended 31 December 2021 was:

	Comms & Digital	Data Services	Finance & PMO	Giving & Steward ship	HR & Office Services	Internal Audit	Legal	Strategi c Dev Unit	Technol ogy	2021 Total
Average No. Employed	20	16	53	9	30	3	13	17	16	177
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	933	725	2,559	401	1,291	190	922	678	805	8,504
Social security	106	77	278	44	141	22	112	78	91	949
Pension contributions	112	168	774	48	202	24	314	106	105	1,853
Total cost of staff	1,151	970	3,611	493	1,634	236	1,348	862	1,001	11,306

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

	2022 Number	2021 Number
£60,001 to £70,000	13	17
£70,001 to £80,000	6	4
£80,001 to £90,000	3	3
£90,001 to £100,000	2	2
£100,001 to £110,000	5	7
£110,001 to £120,000	1	-
£120,001 to £130,000	2	1
£130,001 to £140,000	-	1
Total	32	35

All of the staff above are members of the Church Administrators Pension Fund (Note 5). Of these, 29 (2021: 30) accrue benefits under a defined contribution scheme for which contributions for the year were £327,627 (2021: £330,425). The remaining 3 (2021: 5) staff members accrue benefits under a defined benefit scheme.

The highest paid member of staff was the Chief Operating Officer who earned £130,000 (2021: highest paid member of staff was the Chief Legal Advisor who earned £133,000). ChECS' remuneration policy is in line with that of the other NCIs.

None of the trustees were remunerated but were reimbursed £548 expenses by ChECS during the year. None of the trustees were remunerated or reimbursed in the year 2021.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

5. PENSIONS

Pension benefits for staff employed by ChECS are provided either through the Church Administrators Pensions Fund (CAPF) defined benefit pension scheme or through the CAPF defined contribution scheme which was established for employees commencing service after 30 June 2006. The schemes are administered by the Church of England Pensions Board, which publishes the schemes' financial statements. The contributions to the defined benefit schemes have been assessed by an independent qualified actuary using the projected unit method of valuation and are detailed below.

The Church Administrators Pension Fund

- i) Defined Benefits Section (closed to new members from 30 June 2006)

Costs shared between the National Church Institutions

A valuation of this section is carried out every three years, the most recent having been at 31 December 2019. This revealed a deficit of £9.1m for the entire scheme. 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 27.6% of Pensionable Salaries with effect from 1 January 2021). The employers also agreed to make deficit payments of £2,846,698 in 2020, payable monthly, decreasing to £2,400,000 from January 2021 until December 2023, in respect of the shortfall in the Defined Benefit Section.

The deficit contributions paid by ChECS in 2022 were £436,000 (2021: £653,000). The level of additional contributions made by the participating employers as a whole was £2,400,000 in 2022 (2021: £2,400,000).

FRS 102 requires this agreed deficit recovery plan to be provided for. The total provision of £2.4m (as at 31 December 2022) is measured at its net present value. However, this transaction has no impact on ChECS' financial statements as the amount is recharged in full to the three equal partners of which ChECS is a jointly controlled entity.

Contributions Paid

In 2022 ChECS paid contributions (exclusive of the additional contributions) to the Fund totalling £216,008 (2021: £253,271). The participating employers are also responsible for making contributions towards the administration costs of the scheme of £504,000 (2021: £500,000).

- ii) Defined Contribution Section

Following the closure of the defined benefit section of the Fund on 30 June 2006 a defined contribution section was set up for those commencing service after this date. ChECS paid contributions of £915,073 in 2022 (2021: £948,886).

Membership

The average number of ChECS employees within each scheme was:

	CAPF	
	Defined Benefit	Defined Contribution
2022	14	139
2021	20	157

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

6. INTANGIBLE ASSETS

	2022	2021	2022	2021
	Consolidated	Consolidated	Charity only	Charity only
Cost	£'000	£'000	£'000	£'000
At 1 January	3,447	2,080	3,447	2,080
Additions	1,572	1,367	1,572	1,367
Disposals	-	-	-	-
At 31 December	5,019	3,447	5,019	3,447
Accumulated amortisation				
At 1 January	(294)	-	(294)	-
Charged for the year	(589)	(294)	(589)	(294)
At 31 December	(883)	(294)	(883)	(294)
Net book values				
At 31 December 2022	4,136	3,153	4,136	3,153
At 31 December 2021	3,153	2,080	3,153	2,080

During the year ChECS continued to undertake work on a new IT system, which incorporated Master Data Management and HR/Payroll functionality to enable the strategic management of people data across the Church, including but not limited to NCI staff and clergy. The system interfaces with other key business systems including recruitment, pensions and the diocesan contact management system. All associated feasibility costs were expensed, until formal approval was given by the JECSB and the ChECS Board in July 2019. Subsequent to approval being given the project was considered to have moved into its development phase and therefore costs incurred as a direct result of the work were capitalised.

The asset was partly brought into use in 2021, with amortisation incurred from the go-live date on the value capitalised up to that date. The subsequent value capitalised will be amortised once the second phase go-live date is reached (which is expected to be in 2023).

7. DEBTORS

	2022	2021	2022	2021
	Consolidated	Consolidated	Charity only	Charity only
Current debtors	£'000	£'000	£'000	£'000
Trade debtors	608	396	289	278
Other debtors	38	88	38	88
Prepayments and accrued income	745	1,091	616	1,041
Amounts due from subsidiary undertaking	-	-	389	2
	1,391	1,575	1,332	1,409

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

7. DEBTORS (continued)

	2022	2021	2022	2021
Non-current debtors	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Amounts due from subsidiary undertaking	-	-	212	212
	-	-	212	212

During the year, the Board considered the status of the amounts loaned to the subsidiary undertaking, and determined that this funding had been provided for the long term benefit of ChECS Trading and is not expected to be repaid within twelve months. As a result, the substance of this debt is considered to be a long term debtor and is therefore presented as such in the financial statements.

8. CREDITORS

	2022	2021	2022	2021
Current liabilities:	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Amounts due within 1 year				
Trade creditors	811	602	688	593
Related parties (see Note 11)	692	891	668	891
Taxation & social security	1,912	1,248	1,914	1,248
Accruals & deferred income	914	1,810	906	1,763
	4,329	4,551	4,176	4,495

	2022	2021	2022	2021
Non-current liabilities:	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Amounts due after 1 year				
Related parties (see Note 11)	3,235	2,492	3,235	2,492
	3,235	2,492	3,235	2,492

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

9. SUBSIDIARY RESULTS

ChECS has a trading subsidiary, ChECS Trading Ltd (company registration no. 08940330), which carries out any activities that are deemed, for tax purposes, to be trading activities. ChECS owns 100% of the share capital in ChECS Trading Ltd. The subsidiary is registered at the same address as its parent. A summary of the profit and loss account of ChECS Trading Ltd is shown below:

<u>ChECS Trading Ltd</u>	Year Ended 31/12/2022 £'000	Year Ended 31/12/2021 £'000
Turnover	685	600
Cost of Sales	(637)	(587)
GROSS PROFIT	48	13
Administration expenses	(6)	(8)
Interest payable	(5)	(2)
Charitable donations	(37)	(2)
RESULT FOR THE FINANCIAL YEAR	-	1

A summary of the net assets of ChECS Trading Ltd is shown below:

	2022 £'000	2021 £'000
Current assets		
Debtors	450	167
Cash at bank and in hand	305	103
	755	270
Creditors: amounts falling due within one year	(543)	(58)
Net current assets	212	212
Creditors: amounts falling due after one year	(212)	(212)
Total reserves	-	-

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

10. OPERATING LEASES

As at 31 December 2022 the charity had commitments under non-cancellable operating leases, representing the total minimum future lease payments, as follows:

	Property	Office Equipment	2022 Total	2021 Total
Falling due:-	£'000	£'000	£'000	£'000
Within One year	-	220	220	65
Two to Five years	-	178	178	4
	-	398	398	69

The annual lease payments were £398,616 (2021: £193,000)

As at 31 December 2021 the charity had commitments under non-cancellable operating leases, representing the total minimum future lease payments, as follows:

	Property	Office Equipment	2021 Total
Falling due:-	£'000	£'000	£'000
Within One year	-	65	65
Two to Five years	-	4	4
	-	69	69

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

11. RELATED PARTIES

ChECS is a jointly controlled entity between the Archbishops' Council, the Church Commissioners for England, and the Church of England Pensions Board in which the three members hold equal shares. Each member has the right to appoint and remove two of ChECS' trustees and holds equal guarantee rights in ChECS.

The amount charged to each related party during the year was as follows:-

	2022	2021
	£'000	£'000
Church Commissioners for England	6,767	7,084
The Archbishops' Council	7,729	6,405
The Church of England Pensions Board	2,758	2,621
Total	17,254	16,110

In addition, the Church Commissioners charged ChECS a total of £nil during 2022 (2021: £126,000) to rent a building for use in ChECS' charitable activities.

As at 31 December the following amounts were owed to / (from) related parties:-

	2022	2021
	£'000	£'000
Church Commissioners for England	1,563	1,625
The Archbishops' Council	1,919	1,401
The Church of England Pensions Board	445	357
Total	3,927	3,383

ChECS Trading owed £23,986 to the above related parties (2021: £2,310 was owed from the above related parties).

ChECS Trading

The amount charged to ChECS by ChECS Trading during the year was as follows:-

	2022	2021
	£'000	£'000
ChECS	2	3

As at 31 December the following amounts were due from ChECS Trading:-

	2022	2021
	£'000	£'000
ChECS Trading	601	214

Accounts

Charity Registration No. 1155158

Company Registration No. 08776679 (England and Wales)

CHURCH OF ENGLAND CENTRAL SERVICES

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

(A COMPANY LIMITED BY GUARANTEE)

Church of England Central Services

Reference and administrative information

Trustees	John Spence (Chair) Loretta Minghella (resigned 30 September 2021) Clive Mather Nikesh Patel Elizabeth Renshaw Samantha Rushton Alan Nigel Smith (from 1 October 2021)
Charity Number	1155158
Company Number	08776679
Principal Address & Registered Office	Church House Great Smith Street London SW1P 3AZ
Auditors	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Bankers	Lloyds Bank plc 1 Legg Street Essex CM1 1JS

Church of England Central Services

Trustees' report (incorporating a strategic report)

The trustees present their trustees' report (which is a directors' report and strategic report for company law purposes) together with the Independent Auditor's report, for the year ended 31 December 2021.

The Charity

Church of England Central Services (ChECS) is a company limited by guarantee, incorporated on 15 November 2013 and registered with the Charity Commission on 31 December 2013. The Charity's governing document is its Memorandum and Articles of Association.

The Charity is a jointly controlled entity between the Archbishops' Council (AC), the Church Commissioners for England (CC), and the Church of England Pensions Board (PB) each of which is a member and guarantor. It is one of seven National Church Institutions (NCIs) and started operating shared services on behalf of the NCIs on 1 April 2014.

Governance and structure

The three members of the jointly controlled entity each have the right to appoint two trustees. The trustees (who are also the company directors) who held office during the year were:

- AC: John Spence (Chair of Archbishops' Council Finance Committee)
- AC: Samantha Rushton
- CC: Loretta Minghella (First Church Estates Commissioner) (to 30 September 2021)
- CC: Alan Smith (First Church Estates Commissioner) (from 1 October 2021)
- CC: Elizabeth Renshaw
- PB: Clive Mather (Chair of the Pensions Board)
- PB: Nimesh Patel

The trustees meet together regularly with the chief executives in a joint NCIs forum called the Joint Employment and Common Services Board (JECBS), and on the same day the directors also meet together as a ChECS Board to consider the business of ChECS.

In the event of the Charity being wound up, the liability in respect of the guarantee is limited to a sum not exceeding £10 per member of the Charity.

Recruitment and appointment of trustees

The trustees all hold positions in the other NCIs, either as trustees or committee members. Their appointment and training is dependent on the processes in the member NCI. Each member NCI has the power to appoint two trustees to the Board.

Church of England Central Services Trading Limited

The Charity has a wholly owned trading subsidiary company, Church of England Central Services Trading Limited (ChECS Trading), which carries out activities that are deemed, for tax purposes, to be trading activities. The company was incorporated on 14 March 2014 and donates any taxable profits to the Archbishops' Council, under a deed of covenant.

Staff Remuneration and Executive Pay

The staff working for ChECS 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 which is based on a comprehensive job evaluation scheme, with staff being placed in one of 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 regular review.

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

Staff Remuneration and Executive Pay (continued)

The NCIs use a range of appropriate external data tools and internal dedicated resources to advise on market rates. Staff pay is reviewed annually and any increases as a result of the annual pay negotiations are awarded with effect from 1 January each year. 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.

Certain senior roles sit outside the banding system, as the skill set required to fulfil the role is not readily measured within the NCIs' standard job evaluation system. Salaries for these roles are set individually with reference to the wider market place, typically comparing to the charity and public sector market, and are 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 the rest of the staff enjoy.

The "key management personnel" for ChECS are the three chief executives of the other NCIs (as well as the six trustees, who are appointed by the other NCIs), therefore none are paid by ChECS.

Pensions

All staff members are eligible to join the Church Administrators Pension Fund – those whose employment commenced before July 2006 accrue pension on a defined benefit basis, and those employed subsequently are part of the defined contribution section with employer contribution rates ranging from 8% to 18% depending on the age of the employee and any personal contribution that they make.

STRATEGIC REPORT

PUBLIC BENEFIT

In exercising their responsibilities, the trustees have had regard to the Charity Commission's published advice on public benefit, in accordance with the requirements of s17(5) of the Charities Act 2011. ChECS' activities provide public benefit by reducing the support costs of the NCIs, dioceses and other charities with a Church ethos which allows them to better provide their charitable services.

ACTIVITIES AND BUSINESS REVIEW

Activities

The Charity's objects are to enhance the efficiency and effectiveness of the NCIs, dioceses and other charities with a Church ethos by providing cost-effective shared financial, legal and other support services including payroll and also to promote the charitable purposes of the NCIs.

The day to day management of the Charity's departments has been delegated to the three chief executives of the NCIs. Management is shared across the NCIs as follows:

Archbishops' Council managed

- Communications
- Legal

Church Commissioners managed

- IT
- Office Services
- Records Management
- Finance and Resources
- Human Resources

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

Pensions Board managed

- Internal audit and Risk Management

The NCIs are managed respectively by:

- William Nye (AC – Secretary General)
- Gareth Mostyn (CC – Secretary and Chief Executive)
- John Ball (PB – Chief Executive)

The costs of operating these functions are recovered from those receiving the services according to their proportionate usage of the shared services.

Business Review

In 2021 ChECS continued to provide shared support to the NCIs and, via ChECS Trading, to the wider church through the Parish Buying and the Pathways services.

The role of the ChECS services continued to be impacted by the COVID-19 pandemic and the restrictions imposed as a result, with each department playing a key role in continuing to help the NCIs and the wider Church to respond to the ongoing challenges throughout the year. In addition to successfully maintaining operational services, including a focus on cybersecurity and data protection, ChECS' teams continued to respond to the changing needs of their NCI and wider Church customers through a range of new services and initiatives, as well as ensuring that key strategic projects could still be progressed.

During the year, Human Resources, Technology and Office Services successfully supported the NCIs to develop their hybrid working policies and arrangements and managed a transition to a mixed approach of safe office and remote working. The HR team led NCI staff through the 'Working without Walls' programme, designed to help individuals and teams explore how and where they work in a hybrid context, managing key objectives around delivery, trust, learning and wellbeing. In conjunction with this, Technology and Office Services teams led a 'Return to the office' project, working to ensure that NCI staff teams had the right technological solutions and safe, flexible office accommodation to support new ways of working. A staff engagement survey in March 2021 indicated staff felt valued and supported. HR supported delivery of the 2nd year of the Belonging and Inclusion plan and responses on racial justice eg "From Lament to Action". HR also undertook extensive work on mental and physical wellbeing, resilience training for key teams and leaders and delivered the "Difference" reconciliation-based programme for senior NCI leaders. Work continued on raising staff basic awareness of key areas such as whistleblowing, complaints handling and safeguarding.

ChECS' teams continued to have a key role to play in supporting the wider Church to manage the impact of the pandemic, responding in an agile and innovative way to emerging needs. This included the Finance team and Strategic Development Unit working with wider Church colleagues and the NCIs to ensure the financial impact of the pandemic on the wider Church was well understood, and to manage the provision of financial support appropriately. The Digital Comms team continued provide an award-winning range of innovative tools and digital services including pre-recorded national online worship services, and training for parishes and dioceses to help those churches in need of support and advice on the practicalities of online worship, social media, and digital strategy as well as seasonal campaigns. Similarly, the Giving Team continued to provide a range of online training webinars to support parishes and dioceses to help promote giving and generosity during the pandemic, and to progress the Church of England Giving Strategy, leading the operation of the Giving Adviser fund, rolling out contactless giving devices, and integrating online giving tools within A Church Near You (ACNY).

The Emerging Church programme has also been a key priority for ChECS teams during the year, most notably the Transforming Effectiveness project, where a range of HR, Finance, Communications and other support was provided for the extensive 'Simpler NCIs' restructuring programme. Some ChECS teams were affected by this restructuring including the transfer of the Strategic Development Unit and clergy HR teams to the Archbishops' Council, and the creation of a new Data Services team, bringing

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

together Information Management, People & Data systems and Research and Statistics. In addition, the interfaces between ChECS and policy teams such as Communications were studied. A wide-ranging consultation was undertaken across the Church to help identify and develop 'Simpler services for dioceses and worshipping communities'. Support for early work on the National Church Governance review implications was also undertaken, and this will be a key focus for 2022 and beyond.

ChECS teams have also continued to support a range of other major projects across the NCIs. This included the successful go-live of the first phase of the People System project, with the National Clergy Register launched in May 2021; a landmark achievement enabling a 'golden-record' for all clergy to be held in one database for the first time, with key information available in a publicly searchable register. Delivery of core HR and Payroll functionality was moved to a second phase of the project, which is now expected to be delivered in mid-2022. ChECS teams also supported the successful go-live of the Pensions Board Housing Management System in September 2021, and are working on a number of other strategic projects including in Safeguarding (independence, redress and casework management system).

2021 was the eleventh year in which the Parish Buying service operated and at the end of the year, the active mailing list grew to 19,195 (2020: 18,362), with total registrations at a level of 23,670 (2020: 22,279). The scheme gives access to a range of contracts (covering energy, office and cleaning products, IT software, telecoms, safety equipment, furniture and more) to a growing number of parishes, cathedrals and dioceses. As with the previous year, the closure of church buildings had some impact on commission income earned due to lower levels of energy usage, but overall the service was able to respond to changing needs, including a focus on digital giving online and new products such as audio-visual, solar panels and other products in support of the Church's focus on the transition to Net Zero which continue to drive membership and engagement.

In addition, this was the fourth full year of ChECS Trading operating the Pathways Recruitment service (established August 2017), which is designed to provide cost-effective recruitment support to both the National Church Institutions (NCIs) and the wider church. At the end of the financial year, the Pathways Service had 32 subscribing organisations (2020: 31 subscribers). Recruitment activity levels continued to improve after falling to depressed levels in the height of the pandemic in 2020. Pathways is a strategic component of the overall People System solution and will continue to play a key role in delivering services to the wider Church in 2021 and beyond.

FINANCIAL PERFORMANCE

The Charity's results are set out in the Consolidated Statement of Financial Activities (page 14), the Balance Sheets (page 15) and the Consolidated Cash Flow Statement (page 16).

ChECS charity recovered all costs in the year through charges to the NCIs and other Church customers. The Group surplus for the year of £1k therefore reflects the result of ChECS Trading, after gift-aiding distributable reserves to the Archbishops' Council.

Funds

As all the Charity's resources are spent in pursuit of its primary charitable objects, ChECS' resources are categorised under Unrestricted Funds.

Reserves

ChECS does not hold reserves as all of its expenditure is recoverable from those receiving its services in the period in which the service was provided. As such, there is no need for reserves to be held.

Measures of performance

As a provider of shared services to the NCIs and wider church, the main performance indicators for ChECS are an increased use of shared services plus the ability of the charity to recoup its costs. Both objectives were satisfactorily met during 2021.

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

Funding sources

The majority of the Charity's income is received from the three main National Church Institutions in the form of recharged expenditure. A small proportion of its income comes from other bodies to which it provides services (such as IT services and communications training). The Charity prepares annual budgets and regular re-forecasts, and in addition, in formulating its strategy for future development, considers a longer-term period beyond that for which formal budgets and forecasts are prepared.

The trustees have assessed the key risks and uncertainties which impact upon immediate liquidity and longer-term solvency. The trustees have specifically considered the continuing impact of the COVID-19 pandemic on the charity's primary income streams and have reviewed the material cash flows, and the availability of mitigating actions which could be taken to reduce expenditure. The trustees have assessed the continued demand for the Charity's services from the three main NCIs, which depend upon the Charity to provide key support services to enable them to deliver their charitable activities. They have considered the relative financial strength of the three main NCIs, including cash reserves and the availability of liquid resources, and consider that planned expenditure remains recoverable from them. The trustees have also considered how activities could be reprioritised if mitigating action becomes necessary to reduce expenditure.

Having due regard to the above, the trustees have a reasonable expectation that ChECS 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 financial statements.

Plans for future periods

The Charity's plans for 2022 are described below. The aims of the Charity going forward are to continue to provide, and to expand, cost-effective shared-services to the National Church Institutions and the wider Church. Future objectives for ChECS include:

- Continuing support for the Emerging Church Programme of work undertaken by the NCIs, with a particular focus on the Governance Review work
- Continuing to develop opportunities to provide services and support to dioceses and churches following the Transforming Effectiveness work to identify ways to make the system as a whole more effective.
- Continuing to deliver the programme of work focused on People & Data, including the go-live of core HR/payroll functionality on the new People System. This also includes the continued development of the Pathways Recruitment service.
- Supporting key NCI systems projects, and developing a Technology, Data & Systems strategy to ensure coherent and overt architecture of systems and data; this includes the implementation of an integration strategy to support effective data sharing and transaction processing between new and existing business systems.
- Initiating a programme of work to implement a new Finance system for the NCIs, incorporating the varied requirements of each organisation and including the consideration of grant management functionality
- Continued focus on Cyber Security and Data Protection.
- Supporting the delivery of key changes relating to Safeguarding arrangements in the Church of England, notably in relation to independence and redress for survivors.
- Facilitating effective leadership and staff engagement, continuing to develop work on values and behaviours, and promoting diversity and inclusion across the NCIs; supporting teams to embed hybrid working arrangements. Raising HR professionalism across the diocesan HR Network.
- Continuing to expand the use of digital technology to optimise internal and external communication to new and existing audiences, building on the learning from and changing context resulting from COVID-19.
- Continuing to improve the use and content of financial health indicators for dioceses and other key church bodies, particularly in light of the impact of COVID-19 pandemic; and providing analysis and insight to support the effective allocation of resources for the wider Church.

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

-
- Continuing to roll out the National Giving Strategy, including operation of the Giving Adviser fund, roll out of contactless giving devices and integration of online giving tools within A Church Near You (ACNY).
 - Further expansion of the Parish Buying programme to assist parishes and other Church organisations in more cost effective procurement of services – this will include digital giving, NetZero and connectivity initiatives.

ChECS Trading

ChECS Trading's objective remains to provide (and grow the use of) procurement and recruitment activities on behalf of the Church of England. Whilst key income sources in Parish Buying (the energy basket) continued to be impacted by COVID-19 restrictions, the Pathways recruitment activity saw positive growth towards pre-pandemic levels. The activities of the Company remain of significant strategic importance to ChECS and the long term business model is considered to be sustainable.

FUNDRAISING

ChECS does not undertake any fundraising from the general public, and neither does it employ any person on its behalf to do so. Grants may be awarded occasionally from the other NCIs in order to further the effectiveness of ChECS' shared activities.

Neither ChECS nor any person acting on its behalf was subject to an undertaking to be bound by any voluntary standard of fundraising, and no complaints have been received by ChECS or a person acting on its behalf in respect of its activities.

PRINCIPAL RISKS AND UNCERTAINTIES

The ChECS risk management process assists management by facilitating the identification and assessment of significant risks to the achievement of objectives. The process follows the NCIs' risk management policies, which outlines the roles and responsibilities of directors, trustees, management and staff.

The ChECS Board reviews the risk register and risk management arrangements at least annually. The Board is supported by the NCIs' Audit & Risk Committees, which regularly review the risk registers and seek assurance over the adequacy of arrangements in place to manage the risks.

Individual departments and identified risk owners are responsible for the identification, assessment and review of risks which fall in their area of responsibility. 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 Risk Management and Internal Audit Department. The management of key risks is subject to independent review and assurance through the internal audit process, which reports to the Audit & Risk Committees of the NCIs.

2021 has been a challenging year as a result of the on-going COVID-19 pandemic. Whilst these have stretched all organisations, including ChECS, the Board has benefited from established risk management and business continuity processes which have mitigated some of the impacts and enabled it to respond effectively to events as they unfolded. During the year ChECs began a process of staff re-structuring to increase its operational efficiency and effectiveness, and to better support the vision and strategy of the Church of England.

The Board has agreed that the below represent the principal inherent risks to the achievement of the objectives of ChECS. The issues identified are subject to ongoing mitigation and management action to reduce the residual risk to a tolerable level.

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

Principal Risk Area	Key Management Actions and Plans
Organisational Change Insufficient staff capacity to deliver the volume of changes proposed. Significant levels of organisational change impact upon staff morale.	- Regular communications with staff in relation to the Transforming Effectiveness Programme, which focuses on increasing effectiveness and efficiency across ChECS and the wider Church. - All Managers given specific training and coaching in relation to managing organisational change and working in a hybrid environment. - Emerging Church Steering Group in place to co-ordinate and prioritise workstreams.
People Inability to attract/recruit and/or retain high quality staff with the requisite skills. Inadequate staff resilience and change appetite to adapt and deal with organisational and cultural change.	- NCI Staff Engagement Survey completed in February 2021. Action plan is closely monitored by Chief Officers of the NCIs. - Inclusion & Belonging Strategy developed and 24-month action plan well-underway. - Value and Behaviours workshops undertaken during 2021, resulting in the development of a refreshed set of values for staff and trustees. - Continued focus on staff well-being with Employee Assistance programme introduced, NCI Mental Health "first-aid" support and additional resilience and mental health training provided in light of Covid-19. - Simpler NCIs formal consultation was launched in July 2021 which included proposals affecting some ChECS teams. Support sessions have been provided to Senior Leaders. Transforming Effectiveness workstreams will serve to reduce costs and simplify processes across the NCIs.
Service Delivery Lack of effective planning of operations, capacity challenges and/or ability to manage projects results in inefficient and ineffective working practices and a failure to achieve objectives to budget/time.	- Budget setting and regular cost monitoring processes. - Performance monitoring of individual departments and senior management by the Board and NCIs. - Project Management Framework developed for the NCIs - Project Review Board in place providing Senior Management oversight of the most complex or high-risk projects in the NCIs - Transforming Effectiveness Programme initiated to consider issues of affordability, efficiency, and effectiveness across NCIs
Cyber/Data-Security The information security management system (ISMS) is not of a robust and sufficient standard to prevent NCIs being the target of a cyber-attack. Failure to collect effectively and securely, handle, use and store data across the NCIs	- Cyber Essentials Plus accreditation secured and key control measures are monitored on an ongoing basis by management. - IT Security Awareness rolled out to all staff during 2021. - Critical technology infrastructure housed in a remote location. - Dedicated IT Security Manager. - Significant IT infrastructure work to increase the security and robustness of systems. - Policies, training and monitoring processes to ensure compliance with legal and regulatory requirements including EU GDPR data protection legislation.
Business Continuity Absence of adequate disaster recovery and business continuity plans to facilitate a quick response to and lessen the impact of a major business disruption event.	- Business Continuity Plans successfully put into practice during COVID-19 pandemic, with continuing proactive work by the Business Continuity Group. - IT infrastructure focus to increase resilience of systems, including Disaster Recovery Plan, back-up processes and location of critical infrastructure in secure environment.

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

Statement of trustees' responsibilities

The trustees are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements are prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Charity and of incoming resources and application of resources of the Group and Charity for that period.

In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that show and explain the Group and Charity's transactions, disclose with reasonable accuracy at any time the financial position of the Group and Charity, and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and Charity and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

All of the current trustees (who are also the directors of the company) have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group and Charity's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The trustees are not aware of any relevant audit information of which the auditors are unaware.

Approval

This report was approved by the board of trustees on 6th April 2021 and signed on its behalf by:



John Spence, Chairman

Church of England Central Services

Independent Auditor's Report to the members of Church of England Central Services (continued)

Opinion

We have audited the financial statements of Church of England Central Services ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity only Balance Sheets, the Consolidated statement of Cash Flows and notes to the financial statements, including 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 group's and the charitable company's affairs as at 31 December 2021 and of its / the group's income and expenditure, 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 Companies Act 2006.

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 charitable company / group in accordance with the ethical requirements that are 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 relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Church of England Central Services

Independent Auditor's Report to the members of Church of England Central Services (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; 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 set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 determine 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

Church of England Central Services

Independent Auditor's Report to the members of Church of England Central Services (continued)

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were taxation and employment legislation.

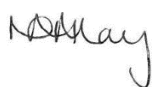
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nicola May
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

Date 26th April 2022

Church of England Central Services

*Consolidated Statement of Financial Activities
(including consolidated income and expenditure account)
For the year ended 31 December 2021*

		All	All
	Note	Funds	Funds
		2021	2020
		£'000	£'000
Income from:			
Charitable activities	2	16,942	16,994
Total income		16,942	16,994
Expenditure on:			
Charitable activities	3	(16,941)	(16,995)
Total expenditure		(16,941)	(16,995)
Net income / (loss) and net movement in funds		1	(1)
Total funds at 1 January		(1)	-
Total funds at 31 December		-	(1)

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

All funds were unrestricted.

Church of England Central Services

Consolidated and Charity only Balance Sheets As at 31 December 2021

	Notes	Consolidated 31-Dec-21 £'000	Consolidated 31-Dec-20 £'000	Charity Only 31-Dec-21 £'000	Charity Only 31-Dec-20 £'000
Fixed assets					
Intangible assets	6	3,153	2,080	3,153	2,080
Total fixed assets		3,153	2,080	3,153	2,080
Non-Current asset					
Amounts due from subsidiary undertaking	7	-	-	212	212
Total Non-Current assets		-	-	212	212
Current assets					
Debtors	7	1,575	823	1,409	739
Cash at bank and in hand		2,315	2,566	2,213	2,360
Total current assets		3,890	3,389	3,622	3,099
Current liabilities					
Creditors: amounts falling due within one year	8	(4,551)	(3,418)	(4,495)	(3,339)
Net current liabilities		(661)	(29)	(873)	(240)
Total assets less current liabilities		2,492	2,051	2,492	2,052
Creditors: amounts falling due after one year	8	(2,492)	(2,052)	(2,492)	(2,052)
Net assets / (liabilities)		-	(1)	-	-
Funds of the Charity					
General fund		-	(1)	-	-
Total funds		-	(1)	-	-

The Financial Statements of Church of England Central Services (Company No. 08776679) were approved and authorised for issue by the Board on 6th April 2021 and signed on its behalf by:



John Spence, Chair

Church of England Central Services

Consolidated statement of cash flows for the year ended 31 December 2021

	2021 £'000	2020 £'000
Cash generated from operating activities	A 1,116	2,858
Cash flows from investment activities		
Purchase of intangible asset	(1,367)	(1,410)
Change in cash, cash equivalents and net debt in the year	(251)	1,448
Cash, cash equivalents and net debt at 1 January	2,566	1,118
Cash, cash equivalents and net debt at 31 December	B 2,315	2,566

A. Net cash generated by operating activities

	2021 £'000	2020 £'000
Net income / (loss) for the year (as per the statement of financial activities)	1	(1)
Amortisation	294	-
(Increase)/Decrease in debtors	(752)	65
Increase in creditors	1,573	2,794
Net cash generated by operating activities	1,116	2,858

B. Analysis of cash, cash equivalents and net debt

	2021 £'000	2020 £'000
Cash at bank and in hand	2,315	2,566
Total cash, cash equivalents and net debt	2,315	2,566

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

1. ACCOUNTING POLICIES

Church of England Central Services (ChECS) is a company limited by guarantee, incorporated on 15 November 2013 and registered with the Charity Commission on 31 December 2013. The Charity's governing document is its Memorandum and Articles of Association.

a) Basis of Preparation of Accounts

ChECS' 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 Companies Act 2006.

ChECS 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 and on the accruals basis.

b) Consolidation

The consolidated statement of financial activities ("SOFA") and balance sheet include the financial activities of ChECS and its subsidiary ChECS Trading Ltd made up to 31 December 2021. The subsidiary has been consolidated on a line by line basis. Intra-group balances and transactions are eliminated on consolidation. The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of Financial Activities in these financial statements. The parent company's profit for the year was £nil (2020: £nil).

c) Going concern

The trustees have a reasonable expectation that ChECS has adequate resources and cash flows to meet its spending commitments for the foreseeable future. In making this assessment, they have assessed the key risks and uncertainties which impact upon immediate liquidity and longer-term solvency. The trustees have specifically considered the likely impact of the ongoing COVID-19 pandemic on the charity's primary income streams and have reviewed the material cash flows, and the availability of mitigating actions which could be taken to reduce expenditure. The trustees have assessed the continued demand for the Charity's services from the three main NCIs, which depend upon the Charity to provide key support services to enable them to deliver their charitable activities. They have considered the relative financial strength of the three main NCIs, including cash reserves and the availability of liquid resources, and consider that planned expenditure remains recoverable from them. The trustees have also considered how activities could be reprioritised if further mitigating action becomes necessary to reduce expenditure.

Having due regard to the above, the trustees have a reasonable expectation that ChECS has adequate resources and cash flows to meet spending commitments for the foreseeable future, and do not consider there to be material uncertainty over the Charity's ability to meet its future obligations and commitments. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and accounts.

d) Income

All income is recognised on the accruals basis. It is recognised when ChECS is entitled to the income, it is probable that the income will be received and the amount of income can be measured reliably.

Income from Charitable Activities predominantly represents recharged expenditure from the shared service departments and income generated by ChECS-run courses and conferences.

It also includes income generated from procurement and recruitment services via ChECS Trading.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

1. ACCOUNTING POLICIES (CONTINUED)

e) Expenditure

All expenditure is accounted for on an accruals basis.

Charitable activity costs are the cost of operating the shared service departments, including staff costs and accommodation costs.

Governance costs include costs associated with the governance arrangements of the Charity including external audit.

f) Taxation

ChECS is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly it is exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Charity is registered for VAT and recovers all that it incurs.

The Charity's subsidiary (ChECS Trading Ltd) is a non-charitable subsidiary and is subject to taxation, but does not generally pay UK Corporation tax because its policy is to pay any taxable profits to the Archbishops' Council.

g) Pension Costs

As set out in Note 5, pension benefits to staff employed by ChECS are provided either through the Church Administrators Pensions Fund (CAPF) defined benefit pension scheme or through the CAPF defined contribution scheme.

The defined benefit scheme is considered to be a multi-employer scheme and consequently is accounted for as if it were a defined contribution scheme, where employer contributions payable in the year are charged to expenditure. The NCIs' pension scheme liability is calculated by actuaries Lane, Clark and Peacock LLP (LCP). 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 cashflows, based on benefits accrued to the valuation date and the various assumptions made.

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

Contributions are shown in Note 4.

h) Related Parties

The three members are related to ChECS. Details are given in Note 11.

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 are not related parties as defined in the Charities SORP or 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.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

1. ACCOUNTING POLICIES (CONTINUED)

i) Funds

As all the Charity's resources are spent in pursuit of its primary charitable objects, ChECS' resources are categorised mainly under Unrestricted Funds.

j) Amortisation

Costs incurred on acquiring or enhancing intangible assets are capitalised. Staff costs that relate to the development of intangible assets are capitalised, including related tax and social security payments. Amortisation is charged on a straight line basis over the estimated useful life of the asset, as set out below:

Software 20%

2. INCOME FROM CHARITABLE ACTIVITIES

	2021	2020
Department	£'000	£'000
Communications	2,442	2,501
Finance & Resources	6,033	6,146
Internal Audit & Risk Management	362	370
IT	2,507	2,019
Legal	1,330	1,472
Office Services & Human Resources	3,013	2,093
Records	655	1,751
ChECS Trading Limited	600	642
TOTAL	16,942	16,994

3. CHARITABLE EXPENDITURE

	2021	2020
Department	£'000	£'000
Communications	2,442	2,501
Finance & Resources	6,033	6,146
Internal Audit & Risk Management	362	370
IT	2,507	2,019
Legal	1,330	1,472
Office Services & Human Resources	3,013	2,093
Records	655	1,751
ChECS Trading Limited	599	643
TOTAL	16,941	16,995

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

Governance costs - auditor's remuneration:

Included within charitable expenditure are governance costs related to audit costs:

	2021 £'000	2020 £'000
Audit of ChECS	7	10
Audit of ChECS Trading Ltd	3	5
Taxation services provided by auditor	4	4
TOTAL	14	19

4. STAFF NUMBERS AND COSTS

The cost of staff for which ChECS was the managing employer during the year ended 31 December 2021 was:

	Comms	Finance & Resources	Internal Audit	IT	Legal	Office Services & HR	Records	2021 Total	2020 Total
Average No. Employed	19	85	3	17	13	34	6	177	178
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	922	3,954	190	887	922	1,405	224	8,504	8,189
Social security	105	430	22	99	111	157	25	949	911
Pension contributions	111	976	24	113	314	218	97	1,853	1,898
Total cost of staff	1,138	5,360	236	1,099	1,347	1,780	346	11,306	10,998

Total cost of staff includes termination costs of £240,247 (2020: £92,000) in respect of 7 (2020: 6) individuals.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

STAFF NUMBERS AND COSTS (CONTINUED)

The cost of staff for which ChECS was the managing employer during the year ended 31 December 2020 was:

	Comms	Finance & Resources	Internal Audit	IT	Legal	Office Services & HR	Records	2020 Total
Average No. Employed	20	82	3	14	12	34	13	178
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	1031	3,631	137	766	880	1,100	644	8,189
Social security	117	396	15	87	107	120	69	911
Pension contributions	116	981	16	100	358	179	148	1,898
Total cost of staff	1,264	5,008	168	953	1,345	1,399	861	10,998

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

	2021 Number	2020 Number
£60,001 to £70,000	17	14
£70,001 to £80,000	4	7
£80,001 to £90,000	3	2
£90,001 to £100,000	2	3
£100,001 to £110,000	7	5
£120,001 to £130,000	1	-
£130,001 to £140,000	1	1
Total	35	32

All of the staff above are members of the Church Administrators Pension Fund (Note 5). Of these, 30 (2020: 28) accrue benefits under a defined contribution scheme for which contributions for the year were £330,425 (2020: £295,000). The remaining 5 (2020: 4) staff members accrue benefits under a defined benefit scheme.

The highest paid member of staff was the Chief Legal Advisor, who earned £133,000 (2020: Chief Legal Advisor who earned £133,000). ChECS' remuneration policy is in line with that of the other NCIs.

None of the trustees were remunerated or reimbursed any expenses by ChECS during the year nor in the year 2020.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

5. PENSIONS

Pension benefits for staff employed by ChECS are provided either through the Church Administrators Pensions Fund (CAPF) defined benefit pension scheme or through the CAPF defined contribution scheme which was established for employees commencing service after 30 June 2006. The schemes are administered by the Church of England Pensions Board, which publishes the schemes' financial statements. The contributions to the defined benefit schemes have been assessed by an independent qualified actuary using the projected unit method of valuation and are detailed below.

The Church Administrators Pension Fund

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

Costs shared between the National Church Institutions

A valuation of this section is carried out every three years, the most recent having been at 31 December 2019. This revealed a deficit of £9.1m for the entire scheme. 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 27.6% of Pensionable Salaries with effect from 1 January 2021). The employers also agreed to make deficit payments of £2,846,698 in 2020, payable monthly, decreasing to £2,400,000 from January 2021 until December 2023, in respect of the shortfall in the Defined Benefit Section (increasing each 1 January by 3.3% per annum).

The deficit contributions paid by ChECS in 2021 were £653,000 (2020: £797,000). The level of additional contributions made by the participating employers as a whole was £2,400,000 in 2021 (2020: £2,847,000).

FRS 102 requires this agreed deficit recovery plan to be provided for. The total provision of £2.4m (as at 31 December 2021) is measured at its net present value. However, this transaction has no impact on ChECS' financial statements as the amount is recharged in full to the three equal partners of which ChECS is a jointly controlled entity.

Contributions Paid

In 2021 ChECS paid contributions (exclusive of the additional contributions) to the Fund totalling £253,271 (2020: £213,000). The participating employers are also responsible for making contributions towards the administration costs of the scheme of £500,000 (2020: £390,000).

ii) Defined Contribution Section

Following the closure of the defined benefit section of the Fund on 30 June 2006 a defined contribution section was set up for those commencing service after this date. ChECS paid contributions of £948,886 in 2021 (2020: £899,000).

Membership

The average number of ChECS employees within each scheme was:

	CAPF	
	Defined Benefit	Defined Contribution
2021	20	157
2020	21	157

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

6. INTANGIBLE ASSETS

	2021	2020	2021	2020
	Consolidated	Consolidated	Charity only	Charity only
Cost	£'000	£'000	£'000	£'000
At 1 January	2,080	670	2,080	670
Additions	1,367	1,410	1,367	1,410
Disposals	-	-	-	-
At 31 December	3,447	2,080	3,447	2,080
Accumulated amortisation				
At 1 January	-	-	-	-
Charged for the year	(294)	-	(294)	-
At 31 December	(294)	-	(294)	-
Net book values				
At 31 December 2021	3,153	2,080	3,153	2,080
At 31 December 2020	2,080	670	2,080	670

During the year ChECS continued to undertake work on a new IT system, which incorporated Master Data Management and HR/Payroll functionality to enable the strategic management of people data across the Church, including but not limited to NCI staff and clergy. The system interfaces with other key business systems including recruitment, pensions and the diocesan contact management system. All associated feasibility costs were expensed, until formal approval was given by the JECBS and the ChECS Board in July 2019. Subsequent to approval being given the project was considered to have moved into its development phase and therefore costs incurred as a direct result of the work were capitalised.

The asset was partly brought into use in 2021, with amortisation incurred from the go-live date.

7. DEBTORS

	2021	2020	2021	2020
	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Trade debtors	396	247	278	229
Other debtors	88	79	88	79
Prepayments and accrued income	1,091	464	1,041	429
Related parties (see Note 11)	-	33	-	-
Amounts due from subsidiary undertaking	-	-	2	2
	1,575	823	1,409	739

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

	2021	2020	2021	2020
Non-current debtors	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Amounts due from subsidiary undertaking	-	-	212	212
	-	-	212	212

During the year, the Board considered the status of the amounts loaned to the subsidiary undertaking, and determined that this funding had been provided for the long term benefit of ChECS Trading and is not expected to be repaid within twelve months. As a result, the substance of this debt is considered to be a long term debtor and is therefore presented as such in the financial statements.

8. CREDITORS

	2021	2020	2021	2020
Current liabilities:	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Amounts due within 1 year				
Trade creditors	602	707	593	700
Related parties (see Note 11)	891	382	891	382
Taxation & social security	1,248	1,140	1,248	1,102
Accruals & deferred income	1,810	1,189	1,763	1,155
	4,551	3,418	4,495	3,339

	2021	2020	2021	2020
Non-current liabilities:	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Amounts due after 1 year				
Related parties (see Note 11)	2,492	2,052	2,492	2,052
	2,492	2,052	2,492	2,052

Included within the amounts of £3,383k due to related parties (both short term and long term) is £3,172k, which relates to cash flow loans for a new IT system. Of this amount, £680k falls due within one year and £2,492k is due after one year. The loans are interest free, unsecured and are repayable over the useful life of the system.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

9. SUBSIDIARY RESULTS

ChECS has a trading subsidiary, ChECS Trading Ltd (company registration no. 08940330), which carries out any activities that are deemed, for tax purposes, to be trading activities. ChECS owns 100% of the share capital in ChECS Trading Ltd. The subsidiary is registered at the same address as its parent. A summary of the profit and loss account of ChECS Trading Ltd is shown below:

<u>ChECS Trading Ltd</u>	Year Ended 31/12/2021 £'000	Year Ended 31/12/2020 £'000
Turnover	600	642
Cost of Sales	(587)	(633)
GROSS PROFIT	13	9
Administration expenses	(8)	(8)
Interest payable	(2)	(2)
Charitable donations	(2)	-
RESULT FOR THE FINANCIAL YEAR	1	(1)

9. SUBSIDIARY RESULTS (CONTINUED)

A summary of the net assets of ChECS Trading Ltd is shown below:

	2021 £'000	2020 £'000
Current assets		
Debtors	167	85
Cash at bank and in hand	103	207
	270	292
Creditors: amounts falling due within one year	(58)	(81)
Net current assets	212	211
Creditors: amounts falling due after one year	(212)	(212)
Total reserves	-	(1)

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

10. OPERATING LEASES

As at 31 December 2021 the charity had commitments under non-cancellable operating leases, representing the total minimum future lease payments, as follows:

	Property	Office Equipment	2021 Total	2020 Total
Falling due:-	£'000	£'000	£'000	£'000
Within One year	-	65	65	193
Two to Five years	-	4	4	69
	-	69	69	262

The annual lease payment were £193,000 (2020: £558,000)

As at 31 December 2020 the charity had commitments under non-cancellable operating leases, representing the total minimum future lease payments, as follows:

	Property	Office Equipment	2020 Total
Falling due:-	£'000	£'000	£'000
Within One year	126	67	193
Two to Five years	-	69	69
	126	136	262

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

11. RELATED PARTIES

ChECS is a jointly controlled entity between the Archbishops' Council, the Church Commissioners for England, and the Church of England Pensions Board in which the three members hold equal shares. Each member has the right to appoint and remove two of ChECS' trustees and holds equal guarantee rights in ChECS.

The amount charged to each related party during the year was as follows:-

	2021	2020
	£'000	£'000
Church Commissioners for England	7,084	7,153
The Archbishops' Council	6,405	6,285
The Church of England Pensions Board	2,621	2,447
Total	16,110	15,885

In addition, the Church Commissioners charged ChECS a total of £126,000 during 2021 (2020: £500,000) to rent a building for use in ChECS' charitable activities.

As at 31 December the following amounts were owed to / (from) related parties:-

	2021	2020
	£'000	£'000
Church Commissioners for England	1,625	1,444
The Archbishops' Council	1,401	731
The Church of England Pensions Board	357	259
Total	3,383	2,434

In addition, ChECS Trading was owed £2,310 (2020: £33,000) from the above related parties.

ChECS Trading

The amount charged to ChECS by ChECS Trading during the year was as follows:-

	2021	2020
	£'000	£'000
ChECS	3	28

As at 31 December the following amounts were due from ChECS Trading:-

	2021	2020
	£'000	£'000
ChECS Trading	214	214

Accounts

Charity Registration No. 1155158

Company Registration No. 08776679 (England and Wales)

CHURCH OF ENGLAND CENTRAL SERVICES

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

(A COMPANY LIMITED BY GUARANTEE)

Church of England Central Services

Reference and administrative information

Trustees	John Spence (Chairman) Loretta Minghella Clive Mather Nikesh Patel (from 13 February 2020) Elizabeth Renshaw (from 27 February 2020) Samantha Rushton (from 13 February 2020)
Charity Number	1155158
Company Number	08776679
Principal Address & Registered Office	Church House Great Smith Street London SW1P 3AZ
Auditors	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA
Bankers	Lloyds Bank plc 1 Legg Street Essex CM1 1JS

Church of England Central Services

Trustees' report (incorporating a strategic report)

The trustees present their trustees' report (which is a directors' report and strategic report for company law purposes) together with the Independent Auditor's report, for the year ended 31 December 2020.

The Charity

Church of England Central Services (ChECS) is a company limited by guarantee, incorporated on 15 November 2013 and registered with the Charity Commission on 31 December 2013. The Charity's governing document is its Memorandum and Articles of Association.

The Charity is a jointly controlled entity between the Archbishops' Council (AC), the Church Commissioners for England (CC), and the Church of England Pensions Board (PB) each of which is a member and guarantor. It is one of seven National Church Institutions (NCIs) and started operating shared services on behalf of the NCIs on 1 April 2014.

Governance and structure

The three members of the jointly controlled entity each have the right to appoint two trustees. The trustees (who are also the company directors) who held office during the year were:

- AC: John Spence (Chair of AC's Finance Committee)
- AC: Samantha Rushton from 13 February 2020
- CC: Loretta Minghella (First Church Estates Commissioner)
- CC: Elizabeth Renshaw from 27 February 2020
- PB: Clive Mather (Chair of the PB)
- PB: Nikesh Patel from 13 February 2020

The trustees meet together regularly with the chief executives in a joint NCIs forum called the Joint Employment and Common Services Board (JECSB), and on the same day the directors also meet together as a ChECS Board to consider the business of ChECS.

In the event of the Charity being wound up, the liability in respect of the guarantee is limited to a sum not exceeding £10 per member of the Charity.

Recruitment and appointment of trustees

The trustees all hold positions in the other NCIs, either as trustees or committee members. Their appointment and training is dependent on the processes in the member NCI. Each member NCI has the power to appoint two trustees to the Board.

Church of England Central Services Trading Limited

The Charity has a wholly owned trading subsidiary company, Church of England Central Services Trading Limited (ChECS Trading), which carries out activities that are deemed, for tax purposes, to be trading activities. The company was incorporated on 14 March 2014 and donates any taxable profits to the Archbishops' Council, under a deed of covenant.

Staff Remuneration and Executive Pay

All the staff working for ChECS 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 which is based on a comprehensive job evaluation scheme, with staff being placed in one of 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.

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

The NCIs use a range of appropriate external data tools and internal dedicated resources to advise on market rates. Staff pay is reviewed annually and any increases as a result of the annual pay negotiations are awarded with effect from 1 January each year. 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.

Staff Remuneration and Executive Pay (continued)

Certain senior roles sit outside the banding system, as the skill set required to fulfil the role is not readily measured within the NCIs' standard job evaluation system. Salaries for these roles are set individually with reference to the wider market place, typically comparing to the charity and public sector market, and are 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 the rest of the staff enjoy.

The "key management personnel" for ChECS are the three chief executives of the other NCIs (as well as the six trustees, who are appointed by the other NCIs), therefore none are paid by ChECS.

Pensions

All staff members are eligible to join the Church Administrators Pension Fund – those whose employment commenced before July 2006 accrue pension on a defined benefit basis, and those employed subsequently are part of the defined contribution section with employer contribution rates ranging from 8% to 18% depending on the age of the employee and any personal contribution that they make.

STRATEGIC REPORT

PUBLIC BENEFIT

In exercising their responsibilities, the trustees have had regard to the Charity Commission's published advice on public benefit, in accordance with the requirements of s17(5) of the Charities Act 2011. ChECS' activities provide public benefit by reducing the support costs of the NCIs, dioceses and other charities with a Church ethos which allows them to better provide their charitable services.

ACTIVITIES AND BUSINESS REVIEW

Activities

The Charity's objects are to enhance the efficiency and effectiveness of the NCIs, dioceses and other charities with a Church ethos by providing cost-effective shared financial, legal and other support services including payroll and also to promote the charitable purposes of the NCIs.

The day to day management of the Charity's departments has been delegated to the three chief executives of the NCIs. Management is shared across the NCIs as follows:

Archbishops' Council managed

- Communications
- Legal

Church Commissioners managed

- IT
- Office Services
- Records Management
- Finance and Resources
- Human Resources

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

Pensions Board managed

- Internal audit and Risk Management

The NCIs are managed respectively by:

- William Nye (AC – Secretary General)
- Gareth Mostyn (CC – Secretary and Chief Executive)
- John Ball (PB – Chief Executive)

The costs of operating these functions are recovered from those receiving the services according to their proportionate usage of the shared services.

Business Review

In 2020 ChECS continued to provide shared support to the NCIs and, via ChECS Trading, to the wider church through the Parish Buying and the Pathways services. The role of the ChECS services was significantly impacted by the COVID-19 pandemic and the restrictions imposed as a result. Each of the ChECS departments had a key role to play in helping the NCIs and the wider Church to respond to the challenges faced during 2020. In addition to successfully maintaining operational services, ChECS' teams responded to the changing needs of their NCI and wider Church customers through a range of new services and initiatives, as well as ensuring that key strategic projects could still be progressed.

From March 2020, all NCI staff moved to a remote working arrangement and ChECS teams from HR, Technology and Office Services successfully led on the implementation of arrangements for business continuity helping the NCIs to carry on operating with no notable business impact. This included rolling out collaborative technology, ensuring staff had access to the right hardware and equipment to support them in their roles, and implementing COVID-safe office arrangements when restrictions allowed. HR and Internal Comms teams also built on the success of 'Belonging and Inclusion' work, with a range of new initiatives to help staff stay connected and supported in the context of COVID-19 restrictions, placing a significant focus on wellbeing throughout the year.

ChECS' teams also had a key role to play in supporting the wider Church to manage the impact of the pandemic, responding in an agile and innovative way to emerging needs. This included the Finance team and Strategic Development Unit working with wider Church colleagues and the NCIs to enable the provision of sustainability funding for dioceses and cathedrals in light of the impact of COVID-19 restrictions on income, as well as providing a range of guidance about other sources of support. The Digital Comms team rolled out a wide range of innovative new tools and digital services, including pre-recorded national online services, and training for parishes and dioceses to help those churches in need of support and advice on the practicalities of online worship, social media, and digital strategy as well as seasonal campaigns. The Giving Team similarly devised a range of online training webinars to support parishes and dioceses to help promote giving and generosity during the pandemic, launched a range of generosity resources and also provided tools to support online giving.

Despite moving to remote working, and other constraints on the team, the implementation of the new People System has progressed on time and budget throughout 2020, and is set to go live early in Q2 2021. The People System will incorporate Master Data Management and HR/Payroll functionality to enable the strategic management of people data across the Church, including but not limited to NCI staff and clergy, and allow a National Register of Clergy to be published. This key strategic project also incorporates the implementation of integration software to enable data to be shared between other key business applications across the Church.

2020 was the tenth year in which the Parish Buying service operated and at the end of the year it had grown to a level of 22,279 (2019: 17,885) registered users. The scheme gives access to a range of contracts (covering energy, office and cleaning products, IT software, telecoms, safety equipment, furniture and more) to a growing number of parishes, cathedrals and dioceses. The closure of church buildings had some impact on commission income earned due to lower levels of energy usage, but overall the service was able to respond to changing needs, including making provision for PPE

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

products to help churches implement social distancing and COVID-safe arrangements for visitors. This, along with a focus on digital giving online drove a significant increase in membership in the year.

In addition, this was the third full year of ChECS Trading operating the Pathways Recruitment service (established August 2017), which is designed to provide cost-effective recruitment support to both the National Church Institutions (NCIs) and the wider church. At the end of the financial year, the Pathways Service had 31 subscribing organisations (2019: 32 subscribers). Recruitment activity levels dropped during the initial lockdown restrictions, but saw improvement in later months of the year. Pathways is a strategic component of the overall People System solution and will continue to play a key role in delivering services to the wider Church in 2021 and beyond.

FINANCIAL PERFORMANCE

The Charity's results are set out in the Consolidated Statement of Financial Activities (page 14), the Balance Sheets (page 15) and the Consolidated Cash Flow Statement (page 16).

ChECS charity recovered all costs in the year through charges to the NCIs and other Church customers. The Group loss for the year of £1k therefore reflects the result of ChECS Trading, where COVID-19 restrictions impacted both Parish Buying commission income, and Pathways recruitment activity charges.

Funds

As all the Charity's resources are spent in pursuit of its primary charitable objects, ChECS' resources are categorised under Unrestricted Funds, with the exception of grant funding relating to the Pathways Service (which was fully drawn down and spent in 2019).

Reserves

ChECS does not hold reserves as all of its expenditure is recoverable from those receiving its services in the period in which the service was provided. As such, there is no need for reserves to be held.

Measures of performance

As a provider of shared services to the NCIs and wider church, the main performance indicators for ChECS are an increased use of shared services plus the ability of the charity to recoup its costs. Both objectives were satisfactorily met during 2020.

Funding sources

The majority of the Charity's income is received from the three main National Church Institutions in the form of recharged expenditure. A small proportion of its income comes from other bodies to which it provides services (such as IT services and communications training). The Charity prepares annual budgets and regular re-forecasts, and in addition, in formulating its strategy for future development, considers a longer-term period beyond that for which formal budgets and forecasts are prepared.

The trustees have assessed the key risks and uncertainties which impact upon immediate liquidity and longer-term solvency. The trustees have specifically considered the continuing impact of the COVID-19 pandemic on the charity's primary income streams and have reviewed the material cash flows, and the availability of mitigating actions which could be taken to reduce expenditure. The trustees have assessed the continued demand for the Charity's services from the three main NCIs, which depend upon the Charity to provide key support services to enable them to deliver their charitable activities. They have considered the relative financial strength of the three main NCIs, including cash reserves and the availability of liquid resources, and consider that planned expenditure remains recoverable from them. The trustees have also considered how activities could be reprioritised if mitigating action becomes necessary to reduce expenditure.

Having due regard to the above, the trustees have a reasonable expectation that ChECS has adequate resources and cash flows to meet spending commitments for the foreseeable future. Accordingly,

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

Plans for future periods

The Charity's plans for 2021 are described below. The aims of the Charity going forward are to continue to provide, and to expand, cost-effective shared-services to the National Church Institutions and the wider Church. Future objectives for ChECS include:

- Supporting the Emerging Church Programme of work undertaken by the NCIs, including work on Vision & Strategy, Governance and Transforming Effectiveness of teams, services and structures.
- Exploring future opportunities to provide services and support to dioceses and churches following the Transforming Effectiveness work to identify ways to make the system as a whole more effective.
- Continuing to deliver a programme of work focused on People & Data which will incorporate the design and implementation of a HR/Payroll system, and the development of a Master Data Management strategy to manage key People data across the Church, including but not limited to NCI staff and clergy. This includes the continued development of the Pathways Recruitment service.
- Supporting key NCI systems projects, and developing a Technology, Data & Systems strategy to ensure coherent and overt architecting of systems and data; this includes the implementation of an integration strategy to support effective data sharing and transaction processing between new and existing business systems.
- Continued focus on Cyber Security and Data Protection.
- Supporting the delivery of key changes relating to Safeguarding arrangements in the Church of England, notably in relation to independence and redress for survivors.
- Facilitating effective staff engagement, developing work on values and behaviours, and promoting diversity and inclusion across the NCIs; developing and implementing changes to future working practices in light of remote working experience.
- Continuing to expand the use of digital technology to optimise internal and external communication to new and existing audiences, building on the learning from and changing context resulting from COVID-19.
- Continuing to improve the use and content of financial health indicators for dioceses and other key church bodies, particularly in light of the impact of COVID-19 pandemic; and providing analysis and insight to support the effective allocation of resources for the wider Church.
- Implementation of the National Giving Strategy, including operation of the Giving Adviser fund, roll out of contactless giving devices and integration of online giving tools within A Church Near You (ACNY).
- Further expansion of the Parish Buying programme to assist parishes and other Church organisations in more cost effective procurement of services – this will include digital giving, NetZero and connectivity initiatives.

ChECS Trading

ChECS Trading's objective remains to provide (and grow the use of) procurement and recruitment activities on behalf of the Church of England. Whilst the Company made a £1k loss in the year due to the impact of COVID-19 on key income sources (Parish buying energy basket commission and Pathways recruitment activity charges), the activities of the Company remain of significant strategic importance to ChECS and the long term business model is considered to be sustainable.

FUNDRAISING

ChECS does not undertake any fundraising from the general public, and neither does it employ any person on its behalf to do so. Grants may be awarded occasionally from the other NCIs in order to further the effectiveness of ChECS' shared activities.

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

Neither ChECS nor any person acting on its behalf was subject to an undertaking to be bound by any voluntary standard of fundraising, and no complaints have been received by ChECS or a person acting on its behalf in respect of its activities.

PRINCIPAL RISKS AND UNCERTAINTIES

The ChECS risk management process assists management by facilitating the identification and assessment of significant risks to the achievement of objectives. The process follows the NCIs' risk management policies, which outlines the roles and responsibilities of directors, trustees, management and staff.

The ChECS Board reviews the risk register and risk management arrangements at least annually. The Board is supported by the NCIs' Audit & Risk Committees, which regularly review the risk registers and seek assurance over the adequacy of arrangements in place to manage the risks.

Individual departments and identified risk owners are responsible for the identification, assessment and review of risks which fall in their area of responsibility. 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 Risk Management and Internal Audit Department. The management of key risks is subject to independent review and assurance through the internal audit process, which reports to the Audit & Risk Committees of the NCIs.

During the year the Audit and Risk function commissioned an independent review of risk management processes and a roadmap has been built to further develop good practice in this important area.

2020 has brought unprecedented challenges as a result of the COVID-19 pandemic. Whilst these have stretched all organisations, including ChECS, the Board has benefited from established risk management and business continuity processes which have mitigated some of the impacts and enabled it to respond effectively to events as they unfolded.

Prior to the onset of the pandemic, the Emerging Church of England work had begun, but as the financial pressures faced by the wider Church have intensified, the work has adapted in light of the changing circumstances. A key focus of the Emerging Church work will be to identify opportunities to improve operating effectiveness and build simpler governance structures.

The Board has agreed that the below represent the principal inherent risks to the achievement of the objectives of ChECS. The issues identified are subject to ongoing mitigation and management action to reduce the residual risk to a tolerable level.

Principal Risk Area	Key Management Actions and Plans
Central services are not sufficiently resourced, valued or utilised effectively, undermining service delivery and/or ongoing rationale for ChECS.	• Performance management of departmental senior management and oversight by ChECS Board and other Trustee bodies and sub committees. • Central services provide advice and guidance in areas such as HR, IT, Legal, Data Management and Risk Management. • Technology and Information Management Group provides guidance and input into Technology and Information Management projects and programmes. • Emerging Church Project Team in place, looking at a range of opportunities to streamline and improve processes.
Inadequate cost control of ChECS such that it is not efficient and effective in its delivery of core services to the NCIs	• Budget setting and regular cost monitoring processes. • Performance monitoring of individual departments and senior management by the Board and NCIs. • Emerging Church work will focus on increased effectiveness and efficiency across ChECS and the wider Church.

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

Principal Risk Area	Key Management Actions and Plans
Inadequate staff resilience and change appetite to adapt and deal with organisational and cultural change	- Investment in annual staff survey with planned actions to address areas for improvement. - Continuing work on developing and embedding NCIs values, behaviours and culture. - Investment in improved internal communications with regular whole staff forums in place - Increased focus on health and well-being in light of COVID-19.
Failure to understand and address key person risk leading to impact on the delivery of services to the NCIs	- Senior leaders identify existing key person dependencies and consider mitigation plans. - Staff transfers from NCIs or other Church organisations can be used to address short-term gaps.
Problems in delivering services due to failure to deliver significant process and system changes successfully, on time and budget.	- Project management framework, processes and controls developed for Pan-NCI approach to project management. - Capacity and training to maintain the required level of staff resource and expertise.
Failure to effectively and securely collect, handle, use and store data across the NCIs	- Policies, training and monitoring processes to ensure compliance with legal and regulatory requirements including EU GDPR data protection legislation. - Technology and Information Management Group provides guidance and input into Technology and Information Management projects and programmes. - Significant IT infrastructure work to increase the security and robustness of systems.
Absence of adequate disaster recovery and business continuity plans to facilitate a quick response to and lessen the impact of a major business disruption event (e.g. COVID-19, cyber security attack etc.)	- Business Continuity Plans successfully put into practice during COVID-19 pandemic, with continuing proactive work by the Business Continuity Group. - IT infrastructure focus to increase resilience of systems, including Disaster Recovery Plan, Back-up processes and location of critical infrastructure in secure environment.

Church of England Central Services

Trustees' Report (incorporating a Strategic Report) (continued)

Statement of trustees' responsibilities

The trustees are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements are prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Charity and of incoming resources and application of resources of the Group and Charity for that period.

In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that show and explain the Group and Charity's transactions, disclose with reasonable accuracy at any time the financial position of the Group and Charity, and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and Charity and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

All of the current trustees (who are also the directors of the company) have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group and Charity's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The trustees are not aware of any relevant audit information of which the auditors are unaware.

Approval

This report was approved by the board of trustees on 20 April 2021 and signed on its behalf by:



John Spence, Chairman

Church of England Central Services

Independent Auditor's Report to the members of Church of England Central Services (continued)

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 December 2020 and of the Group's 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 Companies Act 2006.

We have audited the financial statements of Church of England Central Services ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 December 2020 which comprise the consolidated statement of financial activities, the consolidated and charity only balance sheets, the consolidated 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).

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 Group and the Parent Charitable Company 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises 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 conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Church of England Central Services

Independent Auditor's Report to the members of Church of England Central Services (continued)

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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 Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company 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 the Companies Act 2006 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.

Church of England Central Services

Independent Auditor's Report to the members of Church of England Central Services (continued)

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Charity and the Group and the industries in which they operate, we identified that the principal laws and regulations that directly affect the financial statements to be relevant charities acts in the UK and the Companies Act. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. We considered the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error. We also considered financial performance and key drivers for performance targets. We also considered the risks of non-compliance with other requirements imposed by the Charity Commission, and we considered the extent to which non-compliance might have a material effect on the group financial statements.

In addition, the Charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment tax legislation, employment law and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of those charged with governance and other management and inspection of regulatory and legal correspondence if any.

Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries of the Audit Committee, management and internal audit and review of minutes of meetings of those charged with governance. We made enquiries regarding any matters identified as Serious Incidents as reportable to the Charity regulators and performed an assessment of any Whistleblowing matters and complaints. We also performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

We challenged assumptions made by management in their significant accounting estimates, in particular in relation to the capitalisation of staff costs in the construction of the new People System.

We did not identify any matters relating to irregularities, including fraud. As in all of our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by management or the Board that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

Church of England Central Services

Independent Auditor's Report to the members of Church of England Central Services (continued)

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members 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 Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Fiona Condron (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick, UK
Date: 21 April 2021

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

Church of England Central Services

*Consolidated Statement of Financial Activities
(including consolidated income and expenditure account)
For the year ended 31 December 2020*

	Note	Unrestricted Funds 2020 £'000	All Funds 2019 £'000
Income from:			
Charitable activities	2	16,994	15,657
Total income		16,994	15,657
Expenditure on:			
Charitable activities	3	(16,995)	(15,657)
Total expenditure		(16,995)	(15,657)
Net (loss) / income and net movement in funds		(1)	-
 Total funds at 1 January		 -	 -
Total funds at 31 December		(1)	-

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

All funds were unrestricted with the exception of nil (2019: £17k) of income and expenditure relating to grant funding for the Pathways service in 2020.

Church of England Central Services

Consolidated and Charity only Balance Sheets As at 31 December 2020

	Notes	Consolidated 31 Dec 2020 £'000	Consolidated 31 Dec 2019 £'000	Charity Only 31 Dec 2020 £'000	Charity Only 31 Dec 2019 £'000
Fixed assets					
Intangible assets	6	2,080	670	2,080	670
Total fixed assets		2,080	670	2,080	670
Non-Current asset					
Amounts due from subsidiary undertaking	7	-	-	212	-
Total Non-Current liabilities		-	-	212	-
Current assets					
Debtors	7	823	888	739	923
Cash at bank and in hand		2,566	1,118	2,360	974
Total current assets		3,389	2,006	3,099	1,897
Current liabilities					
Creditors: amounts falling due within one year	8	(3,418)	(2,006)	(3,339)	(1,897)
Net current liabilities		(29)	-	(240)	(127)
Total assets less current liabilities		2,051	(670)	2,052	(670)
Creditors: amounts falling due after one year	8	(2,052)	(670)	(2,052)	(670)
Net (liabilities) / assets		(1)	-	-	-
Funds of the Charity					
General fund		(1)	-	-	-
Total funds		(1)	-	-	-

The Financial Statements of Church of England Central Services (Company No. 08776679) were approved and authorised for issue by the Board on 20 Apr 2021 and signed on its behalf by:



John Spence, Chairman

Church of England Central Services

Consolidated statement of cash flows for the year ended 31 December 2020

		2020 £'000	2019 £'000
Cash generated from operating activities	A	2,858	877
Cash flows from investment activities			
Purchase of intangible asset		(1,410)	(670)
Change in cash, cash equivalents and net debt in the year		1,448	207
Cash, cash equivalents and net debt at 1 January		1,118	911
Cash, cash equivalents and net debt at 31 December	B	2,566	1,118
A Net cash generated by operating activities			
		2020 £'000	2019 £'000
Net (loss) / income for the year (as per the statement of financial activities)		(1)	-
Decrease in debtors		65	204
Increase in creditors		2,794	673
Net cash generated by operating activities		2,858	877
B Analysis of cash, cash equivalents and net debt			
		2020 £'000	2019 £'000
Cash at bank and in hand		2,566	1,118
Total cash, cash equivalents and net debt		2,566	1,118

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

1. ACCOUNTING POLICIES

Church of England Central Services (ChECS) is a company limited by guarantee, incorporated on 15 November 2013 and registered with the Charity Commission on 31 December 2013. The Charity's governing document is its Memorandum and Articles of Association.

a) Basis of Preparation of Accounts

ChECS' 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 Companies Act 2006.

ChECS 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 and on the accruals basis.

b) Consolidation

The consolidated statement of financial activities ("SOFA") and balance sheet include the financial activities of ChECS and its subsidiary ChECS Trading Ltd made up to 31 December 2020. The subsidiary has been consolidated on a line by line basis. Intra-group balances and transactions are eliminated on consolidation. The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of Financial Activities in these financial statements. The parent company's profit for the year was £nil (2019: £nil).

c) Going concern

The trustees have a reasonable expectation that ChECS has adequate resources and cash flows to meet its spending commitments for the foreseeable future. In making this assessment, they have assessed the key risks and uncertainties which impact upon immediate liquidity and longer-term solvency. The trustees have specifically considered the likely impact of the COVID-19 pandemic on the charity's primary income streams and have reviewed the material cash flows, and the availability of mitigating actions which could be taken to reduce expenditure. The trustees have assessed the continued demand for the Charity's services from the three main NCIs, which depend upon the Charity to provide key support services to enable them to deliver their charitable activities. They have considered the relative financial strength of the three main NCIs, including cash reserves and the availability of liquid resources, and consider that planned expenditure remains recoverable from them. The trustees have also considered how activities could be reprioritised if further mitigating action becomes necessary to reduce expenditure.

Having due regard to the above, the trustees have a reasonable expectation that ChECS has adequate resources and cash flows to meet spending commitments for the foreseeable future, and do not consider there to be material uncertainty over the Charity's ability to meet its future obligations and commitments. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and accounts.

d) Income

All income is recognised on the accruals basis. It is recognised when ChECS is entitled to the income, it is probable that the income will be received and the amount of income can be measured reliably.

Income from Charitable Activities predominantly represents recharged expenditure from the shared service departments and income generated by ChECS-run courses and conferences.

It also includes income generated from procurement and recruitment services via ChECS Trading.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

1. ACCOUNTING POLICIES (CONTINUED)

e) Expenditure

All expenditure is accounted for on an accruals basis.

Charitable activity costs are the cost of operating the shared service departments, including staff costs and accommodation costs.

Governance costs include costs associated with the governance arrangements of the Charity including external audit.

f) Taxation

ChECS is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly it is exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Charity is registered for VAT and recovers all that it incurs.

The Charity's subsidiary (ChECS Trading Ltd) is a non-charitable subsidiary and is subject to taxation, but does not generally pay UK Corporation tax because its policy is to pay any taxable profits to the Archbishops' Council.

g) Pension Costs

As set out in Note 5, pension benefits to staff employed by ChECS are provided either through the Church Administrators Pensions Fund (CAPF) defined benefit pension scheme or through the CAPF defined contribution scheme.

The defined benefit scheme is considered to be a multi-employer scheme and consequently is accounted for as if it were a defined contribution scheme, where employer contributions payable in the year are charged to expenditure. The NCIs' pension scheme liability is calculated by actuaries Lane, Clark and Peacock LLP (LCP). 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 cashflows, based on benefits accrued to the valuation date and the various assumptions made.

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

Contributions are shown in Note 4.

h) Related Parties

The three members are related to ChECS. Details are given in Note 11.

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 are not related parties as defined in the Charities SORP or 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.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

1. ACCOUNTING POLICIES (CONTINUED)

i) Funds

As all the Charity's resources are spent in pursuit of its primary charitable objects, ChECS' resources are categorised mainly under Unrestricted Funds with the exception of grant funding relating to the Pathways service.

j) Amortisation

Costs incurred on acquiring or enhancing intangible assets are capitalised. Staff costs that relate to the development of intangible assets are capitalised, including related tax and social security payments. Amortisation is charged on a straight line basis over the estimated useful life of the asset, as set out below:

Software 20%

2. INCOME FROM CHARITABLE ACTIVITIES

	2020	2019
Department	£'000	£'000
Communications	2,501	1,819
Finance & Resources	6,146	5,505
Internal Audit & Risk Management	370	326
IT	2,019	2,174
Legal	1,472	1,417
Office Services & Human Resources	2,093	2,220
Records	1,751	1,427
ChECS Trading Limited	642	769
TOTAL	16,994	15,657

3. CHARITABLE EXPENDITURE

	2020	2019
Department	£'000	£'000
Communications	2,501	1,819
Finance & Resources	6,146	5,505
Internal Audit & Risk Management	370	326
IT	2,019	2,174
Legal	1,472	1,417
Office Services & Human Resources	2,093	2,220
Records	1,751	1,427
ChECS Trading Limited	643	769
TOTAL	16,995	15,657

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

Governance costs - auditor's remuneration:

Included within charitable expenditure are governance costs related to audit costs:

	2020	2019
	£'000	£'000
Audit of ChECS	10	8
Audit of ChECS Trading Ltd	5	3
Taxation services provided by auditor	4	4
TOTAL	19	15

4. STAFF NUMBERS AND COSTS

The cost of staff for which ChECS was the managing employer during the year ended 31 December 2020 was:

	Comms	Finance & Resources	Internal Audit	IT	Legal	Office Services & HR	Records	2020 Total	2019 Total
Average No. Employed	20	82	3	14	12	34	13	178	165
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	1031	3,631	137	766	880	1,100	644	8,189	7,464
Social security	117	396	15	87	107	120	69	911	819
Pension contributions	116	981	16	100	358	179	148	1,898	1,795
Total cost of staff	1,264	5,008	168	953	1,345	1,399	861	10,998	10,078

Total cost of staff includes termination costs of £92,000 (2019: £34,000) in respect of 6 (2019: 5) individuals.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

The cost of staff for which ChECS was the managing employer during the year ended 31 December 2019 was:

	Comms	Finance & Resources	Internal Audit	IT	Legal	Office Services & HR	Records	2019 Total
Average No. Employed	18	77	4	12	11	28	15	165
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	881	3,390	200	711	781	1,096	405	7,464
Social security	101	365	23	79	94	116	41	819
Pension contributions	106	909	22	89	380	183	106	1,795
Total cost of staff	1,088	4,664	245	879	1,255	1,395	552	10,078

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

	2020 Number	2019 Number
£60,001 to £70,000	14	13
£70,001 to £80,000	7	5
£80,001 to £90,000	2	5
£90,001 to £100,000	3	4
£100,001 to £110,000	5	1
£120,001 to £130,000	-	1
£130,001 to £140,000	1	-
£140,001 to £150,000	-	-
£150,001 to £160,000	-	1
Total	32	30

All of the staff above are members of the Church Administrators Pension Fund (Note 5). Of these, 28 (2019: 24) accrue benefits under a defined contribution scheme for which contributions for the year were £295,000 (2019: £256,000). The remaining 4 (2019: 6) staff members accrue benefits under a defined benefit scheme.

The highest paid member of staff was the Chief Legal Advisor, who earned £133,000 (2019: Chief Finance & Operations Officer who earned £153,000). ChECS' remuneration policy is in line with that of the other NCIs.

None of the trustees were remunerated or reimbursed any expenses by ChECS during the year.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

5. PENSIONS

Pension benefits for staff employed by ChECS are provided either through the Church Administrators Pensions Fund (CAPF) defined benefit pension scheme or through the CAPF defined contribution scheme which was established for employees commencing service after 30 June 2006. The schemes are administered by the Church of England Pensions Board, which publishes the schemes' financial statements. The contributions to the defined benefit schemes have been assessed by an independent qualified actuary using the projected unit method of valuation and are detailed below.

The Church Administrators Pension Fund

- i) Defined Benefits Section (closed to new members from 30 June 2006)

Costs shared between the National Church Institutions

A valuation of the scheme is carried out once every three years, the most recent having been carried out as at 31 December 2019. This revealed a deficit of £9.1 million. Deficit contributions of £2,400,000 per annum from January 2021 are payable until 30 April 2023. At 31 December 2020, payments were made under the previous Schedule of Contributions, where the deficit recovery contributions were subject to an annual increase on 1 January each year of 3.3% per annum. The deficit contributions paid by ChECS in 2020 were £797,000 (2019: £791,000). The level of additional contributions made by the participating employers as a whole was £2,847,000 in 2020 (2019: £2,756,000).

FRS 102 requires this agreed deficit recovery plan to be provided for. The total provision of £2.4m (as at 31 December 2020) is measured at its net present value. However, this transaction has no impact on ChECS' financial statements as the amount is recharged in full to the three equal partners of which ChECS is a jointly controlled entity.

Contributions Paid

In 2020 ChECS paid contributions (exclusive of the additional contributions) to the Fund totalling £213,000 (2019: £231,000). The participating employers are also responsible for making contributions towards the administration costs of the scheme of £390,000 (2019: £390,000).

- ii) Defined Contribution Section

Following the closure of the defined benefit section of the Fund on 30 June 2006 a defined contribution section was set up for those commencing service after this date. ChECS paid contributions of £899,000 in 2020 (2019: £783,000).

Membership

The average number of ChECS employees within each scheme was:

	CAPF	
	Defined Benefit	Defined Contribution
2020	21	172
2019	24	141

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Notes to the Financial Statements for the year ended 31 December 2020 (continued)

6. INTANGIBLE ASSETS

	2020	2019	2020	2019
	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
At 1 January	670	-	670	-
Additions	1,410	670	1,410	670
Disposals	-	-	-	-
At 31 December	2,080	670	2,080	670

During the year ChECS has undertaken work on a new IT system, which will incorporate Master Data Management and HR/Payroll functionality to enable the strategic management of people data across the Church, including but not limited to NCI staff and clergy. The system will interface with other key business systems including recruitment, pensions and the diocesan contact management system. All associated feasibility costs were expensed, until formal approval was given by the JECSB and the ChECS Board in July 2019. Subsequent to approval being given the project was considered to have moved into its development phase and therefore costs incurred as a direct result of the work have been capitalised.

The asset is currently under construction and is expected to be brought into use in mid 2021.

7. DEBTORS:

	2020	2019	2020	2019
Current debtors	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Trade debtors	247	373	229	362
Other debtors	79	111	79	111
Prepayments and accrued income	464	381	429	323
Related parties (see Note 11)	33	23	-	-
Amounts due from subsidiary undertaking	-	-	2	127
	823	888	739	923

	2020	2019	2020	2019
Non-current debtors	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Amounts due from subsidiary undertaking	-	-	212	-
	-	-	212	-

During the year, the Board considered the status of the amounts loaned to the subsidiary undertaking, and determined that this funding had been provided for the long term benefit of ChECS Trading and is not expected to be repaid within twelve months. As a result, the substance of this debt is considered to be a long term debtor and is therefore presented as such in the financial statements.

Church of England Central Services

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

8. CREDITORS

	2020	2019	2020	2019
Current liabilities:	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Amounts due within 1 year				
Trade creditors	707	455	700	410
Related parties (see Note 11)	382	45	382	45
Taxation & social security	1,140	1,021	1,102	1,000
Accruals & deferred income	1,189	485	1,155	442
	3,418	2,006	3,339	1,897
Non-current liabilities:	2020	2019	2020	2019
	Consolidated	Consolidated	Charity only	Charity only
	£'000	£'000	£'000	£'000
Amounts due after 1 year				
Related parties (see Note 11)	2,052	670	2,052	670
	2,052	670	2,052	670

Included within the amounts of £2,434k due to related parties (both short term and long term) is £2,368k, which relates to cash flow loans for a new IT system. Of this amount, £316k falls due within one year and £2,052k is due after one year. The loans are interest free, unsecured and are repayable over the useful life of the system.

9. SUBSIDIARY RESULTS

ChECS has a trading subsidiary, ChECS Trading Ltd (company registration no. 08940330), which carries out any activities that are deemed, for tax purposes, to be trading activities. ChECS owns 100% of the share capital in ChECS Trading Ltd. The subsidiary is registered at the same address as its parent. A summary of the profit and loss account of ChECS Trading Ltd is shown below:

<u>ChECS Trading Ltd</u>	Year Ended 31/12/2020	Year Ended 31/12/2019
	£'000	£'000
Turnover	642	769
Cost of Sales	(633)	(750)
GROSS PROFIT	9	19
Administration expenses	(8)	(5)
Interest payable	(2)	(4)
Charitable donations	-	(10)
RESULT FOR THE FINANCIAL YEAR	(1)	-

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Notes to the Financial Statements for the year ended 31 December 2020 (continued)

9. SUBSIDIARY RESULTS (CONTINUED)

A summary of the net assets of ChECS Trading Ltd is shown below:

	2020	2019
	£'000	£'000
Current assets		
Debtors	85	91
Cash at bank and in hand	207	144
	<u>292</u>	<u>235</u>
Creditors: amounts falling due within one year	(81)	(23)
Net current assets	211	212
Creditors: amounts falling due after one year	(212)	(212)
Total reserves	<u>(1)</u>	<u>-</u>

10. OPERATING LEASES

As at 31 December 2020 the charity had commitments under non-cancellable operating leases, representing the total minimum future lease payments, as follows:

	Property	Office Equipment	2020 Total	2019 Total
Falling due:-	£'000	£'000	£'000	£'000
Within One year	126	67	193	558
Two to Five years	-	69	69	592
	<u>126</u>	<u>136</u>	<u>262</u>	<u>1,150</u>

As at 31 December 2019 the charity had commitments under non-cancellable operating leases, representing the total minimum future lease payments, as follows:

	Property	Office Equipment	2019 Total
Falling due:-	£'000	£'000	£'000
Within One year	500	58	558
Two to Five years	505	87	592
	<u>1,005</u>	<u>145</u>	<u>1,150</u>

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Notes to the Financial Statements for the year ended 31 December 2020 (continued)

11. RELATED PARTIES

ChECS is a jointly controlled entity between the Archbishops' Council, the Church Commissioners for England, and the Church of England Pensions Board in which the three members hold equal shares. Each member has the right to appoint and remove two of ChECS' trustees and holds equal guarantee rights in ChECS.

The amount charged to each related party during the year was as follows:-

	2020	2019
	£'000	£'000
Church Commissioners for England	7,153	6,697
The Archbishops' Council	6,285	5,516
The Church of England Pensions Board	2,447	2,280
Total	15,885	14,493

In addition, the Church Commissioners charged ChECS a total of £500k during 2020 (2019: £473k) to rent a building for use in ChECS' charitable activities.

As at 31 December the following amounts were owed to / (from) related parties:-

	2020	2019
	£'000	£'000
Church Commissioners for England	1,444	348
The Archbishops' Council	731	170
The Church of England Pensions Board	259	197
Total	2,434	715

In addition, ChECS Trading was owed £33,000 (2019: £23,000) from the above related parties.

ChECS Trading

The amount charged to ChECS by ChECS Trading during the year was as follows:-

	2020	2019
	£'000	£'000
ChECS	28	14

As at 31 December the following amounts were due from ChECS Trading:-

	2020	2019
	£'000	£'000
ChECS Trading	214	127