

The Church of England Pensions Board

Annual Report

Year ended 31 December 2023

Contents

Introduction from the Chair and Chief Executive	4
Report of the trustees for the year ended 31 December 2023	6
Structure and history.....	6
Public Benefit.....	7
Objectives	7
Charitable activities of the Board.....	8
Housing.....	8
Rental Property	9
Community Living.....	9
Shared Ownership.....	10
Mortgage Schemes.....	11
Signposting to alternative housing options	11
Administration of pensions.....	11
Review of 2023 activities	11
Administration of Pensions.....	12
The Board's Approach to Investment & Stewardship.....	15
Financial Review	17
External financing	18
Charity Investments	19
Risk Management.....	20
Principal Risks.....	20
Going Concern	23
Approach to Taxation.....	23
Reserves.....	24
Unrestricted funds.....	24
Restricted funds.....	24
Reserves policy	24
Plans for the future.....	25
Structure, governance and management	26
Governance.....	26
Independent Auditors.....	27
Ethical Investment Advice.....	28
The Charity Code of Governance	28
Trustees	29
Attendance by Trustees at meeting of the Board and its Committee	31
Reference and administrative information	32
Management	33

Approval	34
Statement of Trustees' responsibilities in relation to the financial statements.....	35
Independent auditor's report to the Church of England Pensions Board	36
Consolidated Statement of Financial Activities of the Church of England Pensions Board for the year ended 31 December 2023	42
Consolidated Balance Sheet of the Church of England Pensions Board as at 31 December 2023.....	43
Charity only Balance Sheet of the Church of England Pensions Board as at 31 December 2023.....	44
Consolidate Cash Flow Statement of the Church of England Pensions Board for the year ended 31 December 2023.....	45
Notes to the Financial Statements of the Church of England Pensions Board for the year ended 31 December 2023.....	46

Introduction from the Chair and Chief Executive

In the global economy, 2023 marked a decisive break from the long period of ultra-low interest rates experienced since the 2008 financial crisis, as central banks increased rates to try and curb surging inflation. The associated dramatic increase in the cost of living has caused much distress in society.

Within pensions, higher interest rates also meant that government and corporate bonds offered higher yields, and the Board increased its holdings of these lower risk assets during the year. These rates also benefitted scheme funding, by reducing the value of liabilities – i.e. the assets needed to provide for all future pensions.

Together with cost savings and sustained investment returns over the past decade, this resulted in our defined benefit (DB) schemes being fully funded as at the end of 2023. This gives members and employers greater security for the future. It also enabled the Board to provide higher, discretionary, pension increases in some schemes for 2023 and 2024, including inflation-matching clergy pension increases in both years. Welcome although those will have been, for many of our pensioners these past two years have been very challenging financially, even with the additional support offered by the Board through welfare advice and charitable grants.

High inflation and interest rates have had a more difficult impact on the Board's charitable housing activities. The costs of maintaining properties and preparing new houses for rent have increased dramatically. Demand for properties from retirees has also increased, as has the cost of borrowing to buy homes to meet this demand. In 2023, 109 households moved into their new Church retirement property, the highest number of new tenancies in recent memory. While the Board did all that it could to reduce costs, we were only able to meet the demand thanks to substantial extra funding from the Archbishops' Council and the Church Commissioners. These funds will help with maintaining current arrangements whilst options for the future are considered. In this respect, the Board commenced an open, wide conversation last November about how the Church might best support future cohorts of retiring clergy with housing. We think there is an opportunity for the Church to shift from focusing on just one form of support at one point in the ministry journey, to many points of guidance and practical support at different stages of life to enable choice for clergy about their housing plans. We are encouraged by the responses and feedback already received and look forward to developing these ideas further in 2024.

Responsible investment of the pensions assets under our stewardship remains a priority. In May 2023, and informed by Transition Pathway Initiative analysis, we took the decision to disinvest from the last of our oil and gas holdings in line with the commitments made in 2018. In November, the Board published its [Climate Action Plan](#), which sets out our next steps as an investor to tackle the climate emergency. This includes engagement with companies and sectors that are significant users of fossil fuels, a focus on climate solutions and supporting a just transition. The Board is continuing to advocate for transformation across the mining sector, addressing matters of safety, human rights and social justice, including through leadership of a new Global Investor Commission on the future of the sector.

In February 2024 we were shocked to learn of the sudden and unexpected deaths of the Rt Revd Alan Wilson, a member of the Housing Committee and former Trustee, and Nigel Stokes, a member of staff in the housing team. We would like to pay tribute to Bishop Alan and Nigel for their service to the Board and our customers and will continue to honour their memories.

We look forward to 2024, and to continuing to support our members, and the mission and ministry of the Church well in the years to come.

Clive Mather
Chair

John Ball
Chief Executive Officer

Report of the trustees for the year ended 31 December 2023

The trustees present their annual report and financial statements of the charity for the year ended 31 December 2023. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Finance Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" ("the SORP").

Structure and history

The Church of England Pensions Board ("the Board") was established in 1926 by the Church Assembly (now the General Synod) by the Clergy Pensions Measure 1926, to serve as the pensions authority for the Church of England and to administer a comprehensive pension scheme for clergy. Prior to 1926 there was no proper pension system for clergy.

The Board was given powers in 1948 to provide housing for retired clergy and their widows and dependants, and in subsequent years also became trustee of various charitable funds and trusts to provide for the relief of poverty of retired clergy and their widows and dependants. In 1964 the Board became a registered charity. Since then, the funds and trusts have been amalgamated and now exist as a single restricted fund: the 'General Purposes Fund'; and one linked charity for which the Board is corporate trustee: the 'Clergy Retirement Housing Trust'.

In its current form, the Board is a body corporate, a registered charity, and is governed by the Church of England Pensions Measure 2018 – the main operative provisions of which came into force on 1 March 2019 consolidating and replacing prior legislation. The structure of the Board was amended in 2021 by the Legislative Reform (Church of England Pensions) Order 2021. During the period covered by these accounts it was the corporate Trustee of three pension schemes:

- The Church of England Funded Pensions Scheme ("CEFPS", commonly called 'the clergy scheme')
- The Church Workers Pension Fund ("CWPF")
- The Church Administrators Pension Fund ("CAPF")

The financial statements of the three pension schemes listed above are not included in this report but are separately available.

The Board administers two other pension schemes, for which it is not a trustee: the Church of England Pensions Scheme (for clergy service prior to 1 January 1998); and the Church Commissioners Superannuation Scheme (for staff service prior to 1 January 2000). The financial affairs of these schemes can be found in the Church Commissioners' accounts. They have no impact on the financial position of the pension schemes of which the Board is trustee.

Public Benefit

The purposes of the Board are the provision of retirement services set by the Church of England for those who have served or worked for the Church. This is carried out primarily through the provision of retirement housing and through the administration of pensions.

In accordance with the requirements of s17(5) of the Charities Act 2011, in exercising their responsibilities the Board has had regard to the Charity Commission's published advice on public benefit, especially that contained in its supplementary guidance *"The Advancement of Religion for the Public Benefit"*.

Nationally, the Church, through its network of more than 12,000 parishes, 16,000 churches and 20,000 ordained and lay ministers seeks to build social capital and provide spiritual care for all those who might wish to engage with matters of faith in a Christian context. The local churches are a focus for community activity, and through resources available at their disposal, provide activities that support community development and social cohesion. These can include projects which support children, families, and the elderly.

Retired clergy and their dependants often play a role in these projects, and retired clergy provide valuable auxiliary ministry in parishes across the Church of England. Through the provision of comprehensive pension schemes, retirement accommodation and, where applicable, direct grants to supplement their income, the Board assists clergy in retirement to continue to play a full role in the community.

Objectives

The Board's charitable objectives are first, to provide the best possible support and care, within available resources, to those who have retired from stipendiary and lay ministry within the Church of England, and to their dependants, through the provision of retirement and supported housing, and through advice services, and discretionary grants for those most in need. Second, the Board's objective is to meet its responsibilities as trustee and administrator for the various pension schemes, as laid out in its governing documents (see Structure and History section).

The strategic objectives of the Board are to:

1. Manage the pension schemes efficiently and effectively
2. Offer charitable and housing services that our customers and funders value
3. Demonstrate leadership in ethical and responsible investment to achieve a sustainable return on our investment funds and help counteract climate change
4. Understand our customers to deliver excellent customer service
5. Model good governance and stewardship
6. A great place to work, where people are valued, engaged and performing well

In December 2019 the Board agreed three strategic priorities to guide its work and the implementation of its objectives. These are:

1. **Simplification**
2. **Self-sufficiency**, so that the Board can be less reliant on financial support from the wider Church in the long-term
3. Engaging in **great conversations** with those the Board serves and the companies in which it invests

These priorities together form the Board's 'Centenary Vision'.

Retirement can be a stressful life event and particularly so for the Church of England clergy who have lived most of their working lives in tied accommodation and for whom retirement also entails the stress of moving to a new house. The Board aims to work with clergy to assist them in this significant life transition and encourages early conversations about retirement housing and pension provision. We aim to provide an appropriate level of service over the long term, and retirement housing which is well maintained and suits its purpose.

In 2024, the Board will continue to provide existing services within the resources available. We continue to shape and refine the services that are offered to ensure that they are sustainable in the future. As described below, in 2023, the Board commenced a conversation with the Church about new ways to support future cohorts of retiring clergy, particularly with their housing needs.

The charitable activities are financed by grants, gifts, legacies, and investment income. All donations are placed in the General Purposes Fund unless otherwise specified. We are very grateful to those who have given donations and left legacies over the past year.

Charitable activities of the Board

Around one in six clergy retiring from the stipendiary ministry seek the Board's assistance with retirement accommodation, whether in the Board's properties or through advice and signposting to other providers.

Around 2,500 individuals – primarily retired clergy and their spouses or partners – receive housing direct assistance from the Board. The majority of these customers are residents in the Board's rental and community living (previously supported housing) properties. The Board also operates a small shared ownership scheme and mortgage schemes, which are closed to new applicants. Although the expression is used less now, these services continue to be referred to by the acronym CHARM (Church's Housing Assistance for Retired Ministry).

Housing

The Church of England Pensions Board's retirement housing provision is designed to assist retiring clergy leaving tied accommodation and who have not been able to make their own

provision for somewhere to live in retirement. The provision of housing is a discretionary facility, with the Board specifying various parameters relating to the size and type of property available. These parameters are regularly reviewed.

Information on the housing offers, eligibility and access to the various options is available on the Church of England website at www.churchofengland.org/housing.

The Board also supports retirees and their households through a Welfare Advice Service which enables us to sign-post individuals to other charities and agencies through which they can access the different types of support available to them, including helping individuals to navigate the state benefit system. The Board operates a modest discretionary grant scheme to assist those on the lowest incomes.

Rental Property

The rental option is the Board's core service, with 1,164 properties let across England and Wales as at the end of 2023 (2022: 1,172). Applicants can choose from a portfolio of available properties across the country up to five years before they intend to retire and "reserve" it for their retirement.

The Board ensures that all properties are in a good state of repair. It uses stock condition surveys to plan and carry out maintenance.

Tenants who moved into their properties after 1 April 2015 pay a "target rent" based on a social housing model; tenants who already lived in a property prior to this date pay a rent which was based on their (joint) income, which is being slowly transitioned to a target rent.

The CHARM scheme is subsidised by the wider Church of England through Vote 5 of the Archbishops' Council's budget. The total grant for 2023 was £5.8m (2022: £5.6m). In the context of high inflation and rising interest rates, the Archbishops' Council agreed to grant a further £9m in 2023 to assist the Board in meeting its costs and accommodate higher demand. A further grant of £19.7m was agreed in early 2024 to provide further support across financial years 2024 and 2025. This support enables the Board to continue to offer target rents at a lower level than market rents. The Trustees are grateful for the financial support from the wider Church towards this work.

Community Living

The Board has operated supported housing residential communities for 75 years. In 2023 the Board restyled these settings as 'community living' to more effectively describe the offer. Each of the Board's seven community living settings offers residents their own flat within a residential community. Each setting includes communal dining facilities, meeting spaces, a library, a chapel, laundry facilities and shared garden space. The self-contained flats include a living room, bedroom, bathroom and a small kitchenette.

Community living is offered to retired clergy and their spouses / partners who wish to live as independently as possible in a community of Christians. Some retired clergy, or their surviving spouses or civil partners, no longer feel comfortable living by themselves or find it increasingly

difficult to maintain and manage a home of their own. Some wish to continue living within a community where the liturgical and spiritual life of the Church of England is central and practical support is available to enrich older living. While most community living residents will have come to the setting later into their retirement, community living also welcomes those at the outset of their retirement.

The Board charges for the accommodation using a rent and service charge system and operates a subsidy arrangement to assist those of its residents who are unable to pay for those support charges which are not eligible for state assistance.

The total cost of running community living including central overheads, is largely met by the income the Board receives through rent and service charges. The shortfall – including costs relating to the former nursing home closed in 2017 – is met from grants, voluntary donations and investment income received by the General Purposes Fund. In 2023 legacies and miscellaneous donations amounted to £0.1m (2022: £0.8m).¹

Following consultation with residents and stakeholders, in 2022 the Board commenced a pilot to permit a small number of retired ministers from partner denominations to apply for the Board's community living. This move is in keeping with the Church of England's ecumenical partnerships and is designed to assist in managing voids for the good of the schemes and their residents. The initial feedback from the pilot is positive.

Shared Ownership

The Board has previously assisted clergy in purchasing retirement properties through a mortgage scheme, which closed to new applicants in 2008, and a shared ownership scheme which ran from 2008 to 2022.

The marketplace for shared ownership has developed considerably since the Board started its scheme. This has combined with declining interest in the Board's scheme for a number of years, a review in 2022 concluded that there are now sufficient products on the market which offer comparable or better value options this has led to the Board closing its shared ownership scheme to new applicants in 2022.

The Board continues to assist retiring clergy seeking home ownership or shared ownership through signposting to providers and financial advice services. In 2023, a number of households were assisted in this way to buy their own retirement home via a later life mortgage or shared ownership with a specialist provider.

The Board also continues to support existing shared owners, which numbered 88 at the end of 2023 (2022: 91). Through the shared ownership scheme, the household took at least a 25% equity share, with the Board contributing up to £150,000. The household paying a rent on the unowned share, and a service charge which reflects the cost of maintaining and insuring the property. Additional shares of the property can be bought by the customer, and the Board will gladly assist those who seek to buy outright ownership, refinance the Board's share, or switch to a full repairing and insuring lease.

¹ See note 4 for further details of the shortfall between charitable income from rent and service charges, and charitable expenditure incurred.

Mortgage Schemes

A fixed-interest mortgage option was in operation until 31 December 1982. Mortgagors had the option to pay interest on the amount loaned during the life of the loan and then on redemption repay the nominal amount of the loan or pay one-half of the interest due during the life of the loan and on redemption repay the nominal amount of the loan together with the unpaid interest. Two loans were outstanding at the end of the year, both of which the mortgagor is paying one-half of the interest due.

A value-linked mortgage option closed on 31 March 2008. Mortgagors pay an interest-only element on the advanced sum, with the rate of interest being subject to an annual uplift in line with increases in Church pensions. When the property is sold or the mortgage redeemed, the sale proceeds are divided between the mortgagor and the Board in the same proportions as when the loan was advanced. At the end of the year mortgage loans were outstanding on 413 properties (360 from the Charity and 53 from the subsidiary company CEPB Mortgages Ltd) (2022: 447 properties (391 from the Charity and 56 from the subsidiary company CEPB Mortgages Ltd)).

Signposting to alternative housing options

The Board supports existing residents (and, increasingly, newly retiring clergy) in exploring alternative housing options with other providers. Such other providers include Christian charities who offer care or community living and housing associations. In some cases the Board supports residents and their families in seeking a next phase of retirement living in a care home or extra care facility.

Administration of pensions

During the period covered by this report, the Church of England Pensions Board was the trustee of three pension funds – the Church of England Funded Pension Scheme, the Church Workers Pension Fund, and the Church Administrators Pension Fund.

The administration of pensions for the clergy is one of the charitable objects of the Board; this is carried out at no cost to the charitable funds since the administration costs are charged to the relevant pension fund.

In total, the pensions for more than 43,000 people, across about 700 employers are administered by the Board. Separate reports and accounts are issued for each of the pension schemes.

Review of 2023 activities

Housing

Around 1 in 6 clergy require help with housing in a normal year. The lingering effect of the pandemic (which saw some clergy delay retirement moves, and then others bring them

forward), combined with more retirements (due to demographic factors), means that 2023 was the Board's busiest year on record. In 2023, 109 households moved into Church retirement homes, either a flat within the Community Living schemes or a rental property. This was the highest number of new tenancies in recent memory. Additionally, the Board's housing team worked with a number of households to secure alternative retirement accommodation, including becoming homeowners or a rental arrangement with another provider.

Across the year, 208 applications were received for future help with housing. The Board is grateful for additional funding from the Archbishops' Council and Church Commissioners, to help meet this demand challenge in the near term, in the context of ongoing financial pressures caused by inflation and higher interest rates.

As part of the ongoing asset management programme, in 2023 periodic stock condition surveys were undertaken of our Community Living schemes to help target planned maintenance work. A similar programme for the rental portfolio starts in 2024. The rolling programme of gas safety (or equivalent) inspections continued and remains a high area of focus. The Board continues to benefit from its investment in a Housing Management System to replace manual records. This is a valuable tool in managing and monitoring compliance and repairs, and in asset planning.

Meanwhile, further steps were taken on the journey to achieve the Church's ambition of net zero by 2030 by piloting retrofit surveys at several locations. This work is being taken forward in partnership with other Church bodies as part of the CofE Net Zero programme.

All the Board's staff completed a further round of safeguarding training across the winter of 2023/24.

In the spring and autumn, the Board hosted sessions with Diocesan Retirement Officers to help establish closer ways of working in supporting retirees well. The Residents' Panel continues to meet quarterly, offering invaluable feedback to help improve services.

Towards the end of 2023, the Board commenced a conversation with the wider Church about how the model of support with retirement housing could evolve in the future – thinking beyond the traditional approach of rental housing at retirement. For instance, considering how the Church might practically help clergy in more easily accessing home ownership in ministry or at retirement, and to engage with retirement planning earlier. These ideas reflect changing ministry patterns and needs, and seek to ensure services can be generationally sustainable. The conversation period ran to February 2024 and elicited over 800 responses and more than 1300 replies to the accompanying survey on current retirement plans. This is valuable feedback which will be used in 2024 to take the ideas into more specific proposals for the Church to consider.

Administration of Pensions

On the back of our strong investment performance over the last decade, careful cost management and changing financial conditions, all of the Defined Benefit pension

schemes of which the Board is Trustee were estimated to be fully funded by the end of 2023. This means that the investment assets held by the scheme cover the accrued pensions promised to members – good news for members, Dioceses and other organisations that participate in our schemes.

Within the Church of England Funded Pension Scheme, which covers clergy pensions accrued since 1998, the strong funding position allowed the Trustees to make a discretionary inflation-matching increase to pensions in payment of 10.1% from April 2023. This increase was more than double that guaranteed under the scheme rules. The Trustees were pleased to be able to exercise similar discretion again for increases from April 2024, with a 6.7% inflation matching increase.

From 1 January 2023 the Board reduced contribution rates for clergy pensions from 39.9% to 28% of pensionable stipends as agreed at the last valuation. This is equivalent to freeing up an extra £25m p.a. for the Church's mission and ministry. In late 2023, the Board determined that it could reduce the contribution rate by a further 3 percentage points. This unusual step, taking place ahead of the next valuation, was justified by improving financial conditions. The move has been welcomed by participating Church bodies and has facilitated the Central Stipends Authority recommending a higher increase in the National Minimum Stipend (NMS) from April 2024 than it had previously planned. This is also good news for scheme members because of the link between the NMS and starting pensions.

In 2023, the Board completed the statutory valuation of the Church Administrators Pension Fund (as at 31 December 2022). This showed a reduction in the deficit, which was fully eliminated through planned recovery contributions by the end of 2023. The Board also reviewed the CAPF DC funds on offer to members.

The statutory valuation of the Church Workers Pension Fund (as at 31 December 2022) brought good news for participating employers and members, with all sections now fully funded on a going concern basis. The CWPF is the most complex of the pension schemes, with over 400 participating employers of varying sizes, and its valuation will be concluded in early 2024. The strong funding position in this scheme also enabled a modest discretionary increase to some pensions in payment. Meanwhile, the Board is exploring with employers how we might reduce risk further within the Defined Benefit section, consolidating the current position and securing member benefits.

The financial results of the schemes are not reflected in those of the Board and may be found in the separate annual report and accounts produced for each scheme. The table below provides summary information for the net assets of each scheme as at 31 December 2023. Investment performance is described in the following section.

	Church of England Funded Pension Scheme £m	Church Workers Pension Fund £m	Church Administrators Pension Fund £m	Total £m
Total net assets available for benefits	2,548	622	147	3,317

The table below provides summary information for the most recent concluded actuarial valuation of each pension scheme at the date indicated. The CWPF valuation will be concluded in early 2024.

	Church of England Funded Pension Scheme £m	Church Workers Pension Fund £m	Church Administrators Pension Fund £m
<i>Date of Valuation</i>	<i>31 Dec 2021</i>	<i>31 Dec 2022</i>	<i>31 Dec 2022</i>
Total Technical Provisions	(2,160)	(483)	(104)
Total net assets available for benefits	2,720	600	102
Total pension scheme surplus (deficit)	560	117	(2)

The Board monitors pensions administration performance. In 2023, customer satisfaction at retirement averaged 8.4 out of 10. Meanwhile, the budget figure of 95% achievement of Service Level Agreements for different pensions processes was achieved consistently through the year. In 2024 we plan to introduce new surveys to deepen our understanding of member experience across their entire pensions journey with the Board.

As of the end of the year, almost 50% of members were registered for PensionsOnline, our secure online pensions portal, and in 2023 as a whole, PensionsOnline was used more than 3,200 times by members to update their contact information and personal details, including updating us on changes to pension nominees. Updating details in this way has saved time for members and has freed up the Pensions admin team to deliver responses to other member queries more quickly.

Among the new features in 2023 was the functionality to allow clergy members to run retirement quotes online, delivering results in just seconds rather than needing to call the helpline and wait for a letter or email. Around 2,300 quotes were produced in the year, supporting clergy in considering different options for their retirement.

At the end of 2023, PensionsOnline started to be trialled for CAPF DC members, becoming available to all CAPF DC members in early 2024. These improvements will help members with planning well for retirement.

The Board's Approach to Investment & Stewardship

The Board invests sustainably and responsibly on behalf of members to pay pension promises across the long term. As good stewards of the funds, and guided by Church teaching, the Board engages with the companies in which it invests. The Board also works with other investors to drive change on key issues that matter most to our members.

The duty to be a good steward of the funds entrusted to the Board underpins the approach to responsible investment. Stewardship is about ensuring members' funds are invested sustainably and for the long term. As pension benefits earned today may not be drawn for 60-80 years, responsible stewardship involves managing systemic risks to how investments will perform over decades and affords us through our ownership the opportunity to have real-world impacts.

Managing systemic risk

The Board has a long history of acting to tackle risks posed by climate change and associated with a disorderly transition to a low carbon economy. The Board co-founded the Transition Pathway Initiative (TPI), which is now the leading investor tool for assessing the robustness of a company's climate transition plans. Many investments of pension funds are also in sovereign bonds (government bonds) and in 2023, the Board, together with the BT Pension Fund, led a global initiative with TPI to develop a methodology that will help investors apply the same transition-readiness lens to sovereign bonds.

In May 2023 the Board decided to disinvest from its remaining holdings in the oil and gas sector (which represented less than 0.2% of investments at the time). This decision was reported to General Synod in July 2023 in a presentation which set out the progress from our engagement with the oil and gas sector in the previous five years. We also presented the TPI assessment, which shows that despite progress, no company could demonstrate alignment with the 1.5 degree scenario over the short, medium and long term.

The Board also set out the broadening of our climate engagement work, focusing on industries that create most of the demand for fossil fuels, such as car manufacturing and utilities. This was detailed in the Board's new Climate Action Plan, published in November 2023. The plan includes case studies on engagement with National Grid and Volkswagen, where the Board's work has led to improvements in company approaches to climate lobbying. Climate solutions, including renewable energy, energy efficiency, and green technology, account for just under 5% of the fund, and are set to grow over time.

The Board chairs the Emerging Markets Just Transition Initiative, which recognises the importance of emerging markets (such as South Africa) to the transition to the low carbon economy. This initiative is supported by 12 pension funds, which collectively manage £400bn in assets. Through 2023 and into 2024, the Board is reviewing its Emerging Market investment

portfolio, in line with the aims of the initiative, with changes already made to how we select, appoint, and engage with external asset managers.

Driving change through partnership

A further priority for the Board is the systemic risks within mining. This is a crucial sector for making the transition to a low-carbon economy, as for instance, batteries are mineral intensive. Yet it is a sector with many challenges, including safety, environmental impacts, workers' rights, and the rights of indigenous and first nations communities. Over 80 investors, managing \$11trn of assets, have now pledged their support to the Global Investor Commission on Mining. This Commission, chaired and established by the Board with the support of the UN Environment Programme, will develop a socially responsible vision for the sector by 2030. Our role in driving forward this work, builds on the steps we have taken to address safety standards and improve transparency in the sector following the tragic tailings dam disaster at Brumadinho, Brazil, in 2019. The Board is also working with the support of the Archbishop of Canterbury and colleagues within the Anglican Communion to understand the role investors can play in addressing conflict in mining areas, aiding peacebuilding and reconciliation.

Active ownership

The Board is an active owner, exercising our voting powers and rights to attend and speak at company Annual General Meetings to encourage change to corporate practice and standards. Our votes can be extremely effective in encouraging change to corporate practices and standards. Last year the Board voted in 99.58% of shareholder ballots in the companies in which the funds invest, voting against company management recommendations 18.4% of the time where these did not align with our policies. In particular, the Board only voted in line with management recommendations in 61% of votes cast on matters of executive remuneration.

Given the continued concern around excessive executive pay, in 2022 the Board convened a summit on this issue, to explore how shareholder concerns can best be heard and addressed. A key outcome of this summit was a commitment to develop a transparent public tool that can better assess pay across the whole company and not just the top. After concluding consultations, we will together be publishing a Fair Reward Framework (FRF) to assess the largest UK listed companies in the first half of 2024.

In 2023 the Board also convened pension funds and insurers to explore how responsible investment considerations can be better factored into how insurers work with pension funds. This is important because many pension funds – including the Board – are taking advantage of improved funding positions to insure some or all of their liabilities. The Board already holds two 'buy-in' insurance policies as assets of the CWPF, with further buy-in policies to be considered (subject to market conditions) to reduce risk.

The Board prepared and submitted its first Task Force on Climate Related Financial Disclosures (TCFD) report in 2023, and maintained its signatory status under the UK Stewardship Code.

Investment performance in 2023

Following almost 15 years of low inflation and falling interest rates, market conditions changed significantly in 2023, as a rapid acceleration in inflation caused the major central banks to tighten monetary policy in order to bring inflation under control.

High inflation and rising interest rates in turn caused a rise in government and corporate bond yields in the first part of the year. Such difficult financial conditions led to disappointing returns from some asset classes, including our property holdings (-6.7%). However, the total return for the year across the fund excluding gilts held to match the income required to pay pensions in payment, was 7.3% in 2023. The public equity portfolio held up particularly well, recording gains of 14.3% in 2023, and within that portfolio the assets allocated to the FTSE- TPI Global Transition Index (created by the Board in 2019), returned 16.7%. Listed credit returned gains of 10.8%, buoyed by hopes that short-term interest rates, have peaked and may now start to come down in 2024.

Investment diversification continues to mitigate volatility in individual asset classes and markets. Returns over the last 10 years have averaged 7.8% per annum (excluding the LDI portfolios, which aim to match the underlying liability characteristics of the schemes). Consistency of returns achieved over time, combined with an increase in bond yields, has led to an improvement in the funding positions of the schemes.

Against the backdrop of a volatile market environment and improved funding positions, the Board took further steps to increase the amount of high-quality fixed and alternative income assets held by the schemes. This should help reduce market risk and help us continue to meet and secure future pension promises for our members.

Financial Review

Total income for 2023 was £43.6m (2022: £31.7m), with income from charitable activities being £25.0m (2022: £22.1m), this includes income from rents and service charges for CHARM properties and the community living schemes along with interest received in relation to mortgage properties, which together amount to £14.9m (2022: £13.6m). The remaining income from charitable activities of £10.2m (2022: £8.5m) relates to the recovery of administrative costs in respect of the pension schemes administered by the Board.

In addition to the income received through provision of its services, the Board relies upon voluntary income sources to sustain its charitable activities. Income from grants, donations and legacies was £15.1m (2022: £6.4m). This includes support from the wider Church of England, through Vote 5 of the Archbishops' Council's budget, under which a grant of £5.8 (2022: £5.6m) was made towards the provision of retirement housing. Total income from donations and legacies in 2023 was £0.1m (2022: £0.8m) for which the Board is extremely grateful.

The Board also received investment income of £1.8m (2022: £1.6m), and gains arising from the sale of CHARM properties of £1.6m (15 rental and 1 shared ownership) (2022: £1.5m, 10 rental and 7 shared ownership). The Board continues to develop the portfolio through the sale of unsuitable properties as they become vacant, using the proceeds of sale, along with external borrowing, to fund the purchase of new properties.

Total expenditure for 2023 totalled £38.5m (2022: £34.9m), with expenditure on charitable activities totalling £38.4m (2022: £34.8m). The largest component of expenditure was on rental properties of £17.9m (2022: £16.3m), with the year-on-year increase reflecting the high cost environment pressures from key expenditure items, and increased cost of borrowing, a

subsequence of increased interest rates. Expenditure on supported housing was £6.5m (2022: £6.2m).

Charitable expenditure also includes the cost of administering the pension schemes which was £10.2m (2022: £8.5m) – this is a figure which varies year to year in large part due to the level of work on statutory valuations within the year.

Despite net losses of £0.8m on investment funds (2022: losses of £5.1m), overall total funds increased by £4.5m to £128.1m (2022: £123.6m).

The value of fixed assets reduced in the year to £300.7m (2022: £300.3m). The overall value of the CHARM portfolio increased by £2m to £236.5m, reflecting acquisitions and disposals in the year, whilst the value of CEPB funded properties increased to £191.9m (2022: £185.9m).

The Board's pension deficit liability in relation to its participation in the CAPF scheme was £nil at the end of 2023 (2022: £0.3m).

External financing

The Board has supported the long-term financing of the CHARM scheme through the issue of two listed bonds, as well as making use of a Revolving Credit Facility.

In 2015 the Board, via its subsidiary CHARM Finance plc, issued a £100m Bond, of which £70m was drawn down immediately. This gave the Board access to long-term finance to purchase additional retirement properties to secure the future of clergy housing in retirement. The Board used part of the proceeds to repay existing short term borrowings and to acquire the economic interest in 196 CHARM rental properties which had been financed by the Church Commissioners and had previously been subject to significant restrictions. Under the terms of the refinancing agreement, the Board is obliged to pay to the Commissioners any capital uplifts arising from the sale of any of these properties within a 10 year period expiring in mid-2025.

In 2018, the Board issued a £50m fixed rate bond, of which £30m was drawn down immediately and was predominantly used to repay existing borrowings.

In 2019, the Board agreed a variation to its £50m Revolving Credit Facility, extending this arrangement to 2025.

The Board's borrowing as at the end of the year is summarised in the following table

	Size of facility	Amount drawn as at 31.12.23	Applicable interest rate as at 31.12.23
Loans from the Church Commissioners	N/A	£44.6m	8.1%
Revolving Credit Facility	£50m	£26.3m	SONIA + 1.8% & £4m cumulative RPI swap
2015 Bond	£100m (£30m retained)	£70m	3.126% indexed by CPI (0% floor, 4% cap)
2018 Bond	£50m (£20m retained)	£30m	3.509% fixed interest

The Board retains a corporate finance adviser to support its external financing activities. Following a competitive tender exercise at the end of 2023, the Board appointed Newbridge Associates as its new corporate finance adviser from 2024 in succession to TradeRisks (part of the Gresham House group). The Board records its thanks to TradeRisks for its support over more than a decade.

Charity Investments

The charity holds investments of £40.8m (2022: £41.7m), which generated income of £1.8m in the year (2022: £1.6m).

During 2023 the majority of investments were held with Brewin Dolphin, the Charities Property Fund (CPF, managed by Savills) and the Property Income Trust for Charities (PITCH, managed by Swiss Life Asset Managers). The CPF and PITCH funds invest wholly in UK property, principally industrial, office and retail property. They are structured as charity common investment funds, which allow investing charities to benefit from their statutory exemption from stamp duty on UK investments. The charity also holds £0.8m (2022: £0.8m) in investment properties, covering a portfolio of 6 (2022: 6) properties.

The amounts invested at the end of 2023 by the Board across the three funds are shown in the table below, along with the return generated by each investment for the Board over the year. At times, the Board's returns may differ from the funds' own returns, because of investment or disinvestment during the year, which will affect its returns.

The Board's Investment Committee monitors the performance of the charitable investments and will continue to review the strategy for these investments in 2024 in the light of changing economic conditions and business needs.

	Value at end 2023 £m	Allocation %	2023 Return for the Board %
Savills Charities Property Fund	19.1	47	0.1
Brewin Dolphin	13.5	33	9.6
Swiss Life Property Income Trust for Charities	7.4	18	-0.6
Investment Properties	0.8	2	1.5
Total	40.8	100	3.1

The charity also holds £0.9m (2022: £0.8m) in short-term cash deposits with the CBF Deposit Fund (CBFDF, managed by CCLA Management Ltd.)

Further information about the two charity property funds in which the Board is invested is provided below.

	Fund returns net of fees			Yield	Net fund size
	2023	2020-2023	2018-2023	End 2023	End 2023
	%	% pa	% pa	%	£m
Savills Charities Property Fund	0.1	3.2	2.6	5.0	1,060
Swiss Life Property Income Trust for Charities	-0.6	2.0	1.4	6.2	521

Risk Management

The Church of England Pensions Board's risk management process supports management by facilitating the identification and assessment of significant risks to the achievement of objectives. There is a clearly defined Risk Management Policy which outlines the roles and responsibilities of Trustees, management, and staff.

The Trustee Board reviews the strategic risk register and risk management arrangements frequently and at least annually. In 2023, in addition to the regular review of the strategic risks, and consideration of risk as part of the business planning cycle, the trustees participated in a risk management workshop to explore strategic risks in greater detail. The Board is supported by the Audit and Risk Committee, which regularly reviews the risk registers and the adequacy of arrangements in place to manage the risks.

The Board has considered its appetite for different types of risk and seeks assurance that additional actions are planned where residual risk is assessed to exceed the stated appetite. The Board recognises that fulfilment of certain Pension Trustee and charitable duties requires a measure of risk taking – for example to deliver investment returns for members – and seeks to ensure that such activities are undertaken within an appropriate control environment. The Board recognises that risks rarely materialise in isolation and is alert to the potential for multiple risks to materialise at the same time. It further recognises that horizon-scanning – however good – will never be perfect. It considers that the best mitigation is to have in place strong governance, a high quality executive management team and a culture in which risk is regularly discussed in an open and forward-looking way, supported by independent input and assurance activity.

Individual departments and identified risk owners are responsible for the identification, assessment, and review of risks 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 and Assurance function. The management of key risks are subject to independent review and assurance through the internal audit process, which reports to the Audit and Risk Committee.

Principal Risks

During 2023, the Trustees and Executive undertook a full review and refresh of the strategic risk register.

The principal risks, which Trustees consider most significant, are shown in the following table together with a summary (not exhaustive) of key management actions.

Risk	Key Management Actions include
Failure or under-performance of a critical supplier	<ul style="list-style-type: none"> • Contract management and monitoring • Cyclical supplier reviews • Appropriate Investment Management Agreements • Input into ChECS (shared services) business planning • CofE finance transformation programme
Failure to manage change well: high profile issue arising from a Board decision, action or inaction	<ul style="list-style-type: none"> • Good planning, governance and communication processes • Trustee training • Consultative approaches • Complaints handling processes
Data loss, systems failure, cyber incident or fraud.	<ul style="list-style-type: none"> • NCIs' Cyber resilience and Technology strategy, including Cyber Essentials Plus certification • NCIs' processes and programmes relating to counter-fraud, data security and GDPR, financial controls, etc.
Insufficient capacity to manage multiple simultaneous risks or external events	<ul style="list-style-type: none"> • Business planning and risk management processes • Management oversight • Business continuity plans
The Board's housing offer becomes unsustainable for financial or regulatory reasons	<ul style="list-style-type: none"> • Budgeting, forecasting, financial modelling, covenant monitoring, horizon scanning, and engagement with key church stakeholders • Diversified delivery strategy • Demand monitoring and surveying • Net Zero feasibility programme
Risk relating to responsible investment activity or inactivity	<ul style="list-style-type: none"> • Annual stewardship report accounting for work done and commitments • TCFD reporting and Stewardship Code submissions
Key person risk (trustees and staff)	<ul style="list-style-type: none"> • Board diversity and skills monitoring • NCI people programme
Investments and scheme funding	<ul style="list-style-type: none"> • Retained professional advice • Reviews of investment strategies and risks for each scheme, including hedging strategies • Valuations processes and annual actuarial reviews and updates • Monitoring processes
Strategic plans do not deliver	<ul style="list-style-type: none"> • Rhythm of strategic and business planning and review supported by professional advisers • Engagement with key stakeholders
Failure to understand and respond to the paradigm shifts caused by climate change	<ul style="list-style-type: none"> • Climate change integrated into investment decision making, with independent climate scenario analysis • Climate action plan and resulting actions • Consideration of physical risks and net zero in asset planning decisions
Regulatory change	<ul style="list-style-type: none"> • Horizon scanning, professional advice, and stakeholder engagement • Responsible investment programme
Pensions scheme covenant(s) materially weakened leading to	<ul style="list-style-type: none"> • Covenant monitoring and integrated risk management and liaison with employers

Risk	Key Management Actions include
funding strain	<ul style="list-style-type: none"> • Close liaison with Archbishops' Council on wider church financial issues • Horizon scanning and ad-hoc simulation or scenario planning
Failure to comply with Landlord regulatory responsibilities	<ul style="list-style-type: none"> • Landlord responsibilities identified and compliance monitoring to the Housing Committee • Retained third party support for community living • Dedicated compliance management roles • Regular review meetings with key contractors • Safeguarding training programme • Whistleblowing policy and training

In addition, the Church of England Shared Services (ChECS) charity, which provides various shared services to the National Church Institutions including the Pensions Board, maintains its own strategic risk register. The Board receives information on this and is able to input to the consideration of ChECS risks via its nominees to the ChECS Board. The principal risks identified by ChECS with relevance for the Pensions Board include:

- Operational resilience and performance
- Cyber and business continuity
- People and key person risk
- The pan-NCI finance transformation programme

In assessing the strategic risks in 2023, the Board considered wider environmental factors, including, but not limited to:

- The on-going implications of the global Covid-19 pandemic, noting that while the immediate health risk had reduced significantly, there were on-going effects of the pandemic including for example the need to catch up on non-urgent property surveys and works deferred for infection control reasons.
- The changing macro-economic landscape, noting outlook for interest rates over the next decade is likely to be different to the previous decade.
- The implications of a period of high inflation on members and beneficiaries as well as the Board's own operations and the covenants of sponsoring employers.
- Mounting evidence that the implications of a changing climate are real and immediate.

The Board considers all of these factors and others as part of its integrated risk management for pension schemes and in its charitable activities.

Going Concern

The Board meets the cost of property purchases, fit outs and other working capital requirements through its external borrowing, comprising a bank facility and two listed bond issues. The Board prepares annual budgets and regular re-forecasts, along with a three-year financial plan to ensure that it can meet its spending commitments as they fall due, and fulfil the terms and conditions associated with external borrowing. In addition, the Board has also prepared a long-term financial model to assist in considering financial viability over a longer period than that for which formal budgets and forecasts are prepared.

The Board has considered the key risks and uncertainties which impact upon immediate liquidity and longer-term solvency. These include the level of anticipated demand for its services, the resilience of voluntary income streams and changes in economic conditions. It has modelled the impact of changes in these factors over time and has considered whether it has adequate reserves and appropriate contingency plans to deal with a range of potential adverse scenarios.

The Board has considered the on-going legacy of the COVID-19 pandemic on its operations, including the impact of delayed activity on its future obligations and commitments. These include but are not limited to rescheduling of property works that were not appropriate to undertake during the height of the pandemic and the wider consequences on pension scheme covenants.

The macroeconomic environment changed significantly from late 2022 with higher interest rates and a period of high inflation extending through 2023. The Board considered the implications carefully in the context of its financial covenants and the steps it could or may need to take. These issues were discussed with the Archbishops' Council, which resulted in additional funds being made available to the Board in 2023 to support meeting elevated demand for retirement housing in the light of the changing economic environment. A further grant was agreed with the Council and Church Commissioners in early 2024, to be paid out in 2024 and 2025. As part of these discussions the Board highlighted that there is likely to be a need for further support in the 2026-28 triennium, beyond the standard Vote 5 grant.

Having due regard to the above, the trustees have reasonable expectation that the Board has adequate resources to meet its spending commitments as they fall due, including the servicing and repayment of debt and compliance with loan covenants for the foreseeable future. Accordingly, the going concern basis of accounting in preparing the annual report and accounts continues to be adopted.

Approach to Taxation

In conducting its tax affairs, the Board will:

- ensure that it conducts them not only in accordance with the letter but also the spirit of the law;
- not behave in a manner that could be considered aggressive or abusive;
- endeavour to obtain all reliefs available to it as a charity;

- ensure that all tax filings are compliant with the law and that tax payments are made in a timely manner;
- engage in dialogue with His Majesty's Revenue & Customs ("HMRC") on a regular basis to ensure that any matters where the tax treatment is uncertain or difficult are raised and discussed at an early opportunity;
- maintain suitable processes and controls to ensure that the risk of non-compliance with filing and disclosure requirements is minimised; and
- ensure appropriate compliance with any non-UK tax regimes in relation to filing and payment obligations by paying the right amount of tax in the right place at the right time and disclosing all relevant facts and circumstances to the tax authorities and claiming reliefs and incentives where available.

Reserves

Unrestricted funds

The unrestricted funds represent expenditure incurred by the Board on salaries and working expenses subsequently recovered from the pension funds administered by the Board. The Board has no net assets in its own right as a body corporate and, consequently, no unrestricted reserves are retained.

Restricted funds

Restricted income funds are to be spent or applied within a reasonable period from their receipt to further one or more, but not all of the charity's charitable purposes.

The largest restricted fund administered by the Board is the General Purposes Fund ("GPF") at £114.5m (2022: £110.2m), which exists to provide for the relief of poverty among, and housing for retired clergy and church workers and their spouses/former spouses/dependants etc. This fund is considered to be restricted since the provisions for use of its resources are narrower than the statutory objects of the Board, which include the administration of pensions.

Within the GPF, the Board has earmarked funds of £5.7m (2022: £1.2m) for the provision of future property maintenance costs. The designation of this fund merely expresses the current intentions of the Trustees and has no legal effect. Legally, the funds are available for spending on any of the objects of the GPF.

The Clergy Retirement Housing Trust ("CRHT") is a registered charity and is a linked charity of the Board (Charity No. 236627-2). The CRHT may use its property as residences for qualified persons under the provisions of the Clergy Pensions Measure 1961 or any succeeding legislation. As a linked charity, it is accounted for as a separate restricted fund, which together with some smaller trusts is valued at £13.6m (2022: £13.4m).

Reserves policy

Reserves are held to ensure that the Board can continue to deliver services to its beneficiaries and to meet its obligations and covenants in respect of debt financing in the event of a sustained

reduction in voluntary income or other adverse scenario. The Board considers annually the level of reserves that should be maintained and takes account of the requirements of the Charities SORP and the guidance issued by the Charity Commission (Charities and reserves CC19).

Whilst it is unusual for a charity to hold reserves entirely within restricted funds, in practice the breadth of the restriction placed on the General Purposes Fund means that the trustees have a reasonable expectation that they could meet all necessary charitable expenditure of the Board from this fund, excluding the administration of pensions, the cost of which is fully recoverable from the Schemes.

For the purposes of defining an appropriate reserves policy, the Board therefore considers 'free reserves' to be the net assets of the General Purposes Fund after excluding:

- the value of programme related assets net of secured borrowings, i.e. CHARM properties (most of which are debt financed);
- other fixed assets held for charitable purposes, which cannot be quickly realised;
- the amount earmarked for property maintenance;
- and after making provision for the pension liability.

The Board holds free reserves in the region of £30m - £35m, allowing it to generate annual investment income of around £1.5m whilst taking an investment approach which aims to preserve capital value. This level of reserve is regarded appropriate to and give considerable cover in the case of a one-off significant financial stress event.

Plans for the future

The Pensions Board has been providing retirement services to the Church of England for almost a century. These services have changed markedly over the years and will continue to develop as customer and stakeholder needs evolve.

Our core work will continue to be serving a growing population of 43,000 pension scheme members and beneficiaries and 2,500 housing residents, plus working with partner employers and responsible bodies across the Church of England. This includes managing health and safety, regulatory compliance and performance monitoring.

The strategic priorities adopted by the Board in December 2019 continue to guide our strategic agenda. These priorities – simplification, engaging in great conversations, and seeking to become more self-sufficient over the long term – resonate strongly with the emerging vision for the Church of England and are manifest in various parts of our plan.

At the end of 2023, the Board commenced a conversation with the wider Church about how the Church might best assist future cohorts of retiring clergy with their housing needs. The Board set out a series of ideas about ways in which the Church could assist its clergy with better and earlier retirement planning; assisting with the challenges inherent for those in tied-accommodation seeking to access the property market for those who might wish to do so in ministry; promoting a wider range of choices and options at retirement including other housing providers and later-life home ownership opportunities; and maintaining an estate of quality

church retirement homes. The core concept sitting behind these ideas is that of enabling greater choice for clergy. The initial conversation period ran from mid-November 2023 through to the end of January 2024. The feedback from this exercise will be reviewed and the ideas further developed through 2024, working with the Archbishops' Council and other stakeholders.

The Board also continues to monitor developments in pensions legislation and regulation. The Board is particularly interested in the possibilities that may be offered by proposed regulations to permit multi-employer Collective Defined Contribution schemes, which potentially offer better alternatives to those in traditional DC arrangements.

In addition to these strategic themes and core service delivery, other specific activities in our Delivery Plan for 2024 include the following:

1. Complete the statutory valuation of the CWPF, and explore the potential for a further insurance of liabilities in the Defined Benefit Section if conditions are favourable.
2. Implement a further reduction in the contribution rate for the CEFPS from 1 April 2024.
3. Commence the rollout of an employer pensions portal to simplify updating of information and collection contribution.
4. Commence stock condition surveys of the rental portfolio, on the back of the surveys completed for community living in 2023, to inform asset management planning.
5. Work with the Board's new corporate finance adviser to update the long term financial model and prepare for refinancing the revolving credit facility.
6. Review the Board's emerging market allocations and explore ways in which emerging market investments contribute to climate transition.
7. Begin to implement the Board's new climate action plan, launched late 2023.
8. Pilot a customer sentiment survey in housing as part of continued work to listen to customers.
9. Undertake the member-nominated trustee elections for the clergy schemes using electronic voting for the first time.
10. Continue staff training and development, including completing a safeguarding training refresher programme for staff and trustees, and support the pan-NCI belonging and inclusion programme.

Structure, governance and management

Governance

The twelve trustees/members of the Board represent a balance of skills and expertise and are drawn from a wide range of constituencies.

The Chair is an appointment of the Archbishops with the approval of Synod. There are four member nominated trustees, two drawn from the clergy schemes and one each from the CWPF and CAPF. One trustee is elected by the CAPF and/or CWPF employers and one appointed by

the Archbishops following consultation with the Commissioners and dioceses, as a proxy for the clergy 'employers'. The remaining trustees are formally appointees of the Archbishops for their skills and expertise following an open process and appropriate consultations.

The Board decides on the frequency of its meetings, which is typically five a year. For Board meetings a quorum is present when four trustees are in attendance, including at least one person elected by the members of the pension schemes administered by the Board.

New trustees receive an induction into the work and practices of the organisation. All have access to an online database which includes outlines of their responsibilities, copies of the Rules and other documentation for each pension scheme, policies relating to the provision and operation of retirement housing assistance, and a library of past Board and committee papers.

Trustees have completed either fully or partially the Pensions Regulator's Trustee Toolkit, or an equivalent qualification, and regular training sessions are provided at Board meetings on a range of subject areas. In 2023 trustee training topics included updates on legal and regulatory developments; and a risk workshop was held where trustees considered situations of multiple risks occurring at the same time. Additionally, the Housing Committee had a training session on legal and regulatory developments in housing, and recent ombudsman cases.

The Board has committees to oversee the following areas: Audit and Risk, Housing, Investment, and Pensions. The Board has delegated authority to make decisions concerning these areas within its terms of reference and to make recommendations to the full Pension Board on other matters.

The Board has also delegated some of the day-to-day management and operation of the schemes' affairs to professional organisations as set out on page 32.

The Board completed an externally facilitated Board Effectiveness Review in 2022. This was a thoroughly positive report, identifying numerous examples of best practice. Various recommendations for further improvements were taken forward in 2023, most notably, the introduction of a new board portal to provide trustees with secure access to papers and other documentation relevant to their roles.

The Board was saddened to learn of the death of Bishop Alan Wilson in February 2024. Bishop Alan had been a member of the Board for several years up to 2021, and remained on our Housing Committee until his death. He was a much a much valued member and brought great insight into the Board's work.

Independent Auditors

During the year, there have not been any non-audit services performed by the external auditors Crowe U.K. LLP

Ethical Investment Advice

The Board manages the Secretariat to the Ethical Investment Advisory Group ("EIAG") on behalf of the Church of England's national investing bodies – the Church Commissioners, the Church of England Pensions Board and the CBF Church of England funds managed by CCLA Investment Management Ltd. The work of the EIAG informs the Board's investment activities and policies.

The Charity Code of Governance

The Church of England Pensions Board takes its governance responsibilities seriously and, as a large charity, aims to have a governance framework that is fit for purpose, compliant and efficient. When launched in 2017, the Charity Code of Governance was accompanied with a recommendation that charities review their level of application and to explain any aspects of the code they were not applying. In its review the Board carried out a detailed examination of each element of the code:

- Organisational purpose
- Leadership
- Integrity
- Decision making, risk and control
- Board effectiveness
- Equality, diversity and inclusion
- Openness and accountability

The Board's review found it applies the code with a few exceptions, mainly arising from the Governing documentation, which as a statutory corporation, is itself primary legislation. The main area of difference was related to the limitation of trustee terms. On 1 July 2021, a Legislative Reform Order came into effect amending the Pensions Measure 2018. This included reducing trustees' terms from six years to five and provides that no trustee may serve more than ten years. This provision differs slightly from the recommendation in the Code of nine years because of the overriding need to provide a measure of continuity through triennial pension scheme valuation cycles.

The externally facilitated Board Effectiveness Review in 2022 validated the Board's self-assessment against the Charity Governance Code.

In recent years, the Board has also enhanced its compliance with the Code. These have included extending the gathering of feedback from customers, consideration of extending the aspects of diversity we monitor, and through a thorough review of our charitable services.

Trustee Diversity

The Board monitors its diversity profile annually and considers what action, where necessary, should be taken to address imbalances. As at 31 December 2023:

- 42% of trustees identified as women
- 67% of trustees identified as being members of the Church of England

The figures for ethnicity, disability and LGBT+ have not been set out as they are small in the context of a small board, and their disclosure may identify individual trustees.

The average age of the trustees fell in the bracket 55-64 years old.

Trustees

The Board has members elected and appointed by various means, which are described below. It delegates some of its business and decision making to sub-committees.

Board members (1 January 2023 to 11 July 2024)

Appointed with the approval of the General Synod, by the Archbishops of Canterbury and York Clive Mather (Chair)	
Appointed by the Archbishops of Canterbury and York Roger Boulton Emma Osborne Ian Wilson	Appointed by the Archbishops of Canterbury and York after consultation with the Chairs of the Church of England Appointments Committee and the General Synod's House of Laity Tony King
Appointed by the Archbishops of Canterbury and York after consultation with the Chair of the Church of England Appointments Committee and the Prolocutors of the Convocations of Canterbury and York The Revd Caroline Titley	Appointed by the Archbishops of Canterbury and York after consultation with the Church Commissioners and the representatives of the dioceses Nikesh Patel
Elected by the members of the Church Workers Pensions Fund Canon Michaela Southworth	Elected by the members of the Church Administrators Pensions Fund Maggie Rodger
Elected by the members of the clergy pension schemes The Revd Hugh Lee The Revd Canon Eleanor Robertshaw	Elected by the Employers in the Church Workers Pensions Fund and the Church Administrators Pensions Fund Richard Hubbard

Committee Members (1 January 2023 – 11 July 2024)

Audit and Risk Committee Maggie Rodger (Chair) Tony King Ian Wilson Helen Ashley Taylor* Canon Susan Pope* Caron Bradshaw OBE*	Pensions Committee Richard Hubbard (Chair) The Revd Hugh Lee Maggie Rodger Canon Michaela Southworth Ian Wilson
Housing Committee The Revd Caroline Titley (Chair) Tony King The Revd Canon Eleanor Robertshaw Jonathan Gregory* Tom Paul* Lawrence Santcross (to December 2023)* The Rt Revd Alan Wilson (to February 2024)*	Investment Committee Roger Boulton (Chair) Emma Osborne Nikesh Patel Matthew Beesley* (to June 2023) Jonathan Rodgers* (to May 2023) Chris Rule* (from March 2023) Hannah Gore-Randall* (from March 2023) Padmesh Shukla* (from March 2023)

*Indicates members of committee who kindly give of their time and experience to the committee but are not trustees of the Pensions Board.

Attendance by Trustees at meeting of the Board and its Committee

The table below sets out the attendance of trustees at meetings of the Board and its Committee during 2023. Where a member served for part of the year, the number of meetings that they could have attended is shown in brackets.

Trustee	Board (6)	Audit & Risk (3)	Housing (5)	Investment (4)	Pensions (4)
Clive Mather	6		5	4	4
Roger Boulton	6			4	
Richard Hubbard	5				4
Tony King	6	3	5		
The Revd Hugh Lee	4				3
Emma Osborne	4			4	
Nikesh Patel	4			3	
Canon Eleanor Robertshaw	4		4		
Maggie Rodger	6	3			4
Canon Michaela Southworth	5				4
The Revd Caroline Titley	6		5		
Ian Wilson	5	3			3

Reference and administrative information

Charity Number	236627
Principal office	Church House 29 Great Smith Street London SW1P 3PS
Chief Executive	John Ball MA(Oxon), MSc
Actuary	Aaron Punwani, Lane Clark and Peacock LLP
Independent Auditor	Crowe UK LLP
Bankers	Lloyds Bank
Corporate financial advisor	Traderisks Ltd (to December 2023) Newbridge Associates (from January 2024)
Investment Advisers	Mercer Ltd
Charity Investment Managers	Brewin Dolphin Savills Investment Management Ltd Swiss Life Asset Managers UK Limited CCLA Investment Management Ltd

Enquiries should be addressed to

Post Church of England Pensions Board, PO Box 2026, Pershore, WR10 9BW
Email cepbfeedback@churchofengland.org
Phone 020 7898 1890

Management

The day-to-day management of the Board's activities is delegated to the Executive Team, which is led by the Chief Executive.

Staff Remuneration and Executive Pay

Other than staff employed to work in the community living schemes, all staff in the Pensions Board, and those working for Church of England Central Services who provide support functions to the Board, are covered by a unified pay policy that operates across all the National Church Institutions. This includes those staff who have a contract of employment with the Pensions Board. 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. The NCIs use a range of appropriate external data tools and internal dedicated resource 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.

Certain senior roles, including that of the Chief Executives, 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 is overseen by the Remuneration Committee comprising senior trustees from each of the main NCIs. In general, these staff can expect the same percentage annual uplift for cost of living as other staff. Salaries in the Board's investment function are set according to relevant industry benchmarks.

The annual salary for the highest paid member of staff was £226,000 (2022: £193,000), 9 (2022: 11.5) times the salary earned by the lowest paid member of staff and 3.9 (2022: 5.1) times the median salary. The highest paid member of staff was in the investment team.

Staff employed by the National Church Institutions 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.

Staff employed by the Board directly, mainly in the community living settings and the Board's investment team, are eligible to join the Church Workers Pension Fund.

In common with the other National Church Institutions, the Pensions Board continues to be accredited with the Living Wage Foundation.

Approval

The Trustees Report was approved by the Trustees on 11 July 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
Chair

Statement of Trustees' responsibilities in relation to the financial statements

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales 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 charity and of the incoming resources and application of resources of the 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 in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102, have been followed, subject to any material departures 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 charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the Church of England Pensions Board

Opinion

We have audited the financial statements of The Church of England Pensions Board (the "Parent Charity") and its subsidiaries (the "Group") for the year ended 31 December 2023, which comprise:

- the consolidated Statement of Financial Activities for the year ended 31 December 2023;
- the consolidated and Parent Charity only Balance Sheets at 31 December 2023;
- the consolidated Cash Flow Statement for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group and Parent Charity financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards; and
- the financial statements have been prepared in accordance with the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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. Our evaluation of the Trustees' assessment of the entity's ability to continue to adopt the going

concern basis of accounting included reviewing the detailed paper prepared by management setting out their assessment of the Group and Parent Charity's ability to continue as a going concern. The assessment covers the period to 31 December 2025.

We have discussed this with the Board's management in order to fully understand their assessment including the associated systems and controls and the underlying assumptions applied.

In addition to this we have:

- Reviewed the period used by Trustees to assess the ability of the Group and Parent Charity to continue as a going concern;
- Examined budgets and forecasts prepared by management covering the period of the going concern assessment including checking mathematical accuracy;
- Reviewed the accuracy of past budgets and forecasts by comparing the budget for the current year against actual results for the year; and
- Reviewed and assessed the forecast compliance with debt covenants which the directors have used in their going concern assessment.

We have no further observations arising from that evaluation.

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's and Parent Charity'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.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £3.07m, based on 1% of the Group's total assets due to it being an asset driven entity.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Our performance materiality was set at 70% of the financial statement's materiality, amounting to £2.1m.

Where considered appropriate, performance materiality may be reduced to a lower level, such as for related party transactions.

We agreed with the Audit and Risk Committee to report to it all identified errors in excess of £153.7k. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of controls, including assessing whether there was evidence of bias by the Trustees that may have represented a risk of material misstatement.

We identified three significant components, being the Parent Charity and its principal subsidiaries CEPB Mortgages Limited and CHARM Finance plc. Our group audit strategy focused on these, and all significant components were subject to a full scope audit.

The main Group and its principal subsidiaries are accounted for from one central location, the Group's registered office. The audits of the Parent Charity and subsidiaries were performed by the Group audit team in the UK. The consolidation was also subject to a full scope audit performed by the Group audit team in the UK.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How the scope of our audit addressed the key audit matter</i>
<p><i>Going concern</i></p> <p>We considered the risk that the long-term going concern assessment was not appropriate.</p> <p>Refer to Note 1 (d)</p>	<p>Our observations on going concern are included in the "Conclusions related to going concern" section of this report.</p>
<p><i>Fixed asset impairment assessment</i></p> <p>The Group holds significant levels of property assets with a total of £236.5m held at 31 December 2023.</p>	<p>We reviewed management's overall impairment assessment, including assessing the associated systems and controls, and performed our own audit work on the process, agreeing items to supporting evidence where possible including verification of the house price indices used within the impairment model to third party documentation.</p>

These properties are classed as programme related investments since they generate income in furtherance of the Group's charitable objectives. As such, these properties are not revalued and are rather held at cost with an annual review for potential impairment.

Each year-end, management perform a full impairment review which considers whether any properties within the portfolio should be impaired. This review utilises a range of valuation sources and applies a significant element of management judgment.

We considered the risk that the impairment review was inappropriate and the financial statements materially misstated.

Refer to Note 11

In addition to this, for a sample of individual properties we compared the property's carrying value to the sale value of any similar properties in the same area.

Following this work, we have determined that it is appropriate that no impairment charge is recognised in relation to the Board's properties held at 31 December 2023.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' 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.

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

We have nothing to report in this regard.

Trustees' Report

Under the Charities Act 2011 we are required to report to you if, in our opinion the information given in the Trustees' Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of the trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 35, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the trustees made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and component level to respond to the risks, 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 or intentional misrepresentations, or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the group and charity financial statements. Our tests included, but were not limited to, the review of financial statement disclosures, enquiries of management and review of internal audit reports in so far as they related to the financial statements. There are inherent limitations in the audit procedures described above 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 would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the trustees that represented a risk of material misstatement due to fraud.

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.

Other matters which we are required to address

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Cuswe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

Date: 17th July 2024

Financial Statements

Consolidated statement of financial activities of the Church of England Pensions Board for the year ended 31 December 2023

	Note	2023			2022		
		Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Income from:							
Grants, donations and legacies	2	-	15,100	15,100	-	6,396	6,396
Investment income	3	-	1,814	1,814	-	1,609	1,609
Charitable activities	4	10,170	14,888	25,058	8,519	13,618	22,137
Other income: gain on sale of fixed assets		-	1,634	1,634	-	1,522	1,522
Total income		10,170	33,436	43,606	8,519	23,145	31,664
Expenditure on:							
Charitable activities	4	(10,170)	(28,218)	(38,388)	(8,519)	(26,259)	(34,778)
Raising funds	5	-	(79)	(79)	-	(81)	(81)
Total expenditure		(10,170)	(28,297)	(38,467)	(8,519)	(26,340)	(34,859)
Total income less expenditure before gain on investments		-	5,139	5,139	-	(3,195)	(3,195)
Net (loss) / gain on investments	9	-	(755)	(755)	-	(5,118)	(5,118)
Net (expenditure) / income		-	4,384	4,384	-	(8,313)	(8,313)
Other recognised gains and (losses)							
Other gain : adjustment to pension provision	8	-	161	161	-	18	18
Total other gains		-	161	161	-	18	18
Net movement in funds		-	4,545	4,545	-	(8,295)	(8,295)
RECONCILIATION OF FUNDS							
Total funds brought forward at 1 January		-	123,563	123,563	-	131,858	131,858
Net movement in funds in year		-	4,545	4,545	-	(8,295)	(8,295)
Total funds carried forward at 31 December	15	-	128,108	128,108	-	123,563	123,563

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

The notes on pages 46 to 63 form part of these financial statements.

Note – all figures within the consolidated statement of financial activities are the same as for the charity-only statement of financial activities.

Consolidated balance sheet of the Church of England Pensions Board as at 31 December 2023

	Note	2023			2022		
		Consolidated			Consolidated		
		£'000 Funded by CC*	£'000 Funded by CEPB**	£'000 Total	£'000 Funded by CC*	£'000 Funded by CEPB**	£'000 Total
FIXED ASSETS							
Investment assets	9	-	40,864	40,864	-	41,679	41,679
Tangible assets - supported housing and IT	10	-	23,315	23,315	-	24,158	24,158
Tangible assets - CHARM	11	44,587	191,896	236,483	48,638	185,867	234,505
Total fixed assets		44,587	256,075	300,662	48,638	251,704	300,342
CURRENT ASSETS							
Debtors	12	-	4,934	4,934	-	2,337	2,337
Short term deposits		-	851	851	-	838	838
Cash at bank and in hand		-	871	871	-	2,090	2,090
Total current assets		-	6,656	6,656	-	5,265	5,265
CURRENT LIABILITIES							
Creditors: amounts falling due within one year	13	-	(8,312)	(8,312)	-	(6,126)	(6,126)
Loans repayable on sale of fixed assets	13	(44,587)	(665)	(45,252)	(48,638)	(675)	(49,313)
Total current liabilities		(44,587)	(8,977)	(53,564)	(48,638)	(6,801)	(55,439)
Net current (liabilities)/assets		(44,587)	(2,321)	(46,908)	(48,638)	(1,536)	(50,174)
Total assets less current liabilities		-	253,754	253,754	-	250,168	250,168
NON-CURRENT LIABILITIES							
Net assets excluding pension provision	13	-	(125,646)	(125,646)	-	(126,285)	(126,285)
Pension deficit provision	8	-	-	-	-	(320)	(320)
NET ASSETS		-	128,108	128,108	-	123,563	123,563
FUNDS OF THE CHARITY							
Total unrestricted funds	15	-	-	-	-	-	-
Restricted funds (excl. pension reserve)	15	-	128,108	128,108	-	123,883	123,883
Pension reserve	15	-	-	-	-	(320)	(320)
Total restricted funds	15	-	128,108	128,108	-	123,563	123,563
TOTAL CHARITY FUNDS CARRIED FORWARD AT 31 DECEMBER		-	128,108	128,108	-	123,563	123,563

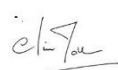
*Funded by the Church Commissioners

**Funded by the Church of England Pensions Board

(See Note [11](#) for more details)

The notes on pages 46 to 63 form part of these financial statements.

These financial statements were approved by the trustees on 11th July 2024 and signed on their behalf by:



Clive Mather
Chair

Charity only balance sheet of the Church of England Pensions Board as at 31 December 2023

	Note	2023			2022		
		£'000	£'000	£'000	£'000	£'000	£'000
		Funded by CC*	Funded by CEPB**	Total	Funded by CC*	Funded by CEPB**	Total
FIXED ASSETS							
Investment assets	9	-	40,877	40,877	-	41,692	41,692
Tangible assets - supported housing and IT	10	-	23,315	23,315	-	24,158	24,158
Tangible assets - CHARM	11	39,906	191,491	231,397	43,655	185,461	229,116
Total fixed assets		39,906	255,683	295,589	43,655	251,311	294,966
CURRENT ASSETS							
Debtors	12	4,681	4,252	8,933	4,983	3,142	8,125
Short term deposits		-	851	851	-	838	838
Cash at bank and in hand		-	807	807	-	1,529	1,529
Total current assets		4,681	5,910	10,591	4,983	5,509	10,492
CURRENT LIABILITIES							
Creditors: amounts falling due within one year	13	-	(7,174)	(7,174)	-	(5,977)	(5,977)
Loans repayable on sale of fixed assets	13	(44,587)	(665)	(45,252)	(48,638)	(675)	(49,313)
Total current liabilities		(44,587)	(7,839)	(52,426)	(48,638)	(6,652)	(55,290)
Net current (liabilities)/assets		(39,906)	(1,929)	(41,835)	(43,655)	(1,143)	(44,798)
Total assets less current liabilities		-	253,754	253,754	-	250,168	250,168
NON-CURRENT LIABILITIES							
Net assets excluding pension provision	13	-	(125,646)	(125,646)	-	(126,285)	(126,285)
Net assets excluding pension provision		-	128,108	128,108	-	123,883	123,883
Pension deficit provision	8	-	-	-	-	(320)	(320)
NET ASSETS		-	128,108	128,108	-	123,563	123,563
FUNDS OF THE CHARITY							
Total unrestricted funds	15	-	-	-	-	-	-
Restricted funds (excl. pension reserve)	15	-	128,108	128,108	-	123,883	123,883
Pension reserve	15	-	-	-	-	(320)	(320)
Total restricted funds	15	-	128,108	128,108	-	123,563	123,563
TOTAL CHARITY FUNDS CARRIED FORWARD AT 31 DECEMBER		-	128,108	128,108	-	123,563	123,563

*Funded by the Church Commissioners

**Funded by the Church of England Pensions Board

The notes on pages 46 to 63 form part of these financial statements.

Consolidated cash flow statement of the Church of England Pensions Board for the year ended 31 December 2023

		2023	2022
		£'000	£'000
Cash flow from operating activities:			
Net movement in funds (as per the statement of financial activities)	Note	4,545	(8,295)
Adjustments for:			
Depreciation and impairment – supported housing and IT systems	10	1,113	1,108
Amortisation – Santander arrangement fee	13	38	33
Amortisation – CHARM Finance PLC bond set-up costs	13	27	29
Losses / (gains) on investments	9	755	5,118
Investment – arrangement fees	9	60	61
Dividends, interest and rents from investments	3	(1,750)	(1,597)
Gains on disposal of tangible assets – CHARM		(1,634)	(1,522)
Movement in pension liability	8	(320)	(145)
Movement in debtors	12	(2,597)	(938)
Movement in creditors: amounts due within less than one year	13	2,186	221
Net cash (used in) / generated by operating activities		2,423	(5,927)
Cash flow from investing activities:			
Cash flows from investing activities:			
Dividends, interest and rents from investments	3	1,750	1,597
Proceeds from the sale of tangible assets – CHARM properties	11	8,443	6,878
Purchase of tangible assets – CHARM properties	11	(8,792)	(5,686)
Purchase of tangible assets – supported housing and IT systems	10	(270)	(269)
Net cash generated from / (used in) investing activities		1,131	2,520
Cash flows from financing activities:			
Repayment of loans from Church Commissioners	13	(4,051)	(3,513)
Repayment of dioceses' share of rental properties	13	(10)	(25)
Additional funding from Santander	13	(700)	5,500
Net cash generated by / (used in) financing activities		(4,761)	1,962
Change in cash and cash equivalents in the year		(1,207)	(1,445)
Cash and cash equivalents at the beginning of the year		2,929	4,374
Cash and cash equivalents at the end of the year		1,722	2,929
Cash and cash equivalents and net debt comprise the following balances:			
	At 1 January	Cash Flows	At 31 December
	£'000	£'000	£'000
Cash at bank and in hand	2,091	(1,220)	871
Short term deposits	838	13	851
Total cash and cash equivalents	2,929	(1,207)	1,722
Bond financing	(100,000)	-	(100,000)
Loan from Santander	(27,000)	700	(26,300)
Total net debt	(124,071)	(507)	(124,578)

The notes on pages 46 to 63 form part of these financial statements.

Notes to the financial statements of the Church of England Pensions Board for the year ended 31 December 2023

1. Accounting policies

a) Legal Status

The Church of England Pensions Board ("the Board") is a body corporate established in 1926 but now governed by the Church of England Pensions Measure 2018. It is a registered charity in England and Wales (Charity No. 236627) and is regulated by the Charity Commission.

The Charity's address is: 29 Great Smith Street, London, SW1P 3PS.

b) Basis of preparation

The consolidated and charity-only financial statements have 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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ("the SORP"); and
- the Charities Act 2011.

The financial statements have been prepared to give a true and fair view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Board 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 statements have been prepared on the historical cost basis (except for the revaluation of investments and where cost is deemed to be the revaluation amount at date of transition) and on the accruals basis.

The financial statements contain the financial information for the Church of England Pensions Board which is structured as follows:

- Unrestricted Funds - representing expenditure incurred by the Board on salaries and working expenses subsequently recovered in full from the pension funds administered by the Board.
- Restricted Funds - these funds have narrower purposes than that of the Board.

A summary of the accounting policies, which have been applied consistently across the Group, is set out below.

c) Basis of consolidation

The consolidated statement of financial activities ("SOFA") and the balance sheet include the financial information of the Board and its subsidiary undertakings (CEPB Developments Ltd, CEPB Mortgages and CHARM Finance plc). The subsidiaries have been consolidated on a line by line basis. Intra-group balances and transactions are eliminated on consolidation.

The Board has chosen not to present its non-consolidated statement of financial activities separately as the numbers are the same as for the consolidated equivalent. The Board has also taken advantage of the exemption conferred by FRS 102 Section 1 not to prepare a charity-only cash flow statement.

The Board, together with the Archbishops' Council and the Church Commissioners are equal partners in Church of England Central Services (ChECS), a joint venture. This jointly controlled entity is included in the Board's consolidated financial statements using the equity method. The Board's share of profits or losses from ChECS is included in the SOFA and its share of net assets is included in the balance sheet.

d) Going concern

The Board meets the cost of property purchases, fit-outs and other working capital requirements through its external borrowing, comprising a bank facility and two listed bond issues. The Board prepares annual budgets and regular re-forecasts, along with a three-year financial plan in order to ensure that it can meet its spending commitments as they fall due, and fulfil the terms and conditions associated with external borrowing. In addition, the Board has also prepared a long-term business plan to consider financial viability over a longer period than that for which formal budgets and forecasts are prepared.

The Board has considered the key risks and uncertainties which impact upon immediate liquidity and longer term solvency. These include the level of anticipated demand for its services, the resilience of voluntary income streams and changes in economic conditions. It has modelled the impact of changes in these factors over time and has considered whether it has adequate reserves and appropriate contingency plans to deal with a range of potential adverse scenarios.

Having due regard to the above, the trustees have reasonable expectation that the Board has adequate resources to meet its spending commitments as they fall due, including the servicing and repayment of debt and compliance with loan covenants for the foreseeable future. Accordingly, the going concern basis of accounting in preparing the annual report and accounts continues to be adopted.

e) Income

All income is recognised once the Board has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

i) Grants, donations and legacies

Donations are accounted for when received. Grants are recognised when the Board is entitled to receive them and revenue recognition criteria of entitlement, probability and measurement have been met. Gift Aid receivable is included in income when there is a valid declaration from the donor.

Notes to the financial statements of the Church of England Pensions Board for the year ended 31 December 2023

1. Accounting policies (continued)

Pecuniary legacies are recognised as receivable once probate has been granted and notification has been received. Residuary legacies are recognised as receivable once probate has been granted, where sufficient information has been received and are recognised on an estimated basis as follows: cash elements are recognised at monetary value, with property and other assets, including investments, valued at probate or net realisable value. Values are reviewed and, if material, adjusted up to the point of financial statement approval.

In the case of donated properties, these are valued at market value and recognised within Donations.

ii) Investment income

Income from investments is recognised on an accruals basis.

iii) Income from charitable activities

Income from charitable activities represents rent from rental properties, rent and service charge from shared ownership properties, income from mortgaged properties and fees and service charges from supported housing schemes, which are all recognised on the accruals basis.

iv) Other income

Other income is recognised when the Board is entitled to receive it and revenue recognition criteria of entitlement, probability and measurement have been met.

f) Expenditure

All expenditure is accounted for on the accruals basis. Expenditure and liabilities are recognised when a legal or constructive obligation exists as outlined in Section 7 of FRS 102. The SOFA has been presented on an activity basis. Costs have been distinguished between charitable activities and those incurred to raise funds.

i) Charitable activities

Direct costs and grants are allocated directly to activities. Grants payable are recognised when the grant is formally approved by the Board and has been communicated to the recipient.

ii) Support costs

Costs include shared service costs (finance, IT, HR, legal, internal audit), department running costs and governance costs. They are allocated across the charitable activities and raising funds as detailed in notes 4 and 5. Governance costs relate to the general running of the Board, which include costs associated with the strategic, as opposed to day-to-day, management of the Board's activities, and compliance with constitutional and statutory requirements.

g) Pensions

Staff pensions are described in note 8. Defined benefit schemes are considered to be multi-employer schemes as described in FRS 102 paragraph 28.11 and consequently are accounted for as if they were defined contribution schemes, where employer contributions payable in the year are charged to expenditure.

Where schemes have deficit recovery contribution plans in place, FRS 102 paragraph 28.11A requires the present value of these agreed payments to be recognised as a liability. Amounts paid during the year are charged against this liability.

h) Fixed assets

Rental properties, shared ownership properties, mortgaged properties and supported housing properties generate income from the furtherance of the charity's objects. As such, they are not considered to be investment properties but are classed as programme related investments, which under the SORP, do not need to be revalued.

Where fixed assets were purchased with significant restrictions as a result of agreements with the funder such that the Board has a right of use of the asset for the lifetime of a beneficiary of the charity but the risks and rewards relating to capital value accrue entirely to the lender, these assets are shown in a separate category. Proceeds on eventual sale of these properties are not accounted for by the Board as they are received as agent for the lender and are used to settle the corresponding liability.

i) Rental properties

Properties are held at original cost or for properties received as gifts, the notional cost equivalent to the market value. Funding arrangements are explained in note 11.

Costs relating to the repair and maintenance of properties are charged to the SOFA in the year incurred.

No depreciation is charged on long leasehold or freehold properties due to the long life and the high residual value of properties which would result in immaterial depreciation for each asset and in aggregate.

An impairment review is carried out annually and where materially different from historic cost, the properties are carried at recoverable amount (being the higher of fair value less costs to sell and value in use).

ii) Shared ownership properties

These properties are purchased by the Board and the resident buys a 90-year lease for a share in the property (at least 25%) and pays a rent and a service charge on the proportion of the property that they do not own. Residents can purchase further shares in their property if their financial circumstances change, and the equity interests are adjusted accordingly.

The Board holds each property at its equity percentage of the original cost, subject to an impairment review. An impairment review is carried out annually and where materially different from historic cost, the Board's proportion of each property is carried at recoverable amount (being the higher of fair value less costs to sell and value in use).

Notes to the financial statements of the Church of England Pensions Board for the year ended 31 December 2023

1. Accounting policies (continued)

No depreciation is charged on leasehold or freehold shared ownership properties due to the long life and the high residual value of properties which would result in immaterial depreciation for each asset and in aggregate.

iii) Mortgaged properties

Mortgaged properties were purchased by the Board under a scheme that closed to new business in 2008. These mortgages operate as value linked loans, where the Board's equity interest in a property is the amount loaned to the resident (up to 95% of the property value) and the resident's equity interest is the amount funded directly by the resident. If a resident pays off part of their loan, the equity interests are adjusted accordingly.

On the sale of a property, the Board and the resident receive proceeds in the same proportion as their equity interests.

The Board's interest is therefore classified as a tangible fixed asset and not as a financial instrument, as the rights attaching are more closely linked to the ownership of a share of a property. The Board accounts for each property at its equity percentage of original cost, subject to an impairment review. An impairment review is carried out annually and where materially different from historic cost, the Board's proportion of each property is carried at recoverable amount (being the higher of fair value less costs to sell and value in use).

iv) Supported housing schemes and nursing home

The properties and their associated land are held at deemed cost. Freehold land is not depreciated. The buildings are depreciated.

Fixtures, fittings, plant and equipment are held at original cost to the Board less depreciation.

Depreciation is charged on the following basis:

Tangible asset	Basis	Rate
Freehold buildings	Straight line	2.5% per annum
Fixtures, fittings, plant and equipment	Straight line	5-50 years following the NHF guidelines for all assets acquired after 2017

v) Investment properties

Investment properties are held at fair value. Valuations are carried out every year in accordance with the Appraisals & Valuation Manual issued by the Royal Institute of Chartered Surveyors. No depreciation is charged.

vi) IT systems

IT systems are held at original cost to the Board less depreciation charged on a straight-line basis over 5 years. Systems are capitalised while under construction until implementation and at that stage depreciation commences.

vii) Gains (or losses) from sale of fixed assets

Gains (or losses) resulting from the sale of fixed assets are recognised in income (or expenditure). Gains or losses resulting from the sale and revaluation of investment assets are recognised in the SOFA in a separate section before net income/expenditure.

i) Loans

The Board applies the measurements provisions of FRS 102 paragraphs PBE34.90-92 to all its concessionary loans. Loans from the Church Commissioners are measured at the amount received from the Commissioners. See notes 11 and 13 for more information.

The loan from Santander is a basic financial instrument and measured at transaction price (less transactions costs). Subsequently, it is measured at amortised cost using the effective interest method. Arrangement fees are deducted from the transaction price and are amortised over 15 years (July 2010 to July 2025).

The loan from CHARM Finance PLC to the Charity is a basic financial instrument and is measured at transaction price (less transactions costs). Subsequently, it is measured at amortised cost using the effective interest method. Arrangement fees are deducted from the transaction price and are amortised over the length of the facility.

The Bond liabilities relate to the corporate bonds issued by CHARM Finance PLC, and are basic financial instruments measured initially at the proceeds of issue less transaction costs directly attributable to the issue of the Bonds. After initial recognition the liabilities are measured at amortised cost using the effective interest method with transaction costs being amortised over the length of the facility.

j) Financial instruments

The Board has chosen to adopt sections 11 & 12 of FRS 102 in respect of financial instruments which are not public benefit entity concessionary loans.

Basic financial instruments

Listed and unlisted investments are initially measured at fair value. Such assets are subsequently held at fair value at each balance sheet date. The changes in fair value are recognised in the SOFA. The fair value of listed investments is determined using bid price in accordance with the practice of the appropriate stock exchange. Unlisted investments are valued by reference to latest dealing prices, valuations from reliable sources or net asset values.

k) Subsidiary undertakings

Investment in the Board's subsidiary companies are held at cost less accumulated impairment losses.

Notes to the financial statements of the Church of England Pensions Board for the year ended 31 December 2023

1. Accounting policies (continued)

l) Taxation

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

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

m) Related parties

The Church of England comprises a large number of legally independent bodies in its parishes, cathedrals and dioceses as well as at national level. These bodies are not related to the Board as defined in the Charities SORP or chapter 33 of FRS 102: Related parties disclosures. Transactions and balances with these bodies are accounted for in the same way as other transactions and, where material, are separately identified in the notes to the financial statements. The Church of England Pensions Board is related to ChECS, as it is a partner in this joint venture. Details are given in Note 17.

n) Funds

In line with the SORP, the Board segregates its funds between those that are restricted and those that are unrestricted.

Unrestricted funds are funds received by the Board that are available for use at the discretion of the Board in pursuing the general charitable objectives of the charity.

Restricted funds are funds received by the Board for particular purposes and are to be used in accordance with those purposes. An analysis of restricted funds is provided in note 15.

o) Significant judgements and estimates

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

- Carrying value of investment properties and tangible assets – judgements in respect of appropriate valuation methods used for the assets of the Charity. Further details are disclosed in notes 9 to 11.

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

- Residuary legacies - estimation required for residuary legacies receivable once probate has been granted.
- Pension deficit provision - estimations surrounding the methodology used in the calculation of the Charity's defined benefit pension deficit provision. Further details are disclosed in note 8.
- Support costs – estimation surrounding the methodology used in the apportionment of support costs between the restricted and unrestricted funds.

2. Income from grants, donations and legacies

		2023	2022
	Note	£'000	£'000
Grants from:			
The Archbishops' Council	4	14,932	5,567
Other grants		23	28
Total grants		14,955	5,595
Donations		62	62
Legacies		83	739
Total income from grants, donations and legacies		15,100	6,396

The Archbishops' Council makes grants from money provided by the dioceses under the General Synod Vote 5, towards the costs of the CHARM scheme. All income from grants, donations and legacies was attributable to restricted funds.

3. Investment income

	2023	2022
	£'000	£'000
Dividends	1,750	1,597
Rental income from investment properties	11	11
Interest on cash	53	1
Total income from investments	1,814	1,609

All income from investments of £1,814,000 (2022: £1,609,000) was attributable to restricted funds.

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2023

4. Charitable activities

		Rental proper ties	Shared owners hip	Mortgage properties	Supported housing	Other charitable activities	Total restricted funds	Unrestricted Pension Schemes	2023 Total	2022 Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from charitable activities:										
Rent received		7,873	531	-	1,589	-	9,993	-	9,993	9,251
Service charge received		-	91	-	2,794	-	2,885	-	2,885	2,409
Income from mortgage properties		-	-	2,010	-	-	2,010	-	2,010	1,958
Support costs recharge		-	-	-	-	-	-	10,170	10,170	8,519
Total income from charitable activities		7,873	622	2,010	4,383	-	14,888	10,170	25,058	22,137
Expenditure on charitable activities:										
Financing costs (interest and commitment fee)		6,691	451	1,940	-	-	9,082	-	9,082	8,244
Grant making		-	-	-	-	88	88	-	88	92
Property costs (repairs, insurance and other costs)		8,964	44	101	95	-	9,204	-	9,204	8,604
Support costs	6	2,204	735	490	1,469	-	4,898	10,170	15,068	12,968
Amortisation of arrangement fees		62	-	-	-	-	62	-	62	62
Service charge costs		-	47	-	2,903	-	2,950	-	2,950	2,806
Nursing care costs (former residents)		-	-	-	131	-	131	-	131	130
Supported Housing and other direct costs		-	-	-	849	-	849	-	849	893
Depreciation and impairment charges	10	-	-	-	1,113	-	1,113	-	1,113	1,108
Total expenditure on charitable activities		17,921	1,277	2,531	6,560	88	28,377	10,170	38,547	34,907
Unwinding of pension deficit on charitable activities		(71)	(24)	(16)	(48)	-	(159)	-	(159)	(129)
Total expenditure including pension deficit movement in year		17,850	1,253	2,515	6,512	88	28,218	10,170	38,388	34,778

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2023

4. Charitable activities (continued)

For comparative purposes, details of 2022 charitable income and expenditure are set out below:

		Rental properties	Shared ownership	Mortgage properties	Supported housing	Other charitable activities	Total restricted funds	Unrestricted funds Pension Schemes	2022 Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from charitable activities:									
Rent received		7,289	518	-	1,444	-	9,251	-	9,251
Service charge received		-	95	-	2,314	-	2,409	-	2,409
Income from mortgage properties		-	-	1,958	-	-	1,958	-	1,958
Support costs recharge		-	-	-	-	-	-	8,519	8,519
Total income from charitable activities		7,289	613	1,958	3,758	-	13,618	8,519	22,137
Expenditure on charitable activities:									
Financing costs (interest and commitment fee)		5,892	439	1,913	-	-	8,244	-	8,244
Grant making		-	-	-	-	92	92	-	92
Property costs (repairs, insurance and other costs)		8,428	25	116	35	-	8,604	-	8,604
Support costs	6	2,002	667	445	1,335	-	4,449	8,519	12,968
Amortisation of arrangement fees		62	-	-	-	-	62	-	62
Service charge costs		-	63	-	2,743	-	2,806	-	2,806
Nursing care costs		-	-	-	130	-	130	-	130
Supported Housing and other direct costs		-	-	-	893	-	893	-	893
Depreciation and impairment charges	10	-	-	-	1,108	-	1,108	-	1,108
Total expenditure on charitable activities		16,384	1,194	2,474	6,244	92	26,388	8,519	34,907
Unwinding of pension deficit on charitable activities		(58)	(19)	(13)	(39)	-	(129)	-	(129)
Total expenditure including pension deficit movement in year		16,326	1,175	2,461	6,205	92	26,259	8,519	34,778

The deficit on charitable activities is funded through a combination of specific and general voluntary income, investment income, and realised gains on disposal of investments and property. In the year ended 31 December 2023 grants of £14,932,000 were received from the Archbishops' Council towards the CHARM scheme (2022: £5,567,000). In addition, the Board's broader charitable activities were funded through voluntary income of £169,000 (2022: £828,000), Investment income of £1,814,000 (2022: £1,609,000) and gains on disposal of property of £1,629,000 (2022: £1,522,000).

Income & Expenditure from charitable activities:

Rental Properties

The Archbishops' Council, from money provided by the dioceses under the General Synod Vote 5, makes grants towards the costs of the CHARM scheme, being the excess of direct expenditure and interest payable over maintenance contributions receivable from residents.

Rent from tenancies starting after 1 April 2015 are target rents based on the value of the property and are subsidised so that they are more affordable than market rents. Rent from tenancies before this are based on the occupant's ability to pay. Residents pay for moving costs, furnishings and white goods, contents insurance and on-going utility and council tax costs. The Board pays for repairs and on-going maintenance of the properties.

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2023

4. Charitable activities (continued)

There are a small number of properties that are let on the open market at market rents during short periods when a property is not occupied by residents eligible for the CHARM scheme. At 31 December 2023 there were 13 (2022: 15) such tenancies.

All tenancies fall into the definition of operating leases as set out in FRS 102 section 20 and clarified in the Housing SORP 2014 paragraph 10.3 (which though the Board does not apply, it does look to this guidance for clarification where the Charities SORP and FRS 102 are silent on particular issues). All tenancies are cancellable, either on death or notice of the resident and are not assignable.

Shared Ownership

Residents pay rent based on the Board's share of the ownership of the property and the cost of buildings insurance.

For some properties bought before 1 April 2014, residents also pay a service charge towards the repairs and maintenance of properties. For properties bought after 1 April 2014, or where residents have opted, the responsibility for repairs and maintenance lies with the resident.

Mortgage Properties

The mortgage scheme offered value linked loans to retired clergy and closed to new business in 2008. Mortgagees pay an interest-only amount on the capital advanced.

A small number of loans pre-dating the 1983 CHARM mortgage scheme remain, where a fixed amount of interest is paid based on the capital advanced. At 31 December 2023, the number of such loans in place was 2 (2022: 3).

Supported Housing

Some residents in the schemes receive subsidies from the Board's charitable funds. The cost of running the schemes is not met fully by rent and service charge fees. The nursing home closed in March 2017 however the Board continues to subsidise the nursing care of former residents of the nursing home. The operating deficit is met from the Board's charitable funds.

Other charitable activities

Grants are payable to augment the income of those retired clergy and clergy widow(er)s whose income falls below a certain standard, which is reviewed annually.

5. Raising funds

	2023	2022
	£'000	£'000
Investment management costs (direct costs)	79	81
Total cost of raising funds	79	81

6. Support costs

Support costs include department running costs and governance costs, plus charges for using shared services operated by ChECS. They are included in charitable expenditure (note 4) and are apportioned to the various charitable activities to which they relate.

	Restricted funds					Unrestricted funds	Total
	Rental properties	Shared ownership	Mortgage properties	Supported housing	Total	Pension schemes	2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing department	1,325	442	294	883	2,944	-	2,944
Executive and Secretariat	161	54	36	107	358	421	779
Governance costs	78	26	17	52	173	254	427
Pensions department	-	-	-	-	-	4,805	4,805
Investments department	-	-	-	-	-	3,015	3,015
Shared services	640	213	142	427	1,422	1,675	3,097
Total support costs	2,204	735	489	1,469	4,897	10,170	15,067

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2023

6. Support costs (continued)

For comparative purposes, details of 2022 support costs are set out below:

	Restricted funds					Unrestricted funds	Total
	Rental properties	Shared ownership	Mortgage properties	Supported housing	Total	Pension schemes	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing department	1,209	403	268	807	2,687	-	2,687
Executive and Secretariat	121	40	27	80	268	437	705
Governance costs	53	18	12	35	118	49	167
Pensions department	-	-	-	-	-	4,087	4,087
Investments department	-	-	-	-	-	2,319	2,319
Shared services	619	206	138	413	1,376	1,627	3,003
Total support costs	2,002	667	445	1,335	4,449	8,519	12,968

Housing department costs

These costs are allocated on a 'per head' basis: costs of housing staff are allocated 45% to rental properties, 30% to supported housing schemes, 10% to mortgages and 15% to shared ownership.

Executive and Secretariat and shared service costs

Centrally incurred management and shared service costs are allocated between pension schemes and the charity on a 'per head' basis. The charity's housing share is then allocated 45% to rental properties, 30% to supported housing schemes, 10% to mortgages and 15% to shared ownership.

Governance costs

Governance costs comprise staff and non-staff costs relating to the general running of the Board, including supporting the work of the Board and its Committees. Trustees (and co-opted members) of the Board are reimbursed for travel expenses incurred whilst on official business but are not entitled to any other remuneration or allowances. In the year to 31 December 2023, 8 (2022: 8) trustees claimed a total of £4,686 (2022: £3,100). Governance costs other than external audit costs are allocated between pension schemes and the charity on a 'per head' basis. The charity's housing share is then allocated 45% to rental properties, 30% to supported housing schemes and nursing care, 10% to mortgages and 15% to shared ownership.

	2023	2022
	£'000	£'000
External audit (including VAT)	79	76
Internal audit	95	91
Board and committee meetings	17	13
Total governance costs	191	180

Total fees paid (excluding VAT) to Crowe U.K. LLP are shown below:

	2023	2022
	£'000	£'000
Audit of CEPB and its subsidiary undertakings	66	63
Total audit fees relating to current year for CEPB and its subsidiaries	66	63
Audit of Pension Schemes	104	100
Total audit fees relating to current year for Pension Schemes	104	100

Pensions department costs

Expenses are incurred by the Board for administering the pension schemes. These costs are recovered from the pension schemes by charging an administration fee to each scheme.

Investment department costs

Expenses are incurred by the Board for managing the investment portfolio of the Church of England Investment Fund for Pensions through which the pension schemes hold investments. These costs are recovered by the Board as part of the administration fee the Board charges each pension scheme.

Shared service costs

Shared services are provided by Church of England Central Services. Expenses incurred by the Board for administering the Pension Funds are either charged directly to the activity to which they relate or are allocated to the funds in proportion to staff costs, number of data processes or other relevant criteria.

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2023

7. Staff numbers and costs

The Chief Executive and staff employed to work in the investment team and supported housing schemes are employed directly by the Board. The Board is joint employer, together with the other National Church Institutions (the NCIs), of most of the staff of the NCIs. In addition to staff employed directly, the work of the Board is supported by staff in shared service departments who provide finance, HR, communications, legal, IT and internal audit services. Since 1 April 2014 they have been employed by a separate NCI, Church of England Central Services (ChECS). Prior to this they had one of the three main NCIs as managing employer and their costs were shown only in the relevant NCI's financial statements.

The SORP requires that the costs of staff employed by third parties who operate on the organisation's behalf be disclosed in the financial statements. In order to comply with the spirit of the SORP, the costs of all ChECS staff are shown in aggregate in the tables below – the Board's share of which was £1,787,000 (2022: £1,820,000). The cost of staff for which the Board is the managing employer and for ChECS (in aggregate) was:

	Pensions Board own staff								ChECS			
	Housing		Pensions and Investments		Secretariat		Supported housing		Total		Shared services	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Average number employed	41	36	45	42	6	4	87	87	179	169	178	157
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	1,865	1,707	3,191	2,473	482	376	1,673	1,467	7,211	6,023	9,121	7,565
National Insurance costs	204	200	379	305	59	49	133	112	775	666	1,046	947
Pension contributions	272	260	433	321	66	52	223	186	994	819	1,263	1,542
Total cost of staff	2,341	2,167	4,003	3,099	607	477	2,029	1,765	8,980	7,508	11,430	10,054
Total chargeable to Charitable Funds	2,341	2,167	-	-	279	214	2,029	1,765	4,649	4,146		

Included in staff costs is £24,000 (2022: £nil) paid by way of redundancy costs to 2 (2022: £nil) individuals for restructuring. Restructuring costs are accounted for in full in the year in which the restructure is announced. The number of staff whose total employee benefits for the year fell in the following bands were:

	Pensions Board own staff								ChECS	
	Housing		Pensions and Investments		Secretariat		Supported housing schemes		Shared services	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
£60,001 to £70,000	1	1	3	1	1	-	1	-	15	13
£70,001 to £80,000	3	3	2	2	1	1	-	-	9	6
£80,001 to £90,000	1	-	2	2	-	-	-	-	8	3
£90,001 to £100,000	-	1	1	2	-	-	-	-	1	2
£100,001 to £110,000	-	-	2	-	1	1	-	-	4	5
£110,001 to £120,000	-	-	2	1	-	-	-	-	2	1
£120,001 to £130,000	-	-	1	1	-	-	-	-	-	2
£130,001 to £140,000	-	-	-	-	-	-	-	-	1	-
£140,001 to £150,000	-	-	-	-	-	-	-	-	1	-
£150,001 to £160,000	-	-	1	-	-	1	-	-	-	-
£160,001 to £170,000	-	-	-	1	1	-	-	-	-	-
£170,001 to £180,000	-	-	-	-	-	-	-	-	-	-
£180,001 to £190,000	-	-	-	1	-	-	-	-	-	-
£190,001 to £200,000	-	-	1	-	-	-	-	-	-	-
£200,001 to £210,000	-	-	-	-	-	-	-	-	-	-
£210,001 to £220,000	-	-	-	-	-	-	-	-	-	-
£220,001 to £230,000	-	-	1	-	-	-	-	-	-	-

Employee benefits include gross salaries and termination payments but do not include employer pension contributions and employer National Insurance contributions.

Most staff above were members of the Church Administrators Pension Fund. Of those directly managed by the Board, 14 (2022: 11) staff accrued benefits under a defined contributions scheme for which contributions for the year were £151,142 (2022: £128,000). The other 2 (2022: 3) staff accrued benefits under a defined benefit scheme. Of those managed by ChECS, 37 (2022:29) staff accrue benefits under a defined contribution scheme for which contributions for the year were £428,000 (2022: £328,000). The remaining 4 (2022:3) staff members accrue benefits under a defined benefit scheme.

Of the remaining staff managed directly by the Board, 9 (2022: 6) staff accrued benefits in the Church Workers Pension Fund under a defined contribution scheme for which contributions for the year were £155,487 (2022: £107,000), and 1 staff members (2022: no staff member) accrued no benefits in any pension scheme.

7. Staff numbers and costs (continued)

The highest paid member of staff earned £226,000 (2022: £193,000). Further details of the Board's remuneration policy are included in the Management section of the Board's report, on page 33. The Board's executive leadership team comprises 10 individuals (2022: 9), 8 (2022: 7) of whom are employed directly by the Board and 2 (2022: 2) by ChECS. The aggregate remuneration for these 10 individuals, including National Insurance and pension contributions, was £1,494,000 (2022: £1,307,000).

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

8. Staff pensions

Staff employed jointly by the National Church Institutions

Pension benefits from Service up to 31 December 1999

These are met by the Church Commissioners for England, so no costs or liability are reflected by the Board.

Pension benefits from Service from 1 January 2000

Benefits for staff arising from service from 1 January 2000 are provided by the Church Administrators Pension Fund ("CAPF").

The participating employers are responsible for making contributions of £500,000 (2022: £500,000) towards the administration costs of the CAPF. The Board's share of these costs was £76,500 (2022: £70,600).

Staff who were in service as at 30 June 2006 are members of the defined benefit section of the CAPF. This is considered to be a multi-employer scheme as described in FRS 102 paragraph 28.11 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 contributions to the CAPF are assessed by an independent qualified actuary using the projected unit method of valuation. A valuation of the scheme is carried out once every three years, the most recent having been carried out as 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 scheme. Future contributions of Pensionable Salaries from 01 January 2024 onwards has been agreed to be 16.5%.

The provision provided for the shortfall in the scheme is measured at its net present value. The table below shows the movement on the provision:

	CEPB staff	Share of ChECS staff	2023	CEPB staff	Share of ChECS staff	2022
Provision at 1 January	136	184	320	256	209	465
Contributions Paid	(123)	(36)	(159)	(107)	(22)	(129)
Interest charged on provision	-	-	-	2	-	2
Adjustment to net present value of provision	(13)	(148)	(161)	(15)	(3)	(18)
Provision at 31 December	-	-	-	136	184	320

Staff who joined after 20 June 2006 are members of the defined contributions section of the CAPF. Employer contributions payable in the year are charged to expenditure.

Staff employed directly by the Board (mainly in supported housing schemes and the investment team)

Pension benefits for staff in supported housing managerial positions are provided for by a defined benefit section of the Church Workers Pension Fund ("CWPF"). The scheme is considered to be a multi-employer scheme as described in FRS 102 paragraph 28.11 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 contributions to the Fund are assessed by an independent qualified actuary using the projected unit method of valuation. The last full valuation of the Fund, as at 31 December 2019, showed there is no more deficit (2016: £29.4m). There is no deficit recovery needed from each participating employer in the scheme from 2023.

Pension benefits for other staff are provided for by a defined contribution scheme in CWPF, where employer contributions payable in the year are charged to expenditure.

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2023

9. Investment assets

GROUP	At 1 January 2023	Additions	Disposals	Gains/(losses)	Cash movements	At 31 December 2023
	£'000	£'000	£'000	£'000	£'000	£'000
UK investment funds	40,782	-	-	(777)	-	40,005
Cash held by investment managers	103	-	-	-	(60)	43
Total UK investment funds	40,885	-	-	(777)	(60)	40,048
UK investment properties	794	-	-	22	-	816
Consolidated total investment assets	41,679	-	-	(755)	(60)	40,864

CHARITY	At 1 January 2023	Additions	Disposals	Gains/(losses)	Cash movements	At 31 December 2023
	£'000	£'000	£'000	£'000	£'000	£'000
UK investment funds	40,782	-	-	(777)	-	40,005
Cash held by investment managers	103	-	-	-	(60)	43
Total UK investment funds	40,885	-	-	(777)	(60)	40,048
UK investment properties	794	-	-	22	-	816
Investment in subsidiary	13	-	-	-	-	13
Charity's total investment assets	41,692	-	-	(755)	(60)	40,877

Funds were managed by Savills, Swiss Life and Brewin Dolphin. Investment funds were held as follows:

	2023	2022
	£'000	£'000
Savills	19,085	20,302
Swiss Life	7,432	7,938
Brewin Dolphin	13,531	12,645
Total	40,048	40,885

Subsidiaries

The Board owns 100% of CEPB Developments Ltd, a dormant company limited by shares, held to undertake property and building development at the supported housing schemes and nursing home, and CEPB Mortgages Ltd, a company limited by guarantee, held to administer mortgages on behalf of the Board. Both companies are registered at 29 Great Smith Street, London, SW1P 3PS.

The Board also owns 100% of CHARM Finance PLC, a company limited by share capital of £50,000 (of which £12,500 has been paid up by the Board), held as a special purpose vehicle which in August 2015 provided £70m of funds to the Board via the issue of £100m of 3.126% Secured Bonds (including £30m in principal amount of Retained Bonds) due August 2048. In April 2018 CHARM Finance PLC provided a further £30m of funds to the Board via the issue of £50m of 3.509% Secured Bonds (including £20m in principal amount of Retained Bonds) also due in 2048. These funds are being used to secure current and future obligations for clergy housing in retirement.

The financial results of the Subsidiaries are detailed in Note 16.

Joint ventures

ChECS is a charitable joint venture between the Church Commissioners, the Archbishops' Council and the Church of England Pensions Board, who are equal partners. The purpose of ChECS is to enhance the efficiency and effectiveness of the charitable national and diocesan institutions of the Church of England and of other charities with a church ethos, by facilitating the provision of cost-effective shared financial, legal and other services.

The charity was registered with the Charity Commission on 31 December 2013 and started operating from 1 April 2014. Prior to this, the responsibility for the provision of shared services was split between the three main NCIs. The previous management arrangements continued into the new structure.

The Board's share of net assets and net income of ChECS was £nil (2022: £nil). As at 31 December 2023, £1,877,000 was owed by ChECS to the Board (2022: £472,000 owed by ChECS to the Board) representing amounts loaned to ChECS by the Board, and amounts owed to ChECS for services rendered during the year.

The Pensions Board have no associated undertakings.

UK investment properties

The valuers of the investment properties were Savills LLP.

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2023

10. Tangible assets – Supported housing and IT systems

Consolidated and charity	At 1 January 2023 £'000	Additions £'000	Disposals £'000	Charge in year £'000	Impairment £'000	At 31 December 2023 £'000
<i>Supported Housing land and buildings</i>						
Cost	27,292	-	-	-	-	27,292
Depreciation	(6,278)	-	-	(506)	-	(6,784)
Net book value	21,014	-	-	(506)	-	20,508
<i>Fixtures and fittings</i>						
Cost	4,561	221	-	-	-	4,782
Depreciation	(3,482)	-	-	(120)	-	(3,602)
Net book value	1,079	221	-	(120)	-	1,180
<i>IT systems</i>						
Cost	2,705	49	-	-	-	2,754
Depreciation	(640)	-	-	(487)	-	(1,127)
Net book value	2,065	49	-	(487)	-	1,627
		-	-	-	-	-
Total supported housing and IT systems	24,158	270	-	(1,113)	-	23,315

IT systems represents the capitalised costs incurred in respect of the construction of the new Housing Management System and a major upgrade to the Pensions Administration System. Depreciation is now being charged for the Housing Management System and for the first completed phase of the Pension Administration system. No depreciation is charged for the second phase of Pensions Administration System whilst the assets are under construction.

11. Tangible assets – CHARM properties

The Board owns a number of different types of properties which it uses to fulfil its charitable objective: to provide retirement housing for retired clergy (CHARM).

Consolidated	Book value at 1 January 2023 £'000	Additions £'000	Disposals £'000	Book value at 31 December 2023 £'000	No. of properties at 1 January 2023	Additions	Disposals	No. of properties at 31 December 2023
Rental properties								
Funded by CC	20,781	-	(2,021)	18,760	216	-	(24)	192
Funded by PB	179,561	8,792	(2,453)	185,900	956	31	(15)	972
Rental properties total	200,342	8,792	(4,474)	204,660	1,172	31	(39)	1,164
Shared ownership properties								
Funded by CC	3,019	-	(259)	2,760	33	-	(2)	31
Funded by PB	5,505	-	(150)	5,355	58	-	(1)	57
Shared ownership properties total	8,524	-	(409)	8,115	91	-	(3)	88
Mortgaged properties								
Funded by CC	24,838	-	(1,771)	23,067	435	-	(30)	405
Funded by PB	801	-	(160)	641	12	-	(4)	8
Mortgaged properties total	25,639	-	(1,931)	23,708	447	-	(34)	413
Totals								
<i>Properties with significant restrictions (funded by Church Commissioners)</i>	48,638	-	(4,051)	44,587	684	-	(56)	628
<i>Properties without significant restrictions (funded by the Pensions Board)</i>	185,867	8,792	(2,763)	191,896	1,026	31	(20)	1,037
Total	234,505	8,792	(6,814)	236,483	1,710	31	(76)	1,665

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2023

11. Tangible assets – CHARM properties

Charity Only	Book value at 1 January 2023 £'000	Additions £'000	Disposals £'000	Book value at 31 December 2023 £'000	No. of properties at 1 January 2023	Additions	Disposals	No. of properties at 31 December 2023
Rental properties								
Funded by CC	20,781	-	(2,021)	18,760	216	-	(24)	192
Funded by PB	179,561	8,792	(2,453)	185,900	956	31	(15)	972
Rental properties total	200,342	8,792	(4,474)	204,660	1,172	31	(39)	1,164
Shared ownership properties								
Funded by CC	3,019	-	(259)	2,760	33	-	(2)	31
Funded by PB	5,505	-	(150)	5,355	58	-	(1)	57
Shared ownership properties total	8,524	-	(409)	8,115	91	-	(3)	88
Mortgaged properties								
Funded by CC	19,855	-	(1,469)	18,386	383	-	(27)	356
Funded by PB	395	-	(159)	236	8	-	(4)	4
Mortgaged properties total	20,250	-	(1,628)	18,622	391	-	(31)	360
Totals								
<i>Properties with significant restrictions (funded by Church Commissioners)</i>	43,655	-	(3,749)	39,906	632	-	(53)	579
<i>Properties without significant restrictions (funded by the Pensions Board)</i>	185,461	8,792	(2,762)	191,491	1,022	31	(20)	1,033
Total	229,116	8,792	(6,511)	231,397	1,654	31	(73)	1,612

The fixed assets shown in the Charity-only table above include only those mortgage loans made directly by the Board, for which CC-funding was received. Loans made by the Board to CEPB Mortgages Ltd, but ultimately funded by CC, are reflected in current debtors. See note 12. The related mortgages issued by CEPB Mortgages Ltd are shown in the Consolidated fixed assets table.

Financing and restriction

Historically, the Board's own properties were funded from trusts and legacies. From 1983 until July 2010 most of the rental, shared ownership and mortgaged properties purchased were financed by loans from the Church Commissioners. Under this arrangement, the legal ownership of each property lay with the Board but a significant part of the economic interest lay with the Commissioners. In the case of mortgaged and shared ownership properties, the Commissioners' economic interest was in the same proportion as the amount of financing they provided compared to the purchase price. Purchases were recognised at cost and the loan from the Commissioners recognised at an equal amount within creditors. If the property were sold, an amount equal to the proceeds (for mortgaged and shared ownership properties, in the same proportion as the financing they provided compared to the purchase price) would be repayable. This arrangement meant that the Commissioners retained a significant degree of financial control over the properties they funded, and on a property becoming vacant, determined if and when it was sold and for how much.

Since the end of the Commissioners' funding arrangement, financing for purchases of new rental or shared ownership properties has been provided through three sources. Firstly in 2010 the Board put in place a loan facility with Santander. Secondly in 2015 the Board was loaned £70,000,000 from its subsidiary CHARM Finance PLC, which raised funds through the issue of a listed bond. Thirdly in 2018 the Board was loaned £30,000,000 from its subsidiary CHARM Finance PLC, which raised funds through the issue of a second listed bond. Further details of both facilities are provided in Note 13.

Of the £70,000,000 loaned to the Board in 2015, £41,841,000 was used to purchase the economic interest in 196 properties which had originally been funded by the Commissioners. The Commissioners have retained a right to receive any profit on disposal of any of the 196 properties up to August 2025, over the agreed purchase price of that property, and in 2023 four (2022: one) properties were sold by the Board, with £334,534 (2022: £51,591) subsequently paid to the Church Commissioners (in 2023) as a result of this agreement. In the opinion of the trustees however, as the remainder of these properties have been identified for long-term use by the Charity, it is not expected that many further payments will accrue to the Church Commissioners as a result of this arrangement.

In addition to these arrangements, 48 rental properties were purchased with contributions from dioceses and others, where the contributions are repayable when the property is sold, as either a simple repayment or in the same proportion as the original contribution to the purchase price, depending on the agreement made. The Board recognises the full cost of the property and also recognises a liability for the amount contributed (see note 13).

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2023

12. Debtors

	Consolidated		Charity	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade debtors	705	478	701	478
Subsidiary undertakings & related parties	38	-	5,127	5,389
Prepayments and accrued income	2,137	1,299	999	1,150
Joint venture (ChECS)	1,969	472	1,969	472
Other debtors	85	88	137	636
Total	4,934	2,337	8,933	8,125

* Loans from the Church of England Pensions Board to CEPB Mortgages Ltd are repayable when the properties associated with them are sold. This is categorised as a current debtor for the Charity in line with FRS 102 section 4.7. See Note 13 for more details.

13. Creditors

Current liabilities:	Consolidated		Charity	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade creditors	1,626	826	1,626	824
Accruals and deferred income	4,355	3,638	3,217	3,490
Tax creditor	6	46	6	46
Other creditors	2,325	1,616	2,325	1,617
Total amounts falling due within one year:	8,312	6,126	7,174	5,977

Concessionary loans repayable on sale of fixed assets

Loans from Church Commissioners for:

- rental properties	18,760	20,781	18,760	20,781
- shared ownership properties	2,760	3,019	2,760	3,019
- mortgage properties	23,067	24,838	23,067	24,838
Diocesan and other creditors	665	675	665	675
Total loans repayable on sale of fixed assets	45,252	49,313	45,252	49,313
Total current liabilities	53,564	55,439	52,426	55,290

Loans from the Church Commissioners are repayable when the properties associated with them are sold. The trigger for the repayment is the sale of the property and the proceeds are passed in full to the Church Commissioners. Properties are sold when residents vacate rented properties, shared ownership properties are sold and mortgages are redeemed. These assets are classified as fixed assets and are included in note 11.

FRS 102 section 4.7 states that where the repayment of a creditor cannot unconditionally be deferred for more than a year, it must be classed as a current liability. Even though experience has shown that loans from the Church Commissioners will be repaid steadily over a timeline substantially longer than one year, they meet this definition and as a result are included within current liabilities.

The terms of these concessionary loans are: for loans granted prior until 31 March 1993 the initial interest rate was 3%, increasing in line with RPI each April; for loans granted from 1 April 1993 the initial interest rate was 4%, increasing in line with RPI each April.

The same current liability classification has been applied to the Diocesan loans to the Pensions Board.

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2023

13. Creditors (continued)

	Consolidated		Charity	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Non-current liabilities:				
Bond liabilities – 2015 Bond	70,000	70,000	-	-
Bond liabilities – 2018 Bond	30,000	30,000	-	-
Bond liabilities – capitalised bond set-up costs	(604)	(631)	-	-
Intra-group liability – loan repayable to CHARM Finance PLC	-	-	100,000	100,000
Intra-group liability – capitalised bond set-up costs	-	-	(604)	(631)
Loan from Santander	26,300	27,000	26,300	27,000
Loan from Santander - capitalised set-up costs	(50)	(84)	(50)	(84)
Total	125,646	126,285	125,646	126,285

The two bonds, issued by subsidiary undertaking CHARM Finance plc, were issued to finance the growth and development of the CHARM scheme. Transaction costs of £509,000 were incurred in respect of the 2015 bond, and £306,000 in respect of the 2018 bond. At 31 December 2022, the amortised cost of the set-up fees incurred (predominantly legal and financial advice fees) for both bonds was £604,000 (2022: £631,000).

For the 2015 bond, interest due up to August 2017 was based on the initial interest rate of 3.126% adjusted for changes in CPI (subject to a 4% cap and a floor of zero). Since August 2017 the applicable interest rate has risen to 3.154%. Repayment of the bond is due in five equal instalments of £14m due in August of 2038, 2041, 2043, 2045 and 2048 respectively. The bond is secured by a fixed charge over 426 properties held by the Charity.

For the 2018 bond, interest due is based on the fixed interest rate of 3.509%. Repayment of the bond is due in three instalments on 12 November 2044, 12 November 2046 and 12 April 2048. The bond is secured by a fixed charge over 201 properties held by the Charity.

The following table details the maturity of the bond-related contractual payments as at 31 December 2023:

Period	2015 Bond		2018 Bond	
	Interest due	Capital repayment	Interest due	Capital repayment
	£'000	£'000	£'000	£'000
Due to end December 2023	870	-	140	-
Due within one year (to end December 2024)	2,542	-	1,046	-
Due between one and five years (to end December 2028)	10,200	-	4,214	-
Due after five years	37,380	70,000	18,636	30,000
Total	50,992	70,000	24,036	30,000

The intra-group liability due by the charity to CHARM Finance plc mirrors the terms of the bonds noted above.

The charity has a loan facility with Santander through Abbey National Treasury Services PLC which at December 2023 was secured by fixed charges over 244 properties (2022: 247 properties) owned by the charity, with occupied market value of £60,147,000 (2022: £62,796,000). The loan is repayable, subject to terms and conditions, at June 2025.

The cost of the Santander arrangement fee of £500,000 (1% of the loan facility) is offset against the loans and is being amortised over 15 years. At 31 December 2023, the amortised cost was £50,000 (2022: £88,000).

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2023

14. Financial Instruments

	Note	Consolidated		Charity	
		2023	2022	2023	2022
		£'000	£'000	£'000	£'000
Financial assets at fair value through statement of financial activities					
Listed non-current investments	9	40,864	41,679	40,877	41,692
Total financial assets		40,864	41,679	40,877	41,692

15. Funds

Consolidated and charity	Balance at 1 January 2023	Income	Expenditure	Investment losses	Other gains	Transfers	Balance at 31 December 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	-	10,170	(10,170)	-	-	-	-
Total unrestricted funds	-	10,170	(10,170)	-	-	-	-
Restricted funds:-							
General Purposes Fund:							
- General Funds	109,305	32,817	(24,955)	(908)	-	(7,437)	108,822
- Earmarked – Property Maintenance	1,175	-	(2,912)	-	-	7,437	5,700
Clergy Retirement Housing Trust & other trusts	13,403	619	(589)	153	-	-	13,586
Total restricted funds (excl. pension reserve)	123,883	33,436	(28,456)	(755)	-	-	128,108
Pension reserve	(320)	-	159	-	161	-	-
Total funds	123,563	43,606	(38,467)	(755)	161	-	128,108

For comparative purposes, the table below shows the movement on funds for the year ending 31 December 2022:

Consolidated and charity	Balance at 1 January 2022	Income	Expenditure	Investment gains	Other gains	Transfers	Balance at 31 December 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	-	8,519	(8,519)	-	-	-	-
Total unrestricted funds	-	8,519	(8,519)	-	-	-	-
Restricted funds:-							
General Purposes Fund:							
- General Funds	114,601	21,925	(22,468)	(4,818)	-	65	109,305
- Earmarked – Property Maintenance	4,898	-	(3,658)	-	-	(65)	1,175
Clergy Retirement Housing Trust & other trusts	12,824	1,220	(341)	(300)	-	-	13,403
Total restricted funds (excl. pension reserve)	132,323	23,145	(26,467)	(5,118)	-	-	123,883
Pension reserve	(465)	-	127	-	18	-	(320)
Total funds	131,858	31,664	(34,859)	(5,118)	18	-	123,563

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2023

15. Funds (continued)

Unrestricted funds

The **unrestricted funds** represent expenditure incurred by the CEPB on salaries and working expenses subsequently recovered from the pension funds administered by the Board. The CEPB has no net assets or liabilities in its own right as a body corporate.

Restricted funds

The **General Purposes Fund ("GPF")** is the largest charitable fund administered by the Church of England Pensions Board, covering the provision, maintenance & management of homes of residence for retired clergy and church workers and their spouses/former spouses/dependants, etc.

£7.4m was transferred from the restricted general fund to the earmarked Property Maintenance fund (2022: £0.1m was transferred to the Property Maintenance fund from the general fund).

The **Clergy Retirement Housing Trust ("CRHT")** is a registered charity (Charity No. 236627-2) and is a linked charity of the Board. As a linked charity, it is accounted for as a restricted fund. The charitable object of the CRHT is to use its property as residences for those persons who are qualified for such residence by virtue of the provisions of the Clergy Pensions Measure 1961 or any succeeding legislation.

Below is a summary of the assets and liabilities of each fund as at 31 December 2023:

FUND	Fixed Assets	Current Assets	Current Liabilities	Non-Current Liabilities	SUB TOTAL	Provision for Pension Liability	NET ASSETS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	648	2,730	(3,378)	-	-	-	-
Restricted Funds:							
General Purposes Fund	288,706	1,608	(50,144)	(125,646)	114,524	-	114,524
Clergy Retirement Housing Trust & other trusts	11,308	2,318	(42)	-	13,584	-	13,584
Total	300,662	6,656	(53,564)	(125,646)	128,108	-	128,108

For comparative purposes, the table below provides a summary of the assets and liabilities of each fund as at 31 December 2022:

FUND	Fixed Assets	Current Assets	Current Liabilities	Non-Current Liabilities	SUB TOTAL	Provision for Pension Liability	NET ASSETS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	731	1,296	(2,027)	-	-	-	-
Restricted Funds:							
General Purposes Fund	288,452	1,743	(53,430)	(126,285)	110,480	(320)	110,160
Clergy Retirement Housing Trust & other trusts	11,159	2,226	18	-	13,403	-	13,403
Total	300,342	5,265	(55,439)	(126,285)	123,883	(320)	123,563

16. Subsidiary results

The Board owns 100% of CEPB Developments Ltd, a dormant company limited by shares, held to undertake property and building development at the supported housing schemes, and CEPB Mortgages Ltd, a company limited by guarantee, held to administer mortgages on behalf of the Board. Both companies are registered at 29 Great Smith Street, London, SW1P 3PS.

The Board also owns 100% of CHARM Finance PLC (incorporated and acquired 17 July 2015), a company limited by share capital of £50,000 (of which £12,500 has been paid up by the Board), held as a special purpose vehicle which in August 2015 provided £70m of funds to the Board via the issue of £100m of 3.126% Secured Bonds (including £30m in principal amount of Retained Bonds) due August 2048. In April 2018 CHARM Finance PLC provided a further £30m of funds to the Board via the issue of £50m of 3.509% Secured Bonds (including £20m in principal amount of Retained Bonds) also due in 2048. These funds are being used to secure current and future obligations for clergy housing in retirement.

Summaries of the Board's significant subsidiaries' results are shown below:

Notes to the financial statements of the Church of England Pensions Board

For the year ended 31 December 2023

16. *Subsidiary results (continued)*

	CEPB Mortgages		CHARM Finance PLC	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Revenue	361	341	3,605	3,533
Expenditure	(361)	(341)	(3,605)	(3,533)
Result	-	-	-	-
Total Assets	5,090	5,390	100,484	100,911
Total Liabilities	(5,089)	(5,389)	(100,471)	(100,898)
Net Assets	1	1	13	13

17. *Related Parties*

Subsidiary companies

The Board received £361,000 from CEPB Mortgages (2022: £341,000) in respect of mortgage interest received by the Company. At the balance sheet date, CEPB Mortgages owed the Board £5,089,000 (2022: £5,389,000) in respect of mortgage loans repayable.

The Board paid £3,580,254 to CHARM Finance PLC in 2023 in respect of bond interest paid by the Company (2022: £3,481,385). At the balance sheet date, the Board owed CHARM Finance PLC £99,396,000 (2022: £99,368,000) in respect of loans repayable in relation to the 2015 and 2018 bonds, and CHARM Finance PLC owed the Board £51,901 in respect of interest repayable.

Joint ventures

Church of England Central Services (ChECS) is a joint venture between the Church Commissioners, the Archbishops' Council and the Church of England Pensions Board, and therefore a related party of the Board. More information can be found in Note 9.

Pension Schemes

Details of amounts paid to the pension schemes are disclosed in note 8.