THE CHURCH OF ENGLAND
PENSIONS BOARD

The Church of England Pensions Board

Annual Report

Year ended 31 December 2022

Contents

Introduction from the Chair and Chief Executive

Russia's invasion of Ukraine cast a long shadow over 2022. It has caused untold human misery in Ukraine itself. Across the world, it has created food and energy shortages, driving painful inflation and economic uncertainty. We did not hold any Russian sovereign debt in our funds due to an existing ethical exclusion and we acted promptly on the morning of the invasion to exit from the very few Russian companies in which we were invested – other funds swiftly followed our example.

Against this backdrop, we completed the statutory valuation of the clergy pension scheme. Through careful stewardship and strong investment returns in recent years, the scheme reported a funding surplus for the first time in its history. This has enabled us to reduce employer contribution rates, saving the Church around £25m a year, while maintaining member benefits in full. We have also awarded an inflation-matching discretionary increase to clergy pensions in payment from April 2023.

Our smaller pension schemes have also performed well despite poor market conditions this year. We took steps to 'lock in' the benefit of strong returns in 2021, including insuring £160m worth of benefits in the Church Workers Pension Fund (CWPF).

While headline investment returns are important, the key goal for a pension fund is to ensure that the assets are sufficient to meet the long-term pension promises (liabilities). On this key measure, our schemes have all shown improvement since their last valuations.

Within our retirement housing services, we are continuing to recover from the pandemic, with our teams working hard to support applicants whose retirement plans have been disrupted by Covid-19; some delaying retirement and others retiring early. It has been a tough year for all of us, with labour shortages and dramatic price increases hampering housing services. Still, 83 new tenancies started during the year. Our community living schemes also celebrated a year free of pandemic restrictions.

Good stewardship remains at the heart of our work. We were pleased to retain our signatory status for the Financial Reporting Council's UK Stewardship Code and continue to engage as an active owner on issues of human rights, executive pay, mining and climate change. The Transition Pathway Initiative (TPI), co-created by the Board, provides the leading investor tool for assessing companies' climate transition plans. In October, the TPI Global Climate Transition Centre was formally opened to dramatically expand the TPI's reach. In 2022, we co-chaired a similar initiative looking at corporate and sovereign bonds, and led discussions with other pension funds and the UK Government on how to support emerging economies achieve a just transition to a low carbon world.

It remains our deep privilege and joy to serve those who work or minister for the Church. We are looking forward to the year ahead and to the start of conversations with the Church about opportunities to further improve our services.

Clive Mather
Chair

John Ball
Chief Executive Officer

Report of the trustees for the year ended 31 December 2022

The trustees present their annual report and financial statements of the charity for the year ended 31 December 2022. 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 for many people 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 2023, the Board will continue to provide these 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.

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 dependants – receive housing direct assistance from the Board. The majority of these customers are residents in the Board's rental and 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. The 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 1,172 properties let across England and Wales as at the end of 2022. Customers 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 2022 was £5.6m (2021: £5.4m). 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.

Supported Housing

For more than 70 years, the Board has operated supported housing schemes for those retired clergy and their dependants 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. Equally, 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.

The Board's seven supported housing communities provide residents with a self-contained flat and include dining facilities, meeting spaces, libraries, a chapel and communal grounds. The Board charges for the accommodation using a rent and service charge system and operate a subsidy system 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 the supported housing operation including central overheads and costs in relation to former nursing care services, is largely met by the income the Board receives through rent and service charges. The shortfall is met from grants, voluntary donations and investment income received by the General Purposes Fund. In 2022 legacies and miscellaneous donations amounted to £0.8m (2021: £0.7m).[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 Supported Housing schemes. This move is in keeping with the Church of England's ecumenical partnerships and is designed to assist in managing voids in Supported Housing for the good of the schemes and their residents.

Shared Ownership

The Shared Ownership option assists 91 households. Properties are bought in partnership with the customer who contributes a minimum of 25% of the property cost. The Board's maximum contribution is £150,000. Additional shares of the property can be bought by the customer who can buy outright ownership if they wish.

Customers pay a rent, based on the Board's capital share of the property, and a service charge which reflects the cost of maintaining and insuring the property. The rent is increased in line with the weighted increase in the full Church and State pension for a married couple.

Interest in the Shared Ownership product has declined in recent years, in part due to the wider availability of comparable or better products in the market. The Board conducted a review of the scheme in the autumn of 2022 and agreed to suspend accepting any further applications for Shared Ownership while it explores whether signposting to other providers will comfortably meet the needs of the small numbers who enquire about shared ownership.

Mortgage Schemes

The mortgage schemes are closed to new applicants.

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. Four loans were outstanding at the end of the year, two of which the mortgagor is paying the full interest amount on the mortgage advanced, and two 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 and State 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 447 properties (391 from the Charity and 56 from the subsidiary company CEPB Mortgages Ltd) (2021: 485 properties (428 from the Charity and 57 from the subsidiary company CEPB Mortgages Ltd)).

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

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 42,000 people, across about 700 employers are administered by the Board. Separate reports and accounts are issued for each of the pension schemes.

Review of 2022 activities

Housing

The pandemic was disruptive for so many aspects of our lives, with a continuing impact on the property market and retirement planning. Some clergy delayed retirement to see their parishes through the pandemic; for others, it has led to earlier retirements than they originally planned. On top of pre-existing demographic trends, this is leading to unprecedented demand for help with retirement housing.

By the end of 2022, 83 retirees had moved into Church retirement properties (equivalent to one household every four days), with around 150 applications received for future support. We are grateful for the continued support of Church colleagues, as we work to support applicants in finding the right option for their retirement in a challenging climate, including a slowing property market. At the end of the year the Board held 1,172 rental properties (2021: 1,177) following 20 purchases in the year and 25 sales. Of these properties, 956 (2021: 946) are financed by the Pensions Board and 216 (2021: 231) are financed with the Church Commissioners.

In the context of increasing costs of living, our specialist advice services (open to all our customers) continue to be well-used. In 2022, we supported more than 240 households through our Welfare Advice and Housing Support services, offering support not only with applications for state benefits, but also signposting to, and making connections with, other charities to offer specialist advice and support.

With the lifting of all pandemic restrictions, our retirement living communities have been able to return to life largely as normal, which has meant a year full of garden parties, special events and visits. We are also piloting accepting applications from ecumenical colleagues at two of our schemes, helping towards scheme costs. At the end of the year there were 245 people resident in community living (2021: 254).

Elsewhere this year, work on our property safety programme continued, with the completion of electrical safety tests across almost all our rental properties. We restructured how we deliver major works to our occupied properties. The Housing Management System introduced in September 2021 was intensively used and further developed through the year. This system provides a joined up view of the customer and obviates reliance on spreadsheets and paper files.

Towards the end of the year we commenced a review of how the service should develop in response to changing demand patterns and the changing economic environment. Discussions with the Archbishops' Council resulted in the award of an additional grant in the sum of £9m to assist the Board in continuing to provide housing services in the wake of the changed economic realities, while working towards potential new models.

In line with the General Synod environment motion in February 2020, the Board continued to explore the technologies, costs and practical steps to achieve climate transition in its housing portfolio, building on the feasibility study completed in 2021. This information contributed to an allocation of funding by the Church Commissioners and Archbishops' Council of £190m over 9 years to support the Church in transition to net zero. It is planned that a portion of that funding will be available to the Board and other providers of operational housing.

Administration of Pensions

Our year started with the completion of a 'buy-in' for the Defined Benefit Scheme section of the CWPF. A buy-in is an insurance policy that delivers a guaranteed income stream to exactly match the pensions that need to be paid out to retired members. After carefully reviewing all our options, the Board placed a £160m buy-in policy with Aviva. In undertaking the buy-in the Board moved quickly to lock in some of the benefits of investment market gains in 2021. This proved to be a timely move, given the deterioration in markets that followed for much of 2022. As well as securing member benefits, the buy-in reduces the risk for employers of a deficit emerging in the scheme in future. This scheme is looking to be in surplus as it approaches its statutory valuation, as a result of which, the Board was able to suspend deficit recovery contributions for employers estimated to be in surplus from 1 January 2023. This step will save employers around £0.8m collectively in 2023.

In 2022, we undertook the statutory valuation of our largest scheme, the Church of England Funded Pensions Scheme. Early results were sufficiently encouraging that we were able to make an interim reduction in employer contributions from April 2022. Indeed, the valuation went on to show the scheme to be fully funded for the first time in its history – with a recorded surplus of £560m at the valuation date (31 December 2021). This is good news for members and participating bodies alike, signalling the end of deficit recovery payments and lower contribution rates for participating bodies over the next three years, worth £25m per annum to the Church economy.

Work continued last year to roll out PensionsOnline, our secure portal that offers members access to their pensions records as and when they need it. We first launched the site in

2021, and have progressively offered access to more and more members. By the end of 2022, 15,000 members had registered, and the system had been used more than 6,000 times by members to update address, banking, and other personal details instantly with us, saving time and paper. Meanwhile we continued to develop an equivalent online system for employers to reduce the work involved in collecting member contributions, and this is on schedule to roll out in 2023.

Like many of our members, we have been concerned about the rising cost of living during 2022. In addition to the advice and guidance services we offer, we have looked carefully at the increases in pensions due in 2023. Each scheme operates to different rules and the funding levels are different between the schemes. However, we were pleased to be able to override the caps on pension increases for various categories of pensioner to enable higher increases. This included an inflation-matching increase in the CEFPS.

Offering excellent customer service is one of our core objectives. This year, our pensions team has been phenomenally busy, handling over 1,200 customer calls each month on average (up from just under 700 per month in 2021). Customer satisfaction scores averaged over 8 out of 10 for the third year in a row (with a score of 8.3).

We are continuing to invest in improving the services we provide. In 2022, we were pleased to start a new partnership with Ecclesiastical Financial Advisory Services, offering members access to discounted independent financial advice on pensions, housing and other personal finance matters. Meanwhile, we have continued to work with colleagues right across the Church to support planning well for retirement.

The total assets of the defined benefit pension schemes for which the Board is Trustee returned -13.2% over 2022 (2021: 13%). For the ten years to the end of 2022, annualised returns are 7.6%. However, despite the negative investment return in 2022, the funding position across all schemes improved due to a reduction in the estimated value of liabilities, for example as a result of higher expected yields following reductions in asset prices.

The 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 2022.

	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	2,424	599	138	3,161

The table below provides summary information for the most recent concluded actuarial valuation of each pension scheme at the date indicated. The CWPF and CAPF valuations will be concluded in 2023.

	Church of England Funded Pension Scheme £m	hurch Workers Pension Fund £m	Church Administrators Pension Fund £m
Date of Valuation	*31 Dec 2021*	*31 Dec 2019*	*31 Dec 2019*
Total Technical Provisions	(2,160)	(611)	(151)
Total net assets available for benefits	2,720	601	142
Total pension scheme surplus (deficit) deficit	560	(10)	(9)

In line with its agreed long-term asset allocation, the Board continued its programme of diversifying the assets and sources of return for the pension schemes during the year, particularly through commitments to private market and alternative investments. This additional diversification partly mitigated the volatility in equity and gilt markets throughout the year. The Board is a long-term investor well able to ride out market volatility. Our long-term plan envisages both restructuring and reducing public equity investments as a share of the total, with further investments in private markets and other assets. We can do this because, overall, our schemes are continuing to grow and are some years from maturity. This will further diversify our growth portfolio and directly supports our ethical investment agenda, by allowing us to invest in areas such as renewable energy, energy efficiency, environmental wellbeing, and technology.

Customer engagement and communications

During 2022 the Board hosted its first member online webinar in which the Trustees and Executive summarised activities in 2021, took questions, and hosted a series of breakout sessions on topics of interest to members. This was a success and will be repeated in 2023. In addition, a further webinar was offered on Responsible Investment themes.

The Board also established a Resident Panel in 2022. The Panel met four times and is drawn from volunteers from among our residents. The Panel has been helpful in explaining the Board's services, exploring and soliciting feedback on ideas, and hearing resident feedback on different aspects of our services.

Following the interruption of the pandemic, the Board's staff resumed the practice of attending pre-retirement seminars in various dioceses, and worked with a number of Theological Colleges to provide information pre-ordination. The Board is also piloting engagement with clergy mid-ministry to help members plan well for the future.

The Board's Approach to Ethical Investment & Stewardship

The Board is a leading voice in ethical and responsible investment. It is globally recognised and respected for its work. The Board actively engages with companies in which its funds are invested and is committed to stewarding its funds in a way that reflects the Church's teaching and values. The Board is the only pension provider offering schemes that fully comply with the Church of England's ethical investment policies. We work with other investors to drive change on the issues that matter most to our members and the world they will retire into.

As a long-term investor, we have to consider systemic risks. Climate change is the prime example, with extreme weather events and rising temperatures already having a noticeable impact on economies and communities around the world.

We continue to chair the Transition Pathway Initiative, the leading investor tool for assessing the robustness of a company's climate transition plans. In 2022, we celebrated the opening of the new TPI Global Climate Transition Centre at the London School of Economics, which will significantly increase the TPI's research capacity. The TPI is also being extended to cover Government bonds through the Assessing Sovereign Climate-related Opportunities and Risks (ASCOR) Project – a new initiative we are leading with the BT Pension Fund.

Systemic risks cannot be tackled by any single investor acting alone; partnership working is essential and is built into our strategy. In 2022, we started work with 11 other UK pension funds (with a combined 18m members, and £400bn of assets under management), on a set of principles for how investors can support a just climate transition for emerging economies.

We continue to work with the other National Investing Bodies of the Church to set targets for radical change within the oil and gas sector, in line with our commitments to Synod. At the end of 2022 fossil fuels represented less than 0.2% of our investments, but that small holding gives us a position and voice to advocate for industrywide reform. We look forward to reporting back to General Synod in 2023 on the progress of our climate engagement within the sector. Increasingly, we are switching our engagement focus from companies that supply oil and gas, to those that drive demand, such as the automotive sector. Working with Swedish and Danish Public Pension funds, we started legal proceedings in October against Volkswagen to demand transparency around its corporate climate lobbying initiatives.

Our engagement with the mining sector is another example of how we are tackling systemic issues and risks head on. The tragedy at Brazil's Brumadhino dam in 2019 led to us issuing a call for investor action on dam safety. Since then, the work has broadened to cover sector-wide reform on a number of fronts. For instance, the transition to a net zero global economy requires low-carbon solutions (e.g. electric car batteries) that are mineral intensive. The demand has to be met responsibly, in a sector faced with issues around impacts on biodiversity, respect for indigenous rights and fair labour practices. In March, we convened an investor roundtable to discuss a bold reform agenda for the sector by 2030. We look forward to sharing more on this in early 2023.

We are an active asset owner, using our voice to change company practice for the better, both in terms of improving company performance and managing the impact on society. Last year, we voted in 98% of shareholder ballots in the companies in which we invest, voting in total at more than 1,500 shareholder meetings. While slightly less than the 2021 total, due to a reduction in our equity holdings, we voted on more than 20,000 separate resolutions, voting against management recommendations 17.04% of the time where these did not align with our values. In 2022, we took steps to more visibly highlight issues around executive pay, convening a summit of investors, regulators and FTSE 100 remuneration committee chairs to consider how shareholder concerns around excessive pay can be addressed ahead of votes in 2023.

In 2022 the Board's status as a signatory to the UK Stewardship Code was reconfirmed by the Financial Reporting Council. In 2023 we will be formally submitting our first Task Force on Climate Related Financial Disclosures (TCFD) report, and in preparation for this in 2022 we conducted climate scenario analysis on the pension funds across assets, liabilities and covenant.

Financial Review

The Board's overall result for 2022 was a net reduction in funds of £8.3m (2021: increase of £4.0m). Net expenditure before gains on investments was £3.2m (2021: net expenditure of £1.2m).

Total income for 2022 was £31.7m (2021: £29.1m), with income from charitable activities being £22.1m (2021: 20.4m), which includes income from rents and service charges for CHARM properties and the supported housing schemes along with interest received in relation to mortgage properties, which together amount to £13.6m (2021: £13.6m). The remaining income from charitable activities of £8.5m (2021: £6.8m) 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 £6.4m (2021: £6.1m). This includes support from the wider Church of England, through Vote 5 of the Archbishops' Council's budget, under which a grant of £5.6m (2021: £5.4m) was made towards the provision of retirement housing. Total income from donations and legacies in 2022 was £0.8m (2021: £0.7m) for which the Board is extremely grateful.

The Board also received investment income of £1.6m (2021: £1.7m), and profit from the sale of CHARM properties of £1.5m (10 rental and 7 shared ownership) (2021: £0.8m, 9 rental and 4 shared ownership). The Board continues to develop the portfolio through 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 2022 totalled £34.9m (2021: £30.2m), with expenditure on charitable activities totalling £34.8m (2021: £30.2m). The largest component of expenditure was on rental properties of £16.3m (2021: £14.1m), with the year on year increase reflecting the post pandemic context and a return to more 'typical' levels of property improvement works and maintenance than was permitting during Covid restrictions, along with inflationary pressures on key expenditure items and increased cost of borrowing. Expenditure on supported housing was £6.2m (2021: £5.5m).

Charitable expenditure also includes the cost of administering the pension schemes which was £8.5m (2021: £6.8m) – this is a figure which varies year to year in large part due to the level of work on statutory valuations within the year.

Net losses of £5.1m on investment funds (2021: gains of £5.2m), explained further below, contributed to an overall decrease in total funds of £8.3m to £123.6m (2021: £131.9m).

The value of fixed assets reduced in the year to £300.3m (2021: £306.0m). The overall value of the CHARM portfolio increased by £0.3m to £234.5m, reflecting acquisitions and disposals in the year, whilst the value of CEPB funded properties increased to £185.9m (2021: £182.0m).

The Board's pension deficit liability in relation to its participation in the CAPF scheme was £0.3m at the end of 2022 (2021: £0.5m).

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.

During 2015 the Board 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 acquire the further economic interest in 196 CHARM rental properties which had been financed by the Church Commissioners and had previously been subject to significant restrictions. The remaining proceeds were used to repay other existing, shorter-term, borrowings.

In 2018, the Board issued a £50m fixed rate bond in April 2018, of which £30m was drawn down immediately and was predominantly used to repay existing borrowings. This reflects the continuation of the Board's long-term financing strategy.

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

Charity Investments

The charity holds investments of £41.7m (2021: £46.9m), which generated income of £1.6m in the year (2021: £1.7m).

During 2022 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 Mayfair Capital). 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 (2021: £0.7m) in investment properties, covering a portfolio of 6 (2021: 6) properties.

The amounts invested at the end of 2022 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 monitored its charitable investments carefully during 2022 in the light of the pandemic and will continue to review the charity investment strategy in 2023.

	Value at end 2022 £m	Allocation %	2022 Return for the Board %
Brewin Dolphin	12.6	30	-10.5
Investment Properties	0.8	2	1.5
Savills Charities Property Fund	20.3	49	-4.2
Mayfair Capital Property Income Trust for Charities	8.0	19	-13.1
Total	41.7	100	-7.9

The charity also holds £0.8m (2021: £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
	2022	2020-2022	2018-2022	End 2022	End 2022
	%	% pa	% pa	%	£m
Savills Charities Property Fund	-4.2	3.7	4.0	4.3	1,200
Mayfair Capital Property Income Trust for Charities	-13.1	1.7	3.2	5.3	672

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 at least annually. The Board is supported by the Audit and Risk Committee, which regularly review 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 further recognises that risks rarely materialise in isolation and is alert to the potential for multiple risks to materialise at the same time, and 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

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**
Significant exogenous socio-economic issues have a major impact on pension deficits or covenants on external financing. (Examples might include inflation, falling house prices, a major change to mortality.)	• Regular monitoring and reporting of the external environment plus scenario analysis. • A diversified investment portfolio. • Funding and derisking strategies appropriate to each pension scheme supported by annual actuarial reviews and covenant monitoring • Engagement with scheme funders / employers • Debt covenant monitoring arrangements • Customer engagement
Failure to meet customer needs and expectations in the context of the expected significant increase in retirements	• Encouraging early customer engagement • Scenario modelling and demand surveys • Discussing forecasts and funding implications with the wider Church
Failure to comply with Landlord regulatory responsibilities resulting in injury or death to individuals	• Landlord responsibilities identified • Specific arrangements in place for Supported Housing, including third-party support • Compliance actions for CHARM properties delivered by a range of third-party providers, managed and monitored by in-house Compliance Manager using the new QL housing management system • Specific COVID-19 management arrangements. • Improved compliance monitoring resulting from the implementation of the Housing Management System
Covenant(s) materially weakened by a significant event within the church leading to financial strain	• Covenant monitoring and integrated risk management and liaison with employers • Close liaison with Archbishops' Council on wider church financial issues • Horizon scanning and ad-hoc simulation or scenario planning

Risk	Key Management Actions include
Legal or regulatory change resulting in a pension scheme or housing operations becoming unviable, unacceptable to employers, or unaffordable.	• Horizon scanning • Engagement with regulatory bodies, policy makers and industry associations • Responsible investment programme • Governance reforms implemented
Failure to understand and respond to the paradigm shifts caused by climate change	• Climate change integrated into investment decision making, with independent climate scenario analysis completed in 2022. • Property purchases consider climate and flood risk • CofE Net Zero programme
Failure to manage change well	• Attention to good planning and good communication. • Consultative approaches including the new resident panel
A significant IT Security breach leads to a prolonged period of service disruption or reputational damage.	• Cyber resilience and Technology strategy, including Cyber Essentials Plus certification. • Dedicated IT Security programme • IT Security Awareness Training
Failure to deliver strategic objectives in the event of a major business continuity event	• Regular review and testing of business continuity plans across NCIs • Defined Health and Safety procedures
Inability to attract/recruit and/or retain high quality staff with the requisite skills.	• Continued focus on trustee diversity • Attention to total reward and remuneration arrangements • Internal communication and action planning following staff surveys including work on mental health, supporting hybrid working, and belonging and inclusion

Although in 2022, the worst of the severity of the global pandemic had reduced, the Board continued to pay close attention to the on-going consequences of the pandemic both in terms of direct effects (such as infection control) and wider impacts (such as the implications for the covenants supporting pension schemes, for example as a result of declining Church income). The Board continues to liaise with other NCIs and other Church bodies on these matters.

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 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.

The Board has considered the 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.

In 2022 the economic environment changed with increasing interest rates and higher levels of inflation. 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.

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 £110.2m (2021: £119.5m), 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 £1.2m (2021: £4.9m) 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 £13.4m (2021: £12.8m).

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 £35m - £40m, 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 also gives considerable cover in the case of a one-off significant financial stress event.

The Trustees have again considered the reserves policy as we emerge from the COVID-19 pandemic and the impact on the Board's activities as well as the wider economy, and believe it continues to be appropriate. Therefore, no changes have been made.

Plans for the future

The Pensions Board has been providing retirement services to the Church of England for 97 years. These services have changed markedly over the years and will continue to develop as customer and stakeholder needs evolve. The Board will continue to regularly review these services using the information obtained from an understanding of its customer and stakeholder needs and expectations, to improve delivery, whilst demonstrating value for money to those who provide the Board with the resources to operate. It will also continue to provide a working environment which motivates and develops its people to give of their best and take pride in working for the Church of England Pensions Board.

Our core work will continue to be serving a growing population of 42,000 pension scheme members and beneficiaries and 2,700 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.

On top of our core service delivery, specific activities in our Delivery Plan for 2023 include the following:

1. Conduct the triennial valuations of the CWPF and CAPF working well with employers.
2. Continuing the roll out and functionality development of PensionsOnline, including an

employer hub to allow an easier interface for employers and working towards the Pension Dashboard requirements.
3. Developing and expanding the signposting and guidance provided to those exploring retirement housing options so that they have information about a wider range of potential solutions alongside direct housing in the Board's properties.
4. Continue to develop and realise the benefits from the Board's investment in a housing management system.
5. Complete the first formal report under the Taskforce for Climate-Related Financial Disclosures (TCFD).
6. Set out a '2030' investor agenda for the mining sector, working with other funds and companies.
7. Together with the other National Investing Bodies, report back on the commitments made to General Synod in July 2018 at the conclusion of the five year responsible investment programme on climate change.
8. Improvements to key customer service processes and feedback mechanisms such as the resident forum.
9. Pan-NCI belonging and inclusion programme including diversity and inclusion training, mentoring and professional development opportunities.
10. Follow up on the reflections and recommendations from the externally facilitated Board Effectiveness review.

Structure, governance and management

Governance

Members of the Board represent a balance of skills and expertise and are drawn from a wide range of constituencies.

From 1 July 2021, the provisions of the Legislative Reform Order came into effect. This reduced the size of the Board from 20 members to 12. 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 member 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 members 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 people are in attendance, including at least one persons 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.

Members of the Board 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 2022 trustee training topics included risk appetite, an update on trustee responsibilities, particularly in light of the Pensions Act 2021, the future shape of pension schemes, the path to net zero in its investments, and the Board's responsibilities and duties in relation to safeguarding.

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 27.

In 2022, a year on from the Legislative Reform Order, the Board undertook an externally facilitated Board Effectiveness Review. The external reviewer interviewed trustees and the executive, observed a Board and a Committee meeting, and reviewed documentation. The report was considered at the Board's December meeting. This was a thoroughly positive report, identifying numerous examples of best practice. It also presented some recommendations for consideration, and these will be taken forward in 2023.

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. In 2017 the new Charity Code of Governance was launched, with a recommendation that charities review their level of application and to explain any aspects of the code they were not applying. In our review, we 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

Our review found we apply the code with a few exceptions, mainly arising from the Governing documentation, which as a statutory corporation, is itself primary legislation. The main area where we differed from the recommendations related to the limitation of trustee terms. On 1 July 2021, the Legislative Reform Order came into effect. This reduced trustees' terms from six years to five and provides that no trustee may serve more than ten years. This 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 2022 -

- 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 2022 to 13 July 2023)

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 FIA Canon 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 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 2022 – 13 July 2023)

Audit and Risk Committee	**Pensions Committee**
Maggie Rodger (Chair) Tony King Ian Wilson Helen Ashley Taylor* Canon Susan Pope* Caron Bradshaw OBE*	Richard Hubbard (Chair) The Revd Hugh Lee Maggie Rodger Michaela Southworth Ian Wilson

Housing Committee	Investment Committee
The Revd Caroline Titley (Chair) Tony King The Revd Canon Eleanor Robertshaw Jonathan Gregory* Tom Paul* Lawrence Santcross* The Rt Revd Alan Wilson*	Matthew Beesley* (to June 2022) Roger Boulton (Chair) Hannah Gore-Randall* (from March 2023) Canon Emma Osborne Nikesh Patel Jonathan Rodgers* (to May 2023) Chris Rule* (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 2022. Where a member served for part of the year, the number of meetings that they could have attended is shown in brackets.

Trustee	Board (7)	Audit and Risk (4)	Housing (3)	Investment (5)	Pensions (4)
Clive Mather	7		2	5	4
Roger Boulton	7			5	
Richard Hubbard	6				4
Tony King	7	4	2		
The Revd Hugh Lee	5				3
Canon Emma Osborne	6			5	
Nikesh Patel	3			5	
The Revd Canon Eleanor Robertshaw	7		2		
Maggie Rodger	6	4			4
Michaela Southworth	4				4
The Revd Caroline Titley	7		3		
Ian Wilson	5	1			4

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 (part of the Gresham House Group)
Investment Advisers	Mercer Ltd
Charity Investment Managers	Brewin Dolphin Savills Investment Management Ltd Mayfair Capital Investment Management Ltd CCLA Investment Management Ltd

Enquiries

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 supported housing 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. 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 the rest of the staff enjoy.

The annual salary for the highest paid member of staff was £193,000 (2021: £175,000), 11.5 (2021: 14.4) times the salary earned by the lowest paid member of staff and 5.1 (2021: 5.7) times the median salary.

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 supported housing schemes 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 13 July 2023 and signed on its behalf by

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 2022, which comprise:

- the consolidated Statement of Financial Activities for the year ended 31 December 2022;
- the consolidated and Parent Charity only Balance Sheets at 31 December 2022;
- 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 2022 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- the Parent Charity financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Board's ability to continue as a going concern. The assessment covers the period to 31 December 2024.

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

In addition to this we have:

- reviewed the period used by Trustees to assess the ability of the Group to continue as a going concern;

- examined budgets and forecasts prepared by management covering the period of the going concern assessment including the impact of Covid-19;
- reviewed the accuracy of past budgets and forecasts by comparing the budget for the current year against actual results for the year; and
- Reviewed any other information or documentation which the Trustees 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 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 £3m, based on 1% of the Group's total assets.

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 £150k. 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

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.

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.

Key audit matter	***How the scope of our audit addressed the key audit matter***
Going concern	Our observations on going concern are included in the "Conclusions related to going concern" section of this report.
Fixed asset impairment assessment The Group holds significant levels of property assets with a total of £234.2m held at 31 December 2022. 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 reviewed management's overall impairment assessment 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. 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 2022.

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 29, 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.

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.

Crowe U.K. LLP

Crowe U.K. LLP

Statutory Auditor

London

Date: 24th July 2023

Consolidated statement of financial activities of the Church of England Pensions Board for the year ended 31 December 2022

	Note	2022 Unrestricted funds	2022 Restricted funds	2022 Total	2021 Unrestricted funds	2021 Restricted funds	2021 Total
		£'000	£'000	£'000	£'000	£'000	£'000
Income from:							
Grants, donations and legacies	2	-	6,396	**6,396**	-	6,130	**6,130**
Investment income	3	-	1,609	**1,609**	-	1,656	**1,656**
Charitable activities	4	8,519	13,618	**22,137**	6,832	13,604	**20,436**
Other income: gain on sale of fixed assets		-	1,522	**1,522**	-	844	**844**
Total income		8,519	23,145	**31,664**	6,832	22,234	**29,066**
Expenditure on:							
Charitable activities	4	(8,519)	(26,259)	**(34,778)**	(6,832)	(23,344)	**(30,176)**
Raising funds	5	-	(81)	**(81)**	-	(68)	**(68)**
Total expenditure		(8,519)	(26,340)	**(34,859)**	(6,832)	(23,412)	**(30,244)**
Total income less expenditure before gain on investments		-	(3,195)	**(3,195)**	-	(1,178)	**(1,178)**
Net (loss) / gain on investments	9	-	(5,118)	**(5,118)**	-	5,176	**5,176**
Net (expenditure) / income		-	(8,313)	**(8,313)**	-	3,998	**3,998**
Other recognised gains and (losses)							
Other gain : adjustment to pension provision	8	-	18	**18**	-	26	**26**
Total other gains		-	18	**18**	-	26	**26**
Net movement in funds		-	(8,295)	**(8,295)**	-	4,024	**4,024**
RECONCILIATION OF FUNDS							
Total funds brought forward at 1 January		**-**	131,858	**131,858**	-	**127,834**	**127,834**
Net movement in funds in year		-	(8,295)	**(8,295)**	-	4,024	**4,024**
Total funds carried forward at 31 December	15	-	123,563	**123,563**	**-**	**131,858**	**131,858**

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 41 to 58 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 2022

	Note	2022			2021		
		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	-	41,679	**41,679**	-	46,858	46,858
Tangible assets - supported housing and IT	10	-	24,158	**24,158**	-	24,997	24,997
Tangible assets - CHARM	11	48,638	185,867	**234,505**	52,151	182,025	234,176
Total fixed assets		48,638	251,704	**300,342**	52,151	253,880	306,031
CURRENT ASSETS							
Debtors	12	-	2,337	**2,337**	-	1,399	1,399
Short term deposits		-	838	**838**	-	828	828
Cash at bank and in hand		-	2,090	**2,090**	-	3,546	3,546
Total current assets		-	5,265	**5,265**	-	5,773	5,773
CURRENT LIABILITIES							
Creditors: amounts falling due within one year	13	-	(6,126)	**(6,126)**	-	(5,907)	(5,907)
Loans repayable on sale of fixed assets	13	(48,638)	(675)	**(49,313)**	(52,151)	(700)	(52,851)
Total current liabilities		(48,638)	(6,801)	**(55,439)**	(52,151)	(6,607)	(58,758)
Net current (liabilities)/assets		(48,638)	(1,536)	**(50,174)**	(52,151)	(834)	(52,985)
Total assets less current liabilities		-	250,168	**250,168**	-	253,046	253,046
NON-CURRENT LIABILITIES	13	-	(126,285)	**(126,285)**	-	(120,723)	(120,723)
Net assets excluding pension provision			123,883	**123,883**	-	(132,323)	(132,323)
Pension deficit provision	8	-	(320)	**(320)**	-	(465)	(465)
NET ASSETS		-	123,563	**123,563**	-	131,858	131,858
FUNDS OF THE CHARITY							
Total unrestricted funds	15	-	-	**-**	-	-	-
							-
Restricted funds (excl. pension reserve)	15	-	123,883	**123,883**	-	132,323	132,323
Pension reserve	15	-	(320)	**(320)**	-	(465)	(465)
Total restricted funds	15	-	123,563	**123,563**	-	131,858	131,858
TOTAL CHARITY FUNDS CARRIED FORWARD AT 31 DECEMBER		-	123,563	**123,563**	-	131,858	131,858

*Funded by the Church Commissioners
**Funded by the Church of England Pensions Board
(See Note 11 for more details)
The notes on pages 41 to 58 form part of these financial statements.

These financial statements were approved by the trustees on 13th July 2023 and signed on their behalf by:

Clive Mather
Chair

Charity only balance sheet of the Church of England Pensions Board as at 31 December 2022

	Note	2022 £'000 Funded by CC*	2022 £'000 Funded by CEPB**	2022 £'000 Total	2021 £'000 Funded by CC*	2021 £'000 Funded by CEPB**	2021 £'000 Total
FIXED ASSETS							
Investment assets	9	-	41,692	**41,692**	-	46,871	**46,871**
Tangible assets - supported housing and IT	10	-	24,158	**24,158**	-	24,997	**24,997**
Tangible assets - CHARM	11	43,655	185,461	**229,116**	47,112	181,620	**228,732**
Total fixed assets		43,655	251,311	**294,966**	47,112	253,488	**300,600**
CURRENT ASSETS							
Debtors	12	4,983	3,142	**8,125**	5,039	1,792	**6,831**
Short term deposits		-	838	**838**	-	828	**828**
Cash at bank and in hand		-	1,529	**1,529**	-	3,533	**3,533**
Total current assets		4,983	5,509	**10,492**	5,039	6,153	**11,192**
CURRENT LIABILITIES							
Creditors: amounts falling due within one year	13	-	(5,977)	**(5,977)**	-	(5,895)	**(5,895)**
Loans repayable on sale of fixed assets	13	(48,638)	(675)	**(49,313)**	(52,151)	(700)	**(52,851)**
Total current liabilities		**(48,638)**	**(6,652)**	**(55,290)**	**(52,151)**	**(6,595)**	**(58,746)**
Net current (liabilities)/assets		(43,655)	**(1,143)**	**(44,798)**	**(47,112)**	**(442)**	**(47,554)**
Total assets less current liabilities		-	250,168	**250,168**	-	253,046	**253,046**
NON-CURRENT LIABILITIES	13		(126,285)	**(126,285)**	-	(120,723)	**(120,723)**
Net assets excluding pension provision		-	123,883	**123,883**	-	132,323	**132,323**
Pension deficit provision	8		(320)	**(320)**	-	(465)	**(465)**
NET ASSETS		-	**123,563**	**123,563**	-	**131,858**	**131,858**
FUNDS OF THE CHARITY							
Total unrestricted funds	15	-	-	-	-	-	-
Restricted funds (excl. pension reserve)	15	-	123,883	**123,883**	-	132,323	**132,323**
Pension reserve	15	-	(320)	**(320)**	-	(465)	**(465)**
Total restricted funds	15	-	123,563	**123,563**	-	131,858	**131,858**
TOTAL CHARITY FUNDS CARRIED FORWARD AT 31 DECEMBER		-	123,563	**123,563**	-	**131,858**	**131,858**

*Funded by the Church Commissioners
**Funded by the Church of England Pensions Board

The notes on pages 41 to 58 form part of these financial statements.

Consolidated cash flow statement of the Church of England Pensions Board for the year ended 31 December 2022

Cash flow from operating activities:	Note	2022 £'000	2021 £'000
Net movement in funds (as per the statement of financial activities)		(8,295)	4,024
Adjustments for:			
Depreciation and impairment – supported housing and IT systems	10	1,108	774
Amortisation – Santander arrangement fee	13	33	33
Amortisation – CHARM Finance PLC bond set-up costs	13	29	29
Losses / (gains) on investments	9	5,118	(5,176)
Investment – arrangement fees	9	61	58
Dividends, interest and rents from investments	3	(1,597)	(1,656)
Gains on disposal of tangible assets – CHARM		(1,522)	(844)
Movement in pension liability	8	(145)	(159)
Movement in debtors	12	(938)	416
Movement in creditors: amounts due within less than one year	13	221	(478)
Net cash (used in) / generated by operating activities		(5,927)	(2,979)
Cash flow from investing activities:			
Cash flows from investing activities:			
Dividends, interest and rents from investments	3	1,597	1,656
Proceeds from the sale of tangible assets – CHARM properties	11	6,878	7,569
Purchase of tangible assets – CHARM properties	11	(5,686)	(5,423)
Purchase of tangible assets – supported housing and IT systems	10	(269)	(1,193)
Net cash generated from / (used in) investing activities		2,520	2,609
Cash flows from financing activities:			
Repayment of loans from Church Commissioners	13	(3,513)	(4,315)
Repayment of dioceses' share of rental properties	13	(25)	(59)
Additional funding from Santander	13	5,500	3,500
Net cash generated by / (used in) financing activities		1,962	(874)
Change in cash and cash equivalents in the year		(1,445)	(1,244)
Cash and cash equivalents at the beginning of the year		4,374	5,618
Cash and cash equivalents at the end of the year		2,929	4,374

Cash and cash equivalents and net debt comprise the following balances:

	At 1 January £'000	Cash Flows £'000	At 31 December £'000
Cash at bank and in hand	3,546	(1,455)	2,091
Short term deposits	828	10	838
Total cash and cash equivalents	4,374	(1,445)	2,929
Bond financing	(100,000)	-	(100,000)
Loan from Santander	(21,500)	(5,500)	(27,000)
Total net debt	(117,126)	(6,945)	(124,071)

The notes on pages 41 to 58 form part of these financial statements.

Notes to the financial statements of the Church of England Pensions Board for the year ended 31 December 2022

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.

The Board has considered the continuing impact of the COVID-19 pandemic on its operations, particularly with reference to the contingency plans it has put in place to respond to the emergency and the impact of delayed activity (including property acquisition and non-essential maintenance) on its future obligations and commitments.

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 2022

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 2022

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 2022

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

		2022	2021
	Note	£'000	£'000
Grants from:			
The Archbishops' Council	4	5,567	5,431
Other grants		28	34
Total grants		5,595	5,465
Donations		62	68
Legacies		739	597
Total income from grants, donations and legacies		**6,396**	**6,130**

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

	2022	2021
	£'000	£'000
Dividends	1,597	1,645
Rental income from investment properties	11	11
Interest on cash	1	-
Total income from investments	**1,609**	**1,656**

All income from investments of £1,609,000 (2021: £1,656,000) was attributable to restricted funds.

4. Charitable activities

	Notes	Rental properties	Shared ownership	Mortgage properties	Supported housing	Other charitable activities	Total restricted funds	Unrestricted Pension Schemes	2022 Total	2021 Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from charitable activities:										
Rent received		7,289	518	-	1,444	-	**9,251**	-	**9,251**	**9,073**
Service charge received		-	95	-	2,314	-	**2,409**	-	**2,409**	**2,445**
Income from mortgage properties		-	-	1,958	-	-	**1,958**	-	**1,958**	**2,086**
Support costs recharge		-	-	-	-	-	**-**	8,519	**8,519**	**6,832**
Total income from charitable activities		7,289	613	1,958	3,758	-	**13,618**	8,519	**22,137**	**20,436**
Expenditure on charitable activities:										
Financing costs (interest and commitment fee)		5,892	439	1,913	-	-	**8,244**	-	**8,244**	**8,035**
Grant making		-	-	-	-	92	**92**	-	**92**	**107**
Property costs (repairs, insurance and other costs)		8,428	25	116	35	-	**8,604**	-	**8,604**	**6,811**
Support costs	6	2,002	667	445	1,335	-	**4,449**	8,519	**12,968**	**10,893**
Amortisation of arrangement fees		62	-	-	-	-	**62**	-	**62**	**62**
Service charge costs		-	63	-	2,743	-	**2,806**	-	**2,806**	**2,433**
Nursing care costs (former residents)		-	-	-	130	-	**130**	-	**130**	**209**
Supported Housing and other direct costs		-	-	-	893	-	**893**	-	**893**	**986**
Depreciation and impairment charges	10	-	-	-	1,108	-	**1,108**	-	**1,108**	**774**
Total expenditure on charitable activities		**16,384**	**1,194**	**2,474**	**6,244**	**92**	**26,388**	8,519	**34,907**	**30,310**
Unwinding of pension deficit on charitable activities		**(58)**	**(19)**	**(13)**	**(39)**	**-**	**(129)**	**-**	**(129)**	**(134)**
Total expenditure including pension deficit movement in year		**16,326**	**1,175**	**2,461**	**6,205**	**92**	**26,259**	**8,519**	**34,778**	**30,176**

4. Charitable activities (continued)

For comparative purposes, details of 2021 charitable income and expenditure are set out below:

	Notes	Rental properties £'000	Shared ownership £'000	Mortgage properties £'000	Supported housing £'000	Other charitable activities £'000	Total restricted funds £'000	Unrestricted funds Pension Schemes £'000	2021 Total £'000
Income from charitable activities:									
Rent received		7,141	541	-	1,391	-	**9,073**	-	**9,073**
Service charge received		-	103	-	2,342	-	**2,445**	-	**2,445**
Income from mortgage properties		-	-	2,086	-	-	**2,086**	-	**2,086**
Support costs recharge		-	-	-	-	-	**-**	6,832	**6,832**
Total income from charitable activities		**7,141**	**644**	**2086**	**3,733**	-	**13,604**	**6,832**	**20,436**
Expenditure on charitable activities:									
Financing costs (interest and commitment fee)		5,600	429	2,006	-	-	**8,035**	-	**8,035**
Grant making		-	-	-	-	107	**107**	-	**107**
Property costs (repairs, insurance and other costs)		6,633	17	161	-	-	**6,811**	-	**6,811**
Support costs	6	1,828	609	406	1,218	-	**4,061**	**6,832**	**10,893**
Amortisation of arrangement fees		62	-	-	-	-	**62**	-	**62**
Service charge costs		-	55	-	2,378	-	**2,433**	-	**2,433**
Nursing care costs		-	-	-	209	-	**209**	-	**209**
Supported Housing and other direct costs		-	-	-	986	-	**986**	-	**986**
Depreciation and impairment charges	10	-	-	-	774	-	**774**	-	**774**
Total expenditure on charitable activities		**14,123**	**1,110**	**2,573**	**5,565**	**107**	**23,478**	**6,832**	**30,310**
Unwinding of pension deficit on charitable activities		**(61)**	**(20)**	**(13)**	**(40)**	-	**(134)**	-	**(134)**
Total expenditure including pension deficit movement in year		**14,062**	**1,090**	**2,560**	**5,525**	**107**	**23,344**	**6,832**	**30,176**

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 2022 grants of £5,567,000 were received from the Archbishops' Council towards the CHARM scheme (2021: £5,431,000). In addition, the Board's broader charitable activities were funded through voluntary income of £828,000 (2021: £699,000), Investment income of £1,609,000 (2021: £1,656,000) and gains on disposal of property of £1,522,000 (2021: £844,000).

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.

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 2022 there were 15 (2021: 19) 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 2022, the number of such loans in place was 3 (2021: 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

	2022	2021
	£'000	£'000
Investment management costs (direct costs)	81	68
Total cost of raising funds	**81**	**68**

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	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**

6. Support costs (continued)

For comparative purposes, details of 2021 support costs are set out below:

	Restricted funds					Unrestricted funds	Total
	Rental properties	Shared ownership	Mortgage properties	Supported housing	Total	Pension schemes	2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing department	1,073	358	239	716	2,386	-	2,386
Executive and Secretariat	127	42	28	84	281	313	594
Governance costs	51	17	11	33	112	172	284
Pensions department	-	-	-	-	-	2,982	2,982
Investments department	-	-	-	-	-	1,939	1,939
Shared services	577	192	128	385	1,282	1,426	2,708
Total support costs	**1,828**	**609**	**406**	**1,218**	**4,061**	**6,832**	**10,893**

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 2022, 8 (2021: 11) trustees claimed a total of £3,100 (2021: £953). 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.

	2022	2021
	£'000	£'000
External audit (including VAT)	76	70
Internal audit	91	41
Board and committee meetings	13	1
Total governance costs	**180**	**112**

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

	2022	2021
	£'000	£'000
Audit of CEPB and its subsidiary undertakings	63	58
Total audit fees relating to current year for CEPB and its subsidiaries	**63**	**58**
Audit of Pension Schemes	100	104
Total audit fees relating to current year for Pension Schemes	**100**	**104**

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 2022

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 £1,820,000 (2021: £1,644,000). 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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Average number employed	**36**	37	**42**	45	**4**	4	**87**	90	**179**	176	**157**	177
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	- **£'000**	**£'000**	**£'000**	**£'000**
Salaries	**1,707**	1,521	**2,473**	2,234	**376**	341	**1,467**	1,326	**6,023**	5,422	**7,565**	8,504
National Insurance costs	**200**	166	**305**	258	**49**	42	**112**	95	**666**	561	**947**	949
Pension contributions	**260**	233	**321**	302	**52**	53	**186**	181	**819**	769	**1,542**	1,853
Total cost of staff	**2,167**	**1,920**	**3,099**	**2,794**	**477**	**436**	**1,765**	**1,602**	**7,508**	**6,752**	**10,054**	**11,306**
Total chargeable to Charitable Funds	**2,167**	**1,920**	**-**	**-**	**214**	**206**	**1,765**	**1,602**	**4,301**	**3,728**		

Included in staff costs is £nil (2021: £nil) paid by way of redundancy costs to nil (2021: 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	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
£60,001 to £70,000	1	2	1	4	-	1	-	-	13	17
£70,001 to £80,000	3	1	2	2	1	-	-	-	6	4
£80,001 to £90,000	-	1	2	1	-	1	-	-	3	3
£90,001 to 100,000	1	-	2	2	-	-	-	-	2	2
£100,001 to 110,000	-	-	-	-	1	-	-	-	5	7
£110,001 to 120,000	-	-	1	1	-	-	-	-	1	-
£120,001 to £130,000	-	-	1	-	-	-	-	-	2	1
£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	-	-	-	-	-	-	-
£170,001 to £180,000	-	-	-	1	-	-	-	-	-	-
£190,001 to £200,000	-	-	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, 11 (2021: 13) staff accrued benefits under a defined contributions scheme for which contributions for the year were £128,000 (2021: £127,000). The other 3 (2021: 3) staff accrued benefits under a defined benefit scheme. Of those managed by ChECS, 29 (2021:30) staff accrue benefits under a defined contribution scheme for which contributions for the year were £328,000 (2021: £330,000). The remaining 3 (2021:5) staff members accrue benefits under a defined benefit scheme.

Of the remaining staff managed directly by the Board, 6 (2021: 2) staff accrued benefits in the Church Workers Pension Fund under a defined contribution scheme for which contributions for the year were £107,000 (2021: £42,000), and no staff members (2021: 1 staff member) accrued no benefits in any pension scheme.

7. Staff numbers and costs (continued)

The highest paid member of staff earned £193,000 (2021: £175,000). Further details of the Board's remuneration policy are included in the Management section of the Board's report, on page 31. The Board's executive leadership team comprises 9 individuals (2021: 10), 7 (2021: 7) of whom are employed directly by the Board and 2 (2021: 2) by ChECS. The aggregate remuneration for these 9 individuals, including National Insurance and pension contributions, was £1,307,000 (2021: £1,395,000).

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 (2021: £500,000) towards the administration costs of the CAPF. The Board's share of these costs was £70,600 (2021: £64,400).

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 2019. This revealed a deficit of £9.1m. Deficit contributions of £2,400,000 per annum from January 2022 are payable until 31 December 2023. At 31 December 2021, payments were made under the previous Schedule of Contributions, where the deficit recovery contributions of £2,667,723 per annum from 1 January 2018 were subject to an annual increase on 1 January each year of 3.3% per annum.

The Board's share of this agreed deficit recovery plan is provided for. The provision is measured at its net present value. The table below shows the movement on the provision:

	CEPB staff	**Share of ChECS staff**	**2022**	**CEPB staff**	**Share of ChECS staff**	**2021**
Provision at 1 January	256	209	**465**	379	245	**624**
Contributions Paid	(107)	(22)	**(129)**	(104)	(30)	**(134)**
Interest charged on provision	2	-	**2**	1	-	**1**
Adjustment to net present value of provision	(15)	(3)	**(18)**	(20)	(6)	**(26)**
Provision at 31 December	**136**	**184**	**320**	**256**	**209**	**465**

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 2022.

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 2022

9. Investment assets

GROUP	At 1 January 2022	Additions	Disposals	Gains/(losses)	Cash movements	At 31 December 2022
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
UK investment funds	45,956	-	-	(5,174)	-	**40,782**
Cash held by investment managers	164	-	-	-	(61)	**103**
Total UK investment funds	**46,120**	**-**	**-**	**(5,174)**	**(61)**	**40,885**
UK investment properties	738	-	-	56	-	**794**
Consolidated total investment assets	**46,858**	**-**	**-**	**(5,118)**	**(61)**	**41,679**

CHARITY	At 1 January 2022	Additions	Disposals	Gains/(losses)	Cash movements	At 31 December 2022
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
UK investment funds	45,956	-	-	(5,174)	-	**40,782**
Cash held by investment mangers	164	-	-	-	(61)	**103**
Total UK investment funds	**46,120**	**-**	**-**	**(5,174)**	**(61)**	**40,885**
				-	-	**-**
UK investment properties	738	-	-	56	-	**794**
Investment in subsidiary	13	-	-	-	-	**13**
Charity's total investment assets	**46,871**	**-**	**-**	**(5,118)**	**(61)**	**41,692**

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

	2022	2021
	£'000	**£'000**
Savills	20,302	22,032
Mayfair	7,938	9,551
Brewin Dolphin	12,645	14,537
Total	**40,885**	**46,120**

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 (2021: £nil). As at 31 December 2022, £472,000 was owed by ChECS to the Board (2021: £357,000 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 2022

10. Tangible assets – Supported housing and IT systems

Consolidated and charity	At 1 January 2022	Additions	Disposals	Charge in year	Impairment	At 31 December 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Supported Housing land and buildings						
Cost	27,292	-	-	-	-	**27,292**
Depreciation	(5,772)	-	-	(506)	-	**(6,278)**
Net book value	21,520	-	-	(506)	-	**21,014**
Fixtures and fittings		-	-	-	-	
Cost	4,480	81	-	-	-	**4,561**
Depreciation	(3,366)	-	-	(116)	-	**(3,482)**
Net book value	1,114	81	-	(116)	-	**1,079**
IT systems		-	-	-	-	**-**
Cost	2,517	188	-	-	-	**2,705**
Depreciation	(154)	-	-	(486)	-	**(640)**
Net book value	2,363	188	-	(486)	-	**2,065**
		-	-	-	-	**-**
Total supported housing and IT systems	24,997	269	-	(1,108)	-	**24,158**

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 2022	Additions	Disposals	Book value at 31 December 2022	*No. of properties at 1 January 2022*	*Additions*	*Disposals*	*No. of properties at 31 December 2022*
	£'000	£'000	£'000	£'000				
Rental properties								
Funded by CC	22,096	-	(1,315)	20,781	231	-	(15)	216
Funded by PB	175,239	5,655	(1,333)	179,561	946	20	(10)	956
Rental properties total	**197,335**	**5,655**	**(2,648)**	**200,342**	**1,177**	**20**	**(25)**	**1,172**
Shared ownership properties								
Funded by CC	3,354	-	(335)	3,019	35	-	(2)	33
Funded by PB	5,953	31	(479)	5,505	64	1	(7)	58
Shared ownership properties total	**9,307**	**31**	**(814)**	**8,524**	**99**	**1**	**(9)**	**91**
Mortgaged properties								
Funded by CC	26,701	-	(1,863)	24,838	471	-	(36)	435
Funded by PB	833	-	(32)	801	14	-	(2)	12
Mortgaged properties total	**27,534**	**-**	**(1,895)**	**25,639**	**485**	**-**	**(38)**	**447**
Totals								
Properties with significant restrictions (funded by Church Commissioners)	*52,151*	-	*(3,513)*	*48,638*	737	-	(53)	684
Properties without significant restrictions (funded by the Pensions Board)	*182,025*	*5,686*	*(1,844)*	*185,867*	1,024	21	(19)	1,026
Total	**234,176**	**5,686**	**(5,357)**	**234,505**	**1,761**	**21**	**(72)**	**1,710**

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11. Tangible assets – CHARM properties

Charity Only	Book value at 1 January 2022	Additions	Disposals	Book value at 31 December 2022	*No. of properties at 1 January 2022*	*Additions*	*Disposals*	*No. of properties at 31 December 2022*
	£'000	£'000	£'000	£'000				
Rental properties								
Funded by CC	22,096	-	(1,315)	20,781	231	-	(15)	216
Funded by PB	175,239	5,655	(1,333)	179,561	946	20	(10)	956
Rental properties total	**197,335**	**5,655**	**(2,648)**	**200,342**	**1,177**	**20**	**(25)**	**1,172**
Shared ownership properties								
Funded by CC	3,354	-	(335)	3,019	35	-	(2)	33
Funded by PB	5,953	31	(479)	5,505	64	1	(7)	58
Shared ownership properties total	**9,307**	**31**	**(814)**	**8,524**	**99**	**1**	**(9)**	**91**
Mortgaged properties								
Funded by CC	21,662	-	(1,807)	19,855	*418*	-	*(35)*	383
Funded by PB	428	-	(33)	395	*10*	-	*(2)*	8
Mortgaged properties total	**22,090**	**-**	**(1,840)**	**20,250**	***428***	**-**	***(37)***	***391***
Totals								
Properties with significant restrictions (funded by Church Commissioners)	*47,112*	-	(3,457)	43,655	*684*	-	*(52)*	*632*
Properties without significant restrictions (funded by the Pensions Board)	*181,620*	5,686	(1,845)	185,461	*1,020*	*21*	*(19)*	*1,022*
Total	**228,732**	**5,686**	**(5,302)**	**229,116**	***1,704***	***21***	***(71)***	***1,654***

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 2022 one (2021: one) properties were sold by the Board, with £51,591 (2021: £39,369) 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).

12. Debtors

	Consolidated		Charity		
	2022	**2021**	**2022**		**2021**
	£'000	**£'000**	**£'000**		**£'000**
Trade debtors	478	215	478		215
Subsidiary undertakings	-	-	5,389	*	5,444
Prepayments and accrued income	1,299	770	1,150		758
Joint venture (ChECS)	472	384	472		384
Other debtors	88	30	636		30
Total	**2,337**	**1,399**	**8,125**		**6,831**

** 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	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Amounts falling due within one year				
Trade creditors	826	981	824	981
Accruals and deferred income	3,638	3,337	3,490	3,325
Tax creditor	46	22	46	22
Other creditors	1,616	1,567	1,617	1,567
Total amounts falling due within one year:	**6,126**	**5,907**	**5,977**	**5,895**
Concessionary loans repayable on sale of fixed assets				
Loans from Church Commissioners for:				
- rental properties	20,781	22,096	20,781	22,096
- shared ownership properties	3,019	3,354	3,019	3,354
- mortgage properties	24,838	26,701	24,838	26,701
Diocesan and other creditors	675	700	675	700
Total loans repayable on sale of fixed assets	**49,313**	**52,851**	**49,313**	**52,851**
Total current liabilities	**55,439**	**58,758**	**55,290**	**58,746**

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.

13. Creditors (continued)

Non-current liabilities:	Consolidated		Charity	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Bond liabilities – 2015 Bond	70,000	70,000	-	-
Bond liabilities – 2018 Bond	30,000	30,000	-	-
Bond liabilities – capitalised bond set-up costs	(631)	(660)	-	-
Intra-group liability – loan repayable to CHARM Finance PLC	-	-	100,000	100,000
Intra-group liability – capitalised bond set-up costs	-	-	(631)	(660)
Loan from Santander	27,000	21,500	27,000	21,500
Loan from Santander - capitalised set-up costs	(84)	(117)	(84)	(117)
Total	**126,285**	**120,723**	**126,285**	**120,723**

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 £631,000 (2021: £660,000).

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 2022:

	<u>2015 Bond</u>		<u>2018 Bond</u>	
Period	**Interest due**	**Capital repayment**	**Interest due**	**Capital repayment**
	£'000	**£'000**	**£'000**	**£'000**
Due to end December 2022	857	-	140	-
Due within one year (to end December 2023)	1,921	-	1,053	-
Due between one and five years (to end December 2027)	9,654	-	4,073	-
Due after five years	39,108	70,000	19,823	30,000
Total	**51,540**	**70,000**	**25,089**	**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 2022 was secured by fixed charges over 247 properties (2021: 252 properties) owned by the charity, with occupied market value of £62,796,000 (2021: £62,177,000). 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 2022, the amortised cost was £88,000 (2021: £117,000).

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14. Financial Instruments

	Note	Consolidated		Charity	
		2022	**2021**	**2022**	**2021**
		£'000	**£'000**	**£'000**	**£'000**
Financial assets at fair value through statement of financial activities					
Listed non-current investments	9	41,679	46,858	41,692	46,871
Total financial assets		**41,679**	**46,858**	**41,692**	**46,871**

15. Funds

Consolidated and charity	**Balance at 1 January 2022**	**Income**	**Expenditure**	**Investment losses**	**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**

For comparative purposes, the table below shows the movement on funds for the year ending 31 December 2021:

Consolidated and charity	**Balance at 1 January 2021**	**Income**	**Expenditure**	**Investment gains**	**Other gains**	**Transfers**	**Balance at 31 December 2021**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Unrestricted funds	-	6,832	(6,832)	-	-	-	-
Total unrestricted funds	-	6,832	- (6,832)	-	-	-	-
Restricted funds:-							
General Purposes Fund:							
- General Funds	109,489	21,637	(19,711)	4,886	-	(1,700)	114,601
- Earmarked – Property Maintenance	6,567	-	(3,369)	-	-	1,700	4,898
Clergy Retirement Housing Trust & other trusts	12,402	597	(465)	290	-	-	12,824
Total restricted funds (excl. pension reserve)	128,458	22,234	(23,545)	5,176	-	-	132,323
Pension reserve	(624)	-	133	-	26	-	(465)
Total funds	**127,834**	**29,066**	**(30,244)**	**5,176**	**26**	**-**	131,858

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.

£0.1m was transferred from the restricted general fund to the earmarked Property Maintenance fund (2021: £1.7m was transferred to the Property Maintenance fund from the general fund).

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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 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**

For comparative purposes, the table below provides a summary of the assets and liabilities of each fund as at 31 December 2021:

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	673	953	(1,626)	-	-	-	-
Restricted Funds:							
General Purposes Fund	294,463	2,838	(57,079)	(120,723)	**119,499**	(465)	**119,034**
Clergy Retirement Housing Trust & other trusts	10,895	1,982	(53)	-	**12,824**	-	**12,824**
Total	306,031	5,773	(58,758)	(120,723)	**132,323**	(465)	**131,858**

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:

16. Subsidiary results (continued)

	CEPB Mortgages		CHARM Finance PLC	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Revenue	341	338	3,417	3,442
Expenditure	(341)	(338)	(3,417)	(3,442)
Result	**-**	**-**	**-**	**-**
Total Assets	5,390	5,445	100,911	100,285
Total Liabilities	(5,389)	(5,444)	(100,898)	(100,272)
Net Assets	1	1	13	13

17. Related Parties

Subsidiary companies
The Board received £341,000 from CEPB Mortgages (2021: £338,000) in respect of mortgage interest received by the Company. At the balance sheet date, CEPB Mortgages owed the Board £5,389,000 (2021: £5,444,000) in respect of mortgage loans repayable.

The Board paid £3,481,385 to CHARM Finance PLC in 2022 in respect of bond interest paid by the Company (2021: £3,437,555). At the balance sheet date, the Board owed CHARM Finance PLC £99,368,000 (2021: £99,340,000) in respect of loans repayable in relation to the 2015 and 2018 bonds, and CHARM Finance PLC owed the Board £548,601 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.