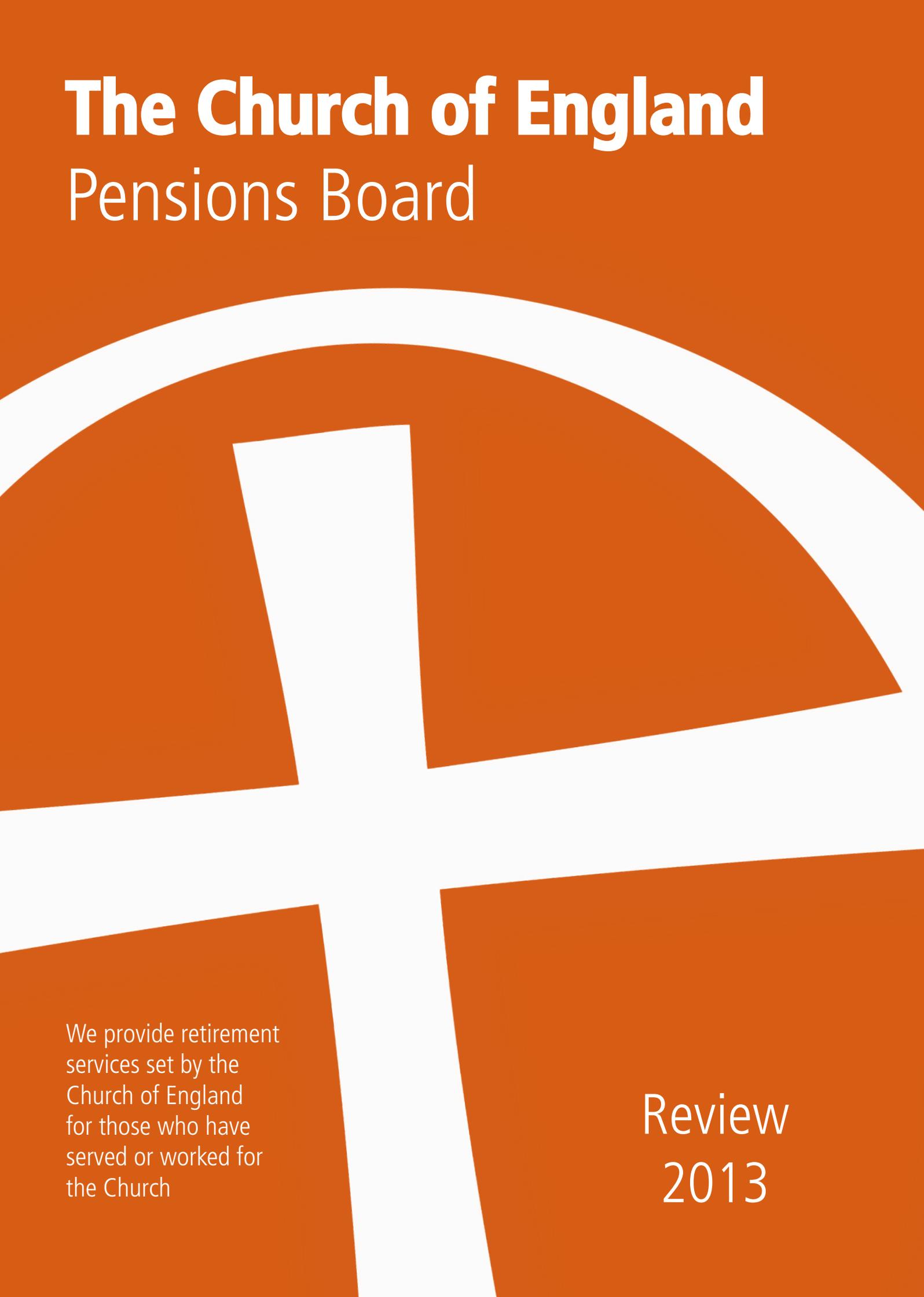


The Church of England Pensions Board



We provide retirement services set by the Church of England for those who have served or worked for the Church

Review
2013

Introduction from the Chairman

In 2013, we focused on the Church of England's retirement services for its clergy, both pensions and retirement housing.

During the year we concluded the 2012 valuation of our largest pension scheme: the Church of England Funded Pension Scheme. This scheme provides pensions and associated benefits for clergy and others in stipendiary ministry, for service accrued from January 1998. Service prior to that date is funded by the Church Commissioners.

As part of the valuation exercise, we spent time with our colleagues in the dioceses and others, testing and discussing the range of options and choices which the Board could adopt. We were pleased that the deficit on the Scheme rose only slightly to £293m and that it was, therefore, not necessary to recommend to the General Synod any changes to the benefits package offered to clergy. The funding level for the Scheme improved significantly, and we are on track to eliminate the deficit over the next decade.

At a fringe meeting of the General Synod in July, we launched a formal consultation into the way the rental section of CHARM housing scheme should be delivered. This was the first major review since the scheme was started in 1983. It is an important part of our service, currently providing rental housing to around 1,200 retired clergy households. We received a large number of responses to the consultation both from existing customers and those who may use the service when they retire. The Board and its Housing Committee is considering all the responses, and will make decisions on the future shape of CHARM rental during 2014.

Church employers have faced a new challenge as a result of a provision in the Pensions Act 2008. Under the legislation, not only do they need to provide a pension for their staff but it also has to comply with the "auto-enrolment" requirements. Whilst the majority of our schemes met the requirements, the Pensions Builder Section of the Church Workers Pensions Fund (CWPF) did not. During the year, we have been working with employers who participate in that section of the CWPF to produce a suitable alternative solution to offer their staff. Revised arrangements are now in place.

In the course of 2013, we said farewell to several members who had served on the Board. Bishop David Walker stepped down early in the year when he was asked to chair the Archbishops' Council's Remuneration and Conditions of Service Committee; Bishop Peter Hancock and James Archer left us at the end of their terms of appointment.

In 2014, our focus will include implementing any changes the Board decides to make to the CHARM rental scheme following consideration of responses to the consultation, and carrying out the actuarial valuation of the CWPF. Through both of these areas of work we will be mindful of our vision, to deliver a professional, high quality and efficient service to our customers, respecting their needs and importantly, the needs of those who provide us with the money to do this.

Jonathan Spencer
Chairman



During 2013 we ...

assisted over 35,000
people across more than
250 employers



managed funds
in excess
of £1.5 billion



provided housing to
around 2,500 retired clergy
and their dependants



Assists over 35,000 people across more than 250 employers



Church of England Funded Pensions Scheme

Provides pensions and other benefits for clergy and others in stipendiary ministry



Church Workers Pension Fund

Centralised pension scheme for employers connected with the ministry and mission of the Church of England

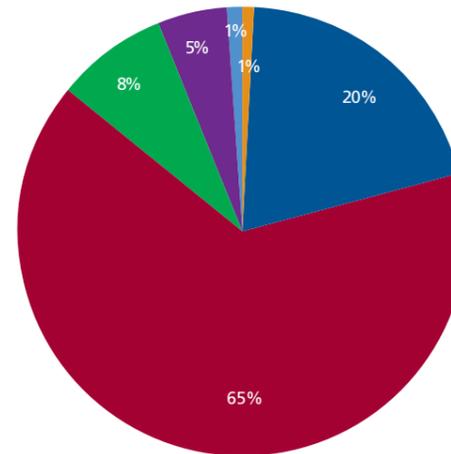


Church Administrators Pension Fund

Pension Scheme for the lay staff of the National Church Institutions

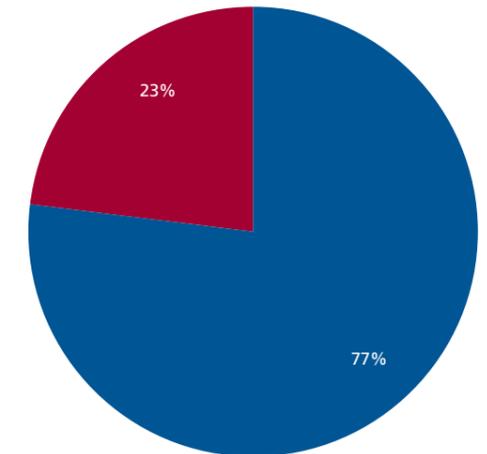
Manages funds in excess of £1.5 billion

Return Seeking Pool - £1.4bn



- UK equities
- Global equities
- Property
- GTAA
- Infrastructure
- Cash

Liability Matching Pool - £0.2bn



- Index Linked Govt Bonds
- Corporate Bonds

The assets of the pension funds are pooled for investment purposes to allow the smaller schemes to access economies of scale and investment opportunities that might not be available to them otherwise. In addition to the pension funds shown here, the Board also holds investments in its charitable funds of £37.2m.

	1 year % pa	3 years % pa	5 years % pa	10 years % pa
<i>Return Seeking Asset Pool return</i>	18.6	8.5	11.2	7.1
<i>Pool benchmark (consolidation of manager benchmarks)</i>	17.6	7.5	11.1	7.8
<i>RPI + 3% - comparator</i>	5.7	6.5	6.5	6.3
<i>Liability Matching Pool return</i>	0.6	7.6	8.2	8.5
<i>Pool benchmark (FTSE UK Government Over 5-Year Index-Linked Gilt Index)</i>	0.5	7.6	7.5	7.7

Provides housing to around 2,500 retired clergy and their dependants



Shared Ownership

Assisting around 120 households
In 2013, 8 new properties acquired at a cost of £0.7m



Rental Property

Assisting around 1,200 households
In 2013, 61 new properties acquired at a cost of £12m



Supported Living

Assisting around 250 people in seven Christian retirement communities

The Church of England Pensions Board

Appointed Members

Dr Jonathan Spencer CB (Chairman)
Jeremy Clack
Canon David Froude
Roger Mountford

Elected by the General Synod

The Rt Revd Richard Blackburn (from 1 January 2014)
The Rt Revd Peter Hancock (1 February to 31 December 2013)
The Rt Revd David Walker (to 31 January 2013)

The Revd Fr Paul Benfield
The Revd Paul Boughton
The Revd Nigel Bourne
The Revd Canon Ian Gooding

James Archer ACA (to 31 December 2013)
Simon Baynes
Jane Bisson
Dr Graham Campbell
Nicolette Fisher
Alan Fletcher FCII
Brian Wilson FIA



Elected by the Employers or Members of the Church Workers Pension Fund and/or the Church Administrators Pension Fund

Clive Hawkins
Canon Sandra Newton

Ian Boothroyd (from 1 January 2014)
Ian Clark

John Ferguson

Executive Team

Bernadette Kenny (Chief Executive)

Paul Burrage (Accounting)
Michael Cole (Risk Management)
Peter Dickinson (Pensions)
Linda Ferguson (Customer Insight)
Lee Marshall (Chief of Staff)
Lorraine Miller (Housing)
Ian Theodoreson (Chief Finance Officer)

VISION

We will deliver a professional, high quality and efficient service to our customers, respecting their needs and the needs of those who provide us with the money to do this

VALUES

We are part of the Church of England

We understand our customers and their needs

We work closely with employers, dioceses and all our partners and take careful account of their views

We behave with openness and integrity

We take pride in doing a good job

We value our people and the contribution they make

STRATEGIC OBJECTIVES

Manage the pension schemes efficiently and effectively in accordance with the scheme rules and apply an investment strategy that maximises the Board's ability to ensure all liabilities are met as they fall due

Provide quality retirement housing while demonstrating good value for money

Achieve a sustainable return on the Board's investment funds, acting in accordance with the National Church Institutions' ethical policies

Understand our customers' needs and expectations and use this information to improve delivery of our services

Maintain our ability to comply with all regulatory and legal requirements

Provide value for money to the Church with the resources we are given to run the business

Create a working environment which motivates and develops our people to give of their best and take pride in working for the Church of England Pensions Board

The full Annual Report and Financial Statements for 2013 can be obtained from our website www.cepb.org.uk

Housing Helpline 020 7898 1824
housing@churchofengland.org

Pensions Helpline 020 7898 1802
pensions@churchofengland.org

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