THE DURHAM DIOCESAN BOARD OF FINANCE

England & Wales · Charity number 248287

Details

Status	Registered
Legal form	Charitable company
Company number	00192018
Registered	1966-08-16
Register	View on the Charity Commission register

Contact

Address	Durham Diocesan Board of Finance Cuthbert House Stonebridge Durham Co Durham DH1 3RY
Phone	01388604515
Email	diocesan.secretary@durham.anglican.org
Website	https://durhamdiocese.org/

Activities

Objects: TO PROMOTE AND ASSIST THE WORK AND PURPOSES OF THE CHURCH OF ENGLAND IN THE DIOCESE OF DURHAM. (FOR FULLER DETAILS SEE MEMORANDUM AND ARTICLES OF ASSOCIATION)

Activities: The objects of the charity are to hold real and personal property for purposes connected with the Church of England and to transact business in connection with the Church of England and the Diocese. The charity is responsible for the collection, custody, disbursement and account of the Diocesan Synod's funds and the employment of all persons in receipt of salaries paid directly from those funds.

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Classification

- **How:** Makes Grants To Organisations, Provides Other Finance, Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information, Acts As An Umbrella Or Resource Body
- **What:** Education/training, Religious Activities
- **Who:** Children/young People, Other Charities Or Voluntary Bodies, The General Public/mankind

Geography

- **Area of benefit:** DIOCESE OF DURHAM
- Darlington
- Durham
- Gateshead
- Hartlepool
- South Tyneside
- Stockton-on-tees
- Sunderland

Finances

Period end	Income	Expenditure	Assets	Employees
2025-12-31	£12,474,000	£12,772,000	£73,803,000	50
2024-12-31	£12,907,000	£13,092,000	£75,632,000	47
2023-12-31	£12,398,037	£12,997,034	£74,720,000	44
2022-12-31	£12,633,613	£13,084,537	£72,009,000	40
2021-12-31	£12,763,319	£12,011,975	£75,157,000	43
2020-12-31	£12,253,197	£10,322,816	£69,361,000	36

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Trustees

Name	Role	Appointed
Alison Blackburn		2021-11-01
Barnaby Thomas Huish		2024-12-19
Canon Dr JAMES HERBERT HARRISON		2015-11-14
Dr Philip James John Plyming Very Revd		2023-09-07
FRANK ANDREW ROGERS		2015-11-14
Frances Ruth Stenlake		2021-11-01
James Hall		2021-11-01
Katherine Janet Bagnall		2024-10-24
Lilian Mary Jordon		2025-12-18
MARGARET LOUISE VAUGHAN		2015-11-01
Matthew James Levinsohn		2024-12-19
Nigel Ralph Wyrley-Birch		2024-10-24
Paul William Hobbs		2021-11-01
Rev Paul Andrew Arnold		2021-11-05
Reverend Canon Daine Maria Lindley		2025-12-18
Stephen Lyndon Pickering		2024-10-24
The Right Reverend Richard Lee Simpson Bishop		2018-02-11
Ursula Ruth Hicks		2024-12-19
Ven Elizabeth Mary Wilkinson		2020-08-17

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THE DURHAM DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 248287

Accounts

THE CHURCH OF ENGLAND

DIOCESE OF DURHAM

DURHAM DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2025

Company Number: 00192018
Charity Number: 248287

Durham Diocesan Board of Finance

(A company limited by guarantee)

Contents

	Page
Reference and administrative details	1 - 2
Trustees' report	3 – 21
Trustees' responsibilities statement	22
Independent auditor's report to the trustees of Durham Diocesan Board of Finance	23 – 26
Statement of financial activities	27
Income and expenditure account	28
Balance sheet	29
Statement of cash flows	30
Notes to the financial statements	31 - 65

Durham Diocesan Board of Finance

(A company limited by guarantee)

Reference and administrative details
Year ended 31 December 2025

Ex officio Members of the Board
The Bishop of Jarrow – Right Reverend SE Clark (Chair)
The Dean of Durham – Very Reverend Dr PJJ Plyming
The Archdeacon of Auckland – Venerable RL Simpson
The Archdeacon of Durham – Venerable EM Wilkinson
The Archdeacon of Sunderland – Venerable RG Cooper (until 25 January 2025);
–Venerable KJ Bagnall (from 29 September 2025)
The Chair of the House of Laity – Canon FR Stenlake
The Chair of the House of Clergy –Reverend PA Arnold
The Chair of the Finance Group – Canon ML Vaughan (Vice-Chair)

Elected Members of the Board
Reverend Canon KJ Bagnall (until 29 September 2025)
Mrs A Blackburn
Mr J Hall
Canon Dr JH Harrison
Mr PW Hobbs
Mrs UR Hicks
Reverend BT Huish
Mrs LM Jordan (from 18 December 2025)
Reverend MJ Levinsohn
Reverend DM Lindley (from 18 December 2025)
Mr SL Pickering
Canon FA Rogers
Canon NR Wyrley-Birch

Secretary to the Board
Canon JJG Morgan

Diocesan Chancellor
The Worshipful A Iles
56 North Bondgate
Bishop Auckland
DL14 7PG

Diocesan Registrar
Mr P Wills
McGarry and Co
53 Coniscliffe Road
Darlington
Co Durham
DL3 7EH

Independent Auditor
UNW LLP
Chartered Accountants
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

Glebe Property Agents
Savills
Helix
The Lumen
St James' Boulevard
Newcastle upon Tyne
NE4 5BZ

Registered Office
Cuthbert House
Stonebridge
Durham
DH1 3RY

Telephone:	01388 604515
Website:	www.durham.anglican.org.uk
Email:	enquiries@durham.anglican.org

Company registration number
00192018

Registered charity number
248287

The trustees of the Durham Diocesan Board of Finance ('the DDBF'), who are the members of the company and are directors for the purposes of company law, present their report together with the audited financial statements, for the year ended 31 December 2025.

The trustees have prepared this Trustees' Annual Report in accordance with the current Charities SORP (FRS 102), applicable for the year ended 31 December 2025.

Objectives of the DDBF

The DDBF exists to manage the financial affairs and hold legal title to the assets of the Diocese of Durham, enabling the mission and ministry of the Church of England across the Diocese. It was incorporated on 21 August 1923 as a charitable company limited by membership guarantees (No. 00192018) and is registered with the Charity Commission (No. 248287).

Each member of DDBF has a personal liability limited to £1 under their guarantee as company members in the event of its being wound up.

The objectives of the DDBF as set out in the Memorandum and Articles of Association are to hold real and personal property for the purposes connected with the Church of England in the Diocese of Durham. The Board is the financial adviser and executive of the Diocesan Synod; it is responsible for the collection, custody, disbursement and account of the Synod's funds, and the employment of all persons in receipt of salaries paid directly from those funds.

The DDBF has delegated responsibility for the day-to-day management of the company to the Diocesan Secretary. The Archdeacon of Durham and Head of Programme Delivery for Diocesan Transformation lead the staff team in supporting the Diocesan Bishop to develop the mission of the Church of England in the Diocese of Durham.

The Diocese of Durham also benefits from the services offered on a voluntary basis by a large number of members and supporters of the Church of England. These volunteers give of their time and expertise in many ways, including membership of the boards and committees needed to provide effective governance and ensure effective operation of the Diocese.

The Board would like to place on record its gratitude and thanks for all the support it has received from both staff and volunteers over the past year. The Board recognises the continuing challenges facing clergy, parishes and would like to thank all of those who have supported this work.

Strategic Aims and Objectives

The Diocese of Durham has adopted a vision to be:

The Church of England from the Tyne to the Tees and the Dales to the Sea,
blessing our communities in Jesus' name for the transformation of us all.

Following the Waymark conference in late 2019, the Diocese has developed a mission strategy for 2021-2026, approved at Diocesan Synod in January 2021. This focusses on four priorities:

- Energising Growth;
- Engaging with Children, Young People and 18-25s;
- Challenging Poverty; and
- Caring for God's Creation.

The DDBF supports delivery of this strategy through stewardship of financial resources, investment in people and buildings, and oversight of diocesan programmes and partnerships, including the programme of Diocesan Transformation which supports missional work within our parishes in line with these priorities.

Achievements and performance

Operational Review

Trustees recognise the importance of demonstrating not only the activities undertaken during the year, but also the difference those activities make. Trustees receive regular performance reports covering financial position, safeguarding compliance, programme delivery and key risks. These reports are reviewed by the Bishop's Council and its sub-committees, including the Audit and Risk Committee, and inform strategic and budgetary decisions.

Effectiveness is assessed through a combination of:

- Quantitative indicators such as participation levels, vocational numbers, safeguarding compliance data, school inspection outcomes and financial performance against budget;
- Qualitative feedback from parishes, schools, project leads and beneficiaries; and
- Regular reporting to the Bishop's Council, Audit and Risk Committee and other governance bodies.

Clergy, lay leaders and church members play a central part in the life of churches and carry out important roles in our communities. The faithful Christian witness of our churches led to 1% growth in Sunday attendance in 2024. The Diocese of Durham has continued to work to see missional disciples living the way of Jesus.

In February 2024, the Right Reverend PR Butler retired from his role as Diocesan Bishop, and the discernment of the next Bishop of Durham commenced. The Vacancy-in-See Committee, chaired by the Acting Bishop of Durham, met to prepare the Diocesan Statement of Need, to arrange consultation with stakeholders from across the diocese, and to elect six diocesan members of the Crown Nominations Commission for Durham (CNC).The CNC nominated a candidate in November 2024, however in February 2025 it was announced that the nominee had withdrawn from the process. Therefore, in 2025 the CNC reconvened to nominate a new candidate in December 2025, and the Venerable RL Simpson, Archdeacon of Auckland, was announced as the nominee to be the next Bishop of Durham by the Prime Minister's office in February 2026. He is expected to become chair of the DDBF upon taking office after his confirmation of election later in the year. In January 2026 it was announced that the Bishop of Jarrow and Acting Bishop of Durham, the Right Reverend SE Clark, had been nominated to become the next Bishop of Ely. Following her confirmation of election, this will lead to a vacancy in the See of Jarrow.

The vacancy audit process is used to prepare parishes for the appointment of the next minister, and 20 *(2024: 29)* parishes completed the process in 2025. The full-time equivalent of nine clergy were appointed to stipendiary planned posts in the diocese in 2025. At the year end 81 full-time equivalent clergy were serving alongside non-stipendiary ministers and lay colleagues.

Durham Diocesan Board of Education (DDBE)

The work of the DDBE covers a wide range of areas: representing the diocese on a variety of committees and statutory bodies; liaising with local authority and other officers; supporting schools by providing help and in-service training on a wide range of issues including religious education and school worship, supporting and training governors, legal, land management and governance. The DDBE aims to facilitate the working together of governors, teachers, parents, church and other partners to ensure that the quality of education offered to the children in our church schools is the best it can be.

The DDBE seeks to:

- promote education within the faith and practice of the Church of England;

- promote religious education and collective worship in schools;
- promote or assist in the promotion of church schools and advise the governors and trustees of church educational endowments and any other body or person concerned on any matter affecting church schools;
- promote co-operation with bodies or persons concerned in any respect with education in the diocese; and
- support parishes in all aspects of their work with children and young people.

The DDBE meets termly and receives updates from the Director of Education, who leads the Joint Education Team, which operates on behalf of both Durham and Newcastle Diocesan Boards of Education. The members of the DDBE bring a wide skill set including expertise from education, business and finance.

The DDBE has worked with all 57 church schools in the diocese throughout the year. These consist of 51 primary schools, one junior school and five secondary schools, one of which has a sixth form. The landscape has continued to shift with more schools becoming academies and joining Church of England or Mixed Multi-Academy Trusts (MATs). There are seven Voluntary Aided Schools and 14 Voluntary Controlled Schools within the diocese, and 36 schools now in academy trusts. Of those that have academised, one remains as Single Academy Trust and another as a single school within an 'empty MAT'.

Inspection outcomes are strong across the diocese for both Ofsted and SIAMS (Statutory Inspection of Anglican and Methodist Schools) inspections. At the end of 2025, 96.5% of Church schools were outstanding or good according to Ofsted.100% of the schools inspected under the new SIAMS framework, which commenced in September 2023, have attained a 'Judgement 1' (the highest level) and are living up to their foundation as a church school.

Professional development courses are made available both online and in person, and cover a wide range of subjects and topics, including termly support for chairs of governors and ex-officio governors, and termly training for new foundation governors. In addition, the Summer conference (RE: Inspiring Curiosity), had over 150 delegates in attendance from both church and community schools, as well as both internal and external speakers. This year, the team has further supported schools and governors with the SIAMS framework, including exploration of what spirituality means in each context and the role of governance within this. Poverty Proofing, Courageous Advocacy, Christian Distinctiveness and subject leadership courses and preparation for the new OFSTED Inspection Framework have also been offered. Uptake is strong for all aspects of continuous professional development (CPD) with many courses being repeated due to demand. The team has also accessed CPD, including training on Mental Health and Well-Being, Safeguarding, Equality, Diversity and Inclusion, and SIAMS and Ofsted updates.

The Director of Education attends Bishop's Leadership Team, Diocesan Synod when requested and Bishop's Council, sharing the views of school leaders and pupils, as well as national conferences focusing on SEND, Inclusion and partnership opportunities. Current challenges for schools revolve around the increasing financial pressures, falling pupil roles due to low birth rate, increased challenges around inclusion with a decrease in funding and financial difficulties within Local Authorities, poverty, recruitment and retention of staff, and improving attendance, particularly for disadvantaged pupils. In addition, the Director of Education is a member of the diocese's Net Zero Working Group which is enabling all voluntary aided schools to move towards being carbon neutral by 2030. Linked to this, there is ongoing work to support governors with property issues and with the legal processes involved in academisation of schools.

Engaging with Children, Young People and 18-25s

Educational chaplaincy has continued to develop through strong national engagement, strategic leadership, and local delivery. The diocese is an active partner of the Growing Faith Foundation, with growing involvement in national networks, research, and leadership development, including participation in the Strategic Leaders Programme from January 2026. Strategic oversight is provided through the Education Chaplaincy Enabler, who contributes to national chaplaincy leadership and shapes diocesan priorities around vocation, formation, and training. Locally, chaplaincy provision is established or developing across a number of secondary and primary settings, with notable growth at Whitburn Church of England Academy and emerging provision at St Hild's, Hartlepool. This work is supported by strengthened school–church partnerships, Flourish projects, diocesan

events such as pilgrimages and cathedral services, and the re-establishment of a diocesan education chaplaincy network. Together, these initiatives are embedding the Growing Faith model and strengthening sustainable chaplaincy across the diocese.

Children's ministry capacity has been strengthened through the appointment of a Mission Enabler – Children in November 2024, alongside a diocesan-wide listening exercise that identified significant needs around connection, resourcing and training for children's ministry workers and volunteers, particularly in relation to additional needs. In response, local children's ministry networks are being established to support shared learning and fellowship, with the first launching in Stockton Deanery and further networks planned for 2026, alongside the formation of a Diocese of Durham Children's Ministry Advisory Group to support more accessible and inclusive practice. Increased diocesan collaboration has also been demonstrated through the 2025 Year 6 Leavers' Service, which incorporated improvements in accessibility, interactivity and transition support, including leadership opportunities for older young people and signposting to ongoing youth provision. Alongside this, the Mission Enabler – Children has contributed to workforce development through academic leadership at Cranmer Hall, supported churches in developing children's ministry vision and strategy, and represented children and young people on the Durham Safeguarding Advisory Panel (DSAP) during a period of staff absence.

The appointment of the Young Adult Mission Enabler in March 2025 has strengthened diocesan engagement with young adults through research-led and pilot-based approaches. Between March and June, a strategic partnership was established with King's College London's Gen Z Role Models Project to explore young adults' perceptions of faith, spirituality and institutional religion, culminating in a research summit to be hosted in the Diocese of Durham in May 2026. This collaboration has raised the profile of the Growing Younger priority nationally and locally, including through media engagement, and has informed diocesan understanding of emerging patterns, with a survey of Jarrow Deanery indicating that 80% of churches are observing signs of renewed spiritual interest among young adults. Building on this insight, a young adult pilot project is being launched in Jarrow and Hebburn, focused on café-based Bible study and community for young adults experiencing isolation, with plans to connect with NHS social prescribing pathways. Further pilot projects are planned for 2026.

The Growing Younger programme continues to build diocesan capacity for youth ministry through training, events and targeted support. Launchpad, a clergy training programme designed to equip incumbents to initiate youth ministry within their congregations, has completed its first cohort, with ongoing termly learning community sessions now established. This has resulted in the creation of three new youth groups, the strengthening of three previously fragile youth groups, and the development of further projects planned for the coming year. Pulse, a diocesan youth event for young people from Year 6 to age 18, focuses on encounter with Christ and peer connection for those exploring faith; the first full event was held at All Saints', Newton Hall, following an initial listening event, and engaged approximately 50 participants, including young people, leaders and volunteers. Alongside these initiatives, tailored coaching, support and consultancy have been provided to clergy and lay leaders across at least 13 parishes, supporting both the establishment of new youth ministry and the development of existing provision.

Conversations are ongoing with clergy and church officers in locations identified as having potential to develop Youth Hubs. Alongside this, work is underway to articulate a clearer vision for the progression of young people. This comprises supporting healthy transition from children's ministry into youth engagement, and from youth into young adulthood. The Growing Younger team is also actively engaging with parishes to strengthen connections between them, fostering a collaborative approach to youth ministry, particularly where young people naturally move across parish boundaries.

Growing Churches

The Growing Churches team has three key areas of work:

- Maturity – intentional discipleship
- Mission – evangelistic confidence
- Multiplication – raising leaders and establishing NWCs

In 2024, the decision was made to establish a new Growing Churches team to better achieve the goal of seeing growth in each of these three key areas. This has been a natural development from the work of the Cultivate team, previously focussed on the Diocesan vision of establishing 100 new worshipping communities by 2030. It was recognised that to widen the engagement of churches, there is a need to focus on preparation at an earlier stage of missional development, by supporting churches with the foundational ingredients of mission and discipleship to grow in depth and reach in order that they may then multiply in number.

A learning community pilot is underway with Darlington Deanery, with around 30 people from most churches represented. This encompasses all three aspects of the Growing Churches process – Maturity (Discipleship), Mission (Evangelism), and Multiplication (establishing New Worshipping Communities). This pilot process is a series of learning communities, huddles and coaching which, over an 18-month period, supports churches in embedding deep cultural change.

Growing Durham Diocese: Our Resourcing Churches are now approaching the end of the period through which they are funded by the National Church. There have been many positive outcomes in terms of congregational growth and diversity, as well as many new ministries to young people, vulnerable adults and to more economically deprived communities. The next phase of engagement with these churches will include robust planting plans, as well as discerning the place of Resourcing Churches in the wider church ecology of the diocese, in particular with the Growing Younger agenda, alongside an evaluation of the project.

Growing Hope: St Paul's Stockton and House of Hope, Thornley have received further funding to support their continued growth over the next three years. Having reached the end of its funded period, the Pennywell project, Hope4All, will continue to be funded by the DBF whilst it explores future possibilities during 2026. Hope4All continues to expand their offer of social action projects to the local community, with a number starting to explore faith. There are positive signs from a number of projects; in Hartlepool the recruitment of a new Mission Enabler is giving fresh energy and vision to the project and a revitalisation project is planned for St Columba's church; Vine Church, Wynyard have adapted their mission plan to develop discipleship practices and lay leadership roles, which is already being fruitful.

Transforming Growth: All of the churches involved in the coaching and resourcing provided through this project have now established New Worshipping Communities; some are now well established and are now in a process of refining and reworking their mission plans to engage more widely and deeply with their communities; St Alban's, Windy Nook are now actively engaged in the revitalisation of St Ninian's in Low Fell; and St Andrew's in Haughton-le-Skerne continues to thrive, regularly attracting 50-60 attendees.

The Foundations course had been developed in conjunction with Cranmer Hall, with around 20-25 attendees, to provide practical and theological training for lay leaders identified as either being engaged with, or planning towards, establishing new worshipping communities. It is hoped that this discernment, training and coaching will enable us to develop lay planters with missional confidence.

Growing Leadership

Leadership in its many forms is essential, and we are delighted to have had real success in developing both lay and ordained vocations. By the end of the year, we had 16 Durham sponsored candidates in training for ordained ministry *(2024: 20)*. The diocese, having recently been able to export candidates, has now reverted back to its historic pattern of importing candidates for stipendiary ministry, though our self-supporting numbers remain strong.

The numbers in training for Licensed Lay Ministry have remained strong. At the end of the year there were 20 readers in training *(2024: 22)*. Numbers of vocations to lay pastoral ministry have grown, with three in training *(2024: two)*. There are seven *(2024: nine)* candidates in training for authorised lay ministry of the word. The authorised lay children's leader pathway remains popular, and there are five people in training *(2024:12)*. Most of the authorised and licensed lay ministries (reader, pastoral ministry, chaplaincy, and ministry of the word) are being trained through Lindisfarne College of Theology. Lay children's leaders are trained through courses provided by the DDBF.

Challenging Poverty
With financial support from Lord Crewe's Charity, the diocese has worked with Communities Together Durham (CTD) to help churches challenge poverty. 53% of parishes in Durham diocese are in the 20% most deprived parishes nationally. This priority has three areas of focus:

- Working together to address child and youth poverty

  CTD supported 20 holiday clubs *(2024: 14)* with activities, based around food provision, reaching 500 children. 50% of these clubs were in the 10% most deprived parishes of the diocese.

  In the Pennywell estate in Sunderland (5th centile index of multiple deprivation), we have been working alongside the local church to develop a project called 'youth voice.' Youth voice works with young people to create a platform to describe their experience of growing up in Pennywell and find appropriate platforms to share this with others. After initial support and relationship building, the young people are now creating a cafe with the support of their local church. The young people involved described the impact of the project on them as giving "purpose," "improving mental health," reducing "social isolation," increasing "personal motivation" and increasing "skills and employability."

  A Personal, Social, Health and Economic education (PSHE) resource on the 'Negative Narrative' was developed to help clergy and congregations engage schools with issues of poverty. This supports Church of England schools to fulfil the requirement under the Statutory Inspection of Anglican and Methodist Schools (SIAMS) to demonstrate how 'the school's theologically rooted Christian vision creates an active culture of justice and responsibility.'

- Responding to isolation, particularly among the elderly

  Churches across the diocese have continued to engage with warm spaces and places of welcome. Holy Trinity Murton (8th centile index of multiple deprivation) entered a partnership with CTD to relaunch 'Heart on the Terrace,' a shop front community space offering food provision, signposting and groups to combat loneliness and isolation. Since re-launch in October, an average of 100 people a week have accessed the project.

  Work with County Durham Food Partnership has begun on a project called 'Beyond Foodbanks.' We identified the most common engagement with the Challenging Poverty priority as collecting for the local foodbank. While most churches in Durham Diocese engage with food insecurity, few have the resources to go further and see systemic change. By working with partner organisations we hope to offer churches alternative and more effective ways to tackle food insecurity, restoring dignity to those who benefit from the service as well as meeting their material needs. A key part of this initiative is encouraging churches to bring people together for food, such as community meals.

- Reaching out and responding to the needs and gifts of asylum seekers and refugees

  Churches in all seven local authorities covered by the diocese have been involved in supporting refugees and asylum seekers located in their area. We continue to work to build links between these different drop ins alongside other agencies.

St Andrew's Stanley (6th centile index of multiple deprivation) engages the community through a weekly warm space, in partnership with Durham County Council's refugee and asylum seeker provision (delivered separately by CTD). In 2025 there were 365 visits to the warm space.

More details of activities and their impact can be found on the CTD website at https://communitiestogetherdurham.org.uk/

Caring for God's Creation

It has now been five years since the adoption of Caring for God's Creation as a diocesan priority. In addition to a Diocesan Environmental Officer (DEO), we also have a Creation Care Officer (CCO) working on this priority alongside a parish role.

The diocese has actively encouraged churches to participate in the A Rocha award process. This recognises the efforts of churches in our diocese to undertake environmentally friendly actions, supporting the Diocesan commitment to Creation Care and efforts being made towards net zero carbon. There has been a significant uptake in churches engaging with the Eco Church scheme. We now have 113 churches registered, including 47 bronze awards, 10 silver and 2 gold.

The CCO has worked with churches on their Eco Church journeys and is encouraging new churches to sign up to the scheme. The CCO has also been producing resources for the diocese and is beginning to set up a broader Environmental Champions network. Both the CCO and DEO have attended some deanery synods and chapter meetings this year to promote the take-up of Eco Church, outline the net zero carbon plans and encourage positive environmental action in parishes.

The general synod target of Net Zero 2030 remains an important focus for activities. The Net Zero Working Group of representatives from across the diocese met quarterly and continues to be a useful platform for ensuring that progress is being made with the diocesan net zero action plan, as well as being a forum to discuss updates from the national net zero team. An update on net zero progress was presented to diocesan synod in November 2025. This showed a reduction to our carbon footprint by 11%.

The DEO and the Buildings for Mission Secretary have worked with the churches with the highest carbon emissions in the diocese to produce net zero action plans. Carbon footprint data is obtained through the online parish returns using the Energy Footprint Tool (EFT). This year, 94% of churches responded to the EFT, which is a great improvement from 62% in the prior year. Workshops were held with churches within the top 20% of carbon emissions to help their representatives consider how to lower their carbon footprint. The Buildings for Mission Secretary has continued to visit churches on request and advise them on low carbon heating options.

Safeguarding

In May 2025 the diocese underwent an independent safeguarding audit led by the INEQE safeguarding group. The auditors tested the sufficiency of safeguarding arrangements within Durham Diocesan Board of Finance (DDBF) and the Cathedral with a particular focus on the CofE's National Safeguarding Standards. Over 400 documents were collated and analysed. 931 anonymous survey responses were received and 42 separate engagement sessions reaching 111 people took place.

The auditors found that the DDBF is taking a robust and proactive approach to safeguarding. Many individuals reported feeling confident in raising safeguarding concerns without fear of reprisal, indicating a growing sense that safeguarding is becoming deeply embedded in practice. This positive trajectory is further supported by the dedication of Parish Safeguarding Officers, the Diocesan Board of Finance's desire for continuous improvement, and the compassionate leadership from the Acting Diocesan Bishop, the Diocesan Safeguarding Officer, and the wider senior team.

The audit identified that there is good training and support for Parish Safeguarding Officers, effective safer recruitment processes, good use of the Parish Dashboard and active promotion of awareness-raising activities. Partnership working is good and enhanced by the Diocesan Safeguarding Officer's proactive engagement in

external safeguarding groups.

Furthermore, the auditors also identified evidence of good risk management and the sensible application of low thresholds, encouraging early reporting and engagement. Safety Plans are effectively and proportionately applied, and Safeguarding Case Management Groups are effectively utilised for complex cases. Victim and survivor support is thoughtfully addressed, with the auditors recognising evidence of the DSO advocating for and delivering trauma-informed processes and responses to disclosures.

The diocese has now published its action plan in response to the recommendations raised by INEQE.

DDBF staff and collaborative working

In the interests of delivering the best support services possible for our diocese, we have continued to develop opportunities to work in collaboration with other Church of England bodies. These include the well-established Joint Education Team, aspects of ministerial training and retreat house. The joint diocesan communications team has developed a regional voice to promote the voice of the Church of England aligned geographically to regional media organisations. We have also established links with Durham Cathedral and will work collaboratively with them, especially as regards safeguarding. The diocese has joined with neighbouring dioceses to obtain national church funding for a net zero fundraising officer to support parishes.

The number of staff employed by the DDBF was 50 *(2024: 47)* posts. This includes two *(2024: two)* chaplains who are employed by the DDBF on behalf of the organisations in which they serve. This also includes 23 *(2024: 18)* posts which are grant funded, and most of which are fixed term with renewal subject to further funding being available. This approach enables the DDBF to fulfil a wider range of provision than would be possible through its core staff, whilst allowing unrestricted funds to be focussed on ministry. Improvements have been made to several diocesan core systems and processes in order to maximise efficiency and keep costs to a minimum.

The Equality, Diversity & Inclusion Enabler coordinated a team of advisers and advocates to help drive the diocese forward in key areas including:

- Disability ministry;
- UKME;
- Gypsy, Roma and Traveller Ministry;
- Women's advocacy;
- LGBT+ advocacy;
- Deaf ministry;
- Racial and Social Justice.

Buildings for Mission and Diocesan Advisory Committee (DAC)

The diocese currently has 256 church buildings open for worship and of these 247 are under faculty jurisdiction.

The DAC met 10 times during 2025 and discussed a total of 126 *(2024: 149)* proposals from 92 *(2024: 100)* churches. Following discussion of the proposals by the DAC a total of 77 *(2024: 90)* faculties were issued for work to church buildings and churchyards. This included 5 interim faculties that were issued for urgent work including roof repairs and failed heating systems. The Archdeacons also issued a total of 95 *(2024:115)* written notices for work that can be carried out without a faculty. During 2025 a total of 33 *(2024: 27)* quinquennial inspections were conducted.

During the year funding from the Archbishop's Council was used to support work on church buildings with Minor Repair & Improvement grants of £70,000 offered to support projects with a total cost of £0.5m. In addition, the remainder of the £60,000 Quick Wins Grant was allocated to churches to support projects which reduce their carbon output. A further Quick Wins Grant of £100,000 has been confirmed for distribution during the next

triennium.

The Church Building Support Officer has supported 23 churches to carry out maintenance and improvement work to their buildings and much of this support has been focused on grant funding obtaining £1.2M of external funding.

The Buildings for Mission Secretary has visited 73 churches for initial consultations around building projects and the team have provided 12 training sessions for parishes on the subject of building maintenance.

Looking ahead

In February 2024, we received confirmation of the second phase of a funding award from the National Church in support of our Diocesan Transformation programme. Coupled with the first phase award from 2023, this provides up to £11m to support the Transformation programme up to 2028 at which point it is anticipated that progress will be evaluated and a subsequent funding application will be submitted. This programme has formed a key part of the basis of the Diocese's Statement of Need which was used by the CNC in the discernment of the next Bishop of Durham who will be entrusted with leading the Transformation programme.

During 2025, the initial stages of delivery of the Transformation Programme have taken place. This has included pilot work to ensure that each of the interventions is well understood and that appropriate support can be provided to ensure that these work well. This means that the team is now focussed upon four areas, each with a Strategic Lead:

- Growing Mission;
- Growing Leadership;
- Growing Churches; and
- Growing Younger.

The DDBF's missional programme governance has also been aligned with the Diocesan priorities and Transformation programme, whilst ensuring that all our funded programmes are governed and held accountable in an appropriate way. The main areas of focus are:

- Missional Discipleship, Transforming Prayer;
- Church Planting and Revitalisation;
- Piloting Missional Hubs;
- Developing Missional Youth Chaplaincy;
- Resources for Local Change; and
- Support for Culture Change.

We have begun to see 'fruit' in some of our new worshipping communities. Some are already becoming significant contributors within their deaneries and we will continue to implement new aspects of the work facilitated by the Transformation Planning Group, which reports to our Bishop's Leadership Team. This work will develop over the next five years and includes ambitions to:

- plant or revitalise 100 churches;
- establish and resource church-based missional chaplaincy teams to work with the colleges of further education and with our Church of England secondary schools;
- support clergy to focus more fully on mission and discipleship;
- align appointments and clergy/lay leader training more explicitly to the Diocesan vision; and
- support new collaborative initiatives in places where developing mission in isolation would not otherwise be possible.

Financial review

Financial conditions continue to remain challenging for parishes and the DDBF, with no overall recovery in parish share observed since the pandemic. Despite many parishes using reserves to fund parish share, the cash value of the DDBF's parish share receipts remained at £4.2m *(2024: £4.2m)*, being 97% *(2024: 95%)* of the amount originally pledged by parishes. This is £2.5m *(2024: £2.7m)* below the amount required to meet the full cost of diocesan ministry including housing and pension costs during the year.

The DDBF agreed a budgeted operating deficit of £0.47m for 2025 *(2024: £0.6m)*, after a transfer of £1.32m *(2024: £1.8m)* from the Stipends Capital Fund under the total return accounting policy.

The net movement in funds was a deficit of £1.8m *(2024: surplus of £0.9m)*, which included a £1.4m unrealised loss on listed investments *(2024: gain £0.8m)*, a £0.2m loss on agricultural land *(2024: gain £0.3m)*, and a gain of £0.5m *(2024: £0.5m)* on disposal of property. Excluding these adjustments which are outside of the DDBF's operational budget, there was an underlying operating deficit of £0.8m *(2024: £0.7m)*. After the transfer of funding for the total return on investment from the endowment fund to unrestricted funds of £1.3m *(2024: £1.8m)* this results in an unrestricted operating surplus of £0.4m *(2024: £1.1m).*

Grant funding of £0.6m *(2024: £1.2m)* was received during the year and is yet to be disbursed. This is primarily due to the receipt of funding in advance from the National Church.

- Income (excluding income received on the sale of property) was £12.0m *(2024: £12.4m)*, including:
  - Contributions from parishes – "Parish Share" – of £4.2m *(2024: £4.2m)*, £82k less than budget. The diocese is grateful to parishes for their contributions to parish share during a challenging year;
  - £2.0m *(2024: £2.0m)* of Lower Income Communities Funding, £1.3m *(2024: £1.9m)* of Strategic Development Funding grants, £0.3m *(2024 £0.4m)* of Strategic Ministry funding to support the cost of training curates and first incumbents and other grants from Archbishops' Council;
  - £0.7m *(2024: £0.6m)* of Property Income;
  - £0.3m *(2024: £0.3m)* from Lord Crewe's Charity to fund poverty alleviation, counselling and other projects.
  - Contributions were also received from donors such as Benefact Trust, St Hild Bede Trust, Marshalls Charity and Mercers Trust.
- The largest area of expenditure was on supporting parish ministry, comprising the stipends, pension and housing costs of clergy:
  - Stipend and salary related costs were £6.8m *(2024: £7.2m)*
  - Costs of providing clergy housing were £2.0m *(2024: £2.1m)*.
- Net assets at the balance sheet date were £74.8m *(2024: £75.6m)*. The DDBF's investments are held across several funds managed by CCLA. The DDBF administers several restricted and endowment funds which together comprise 92% *(2024: 92%)* of the assets.

Investment performance

The total value of investments (excluding short-term cash deposits) at the balance sheet date was £35.5m *(2024: £37.0m)*. During the year, the net movement in value was a loss of £1.5m *(2024: gain of £0.2m) being a 4% reduction in value*. The trustees noted concern on the performance of the Investment Manager and are taking appropriate action.

The glebe land held by the DDBF has been revalued downwards by £0.2m *(2024: £0.3m)* to reflect the market value at the balance sheet date.

The Board is custodian trustee for trust investment assets with a market value of £12.8m *(2024: £13.6m)*. Detailed certificates of holdings are provided to parishes and managing trustees of the respective charities annually. The Board also acts as custodian trustee for certain Parochial Church Council (PCC) property. Each PCC is an independent charity and these assets are not recognised on the balance sheet of the DDBF.

Grant-making (beneficiary-selection) policy

Grants are made to the National Church in accordance with an agreed formula, to cover a proportion of its central costs and the cost of training for ministry. The total paid to the National Church was £0.6m *(2024: £0.5m)*.

Grants are paid to PCCs and to other charitable projects which appeal to the Board to support the furtherance of DDBF's objectives. These are set out in note 17.

Investment policies

The Memorandum and Articles of Association of the charity permit wide powers of investment. DDBF's investment policies are based on two key policies:

- Ethical investment

  This includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.

- Long-term responsibilities

  The directors are aware of their long-term responsibilities in respect of endowed funds and as a result follow a prudent approach to investment decisions.

These policies are currently achieved by holding all funds with CCLA Investments Limited in London, which invests in line with the Church of England's Ethical Investment Advisory Group's investment policies and in accordance with the motion passed by synod regarding divestment from fossil fuels.

Investment policy for long-term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an on-going basis. Unrestricted and restricted fund investments are invested to balance income, liquidity, and the maintenance of capital.

Funds which may be needed for working capital in the short term are held as deposits with CCLA Investments and with deposit taking banks through an account managed through the Flagstone cash management platform.

Total returns policy

In 2025 an allocation of £1.7m *(2024: £0.9m)* has been made to the trust for investment during the year to ensure that the capital value of the trust for investment is maintained over time.

The trustees have made an allocation of £1.3m *(2024: £1.8m)* from unapplied total return during the year towards the unrestricted running costs of the diocese. This amount is shown as a transfer between funds within the statement of financial activities.

Other realised and unrealised gains and losses on the disposal and revaluations of investments and property amounted to a loss of £0.9m *(2024: £0.9m)* in the year which has been credited to the unapplied total return carried forward as at 31 December 2025.

Reserves policy

The DDBF has agreed a reserves policy to maintain available free reserves within a range of three to six months' average unrestricted expenditure in the form of unrestricted (including designated) net current assets plus fixed asset investments to the extent that these can be exchanged for cash at less than one month's notice. The Board estimated that for 2025 this would equate to a range between £2.5m and £5.0m. At the balance sheet date, the DDBF's unrestricted (including designated) available free reserves were £4.2m *(2024: £4.0m)*.

Future prospects

The trustees and diocesan synod have approved a budget for 2026, which after allowing for further planned investment from restricted reserves, and after applying a transfer of £0.9m under the total return accounting policy from the Stipends Capital Fund, leaves a net operating deficit of £0.8m.

Parish share pledges for 2026 of £4.3m *(2025: £4.3m)* have been received, which is unchanged compared to 2025 despite CPIH (Consumer Prices Index including owner occupiers' housing costs) inflation of 3.6% to December 2025. This increases financial pressures and has required a recognition that not all posts identified in deanery plans can be filled whilst maintaining a balanced budget. However, posts continue to be advertised notwithstanding the ongoing challenges in recruiting.

Against this challenging financial background, the DDBF continues to deliver and develop the mission and ministry of the church, and during 2026 will continue to fund ministry at parish level across the diocese. The lack of recovery in parish finances plus the inability of pledge income to keep pace with inflation means that prospects of a medium to long term recovery to pre-Covid levels continues to remain highly uncertain.

The diocese continues to try to address the decline in the value of parish income and the consequent effect upon share, supporting parishes in vacancy through the vacancy audit process, and offering support with stewardship through the generous giving team and the funding of a pilot post to help with parish accounts and administration in a deanery. Communication with parishes is ongoing, to ascertain the likely future levels of parish reserves and parish share.

The National Church has made funding available to help dioceses adjust to the increased level of stipend agreed by General Synod in 2025. The abolition of apportionment, introduction of the Ministry Training Fund and other changes arising from the Diocesan Finances Review are expected to take effect in 2026 and will have a net positive effect on the diocesan finances in the short-term. However, there remains uncertainty around the future of diocesan funding once the time-limited elements of this package expire.

The diocese will continue to benefit from the National Church's Strategic Development Fund through the Growing Durham Diocese, Growing Hope and Transforming Growth projects with Growing Durham Diocese reaching the end of its funded period in 2026 and proceeding to evaluation. The Strategic Mission and Ministry Investment Board has committed to funding for the first two phases of the 'Called to Fruitfulness' Transformation programme, and a range of other funding streams emerging from the latest triennium funding review will be explored in 2026.

The DDBF intends to increase support for clergy and lay leaders developing their ministry and discipleship and to encourage and nurture those exploring a vocation for public ministry in the Church of England with new training pathways under development in conjunction with our local Theological Educational Institutions.

Going concern

The trustees have considered the availability of reserves and cash upon the going concern basis of preparation of these financial statements. Although uncertainty remains, particularly over the recovery in parish income and the real-terms reduction in the value of parish share. it is anticipated that reserves will remain within the level

set out in the reserves policy.

Having reviewed forecasts for the forthcoming twelve months that are subject to a range of reasonably possible downside scenarios, the trustees are comfortable that with the current levels of cash and short-term deposits are sufficient to allow the DDBF to continue to operate as a going concern for the foreseeable future.
Although there are several challenges ahead as outlined above the diocese is confident that these can be managed and is enthusiastic about the changes that will take place over the next few years facilitated by the transformation process aided by funding from the National Church.

Risk management

The trustees confirm that the major risks to which DDBF is exposed have been reviewed and that mitigating actions have been put in place to manage those risks.

The Board maintains a risk register which is reviewed regularly by the Audit and Risk Committee, and this register has been updated during the year, with input from all DDBF functions.

During 2025 the most significant risks related to the operations of the DDBF have been:

- Church attendance and long-term financial sustainability;
- Safeguarding; and
- Capacity of senior leadership team during a period of extended vacancy in see.

Church attendance and long-term financial sustainability

These two risks are intrinsically linked and relate to the ability of Parochial Church Councils to maintain their own operations. In the face of national trends around declining congregation numbers this is a significant risk to the DDBF both from the adverse effect it has on delivery of mission but also from the knock-on effect it has on the ability to offer share to the DDBF which are financed through giving and fund-raising by church members, when PCCs are also facing increases in costs. Alongside inflation, this has exacerbated the extent to which the level of contribution from parishes is insufficient to maintain the current cost base of the DDBF. The parish share system continues to provide a 'Guided Pledge' to each parish, to give an indication of the level of pledge which would be required to ensure the DDBF could break even.

This Guided pledge system was designed to mitigate the decline in parish share that has been seen in real terms over the preceding decade. Parish share pledges have continued to decline from £4.5m in 2021 to £4.2m in 2025.

Certain external factors affect the Board's ability to meet its financial obligations, in particular the level of inflation, which leads to increases in stipends, salaries and building maintenance costs.

Despite some stipendiary and staff posts remaining vacant, there was a continuing operational deficit although financial restraint and challenges in recruitment for some posts led to this being within the budgeted deficit. Recruitment has taken place, following application of a vacancy audit process in the case of each parish vacancy. However, the trustees are aware that lengthy vacancies can place strain on clergy and staff, and efforts are being made to increase the rate of recruitment. The difficulty of recruitment is not limited to our diocese; it is a challenge faced across much of the country. We are taking steps to support the welfare of our clergy who are having to operate in these difficult circumstances by providing advice and counselling as and when necessary.

Safeguarding

It is of key importance to the DDBF to ensure appropriate mitigation of safeguarding risks arising from potential abusers targeting church settings within the diocese. There is a risk that strain on parish and/or diocesan resources may lead to vulnerability, and potential non-compliance with House of Bishop's Safeguarding Policy. Appointment processes are documented to ensure compliance with the requirements of Safer Recruitment and

People Management.

The Board continued to be aware of the potential for safeguarding matters to be raised due to increased reporting and awareness of safeguarding issues (both current and historical). The Diocesan Safeguarding Advisory Panel meets regularly to ensure that the DDBF maintains appropriate controls to prevent, as well as identify and resolve, any issues that arise, and the Board welcomes the safeguarding audit from INEQE as part of the national programme of safeguarding audits, reported in August 2025 which provided an independent review of the DDBF's safeguarding processes and practices. Recommendations are being implemented as appropriate following this review.

Capacity of Leadership Team

The capacity of the senior leadership team was stretched during the period of episcopal vacancy being longer than originally anticipated alongside a series of short-term vacancies. Short-term measures were successfully implemented to support the team, including the appointment of three Assistant Archdeacons. The vacancy in the Archdeaconry of Sunderland was filled by the appointment of Ven. Katherine Bagnall in September 2025. In February 2026 it was announced that the Ven RL Simpson, Archdeacon of Auckland, had been nominated to be the next Bishop of Durham. Following the appointment of the Rt Revd SE Clark to become Bishop of Ely in January 2026, a vacancy will arise in the See of Jarrow alongside a vacancy in the Archdeaconry of Auckland. Further measures are being taken to ensure that capacity of the leadership team is strengthened during this period.

All of these factors are included in the Board's Risk Register.

Structure, governance and management

The diocese of Durham is one of the 41 English dioceses that, along with the diocese in Europe, make up the Church of England.

The Church of England is episcopally led (there are 108 bishops) and synodically governed. The General Synod consists of three houses, one of which comprises diocesan bishops and elected representatives from suffragan and area bishops, and two of which are elected from the laity and clergy of each diocese. It meets in London or York at least twice annually to consider legislation for the good of the Church.

Further details on the structure and governance of the Church of England can be found on its website: www.churchofengland.org. The financial transactions of the national church do not form part of these financial statements.

The Diocese of Durham stretches from the Tyne to the Tees and the Dales to the Sea covering an area of 2,530 square kilometres. There are 256 Anglican churches across 205 parishes, and two Bishops' Mission Orders (BMO's) and these are grouped into 13 deaneries and three archdeaconries. The mission of the Church of England is mainly carried out at parish level and the DDBF provides pastoral and financial support to the parishes. Each parish is governed by a Parochial Church Council (PCC), which is a corporate charity. Therefore, except where indicated otherwise, the transactions of PCCs do not form part of these financial statements.

Durham Cathedral is the mother church of the Diocese of Durham and legally is constituted as a separate entity with its own governance structures. Its financial transactions do not form part of these financial statements.

Governance

The diocese elects a Diocesan Synod, with representation from each deanery in accordance with the church representation rules and is governed by the Diocesan Bishop in synod. The Diocesan Synod normally meets twice a year. Many of the Diocesan Synod's responsibilities have been delegated to the Bishop's Council, which acts as the Diocesan Synod's Standing Committee. The day to day running of operations is delegated to

the staff team lead by the diocesan secretary and other key management personnel as set out in note 19. All key management personnel report to the Diocesan Bishop.

Committee structure

The diocese is governed by the Bishop's Council, which co-ordinates the life and work of the diocese in support of the mission of the Church, in accordance with the priorities set by the Bishop and the Diocesan Synod.

In the Diocese of Durham, the membership of the Bishop's Council is coterminous with that of the DDBF and also the Diocesan Mission and Pastoral Committee.

The Diocesan Mission and Pastoral Committee is responsible for the task of approving pastoral reorganisation in the diocese, taking account of available clergy numbers and making use of new patterns of ministry.

This arrangement means that the trustees of the DDBF have responsibility and oversight of all aspects of diocesan life and are therefore able to co-ordinate strategic, financial and operational decisions.

The Bishop's Council is supported by committees that can influence the operations of the Board.

- *Finance Group*

  The DDBF delegates certain duties and responsibilities to the Finance Group including:

  - Assisting the Board to deal with financial strategy and management;
  - Authorising legal property or investment strategy conducted on behalf of the Board;
  - Conducting urgent business of the Board between Board meetings;
  - Overseeing the preparation of the annual DDBF budget and financial statements for submission to the Board;
  - Receiving regular management accounting information; and
  - Acting as the DDBF's HR Committee, overseeing the terms and conditions of the DDBF employees.

- *Audit and Risk Committee*

  The DDBF Audit and Risk Committee maintains an oversight of the diocese's governance and risk management including:

  - Adopting a risk-based approach and undertaking a planned programme of work examining areas of diocesan activity;
  - Overseeing the external audit of the DDBF's trustees' report and financial statements;
  - Considering internal control and stewardship of the DDBF's resources; and
  - Reporting its findings annually to the Bishop's Council as a critical element of the Bishop's Council's annual reporting requirements.

- *Investment Committee*

  DDBF has responsibility for the management of glebe property and investments which generate income to support the cost of stipends. It is also the diocesan authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board. With the exception of major transactions, the DDBF delegates these responsibilities to the Investment Committee.

- *Diocesan Safeguarding Advisory Panel*

  The Diocesan Safeguarding Advisory Panel is chaired independently and monitors safeguarding practice, including casework and training within the diocese. Its membership includes the Local Authority Designated

Officer, Police and Victim/Survivor Voice representation.

- *Church Buildings Panel*

  The Church Buildings Panel is a non-statutory group, which offers grants and loans to Parochial Church Councils for works to church buildings.

- *Closed Churches Uses Panel*

  The Closed Churches Uses Committee is a non-statutory group, which was created to act on behalf of the Diocesan Mission and Pastoral Committee. It seeks appropriate alternative uses for churches in the diocese which have been declared closed for regular public worship.

- *Strategic Mission Delivery Board*

  The Strategic Mission Delivery Board provides strategic oversight for mission programmes. It champions and monitors progress, acts as an escalation point for key issues, approves significant changes, approves communications and ensures reports are made to Bishop's Council. It is supported by Programme Boards as follows: Energising Growth; Engaging Children, Youth and Young Adults; Mission and Ministry Development; Caring for God's Creation; Challenging Poverty.

In addition, there are three statutory Committees and Boards that are not directly answerable to the Bishop's Council, but influence its operation:

- *Diocesan Advisory Committee*

  The Diocesan Advisory Committee advises on matters affecting churches and places of worship in the diocese, such as; the granting of faculties; architecture, archaeology, art and the history of places of worship; the use and care of places of worship and their contents; and the care of churchyards.

- *Diocesan Board of Patronage*

  The Diocesan Board of Patronage, which is constituted under the provisions of the Patronage (Benefices) Measure 1986, is sole patron of one benefice in the diocese.

- *Diocesan Board of Education*
  The Diocesan Board of Education has responsibility for 57 church schools across the diocese (7 of which are Voluntary Aided, 13 are Voluntary Controlled, and 37 are Academies, which includes one academy Free School). It provides both educational and pastoral leadership support to all its schools and has a particular commitment to enhancing the quality of provision for religious education, collective worship and the spiritual, moral, social, and cultural development of all pupils. The Board of Education is not incorporated and therefore financial accountability for the education agenda rests with the DDBF. The Board of Education operates as a statutory committee of the DDBF.

Public benefit statement

The directors and trustees are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the DDBF. The directors believe that, by promoting the work of the Church of England in the Diocese of Durham, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- Providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- Promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

The trustees are custodian trustees in relation to certain PCC property.

Trustee recruitment, selection and induction

Trustees are also members of the Bishop's Council and are elected or appointed by the members of the Diocesan Synod in accordance with the rules for election. All trustees receive induction at the start of their term of office and receive additional induction where appropriate. Trustees are registered as directors at Companies House and are required to complete a declaration that they are eligible to serve as a director as well as an annual declaration of interest.

Remuneration of key management personnel

As the DDBF has delegated responsibility for human resource issues to the Finance Group, this group is responsible for agreeing the salary scales for all DDBF employees and for setting the remuneration for senior employees.

Related parties

The DDBF had one wholly owned subsidiary, the Diocese of Durham Educational Trust. It was dissolved on 21 January 2025 and did not trade in 2025 prior to that date.

Organisations with which the DDBF co-operates in furthering its aims

The DDBF works with a range of organisations which are either part of or associated with the Church of England, or other Christian denominations to achieve its objectives. Some of those are set out below, and in some cases, there are a non-controlling number of shared trustees between these organisations and the DDBF. The DDBF ensures that such common trusteeships are appropriately declared and conflicts of interest are mitigated when making decisions relating to such organisations.

- *General Synod, Church Commissioners and Archbishops' Council*

  The DDBF has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The DDBF is a recipient of funding from several different grant funding streams operated by the Archbishops' Council. The stipends and certain other costs of the Diocesan and Suffragan Bishops are borne by the Church Commissioners.

- *Parochial Church Councils (PCCs)*

  The DDBF is required by Measure to be custodian trustee in relation to PCC property, but has no control over PCCs, which are independent charities. The accounts of PCCs do not form part of these financial statements. PCCs are able to influence the decision-making within DDBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

- *Multi Academy Trusts (MATs)*

  The DDBF is a member of several MATs, including the Durham and Newcastle Diocesan Learning Trust. Until 1 September 2024, the Diocesan Director of Education was a director of the Durham and Newcastle Diocesan Learning Trust at which point he resigned as Director of Education to take up the role of CEO of the Trust as a full time role.

- *Newcastle Diocesan Education Board Limited*
  The Newcastle Diocesan Education Board Limited (NDEB) has responsibility for 49 church schools (plus 2 affiliated schools with an anglican foundation) across the Diocese of Newcastle. Unlike its counterpart in Durham, NDEB is an incorporated charitable company and registered charity. The two dioceses operate a joint education team to manage the delivery of their objectives across the two dioceses, and until 1 September 2024, when they were transferred to the Joint Education Team LLP, this charity employed a team of 9 employees working jointly for NDEB and the DDBF.

- *Joint Education Team LLP*
  The Joint Education Team LLP is a Limited Liability Partnership between the DDBF and NDEB, which from 1 September 2024 jointly employs 9 employees to carry out the work of the diocesan boards of education in both Durham and Newcastle dioceses.

- *Stirling Newall Trust*

  A registered charity whose objective is the advancement of the Christian religion by the provision of a house of retreat (Shepherds Dene Retreat House at Riding Mill, Northumberland) for members of the Church of England whether clerical or lay who are resident or working in the area comprising the dioceses of Durham and Newcastle.

- *Lindisfarne College of Theology and Cranmer Hall, St John's College*

  The region's two theological educational institutions, both are registered charities whose objects included the promotion and delivery of education for both lay and ordained members of participating Christian churches and the provision of other theological and ministerial training to both lay and ordained people.

- *Northumbrian Industrial Mission*

  A registered charity which organises the activities of around 40 associate chaplains who engage with people in their places of work. It also works with ministries in other sectors, in local churches and with other agencies.

- *Hospital of God at Greatham*

  A registered charity which provides residential care and alms-houses for older people and makes grants to other charities within the area of benefit.

- *Lord Crewe's Charity*

  A registered charity, one of whose principal aims is to assist necessitous clergy and their dependents in the dioceses of Durham and Newcastle, particularly for the education of their children, and to assist them in other demonstrable financial need, and which provides grant funding used by the diocese to fund its Challenging Poverty priority and to provide a clergy counselling service.

- *St Hild and St Bede Trust*

  A charitable trust whose objectives include the advancement of further and higher education in the dioceses of Durham and Newcastle, with a focus on the advancement of education in accordance with the doctrines of the Church of England.

- *Communities Together Durham*

  A charity which works with churches and communities to challenge social injustice and to enable communities to flourish.

- *Durham Lesotho Diocesan Link*

  A registered charity which aims to develop educational, AIDS awareness and income generating projects in Lesotho. It also develops educational projects for schools and to raise awareness and support for initiatives in the Diocese of Durham which foster closer spiritual links between the Anglican Church in Lesotho and Durham.

- *North East Churches Acting Together*

  A charity which works ecumenically to serve the churches of the North East through improving communication and developing partnerships and connections between churches of different denominations.

- *North East Religious Learning Resource Centre*

  A registered charity which aims to support religious education, literacy and learning in schools and churches across the North East of England through the provision of resources, training and networking opportunities.

Political contributions

No political contributions have been made during the year *(2024: none).*

Statement of disclosure to the auditor

So far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- we have taken all the steps that we ought to have taken as trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of than information.

Auditor

A resolution to reappoint UNW LLP as auditor for the 2026 financial year was tabled at the Board's Annual General Meeting.

In approving the directors' and trustees' report the directors of the company are also approving the strategic report as required under the Companies Act 2006.

On behalf of the Board

Canon Margaret Vaughan
Vice Chair
28 April 2026

Statement of trustees' responsibilities
Year ended 31 December 2025

The trustees are responsible for preparing the Annual Report which incorporates the Strategic Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees (as directors) to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing these financial statements the trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principals in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Durham Diocesan Board of Finance (continued)

Opinion

We have audited the financial statements of Durham Diocesan Board of Finance (the 'charitable company') for the year ended 31 December 2025 which comprise the Statement of financial activities, the income and expenditure account, the balance sheet, the statement of cash flows and the related notes, 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 charitable company's affairs as at 31 December 2025 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Durham Diocesan Board of Finance (continued)

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees
As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

We obtain and update our understanding of the charitable company, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the charitable company is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

Based on our understanding of the charitable company, we identified that the principal risks of non-compliance with laws and regulations related to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, pension legislation and UK tax legislation. In addition, the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines and litigation. We considered the extent to which non-compliance with laws and regulations might have a material effect on the financial statements and we have assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

We also evaluated managements' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks related to posting inappropriate journal entries to manipulate financial results, management bias in accounting estimates, as well as improper revenue recognition which includes fraudulent posting of journal entries to revenue.

Audit procedures performed by the engagement team included:

- Inquiry of management and those charged with governance regarding actual and potential litigation or claims as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Reviewing meeting minutes to identify reported frauds and any potential non-compliance with laws and regulations;
- Identifying journal entries based on risk criteria and testing the identified entries to supporting documentation, in particular journal entries with unusual account combinations; and
- Challenging assumptions and judgments made by management in their significant accounting estimates and evaluating whether there was any evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Anne Hallowell BSc FCA DChA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne
28 April 2026

Durham Diocesan Board of Finance

(A company limited by guarantee)

Statement of financial activities
Year ended 31 December 2025

	Note	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Endowment funds 2025 £000	Total funds 2025 £000	Total funds 2024 £000
Income and endowments from:						
Donations:						
Parish Contributions	4	**4,237**	**-**	**-**	**4,237**	4,230
Archbishops' Council	5	**1,916**	**2,665**	**-**	**4,581**	4,393
Other	6	**137**	**614**	**-**	**751**	626
Charitable activities	7	**478**	**-**	**-**	**478**	631
Other trading activities	8	**751**	**11**	**-**	**762**	574
Investments	9	**273**	**276**	**585**	**1,134**	1,096
Other income	10	**-**	**42**	**489**	**531**	1,357
Total income and endowments		**7,792**	**3,608**	**1,074**	**12,474**	12,907
Expenditure on:						
Raising funds	11	**33**	**-**	**-**	**33**	55
Charitable activities:						
Contributions to Archbishops' Council	13	**562**	**-**	**-**	**562**	514
Resourcing ministry and mission	14	**8,949**	**2,982**	**6**	**11,937**	12,282
Resourcing education	15	**240**	**-**	**-**	**240**	241
Total expenditure		**9,784**	**2,982**	**6**	**12,772**	13,092
Net (expenditure)/income before net gains on investments		**(1,992)**	**626**	**1,068**	**(298)**	(185)
Net (losses)/gains on investments		**(151)**	**(464)**	**(916)**	**(1,531)**	1,097
Net income/(expenditure)		**(2,143)**	**162**	**152**	**(1,829)**	912
Transfers between funds	30	**1,737**	**849**	**(2,586)**	**-**	-
Net movement in funds		**(406)**	**1,011**	**(2,434)**	**(1,829)**	912
Reconciliation of funds:						
Total funds brought forward		**5,927**	**13,397**	**56,308**	**75,632**	74,720
Net movement in funds		**(406)**	**1,011**	**(2,434)**	**(1,829)**	912
Total funds carried forward	27	**5,521**	**14,408**	**53,874**	**73,803**	75,632

The notes on pages 31 to 65 form part of these financial statements.

Durham Diocesan Board of Finance

(A company limited by guarantee)

Summary income and expenditure account
Year ended 31 December 2025

	Note	Total funds 2025 £000	Total funds 2024 £000
Income		**11,400**	11,798
Gains/(losses) on investments		**(615)**	277
Gross income in the reporting period		**10,785**	12,075
Less: Total expenditure		**(12,766)**	(13,078)
Net income/(expenditure) for the reporting period		**(1,981)**	(1,003)
Other comprehensive income			
Net assets transferred from endowments	30	**2,586**	2,559
Net comprehensive income for the year		**605**	1,556

The income and expenditure account is derived from the statement of financial activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

The notes on pages 31 to 65 form part of these financial statements.

Durham Diocesan Board of Finance

(A company limited by guarantee)

Balance sheet
Year ended 31 December 2025

	Note		2025 £000		2024 £000
Fixed assets					
Tangible assets	20		**36,711**		36,017
Investments	21		**35,451**		37,034
			72,162		73,051
Current assets					
Debtors	22	**993**		2,505	
Cash on deposit	23	**273**		1,171	
Cash at bank and in hand		**1,299**		1,106	
		2,565		4,782	
Creditors: amounts falling due within one year	24	**(875)**		(2,152)	
Net current assets			**1,690**		2,630
Total assets less current liabilities			**73,852**		75,681
Creditors: amounts falling due after more than one year	25		**(49)**		(49)
Total net assets			**73,803**		75,632
Charity funds					
Endowment funds	27		**53,874**		56,308
Restricted funds	27		**14,408**		13,397
Unrestricted funds					
Designated funds	27	**7**		7	
General funds	27	**5,514**		5,920	
Total unrestricted funds	27		**5,521**		5,927
Total funds			**73,803**		75,632

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the trustees on 28 April 2026 and signed on their behalf by:

Canon Margaret Vaughan
Chair

Company registered number: 00192018
The notes on pages 31 to 65 form part of these financial statements.

Durham Diocesan Board of Finance

(A company limited by guarantee)

Statement of cash flows
Year ended 31 December 2025

	Note	2025 £000	2024 £000
Cash flows from operating activities			
Net cash used in operating activities	31	**(1,685)**	(2,301)
Cash flows from investing activities			
Dividends, interests and rents from investments		**1,134**	1,096
Proceeds from the sale of tangible fixed assets		**1,589**	1,543
Purchase of tangible fixed assets		**(1,795)**	(1,302)
Proceeds from sale of investments		**52**	875
Net cash provided by/ (used in) investing activities		**980**	2,212
Cash flows from financing activities			
New loans advanced		**-**	22
Repayment of loans advanced		**-**	(21)
Net cash provided by/ (used in) financing activities		**-**	1
Change in cash and cash equivalents in the year		**(705)**	**(88)**
Cash and cash equivalents at the beginning of the year		**2,277**	2,365
Cash and cash equivalents at the end of the year	32	**1,572**	2,277

The notes on pages 30 to 65 form part of these financial statements

1. General information

Durham Diocesan Board of Finance is a charitable company limited by membership guarantee and incorporated and domiciled in England. The registered office address is Cuthbert House, Stonebridge, Durham, DH1 3RY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Durham Diocesan Board of Finance meets the definition of a public benefit entity under FRS 102. Assets and Liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are presented in pounds sterling which is the functional currency of the company and are rounded to the nearest £1,000.

2.2 Exemption from preparing group accounts

The charitable company was the controlling party of Diocese of Durham Educational Trust, a dormant subsidiary undertaking. In the opinion of the trustees, the size and assets of the subsidiary undertaking meant that the presentation of the combined results and financial position in consolidated financial statements was not material for the purpose of giving a true and fair view. These financial statements present the results and the position of the charitable company as a single entity and not as a group. The subsidiary was dissolved in January 2025.

2.3 Going concern

The trustees have considered the availability of reserves and cash upon the going concern basis of preparation of these financial statements. Although uncertainty still remains, particularly over the recovery of parish income and the real-terms reduction in the value of parish share. The trustees are comfortable that the measures taken to date, and the managed budget deficit for 2026, along with the current levels of cash and short-term deposits, are sufficient to allow the Diocese to continue to operate as a going concern for the foreseeable future notwithstanding the current restrictions.

2. Accounting policies (continued)

2.4 Income

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

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

The principal source of income of the DDBF is parish share. The share monies are recognised in the statement of financial activities in the period in which they are received, and arrears are not shown as debtors since only constructive pressure can be applied to encourage parishes to pay any outstanding sums. Debts for parish share are not enforceable.

The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the SOFA for the sake of greater clarity and simplicity in financial reporting. The Diocese adopts a total return approach to the investments in this fund and consequently recognises the income and any direct expenditure as endowed, and transfers an amount each year to unrestricted funds to cover the expenditure on stipends which this fund is held for.

Selective allocations from the Church Commissioners are credited to the Stipends and General Fund on a monthly basis and recognised in the SOFA as incoming resources.

Legacies, contributions and other donations are accounted for when conditions for their receipt have been met. Investment income is accounted for when receivable. Rental income for glebe and other property is shown separately. Incoming resources from charitable activities including clergy fees, chaplaincy income and guaranteed annuities are receivable on a monthly basis.

Other sundry income, including gains on disposal of properties, is recognised in the SOFA in the accounting period in which monies are receivable.

2.5 Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the SOFA category. Expenditure is stated inclusive of irrecoverable VAT.

Costs of raising funds are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investments held.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the Board, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

2. Accounting policies (continued)

2.5 Expenditure (continued)

Payments in support of services provided by the Archbishops' Council are regarded as grants and the annual amounts payable are divided into monthly instalments.

Resourcing ministry and mission costs are the costs incurred by the Board in maintaining resident clergy in numerous parishes throughout the Diocese. These include stipends, national insurance, housing, relocation, and a range of support costs.

Support costs consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to- be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

2.6 Pension contributions

The DDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pension Scheme. The pension costs charged as resources expended represent the DDBF's contributions payable in respect of the accounting period, in accordance with FRS 102. Deficit funding for the pension schemes to which the DDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

The DDBF also operates a stakeholder scheme and contributes to personal pension schemes for which contributions are charged to the SOFA as they fall due.

2.7 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost.

Freehold and leasehold buildings
It is the DDBF's policy that in respect of many of its buildings, no depreciation is charged as any provision would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value.

The DDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residual properties is in accordance with the Repair of Benefices Building Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value.

Annual impairment reviews are performed in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount. Where the recoverable amount is estimated to be less than the carrying amount, depreciation is charged in the financial statements.

School buildings
School buildings are occupied and, in the case of Voluntary Aided schools, improved, extended and repaired by the school governors. The nature of the occupation of these buildings by these exempt and excepted charities means that DDBF trustees do not have the power to dispose of the buildings

2. Accounting policies (continued)

2.7 Tangible fixed assets and depreciation (continued)

until the school ceases its occupation, which in turn would require the approval of the Secretary of State. Any proceeds of sale would be subject to claw-back, by the Secretary of State, of related grant aid provided. The trustees consider the Board's ownership to be in the nature of custodianship of the assets and these are therefore not capitalised in the financial statements. Details of the Voluntary Aided schools can be obtained from the Joint Education Team.

Depreciation on other tangible fixed assets
Depreciation is provided in order to write off the cost (less any residual value) of other fixed assets over their currently expected useful economic lives at the following initial rates:

Freehold and leasehold property	-	shorter of 50 years or lease term
Furniture and office equipment	-	33.3% per annum straight line
Installed Renewable Energy equipment	-	shorter of 25 years or currently expected useful economic life

2.8 Total return investment policy

The board passed a resolution on 1 December 2022 to adopt a total return policy in respect of the stipends capital endowed funds. This approach allows any increase in the value of an investment to be used as income. The decision was taken to ensure that Diocese invests in a way that has appropriate regard to the furtherance of its aims both now and in the future.

The board identified the relevant funds and apportioned it into the value of the original endowment (which forms the Investment Fund) and the unapplied investment return (which forms the unapplied total return). The calculation of the value of the investment fund on the date of adoption was based upon the book value of assets at 1 January 1997, adjusted for inflation and additions since that date.

All endowed investment returns are designated as unapplied total return until Trustees decide how it is to be used. At the discretion of the board, some of the total unapplied return may be allocated to the income fund each year to be spent on its aims.

Trustees may allocate an amount of the unapplied total return to the investment funds. The amount that can be allocated to the investment fund is capped. The cap is calculated by using the rise in inflation from a particular date, being either the date of resolution if no previous allocation has been made or date of the last allocation to the investment fund.

2.9 Investments

Investments in agricultural holdings, commercial properties and investment securities are shown at their market value on the balance sheet date. All gains and losses on investments are recognised in the SOFA. Investments held by the DDBF as custodian trustee are not included in these accounts. Investments in unlisted investments and the subsidiary are stated at cost less provision for impairment. Investments also include long term loans made by the DDBF under concessionary terms.

2. Accounting policies (continued)

2.10 Financial instruments

Loans
Loans made by the DDBF to further its charitable purposes at rates below prevailing market rates are classified as concessionary loans and accounted for in accordance with Section 34 of FRS 102. Such loans are initially recognised and measured at the amount received and subsequently adjusted to reflect any repayments, accrued interest and any subsequent impairment.

Debtors
Debtors are recognised at the settlement amount due.

Cash and cash equivalents
Cash on deposit includes cash held in short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions
Creditors and provisions are recognised where the DDBF has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Equity share loan
The DDBF has one loan for which the settlement proceeds are based on the value of the equity in a property. As this constitutes a non-basic financial instrument under FRS 102 this loan has been recognised at fair value and is revalued at each reporting date. Any gains and losses arising at each year-end are recognised in the SOFA.

2.11 Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

2.12 Funds

Balances are split between general, designated, restricted and endowment funds.

- **General** funds represent funds which are expendable at the discretion of the directors in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.

- **Designated** funds are amounts which have been put aside at the discretion of the directors and are therefore not available for other purposes. All of the unrestricted funds apart from the General Fund are now regarded as designated. These are included with the unrestricted funds column in the SOFA.

- **Restricted** funds represent grants, donations, legacies and assets which are allocated by the donor for specific purposes. The largest restricted fund is the Pastoral Account.

- **Endowment** funds are those held on trust to be retained for the benefit of the charity as a capital fund. In the case of the endowment funds administered by the Board (Stipends Capital Fund, and Parsonage Houses Fund), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

2. Accounting policies (continued)

2.12 Fund accounting (continued)

The board has adopted a total return approach to investments held within the Stipends Capital Fund. Assets are invested to produce an investment return without regard to whether that return is in the form of income or capital appreciation. An allocation is made each year from unapplied total return to trust for investment to ensure that the capital value of assets in trust are not eroded over time.

Trusts where the DDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key areas subject to estimation are as follows:

Fair value on investment property
The DDBF holds investment property comprising agricultural land at fair value. The DDBF uses an independent external qualified surveyor to assess the value of this land based on a site by site consideration of the assets and the market conditions existing at the balance sheet date.

Fair values estimated for equity share loan
The DDBF has one loan for which the settlement proceeds are based on the value of the equity in a property. As required by FRS102 this loan has been stated in accordance with an estimate of fair value. The DDBF makes use of internal experts in arriving at this fair value. This loan is repayable on the earlier of the death of the borrower or the sale of the related property and therefore the timing of its repayment is uncertain. Therefore, this loan is measured as a proportion of the fair value at each reporting date and has not been discounted.

Other estimates included within these financial statements include depreciation charges. None of the estimates made are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year.

In preparing these financial statements the trustees do not consider there were any significant areas of judgement that were required in applying the charity's accounting policies as set out above.

4. Parish contributions

	Total funds 2025 £000	Total funds 2024 £000
Unrestricted general fund - parish share		
Contributions pledged and paid	4,201	4,181
Contributions from previous years	36	49
	4,237	4,230
Current year parish share receipts (excluding contributions from prior years) as a proportion of total amounts pledged	96.9%	95.0%

5. Archbishops' Council

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Total funds 2025 £000
Lower income communities fund	**1,916**	-	**1,916**
Strategic development fund	-	**2,157**	**2,157**
Moving towards net zero	-	**146**	**146**
Strategic ministry funding	-	**325**	**325**
Ordinands' training grant	-	**37**	**37**
	1,916	**2,665**	**4,581**

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total funds 2024 £000
Lower income communities fund	1,998	-	1,998
Strategic development fund	-	1,864	1,864
Moving towards Net Zero	-	74	74
Strategic ministry funding	-	429	429
Ordinands' training grant	-	28	28
	1,998	2,395	4,393

6. Other donations

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Total funds 2025 £000
Benefact Trust	**113**	**64**	**177**
Lord Crewe's Charity	**-**	**250**	**250**
Other grants and donations	**24**	**300**	**324**
	137	**614**	**751**

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total funds 2024 £000
Benefact Trust	135	60	195
Lord Crewe's Charity	-	340	340
St Hild and St Bede Trust	-	13	13
Other grants and donations	39	39	78
	174	452	626

7. Income from charitable activities

	Total funds 2025 £000	Total funds 2024 £000
Statutory fees	**356**	387
Chaplaincy	**47**	45
St Hild and St Bede Trust	**-**	9
Miscellaneous income	**75**	190
	478	631

8. Income from other activities

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Total funds 2025 £000
Rental income from parsonages	**668**	**-**	**668**
Education service level agreements	**-**	**11**	**11**
Miscellaneous income	**83**	**-**	**83**
	751	**11**	**762**

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total funds 2024 £000
Rental income from parsonages	557	-	557
Education service level agreements	4	11	15
Miscellaneous income	-	2	2
	561	13	574

9. Income from investments

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Endowment funds 2025 £000	Total funds 2025 £000
Income from UK listed investments	**98**	**267**	**585**	**950**
Interest receivable	**120**	**9**	**-**	**129**
Rents receivable	**55**	**-**	**-**	**55**
	273	**276**	**585**	**1,134**

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000
Income from UK listed investments	84	250	587	921
Interest receivable	102	16	-	118
Rents receivable	57	-	-	57
	243	266	587	1,096

10. Other income

	Unrestricted funds 2025	Restricted funds 2025	Endowment funds 2025	Total funds 2025
	£000	£000	£000	£000
Gain on disposal of properties	-	42	489	531

	Unrestricted funds 2024	Restricted funds 2024	Endowment funds 2024	Total funds 2024
	£000	£000	£000	£000
Gain on disposal of properties	21	-	522	543
Pension Surplus on scheme closure (note 37)	-	814	-	814
	21	814	522	1,357

11. Fundraising costs

	Unrestricted funds 2025 £000	Endowment funds 2025 £000	Total funds 2025 £000
Glebe agents fees	14	-	14
Glebe investment costs	19	-	19
	33	-	33

	Unrestricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000
Glebe agents fees	19	-	19
Glebe investment costs	33	3	36
	52	-	55

12. Analysis of expenditure by activities

	Activities undertaken directly 2025 £000	Grant funding of activities 2025 £000	Support costs 2025 £000	Total funds 2025 £000
Contributions to Archbishops' Council (note 13)	-	562	-	562
Resourcing ministry and mission (note 14)	9,874	515	1,548	11,937
Resourcing Education (note 15)	240	-	-	240
	10,114	1,077	1,548	12,739

	Activities undertaken directly 2024 £000	Grant funding of activities 2024 £000	Support costs 2024 £000	Total funds 2024 £000
Contributions to Archbishops' Council (note 13)	-	514	-	514
Resourcing ministry and mission (note 14)	9,950	358	1,974	12,282
Resourcing Education (note 15)	241	-	-	241
	10,191	872	1,974	13,037

13. Contributions to Archbishops' Council

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Total funds 2025 £000
Training for ministry	221	-	221
National Church responsibilities	259	-	259
Grants and provisions	106	-	106
Pooling of ordinand candidates	(24)	-	(24)
	562	-	562

13. Contributions to Archbishops' Council (continued)

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total funds 2024 £000
Training for ministry	223	-	223
National Church responsibilities	249	-	249
Grants and provisions	120	-	120
Pooling of ordinand candidates	(78)	-	(78)
	514	-	514

14. Expenditure on resourcing ministry and mission

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Endowment funds 2025 £000	Total funds 2025 £000
Stipends and national insurance	3,844	131	-	3,975
Clergy pension	699	17	-	716
Housing costs	1,955	23	-	1,978
Removal, resettlement and other grants	142	5	-	147
Mission: stipendiary, staff and activity costs	694	1,929	-	2,623
Strategic development costs	-	370	-	370
Other expenses and grants	392	188	-	580
Support for parish ministry (see note 16)	1,223	319	6	1,548
	8,949	2,982	6	11,937

14. Expenditure on resourcing ministry and mission (continued)

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000
Stipends and national insurance	3,496	549	-	4,045
Clergy pension	791	130	-	921
Housing costs	2,076	26	-	2,102
Removal, resettlement and other grants	114	11	-	125
Mission: stipendiary, staff and activity costs	552	1,571	-	2,123
Strategic development costs	-	200	-	200
Other expenses and grants	480	312	-	792
Support for parish ministry (see note 16)	1,483	480	11	1,974
	8,992	3,279	11	12,282

15. Resourcing education

	Unrestricted funds 2025 £000	**Restricted funds 2025 £000**	**Total funds 2025 £000**
Administration	**240**	**-**	**240**

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total funds 2024 £000
Administration	241	-	241

16. Analysis of support costs

	Total funds 2025	Total funds 2024
	£000	£000
Central staff costs	**763**	936
Central office and premises	**98**	255
Technology and communication	**171**	179
Depreciation	**43**	43
Legal and registry costs	**182**	169
Synod, Board and Committee expenses	**60**	60
External audit	**34**	29
Other support costs	**41**	196
Other costs	**156**	107
	1,548	1,974

17. Analysis of grants made

	Individuals £000	Institutions £000	Total 2025 £000
From unrestricted funds for National Church responsibilities:			
Contributions to Archbishops' Council	-	456	**456**
Other grants made:			
NECAT	-	8	**8**
Lesotho	-	25	**25**
Training for Ministry Grants	194	-	**194**
Resettlement and First Appointment Grants	142	-	**142**
Ordinands' Grants	106	-	**106**
Basic Clergy Development Grants	24	-	**24**
Small Grants	-	11	**11**
Church building committee grants	-	80	**80**
PCCs	-	31	**31**
	466	611	**1,077**

17. Analysis of grants made (continued)

	Individuals £000	Institutions £000	Total 2024 £000
From unrestricted funds for National Church responsibilities:			
Contributions to Archbishops' Council	-	394	**394**
Other grants made:			
NECAT	-	8	**8**
Northumbrian Industrial Mission	-	2	**2**
Lesotho	-	25	**25**
Training for Ministry Grants	74	-	**74**
Resettlement and First Appointment Grants	114	-	**114**
Ordinands' Grants	120	-	**120**
Basic Clergy Development Grants	19	-	**19**
Small Grants	27	-	**27**
Church building committee grants	-	64	**64**
PCCs	-	25	**25**
	354	518	**872**

18. Auditor's remuneration

	2025 £000	2024 £000
Fees payable to the charitable company's auditor for the audit of the charitable company's annual accounts	**34**	30
Fees payable to the charitable company's auditor in respect of:		
All non-audit services not included above	**-**	-

19. Staff costs

	2025 £000	2024 £000
Employee costs during the year were as follows:		
Wages and salaries	**1,903**	1,796
National insurance contributions	**233**	179
Pension costs	**247**	300
	2,383	2,275

19. Staff costs (continued)

	2025 £000	2024 £000
The average monthly number of employees during the year were as follows:		
Staff	**50**	47

The number of higher paid employees was:	2025 No.	2024 No.
In the band £60,001 - £70,000	3	2
In the band £70,001 - £80,000	1	-
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2025 they were:

Diocesan Secretary	Mr J James G Morgan
Director of Mission, Discipleship & Ministry	The Venerable Elizabeth M Wilkinson
Head of Transformational Delivery	Mrs Amy H Burns

Remuneration, pensions and employer's national insurance contributions for the above employees amounted to £253,665 (2024: £221,868).

19. Staff costs (continued)

Trustees' emoluments

No trustee received any remuneration for services as trustee *(2024: £nil)*. During the year, 7 trustees *(2024: 7)* received travelling, subsistence and incidental costs, totalling £6,948 *(2024: £12,644)* in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as trustees.

During the year the Board made contributions to the Church Commissioners at the standard rate agreed by Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors of the Board and provided houses, including payment of council tax and maintenance costs, as part of normal clergy remuneration.

The following table gives details of the trustees who were in receipt of a stipend and/or housing provided by the DDBF during the year:

	Stipend	Housing
The Bishop of Jarrow – Right Reverend SE Clark	No	Yes
The Archdeacon of Auckland – Venerable RL Simpson	Yes	Yes
The Archdeacon of Durham – Venerable EM Wilkinson	Yes	Yes
The Archdeacon of Sunderland – Venerable RG Cooper	Yes	Yes
The Archdeacon of Sunderland – Venerable KJ Bagnall	Yes	Yes
Reverend BT Huish	Yes	Yes
Reverend MJ Levinsohn	Yes	Yes
Reverend L Sutherland	Yes	Yes
Reverend PA Arnold	Yes	Yes
Reverend Canon D Tolhurst	Yes	Yes

The DDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than bishops and cathedral staff. The DDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese including the Suffragan Bishop.

The DDBF paid an average of 128 *(2024: 135)* stipendiary clergy and lay ministers as office-holders holding parochial or diocesan appointments in the Diocese, and the costs were as follows:

	2025 £000	2024 £000
Stipends	3,600	3,736
National insurance contributions	405	335
Pension costs - current year contributions	765	853
	4,770	4,924

20. Tangible fixed assets

	Property £000	Office equipment £000	Parsonages £000	Glebe Property £000	Total £000
Cost or valuation					
At 1 January 2025	3,845	101	19,759	13,284	36,989
Additions	-	37	362	1,396	1,795
Disposals	-	-	(807)	(260)	(1,067)
Transfers between classes	-	-	595	(595)	-
At 31 December 2025	3,845	138	19,909	13,825	37,717
Depreciation					
At 1 January 2025	217	98	407	250	972
Charge for the year	34	4	2	3	43
On disposals	-	-	(9)	-	(9)
Transfers between classes	-	-	-	-	-
At 31 December 2025	251	102	400	253	1,006
Net book value					
At 31 December 2025	3,594	36	19,509	13,572	36,711
At 31 December 2024	3,628	3	19,352	13,034	36,017

21. Fixed asset investments

	Listed investments £000	Loans to associates £000	Agricultural land £000	Total £000
Cost or valuation				
At 1 January 2025	**33,592**	**29**	**3,413**	**37,034**
Additions	**-**	**-**	**-**	**-**
Disposals	**-**	**(4)**	**(48)**	**(52)**
Revaluations	**(1,351)**	**-**	**(180)**	**(1,531)**
At 31 December 2025	**32,241**	**25**	**3,185**	**35,451**
Net book value				
At 31 December 2025	**32,241**	**25**	**3,185**	**35,451**
At 31 December 2024	33,592	29	3,413	37,034
Historic cost at 31 December 2025	**26,482**	**25**	**394**	**26,901**

Agricultural land held as investment properties
The estimate of the value of Glebe land and properties held as investments at the end of the year has been prepared by Savills on a Desk Top valuation as at 31 December 2025.

Long term loans
The DDBF loaned £15,000 to Stirling Newall Trust for the installation of a new fire alarm system in 2021 with an additional loan of £10,000 being made during 2023. Both loans are repayable in annual instalments over 10 years with interest charged at 3% per annum.

Subsidiary undertakings
Unlisted investments are held at cost and relate to DDBF's wholly owned subsidiary undertaking, The Diocese of Durham Educational Trust, a company limited by guarantee (company registration number 08816527).

The Diocese of Durham Educational Trust was incorporated in 2013 to provide the Diocese with a vehicle to manage its education responsibilities. It was a dormant company which acted as a corporate member for a number of multi academy trusts, but was wound up in January 2025.

Joint venture
The company has a joint venture limited liability partnership with Newcastle Diocesan Education Board (NDEB). The entity, Joint Education Team LLP, commenced trading on 1 September 2023.

22. Debtors

	2025	2024
	£000	£000
Due after more than one year		
Church Buildings loan	**94**	140
Church workers pension scheme surplus (see note 37)	**117**	451
Equity share loan	**134**	134
	345	725
Due within one year		
Church Buildings loans	**2**	3
Church workers pension scheme surplus (see note 37)	**344**	257
Other debtors	**176**	1,408
Prepayments and accrued income	**126**	112
	648	1,780
Total	**993**	2,505

The historic cost of the equity share loan included in loans receivable is £16,000 (2024: £16,000).

23. Current asset investments

	2025	2024
	£000	£000
Short term investments	**273**	1,171

24. Creditors: amounts falling due within one year

	2025	2024
	£000	£000
Trade creditors	**230**	166
Other creditors	**4**	18
Accruals and deferred income	**641**	1,968
	875	2,152

	£000	£000
Deferred income at 1 January	**1,897**	1,116
Resources deferred during the year	**-**	1,897
Amounts released from previous periods	**(1,341)**	(1,116)
	556	1,897

25. Creditors: amounts falling due after more than one year

	2025 £000	2024 £000
Loans	**49**	49

Loans included in creditors due in more than one year comprise £49,000 (2024: £49,000) owing to Church Commissioners relating to property purchased to house clergy spouses, which becomes repayable on sale of the property once it falls vacant.

26. Summary of funds

Summary of funds - current year

	Balance at 1 January 2025 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 December 2025 £000
Designated funds	**7**	**-**	**-**	**-**	**-**	**7**
General funds	**5,920**	**7,792**	**(9,784)**	**1,737**	**(151)**	**5,514**
Endowment funds	**56,308**	**1,074**	**(6)**	**(2,586)**	**(916)**	**53,874**
Restricted funds	**13,397**	**3,608**	**(2,982)**	**849**	**(464)**	**14,408**
	75,632	**12,474**	**(12,772)**	**-**	**(1,531)**	**73,803**

Summary of funds - prior year

	Balance at 1 January 2024 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 December 2024 £000
Designated funds	7	7	(7)	0	0	7
General funds	5,798	7,851	(9,792)	1,995	68	5,920
Endowment funds	56,952	1,109	(14)	(2,559)	820	56,308
Restricted funds	11,963	3,940	(3,279)	564	209	13,397
	74,720	12,907	(13,092)	0	1,097	75,632

27. Statement of funds – current year

	Balance at 1 January 2025 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 December 2025 £000
Designated funds						
Bequests Fund	7	-	-	-	-	7
Unrestricted funds						
General	5,920	7,792	(9,784)	1,737	(151)	5,514
Restricted funds						
Parsonages Building Fund	1,829	52	-	-	(70)	1,811
Durham Closed Schools Fund	884	77	-	(89)	(30)	842
Pastoral Fund	9,028	427	(209)	1,269	(344)	10,171
Ministry and Preordination Training Fund	-	37	(37)	-	-	-
Lord Crewe's Charity	142	250	(328)	-	-	64
Strategic Development Fund - Resourcing Churches	27	425	(425)	-	-	27
Strategic Development Fund II -Communities of Hope	4	421	(421)	-	-	4
Strategic Development Fund III -Transforming Growth	-	372	(372)	-	-	-
Restructuring Fund - Renewal & Reform	1	-	-	-	-	1
Durham Capacity Fund	(3)	57	(62)	-	-	(8)
Strategic Capacity Grant fund	2	-	-	-	-	2
Strategic Ministry Fund	-	325	-	-	-	325
Archbishops' Council - Net Zero	25	60	(34)	(27)	-	24
Archbishops' Council - Called to Fruitfullness	-	742	(741)	-	-	1
Archbishops' Council - Building for Mission	-	52	(47)	-	-	5
Benefact Trust- Cultivate funding	13	40	(53)	-	-	-
Archbishops' Council -Giving Adviser funding	-	24	(24)	-	-	-
Pension surplus restricted fund	708	-	-	(247)	-	461
Other	737	247	(229)	(57)	(20)	678
	13,397	3,608	(2,982)	849	(464)	14,408
Endowment funds						
Parsonages Houses Fund	19,322	491	(2)	(313)	-	19,498
Stipends Capital Fund	36,986	583	(4)	(2,273)	(916)	34,376
	56,308	1,074	(6)	(2,586)	(916)	53,874
Total of funds	75,632	12,474	(12,772)	-	(1,531)	73,803

27. Statement of funds (continued)

Bequests Fund
This fund represents the balance from an anonymous donor during 2019 which the Board decided should be held within a separate designated fund to support the diocesan priority of 'Challenging Poverty'.

General fund
The general fund is available for any purpose within the objects of the Board. It is principally used for payment of stipends, national insurance, pension contributions and housing costs of clergy and licensed lay-workers in parish ministry. It also provides the assets and liquidity for the DDBF to carry out its objectives, including statutory compliance and administration of funds.

Parsonages Buildings fund
The Parsonages Buildings fund is held by the DDBF to pay for repairs and maintenance of parsonage houses. This fund also holds the net proceeds from the sale of any previous parsonages which have been ring fenced for the provision of a replacement parsonage as and when necessary.

Durham Closed Schools Fund
The Closed Schools Improvements Fund represents the pooled sale proceeds of closed church schools in the Diocese in accordance with Section 287 (2) of the Education Act 1993. The capital and income can be used for the building, extension and maintenance of church schools. The income alone can be spent on the management and administration of church schools.

Pastoral Fund
The pastoral account includes the proceeds of redundant churches and parsonages and was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:

-to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees

-to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese

-other purposes of the Diocese or any benefice or parish in the Diocese

-to make grants or loans to any other Diocese

-to transfer funds to the diocesan stipends fund income or capital accounts.

Ministry and Preordination Training Fund
This is a restricted fund set up to provide assistance for ministry and training.

Lord Crewe's Charity Restricted Fund
This fund provides support for necessitous clergy and gives resources for the mission and ministry of parishes in the most deprived parts of the Diocese

Strategic Development Fund - Resourcing Churches
This national church funded project set up the first four Resourcing Churches in major population centres within the Diocese, and supports training of ministry experience volunteers.

Strategic Development Fund – Communities of Hope
This national church funded project is to develop Communities of Hope, which are Christian small scale social enterprise projects in areas with high levels of social deprivation, alongside two further Resourcing Churches and ministry experience volunteers.

27. Statement of funds (continued)

Strategic Development Fund - Transforming Growth

This national church funded project supports a Resourcing Church in Darlington and church planting activity across the Diocese.

Restructuring Fund

The Church Commissioners awarded the Diocese a one-off allocation to allow the Diocese to adapt to a reduction in funding resulting from the replacement of Selective Allocation by Lower Income Communities Funding. This funding is restricted as it must be used in line with an agreed plan.

Miscellaneous Restricted Income Fund

This restricted fund relates to grants received for one off smaller activities which have been made available for specific restricted activities within the Diocese.

Durham Capacity Fund

This fund provides support for the Diocese through the process of developing a transformational strategy and missional design.

Strategic Capacity Fund - Church planting

Provides capacity for the administration and management of church planting within the Diocese.

Strategic Ministry Fund

Provides support to assist with funding the curates.

Archbishops' Council - Net Zero

Awarded towards helping the Diocese work towards their net zero targets.

Archbishops' Council - Called to Fruitfulness

Increasing capacity, regeneration of parishes for mission, missional chaplaincies

Benefact Trust - Cultivate

Funding to support the Diocese's 'Cultivate' church planting strategy.

Archbishops' Council –Giving Adviser Fund

National church funding to provide diocesan support for parishes around generous giving and stewardship.

Pension

A fund holding the pension asset arising from the closure of the Church Worker Defined Benefit Scheme to be offset against future staff pension liabilities.

Other grants

This restricted fund relates to grants which support a wide range of projects related to the four Diocesan priorities.

Parsonage Houses Fund

The Parsonage Houses Fund represents the value of the benefice houses (parsonages) in the Diocese after deducting loans outstanding in respect of such houses.

27. Statement of funds (continued)

Stipends Capital Fund
The Stipends Capital Fund is governed by the Diocesan Stipends Measure 1953. The income of the fund can only be used for clergy stipends but, since 1993, capital can be applied for improvements to parsonage houses.

Transfers between funds

Further details are given in note 30.

27. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 January 2024 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 December 2024 £000
Designated funds						
Bequests Fund	7	7	(7)	-	-	7
Unrestricted funds						
General	5,798	7,851	(9,792)	1,995	68	5,920
Restricted funds						
Parsonages Building Fund	1,741	49	-	-	39	1,829
Durham Closed Schools Fund	1,030	40	(1)	(205)	20	884
Pastoral Fund	8,080	215	(174)	769	138	9,028
Ministry and Preordination Training Fund	146	28	(174)	-	-	-
Lord Crewe's Charity	142	340	(340)	-	-	142
Strategic Development Fund - Resourcing Churches	27	467	(467)	-	-	27
Restructuring Fund - Renewal & Reform	5	-	(4)	-	-	1
Strategic Development Fund II - Communities of Hope	4	601	(601)	-	-	4
Misc Restricted Fund (Misc Income for projects)	173	31	(27)	-	-	177
Durham Capacity Fund (Restricted)	(3)	57	(57)	-	-	(3)
Strategic Capacity Grant fund	-	69	(67)		-	2
Strategic Ministry Fund	-	429	(429)	-	-	-
Strategic Development Fund - Transformation Growth	-	200	(200)	-	-	-
Archbishops' Council - Giving Adviser funding	-	24	(24)	-	-	-
Archbishops' Council - Net Zero	25	30	(30)	-	-	25
Archbishops' Council - Called to Fruitfulness	-	332	(332)	-	-	-
Benefact Trust- Cultivate funding	43	60	(90)	-	-	13
Archbishops' Council – Building for Mission	-	36	(36)	-	-	-
Pension restricted fund	-	814	(106)	-	-	708
Other	550	118	(120)	-	12	560
	11,963	3,940	(3,279)	564	209	13,397
Endowment funds Parsonages Houses Fund	19,662	432	(3)	(769)	-	19,322
Stipends Capital Fund	37,290	677	(11)	(1,790)	820	36,986
	56,952	1,109	(14)	(2,559)	820	56,308
Total of funds	74,720	12,907	(13,092)	-	1,097	75,632

28. Total return on investment

	Trust for investment 2025 £000	Unapplied total return 2025 £000	Total Stipend Capital fund 2025 £000
As at 1 January 2025	10,518	26,468	**36,986**
Movements in year			
Allocation to trust for investment	1,685	(1,685)	-
Investment return: dividends and interest	-	583	**583**
Investment return: gains on sale of property	-	-	-
Investment return: realised and unrealised gains and (losses)	-	(916)	**(916)**
Addition of capital	-	-	-
Transfer to Parsonage Fund	(956)	-	**(956)**
Less: costs of maintaining properties		(4)	**(4)**
	729	(2,022)	**(1,293)**
Unapplied total return allocated to income	-	(1,317)	**(1,317)**
Net movement in the year	729	(3,339)	**(2,610)**
As at 31 December 2025	11,247	23,129	**34,376**

On 1 December 2022 the Trustees agreed to adopt a total return approach to accounting for the stipend capital endowments of the Diocese. The full details of policies adopted are set out in the accounting policies in note 1. The date of adoption for the purposes of calculating the original value of the trust for investment was 1 January 1997, with all additional gifts since that date added and inflation included to arrive at the value of the Trust for investment as at 1 January 2023.

On 31 December 2025 a proportion of the resulting unapplied total return was allocated to income for the year, as shown above.

29. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Endowment funds 2025 £000	Total funds 2025 £000
Tangible fixed assets	**1,995**	**1,633**	**33,083**	**36,711**
Fixed asset investments	**4,281**	**10,990**	**20,180**	**35,451**
Debtors due after more than one year	**591**	**(247)**	**1**	**345**
Current assets	**105**	**1,452**	**663**	**2,220**
Creditors due within one year	**(991)**	**116**	**-**	**(875)**
Creditors due in more than one year	**-**	**-**	**(49)**	**(49)**
Total	**5,981**	**13,944**	**53,878**	**73,803**

Analysis of net assets between funds - prior year

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000
Tangible fixed assets	1,965	1,665	32,387	36,017
Fixed asset investments	4,286	9,177	23,571	37,034
Debtors due after more than one year	591	133	1	725
Current assets	38	3,621	398	4,057
Creditors due within one year	(953)	(1,199)	-	(2,152)
Creditors due in more than one year	-	-	(49)	(49)
Total	5,927	13,397	56,308	75,632

30. Analysis of significant transfers between funds

Analysis of significant transfers between funds – current year

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Endowment funds 2025 £000	Total funds 2025 £000
Transfer of Parsonage Houses to Pastoral Account	-	1,269	(1,269)	-
Transfer of restricted Closed School fund to Unrestricted	89	(89)	-	-
Transfer from Stipends Capital to Parsonage Houses	-	-	956	-
Transfer from Stipends Capital to Parsonage Houses	-	-	(956)	-
Total Return transfer from Stipends Capital	1,317	-	(1,317)	-
Total pension transfer from Restricted to Unrestricted funds	247	(247)	-	-
Other transfers from Restricted to Unrestricted fund	84	(84)	-	-
Total	**1,737**	**849**	**(2,586)**	**-**

Analysis of significant transfers between funds – prior year

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000
Transfer of Parsonage Houses to Pastoral Account	-	769	(769)	-
Transfer of Schools funds from Restricted to Unrestricted fund	105	(205)	-	-
Total Return transfer from Stipends Capital	1,790	-	(1,790)	-
Total	1,895	564	(2,559)	-

Transfers from endowment funds of £1,269k represent transfers from the Parsonage Houses fund to restricted funds following the sale of certain properties, according to the terms imposed on the endowed asset.

30. Analysis of significant transfers between funds (continued)

Transfer of £89k from the restricted Durham closed schools fund to unrestricted funds were made to fund educational spend, in line with the terms of the restrictions.

Transfer of £1,317k has been made from endowment funds to unrestricted funds representing the allocation of unapplied total returns (see note 28).

Transfer of £956k has been made from the Stipend Capital fund to the Parsonage Houses fund within endowed funds.

In addition, a transfer of £247k has been made from the restricted Church Workers Defined Benefit Scheme asset surplus to unrestricted funds following the drawdown of this balance against pension contributions.

31. Reconciliation of net movement in funds to net cash flow from operating activities

	2025	2024
	£000	£000
Net income for the year (as per Statement of Financial Activities)	**(1,829)**	912
Adjustments for:		
Depreciation charges	**43**	43
Losses/(gains) on investments	**1,531**	(1,097)
Dividends, interests and rents from investments	**(1,134)**	(1,096)
Decrease/(increase) in debtors	**1,512**	(1,138)
(Decrease)/increase in creditors	**(1,277)**	618
Profit on sale of fixed assets	**(531)**	(543)
Net cash used in operating activities	**(1,685)**	**(2,301)**

32. Analysis of cash and cash equivalents

	2025	2024
	£000	£000
Cash in hand	**273**	1,171
Notice deposits (less than 3 months)	**1,299**	1,106
Total cash and cash equivalents	**1,572**	2,277

33. Analysis of changes in net debt

	At 1 January 2025 £000	Cash flows £000	At 31 December 2025 £000
Cash at bank and in hand	1,106	193	1,299
Debt due after 1 year	(49)	-	(49)
Liquid investments	1,171	(898)	273
	2,228	(705)	1,523

34. Operating lease commitments

At 31 December 2025 the charitable company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2025 £000	2024 £000
Not later than 1 year	7	8
Later than 1 year and not later than 5 years	-	-
	7	8

35. Pensions

The DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pensions Fund** for lay staff.

Church of England Funded Pensions Scheme

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, which were £765,000 in 2025 *(2024: £853,000)*, plus any figures arising from contributions in respect of the Scheme's deficit (see below).

A valuation of the Scheme is carried out once every three years. The 2021 valuation showed the Scheme to be fully funded. The most recent Scheme valuation completed was carried out at as 31 December 2024, and also showed the Scheme to be fully funded; as such in 2025, the deficit contributions paid were £nil (2024: £nil).

35. Pensions (continued)

The December 2024 valuation revealed a surplus of £560m, based on assets of £2,570m and a funding target of £2,010m, assessed using the following assumptions:

- An average discount rate of 6.0% p.a;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.7% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S4NA_L tables, with allowance for improvements in mortality rates from 2017 in line with the CMI2023 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 and 2021 data of 20% (i.e. w = 20%).

The 2024 valuation reflects the benefit improvements that the General Synod agreed in principle in July 2025 (and confirmed in February 2026).

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there were no deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2024 and 31 December 2025 is nil.

Church Workers Pension Fund

DDBF participates in the Defined Benefits Scheme section of CWPF for lay staff, which is now closed to future accrual. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

CWPF has two sections:
1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
   a. a deferred annuity section known as Pension Builder Classic, and
   b. a cash balance section known as Pension Builder 2014.

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. This does not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the General Reserve and all pensions and death benefits are paid from the General Reserve.

If, following an actuarial valuation of the General Reserve, there is a surplus or deficit in that reserve, further transfers may be made from the General Reserve to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board having taken advice from the Actuary.

35. Pensions (continued)

A valuation of DBS is carried out once every three years. At the most recent valuation at 31 December 2022 there was a surplus of £73.6m.

The next actuarial valuation is due at 31 December 2025.

In 2024, the Board entered into a full buy-in agreement with Aviva to insure all accrued benefits within the DBS of the CWPF. It was also agreed that some employers could use assets in the DBS in lieu of contributions to Pension Builder Classic. Over the year to 31 December 2025, £247,072 of surplus assets from the DBS has been used to fund contributions in Pensions Builder Classic for Durham DBF (DBS).

The Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2024 or 31 December 2025.

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities.

Pension Builder Scheme
Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

Pension Builder Classic provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending on investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable 2025: £247k *(2024: £300k)*.

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a surplus of £34.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2026, the Board chose to grant a discretionary bonus of 10% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 1997 service so that the pension increase was also 10% (where usually it would be calculated based on inflation up to an annual cap of 5% for pensions in payment in respect of service prior to April 2006 and 2.5% for pensions in payment in respect of service post April 2006). This followed improvements in the funding position over 2025. There is no requirement for deficit payments at the current time.

35. Pensions (continued)

For the Pension Builder 2014 section, the valuation revealed a surplus of £8.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

The Church of England Pensions Board has agreed that some employers could use assets in the DBS of the CWPF in lieu of contributions to Pension Builder Classic and/or Pension Builder 2014. You will see this information on your DBS statement which will be sent separately.

The next valuation is being carried out as at 31 December 2025.

The legal structure of the scheme is such that if another employer fails, DDBF could become responsible for paying a share of the failed employer's pension liabilities.

36. Custodian funds

The Board act as custodian trustee responsible for trust funds held on behalf of others. The movement on these funds during the year is set out below:

	2025	2024
	£000	£000
Balance at 1 January	**13,531**	13,578
Funds received	**925**	834
Payments made	**(1,115)**	(1,013)
Revaluation of investments held	**(509)**	132
Balance at 31 December	**12,832**	**13,531**

The funds held by the DDBF as custodian trustees comprise deposits and investments. The funds are held on behalf of the PCCs within the Diocese, in separate bank and investment funds.

37. Contingent asset

During the prior year, the Pensions Board confirmed that the DDBF's section of the Church Workers Defined Benefit Scheme was in an asset position on closure, and usable assets of £814k were attributed to the DDBF and recognised as income in that year. These assets were recorded as debtors to be drawn down against future pension liabilities.

During the year, the DDBF drew down £247k of this balance against pension contributions. The remaining balance of £461k continues to be held as a debtor at the reporting date.

The Pensions Board has not provided any further update regarding the final settlement of scheme liabilities. There remains a possibility that additional assets may be attributed to the DDBF once the final liabilities of the scheme have been confirmed; however, no reliable estimate of any further amount can yet be made. Accordingly, no additional income has been recognised in the current year.

38. Related party transactions

As set out in note 21, the Diocese is a member of Joint Education Team LLP, a joint venture with Newcastle Diocesan Education Board in which it has a 50% stake. During the year to December 2025 the DDBF contributed £240,000 *(2024: £240,000)* to the running costs of this entity. At the year end £nil *(2024: £36,664)* is included in debtors owing from JET LLP.

THE DURHAM DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 248287

Accounts

THE CHURCH OF ENGLAND

DIOCESE OF DURHAM

DURHAM DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2024

Company Number: 00192018
Charity Number: 248287

Durham Diocesan Board of Finance

(A company limited by guarantee)

Contents

	Page
Reference and administrative details	1 - 2
Trustees' report	3 – 20
Trustees' responsibilities statement	21
Independent auditor's report to the trustees of Durham Diocesan Board of Finance	22 – 24
Statement of financial activities	25
Income and expenditure account	26
Balance sheet	27
Statement of cash flows	28
Notes to the financial statements	29 - 62

Durham Diocesan Board of Finance

(A company limited by guarantee)

Reference and administrative details
Year ended 31 December 2024

Ex officio Members of the Board
The Bishop of Durham – Right Reverend PR Butler (Chair) (until 29 February 2024)
The Bishop of Jarrow – Right Reverend SE Clark (Chair)
The Dean of Durham – Very Reverend Dr P Plyming
The Archdeacon of Auckland – Venerable RL Simpson
The Archdeacon of Durham – Venerable EM Wilkinson
The Archdeacon of Sunderland – Venerable RG Cooper
The Chair of the House of Laity – Canon F Stenlake
The Chair of the House of Clergy – Canon S Clark (until 31 July 2024); Reverend P Arnold (from 16 November 2024)
The Chair of the Finance Group – Canon ML Vaughan (Vice-Chair)

Elected Members of the Board
Reverend Canon K Bagnall (from 1 November 2024)
Mrs A Blackburn
Mr F Drake (until 30 April 2024)
Mr S Gardiner (until 31 October 2024)
Mr J Hall
Canon Dr JH Harrison
Mr P Hobbs
Mrs R Hicks (until 31 October 2024; from 19 December 2024)
Reverend B Huish (from 19 December 2024)
Reverend M Levinsohn (from 19 December 2024)
Mr SL Pickering (from 1 November 2024)
Dr AC Price (until 31 October 2024)
Canon FA Rogers
Mr J Wilders (until 31 October 2024)
Reverend P Arnold (until 16 November 2024 when elected Chair of House of Clergy of Diocesan Synod)
Reverend L Sutherland (until 31 October 2024)
Reverend Canon D Tolhurst (until 31 October 2024)
Mr N Wyrley-Birch (from 1 November 2024)

Reference and administrative details (continued)
Year ended 31 December 2024

Secretary to the Board
Canon JJG Morgan

Diocesan Chancellor
The Worshipful Adrian Iles
56 North Bondgate
Bishop Auckland
DL14 7PG

Diocesan Registrar
Mr P Wills
Smith Roddam
56 North Bondgate
Bishop Auckland
DL14 7PG

Independent Auditor
UNW LLP
Chartered Accountants
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

Glebe Property Agents
Savills
Helix
The Lumen
St James' Boulevard
Newcastle upon Tyne
NE4 5BZ

Registered Office
Cuthbert House
Stonebridge
Durham
DH1 3RY

Telephone: 01388 604515
Website: www.durham.anglican.org.uk
Email: enquiries@durham.anglican.org

Company registration number
00192018

Registered charity number
248287

The trustees of the Durham Diocesan Board of Finance ('the DDBF'), who are the members of the company and are directors for the purposes of company law, present their report together with the audited financial statements, for the year ended 31 December 2024.

This report satisfies the legal requirements for the Directors' Report of a charitable company; a Strategic Report under the Companies Act 2006; and a Trustees' Annual Report under the Charities Act 2011.

Objectives of the DDBF

The DDBF was formed to manage the financial affairs and hold the legal title to the assets of the Diocese of Durham. It was incorporated on 21 August 1923 as a charitable company limited by membership guarantees (No. 00192018) and is registered with the Charity Commission (No. 248287).

Each member of DDBF has a personal liability limited to £1 under their guarantee as company members in the event of its being wound up.

The objectives of the DDBF as set out in the Memorandum and Articles of Association are to hold real and personal property for the purposes connected with the Church of England in the Diocese of Durham. The Board is the financial adviser and executive of the Diocesan Synod; it is responsible for the collection, custody, disbursement and account of the Synod's funds, and the employment of all persons in receipt of salaries paid directly from those funds.

The DDBF has delegated responsibility for the day-to-day management of the company to the Diocesan Secretary. The Archdeacon of Durham and Head of Programme Delivery for Diocesan Transformation lead the staff team in supporting the Diocesan Bishop to develop the mission of the Church of England in the Diocese of Durham.

The Diocese of Durham also benefits from the services offered on a voluntary basis by a large number of members and supporters of the Church of England. These volunteers give of their time and expertise in many ways, including membership of the boards and committees needed to provide effective governance and ensure effective operation of the Diocese.

The Board would like to place on record its gratitude and thanks for all the support it has received from both staff and volunteers over the past year. The Board recognises the continuing challenges facing clergy, parishes and would like to thank all of those who have supported this work.

Strategic Aims and Objectives

The Diocese of Durham has adopted a vision to be:

The Church of England from the Tyne to the Tees and the Dales to the Sea,
blessing our communities in Jesus' name for the transformation of us all.

Following the Waymark conference in late 2019, the Diocese has developed a mission strategy for 2021-2026, approved at Diocesan Synod in January 2021. This focusses on four priorities:

- Energising Growth;
- Engaging with Children, Young People and 18-25s;
- Challenging Poverty; and
- Caring for God's Creation.

To support this strategy, the Diocese developed a programme of Diocesan Transformation which supports missional work within our parishes in line with these priorities.

Achievements and performance

Operational Review

The Christian Presence

Clergy, lay leaders and church members play a central part in the life of churches and carry out important roles in our communities. This involves engaging in a wide variety of community and church projects, and clergy, along with licensed lay ministers, carry out numerous weddings, baptisms and funerals, and provide chaplaincy in a range of different settings.

In February 2024, the Rt Rev Paul Butler retired from his role as Bishop of Durham, and the discernment of the next Bishop of Durham commenced. The Vacancy-in-See Committee, chaired by the Acting Bishop of Durham, met to prepare the Diocesan Statement of Need, to arrange consultation with stakeholders from across the Diocese, and to elect six diocesan members of the Crown Nominations Commission for Durham (CNC). The CNC met and nominated a candidate in November 2024, however in February 2025 it was announced that the nominee had withdrawn from the process. Therefore, the CNC will now reconvene in 2025 to nominate a new candidate.

Leadership in its many forms is essential, and we are delighted to have had real success in developing both lay and ordained vocations. Numbers of those in training for ordained ministry continue to remain reasonably strong. By the end of the year, we had 20 Durham sponsored candidates in training for ordained ministry *(2023: 23)*. The Diocese, having recently been in a position to export candidates, has now reverted back to its historic pattern of importing candidates for stipendiary ministry, though our self-supporting numbers remain strong.

The numbers in training for reader ministry have grown and are now at their highest level for many years. At the end of the year there were 22 readers in training *(2023: 16)*. Numbers of vocations to lay pastoral ministry have fallen, with two in training *(2023: seven)*. Those in training for authorised lay ministry of the word have grown to nine. The authorised lay children's leader pathway remains popular, and we have twelve people in training. Most of the authorised and licensed lay ministries (reader, pastoral ministry, chaplaincy, and ministry of the word) are being trained through Lindisfarne College of Theology. Lay children's leaders are trained at courses provided by the DDBF.

Durham Diocesan Board of Education (DDBE)

The work of the DDBE covers a wide range of areas: representing the Diocese on a variety of committees and statutory bodies; liaising with local authority and other officers; supporting schools by providing help and in-service training on a wide range of issues including religious education and school worship, supporting and training governors, legal, land management and governance. The DDBE aims to facilitate the working together of governors, teachers, parents, church and other partners to ensure that the quality of education offered to the children in our church schools is the best it can be.

The DDBE seeks to:

- promote education within the faith and practice of the Church of England;
- promote religious education and collective worship in schools;
- promote or assist in the promotion of church schools and advise the governors and trustees of church educational endowments and any other body or person concerned on any matter affecting church schools;
- promote co-operation with bodies or persons concerned in any respect with education in the Diocese; and
- support parishes in all aspects of their work with children and young people.

The DDBE meets termly and receives updates from the Director of Education, who leads the Joint Education Team, which operates on behalf of both Durham and Newcastle Diocesan Boards of Education. The members of the DDBE bring a wide skill-set including expertise from education, business and finance.

The DDBE has worked with all 57 church schools in the Diocese throughout the year. These consist of 50 primary schools, two junior schools and five secondary schools, one of which has a sixth form. The landscape has continued to shift with more schools becoming academies and joining Church of England or Mixed Multi-Academy Trusts (MATs). There are seven Voluntary Aided Schools and 14 Voluntary Controlled Schools within the Diocese, and 36 schools now in academy trusts. Of those that have academized, one remains as Single Academy Trust and another as a single school within an 'empty MAT'.

Inspection outcomes are extremely strong across the Diocese for both Ofsted and SIAMS (Statutory Inspection of Anglican and Methodist Schools) inspections. At the end of 2024, 98% of Church schools were outstanding or good (Ofsted) and 98% were excellent or good under the previous framework. 100% of the schools inspected under the new SIAMS framework, which commenced in September 2023, have attained a Judgement 1 and are living up to their foundation as a church school.

Professional development courses are made available both online and in person, and cover a wide range of subjects and topics, including termly support for chairs of governors and ex-officio governors, and termly training for new foundation governors. In addition, the spring conference (Early Years Foundation Stage), the annual summer conference (Spirituality and Well-Being) and the autumn conference (Equity, Diversity, Inclusion and Justice) were extremely well attended with delegates from both church and community schools, as well as both internal and external speakers. This year, the team has further supported schools and governors with the SIAMS framework, including exploration of what spirituality means in each context and the role of governance within this. Thrive training, Poverty Proofing, Courageous Advocacy, Christian Distinctiveness and subject leadership courses have also been offered. Uptake is strong for all aspects of continuous professional development (CPD) with many courses being repeated due to demand. The team has also accessed CPD, including training on Mental Health and Well-Being, Safeguarding, Equality, Diversity and Inclusion, and SIAMS and Ofsted updates.

The Interim Director of Education attended Bishop's Leadership Team and Diocesan Synod, sharing the views of school leaders and pupils, as well as national conferences focusing on SEND and Inclusion. In late 2024, a permanent Director of Education was successfully appointed, commencing in January 2025. Current challenges for schools revolve around closing the achievement gap, particularly in Early Years where the gap between disadvantaged pupils and non-disadvantaged has widened, poverty, EDIJ, recruitment and retention of staff, and improving attendance, particularly for disadvantaged pupils. In addition, the Director of Education is a member of the Diocese's Net Zero Working Group which is enabling all voluntary aided schools to move towards being carbon neutral by 2030. Linked to this, there is ongoing work to support governors with property issues and with the legal processes involved in academisation of schools. Finally, the Director of Education has represented the team at the North East Anti-Racist Coalition which was formed after the national riots in the summer of 2024.

The Joint Education Team supported the Vacancy-in-See Committee by ensuring that the voice of our children and staff within our church schools was heard. This included a presentation on the key messages shared by pupils and staff, as well as a visit to one of our primary schools.

Engaging with Children, Young People and 18-25s

In Summer 2024 our approach to children's and youth ministry engagement was brought under the new umbrella term of 'Growing Younger' which encompasses all work engaging with 0s-25s. Much of our key engagement with children and young people has continued within this new form, with new missional initiatives being developed alongside.

The Pulse youth event has continued with 130 joining together in March at Durham Cathedral for a silent disco, prayer stations, teaching from Cranmer Hall and a blessing from Bishop Sarah. More than 60 young people were part of the pilgrimage to Holy Island in July, alongside 16 from the children's council.

14 young people completed the Growing Young Leader's course, with a celebration event in April where they were commissioned by Bishop Sarah, encouraging them to step further into their leadership journey.

Training in ministry to young people forms a significant part of the Initial Ministerial Education programme, and through courses at Cranmer Hall Theological College and Lindisfarne College of Theology. Courses leading to

the Bishop's Certificate in Youth Ministry and Educational Chaplaincy have also been provided, mainly to volunteers. We have also seen the first cohort of eight complete their training to be Authorised Lay Children's Ministers, all taking part in the annual lay ministry service at Durham Cathedral in September.

The annual year 6 leaver's service at Durham Cathedral took place in June with more than 2,200 children attending across five services. 60 young people in year 10 from church secondary schools supported the event, which was also an encouragement for them.

Following the retirement of our longstanding Youth Advisor, and using funding from the National Church, the Growing Younger team has increased in capacity, encompassing new roles focused intentionally on young adults and training leaders, alongside Mission Enablers who continue to support parishes to reach and disciple children and young people. The autumn focused on recruitment and induction, with implementation of the new Growing Younger programme beginning in early 2025.

Energising Growth

The Diocese aims to grow in three key dimensions:

- in reach and influence;
- in depth by strengthening discipleship; and
- in breadth and number.

In 2024, the decision was made to establish a new Growing Churches team to better achieve the goal of seeing growth in each of these three key areas. This has been a natural development from the work of the Cultivate team, previously focussed on the Diocesan vision of establishing 100 new worshipping communities by 2030. It was recognised that to widen the engagement of churches, there is a need to "go up-river" and support churches with the foundational ingredients of mission and discipleship, supporting churches to grow in depth and reach in order that they may then multiply in number.

To this end, a new Missional Discipleship Enabler was appointed to work alongside churches to develop cultures and processes of intentional discipleship. An Evangelism Enabler is also being recruited, to work with churches in developing missional confidence and evangelistic creativity. Preparations have been made to begin a learning community process with Darlington deanery which will encompass all three aspects of the Growing Churches process – Maturity (Discipleship), Mission (Evangelism), and Multiplication (establishing New Worshipping Communities). This pilot process is a series of learning communities, huddles and coaching which, over an 18-month period, supports churches in embedding deep cultural change.

Growing Durham Diocese: Our Resourcing Churches are now approaching the end of the period through which they are funded by the National Church. There have been many positive outcomes in terms of congregational growth and diversity, as well as many new ministries to young people, vulnerable adults and to more economically deprived communities. The next phase of engagement with these churches will include robust planting plans, as well as discerning the place of Resourcing Churches in the wider church ecology of the Diocese.

Growing Hope: Preparations have taken place to submit a reset application to the National Church, embedding the learning from experience to date, and to allocate resources to areas of fruitfulness and recognising the challenges that have affected projects which began during Covid-19 restrictions. There are positive signs from a number of projects; in Hartlepool the recruitment of a new Mission Enabler is giving fresh energy and vision to the project; Hope4All in Pennywell continues to expand their offer of social action projects to the local community, with a number starting to explore faith; St Paul's Stockton continues to grow and is looking at new ministry and outreach opportunities.

Transforming Growth: All five of the churches involved in the coaching and resourcing provided through this project have now established New Worshipping Communities; Magdelene Community Church in Chopwell and Gather Church in Gainford are both well established and are now in a process of refining and reworking their mission plans to engage more widely and deeply with their communities; The House of Hope at Thornley continues to grow both numerically and in depth, with several local leaders being identified and equipped; St

Alban's, Windy Nook are planning the revitalisation of St Ninian's in Low Fell; and St Andrew's in Haughton-le-Skerne have launched a family-centred missional community that regularly attracts 50-60 attendees.

The Lay Planters Authorisation Pathway is currently being developed in conjunction with Cranmer Hall, to provide practical and theological training for lay leaders identified as either being engaged with, or planning towards, establishing new worshipping communities. It is hoped that this discernment, training and coaching will enable us to develop lay planters with missional confidence.

Challenging Poverty

With financial support from Lord Crewe's Charity, the Diocese has worked with Communities Together Durham (CTD) to help churches challenge poverty. The CTD team saw significant change during 2024. There are three areas of focus within the priority:

- Working together to address child and youth poverty

CTD supported 14 holiday clubs with activities, based around food provision. In all, 339 different individuals participated in these clubs, with 86 volunteers serving across the clubs. A celebration event in September shared good practice and stories from different clubs in preparation for wider engagement in 2025.

Twelve church schools completed audits from Children North East's 'Poverty Proofing Schools' programme. One teacher observed: "We have stopped asking children questions related to where they have been after a holiday. We are not visiting shops when out on a school trip so that children do not need to bring money into school. We are also actively encouraging parents to use our uniform bank." The next steps include sharing the impact of the programme with other schools and considering how the model might be extended to church activities.

- Responding to isolation, particularly among the elderly

Churches across the Diocese have continued to engage with warm spaces and places of welcome. Christ Church, Felling has operated as a place of welcome for over five years and in 2024 they launched a pilot project for a council scheme for adult social care. They are a trusted organisation in the community and are seen as a safe place for people to go for support. New places of welcome are planned for 2025. Churches operated a number of other schemes for engaging with isolation in their community. The parish nursing scheme in the Durham Dales is now established, and the nurse had sustained contact with more than 30 individuals over the year.

Two parishes used the Know Your Church Know Your Neighbourhood tool from the Church Urban Fund to consider how best to serve the needs of their community. In addition, CTD facilitated a networking and training day for church based community workers in November 2024. The event included an external speaker and opportunities for focused conversation. As a result of the feedback, twice yearly meetings are planned going forward.

- Reaching out and responding to the needs and gifts of asylum seekers and refugees

Churches in all seven local authorities covered by the Diocese have been involved in supporting refugees and asylum seekers located in their area. We continue to work to build links between these different drop ins alongside other agencies. CTD continues to work closely with Durham County Council to welcome and coordinate support for refugees and asylum seekers arriving in the authority.

In 2024 we continued to raise awareness of the situation refugees and asylum seekers find themselves in. Presentations were made to a number of Synods, Chapters and other groups and three further film showings of 'The Old Oak' engaged 130 people in reflective discussions. Participants considered the issues faced by asylum seekers and refugees in practical and thoughtful ways.

Caring for God's Creation

It has now been four years since the adoption of Caring for God's Creation as a diocesan priority. In addition to a Diocesan Environmental Officer (DEO), we also have a Creation Care Officer (CCO) working on this priority alongside a parish role.

In January 2024, we were awarded the A Rocha Bronze Eco Diocese award. This recognises the efforts of churches in our Diocese to be part of the Eco Church scheme, whilst also taking into consideration the Diocesan commitment to Creation Care and efforts being made towards net zero carbon. There has been a significant uptake in churches engaging with the Eco Church scheme. We now have 102 churches registered, including 42 bronze awards, seven silver and two gold. St Stephen's, Willington recently became our second Gold Eco Church.

The Creation Care Officer has been working with churches on their Eco Church journeys and is encouraging new churches to sign up to the scheme. The CCO has also been producing resources for the Diocese and is beginning to set up a broader Environmental Champions network. Both the CCO and DEO have attended several deanery synods and chapter meetings this year to promote the take-up of Eco Church, outline the net zero carbon plans and encourage positive environmental action in parishes.

The general synod target of Net Zero 2030 remains high on the agenda. The DEO continues to co-ordinate the Net Zero Working Group of representatives from across the Diocese. The group met quarterly and is proving to be a useful platform for ensuring that the diocesan net zero action plan is being adhered to, as well as being a forum to discuss updates from the national net zero team. An update on net zero progress including an updated carbon footprint for 2023, was presented to diocesan synod in November 2024. This showed a reduction to our carbon footprint by 12% between 2022 to 2023.

The DEO and the Buildings for Mission Secretary have worked with the churches with the highest carbon emissions in the Diocese to produce net zero action plans. Carbon footprint data is obtained through the online parish returns using the Energy Footprint Tool (EFT). This year, we had 93% of churches respond to the EFT, which is a great improvement from 62% in 2023. Webinars and workshops were held with churches within the top 20% of carbon emissions to help their representatives consider how to lower their carbon footprint. Both officers continue to visit churches on request and advise them on low carbon heating options.

Safeguarding

The parish dashboard system has now operated for three years and at the end of 2024, 94% of parishes were using the dashboard. The Diocese were early adopters of the safeguarding hub, a tool to support parishes with the requirements of Safer Recruitment and People Management. 25 % of parishes are now using this tool. The National Safeguarding Standards were launched by the Acting Diocesan Bishop in July, and workshops were held during October and November across the Diocese. These workshops demonstrated how the standards would be reflected on the dashboard and enabled an action plan to be formulated encouraging parishes to focus on one or two standards at once. The safeguarding team is now able to analyse data from the parish dashboard and provide targeted support to parishes that might be experiencing difficulty with compliance in certain areas.

Safeguarding Training continues to be delivered using a hybrid approach of face to face and online training. The training team offer training, especially in relation to Basic Awareness and Foundations, in parishes on request.

In May 2024, in partnership with Durham Cathedral, the Diocese adopted the National Safeguarding Case Management System. All casework is now recorded electronically on this system allowing more advanced reporting and analysis of the types and causes of concerns and incidents.

Progress has been made towards moving from a Diocesan Safeguarding Advisor (DSA) to a Diocesan Safeguarding Officer (DSO) in accordance with the recommendation from the Independent Inquiry in Child Sexual Abuse and this took effect in early 2025. The DSO's casework will now be professionally supervised by the recently appointed North East Regional Safeguarding Lead, who is a member of the National Safeguarding Team, having previously been professionally supervised by an independent third party.

The Safeguarding Management Group have met monthly to ensure the co-ordination of our safeguarding work while the Diocesan Safeguarding Advisory Panel met quarterly to monitor progress. In preparation for the INEQE safeguarding audit in May 2025, an audit taskforce was formed which has met monthly.

Casework throughout the year was managed by the DSA, in collaboration with colleagues throughout the Diocese and in line with good practice guidance, as we continued to do all within our power to make our churches safe for all.

DDBF staff and collaborative working

In the interests of delivering the best support services possible for our Diocese, we have continued to develop opportunities to work in collaboration with other Church of England bodies. These include the well-established Joint Education Team, aspects of ministerial training and retreat house. The joint diocesan communications team has now developed a regional voice to promote the voice of the Church of England aligned geographically to regional media organisations.

The number of staff employed by the DDBF was 47 *(2023: 44)* posts. This includes two *(2023: three)* chaplains who are employed by the DDBF on behalf of the organisations in which they serve. This also includes 18 *(2023: 18)* posts which are grant funded, and most of which are fixed term with renewal subject to further funding being available. This approach enables the DDBF to fulfil a wider range of provision than would be possible through its core staff, whilst allowing unrestricted funds to be focussed on ministry. Improvements have been made to several diocesan core systems and processes in order to maximise efficiency and keep costs to a minimum.

Following notification from the Church of England Pension Board of their intention to close the Church Workers Defined Benefit Pension Scheme to future accrual from 30 April 2024, consultation with seven affected members of staff was undertaken, and these members were transferred to the Church Workers Pension Builder Classic Scheme as of 31 January 2024.

The Equality, Diversity & Inclusion Enabler coordinates a team of advisers and advocates to help drive the Diocese forward in key areas including:

- Disability ministry (currently in vacancy);
- UKME;
- Gypsy, Roma and Traveller Ministry;
- Women's advocacy;
- LGBT+ advocacy (currently in vacancy);
- Deaf ministry (currently in vacancy).

In late 2024 the Diocese submitted an application for funding to the Racial Justice Unit for a Racial Justice Officer, which was awarded in early 2025, and which will support further work in addressing the areas identified in the 'From Lament to Action' report.

Buildings for Mission and Diocesan Advisory Committee (DAC)

The Diocese currently has 257 church buildings open for worship and of these 247 are under faculty jurisdiction. The Diocese is currently responsible for seven closed churches of which one closed during 2024. Four closed churches were sold during 2024.

The DAC met 10 times during 2024 and discussed a total of 149 proposals from 100 churches. Following discussion of the proposals by the DAC a total of 90 *(2023: 81)* faculties were issued for work to church buildings and churchyards. This included 10 interim faculties that were issued for urgent work including roof repairs and failed heating systems. The Archdeacons also issued a total of 115 *(2023: 96)* written notices for work that can be carried out without a faculty.

During the year we have been successful in receiving grant awards from the Archbishops' Council totalling £367,000 to support church buildings within the Diocese. This comprises £187,000 from the Minor Repairs

Grant which will provide additional support for churches for repairs and maintenance to their buildings and £59,000 from the Quick Wins Grant which helps churches make changes to help reduce their carbon output. This funding is allocated for distribution during 2024-25 and as at the balance sheet date, approximately 60% has been allocated. The remaining £120,000 funds a Church Building Support Officer for a period of three years. This officer was appointed in February 2024 and has worked with 12 PCCs to support maintenance and improvement work to their buildings.

Looking ahead

In February 2024, we received confirmation of the second phase of a funding award from the National Church in support of our Diocesan Transformation programme. Coupled with the first phase award from 2023, this provides up to £11m to support the Transformation programme up to 2028 at which point it is anticipated that progress will be evaluated, and a subsequent funding application will be submitted. This programme has formed a key part of the basis of the Diocese's Statement of Need which is used by the CNC in the discernment of the next Bishop of Durham who will be entrusted with leading the Transformation programme. However, analysis prepared for the Statement of Need identified that the historic underlying trend of decline in the number of worshippers continued during the year.

During 2024, preparations have been underway for the delivery of the Transformation Programme. This has required a significant amount of recruitment to develop the capacity of the Mission Discipleship and Ministry Team so that they can support the Transformation programme in a more integrated and intentional way. It has also required some pilot work to ensure that each of the interventions is well understood and that appropriate support can be provided to ensure that these work well. This means that the team is now more outward facing in working with our parishes and projects, and is arranged in teams, each with a strategic lead, working in the following areas:

- Growing Mission;
- Growing Leadership;
- Growing Churches; and
- Growing Younger.

The DDBF's missional programme governance has also been aligned with the Diocesan priorities and Transformation programme, whilst ensuring that all our funded programmes are governed and held accountable in an appropriate way.

It is anticipated that the final elements of this preparation will be completed in the first part of 2025 and will allow us to implement and support the changes outlined in the Transformation programme. These are:

- Missional Discipleship, Transforming Prayer;
- Church Planting and Revitalisation;
- Piloting Missional Hubs;
- Developing Missional Youth Chaplaincy;
- Resources for Local Change; and
- Support for Culture Change.

We have begun to see 'fruit' in some of our new worshipping communities. Some are already becoming significant contributors within their deaneries and we will continue to implement new aspects of the work facilitated by the Transformation Planning Group, which reports to our Bishop's Leadership Team. This work will develop over the next five years and includes ambitions to:

- plant or revitalise 100 churches;

- establish and resource church-based missional chaplaincy teams to work with the colleges of further education (connecting us to up to 130,000 local young adults) and with our Church of England secondary schools;
- support clergy to focus more fully on mission and discipleship;
- align appointments and clergy/lay leader training more explicitly to the Diocesan vision; and
- support new collaborative initiatives in places where developing mission in isolation would not otherwise be possible.

Financial review

Financial conditions remained challenging for parishes and the DDBF with parish share continuing to fall in real terms. Despite many parishes using reserves to fund parish share, the cash value of the DDBF's parish share receipts remained consistent at £4.2m *(2023: £4.3m)*, being 95% *(2023: 96%)* of the amount originally pledged by parishes. This is £2.7m below the amount required to meet the full cost of diocesan ministry including housing and pension costs during the year.

The DDBF agreed a budgeted operating deficit of £0.6m for 2024, of which £0.6m was to be drawn from restricted reserves and which included £1.8m from the Stipends Capital Fund under the Total Return accounting policy.

The net movement in funds was a surplus of £912k *(2023: £2.7m)*, which included a £1.1m unrealised gain on investments *(2023: £3.3m* gain), and a gain of £0.5m *(2023: £0.3m)* on disposal of property. Excluding these adjustments which are outside of the DDBF's operational budget, there was an underlying operating deficit of £0.7m *(2023: £0.9m)*, which after the transfer of funding for the Total Return on Investment from the Stipends Capital Fund of £1.8m (2023: £0.8m) results in a surplus of £1.1m *(2023: deficit of £0.1m)*.

Grant funding of £1.2m *(2023: £0.2m)* was received during the year and is yet to be disbursed. This is mainly a consequence of the receipt of funding in advance from the National Church.

- Income (excluding income received on the sale of property) was £12.4m (*2023: £12.1m*), including:
  - Contributions from parishes – "Parish Share" – of £4.2m *(2023: £4.3m)*, £0.3m less than budget. The Diocese is grateful to parishes for their contributions to parish share during a challenging year;
  - £2.0m *(2023: £2.1m)* of Lower Income Communities Funding, £1.3m *(2023: £1.9m)* of Strategic Development Funding grants, £0.4m of Strategic Ministry Funding to support the cost of training curates and first incumbents *(2023 £0.4m)* and other grants from the Archbishops' Council;
  - £0.6m *(2023: £0.5m)* of Property Income;
  - £0.3m *(2023: £0.3m)* from Lord Crewe's Charity to fund poverty alleviation, counselling and other projects.
  - Contributions were also gratefully received from donors including Benefact Trust, Hild Bede Trust, Marshalls Charity and Mercers Trust.
- The largest area of expenditure was on supporting parish ministry, comprising the stipends, pension and housing costs of clergy:
  - Stipend and salary related costs were £7.2m *(2023: £7.0m)*.
  - Costs of providing clergy housing were £2.1m *(2023: £1.9m)*.

- Net assets at the balance sheet date were £75.6m *(2023: £74.7m)*. The DDBF's investments are held across several funds managed by CCLA. The DDBF administers several restricted and endowment funds which together comprise 92% *(2023: 92%)* of the assets.

Investment performance

The total value of investments (excluding short-term cash deposits) at the balance sheet date was £37.0m *(2023: £36.8m)*. During the year, the net movement in value was a gain of £0.2m *(2023: gain of £2.6m)*.

The glebe land held by the DDBF has been revalued upwards by £0.3m *(2023: £0.4m)* to reflect the market value at the balance sheet date.

The Board is custodian trustee for trust investment assets with a market value of £13.6m *(2023: £13.6m)*. Detailed certificates of holdings are provided to parishes and other managing trustees of the respective charities annually. The Board also acts as custodian trustee for certain Parochial Church Council (PCC) property. Each PCC is an independent charity and these assets are not recognised on the balance sheet of the DDBF.

Grant-making (beneficiary-selection) policy

Grants are made to the National Church in accordance with an agreed formula, to cover a proportion of its central costs and the cost of training for ministry. The total paid to the National Church was £0.5m *(2023: £0.5m)*.

Grants are paid to PCCs and to other charitable projects which appeal to the Board to support the furtherance of DDBF's objectives. These are set out in note 17. During the year, a re-granting policy was approved to ensure consistency in practice across different grant funding streams.

Investment policies

The Memorandum and Articles of Association of the charity permit wide powers of investment. DDBF's investment policies are based on two key policies:

- *Ethical investment*

  This includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.

- *Long-term responsibilities*

  The directors are aware of their long-term responsibilities in respect of endowed funds and as a result follow a prudent approach to investment decisions.

These policies are currently achieved by holding all funds with CCLA Investments Limited in London, which invests in line with the Church of England's Ethical Investment Advisory Group's investment policies and in accordance with the motion passed by synod regarding divestment from fossil fuels.

Investment policy for long-term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an on-going basis. Unrestricted and restricted fund investments are invested to balance income, liquidity, and the maintenance of capital.

Funds which may be needed for working capital in the short term are held as deposits with CCLA Investments and with deposit taking banks through an account managed through the Flagstone cash management platform.

Total returns policy

The Stipends Capital Fund is managed according to a policy of Total Return. This approach allows the DDBF flexibility regarding the allocation of return on investments from this fund between capital growth and income. Synod agreed that, for 2024, income taken would be 5% of the average value of the fund over the past three years with the remainder treated as capital growth. This policy, in conjunction with the investment manager's growth target of CPI+5%, aims to ensure intergenerational equity. At the time of the resolution adopting the Total Return approach, the trust for investment was determined at £10.4m based on the 1996 book value of endowed assets, adjusted for inflation and new capital received since that date to 31 December 2023, resulting in an unapplied total return of £24.8m upon adoption of the policy on 1 January 2024.

Income from the endowment's investments has been allocated to the endowment fund. An allocation of £0.9m *(2023: £0.8m)* has been made to the trust for investment to ensure that the capital value of the Trust for investment is maintained over time. The trustees have made an allocation of £1.8m from the unapplied total return towards the unrestricted running costs of the Diocese. This amount is shown as a transfer between funds within the statement of financial activities. This cost has been allocated to the costs of stipendiary ministry to satisfy the restriction upon the Stipend Capital Fund.

Other realised and unrealised gains and losses on the disposal and revaluation of investments and property amounted to a gain of £0.9m *(2023: £2.44m)* which has been credited to the unapplied total return carried forward as at 31 December 2024.

Reserves policy

The DDBF has agreed in 2024 a reserves policy to maintain available free reserves within a range of two to six months' average unrestricted expenditure in the form of unrestricted (including designated) net current assets plus fixed asset investments to the extent that these can be exchanged for cash at less than one month's notice. The Board estimated that for 2024 this would equate to a range between £1.7m and £5.1m. At the balance sheet date, the DDBF's unrestricted (including designated) available free reserves were £4.0 *(2023: £3.9m)*.

Future prospects

The trustees and diocesan synod have approved a budget for 2025, which after allowing for further planned investment from restricted reserves, leaves a net operating deficit of £0.5m. This is after applying a transfer of £1.1m under the total return accounting policy from the Stipends Capital Fund, representing 4% of the closing value of the fund, averaged over the previous three years.

Parish share pledges for 2025 of £4.3m *(2024: £4.4m)* have been received, despite CPIH (Consumer Prices Index including owner occupiers' housing costs) inflation of 3.5% to December 2024. This increases financial pressures and has required a recognition that not all posts identified in deanery plans can be filled whilst maintaining a balanced budget. However, posts continue to be advertised notwithstanding challenges in recruiting.

Against this challenging financial background, the DDBF continues to deliver and develop the mission and ministry of the church, and during 2025 will continue to fund ministry at parish level across the Diocese. The lack of recovery in parish finances plus the inability of pledge income to keep pace with inflation means that prospects of a medium to long term recovery to pre-Covid levels continues to remain uncertain and further iterations of deanery plans may be required.

The Diocese continues to try to address the decline in the value of parish income and the consequent effect upon share, supporting parishes in vacancy through the vacancy audit process, and offering support with stewardship through the generous giving team. Communication with parishes is ongoing, to ascertain the likely future levels of parish reserves and parish share.

The Diocese will continue to benefit from the National Church's Strategic Development Fund through the Growing Durham Diocese and Growing Hope projects. Following its award in 2022, the initial stages of the Transforming Growth project comprising a Resource Church in Darlington and the Cultivate Church Planting programme are now underway. The DDBF was successful in its application to the new Strategic Mission and Ministry Investment Board for funding for the first two phases of its 'Called to Fruitfulness' Transformation programme during 2023 and 2024, and delivery of the Transformation programme will continue during 2025.

The DDBF intends to increase support for clergy and lay leaders developing their ministry and discipleship and to encourage and nurture those exploring a vocation for public ministry in the Church of England with new training pathways under development in conjunction with our local Theological Educational Institutions. Further curacies and posts of first responsibility are anticipated for through the Strategic Ministry Fund and Posts of First Responsibility Fund operated by the national church.

During 2025 the DDBF will continue to promote the mission and ministry of the church within the Diocese. The funding streams described continue to support this work and provide an increasing proportion of staff support. Concerns remain over the level of share and around the sustainability of the current deanery plans and core services.

Going concern

The trustees have considered the availability of reserves and cash upon the going concern basis of preparation of these financial statements. Although uncertainty remains, particularly over the recovery in parish income and the real-terms reduction in the value of parish share. it is anticipated that reserves will remain within the level set out in the reserves policy.

Having reviewed forecasts for the forthcoming twelve months that are subject to a range of reasonably possible downside scenarios, the trustees are comfortable that with the current levels of cash and short-term deposits are sufficient to allow the DDBF to continue to operate as a going concern for the foreseeable future.
Although there are several challenges ahead as outlined above the Diocese is confident that these can be managed and is enthusiastic about the changes that will take place over the next few years facilitated by the transformation process aided by funding from the National Church.

Risk management

The trustees confirm that the major risks to which DDBF is exposed have been reviewed and that mitigating actions have been put in place to manage those risks.

The Board maintains a risk register which is reviewed regularly by the Audit and Risk Committee, and this register has been updated during the year, with input from all DDBF functions.

During 2024 the most significant risks related to the operations of the DDBF were:

- Church attendance and long-term financial sustainability; and
- Safeguarding.

Church attendance and long-term financial sustainability

These two risks are intrinsically linked and relate to the ability of Parochial Church Councils to maintain their own operations. In the face of national trends around declining congregation numbers this is a significant risk to the DDBF. It is increasingly difficult for parishes to maintain share pledges and payments to the Diocese, which are financed through giving and fund-raising by church members, when PCCs are also facing increases in costs.

Alongside inflation, this has exacerbated the extent to which the level of contribution from parishes is insufficient to maintain the current cost base of the DDBF. The parish share system introduced during 2020 was reviewed during 2023, with some changes being introduced in time for 2024. This system continues to provide a 'Guided Pledge' to each parish, to give an indication of the level of pledge which would be required to ensure the DDBF could break even.

This system was designed to mitigate the decline in parish share that has been seen in real terms over the preceding decade. Parish share pledges have declined slightly from £4.5m in 2021 to £4.4m in 2024, however this is over £0.5m lower than pre-pandemic levels, and does not keep pace with rising levels of inflation.

Certain external factors affect the Board's ability to meet its financial obligations, in particular the level of inflation, which leads to increases in stipends, salaries and building maintenance costs;

Despite some stipendiary and staff posts remaining vacant, there was a continuing operational deficit although financial restraint and challenges in recruitment for some posts led to this being within the budgeted deficit. Recruitment has taken place, following application of a vacancy audit process in the case of each parish vacancy. However, the trustees are aware that lengthy vacancies can place strain on clergy and staff, and efforts are being made to increase the rate of recruitment. The difficulty of recruitment is not limited to our Diocese; it is a challenge faced across much of the country. We are taking steps to support the welfare of our clergy who are having to operate in these difficult circumstances by providing advice and counselling as and when necessary.

Safeguarding

It is of key importance to the DDBF to ensure appropriate mitigation of safeguarding risks arising from potential abusers targeting church settings within the Diocese. There is a risk that strain on parish and/or diocesan resources may lead to vulnerability, and potential non-compliance with House of Bishop's Safeguarding Policy. Appointment processes are documented to ensure compliance with the requirements of Safer Recruitment and People Management.

The Board continued to be aware of the potential for safeguarding matters to be raised due to increased reporting and awareness of safeguarding issues (both current and historical). The Diocesan Safeguarding Advisory Panel meets regularly to ensure that the DDBF maintains appropriate controls to prevent, as well as identify and resolve, any issues that arise, and the Board welcomes the safeguarding audit from INEQE as part of the national programme of safeguarding audits, in May 2025 which will provide an independent review of the DDBF's safeguarding processes and practices.

Other risks

The schools agenda, managed through the DDBE, also poses potential risk to the DDBF, both in terms of the challenges of maintaining high standards of education in Church of England schools during a period of significant change across the schools sector. The DDBE effectively manages school standards through the Joint Education Team.

All of these factors are included in the Board's Risk Register.

Structure, governance and management

The Diocese of Durham is one of the 41 English Dioceses that, along with the Diocese in Europe, make up the Church of England.

The Church of England is episcopally led (there are 108 bishops) and synodically governed. The General Synod consists of three houses, one of which comprises diocesan bishops and elected representatives from suffragan and area bishops, and two of which are elected from the laity and clergy of each Diocese. It meets in London or York at least twice annually to consider legislation for the good of the Church.

Further details on the structure and governance of the Church of England can be found on its website: www.churchofengland.org. The financial transactions of the national church do not form part of these financial statements.

The Diocese of Durham stretches from the Tyne to the Tees and the Dales to the Sea covering an area of 2,530 square kilometres. There are 253 Anglican churches across 205 parishes and these are grouped into 13 deaneries and three archdeaconries. The mission of the Church of England is mainly carried out at parish level and the DDBF provides pastoral and financial support to the parishes. Each parish is governed by a Parochial Church Council (PCC), which is a corporate charity. Therefore, except where indicated otherwise, the transactions of PCCs do not form part of these financial statements.

Durham Cathedral is the mother church of the Diocese of Durham and legally is constituted as a separate registered charity with its own governance structures. Its financial transactions do not form part of these financial statements.

Governance

The Diocese elects a Diocesan Synod, with representation from each deanery in accordance with the church representation rules and is governed by the Diocesan Bishop in synod. The Diocesan Synod normally meets twice a year. Many of the Diocesan Synod's responsibilities have been delegated to the Bishop's Council, which acts as the Diocesan Synod's Standing Committee. The day to day running of operations is delegated to the staff team lead by the diocesan secretary and other key management personnel as set out in note 17. All key management personnel report to the Diocesan Bishop.

Committee structure

The Diocese is governed by the Bishop's Council, which co-ordinates the life and work of the Diocese in support of the mission of the Church, in accordance with the priorities set by the Bishop and the Diocesan Synod.

In the Diocese of Durham, the membership of the Bishop's Council is coterminous with that of the DDBF and also the Diocesan Mission and Pastoral Committee.

The Diocesan Mission and Pastoral Committee is responsible for the task of approving pastoral reorganisation in the Diocese, taking account of available clergy numbers and making use of new patterns of ministry.

This arrangement means that the trustees of the DDBF have responsibility and oversight of all aspects of diocesan life and are therefore able to co-ordinate strategic, financial and operational decisions.

The Bishop's Council is supported by committees that can influence the operations of the Board.

- *Finance Group*

  The DDBF delegates certain duties and responsibilities to the Finance Group including:

  - Assisting the Board to deal with financial strategy and management;
  - Authorising legal property or investment strategy conducted on behalf of the Board;
  - Conducting urgent business of the Board between Board meetings;
  - Overseeing the preparation of the annual DDBF budget and financial statements for submission to the Board;
  - Receiving regular management accounting information; and
  - Acting as the DDBF's HR Committee, overseeing the terms and conditions of the DDBF employees.

- *Audit and Risk Committee*

The DDBF Audit and Risk Committee maintains an oversight of the Diocese's governance and risk management including:

- Adopting a risk-based approach and undertaking a planned programme of work examining areas of diocesan activity;
- Overseeing the external audit of the DDBF's trustees' report and financial statements;
- Considering internal control and stewardship of the DDBF's resources; and
- Reporting its findings annually to the Bishop's Council as a critical element of the Bishop's Council's annual reporting requirements.

- *Investment Committee*

  DDBF has responsibility for the management of glebe property and investments which generate income to support the cost of stipends. It is also the diocesan authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board. With the exception of major transactions, the DDBF delegates these responsibilities to the Investment Committee.

- *Diocesan Safeguarding Advisory Panel*

  The Diocesan Safeguarding Advisory Panel is chaired independently and monitors safeguarding practice, including casework and training within the Diocese. Its membership includes the Local Authority Designated Officer, Police and Victim/Survivor Voice representation.

- *Church Buildings Panel*

  The Church Buildings Panel is a non-statutory group, which offers grants and loans to Parochial Church Councils for works to church buildings.

- *Closed Churches Uses Panel*

  The Closed Churches Uses Committee is a non-statutory group, which was created to act on behalf of the Diocesan Mission and Pastoral Committee. It seeks appropriate alternative uses for churches in the Diocese which have been declared closed for regular public worship.

- *Strategic Mission Delivery Board*

  The Strategic Mission Delivery Board provides strategic oversight for mission programmes. It champions and monitors progress, acts as an escalation point for key issues, approves significant changes, approves communications and ensures reports are made to Bishop's Council.

In addition, there are three statutory Committees and Boards that are not directly answerable to the Bishop's Council, but influence its operation:

- *Diocesan Advisory Committee*

  The Diocesan Advisory Committee advises on matters affecting churches and places of worship in the Diocese, such as; the granting of faculties; architecture, archaeology, art and the history of places of worship; the use and care of places of worship and their contents; and the care of churchyards.

- *Diocesan Board of Patronage*

  The Diocesan Board of Patronage, which is constituted under the provisions of the Patronage (Benefices) Measure 1986, is sole patron of one benefice in the Diocese.

- *Diocesan Board of Education*
  The Diocesan Board of Education has responsibility for 57 church schools across the Diocese (9 of which are Voluntary Aided, 15 are Voluntary Controlled, and 33 are Academies, with one academy being a Free School). It provides both educational and pastoral leadership support to all its schools and has a particular commitment to enhancing the quality of provision for religious education, collective worship and the

spiritual, moral, social, and cultural development of all pupils. The Board of Education is not incorporated and therefore financial accountability for the education agenda rests with the DDBF. The Board of Education operates as a statutory committee of the DDBF.

Public benefit statement

The directors and trustees are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the DDBF. The directors believe that, by promoting the work of the Church of England in the Diocese of Durham, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the Diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- Providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- Promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

The trustees are custodian trustees in relation to certain PCC property.

Trustee recruitment, selection and induction

Trustees are also members of the Bishop's Council and are elected or appointed by the members of the Diocesan Synod in accordance with the rules for election. All trustees receive induction at the start of their term of office and receive additional induction where appropriate. Trustees are registered as directors at Companies House and are required to complete a declaration that they are eligible to serve as a director as well as an annual declaration of interest.

Remuneration of key management personnel

As the DDBF has delegated responsibility for human resource issues to the Finance Group, this group is responsible for agreeing the salary scales for all DDBF employees and for setting the remuneration for senior employees.

Related parties

The DDBF has one wholly owned subsidiary, the Diocese of Durham Educational Trust. It did not trade during the year and was dissolved shortly after the balance sheet date.

Organisations with which the DDBF co-operates in furthering its aims

The DDBF works with a range of organisations which are either part of or associated with the Church of England, or other Christian denominations to achieve its objectives. Some of those are set out below, and in some cases, there are a non-controlling number of shared trustees between these organisations and the DDBF. The DDBF ensures that such common trusteeships are appropriately declared and conflicts of interest are mitigated when making decisions relating to such organisations.

- *General Synod, Church Commissioners and Archbishops' Council*

  The DDBF has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The DDBF is a recipient of funding from several different grant funding streams operated by the Archbishops' Council. The stipends and certain other costs of the Diocesan and Suffragan Bishops are borne by the Church Commissioners.

- *Parochial Church Councils (PCCs)*

  The DDBF is required by Measure to be custodian trustee in relation to PCC property, but has no control over PCCs, which are independent charities. The accounts of PCCs do not form part of these financial statements. PCCs are able to influence the decision-making within DDBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

- *Multi Academy Trusts (MATs)*

  The DDBF is a member of several MATs, including the Durham and Newcastle Diocesan Learning Trust. Until 1 September 2024, the Diocesan Director of Education was a director of the Durham and Newcastle Diocesan Learning Trust at which point he resigned as Director of Education to take up the role of CEO of the Trust as a full time role.

- *Newcastle Diocesan Education Board Limited*
  The Newcastle Diocesan Education Board Limited (NDEB) has responsibility for 49 church schools (plus 2 affiliated schools with an anglican foundation) across the Diocese of Newcastle. Unlike its counterpart in Durham, NDEB is an incorporated charitable company and registered charity. The two dioceses operate a joint education team to manage the delivery of their objectives across the two dioceses, and until 1 September 2024, when they were transferred to the Joint Education Team LLP, this charity employed a team of 9 employees working jointly for NDEB and the DDBF.

- *Joint Education Team LLP*
  The Joint Education Team LLP is a Limited Liability Partnership between the DDBF and NDEB, which from 1 September 2024 jointly employs 9 employees to carry out the work of the diocesan boards of education in both Durham and Newcastle Dioceses.

- *Stirling Newall Trust*

  A registered charity whose objective is the advancement of the Christian religion by the provision of a house of retreat (Shepherds Dene Retreat House at Riding Mill, Northumberland) for members of the Church of England whether clerical or lay who are resident or working in the area comprising the Dioceses of Durham and Newcastle.

- *Lindisfarne College of Theology and Cranmer Hall, St John's College*

  The region's two theological educational institutions, both are registered charities whose objects included the promotion and delivery of education for both lay and ordained members of participating Christian churches and the provision of other theological and ministerial training to both lay and ordained people.

- *Northumbrian Industrial Mission*

  A registered charity which organises the activities of around 40 associate chaplains who engage with people in their places of work. It also works with ministries in other sectors, in local churches and with other agencies.

- *Hospital of God at Greatham*

  A registered charity which provides residential care and alms-houses for older people and makes grants to other charities within the area of benefit.

- *Lord Crewe's Charity*

  A registered charity, one of whose principal aims is to assist necessitous clergy and their dependents in the Dioceses of Durham and Newcastle, particularly for the education of their children, and to assist them in other demonstrable financial need, and which provides grant funding used by the Diocese to fund its Challenging Poverty priority and to provide a clergy counselling service.

- *St Hild and St Bede Trust*

A charitable trust whose objectives include the advancement of further and higher education in the Dioceses of Durham and Newcastle, with a focus on the advancement of education in accordance with the doctrines of the Church of England.

- *Communities Together Durham*

  A charity which works with churches and communities to challenge social injustice and to enable communities to flourish.

- *Durham Lesotho Diocesan Link*

  A registered charity which aims to develop educational, AIDS awareness and income generating projects in Lesotho. It also develops educational projects for schools and to raise awareness and support for initiatives in the Diocese of Durham which foster closer spiritual links between the Anglican Church in Lesotho and Durham.

- *North East Churches Acting Together*

  A charity which works ecumenically to serve the churches of the North East through improving communication and developing partnerships and connections between churches of different denominations.

- *North East Religious Learning Resource Centre*

  A registered charity which aims to support religious education, literacy and learning in schools and churches across the North East of England through the provision of resources, training and networking opportunities.

Political contributions

No political contributions have been made during the year *(2023: none).*

Statement of disclosure to the auditor

So far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- we have taken all the steps that we ought to have taken as trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of than information.

Auditor

A resolution to reappoint UNW LLP as auditor for the 2025 financial year was tabled at the Board's Annual General Meeting.

In approving the directors' and trustees' report the directors of the company are also approving the strategic report as required under the Companies Act 2006.

On behalf of the Board on 29 April 2025.

Rt. Revd. Sarah Clark
Chair

Durham Diocesan Board of Finance

(A company limited by guarantee)

Statement of trustees' responsibilities
Year ended 31 December 2024

The trustees are responsible for preparing the Annual Report which incorporates the Strategic Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees (as directors) to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing these financial statements the trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principals in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Durham Diocesan Board of Finance (continued)

Opinion
We have audited the financial statements of Durham Diocesan Board of Finance (the 'charitable company') for the year ended 31 December 2024 which comprise the Statement of financial activities, the Income and expenditure account, the balance sheet, the statement of cash flows and the related notes, 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 charitable company's affairs as at 31 December 2024 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

Other information
The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustee are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Durham Diocesan Board of Finance (continued)

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees
As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector exper ce and through discussions with the trustees and other management (as required by Auditing Standards) and from inspection of the charitable company's legal correspondence, and we discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies and charities legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; data protection, safe guarding and certain aspects of company legislation, recognising the nature of the charitable company's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we did not become aware of any actual or suspected non-compliance material to the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statement or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Use of our report
This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Anne Hallowell

Anne Hallowell BSc FCA DChA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne
29 April 2025

Durham Diocesan Board of Finance

(A company limited by guarantee)

Statement of financial activities
Year ended 31 December 2024

	Note	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000	Total funds 2023 £000
Income and endowments from:						
Donations:						
Parish Contributions	4	**4,230**	**-**	**-**	**4,230**	4,255
Archbishops' Council	5	**1,998**	**2,395**	**-**	**4,393**	4,712
Other	6	**174**	**452**	**-**	**626**	875
Charitable activities	7	**631**	**-**	**-**	**631**	641
Other trading activities	8	**561**	**13**	**-**	**574**	638
Investments	9	**243**	**266**	**587**	**1,096**	1,036
Other income	10	**21**	**814**	**522**	**1,357**	241
Total income and endowments		**7,858**	**3,940**	**1,109**	**12,907**	12,398
Expenditure on:						
Raising funds	11	**52**	**-**	**3**	**55**	79
Charitable activities:						
Contributions to Archbishops' Council	13	**514**	**-**	**-**	**514**	697
Resourcing ministry and mission	14	**8,992**	**3,279**	**11**	**12,282**	11,933
Resourcing education	15	**241**	**-**	**-**	**241**	288
Total expenditure		**9,799**	**3,279**	**14**	**13,092**	12,997
Net (expenditure)/income before net gains on investments		**(1,941)**	**661**	**1,095**	**(185)**	(599)
Net gains on investments		**68**	**209**	**820**	**1,097**	3,310
Net income/(expenditure)		**(1,873)**	**870**	**1,915**	**912**	2,711
Transfers between funds	30	**1,995**	**564**	**(2,559)**	**-**	-
Net movement in funds		**122**	**1,434**	**(644)**	**912**	2,711
Reconciliation of funds:						
Total funds brought forward		**5,805**	**11,963**	**56,952**	**74,720**	72,009
Net movement in funds		**122**	**1,434**	**(644)**	**912**	2,711
Total funds carried forward	27	**5,927**	**13,397**	**56,308**	**75,632**	74,720

The notes on pages 29 to 62 form part of these financial statements.

Durham Diocesan Board of Finance

(A company limited by guarantee)

Summary income and expenditure account
Year ended 31 December 2024

	Note	Total funds 2024 £000	Total funds 2023 £000
Income		**11,798**	11,819
Gains/(losses) on investments		**277**	871
Gross income in the reporting period		**12,075**	12,690
Less: Total expenditure		**(13,078)**	(12,974)
Net income/(expenditure) for the reporting period		**(1,003)**	(284)
Other comprehensive income			
Net assets transferred from endowments	30	**2,559**	925
Net comprehensive income for the year		**1,556**	641

The income and expenditure account is derived from the statement of financial activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

The notes on pages 29 to 62 form part of these financial statements.

Durham Diocesan Board of Finance

(A company limited by guarantee)

Balance sheet
Year ended 31 December 2024

	Note		2024 £000		2023 £000
Fixed assets					
Tangible assets	20		**36,017**		35,758
Investments	21		**37,034**		36,812
			73,051		72,570
Current assets					
Debtors	22	**2,505**		1,368	
Cash on deposit	23	**1,171**		634	
Cash at bank and in hand		**1,106**		1,731	
		4,782		3,733	
Creditors: amounts falling due within one year	24	**(2,152)**		(1,534)	
Net current assets			**2,630**		2,199
Total assets less current liabilities			**75,681**		74,769
Creditors: amounts falling due after more than one year	25		**(49)**		(49)
Total net assets			**75,632**		74,720
Charity funds					
Endowment funds	27		**56,308**		56,952
Restricted funds	27		**13,397**		11,963
Unrestricted funds					
Designated funds	27	**7**		7	
General funds	27	**5,920**		5,798	
Total unrestricted funds	27		**5,927**		5,805
Total funds			**75,632**		74,720

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the trustees on 29 April 2025 and signed on their behalf by:

Rt. Revd. Sarah Clark
Chair

Company registered number: 00192018
The notes on pages 29 to 62 form part of these financial statements.

Durham Diocesan Board of Finance

(A company limited by guarantee)

Statement of cash flows
Year ended 31 December 2024

	Note	2024 £000	2023 £000
Cash flows from operating activities			
Net cash used in operating activities	31	**(2,301)**	(990)
Cash flows from investing activities			
Dividends, interests and rents from investments		**1,096**	1,036
Proceeds from the sale of tangible fixed assets		**1,543**	996
Purchase of tangible fixed assets		**(1,302)**	(2,738)
Proceeds from sale of investments		**875**	677
Purchase of investments		**-**	(10)
Net cash provided by/ (used in) investing activities		**2,212**	(39)
Cash flows from financing activities			
New loans advanced		**22**	-
Repayment of loans advanced		**(21)**	(292)
Net cash provided by/ (used in) financing activities		**1**	(292)
Change in cash and cash equivalents in the year		**(88)**	**(1,321)**
Cash and cash equivalents at the beginning of the year		**2,365**	3,686
Cash and cash equivalents at the end of the year	32	**2,277**	2,365

The notes on pages 29 to 62 form part of these financial statements

1. General information

Durham Diocesan Board of Finance is a charitable company limited by membership guarantee and incorporated and domiciled in England. The registered office address is Cuthbert House, Stonebridge, Durham, DH1 3RY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Durham Diocesan Board of Finance meets the definition of a public benefit entity under FRS 102. Assets and Liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are presented in pounds sterling which is the functional currency of the company and are rounded to the nearest £1,000.

2.2 Exemption from preparing group accounts

The charitable company is the controlling party of Diocese of Durham Educational Trust, a dormant subsidiary undertaking. In the opinion of the directors/trustees, the size and assets of the subsidiary undertaking mean that the presentation of the combined results and financial position in consolidated financial statements is not material for the purpose of giving a true and fair view. These financial statements present the results and the position of the charitable company as a single entity and not as a group. This company was dissolved in January 2025.

2.3 Going concern

The trustees have considered the availability of reserves and cash upon the going concern basis of preparation of these financial statements. Although uncertainty remains, particularly over the recovery in parish income and the real-terms reduction in the value of parish share. it is anticipated that reserves will remain within the level set out in the reserves policy.

Having reviewed forecasts for the forthcoming twelve months that are subject to a range of reasonably possible downside scenarios, the trustees are comfortable that with the current levels of cash and short-term deposits are sufficient to allow the DDBF to continue to operate as a going concern for the foreseeable future.

2. Accounting policies (continued)

2.4 Income

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

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

The principal sources of income of the DDBF are contributions from Archbishops' Council and parish share. The share monies are recognised in the statement of financial activities in the period in which they are receivable, although arrears are not shown as debtors since only constructive pressure can be applied to encourage parishes to pay any outstanding sums. Debts for parish share are not enforceable.

The Stipends Capital Fund is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. The Diocese adopts a total return approach to the investments in this fund and consequently recognises the income and any direct expenditure as endowed, and transfers an amount each year to unrestricted funds to cover the expenditure on stipends which this fund is held for.

Selective allocations from the Church Commissioners are credited to the Stipends and General Fund on a monthly basis and recognised in the SOFA as incoming resources.

Legacies, contributions and other donations are accounted for when conditions for their receipt have been met. Investment income is accounted for when receivable. Rental income for glebe and other property is shown separately. Incoming resources from charitable activities including clergy fees, chaplaincy income and guaranteed annuities are receivable on a monthly basis.

Other sundry income, including gains on disposal of properties, is recognised in the SOFA in the accounting period in which monies are receivable.

2.5 Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the SOFA category. Expenditure is stated inclusive of irrecoverable VAT.

Costs of raising funds are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investments held.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the Board, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

2. Accounting policies (continued)

2.5 Expenditure (continued)

Payments in support of services provided by the Archbishops' Council are regarded as grants and the annual amounts payable are divided into monthly instalments.

Resourcing ministry and mission costs are the costs incurred by the Board in maintaining resident clergy in numerous parishes throughout the Diocese. These include stipends, national insurance, housing, relocation, and a range of support costs.

Support costs consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to- be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

2.6 Pension contributions

The DDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pension Scheme. The pension costs charged as resources expended represent the DDBF's contributions payable in respect of the accounting period, in accordance with FRS 102. Deficit funding for the pension schemes to which the DDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

The DDBF also operates a stakeholder scheme and contributes to personal pension schemes for which contributions are charged to the SOFA as they fall due.

2.7 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost.

Freehold and leasehold buildings
It is the DDBF's policy that in respect of many of its buildings, no depreciation is charged as any provision would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value.

The DDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residual properties is in accordance with the Repair of Benefices Building Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value.

Annual impairment reviews are performed in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount. Where the recoverable amount is estimated to be less than the carrying amount, depreciation is charged in the financial statements.

School buildings
School buildings are occupied and, in the case of Voluntary Aided schools, improved, extended and repaired by the school governors. The nature of the occupation of these buildings by these exempt and excepted charities means that DDBF trustees do not have the power to dispose of the buildings until the school ceases its occupation, which in turn would require the approval of the Secretary of State. Any proceeds of sale would be subject to claw-back, by the Secretary of State, of related grant aid provided. The trustees consider the Board's ownership to be in the nature of custodianship of the assets and these are therefore not capitalised in the financial statements. Details of the Voluntary Aided schools can be obtained from the Joint Education Team.

Depreciation on other tangible fixed assets
Depreciation is provided in order to write off the cost (less any residual value) of other fixed assets over their currently expected useful economic lives at the following initial rates:

Freehold and leasehold property	-	shorter of 50 years or lease term
Furniture and office equipment	-	33% per annum straight line

2.8 Total return investment policy

The board passed a resolution on 1 December 2022 to adopt a total return policy in respect of the stipends capital endowed funds. This approach allows any increase in the value of an investment to be used as income. The decision was taken to ensure that Diocese invests in a way that has appropriate regard to the furtherance of its aims both now and in the future.

The board identified the relevant funds and apportioned it into the value of the original endowment (which forms the Investment Fund) and the unapplied investment return (which forms the unapplied total return). The calculation of the value of the investment fund on the date of adoption was based upon the book value of assets at 1 January 1997, adjusted for inflation and additions since that date.

All endowed investment returns are designated as unapplied total return until Trustees decide how it is to be used. At the discretion of the board, some of the total unapplied return may be allocated to the income fund each year to be spent on its aims.

Trustees may allocate an amount of the unapplied total return to the investment funds. The amount that can be allocated to the investment fund is capped. The cap is calculated by using the rise in inflation from a particular date, being either the date of resolution if no previous allocation has been made or date of the last allocation to the investment fund.

2.9 Investments

Investments in agricultural holdings, commercial properties and investment securities are shown at their market value on the balance sheet date. All gains and losses on investments are recognised in the SOFA. Investments held by the DDBF as custodian trustee are not included in these accounts. Investments in unlisted investments and the subsidiary are stated at cost less provision for impairment. Investments also include long term loans made by the DDBF under concessionary terms.

2.10 Financial instruments

Loans
Loans made by the DDBF to further its charitable purposes at rates below prevailing market rates are classified as concessionary loans and accounted for in accordance with Section 34 of FRS 102. Such loans are initially recognised and measured at the amount received and subsequently adjusted to reflect any repayments, accrued interest and any subsequent impairment.

Debtors
Debtors are recognised at the settlement amount due.

Cash and cash equivalents
Cash on deposit includes cash held in short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions
Creditors and provisions are recognised where the DDBF has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Equity share loan
The DDBF has one loan for which the settlement proceeds are based on the value of the equity in a property. As this constitutes a non-basic financial instrument under FRS 102 this loan has been recognised at fair value and is revalued at each reporting date. Any gains and losses arising at each year-end are recognised in the SOFA.

2.11 Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

2.12 Fund accounting

• **General** funds represent funds which are expendable at the discretion of the directors in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.

• **Designated** funds are amounts which have been put aside at the discretion of the directors and are therefore not available for other purposes. All of the unrestricted funds apart from the General Fund are now regarded as designated. These are included with the unrestricted funds column in the SOFA.

• **Restricted** funds represent grants, donations, legacies and assets which are allocated by the donor for specific purposes. The largest restricted fund is the Pastoral Account.

2.12 Fund accounting (continued)

• **Endowment** funds are those held on trust to be retained for the benefit of the charity as a capital fund. In the case of the endowment funds administered by the Board (Stipends Capital Fund, and Parsonage Houses Fund), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

The board has adopted a total return approach to investments held within the Stipends Capital Fund. Assets are invested to produce an investment return without regard to whether that return is in the form of income or capital appreciation. An allocation is made each year from unapplied total return to trust for investment to ensure that the capital value of assets in trust are not eroded over time.

Trusts where the DDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key areas subject to estimation are as follows:

Fair value on investment property
The DDBF holds investment property comprising agricultural land at fair value. The DDBF uses an independent external qualified surveyor to assess the value of this land based on a site by site consideration of the assets and the market conditions existing at the balance sheet date.

Fair values estimated for equity share loan
The DDBF has one loan for which the settlement proceeds are based on the value of the equity in a property. As required by FRS102 this loan has been stated in accordance with an estimate of fair value. The DDBF makes use of internal experts in arriving at this fair value. This loan is repayable on the earlier of the death of the borrower or the sale of the related property and therefore the timing of its repayment is uncertain. Therefore, this loan is measured as a proportion of the fair value at each reporting date and has not been discounted.

Other estimates included within these financial statements include depreciation charges. None of the estimates made are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year.

In preparing these financial statements the trustees do not consider there were any significant areas of judgement that were required in applying the charity's accounting policies as set out above.

4. Parish contributions

	Total funds 2024 £000	Total funds 2023 £000
Unrestricted general fund - parish share		
Contributions pledged and paid	4,181	4,227
Contributions from previous years	49	28
	4,230	4,255
Current year parish share receipts (excluding contributions from prior years) as a proportion of total amounts pledged	95.0%	95.2%

5. Archbishops' Council

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total funds 2024 £000
Lower income communities fund	**1,998**	**-**	**1,998**
Strategic development fund	**-**	**1,269**	**1,269**
Diocesan investment programme		**332**	**332**
Moving towards net zero	**-**	**74**	**74**
Strategic ministry funding	**-**	**429**	**429**
Ordinands' training grant	**-**	**28**	**28**
Other national church funding		**263**	**263**
	1,998	**2,395**	**4,393**

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000
Lower income communities fund	2,067	-	2,067
Strategic development fund	48	1,825	1,873
Energy and cost of living grants	-	40	40
Strategic ministry funding	-	383	383
Ordinands' training grant	-	349	349
	2,115	2,597	4,712

6. Other donations

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total funds 2024 £000
Benefact Trust	**135**	**60**	**195**
Lord Crewe's Charity	**-**	**340**	**340**
St Hild and St Bede Trust	**-**	**13**	**13**
Other grants and donations	**39**	**39**	**78**
	174	**452**	**626**

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000
Benefact Trust	157	23	180
Lord Crewe's Charity	-	353	353
St Hild and St Bede Trust	15	-	15
Other grants and donations	57	270	327
	229	646	875

7. Income from charitable activities

	Total funds 2024 £000	Total funds 2023 £000
Statutory fees	**387**	494
Chaplaincy	**45**	50
St Hild and St Bede Trust	**9**	8
Miscellaneous income	**190**	76
	631	628

8. Income from other activities

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total funds 2024 £000
Rental income from parsonages	**557**	**-**	**557**
Education service level agreements	**4**	**11**	**15**
Miscellaneous income	**-**	**2**	**2**
	561	**13**	**574**

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000
Rental income from parsonages	508	-	508
Education service level agreements	127	3	130
Miscellaneous income	-	-	-
	635	3	638

9. Income from investments

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000
Income from UK listed investments	**84**	**250**	**587**	**921**
Interest receivable	**102**	**16**	**-**	**118**
Rents receivable	**57**	**-**	**-**	**57**
	243	**266**	**587**	**1,096**

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Endowment funds 2023 £000	Total funds 2023 £000
Income from UK listed investments	411	211	338	960
Interest receivable	17	4	-	21
Rents receivable	55	-	-	55
	483	215	338	1,036

10. Other income

	Unrestricted funds 2024	Restricted funds 2024	Endowment funds 2024	Total funds 2024
	£000	£000	£000	£000
Gain on disposal of properties	21	-	522	543
Pension surplus on scheme closure (see note 37)	-	814	-	814
	21	814	522	1,357

	Unrestricted funds 2023	Restricted funds 2023	Endowment funds 2023	Total funds 2023
	£000	£000	£000	£000
Gain on disposal of properties	-	-	241	241

11. Fundraising costs

	Unrestricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000
Glebe agents fees	19	-	19
Glebe investment costs	33	3	36
	52	3	55

	Unrestricted funds 2023 £000	Endowment funds 2023 £000	Total funds 2023 £000
Glebe agents fees	31	-	31
Glebe investment costs	48	-	48
	79	-	79

12. Analysis of expenditure by activities

	Activities undertaken directly 2024 £000	Grant funding of activities 2024 £000	Support costs 2024 £000	Total funds 2024 £000
Contributions to Archbishops' Council (note 13)	-	514	-	514
Resourcing ministry and mission (note 14)	9,950	358	1,974	12,282
Resourcing Education (note 15)	241	-	-	241
	10,191	872	1,974	13,037

	Activities undertaken directly 2023 £000	Grant funding of activities 2023 £000	Support costs 2023 £000	Total funds 2023 £000
Contributions to Archbishops' Council (note 13)	-	697	-	697
Resourcing ministry and mission (note 14)	9,760	710	1,463	11,933
Resourcing Education (note 15)	288	-	-	288
	10,048	1,407	1,463	12,918

13. Contributions to Archbishops' Council

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total funds 2024 £000
Training for ministry	223	-	223
National Church responsibilities	249	-	249
Grants and provisions	120	-	120
Pooling of ordinand candidates	(78)	-	(78)
	514	-	514

13. Contributions to Archbishops' Council (continued)

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000
Training for ministry	224	-	224
National Church responsibilities	250	-	250
Grants and provisions	228	4	232
Pooling of ordinand candidates	(9)	-	(9)
	693	4	697

14. Expenditure on resourcing ministry and mission

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000
Stipends and national insurance	3,496	549	-	4,045
Clergy pension	791	130	-	921
Housing costs	2,076	26	-	2,102
Removal, resettlement and other grants	114	11	-	125
Mission: stipendiary, staff and activity costs	552	1,571	-	2,123
Lindisfarne Regional Training Partnership grant	38	36	-	74
Strategic development costs	-	200	-	200
Other expenses and grants	442	276	-	718
Support for parish ministry (see note 16)	1,483	480	11	1,974
	8,992	3,279	11	12,282

14. Expenditure on resourcing ministry and mission (continued)

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Endowment funds 2023 £000	Total funds 2023 £000
Stipends and national insurance	3,463	581	-	4,044
Clergy pension	861	56	-	917
Housing costs	1,881	1	10	1,892
Removal, resettlement and other grants	175	13	-	188
Mission: stipendiary, staff and activity costs	496	1,498	-	1,994
Lindisfarne Regional Training Partnership grant	60	307	-	367
Strategic development costs	-	297	-	297
Other expenses and grants	541	230	-	771
Support for parish ministry (see note 16)	1,133	317	13	1,463
	8,610	3,300	23	11,933

15. Resourcing education

	Unrestricted funds 2023 £000	**Restricted funds 2023 £000**	**Total funds 2023 £000**
Administration	**241**	**-**	**241**
Closed schools	**-**	**-**	**-**
	241	**-**	**241**

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000
Administration	278	-	278
Closed schools	-	10	10
	278	10	288

16. Analysis of support costs

	Total funds 2024	Total funds 2023
	£000	£000
Central staff costs	**936**	750
Central office and premises	**255**	89
Technology and communication	**179**	166
Depreciation	**43**	45
Legal and registry costs	**169**	150
Synod, Board and Committee expenses	**60**	53
External audit	**29**	25
Other support costs	**196**	66
Other costs	**107**	119
	1,974	1,463

17. Analysis of grants made

	Individuals £000	Institutions £000	Total 2024 £000
From unrestricted funds for National Church responsibilities:			
Contributions to Archbishops' Council	-	394	**394**
Other grants made:			
NECAT	-	8	**8**
Northumbrian Industrial Mission	-	2	**2**
Lesotho	-	25	**25**
Training for Ministry Grants	74	-	**74**
Resettlement and First Appointment Grants	114	-	**114**
Ordinands' Grants	120	-	**120**
Basic Clergy Development Grants	19	-	**19**
Mission Fund Grants	27	-	**27**
Church building committee grants	-	64	**64**
PCCs	-	25	**25**
	354	518	**872**

17. Analysis of grants made (continued)

	Individuals £000	Institutions £000	Total 2023 £000
From unrestricted funds for National Church responsibilities:			
Contributions to Archbishops' Council	-	466	466
Other grants made:			
NECAT	-	8	8
Lesotho	-	25	25
Resettlement and First Appointment Grants	157	-	157
Ordinands' Grants	231	-	231
Basic Clergy Development Grants	18	-	18
Special CMD & Sabbatical Grants	7	-	7
Mission Fund Grants	23	-	23
Church building committee grants	-	34	34
Ministry Hardship Grant	-	7	7
Energy Support Grant funding	64	-	64
Lindisfarne College of Theology	-	367	367
	500	907	1,407

18. Auditor's remuneration

	2024 £000	2023 £000
Fees payable to the charitable company's auditor for the audit of the charitable company's annual accounts	**30**	24
Fees payable to the charitable company's auditor in respect of:		
All non-audit services not included above	**-**	1

19. Staff costs

	2024 £000	2023 £000
Employee costs during the year were as follows:		
Wages and salaries	**1,796**	1,649
National insurance contributions	**179**	165
Pension costs	**300**	219
	2,275	2,033

19. Staff costs (continued)

	2024 £000	2023 £000
The average monthly number of employees during the year were as follows:		
Staff	**47**	44

The number of higher paid employees was:	2024 No.	2023 No.
In the band £60,001 - £70,000	2	-
In the band £80,001 - £90,000	1	1

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2024 they were:

Diocesan Secretary	Mr J James G Morgan
Director of Mission, Discipleship & Ministry	The Venerable Elizabeth M Wilkinson
Head of Transformational Delivery	Mrs Amy H Burns (from 18/04/2024)

Remuneration, pensions and employer's national insurance contributions for the above employees amounted to £221,868 (2023: £157,904).

19. Staff costs (continued)

Trustees' emoluments

No trustee received any remuneration for services as trustee *(2023: £nil)*. During the year, 7 trustees *(2023: 7)* received travelling, subsistence and incidental costs, totalling £12,644 *(2023: £15,510)* in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as trustees.

During the year the Board made contributions to the Church Commissioners at the standard rate agreed by Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors of the Board and provided houses, including payment of council tax and maintenance costs, as part of normal clergy remuneration.

The following table gives details of the trustees who were in receipt of a stipend and/or housing provided by the DDBF during the year:

	Stipend	**Housing**
The Bishop of Durham – Right Reverend PR Butler (Chair) (until 29 February 2024)	No	No
The Bishop of Jarrow – Right Reverend SE Clark	No	Yes
The Archdeacon of Auckland – Venerable RL Simpson	Yes	Yes
The Archdeacon of Durham – Venerable EM Wilkinson	Yes	Yes
The Archdeacon of Sunderland – Venerable RG Cooper	Yes	Yes
Reverend P Arnold	Yes	Yes
Reverend L Sutherland (until 31 October 2024)	Yes	Yes
Canon D Tolhurst (until 31 October 2024)	Yes	Yes
Reverend B Huish (from 19 December 2024)	Yes	Yes
Reverend M Levinsohn (from 19 December 2024)	Yes	Yes

The DDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than bishops and cathedral staff. The DDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese including the Suffragan Bishop.

The DDBF paid an average of 135 *(2023: 139)* stipendiary clergy and lay ministers as office-holders holding parochial or diocesan appointments in the Diocese, and the costs were as follows:

	2024	2023
	£000	£000
Stipends	3,736	3,722
National insurance contributions	335	325
Pension costs - current year contributions	853	952
	4,924	4,999

20. Tangible fixed assets

	Property £000	Office equipment £000	Parsonages £000	Glebe Property £000	Total £000
Cost or valuation					
At 1 January 2024	3,702	101	20,081	12,819	36,703
Additions	369	-	339	594	1,302
Disposals	(226)	-	(661)	(129)	(1,016)
At 31 December 2024	3,845	101	19,759	13,284	36,989
Depreciation					
At 1 January 2024	185	97	417	246	945
Charge for the year	32	1	3	7	43
On disposals	-	-	(13)	(3)	(16)
At 31 December 2024	217	98	407	250	972
Net book value					
At 31 December 2024	3,628	3	19,352	13,034	36,017
At 31 December 2023	3,517	4	19,664	12,573	35,758

21. Fixed asset investments

	Listed investments £000	Loans to associates £000	Agricultural land £000	Total £000
Cost or valuation				
At 1 January 2024	**33,468**	**29**	**3,315**	**36,812**
Additions	**-**	**-**	**-**	**-**
Disposals	**(652)**	**-**	**(218)**	**(870)**
Revaluations	**776**	**-**	**316**	**1,092**
At 31 December 2024	**33,592**	**29**	**3,413**	**37,034**
Net book value				
At 31 December 2024	**33,592**	**29**	**3,413**	**37,034**
At 31 December 2023	33,468	29	3,315	36,812
Historic cost at 31 December 2024	**26,482**	**29**	**398**	**26,909**

Agricultural land held as investment properties
The estimate of the value of Glebe land and properties held as investments at the end of the year has been prepared by Savills on a Desk Top valuation as at 31 December 2024.

Long term loans

The DDBF loaned £15,000 to Stirling Newall Trust for the installation of a new fire alarm system in 2021 with an additional loan of £10,000 being made during 2023. Both loans are repayable in annual instalments over 10 years with interest charged at 3% per annum.

Subsidiary undertakings
Unlisted investments are held at cost and relate to DDBF's wholly owned subsidiary undertaking, The Diocese of Durham Educational Trust, a company limited by guarantee (company registration number 08816527).

The Diocese of Durham Educational Trust was incorporated in 2013 to provide the Diocese with a vehicle to manage its education responsibilities. It was a dormant company which acted as a corporate member for a number of multi academy trusts, but was wound up in January 2025.

Joint venture

The company has a joint venture limited liability partnership with Newcastle Diocesan Education Board (NDEB). The new entity, Joint Education Team LLP, commenced trading on 1 September 2023.

22. Debtors

	2024 £000	2023 £000
Due after more than one year		
Church Buildings loan	**140**	139
Church workers pension scheme surplus (see note 37)	**451**	-
Equity share loan	**134**	134
	725	273
Due within one year		
Church Buildings loans	**3**	3
Church workers pension scheme surplus (see note 37)	**257**	-
Other debtors	**1,408**	477
Prepayments and accrued income	**112**	615
	1,780	1,095
Total	**2,505**	1,368

The historic cost of the equity share loan included in loans receivable is £16,000 (2023: £16,000).

23. Current asset investments

	2024 £000	2023 £000
Short term investments	**1,171**	634

24. Creditors: amounts falling due within one year

	2024 £000	2023 £000
Trade creditors	**166**	315
Other creditors	**18**	3
Accruals and deferred income	**1,968**	1,216
	2,152	1,534

	2024 £000	2023 £000
Deferred income at 1 January	**1,116**	33
Resources deferred during the year	**1,897**	1,116
Amounts released from previous periods	**(1,116)**	(33)
	1,897	1,116

25. Creditors: amounts falling due after more than one year

	2024 £000	2023 £000
Loans	49	49

Loans included in creditors due in more than one year comprise £49,000 (2023: £49,000) owing to Church Commissioners relating to property purchased to house clergy spouses, which becomes repayable on sale of the property once it falls vacant.

26. Summary of funds

Summary of funds - current year

	Balance at 1 January 2024 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 December 2024 £000
Designated funds	7	7	(7)	-	-	7
General funds	5,798	7,851	(9,792)	1,995	68	5,920
Endowment funds	56,952	1,109	(14)	(2,559)	820	56,308
Restricted funds	11,963	3,940	(3,279)	564	209	13,397
	74,720	12,907	(13,092)	-	1,097	75,632

Summary of funds - prior year

	Balance at 1 January 2023 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 December 2023 £000
Designated funds	25	-	(18)	-	-	7
General funds	5,839	8,358	(9,642)	1,017	226	5,798
Endowment funds	54,882	579	(23)	(925)	2,439	56,952
Restricted funds	11,263	3,461	(3,314)	(92)	645	11,963
	72,009	12,398	(12,997)	-	3,310	74,720

27. Statement of funds – current year

	Balance at 1 January 2024 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 December 2024 £000
Designated funds						
Bequests Fund	7	7	(7)	-	-	7
Unrestricted funds						
General	5,798	7,851	(9,792)	1,995	68	5,920
Restricted funds						
Parsonages Building Fund	1,741	49	-	-	39	1,829
Durham Closed Schools Fund	1,030	40	(1)	(205)	20	884
Pastoral Fund	8,080	215	(174)	769	138	9,028
Ministry and Preordination Training Fund	146	28	(174)	-	-	-
Lord Crewe's Charity	142	340	(340)	-	-	142
Strategic Development Fund - Resourcing Churches	27	467	(467)	-	-	27
Strategic Development Fund II - Communities for Hope	4	601	(601)	-	-	4
Strategic Development Fund III - Transforming Growth	-	200	(200)	-	-	-
Restructuring Fund - Renewal & Reform	5	-	(4)	-	-	1
Misc Restricted Fund (Misc Income for projects)	173	31	(27)	-	-	177
Durham Capacity Fund	(3)	57	(57)	-	-	(3)
Strategic Capacity Grant fund	-	69	(67)	-	-	2
Strategic Ministry Fund	-	429	(429)	-	-	-
Archbishops' Council - Net Zero	25	30	(30)	-	-	25
Archbishops' Council - Called to Fruitfullness	-	332	(332)	-	-	-
Archbishops' Council - Building for Mission	-	36	(36)	-	-	-
Benefact Trust- Cultivate funding	43	60	(90)	-	-	13
Archbishops' Council - Giving Adviser funding	-	24	(24)	-	-	-
Archbishops' Council - Net Zero Quick Wins Grants	-	25	(25)	-	-	-
Archbishops' Council - Net Zero Carbon House Demonstrator	-	19	(19)	-	-	-
Pension surplus restricted fund	-	814	(106)	-	-	708
Other	550	74	(76)	-	12	560
	11,963	3,940	(3,279)	564	209	13,397
Endowment funds						
Parsonages Houses Fund	19,662	432	(3)	(769)	-	19,322
Stipends Capital Fund	37,290	677	(11)	(1,790)	820	36,986
	56,952	1,109	(14)	(2,559)	820	56,308
Total of funds	74,720	12,907	(13,092)	-	1,097	75,632

27. Statement of funds (continued)

Bequests Fund
This fund represents the balance from an anonymous donor during 2019 which the Board decided should be held within a separate designated fund to support the diocesan priority of 'Challenging Poverty'.

General fund

The general fund is available for any purpose within the objects of the Board. It is principally used for payment of stipends, national insurance, pension contributions and housing costs of clergy and licensed lay-workers in parish ministry. It also provides the assets and liquidity for the DDBF to carry out its objectives, including statutory compliance and administration of funds.

Parsonages Buildings fund
The Parsonages Buildings fund is held by the DDBF to pay for repairs and maintenance of parsonage houses. This fund also holds the net proceeds from the sale of any previous parsonages which have been ring fenced for the provision of a replacement parsonage as and when necessary.

Durham Closed Schools Fund
The Closed Schools Improvements Fund represents the pooled sale proceeds of closed church schools in the Diocese in accordance with Section 287 (2) of the Education Act 1993. The capital and income can be used for the building, extension and maintenance of church schools. The income alone can be spent on the management and administration of church schools.

Pastoral Fund
The pastoral account includes the proceeds of redundant churches and parsonages and was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:

-to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees

-to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese

-other purposes of the Diocese or any benefice or parish in the Diocese

-to make grants or loans to any other Diocese

-to transfer funds to the diocesan stipends fund income or capital accounts.

Ministry and Preordination Training Fund
This is a restricted fund set up to provide assistance for ministry and training.

Lord Crewe's Charity Restricted Fund
This fund provides support for necessitous clergy and gives resources for the mission and ministry of parishes in the most deprived parts of the Diocese

Strategic Development Fund - Resourcing Churches
This national church funded project set up the first four Resourcing Churches in major population centres within the Diocese, and supports training of ministry experience volunteers..

Restructuring Fund
The Church Commissioners awarded the Diocese a one-off allocation to allow the Diocese to adapt to a reduction in funding resulting from the replacement of Selective Allocation by Lower Income Communities Funding. This funding is restricted as it must be used in line with an agreed plan.

27. Statement of funds (continued)

Strategic Development Fund – Growing Hope
This national church funded project is to develop Communities of Hope, which are Christian small scale social enterprise projects in areas with high levels of social deprivation, alongside two further Resourcing Churches and ministry experience volunteers.

Miscellaneous Restricted Income Fund
This restricted fund relates to grants received for one off smaller activities which have been made available for specific restricted activities within the Diocese.

Durham Capacity Fund
This fund provides support for the Diocese through the process of developing a transformational strategy and missional design.

Strategic Capacity Fund - Church planting
Provides capacity for the administration and management of church planting within the Diocese.

Strategic Ministry Fund
Provides support to assist with funding the curates.

Strategic Development Fund - Transforming Growth
This national church funded project supports a Resourcing Church in Darlington and church planting activity across the Diocese.

Archbishops' Council – Giving Adviser Fund
National church funding to provide diocesan support for parishes around generous giving and stewardship.

Archbishops' Council - Net Zero
Awarded towards helping the Diocese work towards their net zero targets.

Archbishops' Council - Called to Fruitfulness
Increasing capacity, regeneration of parishes for mission, missional chaplaincies

Benefact Trust - Cultivate
Funding to support the Diocese's 'Cultivate' church planting strategy.

Archbishops' Council - Net Zero Quick Wins Grants
Aims to support churches and church halls in delivering small scale net zero carbon works in churches.

Archbishops' Council - Net Zero Carbon House Demonstrator 2024-2025
To support a route map to energy efficiency and decarbonization works adopting a clergy house project covering ventilation and air tightness, fabric thermal efficiency and fossil fuel free heating system.

Pension
A fund holding the pension asset arising from the closure of the Church Worker Defined Benefit Scheme to be offset against future staff pension liabilities.

27. **Statement of funds (continued)**

Other grants
This restricted fund relates to grants which support a wide range of projects related to the four Diocesan priorities.

Parsonage Houses Fund
The Parsonage Houses Fund represents the value of the benefice houses (parsonages) in the Diocese after deducting loans outstanding in respect of such houses.

Stipends Capital Fund
The Stipends Capital Fund is governed by the Diocesan Stipends Measure 1953. The income of the fund can only be used for clergy stipends but, since 1993, capital can be applied for improvements to parsonage houses.

Transfers between funds

Further details are given in note 30.

27. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 January 2023 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 December 2023 £000
Designated funds						
Bequests Fund	25	-	(18)	-		7
Unrestricted funds						
General	5,839	8,358	(9,642)	1,017	226	5,798
Restricted funds						
Parsonages Building Fund	2,042	54	-	(467)	112	1,741
Durham Closed Schools Fund	588	61	(10)	357	34	1,030
Pastoral Fund	7,052	227	(191)	544	448	8,080
Ministry and Preordination Training Fund	104	349	(307)	-	-	146
Lord Crewe's Charity	172	353	(383)	-	-	142
Strategic Development Fund - Resourcing Churches	29	615	(617)	-	-	27
Restructuring Fund - Renewal & Reform	63	-	(58)	-	-	5
Strategic Development Fund II - Communities for Hope	5	663	(664)	-	-	4
Misc Restricted Fund (Misc Income for projects)	69	52	(44)	96	-	173
Durham Capacity Fund (Restricted)	(1)	198	(200)	-	-	(3)
Strategic Capacity Grant fund	-	53	(53)	-	-	-
Strategic Ministry Fund		333	(333)			-
Strategic Development Fund - Transformation Growth	-	297	(297)	-	-	-
Archbishops' Council - Giving Adviser	-	23	(23)	-	-	-
Archbishops' Council - Net Zero	-	40	(15)	-	-	25
Archbishops' Council - Called to Fruitfulness	-	49	(49)	-	-	-
Benefact Trust- Cultivate funding	100	-	(57)	-	-	43
Other	1,040	94	(13)	(622)	51	550
	11,263	3,461	(3,314)	(92)	645	11,963
Endowment funds						
Parsonages Houses Fund	19,674		(5)	(252)	245	19,662
Stipends Capital Fund	35,208	579	(18)	(673)	2,194	37,290
	54,882	579	(23)	(925)	2,439	56,952
Total of funds	72,009	12,398	(12,997)	-	(3,310)	74,720

28. Total return on investment

	Trust for investment 2024 £000	Unapplied total return 2024 £000	Total Stipend Capital fund 2024 £000
As at 1 January 2024	11,372	25,918	**37,290**
Movements in year			
Allocation to trust for investment	(854)	854	**-**
Investment return: dividends and interest	-	587	**587**
Investment return: gains on sale of property	-	90	**90**
Investment return: realised and unrealised gains and (losses)	-	820	**820**
Addition of capital	-	-	**-**
Less: costs of maintaining properties	-	(11)	**(11)**
	(854)	2,340	**1,486**
Unapplied total return allocated to income	-	(1,790)	**(1,790)**
Net movement in the year	(854)	550	**(304)**
As at 31 December 2024	10,518	26,468	**36,986**

On 1 December 2022 the Trustees agreed to adopt a total return approach to accounting for the stipend capital endowments of the Diocese. The full details of policies adopted are set out in the accounting policies in note 1. The date of adoption for the purposes of calculating the original value of the Trust for investment was 1 January 1997, with all additional gifts since that date added and inflation included to arrive at the value of the Trust for investment as at 1 January 2023.

On 31 December 2024 a proportion of the resulting unapplied total return was allocated to income for the year, as shown above.

29. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000
Tangible fixed assets	**1,965**	**1,666**	**32,386**	**36,017**
Fixed asset investments	**4,286**	**9,176**	**23,572**	**37,034**
Debtors due after more than one year	**591**	**133**	**1**	**725**
Current assets	**38**	**3,621**	**398**	**4,057**
Creditors due within one year	**(953)**	**(1,199)**	**-**	**(2,152)**
Creditors due in more than one year	**-**	**-**	**(49)**	**(49)**
Total	**5,927**	**13,397**	**56,308**	**75,632**

Analysis of net assets between funds - prior year

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Endowment funds 2023 £000	Total funds 2023 £000
Tangible fixed assets	1,895	1,627	32,236	35,758
Fixed asset investments	2,979	9,067	24,766	36,812
Debtors due after more than one year	142	131	-	273
Current assets	1,140	2,320	-	3,460
Creditors due within one year	(351)	(1,182)	(1)	(1,534)
Creditors due in more than one year	-	-	(49)	(49)
Total	5,805	11,963	56,952	74,720

30. Analysis of significant transfers between funds

Analysis of significant transfers between funds – current year

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000
Transfer of Parsonage Houses to Pastoral Account	-	769	(769)	-
Transfer of restricted Closed School fund to Unrestricted	205	(205)	-	-
Total Return transfer from Stipends Capital	1,790	-	(1,790)	-
Total	1,995	564	(2,559)	-

Analysis of significant transfers between funds – prior year

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Endowment funds 2023 £000	Total funds 2023 £000
Transfer of Parsonage Houses to General	76	-	(76)	-
Transfer of Parsonage Houses to Pastoral Account	-	542	(542)	-
Release of Escomb Parsonage Building Fund to Parsonage Houses	-	(346)	346	-
Transfer to Parsonage Houses Fund to purchase land at St Peter's Vicarage	-	(20)	20	-
Transfer from Parsonage Building Fund to Stipend Capital Fund	-	(96)	96	-
Total Return transfer from Stipends Capital	769	-	(769)	-
Dividend release	172	(172)	-	-
Total	1,017	(92)	(925)	-

30. Analysis of significant transfers between funds (continued)

Transfers from endowment funds of £769k represent transfers from the Parsonage Houses fund to unrestricted and restricted funds following the sale of certain properties, according to the terms imposed on the endowed asset.

Transfer of £205k from the restricted Durham closed schools fund to unrestricted funds were made to fund educational spend, in line with the terms of the restrictions.

In addition a transfer of £1,790,000 has been made from endowment funds to unrestricted funds representing the allocation of unapplied total returns (see note 28).

31. Reconciliation of net movement in funds to net cash flow from operating activities

	2024	2023
	£000	£000
Net income for the year (as per Statement of Financial Activities)	**912**	2,711
Adjustments for:		
Depreciation charges	**43**	45
Gains on investments	**(1,097)**	(3,310)
Dividends, interests and rents from investments	**(1,096)**	(1,036)
Increase in debtors	**(1,138)**	(288)
Increase in creditors	**618**	1,129
Profit on sale of fixed assets	**(543)**	(241)
Net cash used in operating activities	**(2,301)**	**(990)**

32. Analysis of cash and cash equivalents

	2024	2023
	£000	£000
Cash in hand	**1,171**	1,731
Notice deposits (less than 3 months)	**1,106**	634
Total cash and cash equivalents	**2,277**	2,365

33. Analysis of changes in net debt

	At 1 January 2024 £000	Cash flows £000	At 31 December 2024 £000
Cash at bank and in hand	1,731	(625)	1,106
Debt due after 1 year	(49)	-	(49)
Liquid investments	634	537	1,171
	2,316	(88)	2,228

34. Operating lease commitments

At 31 December 2024 the charitable company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2024 £000	2023 £000
Not later than 1 year	8	9
Later than 1 year and not later than 5 years	-	1
	8	10

35. Pensions

The DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pensions Fund** for lay staff.

Church of England Funded Pensions Scheme

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, which were £853,000 in 2024 *(2023: £952,000),* plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2024, following the valuation results being agreed, the deficit contributions paid were £nil *(2023: £nil).*

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

35. Pensions (continued)

- An average discount rate of 2.7% p.a;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.

Church Workers Pension Fund

DDBF participates in the Defined Benefits Scheme section of CWPF for lay staff, which is now closed to future accrual. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

CWPF has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
   a. a deferred annuity section known as Pension Builder Classic, and
   b. a cash balance section known as Pension Builder 2014.

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. This does not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and a" ɜnsions and death benefits are paid from the Life Risk Pool.

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board having taken advice from the Actuary.

A valuation of DBS is carried out once every three years. At the most recent valuation at 31 December 2022 there was a surplus of £73.6m.

The next actuarial valuation is due at 31 December 2025.

35. Pensions (continued)

Since 31 December 2023, the Board has entered into a full buy-in agreement with Aviva to insure all accrued benefits within the DBS of the CWPF.

The Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2023 or 31 December 2024.

Pension Builder Scheme
Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

Pension Builder Classic provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending on investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the SoFA in the year are the contributions payable 2024: £300k *(2023: £219k).*

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a surplus of £34.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2025, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 2.7% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2024. There is no requirement for deficit payments at the current time.

The next valuation is due as at 31 December 2025.

For the Pension Builder 2014 section, the valuation revealed a surplus of £8.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

The legal structure of the scheme is such that if another employer fails, DDBF could become responsible for paying a share of the failed employer's pension liabilities.

36. Custodian funds

The Board act as custodian trustee responsible for trust funds held on behalf of others. The movement on these funds during the year is set out below:

	2024	2023
	£000	£000
Balance at 1 January	**13,578**	12,763
Funds received	**834**	577
Payments made	**(1,013)**	(544)
Revaluation of investments held	**132**	782
Balance at 31 December	**13,531**	**13,578**

The funds held by the DDBF as custodian trustees comprise deposits and investments. The funds are held on behalf of the PCCs within the Diocese, in separate bank and investment funds.

37. Contingent asset

During the prior year, the Church of England Pensions Board indicated that they intended to close the Church Workers Defined Benefit Scheme to future accrual. This led to the DDBF taking the decision in December 2023 to transfer all employees who were members of this scheme to the Pension Builder Classic scheme as of 31 January 2024. The Pensions Board indicated that the DDBF's section of the Church Workers Defined Benefit Scheme was in an asset position on closure. During 2024, the Pensions Board confirmed usable assets attributed to the DDBF of £814k, which have been recognised as income in the year and shown as debtors to be drawn down against future pension liabilities. There is a possibility of further assets being attributed to the DDBF once final scheme liabilities have been settled, but this amount cannot yet be accurately quantified.

38. Related party transactions

As set out in note 21, the Diocese is a member of Joint Education Team LLP, a joint venture with Newcastle Diocesan Education Board in which it has a 50% stake. During the year to December 2024 the DDBF contributed £120,000 *(2023: £nil)* to the running costs of this entity. At the year end £36,664 *(2023 £56,664)* is included in debtors owing from JET LLP.

THE DURHAM DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 248287

Accounts

THE CHURCH OF ENGLAND

DIOCESE OF DURHAM

DURHAM DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2023

Company Number: 00192018
Charity Number: 248287

Durham Diocesan Board of Finance

(A company limited by guarantee)

Contents

	Page
Reference and administrative details	1 - 2
Trustees' report	3 – 20
Trustees' responsibilities statement	21
Independent auditor's report to the trustees of Durham Diocesan Board of Finance	22 – 24
Statement of financial activities	25
Income and expenditure account	26
Balance sheet	27
Statement of cash flows	28
Notes to the financial statements	29 - 65

Durham Diocesan Board of Finance

(A company limited by guarantee)

Reference and administrative details
Year ended 31 December 2023

Ex officio members of the board
The Bishop of Durham – Right Reverend PR Butler (Chair) (until 29 February 2024)
The Bishop of Jarrow – Right Reverend SE Clark
The Dean of Durham – Very Reverend Dr P Plyming (from 16 September 2023)
The Archdeacon of Auckland – Venerable RL Simpson
The Archdeacon of Durham – Venerable EM Wilkinson
The Archdeacon of Sunderland – Venerable RG Cooper
The Chair of the House of Laity – Canon F Stenlake
The Chair of the House of Clergy – Canon S Clark (until 28 August 2023)
The Chair of the Finance Group – Canon ML Vaughan

Elected members of the board
Mrs A Blackburn
Mr Francis Drake
Mr S Gardiner
Mr J Hall
Canon Dr JH Harrison
Mr P Hobbs
Mrs R Hicks
Dr AC Price
Canon FA Rogers
Mr J Wilders
Reverend P Arnold
Reverend L Sutherland
Canon D Tolhurst

Reference and administrative details (continued)
Year ended 31 December 2023

Company registered number	00192018
Charity registered number	248287
Registered office	Cuthbert House Stonebridge Durham DH1 3RY
Company secretary	Canon JJ Morgan
Independent auditor	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
Diocesan Chancellor	The Worshipful Adrian Iles 56 North Bondgate Bishop Auckland DL14 7PG
Diocesan Registrar	Mr P Wills Smith Roddam 56 North Bondgate Bishop Auckland DL14 7PG
Glebe property agents	Savills Helix The Lumen St James' Boulevard Newcastle upon Tyne NE4 5BZ

The trustees of the Durham Diocesan Board of Finance ('the DDBF'), who are the members of the company and are directors for the purposes of company law, present their report together with the audited financial statements, for the year ended 31 December 2023.

This report satisfies the legal requirements for the Directors' Report of a charitable company; a Strategic Report under the Companies Act 2006; and a Trustees' Annual Report under the Charities Act 2011.

Objectives of the DDBF

The DDBF was formed to manage the financial affairs and hold the legal title to the assets of the Diocese of Durham. It was incorporated on 21 August 1923 as a charitable company limited by membership guarantees (No. 00192018) and is registered with the Charity Commission (No. 248287).

Each member of DDBF has a personal liability limited to £1 under their guarantee as company members in the event of its being wound up.

The objectives of the DDBF as set out in the Memorandum and Articles of Association are to hold real and personal property for the purposes connected with the Church of England in the Diocese of Durham. The Board is the financial adviser and executive of the Diocesan Synod; it is responsible for the collection, custody, disbursement and account of the Synod's funds, and the employment of all persons in receipt of salaries paid directly from those funds.

The DDBF has delegated responsibility for the day-to-day management of the company to the Diocesan Secretary. It has also appointed a Director and a Deputy Director of Mission, Discipleship and Ministry to support the Diocesan Bishop in his work to develop the mission of the Church of England in the Diocese of Durham. These senior managers are supported by heads of department and their staff. No employee of the DDBF is a statutory director or trustee of the Board.

The Diocese of Durham also benefits from the services offered on a voluntary basis by a large number of members and supporters of the Church of England. These volunteers give of their time and expertise in many ways, including membership of the boards and committees needed to provide effective governance and ensure effective operation of the Diocese.

The Board would like to place on record its gratitude and thanks for all the support it has received from both staff and volunteers over the past year. The Board recognises the continuing challenges facing clergy, parishes and would like to thank all of those who have supported this work. In particular, the Board would like to thank its outgoing chair, The Rt Revd Paul Butler, who retired as Bishop of Durham on 29 February 2024.

Strategic Aims and Objectives

The Diocese of Durham has adopted a vision to be:

The Church of England from the Tyne to the Tees and the Dales to the Sea,
blessing our communities in Jesus' name for the transformation of us all.

Following the Waymark conference in late 2019, the Diocese has developed a mission strategy for 2021-2026, approved at Diocesan Synod in January 2021. This focusses on four priorities:

- Energising Growth;
- Engaging with Children, Young People and 18-25s;
- Challenging Poverty; and
- Caring for God's Creation.

Achievements and performance

Operational Review

The Christian Presence

Clergy, lay leaders and church members play a central part in the life of churches and carry out important roles in our communities. This involves engaging in a wide variety of community and church projects, and clergy, along with licensed lay ministers, carry out numerous weddings, baptisms and funerals, and provide chaplaincy in a range of different settings.

Leadership in its many forms is essential and we are delighted to have had real success in developing both lay and ordained vocations. Numbers of those in training for ordained ministry continue to remain high. By the end of the year, we had 23 Durham sponsored candidates in training for ordained ministry *(2022: 36)*. The Diocese has now moved from being a diocese that imports candidates for ordination from other regions, to one that exports candidates.

The numbers in training for Reader ministry have also been sustained. At the end of the year there were 16 Readers in training *(2022: 14)*. Numbers of vocations to Lay Pastoral Ministry have remained reasonably consistent, with seven in training *(2022: nine)*. Those in training for Authorised Lay Ministry of the Word have also been sustained (4 in training this cycle). A new strand to our vocational offer this year is the Authorised Lay Children's Leader pathway, and we have eight people in training for that course. Most of the authorised and licensed lay ministries (Reader, Pastoral Ministry, Chaplaincy, and Ministry of the Word) are being trained through Lindisfarne College of Theology. Lay Children's Leaders are trained at courses provided by the DDBF.

Engaging with Children, Young People and 18-25s

Durham Diocesan Board of Education (DDBE)

The work of the DDBE covers a wide range of areas: representing the diocese on a variety of committees and statutory bodies; liaising with Local Authority and other officers; supporting schools by providing help and in-service training on a wide range of issues including religious education (RE) and school worship, supporting and training governors, legal, land management and governance. The DDBE aims to facilitate the working together of governors, teachers, parents, church and other partners to ensure that the quality of education offered to the children in our church schools is the best it can be.

The DDBE seeks to:

- promote education within the faith and practice of the Church of England;
- promote religious education and collective worship in schools;
- promote or assist in the promotion of church schools and advise the governors and trustees of church educational endowments and any other body or person concerned on any matter affecting church schools;
- promote co-operation with bodies or persons concerned in any respect with education in the diocese; and
- support parishes in all aspects of their work with children and young people.

The DDBE meets termly and receives updates from the Director of Education, who leads the Joint Education Team, which operates on behalf of both Durham and Newcastle Diocesan Boards of Education. The DDBE has a wide skill-set and brings together expertise from education, business and finance.

The DDBE has worked with all 57 church schools in the diocese throughout the year. These consist of 50 primary schools, two junior schools and five secondary schools, one of which has a sixth form. The landscape has continued to shift with more schools becoming academies and joining Church of England or Mixed Multi-Academy Trusts (MATs). There are nine Voluntary Aided Schools and 15 Voluntary Controlled Schools across the diocese, with 33 schools now in trusts. Of those who have academized, two remain as Single Academy Trusts and another as a single school within an 'empty MAT'.

Inspection outcomes are extremely strong across the Diocese for both Ofsted and SIAMS (Statutory Inspection of Anglican and Methodist Schools) inspections. At the end of 2023, 96% of schools are outstanding or good (Ofsted) and 98% of church schools are excellent or good under the previous framework or "living up to their expectation as a church school" (SIAMS).

Professional development courses are made available both online and in person, and cover a wide range of subjects and topics, including termly support for chairs of governors and ex-officio governors, and termly training for new foundation governors. In addition, the annual conference in July was extremely well attended with delegates from both church and community schools. This year, the team has supported schools and governors with the new SIAMS format, including exploration of the school's Christian Vision and Christian Values, and how these are rooted in theology. Thrive training, Poverty Proofing, Courageous Advocacy, Christian Distinctiveness and subject leadership courses have also been offered. Uptake is strong for all aspects of continuous professional development (CPD) with many courses being repeated due to demand. The team has also accessed CPD, including training on Mental Health, Safeguarding, Equality, Diversity and Inclusion, and SIAMS and Ofsted updates.

Feedback from schools regarding the support from the Joint Education Team has been extremely positive, and the work of the Joint Education Team has been acknowledged in many external reports, for example:

"The RE curriculum expresses the Christian vision of the school. The well-sequenced curriculum within Christianity is based on the 'Understanding Christianity' resource. ***Teachers of RE have accessed the diocesan training. The training has enhanced professional development and subject knowledge****. This means that the curriculum is effective as staff knowledge and skills are current." Stanhope Barrington CE Primary School (Sept 23)*

*"****Strong and effective partnership with the local diocese provides valued support for RE****". Belmont CE Primary School (Oct 23)*

"Collaborative work with the diocese *...* ***ensures that the RE curriculum meets local needs.*** *The priority placed on RE at Prior's Mill reflects its key place in the curriculum of a Church school. Recent changes ensure that the curriculum is well-balanced, relevant and diverse." Prior's Mill CE Primary School (Oct 23)*

The Director of Education has also attended Bishop's Leadership Team, Diocesan Synod and Bishop's Council, sharing the views of school leaders and pupils. Current challenges for schools revolve around closing the achievement gap, poverty, recruitment of staff, and improving attendance, particularly for disadvantaged pupils. In addition, the Director of Education represents education on the Diocese of Durham's Net Zero Working Group (NZWG) who have produced a strategic action plan to enable all voluntary aided schools to move towards being carbon neutral by 2030. Linked to this there is ongoing work to support governors with Church School buildings issues and on the legal processes and land issues involved in academisation of schools.

Youth ministry

Several parish youth groups and activities have not managed to re-establish themselves since the pandemic, but there are some that are thriving as well as some new groups and conversations about new groups starting. Sunday church attendance has been affected, with the number of children and young people attending services significantly lower than in 2019. This picture is reflected across the country.

Training has been a significant aspect of our role during 2023, with regular teaching and training through the Initial Ministerial Education programme, Cranmer Hall Theological College and Lindisfarne College of Theology. Courses leading to the Bishop's Certificate in Youth Ministry have also been provided, mainly to volunteers.

The termly Pulse youth event, hosted mainly at Durham Cathedral, continues to flourish and with record numbers of young people and churches involved. In 2023, this included an evening with magician and comedian John Archer, the 'world's biggest escape room' and Bishop Paul giving a final address to the young people before his retirement. One of the cornerstones of the event is the participation of young people from

different churches in leading music, prayer activities, welcome and serving.

The annual Growing Young Leaders course finished in April with a celebration presentation with Bishop Paul, and a new cohort of 14 young leaders aged 14-18 began the course in October. Many church leaders and parents have testified to the impact of this course on young people in terms of discipleship and confidence in taking up leadership challenges within their churches.

We continued to build on our strong links with the Church of England secondary schools in the diocese, and for the first time, we organised a school pilgrimage to Holy Island with 60 pupils from year 10 walking across the sands to Lindisfarne. This is in addition to bringing a similar number of pupils to the cathedral to lead the prayer activities for the Year 6 Leavers' services.

We continue our partnership with Scripture Union with a part-time 'Revealing Jesus' pioneer funded by Scripture Union encouraging churches to develop opportunities for growing faith communities among young people.

Children's ministry

Building on last year's increase in participation and engagement with children in our churches, children's ministry is flourishing in many areas throughout our diocese. Areas that are showing growth have refined their vision and worked on broadening their reach. As well as regular ministry through Messy Church; holiday clubs; Open the Book; toddler groups; Play and Praise; Sunday School groups and Intergenerational worship, many churches have explored new and creative options including: Muddy Church; Forest Church; sport and the Bible groups, cooking and Bible groups as well as creative arts, all engaging well with both children and families.

Training continues for those involved in children's ministry, for volunteers the Bishop's Certificate in Children's Ministry course alongside many bespoke training events for individual parishes as a response to the needs displayed in different contexts. Training with ordinands at Cranmer Hall takes place as part of Initial Ministerial Education. Employed children's workers are supported both individually and as part of a network. The Authorised Children's Leader Course was developed and is a nine-month course which recognises children's ministry alongside other authorised lay ministries in the diocese, which is due to begin in early 2024.

The Growing Faith programme continues both nationally and locally, encompassing our focus on chaplaincy in educational settings from primary to further education. The DDBF has contributed towards the national development of a 12-month pilot of the Growing Faith Strategic Leadership Course as well as creating new pathways for churches, schools and households to work together.

Children's Council continues in our diocese with 18 children aged 8-12 years old. They have been involved in peer evangelism, missional projects and more recently raising awareness and supporting school initiatives to provide coats for children in deprived areas. The council received support and encouragement from The Most Revd Justin Welby, Archbishop of Canterbury.

We continue to provide support for our primary school children with the Year Six Leavers' Transition Prayer Space and Service, held in Durham Cathedral. With over 2,700 children attending one of six services over three days in June, we marked the transition from the children's primary education to secondary education. Working collaboratively with the Joint Education Team to deliver these services, they are appreciated and valued by staff and pupils who attend.

Energising Growth

The Diocese aims to grow in three key dimensions:

- in reach and influence;
- in depth by strengthening discipleship; and
- in breadth and number.

This mission is shared with every parish, chaplaincy, and other expressions of faith in the Diocese, and takes place through many different routes. Some of these projects are outlined below:

Growing Durham Diocese: Our Resourcing Churches are continuing to show signs of growth, and all are moving towards planting new worshipping communities through engaging with the Cultivate programme. Each are working towards a plan for sustainability beyond the project funding, which has begun to taper and will end within the next two years. Progress continued to be overseen by the quarterly project monitoring board chaired by the Bishop of Durham.

Growing Hope: This project includes several different approaches to church growth, including Communities of Hope (projects centred on bringing people to faith through social action), Resource Churches and Church Plants. The Communities of Hope projects have benefited from integration with the Cultivate programme, offering them increased support in moving towards establishing new worshipping communities through their social justice/community transformation projects. Hope4All in Pennywell have developed excellent local partnerships with the NHS and council, both increasing the reach of their project and providing further routes to ongoing sustainability. Church plants into Wynyard and Thornley are both experiencing continued growth.

Transforming Growth: This project was established at the end of 2022 and encompasses one new Resourcing Church and a pilot project to provide seed funding to new church plants. The Resourcing Church in Darlington has started well, recruiting a strong central team which has enabled them to launch a number of initiatives to reach the local community and look towards establishing new worshipping communities. Two new church plants launched in Chopwell and Gainford in Summer 2023 with the seed funding investment and both are showing good early signs of growth.

Support and process: Projects are supported by a national church funded project team. Our new Deputy Director has added leadership capacity and we have now integrated the work of this team into all our growth projects, supported by the Cultivate staff.

Cultivate: The Cultivate training program has been developed to grow church planting from local churches with lay and ordained leads as a key part of our strategy for growth. Through funding from the Benefact Trust two posts of Cultivate Coach and Enabler were appointed to support and catalyse work in this area. We held the inaugural Cultivate Conference in October 2023, attended by more than 100 individuals representing 20 churches on a journey of church planting within the Diocese.

The Generous Giving team provide support and guidance in helping parishes to embed generosity into their culture. The team provide practical support in both giving and financial resources to enable parishes to better manage their finances. The team worked with 168 parishes this year on a range of operational and financial issues such as income generation, governance, training and developing a good theology of money. The team supported 56 churches with contactless giving devices as part of the Church of England Digital Rollout project in a bid to see half of all parishes across the country adopt digital giving.

Challenging Poverty

2023 saw little improvement in financial circumstances for many people in the diocese, and child poverty rates in the region remain the highest in the country at around 35%, with 71% of children living in poverty coming from working families.

We have continued to work with the Bridge Project and Communities Together Durham (CTD), using financial support from Lord Crewe's Charity to help churches address issues of poverty in their communities, focused on three main areas:

- Working together to address child and youth poverty
  Food and fun holiday activities continued to be an important part of churches' work, and over 300 children participated in activities over the Summer. Churches and staff have put considerable time and resource into supporting the living wage campaign, which saw several more of the region's organisations accredit as real living wage employers or move towards doing so – including Durham University. We have worked in partnership with Children North East to poverty proof another 12 schools over the year. Three debt projects run by churches in the diocese have helped around 60 people work towards becoming debt free, this work is having an impact on their families as well as the

individuals directly supported. Chronic food insecurity has risen over the past year, and churches continue to help address this. Three new 'cooking on a budget' courses have also been provided to help families and individuals make nutritious and economical use of low-cost food from pantries and food hubs. We have aimed to help those running existing food provision projects to develop models which offer greater choice and dignity for those accessing their support.

- Responding to isolation, particularly among the elderly
  This year has seen churches build on their work around 'warm hubs', developing welcoming spaces for people to gather and support one another. It has become clear that these spaces are more about mutual support and building community, than providing somewhere warm, as they have continued and grown well beyond the winter period. Places of welcome continue to draw in isolated people in their communities, and two new parish nurses have now been appointed to work across Teesdale and Weardale to support mental health in isolated communities, and the partnerships between churches and local organisations in the Durham Dales are flourishing as this work gathers momentum. This year three parishes used the course Know Your Church Know Your Neighbourhood to engage in real listening in their communities. The course has not only strengthened pre-existing relationships in the community but has sparked new links too bringing the church and wider community closer together.

- Reaching out and responding to the needs and gifts of asylum seekers and refugees
  We have worked closely with the local authorities and other agencies to support a co-ordinated approach to supporting asylum seekers and refugees. Three new drop-ins, for support and fellowship, have been started in communities where asylum seekers have been dispersed. CTD are leading on a new pathways programme that supports newly arrived asylum seekers in County Durham. An online session was held weekly for hosts of Ukrainian families, bringing them together to share experiences and information. Raising awareness of the challenges faced by those entering the country has been an important part of our work, training around the 'Right to Remain' toolkit and the asylum process were held and film showings of 'The Old Oak' accompanied by reflective discussion have helped congregations engage more with the issues faced by asylum seekers and refugees in practical and thoughtful ways. In total 10 community showings were held with more than 600 attending. A successful session of the Commission of Integration of Refugees was held in the region.

The work continued to be supported by Lord Crewe's Charity and we are very grateful for the funding awarded in support of the diocesan priority of challenging poverty to transform lives and communities, and for the generous additional funding for five specific projects as part of their tercentenary programme.

More details of activities and their impact can be found on the CTD website at https://communitiestogetherdurham.org.uk/

Caring for God's Creation

In the third year since our adoption of the Caring for God's Creation diocesan priority, we secured funding for a full-time Diocesan Environmental Officer (DEO) who was appointed in June.

As part of this role, the DEO encourages churches to register and work towards A Rocha Eco Churches. At present, we have 76 churches registered, including 27 bronze awards, five silver and one gold. In the summer we produced a video celebrating St Mary Magdalene, Hart church's Gold award, which encouraged other churches on their Eco Church journeys and resulted in some new church registrations.

The DEO works alongside our Environmental Champion and has attended several Deanery Synods and church meetings to promote the take-up of Eco Church and encourage positive environmental action in parishes.

The goal for Net Zero by 2030 remains high on the agenda. A Net Zero Working Group of representatives from across the diocese was formed in July and has met several times since to discuss diocesan action towards net zero. A Diocesan Net Zero Action Plan was written by the group in response to the national 'Routemap to Net Zero Carbon' and was approved at Diocesan Synod in November.

A new Creation Care Officer was appointed, who will take up the role in early 2024 to make further progress on the diocesan priority. The role will be held alongside that of priest of the Escomb group of churches and will involve producing tools for churches and schools to think about creation care, attending meetings, assemblies and services to teach on the topic and assisting the DEO on other environmental matters.

Safeguarding

The parish dashboard system was promoted heavily during the year, resulting in over 80% of parishes using the dashboard. Following on from the dashboard, the diocese has begun the roll out of the safeguarding hub, a tool to support parishes with the requirements of Safer Recruitment and People Management. These systems enable the diocese to build up a clear picture of safeguarding compliance in parishes, identifying areas that may require more support from the safeguarding team.

Safeguarding Training continues to be delivered with a focus on the e-learning module Raising Awareness of Domestic Abuse.

A service level agreement with a locally based survivor organisation is now in place to help to develop the Survivor Engagement Strategy. This forms one part of our work to reflect the recently introduced National Safeguarding Standards. The Diocese prepared to join the National Safeguarding Case Management System, which is expected to go live during 2024.

Quality assurances processes were introduced and will continue as a regular part of our work. Independent scrutiny of casework and risk assessments was conducted. The parish safeguarding dashboards and hubs feed into our quality assurance programme as we plan for our independent safeguarding audit in 2025. The Safeguarding Management Group met monthly to ensure the co-ordination of safeguarding work while the Diocesan Safeguarding Advisory Board met quarterly to monitor progress.

Casework throughout the year was managed by the Diocesan Safeguarding Advisor, in collaboration with colleagues throughout the Diocese and in line with good practice guidance, as we continued to do all within our power to make our churches safe for all.

Joint Working Practices and DDBF staff

In the interests of delivering the best support services possible for our Diocese, we have continued to develop opportunities to work in collaboration with other regional Church of England bodies. These include the well-established Joint Education Team, aspects of ministerial training and retreat house. The joint Newcastle and Durham diocesan communications team has now developed a regional voice to promote Church of England news and views aligned geographically to regional media organisations.

The number of staff employed by the DDBF was 44 *(2022: 40)* posts. This includes three *(2022: three)* chaplains who are employed by the DDBF on behalf of the organisations in which they serve. This also includes 18 *(2022: 19)* posts which are grant funded, and most of which are fixed term with renewal subject to further funding being available. This approach enables the DDBF to fulfil a wider range of provision than would be possible through its core staff, whilst allowing unrestricted funds to be focussed on ministry. Improvements have been made to several diocesan core systems and processes in order to maximise efficiency and keep costs to a minimum.

Following notification from the Church of England Pension Board of their intention to close the Church Workers Defined Benefit Pension Scheme to future accrual from 30 April 2024, consultation with seven affected members of staff was undertaken, and these members were transferred to the Church Workers Pension Builder Classic Scheme as of 31 January 2024.

The Equality, Diversity & Inclusion Enabler coordinates a team of advisers and advocates to help drive the Diocese forward in key areas including:

- Disability ministry (currently in vacancy);
- UKME;
- Gypsy, Roma and Traveller Ministry;
- Women's advocacy;

- LGBT+ advocacy;
- Deaf ministry

Buildings for Mission and Diocesan Advisory Committee

The Diocese currently has 259 church buildings open for worship and of these 249 are under faculty jurisdiction. The DDBF is currently responsible for 10 closed churches of which three closed during the year

The Diocesan Advisory Committee (DAC) met 10 times during the year and discussed a total of 149 proposals from 102 churches. A total of 81 faculties were issued for work to church buildings and churchyards. This included six interim faculties that were issued for urgent work including roof repairs and failed heating systems. The Archdeacons also issued a total of 96 written notices for work that can be carried out without a faculty. 54 Quinquennial Inspections were conducted by parish architects.

During the year we have been awarded funding from the national church of over £300k to support church buildings within the diocese. This includes £187k from the Minor Repairs Grant Fund which will provide additional support for churches for repairs and maintenance to their buildings during 2024-25. The DDBF has also used grant funding to recruit a Church Building Support Officer who will work closely with churches to support maintenance and improvement work to their buildings.

Looking ahead

Our work on parish development continues, and the Mission, Discipleship, Ministry and Growth (MDMG) Team works across the Diocese to support parishes, clergy and lay people in the important work that they do. As a result of governance changes and our application to the national church the team will be restructured to work in a more integrated and intentional way with regard to diocesan priorities and strategy.

Following our successful bid to the national church in 2023 (Called to Fruitfulness), we have been able to progress a second phase of the bid (Called to Fruitfulness 2) during 2023. This was submitted in early 2024 and funding has now been awarded.

The six interrelated elements of the Called to Fruitfulness transformation strategy are:

- Missional Discipleship, Transforming Prayer;
- Church Planting and Revitalisation;
- Piloting Missional Hubs;
- Developing Missional Youth Chaplaincy;
- Resources for Local Change; and
- Support for Culture Change.

Together they are intended to catalyse a more collaborative and missionally focussed approach, to resource outreach to and the discipleship of young people in line with the national vision, to support a mixed ecology of approaches and to contribute to the national vision of planting 10,000 new worshipping communities by 2030.

The funding awarded is expected to cover this programme up to 2028 and will enable us to take significant steps towards our aim to:

- plant or revitalise 100 churches by 2030;
- establish and resource church based missional chaplaincy teams to work with the colleges of further education within our diocese connecting us to 130,000 local young adults;
- support clergy to focus more fully on mission;
- align appointments more explicitly to the Diocesan vision, and;

- support new collaborative initiatives in places where developing mission in isolation would be otherwise impossible.

Financial review

Financial conditions remained challenging for parishes and the DDBF due to a period of high inflationary pressure, with no overall recovery in parish share observed since the pandemic. Despite many parishes using reserves to fund parish share, the cash value of the DDBF's parish share receipts remained at £4.3m *(2022: £4.3m)*, being 96% *(2022: 96%)* of the amount originally pledged by parishes. This is £2.7m below the amount required to meet the full cost of diocesan ministry including housing and pension costs during the year.

The DDBF agreed a budgeted operating deficit of £0.8m for 2023, of which £0.7m was to be drawn from restricted reserves and which included a transfer of £0.7m from the Stipends Capital Fund under the newly adopted accounting policy of Total Return accounting. The budget included £500k of expenditure on clergy housing to improve energy efficiency, reducing energy bills for clergy and moving towards our net zero carbon 2030 target.

The net movement in funds was a surplus of £2.7m *(2022: deficit of £3.1m)*, which included a £3.3m unrealised gain on investments *(2022: £3.7m* loss), and a gain of £0.3m *(2022: £0.3m)* on disposal of property. Following the final agreed contribution of £0.2m towards the reduction of the pension deficit in 2022, there is no outstanding liability to the DDBF at the balance sheet date. Excluding these adjustments which are outside of the DDBF's operational budget, there was an underlying operating deficit of £0.9m (2022: £0.2m). Under the total return accounting policy, which was applied for the first time to the Stipends Capital Fund in 2023, capital gains of £0.8m (2022: £nil) were released from the endowment to be applied to expenditure within the year.

Grant funding of £1.2m *(2022: £0.2m)* was received during the year and is yet to be disbursed. This follows a move towards funding in advance instead of funding in arrears from the National Church.

- Income (excluding income received on the sale of property) was £12.1m (*2022: £12.3m*), including:
  - Contributions from parishes – "Parish Share" – of £4.3m *(2022: £4.3m)*, £0.2m less than budget. The Diocese is grateful to parishes for their contributions to parish share during a challenging year;
  - £2.1m *(2022: £2.1m)* of Lower Income Communities Funding, £1.9m *(2022: £1.6m)* of Strategic Development Funding grants, £0.04m *(2022: £0.5m)* of Energy Costs and Ministry Hardship Grants for onward disbursement, £0.4m of Strategic Ministry funding to support clergy (2022 £0.2m) and £0.3m towards training costs (2022 £0.5m) form Archbishops' Council;
  - £0.5m *(2022: £0.5m)* of Property Income;
  - £0.3m *(2022: £0.3m)* from Lord Crewe's Charity to fund poverty alleviation, counselling and other projects.
  - Contributions were received from donors such as Benefact Trust, Hild Bede Trust, Marshalls Charity and Mercers Trust.
- The largest area of expenditure was on supporting parish ministry, comprising the stipends, pension and housing costs of clergy:
  - Stipend and salary related costs were £7.0m *(2022: £6.8m).*
  - Costs of providing clergy housing were £1.9m *(2022: £1.5m).*
- Net assets at the balance sheet date were £74.7m *(2022: £72.0m)*. The DDBF's investments are held across several funds managed by CCLA. The DDBF administers several restricted and endowment funds which together comprise 92% *(2022: 92%)* of the assets.

Investment performance

The total value of investments (excluding short-term cash deposits) at the balance sheet date was £36.8m *(2022: £34.2m)*. During the year, the net movement in value was a gain of £2.6m *(2022: loss of £4.0m)*.

The glebe land held by the DDBF has been revalued upwards by £0.4m *(2022: £0.2m)* to reflect the market value at the balance sheet date.

The Board is custodian trustee for trust investment assets with a market value of £13.6m *(2022: £12.8m)*. Detailed certificates of holdings are provided to parishes and other managing trustees of the respective charities annually. The Board also acts as custodian trustee for certain Parochial Church Council (PCC) property. Each PCC is an independent charity and these assets are not recognised on the balance sheet of the DDBF.

Grant-making (beneficiary-selection) policy

Grants are made to the National Church in accordance with an agreed formula, to cover a proportion of its central costs and the cost of training for ministry. The total paid to the National Church was £0.5m *(2022: £0.5m)*.

Grants are paid to PCCs and to other charitable projects which appeal to the Board to support the furtherance of DDBF's objectives. These are set out in note 16.

Investment policies

The Memorandum and Articles of Association of the charity permit wide powers of investment. DDBF's investment policies are based on two key policies:

- *Ethical investment*

  This includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.

- *Long-term responsibilities*

  The directors are aware of their long-term responsibilities in respect of endowed funds and as a result follow a prudent approach to investment decisions.

These policies are currently achieved by holding all funds with CCLA Investments Limited in London, which invests in line with the Church of England's Ethical Investment Advisory Group's investment policies and in accordance with the motion passed by synod regarding divestment from fossil fuels.

Investment policy for long-term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an on-going basis. Unrestricted and restricted fund investments are invested to balance income, liquidity, and the maintenance of capital.

Funds which may be needed for working capital in the short term are held as deposits with CCLA Investments and with deposit taking banks through an account managed through the Flagstone cash management platform.

Adoption of Total returns policy

Following a review by the trustees during 2022 of the risks with respect to adopting a total return approach to the stipends capital endowment funds, a resolution was passed at the meeting of the board in December 2022 adopting a total return approach to investments.

At the time of the resolution, the trust for investment was determined at £10.443m based on the 1996 book value of endowed assets, adjusted for inflation and new capital received since that date to 31 December 2022, resulting in an unapplied total return balance of £24.765m on adoption of the policy on 1 January 2023.

Income from the endowment's investments has been be allocated to the endowment fund.
An allocation of £833k has been made to the trust for investment during the year to ensure that the capital value of the Trust for investment is maintained over time.

The trustees have made an allocation of £769k from unapplied total return during the year towards the unrestricted running costs of the Diocese. This amount is shown as a transfer between funds within the statement of financial activities.

Other realised and unrealised gains and losses on the disposal and revaluations of investments and property amounted to a gain of £2.44m in the year which has been credited to the unapplied total return carried forward as at 31 December 2023.

Reserves policy

The DDBF has agreed a reserves policy to maintain available free reserves within a range of one to three months' average expenditure in the form of unrestricted (including designated) net current assets. The Board estimated that for 2023 this would equate to a range between £1.0m and £3.1m. At the balance sheet date, the DDBF's unrestricted (including designated) available free reserves were £0.9m *(2022: £1.7m)*, which is slightly below this range. However, the level of unrestricted investments which can be exchanged for cash mitigates the liquidity risk. Including these investments to the available free reserves of £0.9m gives a total of £3.9m.

Future prospects

The trustees and diocesan synod have approved a budget for 2024, which after allowing for further planned investment from restricted reserves, and after applying a transfer of £1.1m under the total return accounting policy from the Stipends Capital Fund, leaves a net operating deficit of £0.6m.

Parish share pledges for 2024 of £4.4m *(2023: £4.4m)* have been received, which have not increased compared to the 2023 despite CPI inflation of 4.0%. This increases financial pressures and has required a recognition that not all posts identified in deanery plans can be filled whilst maintaining a balanced budget. However, posts continue to be advertised notwithstanding challenges in recruiting.

Against this challenging financial background, the DDBF continues to deliver and develop the mission and ministry of the church, and during 2024 will continue to fund ministry at parish level across the Diocese. The lack of recovery in parish finances plus the inability of pledge income to keep pace with inflation means that prospects of a medium to long term recovery to pre-Covid levels remain uncertain and further iterations of deanery plans may be required.

The Diocese continues to try to address the decline in the value of parish income and the consequent effect upon share, supporting parishes in vacancy through the vacancy audit process, and offering support with stewardship through the generous giving team. Communication with parishes is ongoing, to ascertain the likely future levels of parish reserves and parish share.

The National Church has made transitional funding available to help Dioceses restructure their operations and finances as part of the Renewal and Reform agenda. This has funded the introduction of the Parish Giving Scheme, along with the work of the Head of Finance and Finance Resources Co-ordinator in supporting and streamlining both DDBF and parish finances. During 2023 progress was made in promoting the use of contactless giving and this is planned to continue throughout 2024.

The Diocese will continue to benefit from the National Church's Strategic Development Fund through the Growing Durham Diocese and Growing Hope projects. Following its award in 2022, the initial stages of the Transforming Growth project comprising a Resource Church in Darlington and the Cultivate Church Planting programme are now underway. The DDBF has been successful in its application to the new Strategic Mission and Ministry Investment Board for funding for the first two phases of its 'Called to Fruitfulness' Transformation programme during 2023 and early 2024, alongside other newly available funding streams.

The DDBF intends to increase support for clergy and lay leaders developing their ministry and discipleship and to encourage and nurture those exploring a vocation for public ministry in the Church of England with new training pathways under development in conjunction with our local Theological Educational Institutions. Further curacies and posts of first responsibility are anticipated for through the Strategic Ministry Fund and Posts of First Responsibility Fund operated by the national church.

This is the first year in which the DDBF has applied the Total Return accounting policy to the Stipends Capital Fund as approved at the November 2022 synod. This approach allows the DDBF flexibility regarding the allocation of return on investments from this fund between capital growth and income. Synod agreed that, for 2023, income taken would be 5% of the average value of the fund over the past three years with the remainder treated as capital growth. This policy, in conjunction with the investment manager's growth target of CPI+5%, aims to ensure intergenerational equity.

During 2024 the DDBF will continue to promote the mission and ministry of the church within the Diocese. The funding streams described continue to support this work and provide an increasing proportion of staff support. Concerns remain over the level of share and around the sustainability of the current deanery plans and core services.

Going concern

The trustees have considered the availability of reserves and cash upon the going concern basis of preparation of these financial statements. Although uncertainty remains, particularly over the recovery in parish income and the real-terms reduction in the value of parish share. it is anticipated that reserves will remain within the level set out in the reserves policy.

Having reviewed forecasts for the forthcoming twelve months that are subject to a range of reasonably possible downside scenarios, the trustees are comfortable that with the current levels of cash and short-term deposits are sufficient to allow the DDBF to continue to operate as a going concern for the foreseeable future.

Although there are several challenges ahead as outlined above the Diocese is confident that these can be managed and is enthusiastic about the changes that will take place over the next few years facilitated by the transformation process aided by funding from the National Church.

Risk management

The trustees confirm that the major risks to which DDBF is exposed have been reviewed and that mitigating actions have been put in place to manage those risks.

The Board maintains a risk register which is reviewed regularly by the Audit and Risk Committee, and this register has been updated during the year, with input from all DDBF functions.

During 2023 the most significant risks related to the operations of the DDBF were:

- Church attendance and long-term financial sustainability; and
- Safeguarding.

Church attendance and long-term financial sustainability

These two risks are intrinsically linked and relate to the ability of Parochial Church Councils to maintain their own operations. In the face of national trends around declining congregation numbers and pandemic related challenges is a significant risk to the DDBF. It is increasingly difficult for parishes to maintain share pledges and payments to the Diocese, which are financed through giving and fund-raising by church members, when PCCs are also facing increases in costs.

Alongside inflation, this has exacerbated the extent to which the level of contribution from parishes is insufficient to maintain the current cost base of the DDBF. The parish share system introduced during 2020 was reviewed during 2023, with some changes being introduced in time for 2024. This system continues to provide a 'Guided Pledge' to each parish, to give an indication of the level of pledge which would be required to ensure the DDBF could break even.

This system was designed to mitigate the decline in parish share that has been seen in real terms over the preceding decade. Parish share pledges have declined slightly from £4.5m in 2021 to £4.4m in 2023, however this is over £0.5m lower than pre-pandemic levels, and does not keep pace with rising levels of inflation.

Certain external factors affect the Board's ability to meet its financial obligations, in particular the level of inflation, which leads to increases in stipends, salaries and building maintenance costs;

Despite some stipendiary and staff posts remaining vacant, there was a continuing operational deficit although financial restraint and challenges in recruitment for some posts led to this being within the budgeted deficit. Recruitment has taken place, following application of a vacancy audit process in the case of each parish vacancy. However, the trustees are aware that lengthy vacancies can place strain on clergy and staff, and efforts are being made to increase the rate of recruitment. The difficulty of recruitment is not limited to our Diocese; it is a challenge faced across much of the country. We are taking steps to support the welfare of our clergy who are having to operate in these difficult circumstances by providing advice and counselling as and when necessary.

Safeguarding

It is of key importance to the DDBF to ensure appropriate mitigation of safeguarding risks arising from potential abusers targeting church settings within the Diocese. There is a risk that strain on parish and/or diocesan resources may lead to vulnerability, and potential non-compliance with House of Bishop's Safeguarding Policy. Appointment processes are documented to ensure compliance with the requirements of Safer Recruitment and People Management.

The Board continued to be aware of the potential for safeguarding matters to be raised due to increased reporting and awareness of safeguarding issues (both current and historical). The Diocesan Safeguarding Advisory Panel meets regularly to ensure that the DDBF maintains appropriate controls to prevent, as well as identify and resolve, any issues that arise.

Other risks

The schools agenda, managed through the DDBE, also poses potential risk to the DDBF, both in terms of the challenges of maintaining high standards of education in Church of England schools during a period of significant change across the schools sector. In 2023, risks were identified around the school building estate, however following the completion of surveys to identify Reinforced Aerated Autoclaved Concrete ('RAAC'), this risk has now receded somewhat. The DDBE effectively manages school standards through the Joint Education Team.

All of these factors are included in the Board's Risk Register.

Structure, governance and management

The Diocese of Durham is one of the 41 English Dioceses that, along with the Diocese in Europe, make up the Church of England.

The Church of England is episcopally led (there are 108 bishops) and synodically governed. The General Synod consists of three houses, one of which comprises diocesan bishops and elected representatives from suffragan and area bishops, and two of which are elected from the laity and clergy of each diocese. It meets in London or York at least twice annually to consider legislation for the good of the Church.

Further details on the structure and governance of the Church of England can be found on its website: www.churchofengland.org. The financial transactions of the national church do not form part of these financial statements.

The Diocese of Durham stretches from the Tyne to the Tees and the Dales to the Sea covering an area of 2,530 square kilometres. There are 255 Anglican churches across 207 parishes and these are grouped into 14 deaneries and three archdeaconries. The mission of the Church of England is mainly carried out at parish level and the DDBF provides pastoral and financial support to the parishes. Each parish is governed by a Parochial Church Council (PCC), which is a corporate charity. Therefore, except where indicated otherwise, the transactions of PCCs do not form part of these financial statements.

Durham Cathedral is the mother church of the Diocese of Durham and legally is constituted as a separate entity with its own governance structures. Its financial transactions do not form part of these financial statements.

Governance

The Diocese elects a Diocesan Synod, with representation from each deanery in accordance with the church representation rules and is governed by the Diocesan Bishop in synod. The Diocesan Synod normally meets twice a year. Many of the Diocesan Synod's responsibilities have been delegated to the Bishop's Council, which acts as the Diocesan Synod's Standing Committee. The day to day running of operations is delegated to the staff team lead by the diocesan secretary and other key management personnel as set out in note 17. All key management personnel report to the Diocesan Bishop.

Committee structure

The Diocese is governed by the Bishop's Council, which co-ordinates the life and work of the Diocese in support of the mission of the Church, in accordance with the priorities set by the Bishop and the Diocesan Synod.

In the Diocese of Durham, the membership of the Bishop's Council is coterminous with that of the DDBF and also the Diocesan Mission and Pastoral Committee.

The Diocesan Mission and Pastoral Committee is responsible for the task of approving pastoral reorganisation in the Diocese, taking account of available clergy numbers and making use of new patterns of ministry.

This arrangement means that the trustees of the DDBF have responsibility and oversight of all aspects of diocesan life and are therefore able to co-ordinate strategic, financial and operational decisions.

The Bishop's Council is supported by committees that can influence the operations of the Board.

- *Finance Group*

  The DDBF delegates certain duties and responsibilities to the Finance Group including:

  - Assisting the Board to deal with financial strategy and management;

- Authorising legal property or investment strategy conducted on behalf of the Board;
- Conducting urgent business of the Board between Board meetings;
- Overseeing the preparation of the annual DDBF budget and financial statements for submission to the Board;
- Receiving regular management accounting information; and
- Acting as the DDBF's HR Committee, overseeing the terms and conditions of the DDBF employees.

- *Audit and Risk Committee*

  The DDBF Audit and Risk Committee maintains an oversight of the Diocese's governance and risk management including:

  - Adopting a risk-based approach and undertaking a planned programme of work examining areas of diocesan activity;
  - Overseeing the external audit of the DDBF's trustees' report and financial statements;
  - Considering internal control and stewardship of the DDBF's resources; and
  - Reporting its findings annually to the Bishop's Council as a critical element of the Bishop's Council's annual reporting requirements.

- *Investment Committee*

  DDBF has responsibility for the management of glebe property and investments which generate income to support the cost of stipends. It is also the diocesan authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board. With the exception of major transactions, the DDBF delegates these responsibilities to the Investment Committee.

- *Diocesan Safeguarding Advisory Panel*

  The Diocesan Safeguarding Advisory Panel is chaired independently and monitors safeguarding practice, including casework and training within the Diocese. Its membership includes the Local Authority Designated Officer, Police and Victim/Survivor Voice representation.

- *Church Buildings Panel*

  The Church Buildings Panel is a non-statutory group, which offers grants and loans to Parochial Church Councils for works to church buildings.

- *Closed Churches Uses Panel*

  The Closed Churches Uses Committee is a non-statutory group, which was created to act on behalf of the Diocesan Mission and Pastoral Committee. It seeks appropriate alternative uses for churches in the Diocese which have been declared closed for regular public worship.

In addition, there are three statutory Committees and Boards that are not directly answerable to the Bishop's Council, but influence its operation:

- *Diocesan Advisory Committee*

  The Diocesan Advisory Committee advises on matters affecting churches and places of worship in the Diocese, such as; the granting of faculties; architecture, archaeology, art and the history of places of worship; the use and care of places of worship and their contents; and the care of churchyards.

- *Diocesan Board of Patronage*

  The Diocesan Board of Patronage, which is constituted under the provisions of the Patronage (Benefices) Measure 1986, is sole patron of one benefice in the Diocese.

- *Diocesan Board of Education*
  The Diocesan Board of Education has responsibility for 57 church schools across the Diocese (9 of which are Voluntary Aided, 15 are Voluntary Controlled, and 33 are Academies, with one academy being a Free School). It provides both educational and pastoral leadership support to all its schools and has a particular commitment to enhancing the quality of provision for religious education, collective worship and the spiritual, moral, social, and cultural development of all pupils. The Board of Education is not incorporated and therefore financial accountability for the education agenda rests with the DDBF. The Board of Education operates as a statutory committee of the DDBF.

Public benefit statement

The directors and trustees are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the DDBF. The directors believe that, by promoting the work of the Church of England in the Diocese of Durham, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the Diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- Providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- Promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

The trustees are custodian trustees in relation to certain PCC property.

Trustee recruitment, selection and induction

Trustees are also members of the Bishop's Council and are elected or appointed by the members of the Diocesan Synod in accordance with the rules for election. All trustees receive induction at the start of their term of office and receive additional induction where appropriate. Trustees are registered as directors at Companies House and are required to complete a declaration that they are eligible to serve as a director as well as an annual declaration of interest.

Remuneration of key management personnel

As the DDBF has delegated responsibility for human resource issues to the Finance Group, this group is responsible for agreeing the salary scales for all DDBF employees and for setting the remuneration for senior employees.

Related parties

The DDBF has one wholly owned subsidiary, the Diocese of Durham Educational Trust. It did not trade during the year.

Organisations with which the DDBF co-operates in furthering its aims

The DDBF works with a range of organisations which are either part of or associated with the Church of England, or other Christian denominations to achieve its objectives. Some of those are set out below, and in some cases, there are a non-controlling number of shared trustees between these organisations and the DDBF. The DDBF ensures that such common trusteeships are appropriately declared and conflicts of interest are mitigated when making decisions relating to such organisations.

- *General Synod, Church Commissioners and Archbishops' Council*

  The DDBF has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the

National Church. The DDBF is a recipient of funding from several different grant funding streams operated by the Archbishops' Council. The stipends and certain other costs of the Diocesan and Suffragan Bishops are borne by the Church Commissioners.

- *Parochial Church Councils (PCCs)*

  The DDBF is required by Measure to be custodian trustee in relation to PCC property, but has no control over PCCs, which are independent charities. The accounts of PCCs do not form part of these financial statements. PCCs are able to influence the decision-making within DDBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

- *Multi Academy Trusts (MATs)*

  The DDBF is a member of several MATs, including the Durham and Newcastle Diocesan Learning Trust. Until 1 September 2023, the Diocesan Director of Education was a director of the Durham and Newcastle Diocesan Learning Trust at which point he resigned as Director of Education to take up the role of CEO of the Trust as a full time role.

- *Newcastle Diocesan Education Board Limited*
  The Newcastle Diocesan Education Board Limited (NDEB) has responsibility for 49 church schools (plus 2 affiliated schools with an anglican foundation) across the Diocese of Newcastle. Unlike its counterpart in Durham, NDEB is an incorporated charitable company and registered charity. The two dioceses operate a joint education team to manage the delivery of their objectives across the two dioceses, and until 1 September 2023, when they were transferred to the Joint Education Team LLP, this charity employed a team of 9 employees working jointly for NDEB and the DDBF.

- *Joint Education Team LLP*
  The Joint Education Team LLP is a Limited Liability Partnership between the DDBF and NDEB, which from 1 September 2023 jointly employs 9 employees to carry out the work of the diocesan boards of education in both Durham and Newcastle dioceses.

- *Stirling Newall Trust*

  A registered charity whose objective is the advancement of the Christian religion by the provision of a house of retreat (Shepherds Dene Retreat House at Riding Mill, Northumberland) for members of the Church of England whether clerical or lay who are resident or working in the area comprising the dioceses of Durham and Newcastle.

- *Lindisfarne College of Theology and Cranmer Hall, St John's College*

  The region's two theological educational institutions, both are registered charities whose objects included the promotion and delivery of education for both lay and ordained members of participating Christian churches and the provision of other theological and ministerial training to both lay and ordained people.

- *Northumbrian Industrial Mission*

  A registered charity which organises the activities of around 40 associate chaplains who engage with people in their places of work. It also works with ministries in other sectors, in local churches and with other agencies.

- *Hospital of God at Greatham*

  A registered charity which provides residential care and alms-houses for older people and makes grants to other charities within the area of benefit.

- *Lord Crewe's Charity*

  A registered charity, one of whose principal aims is to assist necessitous clergy and their dependents in the dioceses of Durham and Newcastle, particularly for the education of their children, and to assist them in other demonstrable financial need, and which provides grant funding used by the Diocese to fund its

Challenging Poverty priority and to provide a clergy counselling service.

- *St Hild and St Bede Trust*

  A charitable trust whose objectives include the advancement of further and higher education in the dioceses of Durham and Newcastle, with a focus on the advancement of education in accordance with the doctrines of the Church of England.

- *Communities Together Durham*

  A charity which works with churches and communities to challenge social injustice and to enable communities to flourish.

- *Durham Lesotho Diocesan Link*

  A registered charity which aims to develop educational, AIDS awareness and income generating projects in Lesotho. It also develops educational projects for schools and to raise awareness and support for initiatives in the Diocese of Durham which foster closer spiritual links between the Anglican Church in Lesotho and Durham.

- *North East Churches Acting Together*

  A charity which works ecumenically to serve the churches of the North East through improving communication and developing partnerships and connections between churches of different denominations.

- *North East Religious Learning Resource Centre*

  A registered charity which aims to support religious education, literacy and learning in schools and churches across the North East of England through the provision of resources, training and networking opportunities.

Political contributions
No political contributions have been made during the year *(2022: none).*

Disclosure of information to auditor

Each of the persons who are trustees at the time when this trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charity's auditor is unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Auditor

The auditor, UNW LLP, has indicated his willingness to continue in office. A resolution to reappoint UNW LLP as auditor for 2024 will be proposed at the Board's Annual General Meeting.

In approving the directors and trustees report the directors of the company are also approving the strategic report as required under the Companies Act 2006.

Approved by order of the members of the board of trustees and signed on their behalf by:

Rt. Revd. Sarah Clark
Chair

Date: 29 April 2024

+Sarah Durham
Acting Bishop of Durham

Durham Diocesan Board of Finance

(A company limited by guarantee)

Statement of trustees' responsibilities
Year ended 31 December 2023

The trustees (who are also the directors of the company for the purposes of company law) are responsible for preparing the trustees' report including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the members of the board of trustees on 29 April 2024 and signed on its behalf by:

Rt. Revd. Sarah Clark
Chair

† Sarah Durham
Acting Bishop of Durham

Independent auditor's report to the members of Durham Diocesan Board of Finance (continued)

Opinion
We have audited the financial statements of Durham Diocesan Board of Finance (the 'charitable company') for the year ended 31 December 2023 which comprise the Statement of financial activities, the Income and expenditure account, the balance sheet, the statement of cash flows and the related notes, 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 charitable company's affairs as at 31 December 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

Other information
The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustee are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Durham Diocesan Board of Finance (continued)

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees
As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector exper ;e and through discussions with the trustees and other management (as required by Auditing Standards) and from inspection of the charitable company's legal correspondence, and we discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Independent auditor's report to the members of Durham Diocesan Board of Finance (continued)

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies and charities legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; data protection, safe guarding and certain aspects of company legislation, recognising the nature of the charitable company's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we did not become aware of any actual or suspected non-compliance material to the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statement or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Use of our report
This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Anne Hallowell

Anne Hallowell BSc FCA DChA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne
29 April 2024

Durham Diocesan Board of Finance

(A company limited by guarantee)

Statement of financial activities
Year ended 31 December 2023

	Note	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Endowment funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Income and endowments from:						
Donations:						
Parish Contributions	4	**4,255**	**-**	**-**	**4,255**	4,333
Archbishops' Council	5	**2,115**	**2,597**	**-**	**4,712**	4,945
Other	6	**229**	**646**	**-**	**875**	839
Charitable activities	7	**641**	**-**	**-**	**641**	628
Other trading activities	8	**635**	**3**	**-**	**638**	590
Investments	9	**483**	**215**	**338**	**1,036**	963
Other income	10	**-**	**-**	**241**	**241**	336
Total income and endowments		**8,358**	**3,461**	**579**	**12,398**	12,634
Expenditure on:						
Raising funds	11	**79**	**-**	**-**	**79**	24
Charitable activities:						
Contributions to Archbishops' Council	13	**693**	**4**	**-**	**697**	728
Resourcing ministry and mission	14	**8,610**	**3,300**	**23**	**11,933**	11,025
Resourcing education	15	**278**	**10**	**-**	**288**	265
Total expenditure		**9,660**	**3,314**	**23**	**12,997**	12,042
Net (expenditure)/income before net (losses)/gains on investments		**(1,302)**	**147**	**556**	**(599)**	592
Net gain/(losses) on investments		**226**	**645**	**2,439**	**3,310**	(3,740)
Net income/(expenditure)		**(1,076)**	**792**	**2,995**	**2,711**	(3,148)
Transfers between funds	27	**1,017**	**(92)**	**(925)**	**-**	-
Net movement in funds		**(59)**	**700**	**2,070**	**2,711**	(3,148)
Reconciliation of funds:						
Total funds brought forward		**5,864**	**11,263**	**54,882**	**72,009**	75,157
Net movement in funds		**(59)**	**700**	**2,070**	**2,711**	(3,148)
Total funds carried forward	27	**5,805**	**11,963**	**56,952**	**74,720**	72,009

The notes on pages 29 to 65 form part of these financial statements.

Durham Diocesan Board of Finance

(A company limited by guarantee)

Summary income and expenditure account
Year ended 31 December 2023

	Note	Total funds 2023 £000	Total funds 2022 £000
Income		**11,819**	12,298
Gains/(losses)/ on investments		**871**	(943)
Gross income in the reporting period		**12,690**	11,355
Less: Total expenditure		**(12,974)**	(11,851)
Net income/(expenditure) for the reporting period		**(284)**	(496)
Other comprehensive income			
Net assets transferred from endowments	30	**925**	756
Net comprehensive income for the year		**641**	260

The income and expenditure account is derived from the statement of financial activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

The notes on pages 29 to 65 form part of these financial statements.

Durham Diocesan Board of Finance

(A company limited by guarantee)

Balance sheet
Year ended 31 December 2023

	Note		2023 £000		2022 £000
Fixed assets					
Tangible assets	20		**35,758**		33,580
Investments	21		**36,812**		34,169
			72,570		67,749
Current assets					
Debtors	22	**1,368**		1,080	
Cash on deposit	23	**634**		1,003	
Cash at bank and in hand		**1,731**		2,683	
		3,733		4,766	
Creditors: amounts falling due within one year	24	**(1,534)**		(405)	
Net current assets			**2,199**		4,361
Total assets less current liabilities			**74,769**		72,110
Creditors: amounts falling due after more than one year	25		**(49)**		(101)
Total net assets			**74,720**		72,009
Charity funds					
Endowment funds	27		**56,952**		54,882
Restricted funds	27		**11,963**		11,263
Unrestricted funds					
Designated funds	27	**7**		25	
General funds	27	**5,798**		5,839	
Total unrestricted funds	27		**5,805**		5,864
Total funds			**74,720**		72,009

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the trustees on 29 April 2024 and signed on their behalf by:

Rt. Revd. Sarah Clark
Chair

+ Sarah Jarrow
Acting Bishop of Durham.

Company registered number: 00192018
The notes on pages 29 to 65 form part of these financial statements.

Durham Diocesan Board of Finance

(A company limited by guarantee)

Statement of cash flows
Year ended 31 December 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Net cash used in operating activities	31	**(990)**	(802)
Cash flows from investing activities			
Dividends, interests and rents from investments		**1,036**	911
Proceeds from the sale of tangible fixed assets		**996**	1,088
Purchase of tangible fixed assets		**(2,738)**	(837)
Proceeds from sale of investments		**677**	-
Purchase of investments		**(10)**	(2,474)
Net cash used in investing activities		**(39)**	(1,312)
Cash flows from financing activities			
New loans advanced		**-**	-
Repayment of loans advanced		**(292)**	200
Net cash provided by financing activities		**(292)**	200
Change in cash and cash equivalents in the year		**(1,321)**	(1,914)
Cash and cash equivalents at the beginning of the year		**3,686**	5,600
Cash and cash equivalents at the end of the year	32	**2,365**	3,686

The notes on pages 28 to 59 form part of these financial statements

1. General information

Durham Diocesan Board of Finance is a charitable company limited by membership guarantee and incorporated and domiciled in England. The registered office address is Cuthbert House, Stonebridge, Durham, DH1 3RY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Durham Diocesan Board of Finance meets the definition of a public benefit entity under FRS 102. Assets and Liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are presented in pounds sterling which is the functional currency of the company and are rounded to the nearest £1,000.

2.2 Exemption from preparing group accounts

The charitable company is the controlling party of Diocese of Durham Educational Trust, a dormant subsidiary undertaking. In the opinion of the directors/trustees, the size and assets of the subsidiary undertaking mean that the presentation of the combined results and financial position in consolidated financial statements is not material for the purpose of giving a true and fair view. These financial statements present the results and the position of the charitable company as a single entity and not as a group.

2.3 Going concern

The trustees have considered the availability of reserves and cash upon the going concern basis of preparation of these financial statements. Although uncertainty remains, particularly over the recovery in parish income and the real-terms reduction in the value of parish share. it is anticipated that reserves will remain within the level set out in the reserves policy.

Having reviewed forecasts for the forthcoming twelve months that are subject to a range of reasonably possible downside scenarios, the trustees are comfortable that with the current levels of cash and short-term deposits are sufficient to allow the DDBF to continue to operate as a going concern for the foreseeable future.

2. Accounting policies (continued)

2.4 Income

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

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

The principal source of income of the DDBF is parish share. The share monies are recognised in the statement of financial activities in the period in which they are receivable, although arrears are not shown as debtors since only constructive pressure can be applied to encourage parishes to pay any outstanding sums. Debts for parish share are not enforceable.

The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the SOFA for the sake of greater clarity and simplicity in financial reporting.

Selective allocations from the Church Commissioners are credited to the Stipends and General Fund on a monthly basis and recognised in the SOFA as incoming resources.

Legacies, contributions and other donations are accounted for when conditions for their receipt have been met. Investment income is accounted for when receivable. Rental income for glebe and other property is shown separately. Incoming resources from charitable activities including clergy fees, chaplaincy income and guaranteed annuities are receivable on a monthly basis.

Other sundry income, including gains on disposal of properties, is recognised in the SOFA in the accounting period in which monies are receivable.

2.5 Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the SOFA category. Expenditure is stated inclusive of irrecoverable VAT.

Costs of raising funds are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the Board, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

2. Accounting policies (continued)

2.5 Expenditure (continued)

Payments in support of services provided by the Archbishops' Council are regarded as grants and the annual amounts payable are divided into monthly instalments.

Resourcing ministry and mission costs are the costs incurred by the Board in maintaining resident clergy in numerous parishes throughout the Diocese. These include stipends, national insurance, housing, relocation, and a range of support costs.

Support costs consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to- be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

2.6 Pension contributions

The DDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pension Scheme. The pension costs charged as resources expended represent the DDBF's contributions payable in respect of the accounting period, in accordance with FRS 102. Deficit funding for the pension schemes to which the DDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

The DDBF also operates a stakeholder scheme and contributes to personal pension schemes for which contributions are charged to the SOFA as they fall due.

2.7 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost.

Freehold and leasehold buildings
It is the DDBF's policy that in respect of many of its buildings, no depreciation is charged as any provision would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value.

The DDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residual properties is in accordance with the Repair of Benefices Building Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value.

Annual impairment reviews are performed in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount. Where the recoverable amount is estimated to be less than the carrying amount, depreciation is charged in the financial statements.

2. Accounting policies (continued)

School buildings
School buildings are occupied and, in the case of Voluntary Aided schools, improved, extended and repaired by the school governors. The nature of the occupation of these buildings by these exempt and excepted charities means that DDBF trustees do not have the power to dispose of the buildings until the school ceases its occupation, which in turn would require the approval of the Secretary of State. Any proceeds of sale would be subject to claw-back, by the Secretary of State, of related grant aid provided. The trustees consider the Board's ownership to be in the nature of custodianship of the assets and these are therefore not capitalised in the financial statements. Details of the Voluntary Aided schools can be obtained from the Joint Education Team.

Depreciation on other tangible fixed assets
Depreciation is provided in order to write off the cost (less any residual value) of other fixed assets over their currently expected useful economic lives at the following initial rates:

Freehold and leasehold property	-	shorter of 50 years or lease term
Furniture and office equipment	-	33% per annum straight line

2.8 Total return investment policy

The board passed a resolution on 1 December 2022 to adopt a total return policy in respect of the stipends capital endowed funds. This approach allows any increase in the value of an investment to be used as income. The decision was taken to ensure that Diocese invests in a way that has appropriate regard to the furtherance of its aims both now and in the future.

The board identified the relevant funds and apportioned it into the value of the original endowment (which forms the Investment Fund) and the unapplied investment return (which forms the unapplied total return). The calculation of the value of the investment fund on the date of adoption was based upon the book value of assets at 1 January 1997, adjusted for inflation and additions since that date.

All endowed investment returns are designated as unapplied total return until Trustees decide how it is to be used. At the discretion of the board, some of the total unapplied return may be allocated to the income fund each year to be spent on its aims.

Trustees may allocate an amount of the unapplied total return to the investment funds. The amount that can be allocated to the investment fund is capped. The cap is calculated by using the rise in inflation from a particular date, being either the date of resolution if no previous allocation has been made or date of the last allocation to the investment fund.

2.9 Investments

Investments in agricultural holdings, commercial properties and investment securities are shown at their market value on the date of the balance sheet. All gains and losses on investments are recognised in the SOFA. Investments held by the DDBF as custodian trustee are not included in these accounts. Investments in unlisted investments and the subsidiary are stated at cost less provision for impairment. Investments also include long term loans made by the DDBF under concessionary terms.

2. Accounting policies (continued)

2.10 Financial instruments

Loans
Loans made by the DDBF to further its charitable purposes at rates below prevailing market rates are classified as concessionary loans and accounted for in accordance with Section 34 of FRS 102. Such loans are initially recognised and measured at the amount received and subsequently adjusted to reflect any repayments, accrued interest and any subsequent impairment.

Debtors
Debtors are recognised at the settlement amount due.

Cash and cash equivalents
Cash on deposit includes cash held in short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions
Creditors and provisions are recognised where the DDBF has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Equity share loan
The DDBF has one loan for which the settlement proceeds are based on the value of the equity in a property. As this constitutes a non-basic financial instrument under FRS 102 this loan has been recognised at fair value and is revalued at each reporting date. Any gains and losses arising at each year-end are recognised in the SOFA.

2.11 Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

2.12 Fund accounting

- **General** funds represent funds which are expendable at the discretion of the directors' in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.

- **Designated** funds are amounts which have been put aside at the discretion of the directors and are therefore not available for other purposes. All of the unrestricted funds apart from the General Fund are now regarded as designated. These are included with the unrestricted funds column in the SOFA.

- **Restricted** funds represent grants, donations, legacies and assets which are allocated by the donor for specific purposes. The largest restricted fund is the Pastoral Account.

- **Endowment** funds are those held on trust to be retained for the benefit of the charity as a capital fund. In the case of the endowment funds administered by the Board (Stipends Capital Fund, and.

2. Accounting policies (continued)

2.12 Fund accounting (continued)

Parsonage Houses Fund), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

The board has adopted a total return approach to investments held within the Stipends Capital Fund. Assets are invested to produce an investment return without regard to whether that return is in the form of income or capital appreciation. An allocation is made each year from unapplied total return to trust for investment to ensure that the capital value of assets in trust are not eroded over time.

Trusts where the DDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key areas subject to estimation are as follows:

Fair value on investment property
The DDBF holds investment property comprising agricultural land at fair value. The DBBF uses an independent external qualified surveyor to assess the value of this land based on a site by site consideration of the assets and the market conditions existing at the balance sheet date.

Fair values estimated for equity share loan
The DDBF has one loan for which the settlement proceeds are based on the value of the equity in a property. As required by FRS102 this loan has been stated in accordance with an estimate of fair value. The DDBF makes use of internal experts in arriving at this fair value. This loan is repayable on the earlier of the death of the borrower or the sale of the related property and therefore the timing of its repayment is uncertain. Therefore this loan is measured as a proportion of the fair value at each reporting date and has not been discounted.

Valuation of defined benefit pension scheme deficit recovery liabilities
The present values of the deficit recovery liabilities in respect of the Church Workers Pension Fund and the Church of England Funded Pensions Scheme defined benefit pension schemes depend on a number of factors that are determined on an actuarial basis using a variety of assumptions. These include the discount rate, inflation rate and the increase to the total pensionable payroll, and the DDBF has adopted the values determined by the Church of England Pensions Board. Any changes in these assumptions, which are disclosed in note 35, will impact the carrying amount of the pension deficit recovery liabilities. Furthermore a roll forward approach which projects results from the latest full actuarial valuations performed has been used by the actuary in valuing the pension deficit recovery liabilities at 31 December 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would affect the carrying amount of the pension deficit recovery liabilities.

3. Critical accounting estimates and areas of judgment (continued)

Other estimates included within these financial statements include depreciation charges. None of the estimates made are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year.

In preparing these financial statements the trustees do not consider there were any significant areas of judgement that were required in applying the charity's accounting policies as set out above.

4. Parish contributions

	Total funds 2023 £000	Total funds 2022 £000
Unrestricted general fund - parish share		
Contributions pledged and paid	4,227	4,321
Contributions from previous years	28	12
	4,255	4,333
Current year parish share receipts (excluding contributions from prior years) as a proportion of total amounts pledged	95.2%	96.1%

5. Archbishops' Council

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000
Lower income communities fund	2,067	-	**2,067**
Strategic development fund	48	1,825	**1,873**
Energy and cost of living grants	-	40	**40**
Strategic ministry funding	-	383	**383**
Ordinands training grant	-	349	**349**
	2,115	2,597	**4,712**

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total funds 2022 £000
Lower income communities fund	2,115	-	2,115
Strategic development fund	-	1,597	1,597
Energy and cost of living grants	503	-	503
Strategic ministry funding	-	188	188
Ordinands training grant	-	542	542
	2,618	2,327	4,945

6. Other donations

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000
Benefact Trust	157	23	**180**
Lord Crewe	-	353	**353**
St Hild and St Bede Trust	15	-	**15**
Other grants and donations	57	270	**327**
	229	646	**875**

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total funds 2022 £000
Benefact Trust	179	113	292
Lord Crewe	-	340	340
St Hild and St Bede Trust	-	11	11
Other grants and donations	141	55	196
	320	519	839

7. Income from charitable activities

	Total funds 2023 £000	Total funds 2022 £000
Statutory fees	**467**	494
Chaplaincy	**36**	50
St Hild and St Bede Trust (for Chaplaincy)	**8**	8
Miscellaneous income	**130**	76
	641	628

8. Income from other activities

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000
Rental income from parsonages	508	-	**508**
Education service level agreements	127	3	**130**
Miscellaneous income	-	-	**-**
	635	3	**638**

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total funds 2022 £000
Rental income from parsonages	449	-	449
Education service level agreements	138	2	140
Miscellaneous income	1	-	1
	588	2	590

9. Income from investments

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Endowment funds 2023 £000	Total funds 2023 £000
Income from UK listed investments	411	211	338	**960**
Interest receivable	17	4	-	**21**
Rents receivable	55	0	-	**55**
	483	215	338	**1,036**

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Endowment funds 2022 £000	Total funds 2022 £000
Income from UK listed investments	650	169	-	819
Interest receivable	91	1	-	92
Rents receivable	52	-	-	52
	793	170	-	963

10. Other income

	Endowment funds 2023 £000	Total funds 2023 £000
Gain on disposal of properties	241	**241**

	Endowment funds 2022 £000	Total funds 2022 £000
Gain on disposal of properties	336	336

11. Fundraising costs

	Unrestricted funds 2023 £000	Endowment funds 2023 £000	Total funds 2023 £000
Glebe agents fees	31	-	**31**
Glebe investment costs	48	-	**48**
	79	-	**79**

	Unrestricted funds 2022 £000	Endowment funds 2022 £000	Total funds 2022 £000
Glebe agents fees	7	-	7
Glebe investment costs	3	14	17
	10	14	24

12. Analysis of expenditure by activities

	Activities undertaken directly 2023 £000	Grant funding of activities 2023 £000	Support costs 2023 £000	Total funds 2023 £000
Contributions to Archbishops' Council (note 13)	-	697	-	**697**
Resourcing ministry and mission (note 14)	9,760	710	1,463	**11,933**
Resourcing Education (note 15)	288			**288**
	10,048	1,407	1,463	**12,918**

	Activities undertaken directly 2022 £000	Grant funding of activities 2022 £000	Support costs 2022 £000	Total funds 2022 £000
Contributions to Archbishops' Council (note 13)	-	728	-	728
Resourcing ministry and mission (note 14)	8,574	1,180	1,271	11,025
Resourcing Education (note 15)	265	-	-	265
	8,839	1,908	1,271	12,018

13. Contributions to Archbishops' Council

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000
Training for ministry	224	-	**224**
National Church responsibilities	250	-	**250**
Grants and provisions	228	4	**232**
Pooling of ordinand candidates	(9)	-	**(9)**
	693	4	**697**

13. Contributions to Archbishops' Council (continued)

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total funds 2022 £000
Training for ministry	224	-	224
National Church responsibilities	250	-	250
Grants and provisions	269	-	269
Pooling of ordinand candidates	(15)	-	(15)
	728	-	728

14. Expenditure on resourcing ministry and mission

	Unrestricted funds 2023 £000	**Restricted funds 2023 £000**	**Endowment funds 2023 £000**	**Total funds 2023 £000**
Stipends and national insurance	3,463	581	-	**4,044**
Clergy pension	861	56	-	**917**
Housing costs	1,881	1	10	**1,892**
Removal, resettlement and other grants	175	13	-	**188**
Mission: stipendiary, staff and activity costs	496	1,498	-	**1,994**
Ministerial Training	60	307	-	**367**
Strategic development costs	-	297	-	**297**
Other expenses and grants	541	230	-	**771**
Support for parish ministry (see note 16)	1,133	317	13	**1,463**
	8,610	3,300	23	**11,933**

14. Expenditure on resourcing ministry and mission (continued)

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Endowment funds 2022 £000	Total funds 2022 £000
Stipends and national insurance	3,376	437	-	3,813
Clergy pension	976	80	-	1,056
Pension deficit creditor movement (note 34)	(99)	-	-	(99)
Housing costs	1,416	-	162	1,578
Removal, resettlement and other grants	102	8	-	110
Mission: stipendiary, staff and activity costs	411	1,440	-	1,851
Lindisfarne College of Theology grant	42	478	-	520
Strategic development costs	-	-	-	-
Other expenses and grants	786	139	-	925
Support for parish ministry (see note 16)	922	334	15	1,271
	7,932	2,916	177	11,025

15. Resourcing education

	Unrestricted funds 2023 £000	**Restricted funds 2023 £000**	**Total funds 2023 £000**
Administration	278	-	**278**
Closed schools	-	10	**10**
	278	10	**288**

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total funds 2022 £000
Administration	250	-	250
Closed schools	-	15	15
	250	15	265

16. Analysis of support costs

	Total funds 2023 £000	Total funds 2022 £000
Central staff costs	**750**	640
Central office and premises	**89**	87
Technology and communication	**166**	155
Depreciation	**45**	45
Legal and registry costs	**150**	136
Synod, Board and Committee expenses	**53**	30
External audit	**25**	22
Other support costs	**66**	59
Other costs	**119**	97
	1,463	1,271

17. Analysis of grants made

	Individuals £000	Institutions £000	Total 2023 £000
From unrestricted funds for National Church responsibilities:			
Contributions to Archbishops' Council	-	466	**474**
Other grants made:			
NECAT	-	8	**8**
Lesotho	-	25	**25**
Resettlement and First Appointment Grants	157	-	**157**
Ordinands' Grants	231	-	**223**
Basic Clergy Development Grants	18	-	**18**
Special CMD & Sabbatical Grants	7	-	**7**
Mission Fund Grants	23	-	**23**
Church building committee grants	-	34	**34**
Ministry Hardship Grant	-	7	**8**
Energy Support Grant funding	64	-	**65**
Lindisfarne College of Theology	-	367	**367**
	500	907	**1,407**

17. Analysis of grants made (continued)

	Individuals £000	Institutions £000	Total 2022 £000
From unrestricted funds for National Church responsibilities:			
Contributions to Archbishops' Council	-	474	474
Other grants made:			
NECAT	-	8	8
Northumbrian Industrial Mission	-	2	2
Lesotho	-	25	25
Training for Ministry Grants	77	443	520
Resettlement and First Appointment Grants	102	-	102
Ordinands' Grants	269	-	269
Basic Clergy Development Grants	14	-	14
Special CMD & Sabbatical Grants	7	-	7
Mission Fund Grants	14	-	14
Church building committee grants	-	42	42
Ministry Hardship Grant	-	48	48
Energy Support Grant funding	383	-	383
	866	1,042	1,908

18. Auditor's remuneration

	2023 £000	2022 £000
Fees payable to the charitable company's auditor for the audit of the charitable company's annual accounts	**24**	20
Fees payable to the charitable company's auditor in respect of: All non-audit services not included above	**1**	2

19. Staff costs

	2023 £000	2022 £000
Employee costs during the year were as follows:		
Wages and salaries	**1,649**	1,485
National insurance contributions	**165**	157
Pension costs	**219**	211
	2,033	**1,853**

19. Staff costs (continued)

	2023 £000	2022 £000
The average monthly number of employees during the year were as follows:		
Staff	**44**	40

The number of higher paid employees was:	2023 No.	2022 No.
In the band £70,001 - £80,000	-	1
In the band £80,001 - £90,000	1	-

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2023 they were:

Diocesan Secretary	Mr J James G Morgan
Director of Mission, Discipleship & Ministry	The Venerable Elizabeth M Wilkinson

Remuneration, pensions and employer's national insurance contributions for the above employees amounted to £157,904 (2022: £177,029).

19. Staff costs (continued)

Trustees' emoluments

No trustee received any remuneration for services as trustee (2022: £nil). During the year, 7 trustees (2022: 5) received travelling, subsistence and incidental costs, totalling £15,510 (2022: £12,000) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as trustees.

During the year the Board made contributions to the Church Commissioners at the standard rate agreed by Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors of the Board and provided houses, including payment of council tax and maintenance costs, as part of normal clergy remuneration.

The following table gives details of the trustees who were in receipt of a stipend and/or housing provided by the DDBF during the year:

	Stipend	**Housing**
Right Reverend PR Butler (Chair)	No	No
Right Reverend SE Clark	No	Yes
Venerable RL Simpson	Yes	Yes
Venerable EM Wilkinson	Yes	Yes
Venerable RG Cooper	Yes	Yes

The DDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The DDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese including the Suffragan Bishop.

The DDBF paid an average of 139 (2022: 139) stipendiary clergy and lay ministers as office-holders holding parochial or diocesan appointments in the Diocese, and the costs were as follows:

	2023	2022
	£000	£000
Stipends	**3,722**	3,491
National insurance contributions	**325**	308
Pension costs - current year contributions	**952**	1,243
Movement on pension scheme deficit creditor (see note 34)	**-**	(99)
	4,999	4,943

20. Tangible fixed assets

	Property £000	Office equipment £000	Parsonages £000	Glebe Property £000	Total £000
Cost or valuation					
At 1 January 2023	3,624	101	20,093	10,670	34,488
Additions	-	-	368	2,370	2,738
Disposals	-	-	(302)	(221)	(523)
Transfers between classes	78	-	(78)	-	-
At 31 December 2023	3,702	101	20,081	12,819	36,703
Depreciation					
At 1 January 2023	151	96	421	240	908
Charge for the year	32	1	3	9	45
On disposals	-	-	(5)	(3)	(8)
Transfers between classes	2	-	(2)	-	-
At 31 December 2023	185	97	417	246	945
Net book value					
At 31 December 2023	3,517	4	19,664	12,573	35,758
At 31 December 2022	3,473	5	19,672	10,430	33,580

21. Fixed asset investments

	Listed investments £000	Loans to associates £000	Agricultural land £000	Total £000
Cost or valuation				
At 1 January 2023	**31,162**	**19**	**2,988**	**34,169**
Additions	**-**	**10**	**-**	**10**
Disposals	**(621)**	**-**	**(56)**	**(677)**
Revaluations	**2,926**	**-**	**383**	**3,310**
At 31 December 2023	**33,468**	**29**	**3,315**	**36,812**
Net book value				
At 31 December 2023	**33,468**	**29**	**3,315**	**36,812**
At 31 December 2022	31,162	19	2,988	34,169
Historic cost at 31 December 2023	**26,840**	**29**	**403**	**27,272**

Agricultural land held as investment properties
The estimate of the value of Glebe land and properties held as investments at the end of the year has been prepared by Savills on a Red Book valuation as at 31 December 2023.

Long term loans
The DDBF loaned £15,000 to Stirling Newall Trust for the installation of a new fire alarm system in 2021 with an additional loan of £10,000 being made during 2023. Both loans are repayable in annual instalments over 10 years with interest charged at 3% per annum.

Subsidiary undertakings
Unlisted investments are held at cost and relate to DDBF's wholly owned subsidiary undertaking, The Diocese of Durham Educational Trust, a company limited by guarantee (company registration number 08816527).

The Diocese of Durham Educational Trust was incorporated in 2013 to provide the Diocese with a vehicle to manage its education responsibilities. It is a dormant company which acts as a corporate member for a number of multi academy trusts.

Joint venture
During the prior year, the company established a joint venture limited liability partnership with Newcastle Diocesan Education Board (NDEB). The new entity, Joint Education Team LLP, commenced trading on 1 September 2023.

22. Debtors

	2023	2022
	£000	£000
Due after more than one year		
Church Buildings loan	**139**	103
Equity share loan	**134**	134
	273	237
Due within one year		
Parish share debtors	**-**	11
Church Buildings loans	**3**	2
Other debtors	**477**	737
Prepayments and accrued income	**615**	93
	1,095	843
Total	**1,368**	1,080

The historic cost of the equity share loan included in loans receivable is £16,000 (2022: £16,000).

23. Current asset investments

	2023	2022
	£000	£000
CBF Deposit fund	**634**	1,003

24. Creditors: amounts falling due within one year

	2023	2022
	£000	£000
Trade creditors	**315**	276
Pension deficit payments creditor (note 34)	**-**	-
Other creditors	**3**	2
Accruals and deferred income	**1,216**	127
	1,534	405

	2023	2022
	£000	£000
Deferred income at 1 January	**33**	26
Resources deferred during the year	**1,116**	33
Amounts released from previous periods	**(33)**	(26)
	1,116	33

25. Creditors: amounts falling due after more than one year

	2023 £000	2022 £000
Loans	**49**	101

Loans included in creditors due in more than one year comprise £49,000 (2022: £101,000) owing to Church Commissioners relating to property purchased to house clergy spouses, which becomes repayable on sale of the property once it falls vacant.

26. Summary of funds

Summary of funds - current year

	Balance at 1 January 2023 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 December 2023 £000
Designated funds	**25**	**-**	**(18)**	**-**	**-**	**7**
General funds	**5,839**	**8,358**	**(9,642)**	**1,017**	**226**	**5,798**
Endowment funds	**54,882**	**579**	**(23)**	**(925)**	**2,439**	**56,952**
Restricted funds	**11,263**	**3,461**	**(3,314)**	**(92)**	**645**	**11,963**
	72,009	**12,398**	**(12,997)**	**-**	**3,310**	**74,720**

Summary of funds - prior year

	Balance at 1 January 2022 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 December 2022 £000
Designated funds	25	-	-	-	-	25
General funds	5,848	9,280	(8,920)	(102)	(267)	5,839
Endowment funds	58,290	336	(191)	(756)	(2,797)	54,882
Restricted funds	10,994	3,018	(2,931)	858	(676)	11,263
	75,157	12,634	(12,042)	-	(3,740)	72,009

27. Statement of funds – current year

	Balance at 1 January 2023 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 December 2023 £000
Designated funds						
Bequests Fund	25	-	(18)	-		7
Unrestricted funds						
General	5,839	8,358	(9,642)	1,017	226	5,798
Restricted funds						
Parsonages Building Fund	2,042	54	-	(467)	112	1,741
Durham Closed Schools Fund	588	61	(10)	357	34	1,030
Pastoral Fund	7,052	227	(191)	544	448	8,080
Ministry and Preordination Training Fund	104	349	(307)	-	-	146
Lord Crewe's Charity	172	353	(383)	-	-	142
Strategic Development Fund - Resourcing Churches	29	615	(617)	-	-	27
Restructuring Fund - Renewal & Reform	63	-	(58)	-	-	5
Strategic Development Fund II - Communities for Hope	5	663	(664)	-	-	4
Misc Restricted Fund (Misc Income for projects)	69	52	(44)	96	-	173
Durham Capacity Fund (Restricted)	(1)	198	(200)	-	-	(3)
Strategic Capacity Grant fund	-	53	(53)	-	-	-
Strategic Ministry Fund		333	(333)			-
Strategic Development Fund - Transformation Growth	-	297	(297)	-	-	-
Archbishops' Council - Giving Adviser	-	23	(23)	-	-	-
Archbishops' Council - Net Zero	-	40	(15)	-	-	25
Archbishops' Council - Called to Fruitfulness	-	49	(49)	-	-	-
Benefact Trust- Cultivate funding	100	-	(57)	-	-	43
Other	1,040	94	(13)	(622)	51	550
	11,263	3,461	(3,314)	(92)	645	11,963
Endowment funds						
Parsonages Houses Fund	19,674	-	(5)	(252)	245	19,662
Stipends Capital Fund	35,208	579	(18)	(673)	2,194	37,290
	54,882	579	(23)	(925)	2,439	56,952
Total of funds	72,009	12,398	(12,997)	-	3,310	74,720

27. Statement of funds (continued)

Bequests Fund
This fund represents the balance from an anonymous donor during 2019 which the Board decided should be held within a separate designated fund to support the diocesan priority of 'Challenging Poverty'.

General fund
The general fund is available for any purpose within the objects of the Board. It is principally used for payment of stipends, national insurance, pension contributions and housing costs of clergy and licensed lay-workers in parish ministry. It also provides the assets and liquidity for the DDBF to carry out its objectives, including statutory compliance and administration of funds.

Parsonages Buildings fund
The Parsonages Buildings fund is held by the DDBF to pay for repairs and maintenance of parsonage houses. This fund also holds the net proceeds from the sale of any previous parsonages which have been ring fenced for the provision of a replacement parsonage as and when necessary.

Durham Closed Schools Fund
The Closed Schools Improvements Fund represents the pooled sale proceeds of closed church schools in the Diocese in accordance with Section 287 (2) of the Education Act 1993. The capital and income can be used for the building, extension and maintenance of church schools. The income alone can be spent on the management and administration of church schools.

Pastoral Fund
The pastoral account includes the proceeds of redundant churches and parsonages and was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:

-to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees

-to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese

-other purposes of the Diocese or any benefice or parish in the Diocese

-to make grants or loans to any other diocese

-to transfer funds to the diocesan stipends fund income or capital accounts.

Ministry and Preordination Training Fund
This is a restricted fund set up to provide assistance for ministry and training.

Lord Crewe's Charity Restricted Fund
This fund provides support for necessitous clergy and gives resources for the mission and ministry of parishes in the most deprived parts of the Diocese

Strategic Development Fund
This restricted fund relates to grants received from the Church Commissioners to develop and deliver the strategic plans of the DDBF.

Restructuring Fund
The Church Commissioners awarded the Diocese a one-off allocation to allow the Diocese to adapt to a reduction in funding resulting from the replacement of Selective Allocation by Lower Income Communities Funding. This funding is restricted as it must be used in line with an agreed plan.

Strategic Development Fund – Growing Hope
This national church funded project is to develop Communities of Hope, which are Christian small scale social enterprise projects in areas with high levels of social deprivation, alongside two further Resourcing Churches and ministry experience volunteers.

Miscellaneous Restricted Income Fund
This restricted fund relates to grants received for one off smaller activities which have been made available for specific restricted activities within the Diocese.

Durham Capacity Fund
This fund provides support for the diocese through the process of developing a transformational strategy and missional design.

Strategic Capacity Fund - Church planting
Provides capacity for the administration and management of church planting within the diocese.

Strategic Ministry Fund
Provides support to assist with funding the curates.

Strategic Development Fund - Transformation Growth
Transform the church building into a space fit for worship, mission and cultural activities in the 21st Century.

Archbishops Council – Giving Adviser Fund
National church funding to provide diocesan support for parishes around generous giving and stewardship.

Archbishops' Council - Net Zero
Awarded towards helping the Diocese work towards their net zero targets.

Archbishops' Council - Called to Fruitfulness
Increasing capacity, regeneration of parishes for mission, missional chaplaincies

Benefact Trust - Cultivate
Funding to support the diocese's 'Cultivate' church planting strategy.

Other grants
This restricted fund relates to grants which support a wide range of projects related to the four Diocesan priorities.

Parsonage Houses Fund
The Parsonage Houses Fund represents the value of the benefice houses (parsonages) in the Diocese after deducting loans outstanding in respect of such houses.

Stipends Capital Fund
The Stipends Capital Fund is governed by the Diocesan Stipends Measure 1953. The income of the fund can only be used for clergy stipends but, since 1993, capital can be applied for improvements to parsonage houses.

Transfers between funds

Transfers from endowment funds represent transfers from the Parsonage property fund to unrestricted and restricted funds following the sale of certain properties, according to the terms imposed on the endowed asset.

Transfers from general funds to the Stipend capital fund represented the reduction in the clergy pension scheme deficit creditor.

In addition a transfer of £769,000 has been made from endowment funds to unrestricted funds representing the allocation of unapplied total returns (see note 28).

27. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 January 2022 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 December 2022 £000
Designated funds						
Bequests Fund	25	-	-	-	-	25
Unrestricted funds						
General	5,848	9,280	(8,920)	(102)	(267)	(5,839)
Restricted funds						
Parsonages Building Fund	2,151	46	-	-	(155)	2,042
Durham Closed Schools Fund	580	13	(15)	10	-	588
Pastoral Fund	6,504	98	(159)	996	(387)	7,052
Ministry & Preordination Training Fund	169	542	(479)	(128)	-	104
Faith in the Community	3	-	(3)	-	-	-
Lord Crewe's Charity	118	340	(286)	-	-	172
Strategic Development Fund - Resourcing Churches	28	675	(674)	-	-	29
Restructuring Fund	208	-	(145)	-	-	63
Strategic Development Fund II - Communities for Hope	-	698	(693)	-	-	5
Misc Restricted Fund (Musc Income for project)	52	50	(33)	-	-	69
Durham Capacity Fund (Restricted)	-	175	(176)	-	-	(1)
Strategic Capacity Grant fund	-	49	(49)	-	-	-
Strategic Ministry Fund	-	188	(188)			-
Benefact Trust- Cultivate funding	-	100	-	-	-	100
Benefact Trust – Giving Adviser funding	-	13	(13)	-	-	-
Other	1,181	31	(18)	(20)	(134)	1,040
	10,994	3,018	(2,931)	858	(676)	11,263
Endowment funds						
Parsonages Houses Fund	20,263	336	(5)	(920)	-	19,674
Stipends Capital Fund	38,027	-	(186)	164	(2,797)	35,208
	58,290	336	(191)	(756)	(2,797)	54,882
Total of funds	75,157	12,634	(12,042)	-	(3,740)	72,009

28. Total return on investment

	Trust for investment 2023 £000	Unapplied total return 2023 £000	Total Stipend Capital fund 2023 £000
As at 1 January 2023	35,208	-	**35,208**
Movements in year			
Allocation to trust for investment	833	(833)	-
Investment return: dividends and interest	-	338	**338**
Investment return: gains on sale of property		241	**241**
Investment return: realised and unrealised gains and (losses)	-	2,194	**2,194**
Addition of capital	96	-	**96**
Less costs of maintaining properties	-	(18)	**(18)**
	929	1,922	**2,851**
Allocation from trust for investment (on first time application of total return policy) at 1 January 2023	(24,765)	24,765	-
Unapplied total return allocated to income	-	(769)	**(769)**
Net movement in the year	(23,836)	25,918	**2,082**
As at 31 December 2023	11,372	25,918	**37,290**

On 1 December 2022 the Trustees agreed to adopt a total return approach to accounting for the stipend capital endowments of the Diocese. The full details of policies adopted are set out in the accounting policies in note 1. The date of adoption for the purposes of calculating the original value of the Trust for investment was 1 January 1997, with all additional gifts since that date added and inflation included to arrive at the value of the Trust for investment as at 1 January 2023.

On 31 December 2023 a proportion of the resulting unapplied total return was allocated to income for the year, as shown above.

29. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Endowment funds 2023 £000	Total funds 2023 £000
Tangible fixed assets	1,895	1,627	32,236	**35,758**
Fixed asset investments	2,979	9,067	24,766	**36,812**
Debtors due after more than one year	142	131	-	**273**
Current assets	1,140	2,320	-	**3,460**
Creditors due within one year	(351)	(1,182)	(1)	**(1,534)**
Creditors due in more than one year	-	-	(49)	**(49)**
Total	5,805	11,963	56,952	**74,720**

Analysis of net assets between funds - prior year

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Endowment funds 2022 £000	Total funds 2022 £000
Tangible fixed assets	1,823	1,656	30,101	33,580
Fixed asset investments	2,385	6,888	24,896	34,169
Debtors due after more than one year	237	-	-	237
Current assets	1,810	2,719	-	4,529
Creditors due within one year	(391)	-	(14)	(405)
Creditors due in more than one year	-	-	(101)	(101)
Total	5,864	11,263	54,882	72,009

30. Analysis of significant transfers between funds

Analysis of significant transfers between funds – current year

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Endowment funds 2023 £000	Total funds 2023 £000
Transfer of Parsonage Houses to General	76	-	(76)	-
Transfer of Parsonage Houses to Pastoral Account	-	245	(245)	-
Release of cash from Parsonage Houses to Pastoral Account	-	297	(297)	-
Release of Ecomb Pars Build Fund to Parsonage Property	-	(346)	346	-
Transfer to Parsonage Houses Fund to purchase land at St Peter's Vicarage	-	(20)	20	-
Bank journal from Parsonage Building Fund to Stipends Capital Fund	-	(96)	96	-
Total Return transfer from Stipends Capital	769	-	(769)	-
Year end dividends release	172	(172)	-	-
Total	1,017	(92)	(925)	-

30. Analysis of significant transfers between funds (continued)

Analysis of significant transfers between funds – prior year

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Endowment funds 2022 £000	Total funds 2022 £000
Transfer of Parsonage Property to Pastoral	-	996	(996)	-
Transfer from general funds to Stipend Capital fund in respect of reduction in clergy pension scheme deficits payment creditor	(240)	-	240	-
Transfer of balance of Ministry and Pre ordination fund To Board of Finance CBF Deposit Fund	10	(10)	-	-
Released cash from Pastoral to Stipend Capital	-	(774)	774	-
Release of investment shares from Stipend Capital to Pastoral	-	774	(774)	-
Total	(102)	858	(756)	-

31. Reconciliation of net movement in funds to net cash flow from operating activities

	2023 £000	2022 £000
Net income/(expenditure) for the year (as per Statement of Financial Activities)	**2,711**	(3,148)
Adjustments for:		
Depreciation charges	**45**	45
(Gain)/loss on investments	**(3,310)**	3,740
Dividends, interests and rents from investments	**(1,036)**	(911)
Increase in debtors	**(288)**	(35)
Increase in creditors	**1,129**	83
Profit on sale of fixed assets	**(241)**	(336)
Pension revaluation	**-**	(99)
Contributions to pension scheme	**-**	(141)
Net cash used in operating activities	**(990)**	(802)

32. Analysis of cash and cash equivalents

	2023 £000	2022 £000
Cash in hand	1,731	2,683
Notice deposits (less than 3 months)	634	1,003
Total cash and cash equivalents	2,365	3,686

33. Analysis of changes in net debt

	At 1 January 2023 £000	Cash flows £000	At 31 December 2023 £000
Cash at bank and in hand	2,683	(952)	1,731
Debt due after 1 year	(101)	52	(49)
Liquid investments	1,003	(369)	634
	3,585	(1,269)	2,316

34. Operating lease commitments

At 31 December 2023 the charitable company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2023 £000	2022 £000
Not later than 1 year	9	10
Later than 1 year and not later than 5 years	1	2
	10	12

35. Pensions

The DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pension Fund** for lay staff.

These schemes are multi-employer defined benefit pension schemes (referred to as "last man standing" schemes) for which the DBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 28.11 of FRS102 requires the DBF to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the DBF. A valuation of each scheme is carried out once every three years.

Church of England Funded Pension Scheme

Durham DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those separately from those of the Responsible Bodies. Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year which were £952,000 in 2023 (2022: £1,243,000), plus the figures highlighted in the table below as being recognised in the SOFA, giving a total charge of £952,000 for 2023 (2022: £1,144,000). The scheme is accounted for within the Stipends Capital Fund.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;

  Increase in pensionable stipends in line with CPIH;

- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.

35. Pensions (continued)

The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

	% of pensionable stipends
31 December 2021	7.1% payable from January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2023	2022
	£000	£000
Balance sheet liability as at 1 January	-	240
Contributions paid	-	(141)
Interest cost (recognised in SOFA)	-	-
Re-measurement of the balance sheet liability (recognised in SOFA) *	-	(99)
Balance sheet liability as at 31 December	-	-

* Comprises change in agreed deficit recovery plan and change in discount rate and assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2023 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	2023	**2022**	**2021**
Discount rate	n/a	n/a	0.0% pa
Price inflation	n/a	n/a	n/a
Increase to total pensionable payroll	n/a	n/a	-1.5% pa

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities.

Church Workers Pension Fund
Durham DBF (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pension costs charged to the SOFA during the year are contributions payable towards benefits and expenses accrued in that year (2023: £219,000, 2022: £211,000) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SOFA, giving a total charge of £219,000 for 2023 (2022: £211,000). The scheme is accounted for within the general unrestricted fund.

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of DBS is carried out once every three years. The most recently finalised was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £11.3m.

The next actuarial valuation is due at 31 December 2023. Calculations for this are underway.

Following the 2019 valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution of 33.8% of pensionable salary and expenses of £7,800 per year.

The movement in the provision is set out below:

	2023 £000	2022 £000
Balance sheet liability as at 1 January	-	-
Contributions paid	-	-
Interest cost (recognised as SOFA)	-	-
Re-measurement of the balance sheet liability (recognised in SOFA)*	-	-
Balance sheet liability as at 31 December	-	-

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	2023	2022	2021	
Discount rate	-	0.00% pa	0.00%	pa

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities.

Pension Builder Scheme

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme.

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019.

For the Pension Builder Classic section, the 2019 valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2024, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 5% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2023. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the 2019 valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

The next valuation is due as at 31 December 2022. Calculations for this are currently under way.

The legal structure of the scheme is such that if another employer fails, DDBF could become responsible for paying a share of the failed employer's pension liabilities.

36. Custodian funds

The Board act as custodian trustee responsible for trust funds held on behalf of others. The movement on these funds during the year is set out below:

	2023	2022
	£000	£000
Balance at 1 January	**12,763**	14,275
Funds received	**577**	430
Payments made	**(544)**	(491)
Revaluation of investments held	**782**	(1,451)
Balance at 31 December	**13,579**	12,763

The funds held by the DDBF as custodian trustees comprise deposits and investments. The funds are held on behalf of the PCCs within the Diocese, in separate bank and investment funds.

37. Contingent asset

During the year, the Church of England Pension Board indicated that they intended to close the Church Workers Defined Benefit Scheme to future accrual. This led to the DDBF taking the decision in December 2023 to transfer all employees who were members of this scheme to the Pension Builder Classic scheme as of 31 January 2024. The Pension Board indicated that the DDBF's section of the Church Workers Defined Benefit Scheme was in an asset position at the balance sheet date, however the scheme remained active at that date, and therefore the value of this asset upon closure was yet to be fully quantified. This is because the cost of settling the scheme liabilities had not been fully determined. Therefore this asset has not been recognised within the financial statements due to uncertainty over its value.

38. Related party transactions

There were no related party transactions during the current or previous year.

THE DURHAM DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 248287

Accounts

THE CHURCH OF ENGLAND

DIOCESE OF DURHAM

DURHAM DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2022

Company Number: 00192018
Charity Number: 248287

Durham Diocesan Board of Finance

(A company limited by guarantee)

Contents

	Page
Reference and administrative details	1 - 2
Trustees' report	3 – 19
Trustees' responsibilities statement	20
Independent auditor's report to the trustees of Durham Diocesan Board of Finance	21 – 23
Statement of financial activities	24
Income and expenditure account	25
Balance sheet	26
Statement of cash flows	27
Notes to the financial statements	28 - 59

Durham Diocesan Board of Finance

(A company limited by guarantee)

Reference and administrative details
Year ended 31 December 2022

Ex officio members of the board
The Bishop of Durham - Right Reverend PR Butler (Chair)
The Bishop of Jarrow - Right Reverend SE Clark
The Dean of Durham - Very Reverend A Tremlett (until 31 August 2022)
The Archdeacon of Auckland - Venerable RL Simpson
The Archdeacon of Durham - Venerable EM Wilkinson
The Archdeacon of Sunderland - Venerable RG Cooper
The Chair of the House of Laity - Mrs F Stenlake (from 20 January 2022)
The Chair of the House of Clergy - Canon S Clark
The Chair of the Finance Group - Ms ML Vaughan

Elected members of the board
Mrs A Blackburn
Mr F Drake
Mr S Gardiner
Mr J Hall
Dr JH Harrison
Mr P Hobbs
Mrs R Hicks
Dr AC Price
Mr FA Rogers
Mrs F Stenlake (until 20 January 2022)
Mr J Wilders (from 21 October 2022)
Reverend P Arnold
Reverend L Sutherland
Canon D Tolhurst

Reference and administrative details (continued)
Year ended 31 December 2022

Company registered number	00192018
Charity registered number	248287
Registered office	Cuthbert House Stonebridge Durham DH1 3RY
Company secretary	Mr J J Morgan
Independent auditor	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
Diocesan Chancellor	The Worshipful Adrian Iles 56 North Bondgate Bishop Auckland DL14 7PG
Diocesan Registrar	Mr P Wills Smith Roddam 56 North Bondgate Bishop Auckland DL14 7PG
Glebe property agents	Savills Helix The Lumen St James' Boulevard Newcastle upon Tyne NE4 5BZ

Durham Diocesan Board of Finance

(A company limited by guarantee)

Trustees' report
Year ended 31 December 2022

The trustees of the Durham Diocesan Board of Finance ('the DDBF'), who are the members of the company and are directors for the purposes of company law, present their report together with the audited financial statements, for the year ended 31 December 2022.

This report satisfies the legal requirements for the directors' report of a charitable company; a strategic report under the Companies Act 2006; and a trustees' annual report under the Charities Act 2011.

Objectives of the DDBF

The DDBF was formed to manage the financial affairs and hold the legal title to the assets of the Diocese of Durham. It was incorporated on 21 August 1923 as a charitable company limited by membership guarantees (No. 00192018) and is registered with the Charity Commission (No. 248287).

Each member of DDBF has a personal liability limited to £1 under their guarantee as company members in the event of its being wound up.

The objectives of the DDBF as set out in the Memorandum and Articles of Association are to hold real and personal property for the purposes connected with the Church of England in the Diocese of Durham. The Board is the financial adviser and executive of the Diocesan Synod; it is responsible for the collection, custody, disbursement and account of the Synod's funds, and the employment of all persons in receipt of salaries paid directly from those funds.

The DDBF has delegated responsibility for the day-to-day management of the company to the Diocesan Secretary. It has also appointed a Director of Mission, Discipleship and Ministry and, until May 2022, a Director of Strategic Growth to support the Diocesan Bishop in his work to develop the mission of the Church of England in the Diocese of Durham. These senior managers are supported by heads of department and their staff. No employee of the DDBF is a statutory director or trustee of the Board.

The Diocese of Durham also benefits from the services offered on a voluntary basis by a large number of members and supporters of the Church of England. These volunteers give of their time and expertise in many ways, including membership of the boards and committees needed to provide effective governance and ensure effective operation of the Diocese.

The Board would like to place on record its gratitude and thanks for all the support it has received from both staff and volunteers over the past year. The Board recognises the continuing challenges facing clergy, parishes and other forms of ministry arising from Covid-19 and the cost of living crisis and would like to thank all of those who have supported this work in these difficult circumstances.

Strategies, Aims and Objectives

The Diocese of Durham has adopted a vision to be:

The Church of England from the Tyne to the Tees and the Dales to the Sea, blessing our communities in Jesus' name for the transformation of us all.

Following the Waymark conference in late 2019, the Diocese has developed a mission strategy for 2021-2026, approved at Diocesan Synod in January 2021. This focusses on four priorities:

- Engaging with Children, Young People and 18-25s;
- Energising Growth;
- Challenging Poverty; and
- Caring for God's Creation.

Strategic report

Achievements and performance

Operational Review

The Christian Presence

Clergy, lay leaders and church members play a central part in the life of churches and carry out important roles in our communities. This involves engaging in a wide variety of community and church projects, and clergy, along with licensed lay ministers, carry out numerous weddings, baptisms and funerals, and provide chaplaincy in a range of different settings.

Leadership in its many forms is essential and we are delighted to have had real success in developing both lay and ordained vocations. Numbers of those in training for ordained ministry continue to remain high. By the end of the year, we had 36 Durham sponsored candidates in training for ordained ministry (2021: 41). The Diocese has now moved from being a diocese that imports candidates for ordination from other regions, to one that exports candidates.

The numbers in training for Reader ministry have also been sustained. At the end of the year there were 14 Readers in training (2021: 15). Numbers of vocations to Lay Pastoral Ministry have increased again after a dip last year, with nine in training (2021: three). There are two people in training for Lay Chaplaincy. A new strand to our vocational offer this year is the Authorised Lay Ministry of the Word pathway, and we have three people in training for that course. All the authorised and licensed lay ministries (Reader, Pastoral Ministry, Chaplaincy, and Ministry of the Word) are being trained through Lindisfarne College of Theology.

Engaging with Children. Young People and 18-25s

Diocesan Board of Education

The Durham Diocesan Board of Education, through the Joint Education Team continued to work with all 57 church schools throughout the year.

A vast online and in-person training programme has been delivered including the annual conference which attracted over 200 delegates both from Church and Community schools. School visits have been undertaken throughout the course of the year and vulnerable schools prioritised.

The Assistant Director for Legal and Governance has continued to deliver a series of online meetings to support wider groups of chairs and ex-officio governors, with up to 100 in attendance at once. Assistant Directors for Standards and Effectiveness have focused this year on supporting all schools with their curriculum offer with a focus on subject leadership.

During the year the Durham and Newcastle Diocesan Learning Trust (DNDLT) increased to 11 schools and the team has worked towards two further schools joining the DNDLT in January 2023. The Diocesan Director of Education (DDE) has continued in the 'Acting CEO Role' for the DNDLT although this will come to an end in September 2023 when the DDE will move to the DNDLT full time, and it was announced in December 2022 that an interim DDE had been appointed.

Many more conversations are taking place with interested schools. School building work continued, and all projects planned were completed although some slightly behind the expected timetable.

Youth ministry

One of the main themes of 2022 has been encouraging and supporting churches to re-establish youth ministry. Many churches have struggled to retain engagement with young people through the pandemic, and many have lost volunteer helpers. However, many new initiatives and projects have started at the same time.

In late 2022 a survey was completed by 92% of parishes to ascertain how youth ministry had been affected by Covid. This led to conversations with area deans, deanery chapters and deanery synods to re-focus energy and priorities.

Training has been significant during 2022, with regular teaching and training through the IME programme, Cranmer Hall Theological College and, for the first time, Lindisfarne College of Theology. This is in addition to running the Bishop's Certificate in Youth Ministry, mainly with volunteers.

The DDBF continues to support schools and has assisted schools in running Prayer Spaces and in helping to establish chaplaincy provision and connection with their local parish churches.

The annual Growing Young Leaders course finished in April with a celebration presentation to Bishop Paul from 15 young people aged 14-18, and a new cohort began the course in October. Many church leaders and parents have testified to the impact of this course on young people in terms of discipleship and confidence in taking up leadership challenges with their churches.

The termly Pulse youth event continues to flourish, with events at Durham Cathedral focused on the persecuted church with Open Doors and another featuring a Gospel Choir, and a Youth Pilgrimage to Holy Island took place, walking across the causeway with Bishop Sarah.

A partnership with Scripture Union was launched in March and led to the appointment of a part-time 'Revealing Jesus' pioneer funded by Scripture Union, who works alongside the DDBF children and youth advisers encouraging churches to develop opportunities for growing faith communities among young people.

Children's ministry
2022 has been a restorative year in children's ministry, with many groups returning to regular face to face gatherings and events. Toddler groups and pre-school ministry is flourishing in many areas and is highly valued by the families and communities they serve. Ministry through Messy Church; Muddy Church; Forest Church; Open the Book and Holiday Clubs has seen an increase in participation.

The Growing Faith programme continues both nationally and locally, encompassing our focus on chaplaincy in educational settings from primary to further education. The DDBF has contributed towards the national development of a 12-month pilot of the Growing Faith Strategic Leadership Course as well as creating new pathways for churches, schools and households to work together. Funding was awarded to continue this work throughout 2022 and into 2023 and continues to be a necessary element of our work.

Training continues for those involved in children's ministry, including the Bishop's Certificate course alongside bespoke training as a response to the needs displayed in different contexts. Employed children's workers are supported both individually and as part of a network, meeting regularly to share good practice and support.

Children's Council now has 17 children aged 8-12 years old, who have been involved in our new missional project 'Homegrown' with an event for 35 children based in a local church. More events are planned where the children will be highly involved in all aspects of running the event.

The largest event in 2022 was the Year Six Leavers' Transition Prayer Space and Service, held in Durham Cathedral. With over 2,700 children attending one of six services over three days in June, we marked the transition from the children's primary education to secondary education. Working collaboratively with the Joint Education Team to deliver these services, they were a highlight of the work in 2022.

Energising Growth

The Diocese aims to grow in three key dimensions:

- in reach and influence;
- in depth by strengthening discipleship; and
- in breadth and number.

This mission is shared with every parish, chaplaincy, and other expressions of faith in the Diocese, and takes place through many different routes. Some of these projects are outlined below:

Growing Durham Diocese: Our Resourcing Churches have continued their recovery from the effects of the pandemic. All are showing growth and refining their plans for planting and broadening their reach. All of them have undertaken a sustainability review, with the support of the Diocesan Finance and Growth Team, to enable them to consider sustainability issues as the national church funding begins to taper during 2023. Progress continues to be overseen by the quarterly project monitoring board chaired by the Bishop of Durham.
The learning community, which provides support for leaders and teams, is going from strength to strength, and is greatly valued by those who attend.

The mixed mode ordinand training programme has been subject to a review evidencing what is needed for mixed mode training to sit alongside the other routes to ordination.

Growing Hope: This project includes several different approaches to church growth, including Communities of Hope (projects centred on bringing people to faith through social enterprise), Resource Churches and Church Plants. The Community of Hope in Pennywell, Hope for All, is now well established in the local community and has been recognised by the local council for their social enterprise work. In Wynyard, the growing church now meets in the local primary school, and Thornley has recently appointed a new plant lead, to take the project on to the next stage and consolidate the growing opportunities that are there. In Seaham, a suitable property on the main shopping street near the church has been acquired and preparations are being made for refurbishment with the team now able to expand the range of activities offered to the local community. After a thorough review, requested by the Monitoring Board, the decision was made to cease funding the Beacon Project and it is hoped that a new project can be developed in or close to North Wearside during 2023.

Support and process: Our national church funded project support team, which includes two project managers and a sustainability manager, has continued to work with parish-based project teams to bring the projects to fruition. Following the departure of the Director for Strategic Growth in May 2022, this team has been led by the Director of Mission, Discipleship and Ministry and a Deputy Director has been appointed to support leadership capacity in this area.

Cultivate: The Cultivate training program has been developed to grow church planting from local churches with lay and ordained leads as a key part of our strategy for growth. Benefact Trust has committed £200,000 towards this programme. As this programme expands and more parishes join the programme, we have appointed a part-time coach to work with parishes undertaking the Cultivate programme as it expands.

Challenging Poverty

2022 has been a challenging year for the people of the Diocese. Research from Loughborough University found that the North East region now has the highest child poverty rates in the country, with over 50% of children growing up in poverty in some communities. Child Poverty rates in the region have risen by almost half, from 26% to 38%, in the space of six years compared to a drop of two percentage points nationally, with in-work poverty rising sharply from its pre-pandemic levels.

The work of the Bridge Project and our involvement with Communities Together Durham continued, supporting parishes and individuals to engage with our key areas of focus:

- *working together to address child and youth poverty;* over 40% of parishes provided some support to low-income families during the school holidays, and some new school uniform exchanges were started. A partnership with Children North East has supported more schools to 'poverty proof' the school day. More projects are shifting the emphasis from food banks to food hubs and social supermarkets providing more sustainable responses to food poverty. Support for a successful Living Wage campaign saw the region's first Living Wage City in Sunderland. Alongside this the number of volunteers engaged in debt advice services has grown, and fuel poverty is an increasing concern. The Ten10 bus in Washington has offered a range of activities to build confidence among young people and support community engagement, with sessions taking place across the Diocese.

- *responding to isolation, particularly among the elderly;* our growing Places of Welcome and Drop-in network was particularly valuable as churches were encouraged to open as Warm Spaces, using funding from the national church, to support those struggling with fuel poverty. We have also moved forward with plans to appoint parish nurses, focusing on mental health, in Teesdale and Weardale with prayerful and practical support from churches in Barnard Castle, Middleton in Teesdale, and Upper Weardale. Community nurses are soon to be recruited, and will embed themselves in these small and often isolated communities.

- *reaching out and responding to the needs and gifts of asylum seekers and refugees:* two members of staff were appointed in September to develop a coordinated approach across the diocese, working in partnership with local authorities and other providers. Support for Ukrainian refugees and their hosts dominated much of this work in 2022 and weekly drop-ins have been held to provide hosts with support and fellowship.

The work continued to be supported by Lord Crewe's Charity and we are very grateful for the funding awarded in support of the diocesan priority of challenging poverty to transform lives and communities, and for the generous additional funding for five specific projects as part of their tercentenary programme.

More details of activities and their impact can be found on the Communities Together Durham website at https://communitiestogetherdurham.org.uk/

Caring for God's Creation

In this the second year since our adoption of the Caring for God's Creation diocesan priority, we have continued to encourage churches to register with A Rocha as Eco Churches. The Diocese of Durham currently has 47 churches registered. 17 of these have achieved bronze award, four have achieved silver and one church – Hart St Mary – has achieved the gold award and is one of only 23 in the country to do so. It is hoped that we will be able to share some of their journey and encourage others to make further progress over the coming months. Our Environmental Champions have promoted the take-up of Eco Church and are encouraging positive environmental action in parishes.

Diocesan Synod welcomed the national Routemap to Net Zero Carbon by 2030, as proposed at General Synod, and committed to producing our own Diocesan Routemap to work towards that goal. This has demonstrated the need for increased capacity, and will be one of the key tasks for a full-time Diocesan Environmental Officer for which we hope to obtain national church funding to recruit in early 2023.

Safeguarding

The safeguarding team was strengthened by the recruitment of two members of staff, a Safeguarding Support Officer and a Safeguarding Learning and Development Officer.

The Safeguarding Support Officer works primarily with parishes to assist them in achieving compliance with the safeguarding requirements specified by the National Safeguarding Team and commended by the House of Bishops. To this end, and to assist the DBF in fulfilling its own safeguarding obligations, the Parish Dashboard system was launched across the Diocese in November. This IT tool was designed with the needs of parish

users in mind, with both Parish Safeguarding Officers and clergy involved in its development and is used by over 5,000 parishes across the Church of England. It enables PCCs to maintain a clear picture of their compliance with safeguarding requirements: green lights give assurance that there is compliance with safeguarding requirements and amber and red lights highlight actions which need to be completed. The dashboard also produces an action plan for discussion and approval by the PCC to ensure each parish is up to date with its safeguarding responsibilities and to enable the Diocese to offer support to those who may need help. The DBF is providing full support for its implementation by the Safeguarding Support Officer and it is being received positively by parishes.

The Safeguarding Learning and Development Officer leads on the delivery of Safeguarding Training across the Diocese, supported by a small team of sessional workers. The core modules of safeguarding training (Basic, Foundation and Leadership) have received positive feedback. It is taking longer to embed the e-learning modules of Safer Recruitment and People Management, and Raising Awareness of Domestic Abuse than had been hoped; however, targeted work in 2023 will ensure compliance with these requirements.

During the year a Survivor Engagement Strategy was written and good progress is being made with implementation. We have engaged with an organisation in our region which supports survivors of sexual abuse and are working towards a service level agreement with them. In addition, two survivors of church-based abuse have offered to work with the Diocese to assist in our commitment to hearing the survivor voice in all our work and services. This strategy coupled with a commitment to implement recommendations from our Past Cases Review 2 forms the basis of our Diocesan Safeguarding Strategic Plan.

Steps were taken to look at ways of providing quality assurance around our safeguarding services and this will continue throughout 2023 as we move towards independent Diocesan audits nationally in 2024. Draft quality assurance standards have been produced by the National Safeguarding Team and this gives the Diocese a good indication of the focus of future audits.

Case-work throughout the year was managed by the Diocesan Safeguarding Advisor, in collaboration with colleagues throughout the Diocese and in line with good practice guidance, as we continued to do all within our power to make our churches safe for all.

Joint Working Practices and DDBF staff

In the interests of delivering the best support services possible for our Diocese, we have continued to develop opportunities to work in collaboration with other regional Church of England bodies. These include the well-established Joint Education Team, aspects of ministerial training and retreat house. The joint Newcastle and Durham diocesan communications team has now developed a regional voice to promote Church of England news and views aligned geographically to regional media organisations. In January the new Diocesan website was launched, and development of material continues. Along with our growing presence on social media, this provides a platform for the Diocese to disseminate support and guidance and to celebrate achievements.

In collaboration with Durham Cathedral, a shared Human Resources team has served both the Cathedral and the DDBF.

The number of staff employed by the DDBF was the full-time equivalent of 40 (2021: 43) posts. This includes three (2021: three) chaplains who are employed by the DDBF on behalf of the organisations in which they serve. This also includes 19 (2021: 15) posts which are grant funded, and most of which are fixed term with renewal subject to further funding being available. This approach enables the DDBF to fulfil a wider range of provision than would be possible through its core staff, whilst allowing unrestricted funds to be focussed on ministry.

The DDBF has continued to build on the consultation process which resulted in the creation of the role of Equality, Diversity & Inclusion Enabler currently filled by Revd. Canon Remi Omole. The role helps to coordinate a team of advisers and advocates to help drive the Diocese forward in key areas including:

- Disability;
- UKME (previously BAME);
- Gypsy, Traveller and Roma;
- Women's advocacy;
- LGBT+ advocacy; and
- Deaf ministry.

Improvements have been made to several operating systems and processes to drive efficiencies and to improve the accessibility and reach of services provided. This has included providing hybrid working amongst staff and reviewing the IT infrastructure of the DBF.

Looking ahead

Our work on parish development continues, and the Mission, Discipleship & Ministry (MDM) Team works across the Diocese to support parishes, clergy and lay people in the important work that they do.

In response to Bishop Paul's presidential address to Diocesan Synod at the close of 2021, which addressed the challenges currently faced by the Diocese, Bishop's Council appointed a working group (comprising of Archdeacons, Diocesan Secretary, the Vice Chair of the DBF and Strategic Transformation lead) to steer the development of a scheme for Diocesan Transformation and make an application for Strategic Transformation Funding from the national church. After extensive consultation with stakeholders the resulting report and plan ('Called to Fruitfulness') builds on the Waymark process from 2019-2020 and more recent work to develop our Missional Priorities (2021-2026). It focusses on creatively addressing the challenge of missional growth and financial sustainability over the period 2023-2032 through cultural change, structural innovation and investing in mission.

Following adoption by Synod in November 2022, a first iteration of the six thread scheme was presented to the national church for advice and feedback and to test the rigour of the vision and concepts and its suitability for national funding. Initial feedback from the board has been overwhelmingly positive, with affirmation of the cohesion, ambition and focus of the programme and encouragement to submit a pilot in early 2023 and a fuller version for formal consideration and funding shortly after.

The six interrelated elements of the Called to Fruitfulness transformation strategy are:

- Missional Discipleship, Transforming Prayer;
- Church Planting and Revitalisation;
- Piloting Missional Hubs;
- Developing Missional Youth Chaplaincy;
- Resources for Local Change; and
- Support for Culture Change.

Together they are intended to catalyse a more collaborative and missionally focussed approach, to resource outreach to and the discipleship of young people (in line with the national vision of becoming younger & more diverse), to support a mixed ecology of approaches and to contribute to the national vision of planting 10,000 new worshipping communities by 2030.

Locally, success in securing funding would enable us to plant or revitalise 100 churches, establish and resource church based missional chaplaincy teams in every College of Further Education (connecting us to 130,000 local young adults), support clergy to focus more fully on mission, align appointments more explicitly to the Diocesan vision and support new collaborative initiatives in places where developing mission in isolation would be otherwise impossible.

Financial review

Financial conditions in 2022 remained challenging for parishes and for the DDBF due to the lasting effects of Covid-19 and increasing inflationary pressure. Despite many parishes using reserves to fund parish share, the cash value of the DDBF's parish share receipts remained at £4.33m (2021: £4.37m), being 96% of the amount originally pledged by parishes. This remains £1.5m below the amount required to meet the full cost of diocesan ministry assuming no vacant posts.

The DDBF agreed a budget operating deficit of £0.9m for 2022, of which £0.4m was to be drawn from restricted reserves. This including £150k to deliver clergy housing improvements, and commitments towards growth projects and towards the costs of closed churches from the pastoral fund.

The net movement in funds was a deficit of £3.1m (2021: surplus of £5.8m), which included a £3.7m unrealised loss on investments (2021: £4.1m gain), a gain of £0.3m (2021: £1.3m) on disposal of property and a decrease of £0.2m (2021: £0.4m) in pension deficit reduction liabilities. Grant funding of £0.2m (2021: £0.1m) was received during the year and is yet to be disbursed and in the prior year, sustainability funding of £0.3m was received from the Archbishops' Council in response to the pandemic. Excluding these adjustments which are outside of the DDBF's operational budget, there was an underlying operating deficit of £0.2m (2021: £0.4m).

- Income (excluding income received on the sale of property) was £12.3m (2021: £11.5m), including:
    - Contributions from parishes – "Parish Share" – of £4.3m (2021: £4.4m), £0.2m less than budget. The Diocese is grateful to parishes for their contributions to parish share during a challenging year;
    - £2.1m (2021: £2.2m) of Lower Income Communities Funding, £1.6m (2021: £1.3m) of Strategic Development Funding grants, £0.5m (2021: £nil) of Energy Costs and Ministry Hardship Grants for onward disbursement, £nil (2021: £0.5m) of Sustainability Funding and other funding streams from the Archbishops' Council;
    - £0.5m (2021: £0.4m) of Property Income;
    - £0.3m (2021: £0.4m) from Lord Crewe's Charity to fund poverty alleviation, counselling and other projects.
    - Contributions were received from donors such as Benefact Trust, Hild Bede Trust, Marshalls Charity and Mercers Trust.
- The largest area of expenditure was on supporting parish ministry, comprising the stipends, pension and housing costs of clergy:
    - Stipend and salary related costs were £6.8m (2021: £6.6m).
    - Costs of providing clergy housing were £1.5m (2021: £1.3m).
- Net assets at the balance sheet date were £72.0m (2021: £75.2m). The DDBF's investments are held across several funds managed by CCLA. The DDBF administers several restricted and endowment funds which together comprise 92% (2021: 92%) of the assets.

Investment performance

The total value of investments (excluding short-term cash deposits) at the balance sheet date was £34.2m *(2021: £35.6m).* During the year, the net movement in value was a loss of £4.0m *(2021: gain of £3.6m).*

The glebe land held by the DDBF has been revalued upwards by £0.2m *(2021: £0.4m)* to reflect the market value at the balance sheet date.

The Board is custodian trustee for trust investment assets with a market value of £12.8m *(2021: £14.3m).* Detailed certificates of holdings are provided to parishes and other managing trustees of the respective charities annually. The Board also acts as custodian trustee for certain Parochial Church Council (PCC) property. Each PCC is an independent charity and these assets are not recognised on the balance sheet of the DDBF.

Grant making (beneficiary selection) policy

Grants are made to the National Church in accordance with an agreed formula, to cover a proportion of its central costs and the cost of training for ministry. The total paid to the National Church was £0.5m *(2021: £0.7m).*

Grants are paid to charities and to other charitable projects which appeal to the Board to support the furtherance of DDBF's objectives. These are set out in note 17.

Investment policies

The Memorandum and Articles of Association of the charity permit wide powers of investment. DDBF's investment policies are based on two key policies:

- Ethical investment

  This includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.

- Long-term responsibilities

  The directors are aware of their long-term responsibilities in respect of endowed funds and as a result follow a prudent approach to investment decisions.

These policies are currently achieved by holding all funds with CCLA Investments Limited in London, which invests in line with the Church of England's Ethical Investment Advisory Group's investment policies and in accordance with the motion passed by Diocesan Synod regarding divestment from fossil fuels.

Investment policy for long-term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an on-going basis. Unrestricted and restricted fund investments are invested to balance income, liquidity, and the maintenance of capital.

Funds which may be needed for working capital in the short term are held as deposits with CCLA Investments.

Reserves policy

The DDBF has agreed a reserves policy to maintain available free reserves within a range of one to three months' average expenditure in the form of unrestricted (including designated) net current assets. The Board estimated that for 2022 this would equate to a range between £1.0m and £3.1m. At the balance sheet date, the DDBF's unrestricted (including designated) available free reserves were £1.7m *(2021: £2.1m),* which is within this range.

Future prospects

The trustees and diocesan synod have approved a budget for 2023, which after allowing for further planned investment from restricted reserves, and the adoption of a total return accounting policy for investments held in the Stipends Capital Fund, leaves a net operating deficit of £0.7m.

Parish share pledges for 2023 of £4.4m *(2022: £4.5m)* have been received, a 2% fall in cash terms despite CPI inflation of 10.5%. This increases financial pressures and has required a recognition that not all posts identified in deanery plans can be filled whilst maintaining a balanced budget. However, posts continue to be advertised notwithstanding challenges in recruiting.

Against this challenging financial background, the DDBF continues to deliver and develop the mission and ministry of the church, and during 2023 will continue to fund ministry at parish level across the Diocese with the intention of meeting the levels identified by deaneries in their deanery plans. The lack of recovery in parish finances plus the inability of pledge income to keep pace with inflation means that prospects of a medium to long term recovery to pre-Covid levels remain uncertain.

The Diocese continues to try to address the decline in the value of parish income and the consequent effect upon share, supporting parishes in vacancy through the vacancy audit process, and offering support with stewardship through the generous giving team. A further tranche of direct grants from the national church will assist parishes with energy costs. Communication with parishes is ongoing, to ascertain the likely future levels of parish reserves and parish share.

The national church has made transitional funding available to help Dioceses restructure their operations and finances as part of the Renewal and Reform agenda. This has funded the introduction of the Parish Giving Scheme, along with the work of the Head of Finance and Finance Resources Co-ordinator in supporting and streamlining both DDBF and parish finances. Further developments around contactless giving are anticipated in 2023. The Diocese benefits from Lower Income Communities Funding which is used to support the cost of ministry in parishes which have the lowest rankings under the Index of Multiple Deprivation (IMD). Only those which fall within the lowest 20% are provided with such funding.

The Diocese will continue to benefit from the national church's Strategic Development Fund through the Growing Durham Diocese and Growing Hope projects. Following its award in 2022, the Diocese will see the initial stages of the Transforming Growth Strategic Development Fund project comprising a Resource Church in Darlington and the Cultivate Church Planting programme. Having received the encouragement of the outgoing Strategic Investment Board in late 2022, the DDBF intends to apply to the new Strategic Mission and Ministry Investment Board for funding for the 'Called to Fruitfulness' Transformation programme during 2023, alongside other newly available funding streams.

The DDBF intends to increase support for clergy and lay leaders developing their ministry and discipleship and to encourage and nurture those exploring a vocation for public ministry in the Church of England with new training pathways under development in conjunction with our local Theological Educational Institutions. Further curacies and posts of first responsibility are anticipated for through the Strategic Ministry Fund and Posts of First Responsibility Fund operated by the national church.

In November 2022, Diocesan Synod adopted a 'Total Return' accounting policy, to be applied to the Stipends Capital Fund from 2023. This approach allows the DDBF flexibility regarding the allocation of return on investments from this fund between capital growth and income. Synod agreed that, for 2023, income taken would be 5% of the average value of the fund over the past three years with the remainder treated as capital growth.

During 2023 the DDBF will continue to promote the mission and ministry of the church within the Diocese; whilst the funding streams described will continue to support this work, and provide an increasing proportion of staff support, concerns remain over the level of share and should a recovery continue to fail to materialise, the sustainability of the current deanery plans and core services at their current levels will need to be reviewed.

Going concern

The trustees have considered the availability of reserves and cash upon the going concern basis of preparation of these financial statements. Although uncertainty remains, particularly over the recovery in parish income from the effects of Covid-19 restrictions and the real-terms reduction in the value of parish share. It is anticipated that reserves will remain within the level set out in the reserves policy.

Having reviewed forecasts for the forthcoming twelve months that are subject to a range of reasonably possible downside scenarios, the trustees are comfortable that with the current levels of cash and short-term deposits are sufficient to allow the DDBF to continue to operate as a going concern for the foreseeable future.

Although there are several challenges ahead, the DDBF is confident that these can be managed and is hopeful that change can be achieved with the assistance of funding from the new National Church Diocesan Investment Programme.

Risk management

The trustees confirm that the major risks to which DDBF is exposed have been reviewed and that mitigating actions have been put in place to manage those risks.

The Board maintains a risk register which is reviewed regularly by the Audit and Risk Committee, and this register has been updated during the year, with input from all DBF functions.

During 2022 the most significant risks related to the operations of the DDBF were:

- Church attendance and long-term financial sustainability; and
- Safeguarding.

Church attendance and long-term financial sustainability
These two risks are intrinsically linked and relate to the ability of Parochial Church Councils to maintain their own operations. In the face of national trends around declining congregation numbers and pandemic related challenges is a significant risk to the DDBF. It is increasingly difficult for parishes to maintain share offers and payments to the Diocese, which are financed through giving and fund-raising by church members, when PCCs are also facing increases in costs.

Alongside inflation, this has exacerbated the extent to which the level of contribution from parishes ("Parish Share") is insufficient to maintain the current cost base of the DDBF. The parish share system introduced during 2020 continued to be applied to provide a 'Guided Pledge' to each parish, to give an indication of the level of pledge which would be required to ensure the DDBF could break even.

This system was designed to mitigate the decline in parish share that has been seen in real terms over the preceding decade. Parish share pledges have remained constant at approximately £4.5m from 2021 to 2023, however this is £0.5m lower than pre-pandemic levels, and does not keep pace with rising levels of inflation.

Certain external factors affect the Board's ability to meet its financial obligations, including:

- The level of inflation, in particular through stipends and salaries, and also in building maintenance costs;
- The cost of pension provision.

During the year, despite some stipendiary and staff posts remaining vacant, there was a continuing operational deficit although financial restraint led to this being within the budgeted deficit. Recruitment has taken place, subject to the limitations of the budget. However, the trustees are aware that holding vacancies can place strain on clergy and staff, and efforts are being made to increase the rate of recruitment. Whilst the difficulty of recruitment is not limited to our Diocese, it is a challenge faced across most of the country we are taking steps to support the welfare of our clergy who are having to operate in these difficult circumstances by providing advice and counselling as and when necessary.

Safeguarding
It is of key importance to the DDBF to ensure appropriate mitigation of safeguarding risks arising from potential abusers targeting church settings within the Diocese. There is a risk that strain on parish and/or diocesan resources may lead to vulnerability, and potential non-compliance with House of Bishop's Safeguarding Policy. Appointment processes are documented to ensure compliance with the requirements of Safer Recruitment and People Management.

The Board continued to be aware of the potential for safeguarding matters to be raised due to increased reporting and awareness of safeguarding issues (both current and historical). The Diocesan Safeguarding Advisory Panel meets regularly to ensure that the DDBF maintains appropriate controls to prevent, as well as identify and resolve, any issues that arise.

Other risks
The schools agenda, managed through the Durham Diocesan Board of Education (DDBE), also poses potential risk to the DDBF, both in terms of the challenges of maintaining high standards of education in Church of England schools during a period of significant change across the schools sector, and resolving a legacy issue resulting from the DDBF continuing to underwrite the capital build of a phase 1 Academy. The DDBE effectively manages school standards through the Joint Education Team and is continuing to work towards the resolution of the legacy buildings issue.

All of these factors are included in the Board's Risk Register.

Structure, governance and management

The Diocese of Durham is one of the 41 English Dioceses that, along with the Diocese in Europe, make up the Church of England.

There are thus 42 Diocesan bishops who share episcopal leadership with 76 Suffragan and Area Bishops. The General Synod is the legislative body for the Church of England. It consists of three houses, one of which comprises diocesan bishops and elected representatives from suffragan and area bishops, and two of which are elected from the laity and clergy of each diocese. It meets in London or York at least twice annually to consider legislation for the good of the Church.

Further details on the structure and governance of the Church of England can be found on its website: www.churchofengland.org. The financial transactions of the national church do not form part of these financial statements.

The Diocese of Durham stretches from the Tyne to the Tees and the Dales to the Sea covering an area of 2,530 square kilometres. There are 257 Anglican churches across 209 parishes and these are grouped into 14 deaneries and three archdeaconries. The mission of the Church of England is mainly carried out at parish level

and the DDBF provides pastoral and financial support to the parishes. Each parish is governed by a Parochial Church Council (PCC), which is a corporate charity. Therefore, except where indicated otherwise, the transactions of PCCs do not form part of these financial statements.

Durham Cathedral is the mother church of the Diocese of Durham and legally is constituted as a separate entity with its own governance structures. Its financial transactions do not form part of these financial statements.

Governance

The Diocese elects a Diocesan Synod, with representation from each deanery in accordance with the church representation rules, and is governed by the Bishop in synod. The Diocesan Synod normally meets twice a year. Many of the Diocesan Synod's responsibilities have been delegated to the Bishop's Council, which acts as the Diocesan Synod's Standing Committee. The day to day running of operations is delegated to the staff team lead by the diocesan secretary and other key management personnel as set out in note 17. All key management personnel report to the diocesan bishop.

Committee structure

The Diocese is governed by the Bishop's Council, which co-ordinates the life and work of the Diocese in support of the mission of the Church, in accordance with the priorities set by the Bishop and the Diocesan Synod.

In the Diocese of Durham, the membership of the Bishop's Council is coterminous with that of the DDBF and also the Diocesan Mission and Pastoral Committee.

The Diocesan Mission and Pastoral Committee is responsible for the task of approving pastoral reorganisation in the Diocese, taking account of available clergy numbers and making use of new patterns of ministry.

This arrangement means that the trustees of the DDBF have responsibility and oversight of all aspects of diocesan life and are therefore able to co-ordinate strategic, financial and operational decisions.

The Bishop's Council is supported by committees that can influence the operations of the Board.

- *Finance Group*

The DDBF delegates certain duties and responsibilities to the Finance Group including:

- Assisting the Board to deal with financial strategy and management;
- Authorising legal property or investment strategy conducted on behalf of the Board;
- Conducting urgent business of the Board between Board meetings;
- Overseeing the preparation of the annual DDBF budget and financial statements for submission to the Board;
- Receiving regular management accounting information; and
- Acting as the DDBF's HR Committee, overseeing the terms and conditions of the DDBF employees.

- *Audit and Risk Committee*

The DDBF Audit and Risk Committee maintains an oversight of the Diocese's governance and risk management including:

- Adopting a risk-based approach and undertaking a planned programme of work examining areas of diocesan activity;
- Overseeing the external audit of the DDBF's trustees' report and financial statements;
- Considering internal control and stewardship of the DDBF's resources; and
- Reporting its findings annually to the Bishop's Council as a critical element of the Bishop's Council's annual reporting requirements.

- *Investment Committee*

DDBF has responsibility for the management of glebe property and investments which generate income to support the cost of stipends. It is also the diocesan authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board. With the exception of major transactions, the DDBF delegates these responsibilities to the Investment Committee.

- *Church Buildings Panel*

The Church Buildings Panel is a non-statutory group, which offers grants and loans to Parochial Church Councils for works to church buildings.

- *Closed Churches Uses Panel*

The Closed Churches Uses Committee is a non-statutory group, which was created to act on behalf of the Diocesan Mission and Pastoral Committee. It seeks appropriate alternative uses for churches in the Diocese which have been declared closed for regular public worship.

In addition, there are three statutory Committees and Boards that are not directly answerable to the Bishop's Council, but influence its operation:

- *Diocesan Advisory Committee*

The Diocesan Advisory Committee advises on matters affecting churches and places of worship in the Diocese, such as; the granting of faculties; architecture, archaeology, art and the history of places of worship; the use and care of places of worship and their contents; and the care of churchyards.

- *Diocesan Board of Patronage*

The Diocesan Board of Patronage, which is constituted under the provisions of the Patronage (Benefices) Measure 1986, is sole patron of one benefice in the Diocese.

- *Board of Education*

The Diocesan Board of Education has responsibility for 58 church schools across the Diocese (14 of which are Voluntary Aided, 22 are Voluntary Controlled, 21 are Academies, and one is an Independent School). It provides pastoral and professional support to all its schools and has a particular commitment to enhancing the quality of provision for religious education, collective worship and the spiritual, moral, social, and cultural development of all pupils. The Board of Education is not incorporated and therefore financial accountability for the education agenda rests with the DDBF. During 2022 actions were taken pursuant to the Diocesan Boards of Education Measure 2021 leading to the establishment of the Board of Education as a statutory committee of the DDBF.

Public benefit statement

The directors and trustees are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the DDBF. The directors believe that, by promoting the work of the Church of England in the Diocese of Durham, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the Diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- Providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- Promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

The trustees are custodian trustees in relation to certain PCC property.

Trustee recruitment, selection and induction

Trustees are also members of the Bishop's Council and are elected or appointed by the members of the Diocesan Synod in accordance with the rules for election. All trustees receive induction at the start of their term of office and receive additional induction where appropriate. Trustees are registered as directors at Companies House and are required to complete a declaration that they are eligible to serve as a director as well as an annual declaration of interest.

Remuneration of key management personnel

As the DDBF has delegated responsibility for human resource issues to the Finance Group, this group is responsible for agreeing the salary scales for all DDBF employees and for setting the remuneration for senior employees.

Related parties

The DDBF has one wholly owned subsidiary, the Diocese of Durham Educational Trust. It did not trade during the year.

Organisations with which the DDBF co-operates in furthering its aims

The DDBF works with a range of organisations which are either part of or associated with the Church of England, or other Christian denominations to achieve its objectives. Some of those are set out below, and in some cases, there are a non-controlling number of shared trustees between these organisations and the DDBF. The DDBF ensures that such common trusteeships are appropriately declared and conflicts of interest are mitigated when making decisions relating to such organisations.

- *General Synod, Church Commissioners and Archbishops' Council*

The DDBF has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The DDBF is a recipient of funding from several different grant funding streams operated by the Archbishops' Council. The stipends and certain other costs of the Diocesan and Suffragan Bishops are borne by the Church Commissioners.

- *Parochial Church Councils (PCCs)*

The DDBF is required by Measure to be custodian trustee in relation to PCC property, but has no control over PCCs, which are independent charities. The accounts of PCCs do not form part of these financial statements. PCCs are able to influence the decision-making within DDBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

- *Multi Academy Trusts (MATs)*

The DDBF is a member of several MATs, including the Durham and Newcastle Diocesan Learning Trust. The Diocesan Director of Education and members of his team are directors of the Durham and Newcastle Diocesan Learning Trust.

- *Newcastle Diocesan Education Board Limited*

The Newcastle Diocesan Education Board Limited (NDEB) has responsibility for 49 church schools (plus 2 affiliated schools with an Anglican foundation) across the Diocese of Newcastle. Unlike its counterpart in Durham, NDEB is an incorporated charitable company and registered charity. The two dioceses operate a joint education team to manage the delivery of their objectives across the two dioceses, and at 31 December 2022 this team comprised 8 employees working jointly for NDEB and the DDBF.

- *Stirling Newall Trust*

A registered charity whose objective is the advancement of the Christian religion by the provision of a house of retreat (Shepherds Dene Retreat House at Riding Mill, Northumberland) for members of the Church of England whether clerical or lay who are resident or working in the area comprising the dioceses of Durham and Newcastle.

- *Lindisfarne College of Theology and Cranmer Hall. St John's College*

The region's two theological educational institutions, both are registered charities whose objects included the promotion and delivery of education for both lay and ordained members of participating Christian churches and the provision of other theological and ministerial training to both lay and ordained people.

- *Northumbrian Industrial Mission*

A registered charity which organises the activities of around 40 associate chaplains who engage with people in their places of work. It also works with ministries in other sectors, in local churches and with other agencies.

- *Hospital of God at Greatham*

A registered charity which provides residential care and alms-houses for older people and makes grants to other charities within the area of benefit.

- *Lord Crewe's Charity*

A registered charity, one of whose principal aims is to assist necessitous clergy and their dependents in the dioceses of Durham and Newcastle, particularly for the education of their children, and to assist them in other demonstrable financial need, and which provides grant funding used by the Diocese to fund its Challenging Poverty priority and to provide a clergy counselling service.

- *St Hild and St Bede Trust*

A charitable trust whose objectives include the advancement of further and higher education in the dioceses of Durham and Newcastle, with a focus on the advancement of education in accordance with the doctrines of the Church of England.

- *Communities Together Durham*

A charity which works with churches and communities to challenge social injustice and to enable communities to flourish.

- *Durham Lesotho Diocesan Link*

A registered charity which aims to develop educational, AIDS awareness and income generating projects in Lesotho. It also develops educational projects for schools and to raise awareness and support for initiatives in the Diocese of Durham which foster closer spiritual links between the Anglican Church in Lesotho and Durham.

- *North East Churches Action Together*

A charity which works ecumenically to serve the churches of the North East through improving communication and developing partnerships and connections between churches of different denominations.

- *North East Religious Learning Resource Centre*

A registered charity which aims to support religious education, literacy and learning in schools and churches across the North East of England through the provision of resources, training and networking opportunities.

- *Durham Cathedral*

Durham Cathedral is the seat of the Bishop of Durham and the mother church of the Diocese. It is a focus of pilgrimage and spirituality, the home of the Shrine of St Cuthbert, and is a UNESCO recognised World Heritage Site.

Trustees' report (continued)
Year ended 31 December 2022

Political contributions

No political contributions have been made during the year *(2021: none)*.

Disclosure of information to auditor

Each of the persons who are trustees at the time when this trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charity's auditor is unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Auditor

The auditor, UNW LLP, has indicated his willingness to continue in office. A resolution to reappoint UNW LLP as auditor for 2023 will be proposed at the Board's Annual General Meeting.

In approving the directors and trustees report the directors of the company are also approving the strategic report as required under the Companies Act 2006.

Approved by order of the members of the board of trustees and signed on their behalf by:

Rt. Revd. Paul Butler
Chair
Date: 27 April 2023

Statement of trustees' responsibilities
Year ended 31 December 2022

The trustees (who are also the directors of the company for the purposes of company law) are responsible for preparing the trustees' report including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the members of the board of trustees on 27 April 2023 and signed on its behalf by:

Rt. Revd. Paul Butler
Chair

Independent auditor's report to the members of Durham Diocesan Board of Finance

Opinion

We have audited the financial statements of Durham Diocesan Board of Finance (the 'charitable company') for the year ended 31 December 2022 which comprise the Statement of financial activities, the Income and expenditure account, the balance sheet, the statement of cash flows and the related notes, 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 charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustee are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the trustees and other management (as required by Auditing Standards) and from inspection of the charitable company's legal correspondence, and we discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies and charities legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; data protection, safe guarding and certain aspects of company legislation, recognising the nature of the charitable company's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we did not become aware of any actual or suspected non-compliance material to the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statement or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Anne Hallowell

Anne Hallowell BSc FCA DChA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

27 April 2023

Durham Diocesan Board of Finance

(A company limited by guarantee)

Statement of financial activities
Year ended 31 December 2022

	Note	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Endowment funds 2022 £000	Total funds 2022 £000	Total funds 2021 £000
Income and endowments from:						
Donations:						
Parish Contributions	4	**4,333**	**-**	**-**	**4,333**	4,373
Archbishops' Council	5	**2,618**	**2,327**	**-**	**4,945**	4,416
Other	6	**320**	**519**	**-**	**839**	657
Charitable activities	7	**628**	**-**	**-**	**628**	667
Other trading activities	8	**588**	**2**	**-**	**590**	562
Investments	9	**793**	**170**	**-**	**963**	780
Other income	10	**-**	**-**	**336**	**336**	1,307
Total income and endowments		**9,280**	**3,018**	**336**	**12,634**	12,762
Expenditure on:						
Raising funds	11	**10**	**-**	**14**	**24**	24
Charitable activities:						
Contributions to Archbishops' Council	13	**728**	**-**	**-**	**728**	702
Resourcing ministry and mission	14	**7,932**	**2,916**	**177**	**11,025**	10,036
Resourcing education	15	**250**	**15**	**-**	**265**	304
Total expenditure		**8,920**	**2,931**	**191**	**12,042**	11,066
Net income before net (losses)/gains on investments		**360**	**87**	**145**	**592**	1,696
Net (losses)/gains on investments		**(267)**	**(676)**	**(2,797)**	**(3,740)**	4,100
Net (expenditure)/ income		**93**	**(589)**	**(2,652)**	**(3,148)**	5,796
Transfers between funds	27	**(102)**	**858**	**(756)**	**-**	-
Net movement in funds		**(9)**	**269**	**(3,408)**	**(3,148)**	5,796
Reconciliation of funds:						
Total funds brought forward		**5,873**	**10,994**	**58,290**	**75,157**	69,361
Net movement in funds		**(9)**	**269**	**(3,408)**	**(3,148)**	5,796
Total funds carried forward	27	**5,864**	**11,263**	**54,882**	**72,009**	75,157

The notes on pages 28 to 59 form part of these financial statements.

Durham Diocesan Board of Finance

(A company limited by guarantee)

Summary income and expenditure account
Year ended 31 December 2022

	Note	Total funds 2022 £000	Total funds 2021 £000
Income		**12,298**	11,988
(Losses)/gains on investments		**(943)**	495
Gross income in the reporting period		**11,355**	12,483
Less: Total expenditure		**(11,851)**	(10,910)
Net (expenditure)/income for the reporting period		**(496)**	1,573
Other comprehensive income			
Net assets transferred from endowments	29	**756**	1,807
Net comprehensive income for the year		**260**	3,380

The income and expenditure account is derived from the statement of financial activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

The notes on pages 28 to 59 form part of these financial statements.

Durham Diocesan Board of Finance

(A company limited by guarantee)

Balance sheet
Year ended 31 December 2022

	Note		2022 £000		2021 £000
Fixed assets					
Tangible assets	20		**33,580**		33,540
Investments	21		**34,169**		35,635
			67,749		69,175
Current assets					
Debtors	22	**1,080**		1,045	
Cash on deposit	23	**1,003**		1,837	
Cash at bank and in hand		**2,683**		3,763	
		4,766		6,645	
Creditors: amounts falling due within one year	24	**(405)**		(562)	
Net current assets			**4,361**		6,083
Total assets less current liabilities			**72,110**		75,258
Creditors: amounts falling due after more than one year	25		**(101)**		(101)
Total net assets			**72,009**		75,157
Charity funds					
Endowment funds	27		**54,882**		58,290
Including revaluation reserve £2,581,616 (2021: £2,368,832)					
Including fair value reserve £2,727,205 (2021: £6,670,849)					
Restricted funds	27		**11,263**		10,994
Including fair value reserve £732,851 (2021: £1,282,159)					
Unrestricted funds					
Designated funds	27	**25**		25	
General funds	27	**5,839**		5,848	
Including revaluation reserve £286,584 (2021: £479,644)					
Total unrestricted funds	27		**5,864**		5,873
Total funds			**72,009**		75,157

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.
The financial statements were approved and authorised for issue by the trustees on 27 April 2023 and signed on their behalf by:

Rt. Revd. Paul Butler

Chair
Company registered number: 00192018 The notes on pages 28 to 59 form part of these financial statements.

Durham Diocesan Board of Finance

(A company limited by guarantee)

Statement of cash flows
Year ended 31 December 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Net cash used in operating activities	30	**(802)**	(639)
Cash flows from investing activities			
Dividends, interests and rents from investments		**911**	725
Proceeds from the sale of tangible fixed assets		**1,088**	3,901
Purchase of tangible fixed assets		**(837)**	(1,504)
Proceeds from sale of investments		**-**	1,229
Purchase of investments		**(2,474)**	(5,229)
Interest payable		**-**	1
Net cash used in investing activities		**(1,312)**	**(877)**
Cash flows from financing activities			
New loans advanced		**-**	(115)
Repayment of loans advanced		**200**	200
Net cash provided by financing activities		**200**	**85**
Change in cash and cash equivalents in the year		**(1,914)**	**(1,431)**
Cash and cash equivalents at the beginning of the year		**5,600**	7,031
Cash and cash equivalents at the end of the year	31	**3,686**	5,600

The notes on pages 28 to 59 form part of these financial statements

1. General information

Durham Diocesan Board of Finance is a charitable company limited by membership guarantee and incorporated and domiciled in England. The registered office address is Cuthbert House, Stonebridge, Durham, DH1 3RY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Durham Diocesan Board of Finance meets the definition of a public benefit entity under FRS 102. Assets and Liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are presented in pounds sterling which is the functional currency of the company and are rounded to the nearest £1,000.

2.2 Exemption from preparing group accounts

The charitable company is the controlling party of Diocese of Durham Educational Trust, a dormant subsidiary undertaking. In the opinion of the directors/trustees, the size and assets of the subsidiary undertaking mean that the presentation of the combined results and financial position in consolidated financial statements is not material for the purpose of giving a true and fair view. These financial statements present the results and the position of the charitable company as a single entity and not as a group.

2.3 Going concern

The trustees have considered the availability of reserves and cash upon the going concern basis of preparation of these financial statements. Whilst there remains some uncertainty over the rate of recovery in parish finances from Covid-19 and the continuing impact of the cost of living crisis, the financial position and liquidity of the DDBF is such that currently anticipated future deficits can be absorbed using available reserves. Work continues with parishes and other stakeholders to improve the long-term financial prospects of the Diocese. The trustees are comfortable that the measures taken to date, and the managed budget deficit for 2023, along with the current levels of cash and short-term deficits, are sufficient to allow the Diocese to continue to operate as a going concern for the foreseeable future.

2. Accounting policies (continued)

2.4 Income

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

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

The principal source of income of the DDBF is parish share. The share monies are recognised in the statement of financial activities in the period in which they are receivable, although arrears are not shown as debtors since only constructive pressure can be applied to encourage parishes to pay any outstanding sums. Debts for parish share are not enforceable.

The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the SOFA for the sake of greater clarity and simplicity in financial reporting.

Selective allocations from the Church Commissioners are credited to the Stipends and General Fund on a monthly basis and recognised in the SOFA as incoming resources.

Legacies, contributions and other donations are accounted for when conditions for their receipt have been met. Investment income is accounted for when receivable. Rental income for glebe and other property is shown separately. Incoming resources from charitable activities including clergy fees, chaplaincy income and guaranteed annuities are receivable on a monthly basis.

Other sundry income, including gains on disposal of properties, is recognised in the SOFA in the accounting period in which monies are receivable.

2.5 Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the SOFA category. Expenditure is stated inclusive of irrecoverable VAT.

Costs of raising funds are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the Board, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

2. Accounting policies (continued)

2.5 Expenditure (continued)

Payments in support of services provided by the Archbishops' Council are regarded as grants and the annual amounts payable are divided into monthly instalments.

Resourcing ministry and mission costs are the costs incurred by the Board in maintaining resident clergy in numerous parishes throughout the Diocese. These include stipends, national insurance, housing, relocation, and a range of support costs.

Support costs consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

2.6 Pension contributions

The DDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pension Scheme. The pension costs charged as resources expended represent the DDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which the DDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

The DDBF also operates a stakeholder scheme and contributes to personal pension schemes for which contributions are charged to the SOFA as they fall due.

2.7 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost.

Freehold and leasehold buildings
It is the DDBF's policy that in respect of many of its buildings, no depreciation is charged as any provision would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value.

The DDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residual properties is in accordance with the Repair of Benefices Building Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value.

Annual impairment reviews are performed in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount. Where the recoverable amount is estimated to be less than the carrying amount, depreciation is charged in the financial statements.

2. Accounting policies (continued)

2.7 Tangible fixed assets and depreciation (continued)

School buildings
School buildings are occupied and, in the case of Voluntary Aided schools, improved, extended and repaired by the school governors. The nature of the occupation of these buildings by these exempt and excepted charities means that DDBF trustees do not have the power to dispose of the buildings until the school ceases its occupation, which in turn would require the approval of the Secretary of State. Any proceeds of sale would be subject to claw-back, by the Secretary of State, of related grant aid provided. The trustees consider the Board's ownership to be in the nature of custodianship of the assets and these are therefore not capitalised in the financial statements. Details of the Voluntary Aided schools can be obtained from the Joint Education Team.

Depreciation on other tangible fixed assets
Depreciation is provided in order to write off the cost (less any residual value) of other fixed assets over their currently expected useful economic lives at the following initial rates:

Freehold and leasehold property	-	shorter of 50 years or lease term
Furniture and office equipment	-	33% per annum straight line

2.8 Investments

Investments in agricultural holdings, commercial properties and investment securities are shown at their market value on the date of the balance sheet. All gains and losses on investments are recognised in the SOFA. Investments held by the DDBF as custodian trustee are not included in these accounts. Investments in unlisted investments and the subsidiary are stated at cost less provision for impairment. Investments also include long term loans made by the DDBF under concessionary terms.

2.9 Financial instruments

Loans
Loans made by the DDBF to further its charitable purposes at rates below prevailing market rates are classified as concessionary loans and accounted for in accordance with Section 34 of FRS 102. Such loans are initially recognised and measured at the amount received and subsequently adjusted to reflect any repayments, accrued interest and any subsequent impairment.

Debtors
Debtors are recognised at the settlement amount due.

Cash and cash equivalents
Cash on deposit includes cash held in short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions
Creditors and provisions are recognised where the DDBF has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

2. Accounting policies (continued)

2.9 Financial instruments (continued)

Equity share loan
The DDBF has one loan for which the settlement proceeds are based on the value of the equity in a property. As this constitutes a non-basic financial instrument under FRS 102 this loan has been recognised at fair value and is revalued at each reporting date. Any gains and losses arising at each year-end are recognised in the SOFA.

2.10 Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

2.11 Fund accounting

• **General** funds represent funds which are expendable at the discretion of the directors' in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.

• **Designated** funds are amounts which have been put aside at the discretion of the directors and are therefore not available for other purposes. All of the unrestricted funds apart from the General Fund are now regarded as designated. These are included with the unrestricted funds column in the SOFA.

• **Restricted** funds represent grants, donations, legacies and assets which are allocated by the donor for specific purposes. The largest restricted fund is the Pastoral Account.

• **Endowment** funds are those held on trust to be retained for the benefit of the charity as a capital fund. In the case of the endowment funds administered by the Board (Stipends Capital Fund, and Parsonage Houses Fund), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

Trusts where the DDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key areas subject to estimation are as follows:

Fair value on investment property
The DDBF holds investment property comprising agricultural land at fair value. The DBBF uses an independent external qualified surveyor to assess the value of this land based on a site by site consideration of the assets and the market conditions existing at the balance sheet date.

3. Critical accounting estimates and areas of judgment (continued)

Fair values estimated for equity share loan
The DDBF has one loan for which the settlement proceeds are based on the value of the equity in a property. As required by FRS102 this loan has been stated in accordance with an estimate of fair value. The DDBF makes use of internal experts in arriving at this fair value. This loan is repayable on the earlier of the death of the borrower or the sale of the related property and therefore the timing of its repayment is uncertain. Therefore this loan is measured as a proportion of the fair value at each reporting date and has not been discounted.

Valuation of defined benefit pension scheme deficit recovery liabilities
The present values of the deficit recovery liabilities in respect of the Church Workers Pension Fund and the Church of England Funded Pensions Scheme defined benefit pension schemes depend on a number of factors that are determined on an actuarial basis using a variety of assumptions. These include the discount rate, inflation rate and the increase to the total pensionable payroll, and the DDBF has adopted the values determined by the Church of England Pensions Board. Any changes in these assumptions, which are disclosed in note 34, will impact the carrying amount of the pension deficit recovery liabilities. Furthermore a roll forward approach which projects results from the latest full actuarial valuations performed has been used by the actuary in valuing the pension deficit recovery liabilities at 31 December 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would affect the carrying amount of the pension deficit recovery liabilities.

Other estimates included within these financial statements include depreciation charges. None of the estimates made are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year.

In preparing these financial statements the trustees do not consider there were any significant areas of judgement that were required in applying the charity's accounting policies as set out above.

4. Parish contributions

	Total funds 2022 £000	Total funds 2021 £000
Unrestricted general fund - parish share		
Contributions pledged and paid	4,321	4,336
Contributions from previous years	12	37
	4,333	4,373
Current year parish share receipts (excluding contributions from prior years) as a proportion of total amounts pledged	96.1%	94.3%

5. Archbishops' Council

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total funds 2022 £000
Lower income communities fund	2,115	-	**2,115**
Strategic development fund	-	1,597	**1,597**
Energy and cost of living grants	503	-	**503**
Strategic ministry funding	-	188	**188**
Ordinands training grant	-	542	**542**
	2,618	2,327	**4,945**

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000
Lower income communities fund	2,180	-	2,180
Strategic development fund	-	1,257	1,257
Renewal & reform fund	-	158	158
Sustainability fund	250	-	250
Ordinands training grant	-	475	475
Strategic ministry funding	96	-	96
	2,526	1,890	4,416

6. Other donations

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total funds 2022 £000
Benefact Trust	179	113	**292**
Lord Crewe	-	340	**340**
St Hild and St Bede Trust	-	11	**11**
Other grants and donations	141	55	**196**
	320	519	**839**

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000
Benefact Trust	178	-	178
Lord Crewe	-	359	359
St Hild and St Bede Trust	9	-	9
Other grants and donations	29	82	111
	216	441	657

7. Income from charitable activities

	Total funds 2022 £000	Total funds 2021 £000
Statutory fees	**494**	548
Chaplaincy	**50**	41
St Hild and St Bede Trust (for Chaplaincy)	**8**	8
Miscellaneous income	**76**	70
	628	667

8. Income from other activities

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total funds 2022 £000
Rental income from parsonages	449	-	**449**
Education service level agreements	138	2	**140**
Miscellaneous income	1	-	**1**
	588	2	**590**

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000
Rental income from parsonages	367	-	367
Education service level agreements	155	33	188
Miscellaneous income	7	-	7
	529	33	562

9. Income from investments

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total funds 2022 £000
Income from UK listed investments	650	169	**819**
Interest receivable	91	1	**92**
Rents receivable	52	-	**52**
	793	170	**963**

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000
Income from UK listed investments	572	63	635
Interest receivable	81	9	90
Rents receivable	55	-	55
	708	72	780

10. Other income

	Endowment funds 2022 £000	Total funds 2022 £000
Gain on disposal of properties	336	**336**

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Endowment funds 2021 £000	Total funds 2021 £000
Gain on disposal of properties	396	137	774	1,307

11. Fundraising costs

	Unrestricted funds 2022 £000	Endowment funds 2022 £000	Total funds 2022 £000
Glebe agents fees	7	-	**7**
Glebe investment costs	3	14	**17**
	10	14	**24**

	Unrestricted funds 2021 £000	Endowment funds 2021 £000	Total funds 2021 £000
Glebe agents fees	7	-	7
Glebe investment costs	11	6	17
	18	**6**	**24**

12. Analysis of expenditure by activities

	Activities undertaken directly 2022 £000	Grant funding of activities 2022 £000	Support costs 2022 £000	Total funds 2022 £000
Contributions to Archbishops' Council (note 13)	-	728	-	**728**
Resourcing ministry and mission (note 14)	8,574	1,180	1,271	**11,025**
Resourcing Education (note 15)	265	-	-	**265**
	8,839	1,908	1,271	**12,018**

	Activities undertaken directly 2021 £000	Grant funding of activities 2021 £000	Support costs 2021 £000	Total funds 2021 £000
Contributions to Archbishops' Council (note 13)	-	702	-	702
Resourcing ministry and mission (note 14)	8,185	667	1,184	10,036
Resourcing Education (note 15)	304	-	-	304
	8,489	1,369	1,184	11,042

13. Contributions to Archbishops' Council

	Total funds 2022 £000	Total funds 2021 £000
Training for ministry	**224**	224
National Church responsibilities	**250**	268
Grants and provisions	**269**	205
Pooling of ordinand candidates	**(15)**	5
	728	702

14. Expenditure on resourcing ministry and mission

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Endowment funds 2022 £000	Total funds 2022 £000
Stipends and national insurance	3,376	437	-	**3,813**
Clergy pension	976	80	-	**1,056**
Pension deficit creditor movement (note 34)	(99)	-	-	**(99)**
Housing costs	1,416	-	162	**1,578**
Removal, resettlement and other grants	102	8	-	**110**
Mission: stipendiary, staff and activity costs	411	1,440	-	**1,851**
Lindisfarne Regional Training Partnership grant	42	478	-	**520**
Strategic development costs	-	-	-	**-**
Other expenses and grants	786	139	-	**925**
Support for parish ministry (see note 16)	922	334	15	**1,271**
	7,932	2,916	177	**11,025**

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Endowment funds 2021 £000	Total funds 2021 £000
Stipends and national insurance	3,659	168	-	3,827
Clergy pension	1,027	58	-	1,085
Pension deficit creditor movement (note 34)	5	-	-	5
Housing costs	1,169	-	135	1,304
Removal, resettlement and other grants	125	-	-	125
Mission: stipendiary, staff and activity costs	379	1,200	-	1,579
Lindisfarne Regional Training Partnership grant	50	442	-	492
Strategic development costs	-	19	-	19
Other expenses and grants	386	30	-	416
Support for parish ministry (see note 16)	804	365	15	1,184
	7,604	2,282	150	10,036

15. Resourcing education

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total funds 2022 £000
Administration	250	-	**250**
Closed schools	-	15	**15**
	250	15	**265**

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000
Administration	281	-	281
Closed schools	-	23	23
	281	23	304

16. Analysis of support costs

	Total funds 2022 £000	Total funds 2021 £000
Central staff costs	**640**	651
Movement on CWPF deficit creditor	**-**	(123)
Central office and premises	**87**	74
Technology and communication	**155**	172
Depreciation	**45**	49
Legal and registry costs	**136**	131
Synod, Board and Committee expenses	**30**	29
External audit	**22**	20
Other support costs	**59**	71
Other costs	**97**	110
	1,271	1,184

17. Analysis of grants made

	Number	Individuals £000	Institutions £000	Total 2022 £000
From unrestricted funds for National Church responsibilities:				
Contributions to Archbishops' Council	1	-	474	**474**
Other grants made:				
NECAT	1	-	8	**8**
Northumbrian Industrial Mission	1	-	2	**2**
Lesotho	1	-	25	**25**
Training for Ministry Grants	73	77	443	**520**
Resettlement and First Appointment Grants	27	102	-	**102**
Ordinands' Grants	26	269	-	**269**
Basic Clergy Development Grants	64	14	-	**14**
Special CMD & Sabbatical Grants	17	7	-	**7**
Mission Fund Grants	20	14	-	**14**
Church building committee grants	14	-	42	**42**
Ministry Hardship Grant	32	-	48	**48**
Energy Support Grant funding	157	383	-	**383**
	434	866	1,042	**1,908**

	Number	Individuals £000	Institutions £000	Total 2021 £000
From unrestricted funds for National Church responsibilities:				
Contributions to Archbishops' Council	1	-	497	**497**
Other grants made:				
NECAT	1	-	8	**8**
Northumbrian Industrial Mission	1	-	2	**2**
Lesotho	1	-	25	**25**
Training for Ministry Grants	68	61	411	**472**
Resettlement and First Appointment Grants	22	88	-	**88**
Ordinands' Grants	28	205	-	**205**
Basic Clergy Development Grants	41	6	-	**6**
Special CMD & Sabbatical Grants	17	11	-	**11**
Mission Fund Grants	9	23	-	**23**
Church building committee grants	15	32	-	**32**
	204	426	943	**1,369**

18. Auditor's remuneration

	2022 £000	2021 £000
Fees payable to the charitable company's auditor for the audit of the charitable company's annual accounts	**20**	18
Fees payable to the charitable company's auditor in respect of:		
All non-audit services not included above	**2**	2

19. Staff costs

	2022 £000	2021 £000
Employee costs during the year were as follows:		
Wages and salaries	**1,485**	1,414
National insurance contributions	**157**	136
Pension costs - current year contributions	**211**	203
Movement on pension deficit creditor (see note 33)	**-**	(123)
	1,853	**1,630**

	2022 £000	2021 £000
The average monthly number of employees during the year were as follows:		
Staff	**40**	43

The number of higher paid employees was:	2022 No.	2021 No.
In the band £60,001 - £70,000		1
In the band £70,001 - £80,000	1	-

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2022 they were:

Diocesan Secretary	Mr J James G Morgan
Director of Mission, Discipleship & Ministry	The Venerable Elizabeth M Wilkinson
Director of Strategic Growth	The Reverend Canon David R Tomlinson (resigned May 2022)

Remuneration, pensions and employer's national insurance contributions for the above employees amounted to £177,029 (2021: £209,448).

Trustees' emoluments

No trustee received any remuneration for services as trustee (2021: £nil). During the year, 5 trustees (2021: 6) received travelling, subsistence and incidental costs, totalling £12,000 (2021: £9,000) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as trustees.

During the year the Board made contributions to the Church Commissioners at the standard rate agreed by Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors of the Board and provided houses, including payment of council tax and maintenance costs, as part of normal clergy remuneration.

The following table gives details of the trustees who were in receipt of a stipend and/or housing provided by the DDBF during the year:

	Stipend	Housing
Right Revd S Clark	no	yes
Venerable RL Simpson	yes	yes
Venerable RG Cooper	yes	yes
Venerable EM Wilkinson	yes	yes
Revd P Arnold	yes	yes
Canon S Clark	yes	yes
Revd L Sutherland	yes	yes
Canon D Tolhurst	yes	yes

The DDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The DDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese including the Suffragan Bishop.

The DDBF paid an average of 139 (2021: 142) stipendiary clergy and lay ministers as office-holders holding parochial or diocesan appointments in the Diocese, and the costs were as follows:

	2022 £000	2021 £000
Stipends	**3,491**	3,501
National insurance contributions	**308**	298
Pension costs - current year contributions	**1,243**	1,392
Movement on pension scheme deficit creditor (see note 34)	**(99)**	5
	4,943	5,196

20. Tangible fixed assets

	Property £000	Office equipment £000	Parsonages £000	Glebe Property £000	Total £000
Cost or valuation					
At 1 January 2022	**3,538**	**95**	**20,787**	**10,003**	**34,423**
Additions	**86**	**6**	**-**	**745**	**837**
Disposals	**-**	**-**	**(772)**	**-**	**(772)**
Transfers between classes	**-**	**-**	**78**	**(78)**	**-**
At 31 December 2022	**3,624**	**101**	**20,093**	**10,670**	**34,488**
Depreciation					
At 1 January 2022	**121**	**94**	**434**	**234**	**883**
Charge for the year	**30**	**2**	**5**	**8**	**45**
On disposals	**-**	**-**	**(20)**	**-**	**(20)**
Transfers between classes	**-**	**-**	**2**	**(2)**	**-**
At 31 December 2022	**151**	**96**	**421**	**240**	**908**
Net book value					
At 31 December 2022	**3,473**	**5**	**19,672**	**10,430**	**33,580**
At 31 December 2021	3,417	1	20,353	9,769	33,540

21. Fixed asset investments

	Listed investments £000	Loans to associates £000	Agricultural land £000	Total £000
Cost or valuation				
At 1 January 2022	**32,645**	**215**	**2,775**	**35,635**
Additions	**2,470**	**4**	**-**	**2,474**
Disposals	**-**	**(200)**	**-**	**(200)**
Revaluations	**(3,953)**	**-**	**213**	**(3,740)**
At 31 December 2022	**31,162**	**19**	**2,988**	**34,169**
Net book value				
At 31 December 2022	**31,162**	**19**	**2,988**	**34,169**
At 31 December 2021	**32,645**	**215**	**2,775**	**35,635**
Historic cost at 31 December 2022	**27,414**	**19**	**407**	**27,840**

Agricultural land held as investment properties
The estimate of the value of Glebe land and properties held as investments at the end of the year has been prepared by Savills on a desktop valuation basis as at 31 December 2022.

Long term loans
The DDBF loaned £1,000,000 to the Chapter of Durham (Durham Cathedral) in 2012 in support of its Open Treasure project. The interest charged on the loan is that applicable to loans from the CBF CoE Deposit Fund under the Diocesan Loan Scheme. The loan is repayable over 10 years and the first repayments commenced from 31 March 2018 and will continue in equal tranches of £200,000. This loan is fully repaid at the year end.

This loan has been classified as a concessionary loan in accordance with Section 34 of FRS 102 as it has been received for furthering the DDBF's charitable objectives at interest rates below the prevailing market rates for equivalent unsecured loan arrangements.

Subsidiary undertakings
Unlisted investments are held at cost and relatable to DDBF's wholly owned subsidiary undertaking, The Diocese of Durham Educational Trust, a company limited by guarantee (company registration number 08816527).

The Diocese of Durham Educational Trust was incorporated in 2013 to provide the Diocese with a vehicle to manage its education responsibilities. It is a dormant company which acts as a corporate member for a number of multi academy trusts.

Joint venture
During the year DDBF established a joint venture limited liability partnership with Newcastle Diocesan Education Board (NDEB). The new entity, JET LLP, did not trade in 2022.

22. Debtors

	2022	2021
	£000	£000
Due after more than one year		
Church Buildings loan	**103**	108
Equity share loan	**134**	134
	237	**242**
Due within one year		
Parish share debtors	**11**	12
Church Buildings loans	**2**	2
Other debtors	**737**	302
Prepayments and accrued income	**93**	487
	1,080	**1,045**

The historic cost of the equity share loan included in loans receivable is £16,000 (2021: £16,000).

23. Current asset investments

	2022	2021
	£000	£000
CBF Deposit fund	**1,003**	1,837

24. Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	**276**	231
Pension deficit payments creditor (note 34)	**-**	240
Other creditors	**2**	11
Accruals and deferred income	**127**	80
	405	562

25. Creditors: amounts falling due after more than one year

	2022	2021
	£000	£000
Loans	**101**	101

Loans included in creditors due in more than one year comprise £101,000 (2021: £101,000) owing to Church Commissioners relating to property purchased to house clergy spouses, which become repayable on sale of the property once it falls vacant.

26. Summary of funds

Summary of funds - current year

	Balance at 1 January 2022 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 December 2022 £000
Designated funds	**25**	**-**	**-**	**-**	**-**	**25**
General funds	**5,848**	**9,280**	**(8,920)**	**(102)**	**(267)**	**5,839**
Endowment funds	**58,290**	**336**	**(191)**	**(756)**	**(2,797)**	**54,882**
Restricted funds	**10,994**	**3,018**	**(2,931)**	**858**	**(676)**	**11,263**
	75,157	**12,634**	**(12,042)**	**-**	**(3,740)**	**72,009**

Summary of funds - prior year

	Balance at 1 January 2021 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 December 2021 £000
Designated funds	25	-	-	-	-	25
General funds	4,467	9,415	(8,605)	537	34	5,848
Endowment funds	55,874	774	(156)	(1,807)	3,605	58,290
Restricted funds	8,995	2,573	(2,305)	1,270	461	10,994
	69,361	12,762	(11,066)	-	4,100	75,157

27. Statement of funds

Statement of funds - current year

	Balance at 1 January 2022 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 December 2022 £000
Designated funds						
Bequests Fund	25	-	-	-	-	25
Unrestricted funds						
General	5,848	9,280	(8,920)	(102)	(267)	5,839
Restricted funds						
Parsonages Building Fund	2,151	46	-	-	(155)	2,042
Durham Closed Schools Fund	580	13	(15)	10	-	588
Pastoral Fund	6,504	98	(159)	996	(387)	7,052
Ministry and Preordination Training Fund	169	542	(479)	(128)		104
Faith in the Community	3	-	(3)	-	-	-
Lord Crewe's Charity	118	340	(286)	-	-	172
Strategic Development Fund - Resourcing Churches	28	675	(674)	-	-	29
Restructuring Fund - Renewal & Reform	208	-	(145)	-	-	63
Strategic Development Fund II - Communities for Hope	-	698	(693)	-	-	5
Misc Restricted Fund (Misc Income for projects)	52	50	(33)	-	-	69
Durham Capacity Fund (Restricted)	-	175	(176)	-	-	(1)
Strategic Capacity Grant fund	-	49	(49)	-	-	-
Strategic Ministry Fund	-	188	(188)			-
Benefact Trust- Cultivate funding	-	100	-	-	-	100
Benefact Trust - Giving Adviser funding	-	13	(13)	-	-	-
Other	1,181	31	(18)	(20)	(134)	1,040
	10,994	3,018	(2,931)	858	(676)	11,263
Endowment funds						
Parsonages Houses Fund	20,263	336	(5)	(920)	-	19,674
Stipends Capital Fund	38,027	-	(186)	164	(2,797)	35,208
	58,290	336	(191)	(756)	(2,797)	54,882
Total of funds	75,157	12,634	(12,042)	-	(3,740)	72,009

General fund

The general fund is available for any purpose within the objects of the Board. It is principally used for payment of stipends, national insurance, pension contributions and housing costs of clergy and licensed lay-workers in parish ministry. It also provides the assets and liquidity for the DDBF to carry out its objectives, including statutory compliance and administration of funds.

Bequests Fund

This fund represents the balance from an anonymous donor during 2019 which the Board decided should be held within a separate designated fund to support the diocesan priority of 'Challenging Poverty'.

Parsonages Buildings fund

The Parsonages Buildings fund is held by the DDBF to pay for repairs and maintenance of parsonage houses. This fund also holds the net proceeds from the sale of any previous parsonages which have been ring fenced for the provision of a replacement parsonage as and when necessary.

Durham Closed Schools Fund

The Closed Schools Improvements Fund represents the pooled sale proceeds of closed church schools in the Diocese in accordance with Section 287 (2) of the Education Act 1993. The capital and income can be used for the building, extension and maintenance of church schools. The income alone can be spent on the management and administration of church schools.

Pastoral Fund

The pastoral account includes the proceeds of redundant churches and parsonages and was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:

-to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees

-to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese

-other purposes of the Diocese or any benefice or parish in the Diocese

-to make grants or loans to any other diocese

-to transfer funds to the diocesan stipends fund income or capital accounts.

Ministry and Preordination Training Fund

This is a restricted fund set up to provide assistance for ministry and training.

Faith in the Community

This fund is to support the partnership project which funds salaries of support workers, office costs, training, events and projects.

Lord Crewe's Charity Restricted Fund

This fund provides support for necessitous clergy and gives resources for the mission and ministry of parishes in the most deprived parts of the Diocese

Strategic Development Fund

This restricted fund relates to grants received from the Church Commissioners to develop and deliver the strategic plans of the DDBF.

Restructuring Fund

The Church Commissioners awarded the Diocese a one-off allocation to allow the Diocese to adapt to a reduction in funding resulting from the replacement of Selective Allocation by Lower Income Communities Funding. This funding is restricted as it must be used in line with an agreed plan.

Strategic Development Fund – Growing Hope
This national church funded project is to develop Communities of Hope, which are Christian small scale social enterprise projects in areas with high levels of social deprivation, alongside two further Resourcing Churches and ministry experience volunteers.

Miscellaneous Restricted Income Fund
This restricted fund relates to grants received for one off smaller activities which have been made available for specific restricted activities within the Diocese.

Strategic Development Fund – Growing Durham Diocese
This project, funded by the national church in partnership with the DDBF and parishes, provides the opportunity for four of our churches to become Resourcing Churches, growing their reach and capacity, particularly supporting ministry to children and young people. This project also funds a trial of the mixed-mode ordination course and ministry experience volunteer scheme.

Strategic Capacity Fund - Church planting
Provides capacity for the administration and management of church planting within the diocese.

Strategic Ministry Fund
Provides support to assist with funding the curacies.

Strategic Capacity Fund - Other
National church funding to assist with the development a transformational strategy and to trial and develop diocesan support for parishes in areas including evangelism and discipleship, and church building maintenance.

Giving Adviser Fund
National church funding to provide diocesan support for parishes around generous giving and stewardship.

Benefact Trust - Cultivate
Funding to support the diocese's 'Cultivate' church planting strategy.

Other grants
This restricted fund relates to grants which support a wide range of projects related to the four Diocesan priorities.

Parsonage Houses Fund
The Parsonage Houses Fund represents the value of the benefice houses (parsonages) in the Diocese after deducting loans outstanding in respect of such houses.

Stipends Capital Fund
The Stipends Capital Fund is governed by the Diocesan Stipends Measure 1953. The income of the fund can only be used for clergy stipends but, since 1993, capital can be applied for improvements to parsonage houses.

Transfers between funds

Transfers from endowment funds represent transfers from the Parsonage property fund to unrestricted and restricted funds following the sale of certain properties, according to the terms imposed on the endowed asset.

Transfers from general funds to the Stipend capital fund represented the reduction in the clergy pension scheme deficit creditor.

27. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 January 2021 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 December 2021 £000
Designated funds						
Bequests Fund	25	-	-	-	-	25
General funds						
General	4,467	9,415	(8,605)	537	34	5,848
Restricted funds						
Board of Education Training Fund	11	-	-	(11)	-	-
Parsonages Building Fund	1,685	33	-	266	167	2,151
Durham Closed Schools Fund	412	42	(22)	11	137	580
Pastoral Fund	5,496	48	(192)	995	157	6,504
Ministry & Preordination Training Fund	136	475	(442)	-	-	169
Faith in the Community	3	-	-	-	-	3
Lord Crewe	4	356	(242)	-	-	118
Strategic Development Fund - Resourcing Churches	28	640	(640)	-	-	28
Restructuring Fund	181	158	(140)	9	-	208
Strategic Development Fund II - Communities for Hope	1,039	302	(108)	-	-	1,233
Strategic Development Fund	-	500	(500)	-	-	-
Strategic Development Fund - MLG	-	19	(19)	-	-	-
	8,995	2,573	(2,305)	1,270	461	10,994
Endowment funds						
Parsonages Houses Fund	21,696	-	(7)	(1,892)	466	20,263
Stipends Capital Fund	34,178	774	(149)	85	3,139	38,027
	55,874	774	(156)	(1,807)	3,605	58,290
Total of funds	**69,361**	**12,762**	**(11,066)**	**-**	**4,100**	75,157

28. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Endowment funds 2022 £000	Total funds 2022 £000
Tangible fixed assets	1,823	1,656	30,101	**33,580**
Fixed asset investments	2,385	6,888	24,896	**34,169**
Debtors due after more than one year	237	-	-	**237**
Current assets	1,810	2,719	-	**4,529**
Creditors due within one year	(391)	-	(14)	**(405)**
Creditors due in more than one year	-	-	(101)	**(101)**
Total	**5,864**	**11,263**	**54,882**	**72,009**

Analysis of net assets between funds - prior year

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Endowment funds 2021 £000	Total funds 2021 £000
Tangible fixed assets	1,738	1,680	30,122	33,540
Fixed asset investments	2,033	4,950	28,652	35,635
Debtors due after more than one year	242	-	-	242
Current assets	2,039	4,364	-	6,403
Creditors due within one year	(78)	-	(484)	(562)
Creditors due in more than one year	(101)	-	-	(101)
Total	5,873	10,994	58,290	75,157

29. Analysis of significant transfers between funds

Analysis of significant transfers between funds – current year

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Endowment funds 2022 £000	Total funds 2022 £000
Transfer of Parsonage Property to Pastoral	-	996	(996)	-
Transfer from general funds to Stipend Capital fund in respect of reduction in clergy pension scheme deficits payment creditor	(240)	-	240	-
Transfer of balance of Ministry and Pre ordination fund To Board of Finance CBF Deposit Fund	10	(10)	-	-
Released cash from Pastoral to Stipend Capital	-	(774)	774	-
Release of investment shares from Stipend Capital to Pastoral	-	774	(774)	-
Total	**(102)**	**858**	**(756)**	**-**

Analysis of significant transfers between funds – prior year

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Endowment funds 2021 £000	Total funds 2021 £000
Transfer of Parsonage Property to Pastoral Fund	-	995	(995)	-
Transfer of Parsonage Property to Parsonage Building Fund	-	267	(267)	-
Transfer of Glebe cost to Transitional fund	-	8	(8)	-
Transfer of Parsonage Property to Unrestricted Funds	758	-	(758)	-
Transfer form general funds to Stipend Capital Fund in respect of reduction in clergy pension scheme deficits payment creditor	(243)	-	243	-
Reallocation of housing costs	22	-	(22)	-
Total	537	1270	(1,807)	-

30. Reconciliation of net movement in funds to net cash flow from operating activities

	2022 £000	2021 £000
Net income/expenditure for the year (as per Statement of Financial Activities)	**(3,148)**	5,796
Adjustments for:		
Depreciation charges	**45**	48
Gains on investments	**3,740**	(4,100)
Dividends, interests and rents from investments	**(911)**	(725)
Increase in debtors	**(35)**	(50)
Increase in creditors	**83**	82
Profit on sale of fixed assets	**(336)**	(1,307)
Pension revaluation	**(99)**	(119)
Contributions to pension scheme	**(141)**	(264)
Net cash used in operating activities	**(802)**	(639)

31. Analysis of cash and cash equivalents

	2022 £000	2021 £000
Cash in hand	**2,683**	3,763
Notice deposits (less than 3 months)	**1,003**	1,837
Total cash and cash equivalents	**3,686**	**5,600**

32. Analysis of changes in net debt

	At 1 January 2022 £000	Cash flows £000	At 31 December 2022 £000
Cash at bank and in hand	**3,763**	**(1,080)**	**2,683**
Debt due within 1 year	**(240)**	**240**	**-**
Debt due after 1 year	**(101)**	**-**	**(101)**
Liquid investments	**1,837**	**(834)**	**1,003**
	5,259	**(1,674)**	**3,585**

33. Operating lease commitments

At 31 December 2022 the charitable company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022	2021
	£000	£000
Not later than 1 year	**10**	10
Later than 1 year and not later than 5 years	**2**	2
	12	**12**

34. Pensions

The DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pension Fund** for lay staff.

These schemes are multi-employer defined benefit pension schemes (referred to as "last man standing" schemes) for which the DBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 28.11 of FRS102 requires the DBF to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the DBF. A valuation of each scheme is carried out once every three years.

Church of England Funded Pension Scheme

Durham DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those separately from those of the Responsible Bodies. Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year (2022: £1,243,000 (2021: £1,392,000), plus the figures highlighted in the table below as being recognised in the SOFA, giving a total charge of £1,144,000 for 2022 (2021: £1,397,000). The scheme is accounted for within the Stipends Capital Fund.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;

Increase in pensionable stipends in line with CPIH;

- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) were as set at 11.9% for the period from January 2018 to December 2020, and 7.1% from January 2021 to December 2022.

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2022	2021
	£000	£000
Balance sheet liability as at 1 January	**240**	483
Contributions paid	**(141)**	(248)
Interest cost (recognised in SOFA)	**-**	1
Re-measurement of the balance sheet liability (recognised in SOFA) *	**(99)**	4
Balance sheet liability as at 31 December	**-**	240

* Comprises change in agreed deficit recovery plan and change in discount rate and assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	2022	**2021**	**2020**
Discount rate	n/a	0.0% pa	0.2% pa
Price inflation	n/a	n/a	3.1% pa
Increase to total pensionable payroll	n/a	-1.5% pa	1.6% pa

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities.

Church Workers Pension Fund
Durham DBF (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Defined Benefits Scheme
The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pension costs charged to the SOFA during the year are contributions payable towards benefits and expenses accrued in the year 2022: £211,000 (2021: £203,000) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SOFA, giving a total charge of £211,000 for 2022 (2021: £80,000). The scheme is accounted for within the general unrestricted fund.

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of DBS is carried out once every three years. The most recently finalised was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £11.3m.

The next actuarial valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution of 33.8% of pensionable salary and expenses of £7,800 per year.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2022	2021
	£000	£000
Balance sheet liability as at 1 January	-	139
Contributions paid	-	(16)
Interest cost (recognised as SOFA)	-	-
Re-measurement of the balance sheet liability (recognised in SOFA)*	-	(123)
Balance sheet liability as at 31 December	-	-

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	2022	2021	2020
Discount rate	0.00% pa	0.00% pa	0.30% pa

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities. The next valuation of the scheme is currently being carried out as at 31 December 2022.

Pension Builder Scheme
The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme.

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 3% following improvements in the funding position over 2021. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

The legal structure of the scheme is such that if another employer fails, DDBF could become responsible for paying a share of the failed employer's pension liabilities.

35. Custodian funds

The Board act as custodian trustee responsible for trust funds held on behalf of others. The movement on these funds during the year is set out below:

	2022	2021
	£000	£000
Balance at 1 January	**14,275**	12,945
Funds received	**430**	374
Payments made	**(491)**	(568)
Revaluation of investments held	**(1,451)**	1,524
Balance at 31 December	**12,763**	**14,275**

The funds held by the DDBF as custodian trustees comprise deposits and investments. The funds are held on behalf of the PCCs within the Diocese, in separate bank and investment funds.

THE DURHAM DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 248287

Accounts

THE CHURCH OF ENGLAND

DIOCESE OF DURHAM

DURHAM DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2021

Company Number: 00192018
Charity Number: 24828

DURHAM DIOCESAN BOARD OF FINANCE

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

CONTENTS **Page**

Reference and administrative details	1
Trustees' report	3
Independent auditor's report on the financial statements	18
Statement of financial activities	22
Income and expenditure account	23
Balance sheet	24
Statement of cash flows	25
Notes to the financial statements	26

DURHAM DIOCESAN BOARD OF FINANCE

REFERENCE AND ADMINISTRATIVE DETAILS

YEAR ENDED 31 DECEMBER 2021

Ex officio Members of the Board
The Bishop of Durham – Right Reverend PR Butler (Chair)
The Bishop of Jarrow – Right Reverend SE Clark
The Dean of Durham – Very Reverend A Tremlett
The Archdeacon of Auckland – Venerable RL Simpson
The Archdeacon of Durham – Venerable EM Wilkinson
The Archdeacon of Sunderland – Venerable RG Cooper
The Chair of the House of Laity – Mr FA Rogers (term of office ended 31 October 2021)
The Chair of the House of Laity – vacant from 1 November 2021
The Chair of the House of Clergy – Canon S Clark (from 14 November 2021)
The Chair of the Finance Group – Ms ML Vaughan

Elected Members of the Board
Reverend P Arnold (from 5 November 2021)
Mrs Alison Blackburn (from 1 November 2021)
Reverend J Barron (term of office ended 31 October 2021)
Mrs J Benson (term of office ended 31 October 2021)
Reverend WE Braviner (term of office ended 31 October 2021)
Mr Francis Drake (from 1 November 2021)
Mr S Gardiner
Reverend T Glover (resigned 31 March 2021)
Mr J Hall (from 1 November 2021)
Dr JH Harrison
Mr C Hawkes (resigned 9 July 2021)
Mr P Hobbs (from 1 November 2021)
Mrs R Hicks
Mrs LM Jordan (term of office ended 31 October 2021)
Mr SL Pickering (term of office ended 31 October 2021)
Dr AC Price
Mr FA Rogers (from 1 November 2021)
Mrs F Stenlake (from 1 November 2021)
Reverend L Sutherland (from 22 December 2021)
Reverend D Tolhurst (from 1 November 2021)
Mr N Wyrley-Birch (term of office ended 31 October 2021)

Secretary to the Board
Mr JJG Morgan

Diocesan Chancellor
The Worshipful Adrian Iles
56 North Bondgate
Bishop Auckland
DL14 7PG

Diocesan Registrar
Mr P Wills
Smith Roddam
56 North Bondgate
Bishop Auckland
DL14 7PG

Independent Auditor
UNW LLP
Chartered Accountants
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

Glebe Property Agents
Savills
Helix
The Lumen
St James' Boulevard
Newcastle upon Tyne
NE4 5BZ

Registered Office
Cuthbert House
Stonebridge
Durham
DH1 3RY

Telephone: 01388 604515
Website: www.durham.anglican.org.uk
Email: enquiries@durham.anglican.org

Company registration number
00192018

Registered charity number
248287

The trustees of the Durham Diocesan Board of Finance ('the DDBF'), who are the members of the company and are directors for the purposes of company law, present their report together with the audited financial statements, for the year ended 31 December 2021.

This report satisfies the legal requirements for the Directors' Report of a charitable company; a Strategic Report under the Companies Act 2006; and a Trustees' Annual Report under the Charities Act 2011.

Objectives of the DDBF

The DDBF was formed to manage the financial affairs and hold the legal title to the assets of the Diocese of Durham. It was incorporated on 21 August 1923 as a charitable company limited by membership guarantees (No. 00192018) and is registered with the Charity Commission (No. 248287).

Each member of DDBF has a personal liability limited to £1 under their guarantee as company members in the event of its being wound up.

The objectives of the DDBF as set out in the Memorandum and Articles of Association are to hold real and personal property for the purposes connected with the Church of England in the Diocese of Durham. The Board is the financial adviser and executive of the Diocesan Synod; it is responsible for the collection, custody, disbursement and account of the Synod's funds, and the employment of all persons in receipt of salaries paid directly from those funds.

The DDBF has delegated responsibility for the day-to-day management of the company to the Diocesan Secretary. It has also appointed a Director of Mission, Discipleship and Ministry and a Director of Strategic Growth to support the Diocesan Bishop in his work to develop the mission of the Church of England in the Diocese of Durham. These senior managers are supported by a number of heads of department and their staff. No employee of the DDBF is a statutory director or trustee of the Board.

The Diocese of Durham also benefits from the services offered on a voluntary basis by a large number of members and supporters of the Church of England. These volunteers give of their time and expertise in many ways, including membership of the boards and committees needed to provide effective governance and ensure effective operation of the Diocese.

The Board would like to place on record its gratitude and thanks for all the support it has received from both staff and volunteers over the past year. The Board recognises the continuing challenges facing clergy, parishes and other forms of ministry arising from Covid-19 and would like to thank all of those who have supported this work in these difficult circumstances.

Strategic Aims and Objectives

The Diocese of Durham has adopted a vision to be:

**The Church of England from the Tyne to the Tees and the Dales to the Sea,
blessing our communities in Jesus' name for the transformation of us all.**

Following the Waymark conference in late 2019, the Diocese has developed a mission strategy for 2021-2026, approved at Diocesan Synod in January 2021. This focusses on four priorities:

- Energising Growth;
- Engaging with Children, Young People and 18-25s;
- Challenging Poverty; and
- Caring for God's Creation.

Achievements and performance

Operational Review

The Christian Presence

Clergy, lay leaders and church members play a central part in the life of churches and carry out important roles in our communities. This involves engaging in a wide variety of community and church projects, and clergy, along with licensed lay ministers, carry out numerous weddings, baptisms and funerals, and provide chaplaincy in a range of different settings.

Leadership in its many forms is essential and we are delighted to have had real success in developing both lay and ordained vocations. Numbers of those in training for ordained ministry continue to grow year on year. By the end of the year we had 41 Durham sponsored candidates in training for ordained ministry *(2020: 35)*. With this increase the Diocese of Durham will move from being a diocese that imports candidates for ordination from other regions, to one that exports candidates in 2023.

The numbers in training for Reader ministry have also started to increase. At the end of the year there were 15 Readers in training *(2020: 13)*. Vocations to Lay Pastoral Ministry found expression through the advent of the Lay Pastoral Ministry programme in 2018, with the first nine participants completing the course in 2019, 13 completing the course in 2020, and a further three in training in 2021. There has been further diversification of vocational options in this past year, with a Lay Chaplaincy training offer being developed in conjunction with Lindisfarne College of Theology alongside those in training for Lay Pastoral Ministry. The first six candidates have completed that training programme in 2021. A further five people have started the Lay Pastoral Ministry/Lay Chaplaincy programme in 2021.

Following Covid-19 delays, the Bishop of Durham led prayer walks along four new pilgrimage routes each leading to Durham Cathedral in 2021, involving around 30 churches in the dioceses of Durham and Newcastle.

Engaging with Children, Young People and 18-25s

Many of the plans for 2021, as in the previous year, had to be put on hold due to Covid restrictions, however we adapted to the new circumstances and found different ways of working. Much of our focus has been providing support, encouragement and advice to parishes, and children's and youth leaders.

Youth ministry

Our Growing Young Leaders course re-started in the autumn with 15 young people aged 14-18 from across the Diocese. Our leadership team has welcomed a Cranmer ordinand placement and we completed the Growing Young Leaders course at Ian Ramsey Academy.

The termly youth event 'The Pulse' continued online into 2021, but our first 'live' event for 2 years was held in the Cathedral in October, just before COP26. The theme was Creation and Climate Justice, and was set under the 'Museum of the Moon'. Bishop Paul spoke and Rev. Danie Lindley, one of the Diocesan Environment Champions, presided at our first Pulse Eucharist, with the Youth Council band providing music.

The Youth Council has had a challenging year. Many of the members are now at university during term and without a Growing Young Leaders course we were unable to recruit more members. However, they have still contributed to the life of the Diocese in many ways, including their livestreamed Youth Council Conversations, Instagram posts during Lent, Easter and Advent, contributing to the Pulse and a session at Diocesan Synod In November. James Hall, as a member of Youth Council, now serves on Bishop's Council.

The Bishop's Certificate for Youth Ministry course (a 6 week course) ran online again in 2021 and in the future we will continue to run some courses online and some in person.

Children's ministry

2021 saw the return of some of our children's ministry in person plus a hybrid approach with some groups also meeting online. This has been a huge encouragement to our leaders and to the children themselves as they have re-engaged in various ways. Some 'Open the Book' teams have returned to schools, providing a welcome presence and many Messy Churches have re-started, some now offering both online and in person options. Toddler groups are by far the largest area of ministry that has returned to In person meetings, and are highly valued by the families they serve.

Growing Faith continues with our input both nationally and locally, continuing as one of six 'Trailblazer Dioceses' helping to shape the future and share good practice. Our focus on chaplaincy in educational settings throughout the Diocese has begun in some of our primary and secondary schools. Funding is sought to support this vital work further into 2022 and beyond.

Training continues with many strands, our online conference in May, 'Re-Emerging' gave participants the opportunity to hear from various practitioners how their ministries had begun to re-emerge after lockdowns. The conference was very well received.

Bishop's Certificate in Children's Ministry ran in 2021 and the new Bishop's Certificate in Exploring Chaplaincy in Education was also piloted, both with excellent feedback. Employed children's workers are supported individually and through our network of termly meetings. Specific training has taken place both online and in person for churches in their contexts throughout the year.

Children's Council has new members and has begun its 'Homegrown' mission project with plans for the first event to be held at Easter 2022. The Council contributed to Diocesan Synod in November and continues to be an incredible asset to our Diocese.

The Durham Diocesan Board of Education, through the Joint Education Team continued to work with all 107 schools throughout the second year of the Covid-19 pandemic and the many challenges that it presented for our schools. School visits continued where appropriate and a hybrid form of working has been a great success. All of our schools received twice weekly calls from a member of the team throughout lockdown periods and school support has been a constant. We have received incredibly positive feedback during this time from both our headteachers and our governors who have greatly appreciated our support. The Assistant Director for Legal and Governance provided regular summary briefings on key guidance and the team delivered a series of online meetings to support wider groups of chairs and ex-officio governors, with up to 100 in attendance at once. These chairs and ex-officio briefings are to continue on a termly basis in order to continue engaging remotely with our governors collectively in a way that was previously not possible 'in person'. Whilst the pandemic has left its emotional and physical mark on our schools, our leaders and their teams of staff have been resilient. During the year the Durham and Newcastle Diocesan Learning Trust (DNDLT) remained at 9 schools although the team has worked towards a trust comprising two further schools joining the DNDLT. The Diocesan Director of Education has, as part of this transition, undertaken an 'Acting CEO Role' for this small trust and these two additional schools have subsequently joined the DNDLT as of 1 April 2022 bringing the total number of schools currently in the DNDLT to 11. Many more conversations are taking place with interested schools. School building work continued and all projects planned were completed although some slightly behind the expected timetable.

Energising Growth

The Diocese aims to grow in three key dimensions: in reach and influence; in depth by strengthening discipleship; and in breadth and number. This mission is shared with every parish, chaplaincy and other expressions of faith in the Diocese, and takes place through many different routes. Some of these projects are outlined below:

Growing Durham Diocese: We have continued to track the outcomes and trajectory of the 2018/19 Strategic Development Fund ('SDF') project alongside reassessment of expectations in the light of Covid-19. It became apparent that one of the five Resource Churches was not in a position to regain momentum and following a review, Strategic Development Funding was withdrawn from this project in mid-October.

We undertook a Covid impact analysis of the other four Resource Churches. This demonstrated that while one was expected to become sustainable despite Covid-19 primarily due to this project beginning two years earlier than the others, and achieving significant pre-pandemic growth, the other three were not likely to do so under the pre-Covid funding arrangements. As a result, funding has been restructured to defer the point at which these three projects are expected to reach financial sustainability, whilst keeping the total project cost within the overall original project budget.

Progress continued to be overseen by the project monitoring board chaired by the Bishop of Durham. The board enabled a Bishop's Mission Order to be put in place to support planting from St. George's in other parts of Gateshead.

The learning community, which provides support for leaders and teams, continues to meet and returned to meeting in person in 2021.

The mixed mode ordinand training programme did not recruit any new students for the 2021/22 academic year. A review was undertaken in conjunction with Cranmer Hall, in order to attract more students in future.

Growing Hope: This SDF project includes several different approaches to church growth, including Communities of Hope (projects centred on bringing people to faith through social enterprise), Resource Churches and Church Plants. In Hartlepool, Murton, Thornley, Pennywell, and North Wearside (Communities of Hope) St. Paul's Stockton (Church Plant), Harton and Cleadon Park (Resource Church) and Wynyard (Church Plant) teams are now largely in place and missional activities are engaging their communities. In Wynyard the Diocese purchased a vicarage and the leaders moved in during the spring of 2021. Wynyard and St Paul's have experienced significant growth, Harton and Cleadon Park recruited in the Autumn of 2021 so are now beginning to put their strategy into action. In Seaham progress has been made, a suitable property has been located and staff recruitment completed in December 2021. Activities are expected to begin during early 2022.

Support and process: Our SDF funded project support team, which includes two project managers and a sustalnability manager, has continued to work with parish-based project teams to bring the projects to fruition. Additionally, 'The Action Course' which supports those looking to develop their skills and understanding of missional work, was launched in 2021 with the first Cohort graduating early 2022.

Cultivate: We have developed our growth strategy to focus on church planting as a key vehicle for growth. The Cultivate training program has been developed to grow this in local churches with lay and ordained leads. Benefact Trust (formerly known as Allchurches Trust) have agreed to provide £200,000 towards this programme and we hope to receive further funding for this project from the national church.

Missional Leadership for Growth (MLG) has come to an end, with the 8th Cohort of clergy completing the course at the end of 2021. We are grateful for the opportunity of resourcing our clergy in such a comprehensive and well-structured way. We are clear that MLG has helped to shift the culture in terms of mission, but ongoing work is needed to reinforce thls and build on it. We will build this culture into our first incumbents' course, and explore pastoral supervision possibilities to support our clergy. We recognise there is a need for ongoing work such as Action Learning Sets, Reflective Practice Groups, mentoring, coaching, individual support and challenge, and conflict resolution.

Challenging Poverty

In 2021 we refreshed our strategic approach to challenging poverty in all its forms to focus on:

- working together to address child and youth poverty;
- responding to Isolation, particularly among the elderly; and
- reaching out and responding to the needs and gifts of asylum seekers and refugees.

The work of the Bridge Project and our involvement in Communities Together Durham continued. Established groups began to develop less stigmatising ways of tackling food poverty, fostering self- esteem through, for example, a community supermarket or take away model. New volunteers have been trained to deliver money and debt advice, and the use of these services remains high. Many activities, including holiday clubs, ESOL classes for asylum seekers and refugees and social gatherings, adapted innovatively to the constraints of the pandemic.

As restrictions ease, groups are re-starting slowly, encouraging both in person social activity and volunteering, but levels of anxiety remained high. A small group has begun to consider how best to support those experiencing isolation and the associated mental health issues in rural communities. We are also exploring a more co-ordinated approach to supporting asylum seekers and refugees across the Diocese.

The work continued to be supported by Lord Crewe's Charity and we are very grateful for the amount of £150,000 awarded by them in 2021 in support of the diocesan priority of challenging poverty to transform lives and communities.

Lord Crewe's Charity celebrated its Tercentenary by offering a generous additional grant funding opportunity, and during 2021 we secured funding for three projects:

- The Ten10 bus – a mobile youth centre, popup café and workshop space in Oxclose, Washington;
- 'Free Help with Debt': a new partnership in Jarrow and Simonside offering debt advice and mental health first aid through a network of 'Places of Welcome' drop-ins'; and
- Additional support for vulnerable learners and their families in Hartlepool to return to full time in person education.

More details of activities and their Impact can be found on the Communities Together Durham website at https://communitiestogetherdurham.org.uk/

Caring for God's Creation

Following the adoption of this new priority, the Diocese registered its intention to work towards 'Eco-diocese' status with the charity A Rocha UK, which works with churches and dioceses to support engagement with environmental issues. We continue to encourage our parishes to register for Eco-Church status and are pleased to see several having been awarded Eco-Church status already.

Diocesan Synod acknowledged the existence of a climate emergency in November 2021 coinciding with the COP 26 talks in Glasgow, and became the sixth Church of England diocese to commit to divestment from fossil fuel companies, supporting the ecumenical 'Bright Now' fossil fuel divestment campaign.

The Diocese launched a scheme to support clergy by facilitating the installation of electric vehicle charging points at clergy housing and at Cuthbert House. Early steps have been taken towards developing a plan to meet the Net Zero target for our church buildings and housing, and the Diocese made a loan of £100k towards the installation of a ground source heat pump as part of the renovation of St Paul's Church, Stockton.

Safeguarding

During 2021 our safeguarding training programme has continued, in spite of the challenges of the pandemic. This meant that much training continued online due to physical distancing requirements. Very positive feedback on training, whether in person or online, has been received, and this is pleasing, as the modules were substantially revised in 2020. Safer Recruitment and People Management and Raising Awareness of Domestic Abuse have now been launched as e-learning modules. This is a significant development and will greatly assist compliance with these modules.

Past Cases Review 2 (PCR 2) was launched in early in 2020, but Covid-19 restrictions delayed the completion date to December 2021, in line with the revised national deadline. All relevant parish and diocesan records, including the personnel files of every living member of clergy, were reviewed independently. This was a substantial project and the reviewers did not find any cases where a safeguarding concern had been missed or not dealt with appropriately, although some lessons are to be learned from a limited number of cases. These have been considered very carefully, and have helped to form the basis of recommendations arising from the report. These local recommendations, along with recommendations that will be formed at a national level based on all the diocesan PCR 2 reports, will inform the development of our work going forward, and the Diocese has begun to develop its response to engagement with survivors of abuse

In the autumn we prepared and disseminated materials to help parishes implement the new Safer Recruitment and People Management process (SRPM), which became mandatory national safeguarding guidance on 4 January 2022. This has required revision of policy and practice at parish and diocesan level.

Case work throughout the year was managed by the Diocesan Safeguarding Advisor, in collaboration with colleagues throughout the Diocese and in line with good practice guidance, as we continued to do all within our power to make our churches safe for all.

Joint Working Practices

In the interests of delivering the best support services possible for our Diocese, we identified some new opportunities to work in collaboration with other regional Church of England bodies, in addition to our existing Joint Education Team, aspects of ministerial training and retreat house. This led to the creation of a joint Newcastle and Durham diocesan communications team in Summer 2021 creating a regional voice to promote Church of England news and views aligned geographically to regional media organisations. As well as developing communications channels, this team has focussed much of its first six months on developing a new diocesan website, which was launched in January 2022. This provides a platform for the Diocese to disseminate support and guidance and to celebrate achievements.

We have also developed our support services in collaboration with Durham Cathedral, establishing a shared Human Resources team that now serves both the Cathedral and the DDBF.

Looking ahead

Our work on parish development continues, and the Mission, Discipleship & Ministry (MDM) Team work across the Diocese in many different ways to support parishes and people (clergy and lay) in the important work that they do.

A recent theme has been that of 'healthy church' – of encouraging churches to ask themselves that, given who they are, where they are, and the resources they have, what is the healthiest that they can be? We have looked at this in various ways, to suit individual settings, such as PCC away days and, for all churches in vacancy, the development of a process to prepare vacant parishes for new appointments.

This process and associated tools were developed by a joint team of clergy, diocesan staff and lay representatives to provide a facilitator and common framework to support vacant parishes to evaluate their needs, opportunities, resources and missional readiness ahead of developing a person specification and discerning what work a PCC may need undertaking during vacancy in order to fulfil its missional potential. At the end of our pilot year the process has been successfully used in six parishes and has served to strengthen central support for parishes in vacancy and make for a more informed and missionally focussed appointment process, in order to benefit both newly appointed clergy and parishes looking to make appointments. These materials have been shared with three other dioceses who are in the process of adopting the process and tools.

Financial review

Financial conditions in 2021 remained challenging for parishes due to the effects of Covid-19, and despite many parishes using reserves to fund parish share, the DDBF's parish share receipts recovered by only 4%, remaining over 10% below the amount received in 2019. Covid-19 restrictions also led to certain activities being delayed, including parish recruitment and project work. The DDBF agreed an unrestricted budget operating deficit of £0.6m for 2021. In addition, there were a number of planned investments from reserves (including £150k to deliver clergy housing improvements, £50k for grants to support parishes with church building projects, and £0.2m commitments to a number of ongoing growth projects).

The net movement in funds was a surplus of £5.8m *(2020: £3.5m)*, which included a £4.1m *(2020: £1.6m)* gain on investments, a gain of £1.3m *(2020: £1.2m)* on disposal of property and a decrease of £0.4m *(£2020: £0.4m)* in pension deficit reduction liabilities. Excluding these adjustments which are outside of the DDBF's operational budget, and also excluding non-recurrent sustainability funding received from the Archbishops' Council in response to the effect of the pandemic of £0.3m *(2020: £0.8m)*, leads to an underlying operating deficit of £0.3m *(2020: £0.5m)*.

- Income (after adjusting for income received on the sale of property) was £11.5m, including:
  - Contributions from parishes – "Parish Share" – of £4.4m *(2020: £4.2m)*, £0.2m less than budget. The Diocese is grateful to parishes for their contributions to parish share during a challenging year;
  - £2.2m *(2020: £2.3m)* of Lower Income Communities Funding, £1.3m *(2020: £1.0m)* of Strategic Development Funding grants, £0.3m *(2020: £0.8m)* of Sustainability Funding and other funding streams from the Archbishops' Council;
  - £0.4m *(2020: £0.2m)* from Lord Crewe's Charity to fund poverty alleviation, counselling and other projects.
  - Contributions were received from donors such as Benefact Trust (formerly known as Allchurches Trust), Hild Bede Trust, Marshalls Charity and Mercers Trust.
- The largest area of expenditure was on supporting parish ministry, which was made up of the stipends and housing costs of clergy:
  - Stipend and salary related costs were £6.6m *(2020: £6.7m)*.
  - Costs of providing clergy housing were £1.3m *(2020: £1.2m)*.
- Net assets at the balance sheet date were £75.2m *(2020: £69.4m)*. The DDBF's investments are held across several funds managed by CCLA. The DDBF administers a number of restricted and endowment funds which together comprise 92% *(2020: 94%)* of the assets.

Investment performance

The total value of investments (excluding short-term cash deposits) at the balance sheet date was £35.6m *(2020: £27.7m)*.

The glebe land held by the DDBF has been revalued upwards by £0.4m to reflect the market value at the balance sheet date.

The Board is custodian trustee for trust investment assets with a market value of £14.3m *(2020: £12.9m)*. Detailed certificates of holdings are provided to parishes and other managing trustees of the respective charities annually. The Board also acts as custodian trustee for certain Parochial Church Council (PCC) property. Each PCC is an independent charity and these assets are not recognised on the balance sheet of the DDBF.

Grant-making (beneficiary-selection) policy

Grants are made to the National Church in accordance with an agreed formula, to cover a proportion of its central costs and also to cover the cost of training for ministry. The total paid to the National Church was £0.7m *(2020: £0.7m)*.

Grants are paid to charities and to other charitable projects which appeal to the Board to support the furtherance of DDBF's objectives. These are set out in note 16.

Investment policies

The Memorandum and Articles of Association of the charity permit wide powers of investment. DDBF's investment policies are based on two key policies:

- *Ethical investment*

  This includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.

- *Long-term responsibilities*

  The directors are aware of their long-term responsibilities in respect of endowed funds and as a result follow a prudent approach to investment decisions.

These policies are currently achieved by holding all funds with CCLA Investments Limited in London, which invests in line with the Church of England's Ethical Investment Advisory Group's investment policies and in accordance with the motion passed by synod regarding divestment from fossil fuels.

Investment policy for long-term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an on-going basis. Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

Funds which may be needed for working capital in the short term are held as deposits with CCLA Investments.

Reserves policy

The DDBF has agreed a reserves policy to maintain available free reserves within a range of one to three months' average expenditure in the form of unrestricted (including designated) net current assets. The Board estimated that for 2021 this would equate to a range between £0.95m and £2.85m. At 31 December 2021, DDBF's unrestricted (including designated) available free reserves were £2.1m *(2020: £2.4m)*, which is within this range.

Future prospects

The trustees have approved a budget for 2022, which after allowing for further planned investment from restricted reserves, leaves a net unrestricted operating deficit of £0.5m.

Parish share pledges for 2022 of £4.5m have been received, which is 10% below the pre-Covid pledges made for 2020 (ie. pre-pandemic) and is in line with the pledge income received in respect of 2021. This has caused increased financial pressures and has required a recognition that not all posts identified in deanery plans can

be filled whilst maintaining a balanced budget. Trustees have therefore agreed several work streams to improve financial management, examine expenditure, identify new sources of income, maximise return from investments, and identify cost-sharing opportunities. These pieces of work will continue during 2022.

The national church has made transitional funding available to help Dioceses restructure their operations and finances as part of the Renewal and Reform agenda, and this funding stream is expected to come to an end during 2022. The Diocese will use the remainder of this funding to facilitate best use of its resources and to provide support to parishes. During 2021, the Diocese began exploring the potential of a Transformation funding application, with the appointment of a Project Lead and a Business Support Manager, funded by Strategic Capacity Funding from the national church. In November 2021, the Bishop of Durham's presidential address to Diocesan Synod focussed on the challenges currently faced by the Diocese and in 2022, we will explore the possibilities available to the Diocese through a Transformation project, in consultation with our stakeholders. Sustainability funding has also been made available by the national church in order to partially mitigate losses arising from Covid-19. In addition to the £0.75m received in 2020, the Diocese received £0.25m from this fund during 2021. It is not yet clear whether the Diocese will be eligible for further sustainability funding in 2022.

Against this challenging financial background, the Diocese continues to deliver and develop the mission and ministry of the church, and during 2022 will continue to fund ministry at parish level across the Diocese with the intention of meeting the levels identified by deaneries in their deanery plans. However, in the 2022 budget, it was recognised that unless parish share income returns towards pre-Covid levels, it will be necessary to hold a number of posts vacant, appointing to these posts only when further vacancies emerge. The continuing effect of Covid-19 on parish finances indicates that pledge income will not return to pre-Covid levels in the short term, and the prospects of a medium to long term recovery to pre-Covid levels remain uncertain.

The Diocese continues to pursue the Resourcing Churches and Communities of Hope projects whilst exploring two further locations for Resourcing Church, in order to deliver growth in parishes in partnership with the national church.

There will also be increased activity to support clergy and lay leaders to develop their ministry and discipleship and to encourage and nurture those exploring a vocation for public ministry in the Church of England with new training pathways being developed in order to support the four priorities. This will have oversight from Bishop's Council operating through the ACES (Advice, Challenge, Encouragement and Support) groups which will monitor the work of the priorities.

Effects of Covid-19

The virus control measures brought in by the government in response to the Covid-19 pandemic led to some very significant changes to the operations of the Diocese. Government restrictions and high rates of Covid-19 have led to many churches holding some services online in the interests of public health. Numbers able to attend worship inside churches have also fluctuated according to social distancing restrictions which has led to several challenges:

- Ensuring that the well-being of clergy and staff is maintained;
- Providing ministry and support to the ill and the bereaved whilst adopting social distancing measures and complying with national guidance around occasional offices;
- Communicating with the public to convey our message of faith leadership through new channels;
- Adapting church services and faith-based activities to comply with social distancing regulations and guidance, often through online provision;
- Postponing or cancelling events and activities which cannot be carried out safely; and
- Ensuring business continuity in our governance and critical support functions such as safeguarding, finance, and property.

The social disruption from Covid-19 also has financial implications for both the Diocese and its parishes. Parish incomes have in most cases fallen, in some cases dramatically, and this is seen in lower levels of pledges and parish share. Whilst it is not yet possible to quantify the longer-term financial effects of the crisis, any recovery appears to be slow.

In response to the reduction in parish share, the Archbishops' Council continued to support diocesan and cathedral finances which has assisted the liquidity of the Diocese. This led to the advancement of £2.1m of Lower Income Communities Funding and Transitional Funding for the 2021 financial year in January 2021. The Board would like to express its gratitude to the Council for this support.

The Diocese has taken steps to manage the financial implications of the crisis, initially through postponing non-urgent work, conserving cash and reserves, and encouraging dialogue with parishes to understand the extent to which their finances are affected, and has offered support to parishes with parish giving to help them to mitigate their direct financial effects through the encouragement of use of online giving and contactless giving in church buildings. Communication with parishes is ongoing, In order to ascertain the likely future effect on levels of parish reserves and parish share.

Going concern

The trustees have considered the availability of reserves and cash upon the going concern basis of preparation of these financial statements. Although uncertainty remains, particularly over the rate of recovery in parish income from the effects of Covid-19 restrictions, it is anticipated that reserves will remain within the level set out in the reserves policy. The trustees are comfortable that with the current levels of cash and short-term deposits are sufficient to allow the DDBF to continue to operate as a going concern for the foreseeable future.

Risk management

The trustees confirm that the major risks to which DDBF is exposed have been reviewed and that mitigating actions have been put in place to manage those risks.

The Board maintains a risk register which is reviewed regularly by the Audit and Risk Committee, and this register has been redeveloped during the year, with input from all DBF functions.

During 2021 the most significant risks related to the operations of the DDBF were:

- Church attendance and long-term financial sustainability; and
- Safeguarding.

Church attendance and long-term financial sustainability

These two risks are intrinsically linked and relate to the ability of Parochial Church Councils to maintain their own operations. In the face of national trends around declining congregation numbers and pandemic related challenges is a significant risk to the DDBF. It is increasingly difficult for parishes to maintain share offers and payments to the Diocese, which are financed through giving and fund-raising by church members, when PCCs are also facing increases in costs.

This has exacerbated the extent to which the level of contribution from parishes ("Parish Share") is insufficient to maintain the current cost base of the DDBF. The parish share system introduced during 2020 continued to be applied in order to provide a 'Guided Pledge' to each parish, to give an indication of the level of pledge which would be required to ensure the DDBF could break even.

This system was designed to mitigate the decline in parish share that has been seen in real terms over the preceding decade. Parish share pledges have remained constant at £4.5m 2021 to 2022, however this is £0.5m lower than pre-pandemic levels, and does not keep pace with rising levels of inflation.

Certain external factors affect the Board's ability to meet its financial obligations, including:

- The level of inflation, in particular where this affects increases in stipends and salaries, and also in building maintenance costs;
- The cost of pension provision.

During the year, despite a number of stipendiary and staff posts remaining vacant, there was a continuing operational deficit although financial restraint led to this being within the budgeted deficit. Recruitment has taken place, subject to the limitations of the budget. However, the trustees are aware that holding vacancies can place

strain on clergy and staff, and this is closely monitored.

Safeguarding

It is of key importance to the DDBF to ensure appropriate mitigation of safeguarding risks arising from potential abusers targeting church settings within the Diocese. There is a risk that strain on parish and/or diocesan resources may lead to vulnerability, and potential non-compliance with House of Bishop's Safeguarding Policy. Appointment processes are reviewed and documented to ensure compliance, with further development of these processes taking place in order to adopt the requirements of Safer Recruitment and People Management.

The Board continued to be aware of the potential for safeguarding matters to be raised as a result of increased reporting and awareness of safeguarding issues (both current and historical). The Board's Safeguarding Advisory Panel meets regularly to ensure that the DDBF maintains appropriate controls to prevent, as well as identify and resolve, any issues that arise.

Other risks

The schools agenda, managed through the Durham Diocesan Board of Education (DDBE), also poses potential risk to the DDBF, both in terms of the challenges of maintaining high standards of education in Church of England schools during a period of significant change across the schools sector, and resolving a legacy issue resulting from the DDBF continuing to underwrite the capital build of a phase 1 Academy. The DDBE effectively manages school standards through a Joint Education Team (the Diocese of Newcastle is the other partner) and is continuing to work towards the resolution of the legacy buildings issue.

All of these factors are included in the Board's Risk Register.

Structure, governance and management

The Diocese of Durham is one of the 41 English Dioceses that, along with the Diocese in Europe, make up the Church of England.

The Church of England is episcopally led (there are 108 bishops) and synodically governed. The General Synod consists of three houses, one of which comprises diocesan bishops and elected representatives from suffragan and area bishops, and two of which are elected from the laity and clergy of each diocese. It meets in London or York at least twice annually to consider legislation for the good of the Church.

Further details on the structure and governance of the Church of England can be found on its website: www.churchofengland.org. The financial transactions of the national church do not form part of these financial statements.

The Diocese of Durham stretches from the Tyne to the Tees and the Dales to the Sea covering an area of 2,530 square kilometres. There are 257 Anglican churches across 209 parishes and these are grouped into 14 deaneries and three archdeaconries. The mission of the Church of England is mainly carried out at parish level and the DDBF provides pastoral and financial support to the parishes. Each parish is governed by a Parochial Church Council (PCC), which is a corporate charity. Therefore, except where indicated otherwise, the transactions of PCCs do not form part of these financial statements.

Durham Cathedral is the mother church of the Diocese of Durham and legally is constituted as a separate entity with its own governance structures. Its financial transactions do not form part of these financial statements.

Governance

The Diocese elects a Diocesan Synod, with representation from each deanery in accordance with the church representation rules, and is governed by the Bishop in synod. The Diocesan Synod normally meets twice a year. Many of the Diocesan Synod's responsibilities have been delegated to the Bishop's Council, which acts as the Diocesan Synod's Standing Committee. The day to day running of operations is delegated to the staff team lead by the diocesan secretary and other key management personnel as set out in note 17. All key management personnel report to the diocesan bishop.

Committee structure

The Diocese is governed by the Bishop's Council, which co-ordinates the life and work of the Diocese in support of the mission of the Church, in accordance with the priorities set by the Bishop and the Diocesan Synod.

In the Diocese of Durham, the membership of the Bishop's Council is coterminous with that of the DDBF and also the Diocesan Mission and Pastoral Committee.

The Diocesan Mission and Pastoral Committee is responsible for the task of approving pastoral reorganisation in the Diocese, taking account of available clergy numbers and making use of new patterns of ministry.

This arrangement means that the trustees of the DDBF have responsibility and oversight of all aspects of diocesan life and are therefore able to co-ordinate strategic, financial and operational decisions.

The Bishop's Council is supported by a number of committees that can influence the operations of the Board.

- *Finance Group*

  The DDBF delegates certain duties and responsibilities to the Finance Group including:

  - Assisting the Board to deal with financial strategy and management;
  - Authorising legal property or investment strategy conducted on behalf of the Board;
  - Conducting urgent business of the Board between Board meetings;
  - Overseeing the preparation of the annual DDBF budget and financial statements for submission to the Board;
  - Receiving regular management accounting information; and
  - Acting as the DDBF's HR Committee, overseeing the terms and conditions of the DDBF employees.

- *Audit and Risk Committee*

  The DDBF Audit and Risk Committee maintains an oversight of the Diocese's governance and risk management including:

  - Adopting a risk-based approach and undertaking a planned programme of work examining areas of diocesan activity;
  - Overseeing the external audit of the DDBF's trustees' report and financial statements;
  - Considering internal control and stewardship of the DDBF's resources; and
  - Reporting its findings annually to the Bishop's Council as a critical element of the Bishop's Council's annual reporting requirements.

- *Investment Committee*

  DDBF has responsibility for the management of glebe property and investments which generate Income to support the cost of stipends. It is also the diocesan authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board. With the exception of major transactions, the DDBF delegates these responsibilities to the Investment Committee, which was established in 2016.

- *Church Buildings Panel*

  The Church Buildings Panel is a non-statutory group, which offers grants and loans to Parochial Church Councils for works to church buildings.

- *Closed Churches Uses Panel*

  The Closed Churches Uses Committee is a non-statutory group, which was created to act on behalf of the Diocesan Mission and Pastoral Committee. It seeks appropriate alternative uses for churches in the Diocese which have been declared closed for regular public worship

In addition, there are three statutory Committees and Boards that are not directly answerable to the Bishop's Council, but influence its operation:

- *Diocesan Advisory Committee*

  The Diocesan Advisory Committee advises on matters affecting churches and places of worship in the Diocese, such as; the granting of faculties; architecture, archaeology, art and the history of places of worship; the use and care of places of worship and their contents; and the care of churchyards.

- *Diocesan Board of Patronage*

  The Diocesan Board of Patronage, which is constituted under the provisions of the Patronage (Benefices) Measure 1986, is sole patron of one benefice in the Diocese.

- *Board of Education*

  The Diocesan Board of Education has responsibility for 58 church schools across the Diocese (14 of which are Voluntary Aided, 22 are Voluntary Controlled, 21 are Academies, and one is an Independent School). It provides pastoral and professional support to all its schools and has a particular commitment to enhancing the quality of provision for religious education, collective worship and the spiritual, moral, social, and cultural development of all pupils. The Board of Education is not incorporated and therefore financial accountability for the education agenda rests with the DDBF. During 2021, preparations were made for compliance with the Diocesan Boards of Education Measure 2021, under which a new scheme must come into operation by 1 January 2023, including the agreement in principle of a new scheme.

Public benefit statement

The directors and trustees are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the DDBF. The directors believe that, by promoting the work of the Church of England in the Diocese of Durham, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the Diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- Providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- Promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

The trustees are custodian trustees in relation to certain PCC property.

Trustee recruitment, selection and induction

Trustees are also members of the Bishop's Council and are elected or appointed by the members of the Diocesan Synod in accordance with the rules for election. All trustees receive induction at the start of their term of office and receive additional induction where appropriate. Trustees are registered as directors at Companies House and are required to complete a declaration that they are eligible to serve as a director as well as an annual declaration of interest.

Remuneration of key management personnel

As the DDBF has delegated responsibility for human resource issues to the Finance Group, this group is responsible for agreeing the salary scales for all DDBF employees and for setting the remuneration for senior employees.

Related parties

During 2021 the DDBF had one wholly owned subsidiary, the Diocese of Durham Educational Trust. It did not trade during the year.

Organisations with which the DDBF co-operates in furthering its aims

The DDBF works with a range of organisations which are either part of or associated with the Church of England, or other Christian denominations in order to achieve its objectives. Some of those are set out below, and in some cases, there are a non-controlling number of shared trustees between these organisations and the DDBF. The DDBF ensures that such common trusteeships are appropriately declared and conflicts of interest are mitigated when making decisions relating to such organisations.

- *General Synod, Church Commissioners and Archbishops' Council*

  The DDBF has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The DDBF is a recipient of funding from several different grant funding streams operated by the Archbishops' Council. The stipends and certain other costs of the Diocesan and Suffragan Bishops are borne by the Church Commissioners.

- *Parochial Church Councils (PCCs)*

  The DDBF is required by Measure to be custodian trustee in relation to PCC property, but the company has no control over PCCs, which are independent charities. The accounts of PCCs do not form part of these financial statements. PCCs are able to influence the decision-making within DDBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

- *Multi Academy Trusts (MATs)*

  The DDBF is a member of a number of MATs, including the Durham and Newcastle Diocesan Learning Trust (formerly the Durham Diocesan MAT). The Diocesan Director of Education and members of his team are directors of the Durham and Newcastle Diocesan Learning Trust during the year.

- *Newcastle Diocesan Education Board Limited*
  The Newcastle Diocesan Education Board Limited (NDEB) has responsibility for 49 church schools (plus 2 affiliated schools with an anglican foundation) across the Diocese of Newcastle. Unlike its counterpart In Durham, NDEB is an incorporated charitable company and registered charity. The two dioceses operate a joint education team to manage the delivery of their objectives across the two dioceses, and at 31 December 2021 this team comprised 8 employees working jointly for NDEB and the DDBF.

- *Stirling Newall Trust*

  A registered charity whose objective is the advancement of the Christian religion by the provision of a house of retreat (Shepherds Dene Retreat House at Riding Mill, Northumberland) for members of the Church of England whether clerical or lay who are resident or working in the area comprising the dioceses of Durham and Newcastle.

- *Lindisfarne College of Theology and Cranmer Hall, St John's College*

  The region's two theological educational institutions, both are registered charities whose objects included the promotion and delivery of education for both lay and ordained members of participating Christian churches and also the provision of other theological and ministerial training to both lay and ordained people.

- *Northumbrian Industrial Mission*

  A registered charity which organises the activities of around 40 associate chaplains who engage with people in their places of work. It also works with ministries in other sectors, in local churches and with other agencies.

- *Hospital of God at Greatham*

  A registered charity which provides residential care and alms-houses for older people and makes grants to other charities within the area of benefit.

- *Lord Crewe's Charity*

  A registered charity, one of whose principal aims is to assist necessitous clergy and their dependents in the dioceses of Durham and Newcastle, particularly for the education of their children, and to assist them in other demonstrable financial need.

- *St Hild and St Bede Trust*

  A charitable trust whose objectives include the advancement of further and higher education in the dioceses of Durham and Newcastle, with a focus on the advancement of education in accordance with the doctrines of the Church of England.

- *Communities Together Durham*

  A charity which works with churches and communities to challenge social injustice and to enable communities to flourish.

- *Durham Lesotho Diocesan Link*

  A registered charity which aims to develop educational, AIDS awareness and income generating projects in Lesotho. It also develops educational projects for schools and to raise awareness and support for initiatives in the Diocese of Durham which foster closer spiritual links between the Anglican Church in Lesotho and Durham.

- *North East Churches Acting Together*

  A charity which works ecumenically to serve the churches of the North East through improving communication and developing partnerships and connections between churches of different denominations.

- *North East Religious Learning Resource Centre*

  A registered charity which aims to support religious education, literacy and learning in schools and churches across the North East of England through the provision of resources, training and networking opportunities.

Political contributions

No political contributions have been made during the year *(2020: none).*

Statement of directors' and trustees' responsibilities

The trustees are responsible for preparing the Annual Report which incorporates the Strategic Report, and the financial statements In accordance with applicable law and regulations.

Company law requires the trustees (as directors) to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing these financial statements the trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principals in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to the auditor

So far as the trustees are aware:

a) there is no relevant audit information of which the charitable company's auditor is unaware, and

b) we have taken all the steps that we ought to have taken as trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of than information.

Auditor

A resolution to reappoint UNW LLP as auditor for the 2021 financial year was tabled at the Board's Annual General Meeting.

In approving the directors' and trustees' report the directors of the company are also approving the strategic report as required under the Companies Act 2006.

On behalf of the Board

Rt. Revd. Paul Butler
Chair

25 April 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DURHAM DIOCESAN BOARD OF FINANCE

Opinion

We have audited the financial statements of Durham Diocesan Board of Finance for the year ended 31 December 2021 which comprise the statement of financial activities, the income and expenditure account, the balance sheet, the statement of cash flows 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 charitable company's affairs as at 31 December 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' annual report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the trustees' annual report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees
As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the trustees and other management (as required by Auditing Standards) and from inspection of the charitable company's legal correspondence, and we discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies and charities legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

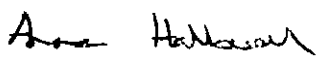
Secondly the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; data protection, safeguarding and certain aspects of company legislation, recognising the nature of the charitable company's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we did not become aware of any actual or suspected non-compliance material to the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Anne Hallowell BSc FCA DChA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

25 April 2022

DURHAM DIOCESAN BOARD OF FINANCE

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 DECEMBER 2021

	Notes	Unrestricted Funds £000	Restricted Funds £000	Endowment Funds £000	Total funds 2021 £000	Total funds 2020 £000
Income and endowments from:						
Donations						
Parish contributions	3	4,373	-	-	4,373	4,205
Archbishops' Council	4	2,526	1,415	-	3,941	4,154
Other	5	216	916	-	1,132	903
Charitable activities	6	667	-	-	667	690
Other trading activities	7	529	33	-	562	438
Investments	8	708	72	-	780	665
Other income	9	396	137	774	1,307	1,198
Total income and endowments		9,415	2,573	774	12,762	12,253
Expenditure on:						
Raising funds	10	18	-	6	24	11
Charitable activities						
Contributions to Archbishops' Council	11	702	-	-	702	728
Resourcing ministry and mission	12	7,604	2,282	150	10,036	9,378
Resourcing education	13	281	23	-	304	205
Total expenditure		8,605	2,305	156	11,066	10,322
Net income before investment gains		810	268	618	1,696	1,931
Net gains on investments		34	461	3,605	4,100	1,598
Net income		844	729	4,223	5,796	3,529
Transfers between funds	18	537	1,270	(1,807)	-	-
Net movement in funds		1,381	1,999	2,416	5,796	3,529
Total funds brought forward		4,492	8,995	55,874	69,361	65,832
Total funds carried forward	26	5,873	10,994	58,290	75,157	69,361

The notes on pages 26 to 56 form part of the financial statements.

DURHAM DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £000	2020 £000
Total income		11,988	11,055
Total expenditure		(10,910)	(10,094)
Gross income for the year		1,078	961
Net gains on investments		495	142
Net income for the year		1,573	1,103
Other comprehensive income			
Net assets transferred from endowments	18	1,807	1,684
Net comprehensive income for the year		3,380	2,787

The income and expenditure account is derived from the statement of financial activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

BALANCE SHEET

AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	20	33,540	34,678
Investments	21	35,635	27,720
		69,175	62,398
Current assets			
Debtors	22	1,045	895
Cash on deposit	23	1,837	1,533
Cash at bank and in hand		3,763	5,498
		6,645	7,926
Creditors: amounts falling due within one year	24	(562)	(526)
Net current assets		6,083	7,400
Total assets less current liabilities		75,258	69,798
Creditors: amounts falling due after more than one year	25	(101)	(437)
Net assets		75,157	69,361
Funds			
Endowment funds	26	58,290	55,874
Including revaluation reserve £2,368,832 (2020: £1,991,601)			
Including fair value reserve £6,670,849 (2020: £4,364,659)			
Restricted funds	26	10,994	8,995
Including fair value reserve £1,282,159 (2020: £480,947)			
Unrestricted funds			
General funds	26	5,848	4,467
Including fair value reserve £528,342			
Designated funds	26	25	25
		5,873	4,492
Total funds		75,157	69,361

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the trustees on 25 April 2022 and signed on their behalf by:

Rt. Revd. Paul Butler
Chair

The notes on pages 26 to 56 form part of the financial statements.

DURHAM DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2021

	2021 £000	2020 £000
Reconciliation of net income to net cash flow from operating activities		
Net income for the year	**5,796**	**3,529**
Adjustments for:		
Depreciation	48	87
Gains on investments	(4,100)	(1,598)
Interest and dividends receivable	(725)	(620)
(Increase)/ decrease in debtors	(50)	(316)
Increase/(decrease) in creditors	82	(125)
Profit on sale of fixed assets	(1,307)	(1,198)
Pension revaluation	(119)	(466)
Contributions to pension scheme	(264)	(17)
Net cash used in operating activities	**(639)**	**(724)**
Cash flows from investing activities		
Interest and dividends received	725	620
Interest payable	1	10
Purchase of tangible fixed assets	(1,504)	-
Proceeds from sale of tangible fixed assets	3,901	3,233
Purchases of investments	(5,229)	(3,133)
Proceeds from sale of investments	1,229	-
Net cash provided by/(used in) investing activities	**(877)**	**730**
Cash flows from financing activities		
New loans advanced	(115)	(68)
Repayment of loans advanced	200	200
Net cash provided by financing activities	**85**	**132**
Change in cash and cash equivalents in reporting period	(1,431)	138
Cash and cash equivalents at the beginning of the year	7,031	6,893
Cash and cash equivalents at the end of the year (note 30)	**5,600**	**7,031**
Analysis of cash and cash equivalents		
Cash at bank and in hand	3,763	5,498
Notice deposits (less than 3 months)	1,837	1,533
	5,600	**7,031**

1. Accounting policies

a) General Information

Durham Diocesan Board of Finance is a charitable company limited by membership guarantee and incorporated and domiciled in England. The registered office address is Cuthbert House, Stonebridge, Durham, DH1 3RY.

b) Basis of preparation of the financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Durham Diocesan Board of Finance meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are presented in pounds sterling which is the functional currency of the company and are rounded to the nearest £1,000.

c) Exemption from preparing group accounts

The charitable company is the controlling party of Diocese of Durham Educational Trust, a dormant subsidiary undertaking. In the opinion of the directors/trustees the size and assets of the subsidiary undertaking mean that the presentation of the combined results and financial position in consolidated financial statements is not material for the purpose of giving a true and fair view. These financial statements present the results and position of the charitable company as a single entity and not as the group.

d) Going concern

The trustees have considered the availability of reserves and cash upon the going concern basis of preparation of these financial statements. Whilst there remains some uncertainty over the rate of recovery in parish finances from Covid-19, the financial position and liquidity of the DDBF is such that currently anticipated future deficits can be absorbed using available reserves. Work continues with parishes and other stakeholders to improve the long-term financial prospects of the Diocese. The trustees are comfortable that the measures taken to date, and the managed budget deficit for 2022, along with the current levels of cash and short-term deposits, are sufficient to allow the Diocese to continue to operate as a going concern for the foreseeable future notwithstanding the current restrictions.

e) Income

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

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

The principal source of income of the DDBF is parish share. The share monies are recognised in the statement of financial activities in the period in which they are received, and arrears are not shown as debtors since only constructive pressure can be applied to encourage parishes to pay any outstanding sums. Debts for parish share are not enforceable.

1. **Accounting policies (continued)**

e) Income (continued)

The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the SOFA for the sake of greater clarity and simplicity in financial reporting.

Selective allocations from the Church Commissioners are credited to the Stipends and General Fund on a monthly basis and recognised in the SOFA as incoming resources.

Legacies, contributions and other donations are accounted for when conditions for their receipt have been met. Investment income is accounted for when receivable. Rental income for glebe and other property is shown separately. Incoming resources from charitable activities including clergy fees, chaplaincy income and guaranteed annuities are receivable on a monthly basis.

Other sundry income, including gains on disposal of properties, is recognised in the SOFA in the accounting period in which monies are receivable.

f) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the SOFA category. Expenditure is stated inclusive of irrecoverable VAT.

Costs of raising funds are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the Board, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the balance sheet date are noted as a commitment, but not accrued as expenditure.

Payments in support of services provided by the Archbishops' Council are regarded as grants and the annual amounts payable are divided into monthly instalments.

Resourcing ministry and mission costs are the costs incurred by the Board in maintaining resident clergy in numerous parishes throughout the Diocese. These include stipends, national insurance, housing, relocation, and a range of support costs.

Support costs consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

g) Pension contributions

The DDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme. The pension costs charged as resources expended represent the DDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which the DDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

The DDBF also operates a stakeholder scheme and contributes to personal pension schemes for which contributions are charged to the SOFA as they fall due.

1. **Accounting policies (continued)**

h) Tangible fixed assets and depreciation

Tangible fixed assets are recognised at cost.

Freehold and leasehold buildings
It is the DDBF's policy that in respect of many of its buildings no depreciation is charged in the accounts as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value.

The DDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value.

Annual impairment reviews are performed in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount. Where the recoverable amount is estimated to be less than the carrying amount, depreciation is charged in the financial statements.

School buildings
School buildings are occupied and, in the case of Voluntary Aided schools, improved, extended and repaired by the school governors. The nature of the occupation of these buildings by these exempt and excepted charities means that DDBF trustees do not have the power to dispose of the buildings until the school ceases its occupation, which in turn would require the approval of the Secretary of State. Any proceeds of sale would be subject to claw-back, by the Secretary of State, of related grant aid provided. The trustees consider that the Board's ownership to be in the nature of custodianship of the assets and these are therefore not capitalised in the financial statements. Details of the Voluntary Aided schools can be obtained from the Joint Education Team.

Depreciation on other tangible fixed assets
Depreciation is provided in order to write off the cost (less any residual value) of other fixed assets over their currently expected useful economic lives at the following initial rates:

Freehold and leasehold property	shorter of 50 years or lease term
Furniture and office equipment	33.3% per annum straight line

i) Investments

Investments in agricultural holdings, commercial properties, and investment securities are shown at their market value on the date of the balance sheet. All gains and losses on investments are recognised in the SOFA. Investments held by the DDBF as custodian trustee are not included in these accounts. Investments in unlisted investments and subsidiary costs are stated at cost less provision for diminution in value. Investments also include long term loans made by the DDBF under concessionary terms which are recognised and measured as set out in Note 1(j).

1. **Accounting policies (continued)**

j) Financial instruments - assets and liabilities

Loans

Loans made by the DDBF to further its charitable purposes at rates below prevailing market rates are classified as concessionary loans and accounted for in accordance with Section 34 of FRS 102. Such loans are initially recognised and measured at the amount received and subsequently adjusted to reflect any repayments, accrued interest and any subsequent impairment.

Debtors

Debtors are recognised at the settlement amount due.

Cash and cash equivalents

Cash on deposit includes cash held in short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the DDBF has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Equity share loan

The DDBF has one loan for which the settlement proceeds are based on the value of the equity in a property. As this constitutes a non-basic financial instrument under FRS 102 this loan has been recognised at fair value and is revalued at each reporting date. Any gains and losses arising at each year-end are recognised in the SOFA.

k) Operating leases

Rentals paid under operating leases are charged to the SOFA on a straight line basis over the lease term.

l) Funds

Balances are split between general, designated, restricted and endowment funds.

- **General** funds represent funds which are expendable at the discretion of the directors' in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.
- **Designated** funds are amounts which have been put aside at the discretion of the directors and are therefore not available for other purposes. All of the unrestricted funds apart from the General Fund are now regarded as designated. These are included with the unrestricted funds column in the SOFA.
- **Restricted** funds represent grants, donations, legacies and assets which are allocated by the donor for specific purposes. The largest restricted fund is the Pastoral Account.
- **Endowment** funds are those held on trust to be retained for the benefit of the charity as a capital fund. In the case of the endowment funds administered by the Board (Stipends Capital Fund, and Parsonage Houses Fund), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment

Trusts where the DDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

2. Critical accounting judgements and estimates

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key areas subject to estimation are as follows:

Fair value of investment property
The DDBF holds investment property comprising agricultural land at fair value. The DDBF uses an independent external qualified surveyor to assess the value of this land based on a site by site consideration of the assets and the market conditions existing at the balance sheet date.

Fair values estimated for equity share loan
The DDBF has one loan for which the settlement proceeds are based on the value of the equity in a property. As required by FRS102 this loan has been stated in accordance with an estimate of fair value. The DDBF makes use of internal experts in arriving at this fair value. This loan is repayable on the earlier of the death of the borrower or the sale of the related property and therefore the timing of its repayment is uncertain. Therefore this loan is measured as a proportion of the fair value at each reporting date and has not been discounted.

Valuation of defined benefit pension scheme deficit recovery liabilities
The present values of the deficit recovery liabilities in respect of the Church Workers Pension Fund and the Church of England Funded Pensions Scheme defined benefit pension schemes depend on a number of factors that are determined on an actuarial basis using a variety of assumptions. These include the discount rate, inflation rate and the increase to the total pensionable payroll, and the DDBF has adopted the values determined by the Church of England Pensions Board. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension deficit recovery liabilities. Furthermore a roll forward approach which projects results from the latest full actuarial valuations performed has been used by the actuary in valuing the pension deficit recovery liabilities at 31 December 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would affect the carrying amount of the pension deficit recovery liabilities.

Other estimates included within these financial statements include depreciation charges and asset valuations. None of the estimates made are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year.

In preparing these financial statements the trustees do not consider there were any significant areas of judgement that were required in applying the charity's accounting policies as set out above.

3. Parish contributions

	Total funds 2021 £000	Total funds 2020 £000
Unrestricted general fund - parish share		
Contributions pledged and paid	4,336	4,138
Contributions from previous years	37	67
	4,373	4,205
Current year parish share receipts (excluding contributions from prior years) as a proportion of total amounts pledged	94.3%	83.6%

4. Archbishops' Council

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2021 £000
Lower income communities' funds	2,180	-	-	2,180
Strategic development fund	-	1,257	-	1,257
Renewal & reform fund	-	158	-	158
Sustainability fund	250	-	-	250
Strategic ministry funding	96	-	-	96
	2,526	1,415	-	3,941

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2020 £000
Lower income communities' funds	2,256	-	-	2,256
Strategic development fund	-	951	-	951
Renewal & reform fund	-	173	-	173
Sustainability fund	750	-	-	750
Strategic ministry funding	24	-	-	24
	3,030	1,124	-	4,154

5. Other donations

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2021 £000
Benefact Trust	178	-	-	178
Grants	12	849	-	861
Other	26	67	-	93
	216	916	-	1,132

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2020 £000
Benefact Trust	176	-	-	176
Grants	6	551	-	557
Other	56	114	-	170
	238	665	-	903

6. Income from charitable activities

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2021 £000
Statutory fees and chaplaincy	597	-	-	597
Miscellaneous Income	70	-	-	70
	667	-	-	667

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2020 £000
Statutory fees and chaplaincy	612	-	-	612
Miscellaneous income	77	1	-	78
	689	1	-	690

7. Income from other activities

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2021 £000
Rental income from parsonages	367	-	-	367
Education service level agreements	155	33	-	188
Miscellaneous income	7	-	-	7
	529	33	-	562

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2020 £000
Rental income from parsonages	318	-	-	318
Education service level agreements	119	-	-	119
Miscellaneous Income	1	-	-	1
	438	-	-	438

8. Income from Investments

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2021 £000
Income from UK listed investments	572	63	-	635
Interest receivable	81	9	-	90
Rents receivable	55	-	-	55
	708	72	-	780

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2020 £000
Income from UK listed investments	557	23	-	580
Interest receivable	31	9	-	40
Rents receivable	45	-	-	45
	633	32	-	665

9. Other Incoming resources

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2021 £000
Gain on disposal of properties	396	137	774	1,307
	396	137	774	1,307

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2020 £000
Gain on disposal of properties	-	-	1,198	1,198
	-	-	1,198	1,198

10. Fundraising costs

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2021 £000
Glebe agent's fees	7	-	-	7
Glebe investment costs	11	-	6	17
	18	-	6	24

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2020 £000
Glebe agent's fees	8	-	-	8
Glebe investment costs	3	-	-	3
	11	-	-	11

11. Contributions to Archbishops' Council

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2021 £000
Training for ministry	224	-	-	224
National Church responsibilities	268	-	-	268
Grants and provisions	205	-	-	205
Pooling of ordinand candidates	5	-	-	5
	702	-	-	702

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2020 £000
Training for ministry	276	-	-	276
National Church responsibilities	224	-	-	224
Grants and provisions	144	52	-	196
Pooling of ordinand candidates	32	-	-	32
	676	52	-	728

12. Expenditure on resourcing ministry and mission

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2021 £000
Stipends and national insurance	3,659	168	-	3,827
Clergy pension	1,027	58	-	1,085
Pensions deficit creditor movement (note 29)	5	-	-	5
Housing costs	1,169	-	135	1,304
Removal, resettlement and other grants	125	-	-	125
Central mission stipendiary, staff and activity costs	379	1,200	-	1,579
Training for ministry	50	442	-	492
Strategic Development costs	-	19	-	19
Other expenses and grants	386	30	-	416
	6,800	1,917	135	8,852
Support for parish ministry (see note 15)	804	365	15	1,184
	7,604	2,282	150	10,036

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2020 £000
Stipends and national insurance	3,750	76	-	3,826
Clergy pension	876	26	-	902
Pensions deficit creditor movement	(11)	-	-	(11)
Housing costs	979	-	191	1,170
Removal, resettlement and other grants	133	-	-	133
Central mission stipendiary, staff and activity costs	360	886	-	1,246
Training for ministry	90	246	-	336
Strategic Development costs	-	47	-	47
Other expenses and grants	324	160	-	484
	6,501	1,441	191	8,133
Support for parish ministry (see note 15)	862	346	37	1,245
	7,363	1,787	228	9,378

13. Expenditure on education

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2021 £000
Administration	281	-	-	281
Closed schools	-	23	-	23
	281	23	-	304

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2020 £000
Administration	266	-	-	266
Closed schools	-	(61)	-	(61)
	266	(61)	-	205

14. Analysis of expenditure including allocation of support costs

	Activities undertaken directly £000	Grant funding of activities £000	Support costs £000	Total funds 2021 £000
Raising funds	24	-	-	24
Charitable activities:				
Contributions to Archbishops' Council	-	702	-	702
Resourcing ministry and mission	8,185	667	1,184	10,036
Education	304	-	-	304
	8,513	1,369	1,184	11,066

	Activities undertaken directly £000	Grant funding of activities £000	Support costs £000	Total funds 2020 £000
Raising funds	11	-	-	11
Charitable activities:				
Contributions to Archbishops' Council	-	728	-	728
Resourcing ministry and mission	7,615	518	1,245	9,378
Education	205	-	-	205
	7,831	1,246	1,245	10,322

15. Analysis of support costs

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2021 £000
Central staff costs	428	223	-	651
Movement on CWPF deficit creditor	(123)	-	-	(123)
Central office and premises	74	-	-	74
Technology and communication	164	8	-	172
Depreciation	5	29	15	49
Other support costs	71	-	-	71
Governance				
External audit	20	-	-	20
Legal and registry costs	131	-	-	131
Synod, Board and Committee expenses	29	-	-	29
Other costs	5	105	-	110
	804	365	15	1,184

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2020 £000
Central staff costs	445	257	-	702
Movement on CWPF deficit creditor	4	-	-	4
Central office and premises	61	-	-	61
Technology and communication	131	-	-	131
Depreciation	22	28	37	87
Other support costs	20	-	-	20
Governance				
External audit	20	-	-	20
Legal and registry costs	125	-	-	125
Synod, Board and Committee expenses	30	-	-	30
Other costs	4	61	-	65
	862	346	37	1,245

16. Analysis of grants made

	Number	Individuals £000	Institutions £000	Total 2021 £000
From unrestricted funds for				
National Church responsibilities:				
Contributions to Archbishops' Council	1	-	497	497
Other grants made:				
NECAT	1	-	8	8
Northumbrian Industrial Mission	1	-	2	2
Lesotho	1	-	25	25
Training for Ministry Grants	68	61	411	472
Resettlement and First Appointment Grants	22	88	-	88
Ordinands' Grants	28	205	-	205
Basic Clergy Development Grants	41	6	-	6
Special CMD & Sabbatical Grants	17	11	-	11
Mission Fund Grants	9	23	-	23
Church building committee grants	15	32	-	32
	204	426	943	1,369

	Number	Individuals £000	Institutions £000	Total 2020 £000
From unrestricted funds for				
National Church responsibilities:				
Contributions to Archbishops' Council	1	-	532	532
Other grants made:				
NECAT	1	-	8	8
Northumbrian Industrial Mission	1	-	2	2
Lesotho	1	-	25	25
Training for Ministry Grants	60	44	292	336
Resettlement and First Appointment Grants	25	98	-	98
Ordinands' Grants	27	144	-	144
Basic Clergy Development Grants	50	6	-	6
Special CMD & Sabbatical Grants	10	3	-	3
Mission Fund Grants	33	41	-	41
Church building committee grants	18	-	51	51
	227	336	910	1,246

17. Staff costs

	2021 £000	2020 £000
Employee costs during the year were as follows:		
Wages and salaries	1,414	1,328
National insurance contributions	136	129
Pension costs – current year contributions	203	138
Movement on pension deficit creditor (see Note 29)	(123)	4
	1,630	1,599

Included in staff costs are termination payments totalling £nil *(2020: £2,000).*

The average monthly number of employees during the year were as follows:	2021 Number	2020 Number
Staff – full time equivalents	43	36

The numbers of staff whose emoluments (including benefits in kind but excluding Pension contributions) amounted to more than £60,000 were as follows:	2021 Number	2020 Number
£60,001 - £70,000	1	1

Remuneration of key management personnel
Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2021 they were:

Diocesan Secretary	Mr J James G Morgan
Director of Mission, Discipleship & Ministry	The Venerable Elizabeth M Wilkinson
Director of Strategic Growth	The Reverend Canon David R Tomlinson

Remuneration, pensions and employer's national insurance contributions for the above employees amounted to £209,448 *(2020: £171,000).*

Trustees' emoluments
No trustee received any remuneration for services as trustee. During the year, 6 trustees (2020: 6) received travelling, subsistence and incidental costs, totalling £9,000 (2020: £10,000) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as trustees.

During the year the Board made contributions to the Church Commissioners at the standard rate agreed by Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors of the Board and provided houses, including payment of council tax and maintenance costs, as part of normal clergy remuneration.

The following table gives details of the trustees who were in receipt of a stipend and/or housing provided by the DDBF during the year:

	Stipend	Housing
Right Reverend SE Clark	No	Yes
Venerable RL Simpson	Yes	Yes
Venerable RG Cooper	Yes	Yes
Venerable EM Wilkinson	Yes	Yes
Reverend P Arnold	Yes	Yes
Reverend J Barron	Yes	Yes
Reverend WE Braviner	Yes	Yes
Reverend T Glover	Yes	Yes
Reverend L Sutherland	Yes	Yes
Reverend D Tolhurst	Yes	Yes

17. Staff costs (continued)

The DDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than bishops and cathedral staff. The DDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese including the Suffragan Bishop.
The DDBF paid an average of 142 *(2020: 145)* stipendiary clergy and lay ministers as office-holders holding parochial or diocesan appointments in the Diocese, and the costs were as follows:

	2021 £000	2020 £000
Stipends	3,501	3,515
National insurance contributions	298	295
Pension costs – current year contributions	1,392	1,356
Movement on pension deficit creditor (see Note 29)	5	(11)
	5,196	5,155

Included in stipend costs are termination payments totalling £nil *(2020: £53,000)*.

18. Analysis of significant transfers between funds

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2021 £000
Transfer of Parsonage Property to Pastoral Fund	-	995	(995)	-
Transfer of Parsonage Property to Parsonage Building Fund	-	267	(267)	-
Transfer of Glebe costs to Transitional Fund	-	8	(8)	-
Transfer of Parsonage Property to Unrestricted Funds	758	-	(758)	-
Transfer from general funds to Stipend Capital Fund in respect of reduction in clergy pension scheme deficits payments creditor	(243)	-	243	-
Reallocation of Housing costs	22	-	(22)	-

	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2020 £000
Transfer in respect of closed school funds	-	1,944	(1,944)	-
Transfer of Parsonage Property to DBF Property Fund	-	155	(155)	-
Transfer in respect of released restricted funds	315	(315)	-	-
Transfer from general funds to Stipend Capital Fund in respect of reduction in clergy pension scheme deficits payments creditor	(415)	-	415	-

19. Net incoming/(outgoing) resources for the year

	2021 £000	2020 £000
This is stated after charging:		
Depreciation	48	87
Auditor's remuneration:		
- audit of the financial statements	18	18
- non-audit services	2	2

20. Tangible assets

	Unrestricted & Restricted		Endowment		
	Property £000	Office Equipment £000	Parsonages £000	Glebe Property £000	Total £000
At cost or valuation					
At 1 January 2021	3,940	95	22,157	9,392	35,584
Additions	-	-	362	1,142	1,504
Disposals	(1,167)	-	(1,096)	(402)	(2,665)
Transfers	765	-	(636)	(129)	-
At 31 December 2021	3,538	95	20,787	10,003	34,423
Accumulated depreciation					
At 1 January 2021	99	89	485	233	906
Charge for the year	29	5	6	8	48
Depreciation eliminated on disposal	(14)	-	(52)	(5)	(71)
Transfers	7	-	(5)	(2)	-
At 31 December 2021	121	94	434	234	883
Net book value					
At 31 December 2021	3,417	1	20,353	9,769	33,540
At 31 December 2020	3,841	6	21,672	9,159	34,678

21. Investments

	Agricultural Land £000	Long Term Loans £000	Listed Investments £000	Total £000
At 1 January 2021	2,398	400	24,922	27,720
Additions	-	15	5,229	5,244
Disposals/repayments	-	(200)	(1,142)	(1,342)
Revaluation	377	-	3,636	4,013
At 31 December 2021	2,775	215	32,645	35,635
Historic cost at year end	407	215	24,944	25,566

Agricultural Land held as investment properties
The estimate of the value of Glebe land and properties held as investments at the end of the year has been prepared by Savills on a desktop valuation basis as at 31 December 2021.

Long term loans
The DDBF loaned £1,000,000 to the Chapter of Durham (Durham Cathedral) in 2012 in support of its Open Treasure project. The interest charged on the loan is that applicable to loans from the CBF CoE Deposit Fund under the Diocesan Loan Scheme. The loan is repayable over 10 years and the first repayments commenced from 31 March 2018 and will continue in equal tranches of £200,000.

This loan has been classified as a concessionary loan in accordance with Section 34 of the FRS 102 as it has been received for furthering the DDBF's charitable objectives at interest rates below the prevailing market rates for equivalent unsecured loan arrangements.

21. Investments (continued)

Subsidiary undertakings
Unlisted investments are held at cost and relate to DDBF's wholly owned subsidiary undertaking, The Diocese of Durham Educational Trust, a company limited by guarantee (company registration number 08816527).

The Diocese of Durham Educational Trust was incorporated in 2013 to provide the Diocese with a vehicle to manage its education responsibilities. It is a dormant company which acts as a corporate member for a number of multi academy trusts.

22. Debtors

	2021 £000	2020 £000
Due within one year		
Parish share debtors	12	17
Church Buildings loans	2	15
Other debtors	302	240
Prepayments and accrued income	487	482
	803	754
Due after one year		
Church Buildings loans	108	7
Equity share loan	134	134
	242	141
Total debtors	1,045	895

The historic cost of the equity share loan is £16,000.

23. Short-term investments

	2021 £000	2020 £000
CBF Deposit Fund	1,837	1,533

24. Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	231	123
Other creditors	11	13
Accruals and deferred income	80	104
Pension deficit payments creditor (Note 29)	240	286
	562	526

	£000
Deferred income at 1 January 2021	24
Resources deferred during the year	51
Amounts released from previous years	(24)
Deferred income at 31 December 2021	51

25. Creditors: amounts falling due after more than one year

	2021	2020
	£000	£000
Loans	101	101
Pension deficit payments creditor (Note 29)	-	336
	101	437

Loans included in creditors due in more than one year comprise £101,000 *2020: (£101,000)* owing to Church Commissioners relating to property purchased to house clergy spouses, which become repayable on sale of the property once it falls vacant.

26. Summary of fund movements – current year

	Balance at 1 Jan 2021 £000	Incoming Resources £000	Outgoing Resources £000	Gains and Losses £000	Transfers £000	Balance at 31 Dec 2021 £000
Unrestricted funds						
General	4,467	9,415	(8,605)	34	537	5,848
Designated funds:						
Stonebridge office	-	-	-	-	-	-
Bequests Fund	25	-	-	-	-	25
Mission Development Fund	-	-	-	-	-	-
Church Buildings Fund	-	-	-	-	-	-
DBF Property Fund	-	-	-	-	-	-
Mission Priority Fund - Lent for Everyone	-	-	-	-	-	-
Designated Fund for Educational Purposes	-	-	-	-	-	-
	25	-	-	-	-	25
Restricted funds						
Parsonages Building Fund	1,685	33	-	167	266	2,151
Durham Closed Schools Fund	412	42	(22)	137	11	580
Board of Education Training Fund	11	-	-	-	(11)	-
Pastoral Account	5,496	48	(192)	157	995	6,504
Ministry & Preordination Training Fund	136	475	(442)	-	-	169
Faith in the Community	3	-	-	-	-	3
Lord Crewe's Charity	4	356	(242)	-	-	118
Strategic Development Fund – Resourcing Churches	28	640	(640)	-	-	28
Strategic Development Fund – MLG	-	19	(19)	-	-	-
Restructuring Fund	181	158	(140)	-	9	208
Strategic Development Fund – Communities of Hope	-	500	(500)	-	-	-
Other	1,039	302	(108)	-	-	1,233
	8,995	2,573	(2,305)	461	1,270	10,994
Endowment funds						
Parsonages Houses Funds	21,696	-	(7)	466	(1,892)	20,263
Stipends Capital Fund	34,178	774	(149)	3,139	85	38,027
	55,874	774	(156)	3,605	(1,807)	58,290
	69,361	11,457	(11,066)	5,405	-	75,157

26. Summary of fund movements – prior year

	Balance at 1 Jan 2020 £000	Incoming Resources £000	Outgoing Resources £000	Gains and Losses £000	Transfers £000	Balance at 31 Dec 2020 £000
Unrestricted funds						
General	1,316	9,233	(8,316)	-	2,234	4,467
Designated funds:						
Stonebridge office	40	-	-	-	(40)	-
Bequests Fund	25	-	-	-	-	25
Mission Development Fund	104	-	-	-	(104)	-
Church Buildings Fund	19	-	-	-	(19)	-
DBF Property Fund	2,134	-	-	-	(2,134)	-
Mission Priority Fund - Lent for Everyone	6	-	-	-	(6)	-
Designated Fund for Educational Purposes	31	-	-	-	(31)	-
	2,359	-	-	-	(2,334)	25
Restricted funds						
Parsonages Building Fund	1,471	13	-	46	155	1,685
Durham Closed Schools Fund	237	114	61	-	-	412
Board of Education Training Fund	11	-	-	-	-	11
Pastoral Account	4,980	10	(190)	96	600	5,496
Ministry & Preordination Training Fund	105	330	(299)	-	-	136
Faith in the Community	5	1	(3)	-	-	3
Lord Crewe's Charity	(36)	219	(179)	-	-	4
Strategic Development Fund – Resourcing Churches	28	617	(617)	-	-	28
Strategic Development Fund – MLG	(3)	50	(47)	-	-	-
Restructuring Fund	227	173	(219)	-	-	181
Strategic Development Fund – Communities of Hope	-	284	(284)	-	-	-
Other	-	11	(1)	-	1,029	1,039
	7,025	1,822	(1,778)	142	1,784	8,995
Endowment funds						
Parsonages Houses Funds	22,956	870	(29)	-	(2,101)	21,696
Stipends Capital Fund	32,176	328	(199)	1,456	417	34,178
	55,132	1,198	(228)	1,456	(1,684)	55,874
	65,832	12,253	(10,322)	1,598	-	69,361

27. Summary of assets per fund

As at 31 December 2021	Tangible fixed assets £000	Investments £000	Net current assets £000	Long term liabilities £000	Net assets £000
Unrestricted funds					
General	1,739	2,034	2,176	(101)	5,848
Designated funds:					
Stonebridge office	-	-	25	-	25
Bequests Fund	-	-	-	-	-
Mission Development Fund	-	-	-	-	-
Church Buildings Fund	-	-	-	-	-
DBF Property Fund	-	-	-	-	-
Mission Priority Fund - Lent for Everyone	-	-	-	-	-
Designated Fund for Educational Purposes	-	-	-	-	-
	-	-	25	-	25
Restricted Funds					
Parsonages Building Fund	-	1,331	821	-	2,152
Durham Closed Schools Fund	-	-	580	-	580
Education Training Fund	-	-	-	-	-
Pastoral Account	1,680	2,507	2,317	-	6,504
Ministry & Preordination	-	-	169	-	169
Faith in the Community	-	-	3	-	3
Lord Crewe's Charity	-	-	118	-	118
Strategic Development Fund – Resourcing Churches	-	-	28	-	28
Strategic Development Fund – MLG	-	-	-	-	-
Restructuring Fund	-	-	208	-	208
Strategic Development Fund – Communities for Hope	-	-	-	-	-
Other	-	1,112	120	-	1,232
	1,680	4,950	4,364	-	10,994
Endowment Funds					
Parsonages Houses Fund	20,354	-	(91)	-	20,263
Stipends Capital Fund	9,768	28,652	(393)	-	38,027
	30,122	28,652	(727)	-	58,290
	33,540	35,635	6,083	(101)	75,157

The funds may only be applied for the purposes specified in the measures, trust deeds and the ecclesiastical statutory regulations. They are only generally available for the above specified purposes.

27. Summary of assets per fund (continued)

General fund	The general fund is available for any purpose within the objects of the Board. It is principally used for payment of stipends, national insurance, pension contributions and housing costs of clergy and licensed lay-workers in parish ministry. It also provides the assets and liquidity for the DDBF to carry out its objectives, including statutory compliance and administration of funds.
Stonebridge Office Fund	This fund represents funds held for the five year QI costs relating to Cuthbert House.
Bequests Fund	This fund represents the balance from an anonymous donor during 2019 which the Board decided should be held within a separate designated fund for the alleviation of Diocesan poverty. The trustees anticipate that this reserve will be expended by the end of 2021.
Mission Development Fund	This fund represents monies received from the Archbishops' Council to support mission work in the Diocese.
Church Buildings Fund	The Church Buildings Fund represents funds designated by the Diocesan Synod for the repair of churches. The Church Buildings Committee makes grants or loans to parishes from this fund.
DBF Property Fund	This is set up to hold properties that are neither parsonages nor glebe.
Mission Priority Fund - Lent for Everyone	This fund represents the balance from an anonymous donor during 2019 which the Board decided should be held within a separate designated fund.
Designated fund for educational purposes	The Designated Fund for Educational Purposes holds funds designated by the DDBF for use by the Diocesan Board of Education for educational purposes which are not subject to the restrictions imposed by the Education Act 1993.
Parsonages Buildings fund	The Parsonages Buildings fund is held by the DDBF to pay for repairs and maintenance of parsonage houses. This fund also holds the net proceeds from the sale of any previous parsonages which have been ring fenced for the provision of a replacement parsonage as and when necessary.
Durham Closed Schools Fund	The Closed Schools Improvements Fund represents the pooled sale proceeds of closed church schools in the Diocese in accordance with Section 287 (2) of the Education Act 1993. The capital and income can be used for the building, extension and maintenance of church schools. The income alone can be spent on the management and administration of church schools.
Education Training Fund	The Education Training Fund is a restricted fund held by the DDBF for the Diocesan Board of Education and it represents funds for educational purposes.
Pastoral Account	The pastoral account includes the proceeds of redundant churches and parsonages and was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are: - to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees - to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese - other purposes of the Diocese or any benefice or parish in the Diocese - to make grants or loans to any other diocese - to transfer funds to the diocesan stipends fund income or capital accounts.

27. Summary of assets per fund (continued)

Ministry and Preordination Training Fund	This is a restricted fund set up to provide assistance for ministry and training.
Faith in the Community	This fund is to support the partnership project which funds salaries of support workers, office costs, training, events and projects.
Lord Crewe's Charity Restricted Fund	This fund provides support for necessitous clergy and gives resources for the mission and ministry of parishes in the most deprived parts of the Diocese.
Strategic Development Fund	This restricted fund relates to grants received from the Church Commissioners to develop and deliver the strategic plans of the DDBF.
Restructuring Fund	The Church Commissioners awarded the Diocese a one-off allocation to allow the Diocese to adapt to a reduction in funding resulting from the replacement of Selective Allocation by Lower Income Communities Funding. This funding is restricted as it must be used in line with an agreed plan.
Miscellaneous Restricted Income Fund	This restricted fund relates to grants received for one off smaller activities which have been made available for specific restricted activities within the Diocese.
Parsonage Houses Fund	The Parsonage Houses Fund represents the value of the benefice houses (parsonages) in the Diocese after deducting loans outstanding in respect of such houses.
Stipends Capital Fund	The Stipends Capital Fund is governed by the Diocesan Stipends Measure 1953. The income of the fund can only be used for clergy stipends but, since 1993, capital can be applied for improvements to parsonage houses.

27. **Summary of assets per fund (continued)**

Summary of assets per fund – prior year

As at 31 December 2020	Tangible fixed assets £000	Investments £000	Net current assets £000	Long term liabilities £000	Net assets £000
Unrestricted funds					
General	2,139	-	2,443	(115)	4,467
Designated funds:					
Stonebridge office	-	-	25	-	25
Bequests Fund	-	-	-	-	-
Mission Development Fund	-	-	-	-	-
Church Buildings Fund	-	-	-	-	-
DBF Property Fund	-	-	-	-	-
Mission Priority Fund - Lent for Everyone	-	-	-	-	-
Designated Fund for Educational Purposes	-	-	-	-	-
	-	-	25	-	25
Restricted funds					
Parsonages Building Fund	-	1,164	521	-	1,685
Durham Closed Schools Fund	-	-	412	-	412
Education Training Fund	-	-	11	-	11
Pastoral Account	1,708	1,410	2,378	-	5,496
Ministry & Preordination	-	-	136	-	136
Faith in the Community	-	-	3	-	3
Lord Crewe's Charity	-	-	4	-	4
Strategic Development Fund – Resourcing Churches	-	-	28	-	28
Strategic Development Fund – MLG	-	-	-	-	-
Restructuring Fund	-	-	181	-	181
Strategic Development Fund – Communities for Hope	-	-	-	-	-
Other	-	-	1,039	-	1,039
	1,708	2,574	4,713	-	8,995
Endowment funds					
Parsonages Houses Fund	21,947	-	22	-	21,696
Stipends Capital Fund	8,884	25,146	197	(322)	34,178
	30,831	25,146	219	(322)	55,874
	34,678	27,720	7,400	(437)	69,361

28. Operating leases

Total commitments under non-cancellable operating leases are as follows:

	2021 £000	2020 £000
Other operating leases where the lease expires:		
Within one year of the balance sheet date	10	10
In the second to fifth years inclusive of the balance sheet date	2	2

29. Pensions

The DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pension Fund** for lay staff.

These schemes are multi-employer defined benefit pension schemes (referred to as "last man standing" schemes) for which the DBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 28.11 of FRS102 requires the DBF to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the DBF. A valuation of each scheme is carried out once every three years.

Church of England Funded Pension Scheme

Durham DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those separately from those of the Responsible Bodies. Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year (2021: £1,392,000 (2020: £1,356,000), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £1,397,000 for 2021 (2020: £1,345,000). The scheme is accounted for within the Stipends Capital Fund.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2% p.a;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter" of 7 and an initial addition to mortality improvements of 0.5% pa.

29. Pensions (continued)

Church of England Funded Pension Scheme (continued)

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit repair contributions payable (as a percentage of pensionable stipends) were 11.9% for the period from January 2018 to December 2020, and 7.1% from January 2021 to December 2022.

As at 31 December 2019, 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were set out as above.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability is set out in the table below.

	2021 £000	2020 £000
Balance sheet liability as at 1 January	483	898
Contributions paid	(248)	(404)
Interest cost (recognised in SOFA)	1	8
Re-measurement of the balance sheet liability (recognised in SOFA)*	4	(19)
Balance sheet liability as at 31 December	240	483

* Comprises change in agreed deficit recovery plan and change in discount rate and assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	2021	2020	2019
Discount rate	0.0% pa	0.2% pa	1.1% pa
Price inflation	n/a	3.1% pa	2.8% pa
Increase to total pensionable payroll	-1.5% pa	1.6% pa	1.3% pa

No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are known.

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities.

Church Workers Pension Fund

Durham DBF (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

29. Pensions (continued)

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pension costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year, 2021: £203,000 (2020: £138,000) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £80,000 for 2021 (2020: £142,000). The scheme is accounted for within the general unrestricted fund.

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of DBS is carried out once every three years. The most recently finalised was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £11.3m.

The next actuarial valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution of 33.8% of pensionable salary and expenses of £7,800 per year.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2021 £000	2020 £000
Balance sheet liability as at 1 January	139	197
Contributions paid	(16)	(62)
Interest cost (recognised in SOFA)	-	2
Re-measurement of the balance sheet liability (recognised in SOFA)*	(123)	2
Balance sheet liability as at 31 December	-	139

* Comprises changes in agreed deficit recovery plan and discount rate, and assumptions between year ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	2021	2020	2019
Discount rate	0.00% pa	0.30% pa	1.20% pa

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities. The next valuation of the scheme is currently being carried out as at December 2022.

Pension Builder Scheme
The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

29. Pensions (continued)

Pension Builder 2014 is cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme.

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 3% following improvements in the funding position over 2021. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

The legal structure of the scheme is such that if another employer fails, DDBF could become responsible for paying a share of the failed employer's pension liabilities.

30. Analysis of net debt

	Balance at 1 Jan 2021 £000	Cash flow £000	Balance at 31 Dec 2021 £000
Cash and cash equivalents			
Cash	5,498	(1,735)	3,763
Cash on deposit	1,533	304	1,837
	7,031	(1,431)	5,600
Borrowings			
Loans	(101)	-	(101)
	6,930	(1,431)	5,499

31. Comparative statement of financial activities

	Notes	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total funds 2020 £000
Income and endowments from:					
Donations					
Parish contributions	3	4,205	-	-	4,205
Archbishops' Council	4	3,030	1,124	-	4,154
Other	5	238	665	-	903
Charitable Activities	6	689	1	-	690
Other Trading Activities	7	438	-	-	438
Investments income	8	633	32	-	665
Other	9	-	-	1,198	1,198
Total income		9,233	1,822	1,198	12,253
Expenditure on:					
Raising funds	10	11	-	-	11
Charitable activities					
Contributions to Archbishops' Council	11	676	52	-	728
Resourcing ministry and mission	12	7,363	1,787	228	9,378
Resourcing education	13	266	(61)	-	205
Total expenditure		8,316	1,778	228	10,322
Net income before investment gains		917	44	970	1,931
Net gains on investments		-	142	1,456	1,598
Net income		917	186	2,426	3,529
Transfers between funds	18	(100)	1,784	(1,684)	-
Net movement in funds		817	1,970	742	3,529
Total funds brought forward		3,675	7,025	55,132	65,832
Total funds carried forward	26	4,492	8,995	55,874	69,361

32. Transactions with charities with common trustees	Financial year	Income £000	Expenditure £000	Debtor £000	Creditor £000
Archbishops' Council					
Common trustees, grant funding received and services provided	2021	4,316	498	65	-
	2020	4,137	538	-	-
Lindisfarne Centre of Theology					
Common trustees, training provision for ordinands and clergy	2021	-	153	-	-
	2020	-	137	-	-
Stirling Newall Trust					
Common trustees, receipt of grants and fees	2021	-	24	15	-
	2020	-	4	-	-
Durham Cathedral					
Common trustees, services provided and loan balance	2021	12	55	200	-
	2020	05	-	400	1
The Durham Lesotho Diocesan Link					
Common trustees	2021	-	25	-	-
	2020	-	25	-	-
Newcastle Diocesan Education Board					
Operation of a Joint Education Team through NDEB to deliver objectives of the DDBE.	2021	100	283	-	-
	2020	71	303	-	-
Lord Crewe's Charity					
Common trustees, receipt of grant funding	2021	400	242	-	-
	2020	219	179	5	45
St John's College (Cranmer Hall)					
Common trustees, training provision for ordinands and clergy	2021	9	186	-	-
	2020	4	132	-	-
St Hild and St Bede Trust					
Common trustees, contribution received in respect of chaplaincy costs	2021	53	-	-	-
	2020	44	-	7	-
Communities Together Durham					
Common trustees, staff seconded from DDBF to carry out operations.	2021	-	85	-	-
	2020	-	-	-	-
Newcastle Diocesan Board of Finance					
Managing employer for staff employed under joint employment arrangements	2021	-	57	-	-
	2020	-	35	-	-
Northumbrian Industrial Mission (NIM)					
Support for linked organisations	2021	5	26	-	-
	2020	-	21	-	-
North East Churches Acting Together (NECAT)		-	8	-	-
Support for linked organisations	2021				
	2020	-	8	-	-

33. Custodian funds

The Board act as custodian trustee responsible for trust funds held on behalf of others. The movement on these funds during the year is set out below:

	2021 £000	2020 £000
Balance at 1 January	12,945	12,449
Funds received	374	386
Payments made	(568)	(465)
Revaluation of investments held	1,524	575
Balance at 31 December	14,275	12,945

The funds held by the DDBF as custodian trustees comprise deposits and investments. The funds are held on behalf of the PCCs within the Diocese, in separate bank and investment funds.